



**Sumitomo Corporation** | Enriching lives and the world

# Integrated Report 2025

# CONTENTS

## Introduction

- 01 CONTENTS
- 02 Editorial Policy

## 01. Corporate Value Creation Stories

### Connections between past, present, and future

- 04 Values of the Sumitomo Corporation Group
- 05 History
- 06 At a Glance
- 07 Progress over the Past 10 Years
- 08 Logic Tree (initiatives under Medium-Term Management Plan 2026 to enhance corporate value)
- 09 Message from the President and CEO
- 14 Value Creation Model
- 15 Management Capital
- 16 Initiatives for Material Issues

## 02. Corporate Value Creation Strategy

### Current initiatives with a view to the future

- 18 Medium-Term Management Plan 2026
- 23 Message from the CFO
- 24 Management Conscious of Cost of Capital and Stock Price
- 25 Message from the CSO
- 26 Special Feature: Stories of Our Strengths and Future
- 34 Message from the CAO
- 35 Human Capital
- 40 Digital and AI as Growth Drivers
- 41 Message from the CSDO
- 42 Sustainability Management
- 43 Initiatives for Disclosure
- 43 Addressing Global Environmental Issues
- 46 Respect for Human Rights
- 47 Material Issues and Medium- to Long-Term Goals
- 48 Material Issues × Management Capital

## 03. Governance

### Management foundation supporting the future

- 50 Roundtable Discussion among Outside Directors
- 54 Corporate Governance
- 62 Risk Management
- 64 Information Security

## 04. Performance

- 66 List of Group Businesses
- 67 Steel Group
- 68 Automotive Group
- 69 Transportation & Construction Systems Group
- 70 Diverse Urban Development Group
- 71 Media & Digital Group
- 72 Lifestyle Business Group
- 73 Mineral Resources Group
- 74 Chemical Solutions Group
- 75 Energy Transformation Business Group
- 76 Summary of Key Financial Indicators/Share Price-Related Indicators
- 77 Segment Information
- 78 Summary of Non-Financial Indicators
- 79 Company Information
- 80 Global Network
- 81 Dialogue with Stakeholders
- 82 External Recognition

## Information index by user need (quick guide)

### Sources of value creation

This section explains the sources of the Group's value, including Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles, as well as the capital and strengths it has cultivated over the years.

p.04 ▶ Values of the Sumitomo Corporation Group

p.08 ▶ Logic Tree

p.14 ▶ Value Creation Model

p.15 ▶ Management Capital

### Management philosophy, skills, and decision-making processes

This section presents the management team's commitment, key policies, and awareness of challenges in enhancing corporate value, as well as initiatives aimed at advancing governance.

p.09 ▶ Message from the President and CEO

Message from the CxO (CFO, CSO, CAO, CSDO)

p.50 ▶ Roundtable Discussion among Outside

p.54 ▶ Corporate Governance

### Specific strategies and growth drivers

This section details specific progress made under the three-year Medium-Term Management Plan 2026, key initiatives going forward, and capital policies that support corporate value enhancement, illustrated with examples.

p.07 ▶ Progress over the Past 10 Years

p.18 ▶ Medium-Term Management Plan 2026

p.24 ▶ Management Conscious of Cost of Capital and Stock Price

p.48 ▶ Material Issues × Management Capital

### Initiatives for sustainability and reducing cost of capital

This section explains our sustainability and risk management initiatives for sustainable growth, as well as how these efforts help reduce the cost of capital and enhance corporate value.

p.16 ▶ Initiatives for Material Issues

p.42 ▶ Sustainability Management

p.62 ▶ Risk Management

p.81 ▶ Dialogue with Stakeholders

### Priority areas for strengthening management capital

This section explains how we are strengthening our management capital in line with our future growth strategies.

p.09 ▶ Message from the President and CEO

p.15 ▶ Management Capital

p.35 ▶ Human Capital

p.26 ▶ Special Feature: Stories of Our Strengths and Future

# Editorial Policy

At the Sumitomo Corporation Group, to respond to the interests of our stakeholders, we are working to provide both financial and non-financial corporate information by utilizing various information.

As shown in the diagram below, the integrated report is the primary disclosure tool for this information and serves as the core medium for communicating the medium- to long-term growth story of the Group.

## Scope of report

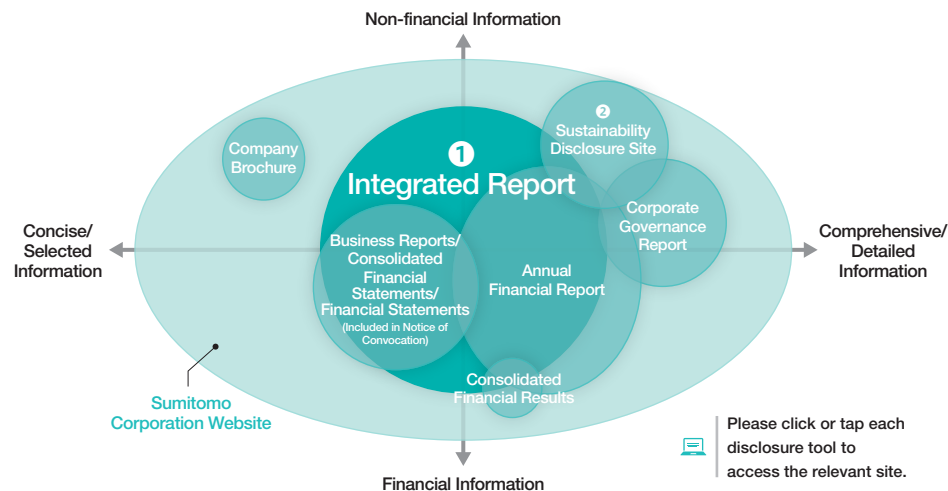
- Period covered: April 1, 2024, to March 31, 2025 (Some activities starting on or after April 1, 2025, are included.)
- Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group

## Referenced guidelines

- The International Integrated Reporting Framework (IFRS Foundation)
- ISO 26000 (Guidance on Social Responsibility)
- Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry 2.0



## Sumitomo Corporation Group's information disclosure system



## Main tools for information disclosure

- ① As a communication tool for all stakeholders, this is an annual report that integrates our financial and non-financial information. This integrated report helps stakeholders understand the overview of our value creation and the enhancement of corporate value for the medium- to long term, as well as our corporate strategy and the overall progress of our business.
- ② Among non-financial information, we disclose detailed information on our activities related to sustainability. We also provide the latest relevant information by disclosing it on our corporate website and updating it as necessary.

## On the release of Integrated Report 2025

In recent times, our business environment has become increasingly uncertain, with growing concerns about a global economic slowdown. In such an unpredictable business environment, the strengths and competitive advantages we have cultivated over the years serve as a vital foundation for our business. We believe we must take a broad view of each industry, respond flexibly to changing business conditions, and further reinforce our strengths and competitive advantages to drive future growth.

In this year's integrated report, we aimed to clarify our current position by reflecting on our progress over the past decade from both quantitative and qualitative perspectives, with the goal of giving readers greater confidence in our ability to achieve future profit growth. We hope to deepen your understanding of our efforts to enhance corporate value by reflecting on our past, including our setbacks, and highlighting the strengths and competitive advantages we have built through concrete business examples, while also presenting the progress of the Medium-Term Management Plan 2026.

## Statement of authenticity

Production of Integrated Report 2025 was led by the Investor Relations Dept., which developed the concept based on analysis of feedback gathered through meetings with multiple institutional investors held throughout the year. It was created in close collaboration with related departments—including the Corporate Planning & Coordination Dept., Corporate Sustainability Dept., HR Strategy Dept., Corporate Legal & General Affairs Dept., and various business groups—and through ongoing discussions with senior management.

As the officer responsible for overseeing the preparation of this integrated report, I affirm that both the editorial process and the content presented herein are accurate and appropriate.

Representative Director,  
Executive Vice President  
Chief Financial Officer

**Reiji Morooka**



## Cautionary statement concerning forward-looking statements

This integrated report contains management targets relating to medium-term management plans and a wide range of other forward-looking statements. They are subject to the influence of a range of factors in the Company's circumstances going forward and do not constitute a guarantee of future business performance or a guarantee that the targets and forecasts will be met. Readers are therefore advised to avoid placing undue reliance on the forward-looking statements contained herein and to be aware that the Company recognizes no obligation to update or revise such statements.

PastPresentFuture

## CONTENTS

04 Values of the Sumitomo Corporation Group

05 History

06 At a Glance

07 Progress over the Past 10 Years

08 Logic Tree (initiatives under Medium-Term Management Plan 2026 to enhance corporate value)

09 Message from the President and CEO

14 Value Creation Model

15 Management Capital

16 Initiatives for Material Issues

01

Corporate Value  
Creation Stories— Connections between past, present,  
and futureHead Office of The Osaka North Harbour  
(Source: Sumitomo Historical Archives)



Past Present Future

# Values of the Sumitomo Corporation Group

We will achieve sustainable growth through addressing social challenges, while adhering to the Sumitomo Corporation Group's Management Principles and Activity Guidelines and the timeless values of Sumitomo's Business Philosophy, which serve as our basis.

## Sumitomo's Business Philosophy encapsulated in five phrases

Place prime importance on integrity and sound management; don't pursue immoral business

This phrase expresses a business approach based on building a reliable foundation of trust rather than simply seeking short-term gain. A business enterprise is there to pursue profit, but this management stance, which instead prioritizes relationships of trust and sound operations over immediate gain, is what has formed the corporate ethos of today's Sumitomo Group businesses.

Benefit for self and others, private and public interests are one and the same

This phrase expresses the idea that Sumitomo's business must go beyond benefiting Sumitomo itself to also benefit the nation and society. In other words, it encapsulates the belief that "it is not enough for Sumitomo's business to aim to enrich itself only, it must have the grander goal of serving the interests of the nation and society."

Planning imbued with a farsighted perspective

This phrase expresses a planning approach which, rather than pursuing immediate profit, looks far ahead to devise a careful plan that will benefit both Sumitomo and society. This attitude—which is in sync with today's values of prioritizing management based on medium- to long-term rather than short-term perspectives—is thus a Sumitomo tradition handed down since our earliest days.

An enterprising spirit

This phrase expresses the approach of actively embracing new things and ideas, and maintaining a strong focus on goals that is not affected by difficulties. This thinking has formed the Sumitomo Group's corporate culture of "facing contemporary change positively and staying one step ahead of it, letting go of out-of-date businesses and starting new ones to meet contemporary needs instead, and then nurturing them with dedication and determination."

Business is people

While managing mines in various regions, Sumitomo came across the Besshi Copper Mine, which birthed its business, in 1690. For more than 300 years since that time, Sumitomo has developed this concept throughout its many challenges with nature. Since its founding, Sumitomo has valued free and vigorous discussions, and successive Director-Generals in the modern era have worked hard to ensure that those abilities were put to good use while securing human resources.

## Sumitomo Corporation Group's Corporate Mission Statement

### Management Principles

[Corporate Mission]	To achieve prosperity and realize dreams through sound business activities
[Management Style]	To place prime importance on integrity and sound management with utmost respect for the individual
[Corporate Culture]	To foster a corporate culture full of vitality and conducive to innovation

### Activity Guidelines

To act with honesty and sincerity on the basis of Sumitomo's Business Philosophy and in keeping with the Management Principles
To comply with laws and regulations while maintaining the highest ethical standards
To set high value on transparency and openness
To attach great importance to protecting the global environment
To contribute to society as a good corporate citizen
To achieve teamwork and integrated corporate strength through active communication
To set clear objectives and achieve them with enthusiasm

### Corporate Vision

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Past Present Future

# History

Through its diverse businesses, the Sumitomo Corporation Group has continued creating value for society by putting Sumitomo's Business Philosophy into practice.

**1600s–** From Sumitomo's roots to the birth of its trading company

**Around 1600**  
Starts copper mining

Copper beating pictorial record in the Kodo Zuroku  
(Source: Sumitomo Historical Archives)



**1919**  
The Osaka North Harbour founded (the predecessor to today's Sumitomo Corporation)

Head Office of The Osaka North Harbour (Sumitomo Sohonten Annex, former Teikokuza Theater)  
(Source: Sumitomo Historical Archives)



**1945**  
Renamed to Nippon Engineering  
Enters the trading business

Sumitomo Building Annex, where Nippon Engineering's Head Office was located



**1950**  
Steadily expands its presence overseas  
Posted an employee to Bombay (now Mumbai), India, for the first time in 1950, and subsequently established a U.S. subsidiary in New York in 1952.

**1950–**  
Expanding business operations and enhancing integrated trading company functions

**1952**  
Renamed to Sumitomo Shoji Kaisha

**1953**  
Begins export of Japanese tubular products

In the 1990s, long-term contracts with oil majors were evolved into supply chain management systems.



**1963**  
Opens the first Summit store  
Committed to community-based service, Summit has grown into one of the top supermarkets in the Tokyo metropolitan area.



**1970s and later**  
Expands the scale of overseas steel service centers  
Developed a system to process and supply steel products on a just-in-time basis, mainly in Asia, in response to overseas expansion by our customers.



**1980s**  
Starts commercial aircraft-related business  
Expands the construction and mining equipment business

The Company expanded from export and financing of construction and mining equipment to the sales & marketing business, and subsequently progressed into the rental business.



**1985–**  
Establishing a foundation for an integrated business enterprise

**1990**  
Launches its first industrial park business in Indonesia



**1993**  
Establishes Sumisho Retail Stores (now Tomod's)

Enters drugstore business



**1996**  
The copper incident  
It came to light that the general manager of a sales department was conducting unlawful copper trading unbeknown to the Company. This incident led to the recording of losses to the extent of ¥285 billion, and roughly a decade was required to resolve the issue. Learning from this experience, the Company implemented a strict internal control system to prevent the recurrence of similar acts.

**1998**  
Establishes the Sumitomo Corporation Group's Corporate Mission Statement  
Introduces the risk-adjusted return ratio as a new management indicator

**1999**  
Promotes selection and concentration of businesses under medium-term management plan Reform Package

**2000–**  
Toward achieving prosperity and realizing dreams

**2011**  
Establishes SCSK Corporation  
Focuses on joint promotion of DX within the Group

**2017**  
Identifies six Material Issues

**2018**  
Relocates Head Office to Otemachi, Tokyo  
The Head Office was relocated to OTEMACHI PLACE EAST TOWER in September 2018.



**2019**  
100th anniversary Establishes Corporate Message of Enriching lives and the world

**2021**  
Establishes the new Energy Innovation Initiative (EII)

**2024**  
Updates Material Issues  
Starts Medium-Term Management Plan 2026  
Conducts first reorganization in 60 years, abolishing the product-based structure and reorganizing 44 SBUs into 9 business groups.  
(As of April 2025, there are 43 SBUs.)

Profit for the year in FY2024  
**¥561.9 billion**



Past **Present** Future

# At a Glance

(FY2024; year ended March 31, 2025)

Below is a quantitative overview of the Sumitomo Corporation Group today.

## Corporate profile

### Global network

**125** offices in  
**64** countries  
and regions  
worldwide

(As of April 2025)

### Consolidated subsidiaries and associated companies

**507** companies\*<sup>1</sup>

### Number of employees (Consolidated basis)

**83,327**

## Our competitive advantages

### Asset management

Number of leased aircraft  
owned and managed

No. **2**  
in the world

Global comprehensive  
urban development  
projects (total land area)

**5,000**ha

Number of housing units  
supplied globally (cumulative)

Approx.  
**100,000**

### Lifestyle-related businesses

Cable television household  
subscriptions in Japan

No. **1**

Existing store sales growth  
(Summit, a supermarket chain)

Up **30%**  
from 2015

Number of managed care  
members in Malaysia

**3.9** million  
(No. 1 in Malaysia)

### Sustainable agriculture/Coexisting with the global environment

Renewable energy  
(net ownership  
generation capacity)

Approx. **2**GW

Aluminium smelting and  
rolling excellence

No. **1** in Japan

Agribusiness  
expansion  
(number of countries)

**38** countries

Sulfuric acid  
trading volume  
(global)

No. **1**

## Performance

### Profit for the year

¥**561.9** billion

### ROE

**12.4%**

### Underlying profit

¥**515.0** billion\*<sup>2</sup>

### Percentage of non-mineral resources in underlying profit

**77%**

### Total payout ratio

**40.5%**

\*1 Of the affiliates owned by consolidated subsidiaries, those accounted for as consolidated subsidiaries or equity-method affiliates by the respective consolidated subsidiaries (339 subsidiaries and 72 equity-method affiliates as of March 31, 2025) are excluded from this figure.

\*2 Profit for the year attributable to owners of the parent excluding asset replacement and extraordinary profits/losses.



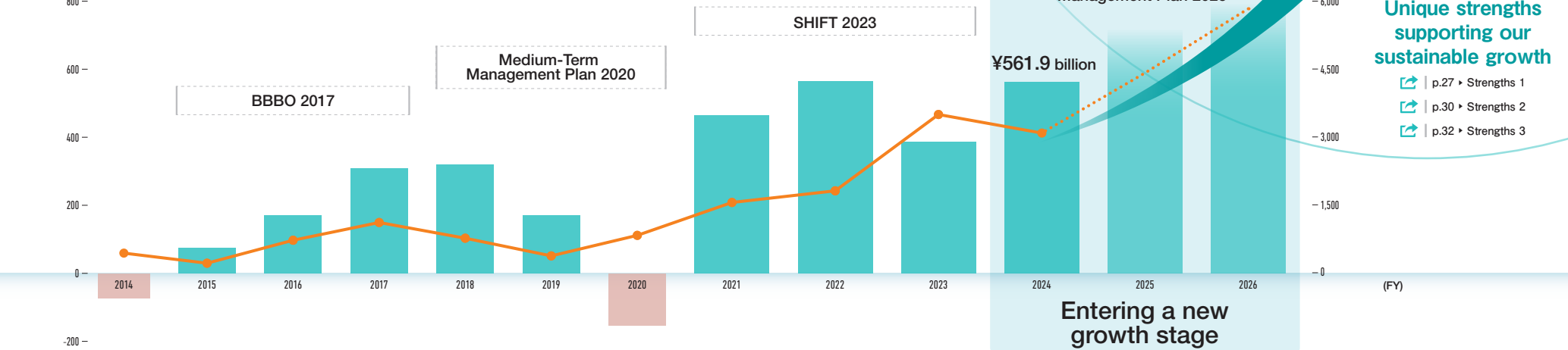
Past Present Future

# Progress over the Past 10 Years

Driving multiple reforms based on lessons learned over the past 10 years.

The period of Medium-Term Management Plan 2026 marks our entry into a new stage of growth aimed at delivering increased corporate value.

(Billions of yen) Profit for the year (left) Market capitalization (right)



Corporate value enhancement

[p.08](#) ▶ Logic Tree

Unique strengths supporting our sustainable growth

[p.27](#) ▶ Strengths 1

[p.30](#) ▶ Strengths 2

[p.32](#) ▶ Strengths 3

Specific actions

Using **past lessons** to strengthen the downside resilience of our business portfolio

- Reviewed governance and decision-making processes
- Advanced risk management
- Reorganization into strategic business units (SBUs) and introduction of four strategy categories

Focus on businesses with strengths

No. 1 in Each Field

Growth leveraged by strengths

[p.18](#) ▶ Medium-Term Management Plan 2026

Strengthen driving force for growth

[p.35](#) ▶ Human Capital

Business portfolio transformation

1919 Evolution and advancement of our unique strengths

Business Environment

▶ Climate change

▶ Supply chain disruptions—from globalization to fragmentation

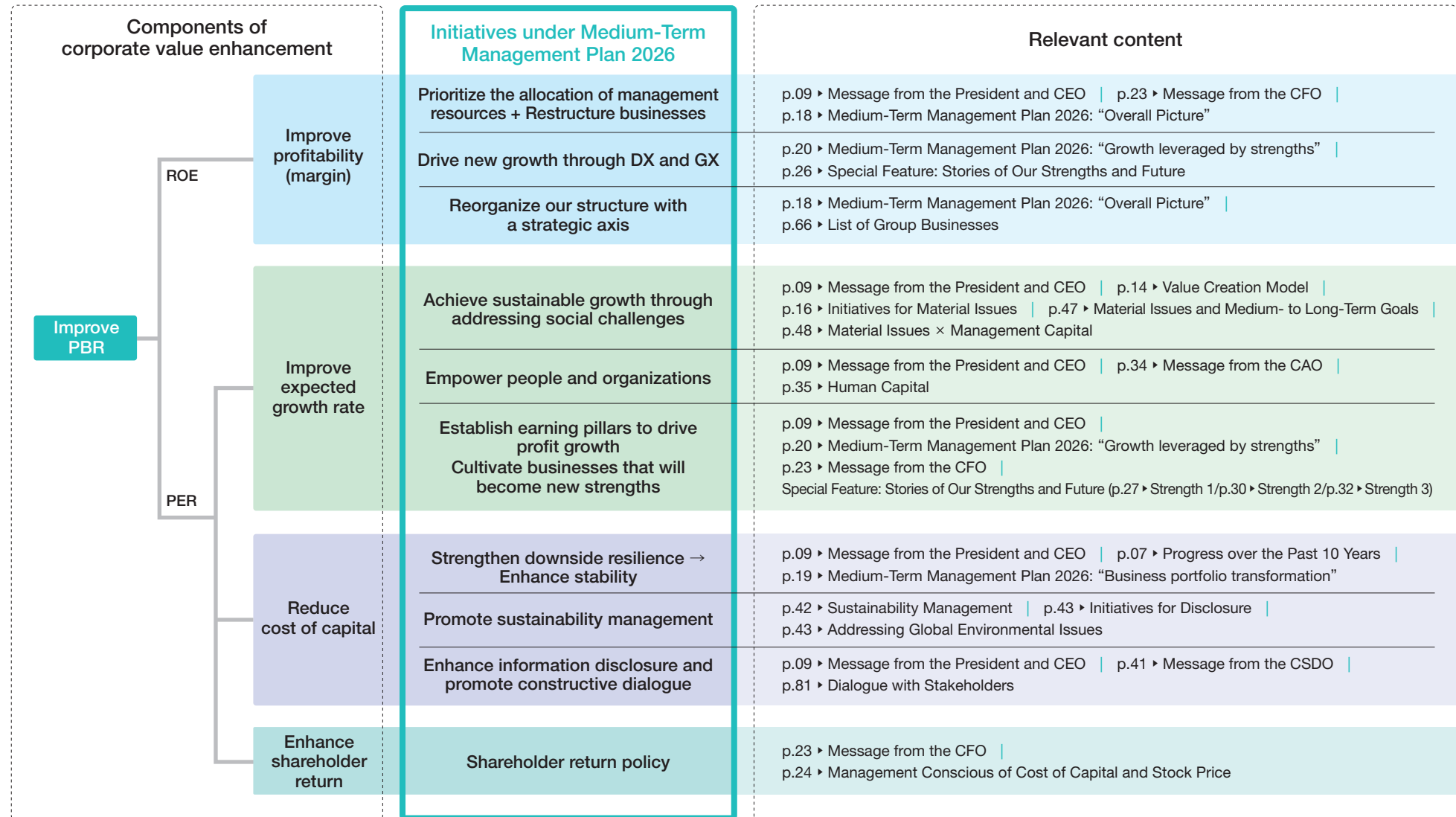
▶ Industrial transformation driven by AI



Past **Present** Future

# Logic Tree (initiatives under Medium-Term Management Plan 2026 to enhance corporate value)

By steadily advancing initiatives set out in Medium-Term Management Plan 2026 (FY2024–FY2026), we aim to sustainably enhance our corporate value and improve our PBR.



## Message from the President and CEO

We will create economic value through socially impactful businesses and achieve sustainable growth as the “No. 1 in Each Field.” Shingo Ueno

Representative Director,  
President and Chief Executive Officer

Q It has been one year since you assumed the Presidency and since the launch of Medium-Term Management Plan 2026. Could you share your reflections on this first year?

One of my strongest priorities in formulating the current plan was to change the mindset of our employees. Over the past few years, we carried out bold structural reforms, which at times fostered a somewhat downbeat mood. Under the previous plan, however, we sought to break free from that mood and convey our determination to look ahead, move to a new stage of growth, and reach for greater heights. To that end, we incorporated the concepts of “No. 1” and “new growth stage” into our current plan.

A year has passed since then, and I personally sense that employees’ attitudes have changed considerably. I’ve also heard people outside the Company remark, “Sumitomo Corporation has changed.” The term “No. 1” does not simply mean becoming No. 1 as a company. Rather, each organization is expected to discuss what kind of “No. 1” it aspires to become, formulate strategies toward that goal, and

## Message from the President and CEO



set and monitor KPIs accordingly. And when each organization achieves its own “No. 1” status, the Group as a whole becomes “No. 1 in Each Field.” My intended meaning of “No. 1” has been steadily taking root, and employees’ mindset is also now shifting. In that sense, I feel a stronger response than I had expected.

### Q How do you view the Company’s current position in the context of the past 10 years?

Since 2014, the Company has experienced two years of net losses due to large impairment losses. I once heard someone at an investment bank say, “The Company has numerous businesses with remarkable strengths and competitive advantages that are unique to Sumitomo, yet it is frustrating to watch as it expands into adjacent or even uncharted areas.” I share that sense of frustration. In formulating the current medium-term management plan, we began by revisiting our businesses’ strengths and competitive advantages. Then we placed the allocation of management resources to businesses with strengths at the center of the plan. In areas where we have experience and familiarity for the business, we can manage risks even when conditions change somewhat. I believe that building on our strengths is the key to becoming “No. 1.”

We must also draw on lessons learned from difficult experiences. When we became engaged in a leading European fresh produce distribution business, for example, we went through a period of poor performance. As a shareholder, however, we renewed the management structure of the Group company, and thanks to the tireless efforts of local employees, the business is now on the road to recovery. In our upstream resource business, as well, there was a project where, as a result of the operator undergoing restructuring, we as a shareholder unexpectedly took on the role of operator and advanced the project. Through that experience, we acquired practical skills in mining operation and management that other trading companies do not possess. By decisively implementing structural reforms, we developed various business innovations that strengthened our resilience against performance declines during economic slowdowns. We also nurtured talent who demonstrate leadership and perseverance in overcoming difficult situations. In other words, our management capital has grown stronger, enabling us to leverage our strengths in this new stage of growth.

Although the pace of growth varies from business to business, it is the businesses that have honed their strengths from the past to the present that will underpin the Group’s future growth.

[p.07](#) ▶ Progress over the Past 10 Years

[p.26](#) ▶ Special Feature: Stories of Our Strengths and Future

### Q How do you plan to achieve growth as “No. 1 in Each Field” over the medium to long term?

Under the current medium-term management plan, we are accelerating the transformation of our business portfolio. We monitor our SBUs\* by classifying them into four categories: Steady business growth, Value creation, Restructuring, and Nurture. Two of these categories are positioned as “growth businesses” with strengths and competitive advantages where we actively invest management resources: (1) Steady business growth businesses, where we expand invested

capital to broaden our earnings base, and (2) Value creation businesses, where we seek to improve profitability by enhancing efficiency and providing new added value. Among them, we have designated eight growth areas: Steel, Leasing, Construction systems, Real estate, Digital, Healthcare, Agriculture, Energy solutions.

Over the past year, we have increased invested capital in growth businesses by approximately ¥600 billion, and the main focus among them is the Digital field. In December 2024, SCSK, in which we hold 50.59% of the shares, acquired Net One Systems. By incorporating network engineering into its capabilities, SCSK as a system engineering company can now better address the diverse needs of its customers. Leveraging the enhanced capabilities of SCSK, we aim to not only drive growth in the digital business itself but also transform business models in other areas and thus generate synergies across the Sumitomo Corporation Group.

\* Strategic Business Unit (SBU): An organizational grouping of businesses that share a common strategy.

[p.18](#) ▶ Medium-Term Management Plan 2026

### Q Could you also tell us about your approach to asset replacement and next-generation businesses?

Regarding asset replacement, in November 2024 we sold T-Gaia, Japan’s largest mobile phone sales agent. In April 2025, we reorganized our U.S. replacement tire distribution operations under TBC Corporation and decided to sell Midas, a subsidiary that operates an automobile repair and maintenance business. Until our previous medium-term management plan, we focused on divestments mainly on unprofitable or low-profit businesses. Going forward, however, we will accelerate asset replacement, including by selling businesses that are profitable but hold limited prospects for further growth under our ownership.

On the other hand, today’s strengths will inevitably become obsolete as times change. That is why we are now planting the seeds of future strengths in the Nurture category.



## Message from the President and CEO

Although many of these initiatives will take time, we are nurturing next-generation businesses that will become future pillars of earnings.

### **Q You also carried out organizational restructuring to accelerate growth. Have those efforts produced results?**

Seeking to maximize corporate value, we restructured our organization to align our 43 SBUs side by side, which has generated positive effects. An SBU is an organization grouped by strategic unit, and while some SBUs have around 10 employees, others have more than 400. Organizing them as SBUs regardless of size enables SBU leaders to articulate their own strategies and make agile decisions, and this is functioning effectively.

Each SBU works to clarify its strategy and enhance communication to ensure the strategy permeates throughout the organization. In addition to fostering wider understanding of strategies, this approach has enhanced the leadership of each SBU head. As a result, we are seeing the intended effects—great strategy penetration, increased involvement in individual projects, and faster decision-making—which will further strengthen our earnings base going forward.

To Group CEOs and SBU heads, I often emphasize the terms “self-discipline” and “self-responsibility.” This means I want them to discipline themselves and their organizations and approach their work with a strong sense of personal responsibility. They must act autonomously when not only executing investments but also replacing assets. If there is future potential, they must persevere; if there is none, they must not cling to it. This is what matters. Of course, it is important to manage operations based on such indicators as ROIC and profitability while maintaining a clear outlook for recovering investments within a given time frame. In addition, we take a meticulous approach to businesses that, relative to their stage of growth, are not generating ROIC in excess of WACC. At the same time, we persistently nurture

businesses that will become future strengths of the Group and are certain to grow. Our aim is to ensure that these efforts can be pursued autonomously.

### **Q How do you view the “breakthrough capability” needed to drive growth and strengthen strategic execution under the “No. 1 in Each Field” concept?**

Winning teams are those that combine organizational strategies for dealing with issues with the individual strengths that resonate at each critical juncture. At the beginning of the year, I went to watch a high school soccer match and noticed that the strong teams fully leveraged their strengths in both tactics and actual play. They also analyzed their opponents, anticipated how to gain an advantage, and reflected this in their specific tactics and player selection. However, the strong teams had something extra. Each player understood his role and possessed the individual strength to hold his ground in one-on-one battles, never yielding in critical moments. While soccer is a team sport, at each juncture it ultimately comes down to one-on-one contests between individuals. In an organization seeking to become “No. 1 in Each Field,” individual capabilities also play a decisive role at each stage, such as when gaining attractive terms from a negotiating counterpart. In this respect, business is much the same as soccer.

### **Q Could you tell us about the initiatives to strengthen employees’ “individual capabilities”?**

Let me begin by talking about my own efforts to instill strategy and maximize individual strengths. In any organization, when there is distance between the President or senior management and the front lines, ideas fail to reach the field, and the challenges faced in the field fail to be conveyed back to management. I personally have often wondered

whether my messages are truly reaching the front lines, and I have also wanted to understand and share the concerns faced in the field. To address this, I launched an initiative called SHINGO CAFÉ, in which I go into the field and engage directly with employees. With the goal of speaking with all employees, I meet with about 30 people each time. To date, I have held 40 sessions, speaking with roughly 1,200 employees. What surprised me was that quite a few employees not only listened to my story but also made suggestions. Some even illustrated their own business flows on large sheets of paper and pointed out issues. Conversations in these SHINGO CAFÉ sessions also led to the launch of a company-wide task force for business process reform (efficiency improvement). Direct dialogue is not only effective in disseminating strategy. I also feel that talking directly with employees who are enthusiastic and eager to take on challenges contributes to the growth of their individual abilities.



SHINGO CAFÉ

On the institutional side, we have removed barriers that hindered individuals from realizing their full potential by reforming our HR systems under the previous medium-term management plan. We created an environment where



## Message from the President and CEO

individuals can freely pursue growth, in line with their awareness, experience, capabilities, and skills. Since the start of FY2025, we have expanded our internal job posting system, which was previously held once a year, to allow departments to post openings at any time. While maintaining a competitive framework, I believe that further supporting self-directed career development aligned with individual aspirations will enable our people to find greater fulfillment in their work and embrace new challenges, leading to growth of their individual capabilities. For our organization, securing internal talent with the required skills and capabilities leads to organizational reinforcement and growth.

[🔗](#) | p.35 ▶ Human Capital

### Q What do you prioritize in developing talent?

We are placing a strong emphasis on “leadership” development—not only for those leading the organization but also for all employees across the organization. This “leadership” means understanding one’s own role, taking initiative in fulfilling it, and always looking ahead to act beyond what is expected. In other words, “self-leadership.” To foster this self-leadership, we will share with our people the outcomes of interviews conducted globally with our employees. Specifically, we will articulate both the leadership required and behaviors that individuals need to change. I believe these shared insights will catalyze reflection and drive meaningful behavioral change across the organization.

We also focus on developing “management talent.” By this, we mean individuals who possess a wide range of capabilities—such as business engineering power, fortitude and follow-through, and the ability to engage and motivate others in deep dialogue—while consistently acting with an awareness of social value. Management talent also needs to have business-driven decisiveness and the ability to make tough, level-headed decisions. Regardless of age, nationality, or gender, we provide individuals with potential the opportunities to gain broad and challenging experiences

beyond organizational boundaries, with the aim of developing them into “management talent.” Through these experiences, we want them to develop qualities that attract and inspire others.

[🔗](#) | p.35 ▶ Human Capital

### Q What do you see as the social responsibilities, roles, and mission that Sumitomo Corporation should fulfill?

Irrespective of changes in the external environment, our mission that remains unchanged is the business spirit cultivated more than 400 years within the Sumitomo Group: “Benefit for self and others, private and public interests are one and the same.” In Sumitomo’s business, it means that in pursuing benefit for oneself, one must at the same time bring benefit to society. In other words, it means pursuing social value alongside economic value. I am convinced that by enhancing social value, we can achieve not only short-term growth but also sustainable growth over the long term.

[🔗](#) | p.04 ▶ Values of the Sumitomo Corporation Group

### Q Could you give us some specific examples?

One example overseas is our telecommunications business in Ethiopia. In 2022, we established that country’s second mobile telecommunications service provider, a private-sector company, in a market long dominated by a single state-owned operator. We bear a significant responsibility in fostering Ethiopia’s development and improving the well-being of its people, but the social value generated by the business will enable it to become sustainable.

In the Middle East, we are engaged in the automotive sales and marketing business. Although business conditions have been extremely challenging due to repeated conflicts and historical circumstances, we decided to move forward

with the business because of the significant social value of providing automobiles, which are essential to national reconstruction. Thanks to the dedication of the frontline employees, we have expanded the scope of the business. While developing local talent, we are now growing together with the country through various services, such as automotive maintenance and repair, spare parts sales, and vehicle sales. In addition to the Middle East, we are developing the automotive sales and marketing business in such regions as North Africa and Central Asia.

We are also engaged in a nickel project in Madagascar, which represents the largest investment from Japan into Africa. This major project encompasses not only mining but also refining, processing, and the local production of auxiliary materials used in these processes. It also employs around 9,000 local people and pursues social initiatives that foster coexistence with the local community. With a medium- to long-term focus on strengthening our business foundation, we have long invested in developing local talent, including by establishing training centers.

One of our roles and missions is to foster the revitalization of countries and regions facing difficult business environments and to engage in business with the general public from a long-term and social perspective.

[🔗](#) | p.16 ▶ Initiatives for Material Issues



## Message from the President and CEO

**Q Climate change is becoming an increasingly serious global issue. Could you share your views on how the Company is addressing climate change?**

While climate policies are evolving in each country, the issue of climate change is worsening on a global scale, and we increasingly feel the threat of natural disasters in our daily lives. Addressing this issue and advancing decarbonization is an irreversible trend.

Committed to achieving carbon neutrality by 2050, the Group is pursuing decarbonization. To this end, we are steadily moving away from fossil fuels, taking into account short-, medium-, and long-term corporate value. In oil, we have sold all of our upstream interests, and in coal-fired power generation we see limited social value. Accordingly, we are not pursuing new projects and are working to reduce GHG emissions, including through divestment.

We are also accelerating the shift to renewable energy while taking economic feasibility into account. Rather than businesses that depend on subsidies to be viable, we are building business models that can remain economically sustainable even after subsidies are phased out. At the same time, we are pursuing wind power, solar power, geothermal power, and even waste-to-energy projects.

[🔗](#) | p.42 ▶ Sustainability Management

[🔗](#) | p.43 ▶ Addressing Global Environmental Issues

**Q Amid rising uncertainty, what kind of governance functions are needed to address long-term risks and opportunities and achieve sustainable growth?**

We are working to strengthen governance with a view to sustainably enhancing corporate value. To accelerate the execution of the growth strategies set out in the current medium-term management plan and to ensure proper decision-making, we transitioned to a Company with an Audit

& Supervisory Committee in June 2025. In the process, we strengthened the effectiveness of the Board of Directors, which supervises decision-making and execution, and enhanced its supervisory function by making Outside Directors constitute a majority of the Board.

For major risks and opportunities, we established the Investment Committee to review individual projects and the GIPC\* to examine strategy appropriateness and portfolio. These bodies conduct reviews before deliberation by the Management Council, our highest decision-making body for execution. Specifically, the Investment Committee examines specific projects, and the GIPC debates the validity of major strategic changes. Together, they serve as the twin pillars for evaluating strategy at the corporate level. Discussions at the GIPC focus on the suitability of strategies, direction based on intelligence, and portfolio transformation, and I believe this mechanism is working effectively.

\*GIPC: Global Innovation & Portfolio Committee

[🔗](#) | p.50 ▶ Roundtable Discussion among Outside Directors

[🔗](#) | p.54 ▶ Corporate Governance

**Q What kind of value do you seek for co-creation with stakeholders?**

The Group is supported by a wide range of stakeholders. Going forward, we will further deepen stakeholder engagement to better understand their perspectives. I also believe that deepening dialogue on how to enhance corporate value will lead to co-creation with our stakeholders.

One quantitative indicator of corporate value is PBR, and I regret that we have not been able to consistently maintain a PBR above 1x. One factor, I believe, is that our growth strategy has not yet fully earned the market's trust. To earn such trust, we must achieve our planned targets while at the same time properly addressing any projects of concern. Through dialogue with shareholders and other investors, I have come to realize that there are a variety of opinions. I believe that allocating generated cash to both growth investments and enhanced shareholder returns will ultimately



lead to greater value for all stakeholders. To this end, we will continue providing greater clarity on our approach to cash allocation and the details of our investments and make every effort to explain them to stakeholders.

[🔗](#) | p.23 ▶ Message from the CFO

[🔗](#) | p.81 ▶ Dialogue with Stakeholders

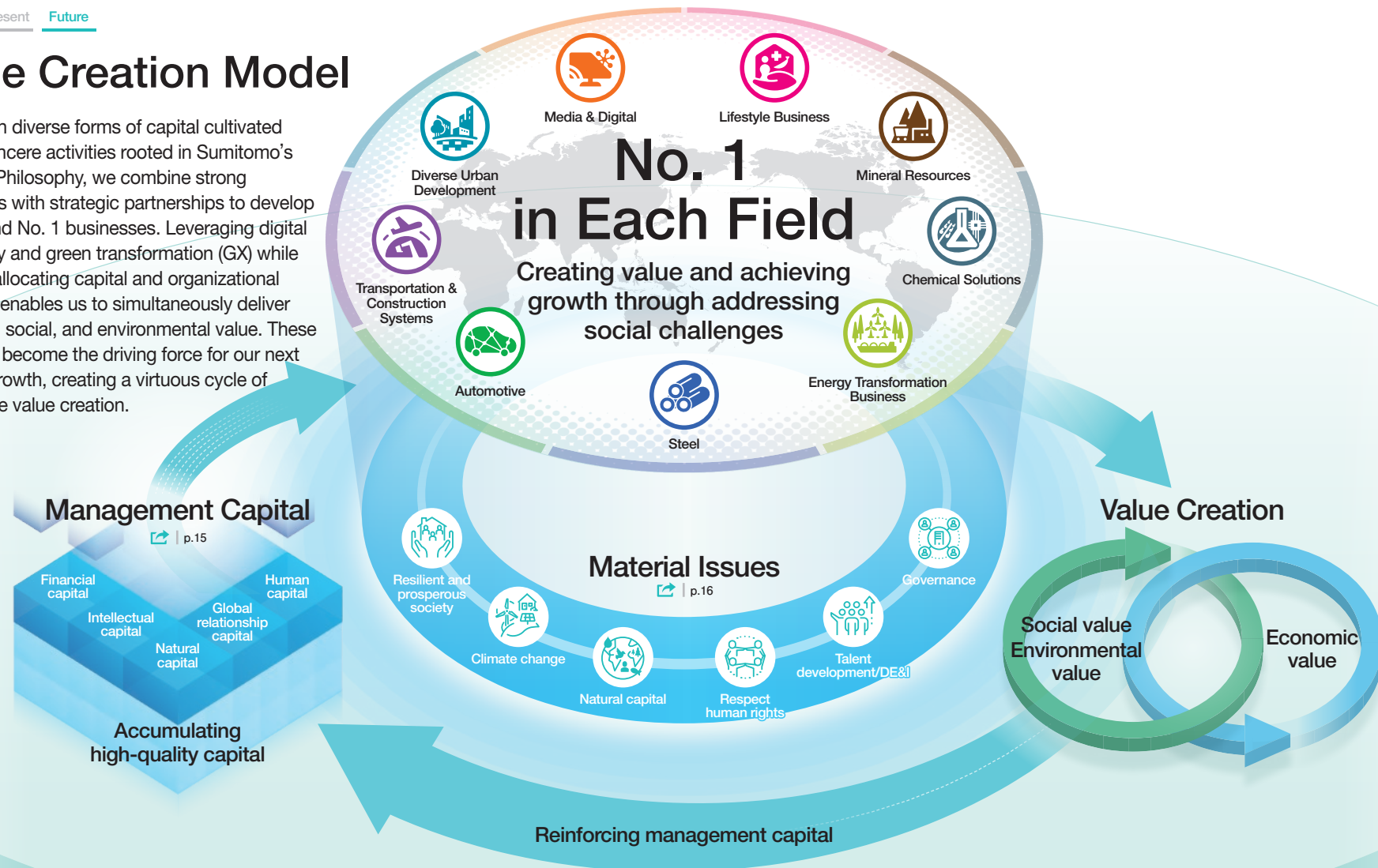
**Q Please share with us the future of Sumitomo Corporation that you envision as President.**

To mark our 100th anniversary in 2019, we formulated a corporate message with a vision for the next century. We decided on “Enriching lives and the world,” a message that expresses our commitment to helping people around the world achieve richer lives and greater fulfillment. This is the future I envision for the Sumitomo Corporation Group. As explained, we have always engaged in businesses that enrich the lives and the well-being of people worldwide. Looking ahead, I want the Group to continue working to foster the enrichment of people's lives around the world.

Past Present **Future**

## Value Creation Model

Building on diverse forms of capital cultivated through sincere activities rooted in Sumitomo's Business Philosophy, we combine strong businesses with strategic partnerships to develop and expand No. 1 businesses. Leveraging digital technology and green transformation (GX) while flexibly reallocating capital and organizational resources enables us to simultaneously deliver economic, social, and environmental value. These outcomes become the driving force for our next stage of growth, creating a virtuous cycle of sustainable value creation.



**Sumitomo's Business Philosophy** [p.04](#)

Sumitomo Corporation Group's Corporate Mission Statement















Past Present **Future**

# Management Capital

Guided by its corporate message “Enriching lives and the world,” Sumitomo Corporation leverages the diverse management capital amassed over many years to pursue sustainable value creation. The five key forms of management capital—human, intellectual, global relationship, financial, and natural—serve as not only the foundation of our business activities but also drivers that help us address social challenges and create new value.

By strategically strengthening and integrating these forms of capital, we aim to create value across the economic, social, and environmental dimensions to enhance corporate value and achieve sustainable growth.



Management capital	Human capital Diverse talent	Intellectual capital Multifaceted business expertise	Global relationship capital Extensive business locations and presence in a wide range of industries	Financial capital Stable financial position	Natural capital Shared capital with society that should be preserved and regenerated
Relationship with corporate value	The Group's human capital is our people with diverse knowledge and experience, who have engaged in global business development dealing with a broad range of products and services. Such talent will create unprecedented added value by incorporating new perspectives and leveraging networks, becoming the driving force behind our corporate value enhancement.	Leveraging the advanced business expertise we have cultivated over many years in such areas as risk management, financial services, and logistics, we are steadily advancing business development, investment, and the management of Group companies. These intellectual assets form the foundation for our sustainable growth.	By leveraging our global business locations and networks built across diverse industries, we have established a strong presence in each sector. Through collaboration with diverse business partners, we are achieving multifaceted and flexible business development.	With stable fund-raising capabilities and disciplined cash flow management, we have a sound financial foundation. While pursuing increased profitability, we are also working to strengthen our financial position and enhance management stability.	Recognizing the essential value of nature to people's lives and business activities, we are committed to preserving, regenerating, and sustainably using natural capital in various ways. These include reducing environmental impacts and fostering the development of a circular economy. These initiatives contribute to harmonious coexistence with society and the creation of long-term value.
Reinforcement measures	   p.35 ▶ Five fundamentals of human capital	<ul style="list-style-type: none"> <li>Implement mandatory digital and AI literacy training for all employees along with numerous practical programs to strengthen DX execution capabilities</li> <li>Establish a strategy-driven organizational structure to enhance the sophistication and speed of decision-making and strengthen the agility of strategy execution</li> </ul>	<ul style="list-style-type: none"> <li>Deliver value to partners in Japan and overseas to deepen trust and expand opportunities for co-creation</li> <li>Strengthen our global framework to drive region-specific business development and optimize networks</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate asset turnover and prioritize resource allocation in growth areas</li> <li>Utilize business-specific ROIC and WACC as indicators to accelerate business portfolio transformation and increase profitability</li> </ul>	<ul style="list-style-type: none"> <li>Conduct risk analyses, enhance necessary measures, and set monitoring indicators and targets to minimize the impact of our business activities on natural capital</li> <li>Strengthen businesses that contribute to natural capital preservation and regeneration, including initiatives for a circular economy and decarbonization</li> </ul>
Relevant indicators (FY2024; as of March 31, 2025)	Number of employees (Consolidated basis) <b>83,327</b> Percentage of women (Number of women as a percentage of total number of non-consolidated employees) <b>27%</b> Percentage of mid-career hires (Number of mid-career hires as a percentage of all hires in FY2024) <b>40%</b>	<b>9 business groups/ 43 SBUs</b> (As of April 2025) FY2024 (Result) <b>¥730 billion</b>	Consolidated subsidiaries and associated companies <b>507</b> Number of offices (As of April 2025) <b>125 locations</b> <b>64 countries and regions</b>	Total assets <b>¥11.6 trillion</b> Shareholders' equity <b>¥4.6 trillion</b> Net DER <b>0.6 times</b> ROE <b>12.4%</b>	Water withdrawal (1,000,000 m³) <b>1,624</b> Exposure of upstream interests in mineral resources/energy <b>¥590 billion</b> Renewable energy net ownership generation capacity <b>Approx. 2 GW</b>
Relevant content	   p.35 ▶ Human Capital    p.48 ▶ Material Issues × Management Capital	   p.26 ▶ Stories of Our Strengths and Future    p.40 ▶ Digital and AI as Growth Drivers    p.67 ▶ Nine Business Groups	   p.26 ▶ Stories of Our Strengths and Future    p.48 ▶ Material Issues × Management Capital	   p.23 ▶ Message from the CFO    p.26 ▶ Stories of Our Strengths and Future	   p.43 ▶ Addressing Global Environmental Issues    p.48 ▶ Material Issues × Management Capital



Past Present **Future**100SEED (Sumitomo Corporation's social contribution initiative) ▶ <https://www.sumitomocorp.com/en/jp/100seed/index.html>

# Initiatives for Material Issues

Based on Sumitomo's Business Philosophy and Management Principles, we have identified Material Issues for resolving social challenges aimed at achieving sustainable growth into the future.

Since our initial formulation of material issues in 2017, and following two subsequent revisions, we established a new set of six material issues in 2024, coinciding with the launch of Medium-Term Management Plan 2026. By addressing these issues through businesses that leverage our strengths, we aim to not only create social value but also realize our vision of becoming "No. 1 in Each Field."

Material Issues ▶ <https://sumitomocorp.disclosure.site/en/themes/12>



## Build resilient and prosperous society

### Long-term goals

Contribute to the development of local communities and economies

#### Initiatives through FY2024

- Globally promote 100SEED<sup>\*1</sup>, an employee-centered social contribution initiative under the theme of "Education" (FY2024 employee participation rates in both headquarters and regional organizations exceed 5% in Japan and overseas)



## Overcome climate change

### Long-term goals

Contribute to carbon neutrality of society

#### Initiatives through FY2024

- Completed calculation of greenhouse gas emissions (Scope 3) across the entire Group supply chain
- For key GX initiatives, conducted trial calculation of emission reduction contribution as a quantitative indicator to measure the impact on society's transition to carbon neutrality

▶ p.43 ▶ Addressing Global Environmental Issues



## Preserve and regenerate natural capital

### Long-term goals

Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain management

#### Initiatives through FY2024

- Conducted trial disclosures based on the TNFD framework as a TNFD Early Adopter
- Identified high-risk businesses across the Group to strengthen our nature-related initiatives with a risk-based approach

▶ p.45 ▶ Initiatives for natural capital



## Respect human rights

### Long-term goals

Respect the human rights of all stakeholders in all businesses and supply chains

#### Initiatives through FY2024

- Completed human rights due diligence across all businesses (process initiated in FY2021)
- Identified high-risk businesses across the Group to strengthen risk-based human rights due diligence

▶ p.46 ▶ Respect for Human Rights



## Develop talent and promote DE&I

### Long-term goals

Create workplaces that allow diverse employees to apply their capabilities with passion in their own ways

#### Initiatives through FY2024

- Implemented WILL recruitment<sup>\*2</sup> and expanded the internal job posting system to maximize individual potential
- Clarified required capabilities and implemented matching with tough assignments to develop future management talent
- Strengthened and enhanced the succession pipeline for key positions

▶ p.37 ▶ Priority initiatives of Medium-Term Management Plan 2026



## Maintain and strengthen governance

### Long-term goals

Develop a robust governance system to enhance the corporate value

#### Initiatives through FY2024

- Transitioned to a Company with an Audit & Supervisory Committee (following the General Meeting of Shareholders in June 2025)
- To strengthen the effectiveness of supervision of business execution, the Company resolved to (1) Establish a majority of Outside Directors on the Board, (2) Expand the scope of authority delegated to the Management Council regarding key business execution decisions, and (3) Set agendas to enhance monitoring and discussion of company-wide critical management themes

▶ p.54 ▶ Post-Transition Framework as a Company with an Audit & Supervisory Committee

## Specified process

### STEP 1 Consider identification methods

Explore ways to identify material issues by referencing international guidelines and engaging with investors and experts to ensure sustainable growth together with society

### STEP 2 Organize and identify challenges

Based on the SDGs, organize issues already addressed through our business activities and those to address going forward; taking into account our philosophy and values, as well as the roles we should fulfill in the future, identify and prioritize issues requiring focused action

### STEP 3 Verify issues for resolution by the Board of Directors

The Sustainability Promotion Committee engages in discussion following dialogue with internal and external stakeholders, with issues discussed and resolved by the Management Council and the Board of Directors

### STEP 4 Review and update

Periodically review the necessity of updates in light of our strengths, stakeholder expectations, and changes in the external environment

<sup>\*1</sup> Social contribution activity program with employee participation at the Sumitomo Corporation Group <sup>\*2</sup> Selection process that allows candidates to receive confirmation of their initial assignment before joining the Company

# 02

## Corporate Value Creation Strategy

—— Current initiatives with a view to the future

### CONTENTS

- 18 Medium-Term Management Plan 2026
- 23 Message from the CFO
- 24 Management Conscious of Cost of Capital and Stock Price
- 25 Message from the CSO
- 26 Special Feature:  
Stories of Our Strengths and Future
- 34 Message from the CAO
- 35 Human Capital
- 40 Digital and AI as Growth Drivers
- 41 Message from the CSDO
- 42 Sustainability Management
- 43 Initiatives for Disclosure
- 43 Addressing Global Environmental Issues
- 46 Respect for Human Rights
- 47 Material Issues and Medium- to Long-Term Goals
- 48 Material Issues × Management Capital



# Medium-Term Management Plan 2026: **No. 1 in Each Field**

## Overall Picture

Theme of the plan

Enhance our competitive advantages to achieve growth through addressing social challenges

### 2 Growth leveraged by strengths

Eight growth businesses with strengths and competitive advantages

Steel	Expand business in regions where steel demand is growing such as the United States and India, and in new areas such as steel GX
Leasing	Expand business areas domestically and internationally by combining strong businesses such as aviation, automobile, and real estate
Construction system	Expand the scale of construction equipment sales/rental business and the service product lineup
Real estate	Expand asset types and build a portfolio of assets according to growth potential
Digital	Globally strengthen the full value chain of digital business
Healthcare	Expand business scale in Japan and overseas; provide services that help solve issues, such as rising medical costs
Agriculture	Geographically expand and functionally enhance the agricultural input business
Energy solutions	Expand development of renewable energy; midstream and downstream energy management

Accelerate growth driven by DX/GX

### 3 Strengthen driving force for growth

Organizational structure with strategic axis

**Company-wide optimization**  
Enhance sophistication and speed of decision-making

Review membership of the Management Council and the method of making resolutions

**Individual optimization**  
Enhance strategy execution agility

Reorganize 44 SBUs into 9 business groups (As of April 2025, there are 43 SBUs.)

Empower people and organizations

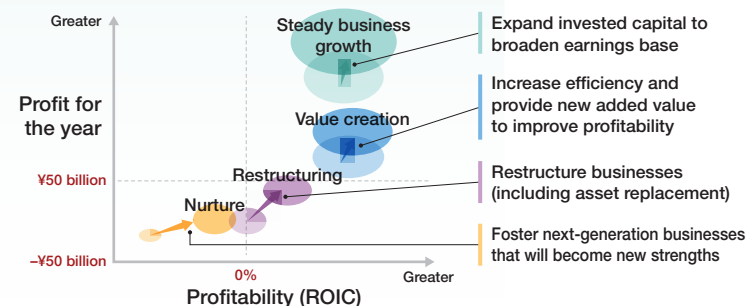
Prioritize and strengthen business engineering power, leadership, and speed

### 1 Business portfolio transformation

We will accelerate the renewal of our business portfolio by prioritizing the allocation of management resources to growth businesses. To this end, we will continue portfolio management based on four strategic categories and business-specific ROIC. By ensuring that each SBU (Strategic Business Unit) fulfills its role in line with its strategic category, we aim to enhance the Group's overall earning power.

1. The size of the circles indicates the image of the amount of invested capital.
2. The figures for FY2026 are planned with the assumption that each business stays in the same category from the beginning of FY2023.

Business strategy and management resource allocation (FY2023 → FY2026)





# Medium-Term Management Plan 2026: Progress

## Progress of Medium-Term Management Plan 2026

Despite heightened uncertainty in the business environment, we steadily executed initiatives aimed at becoming “No. 1 in Each Field” and achieved profit growth exceeding our initial plan. In this section, we describe our progress in two of the three core themes of Medium-Term Management Plan 2026: **1** Business portfolio transformation and **2** Growth leveraged by strengths.

With respect to **3** Strengthen driving force for growth, please refer to the section on Human Capital later in this report. [▶ p.35 ▶ Human Capital](#)

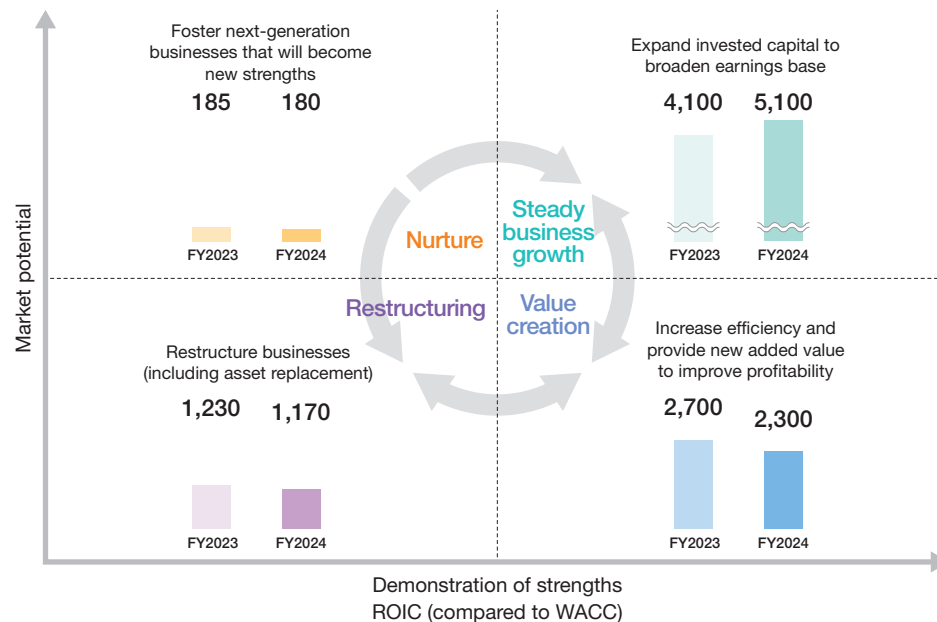
### 1 Business portfolio transformation

#### ■ Prioritize capital investment in growth areas

In the first year of Medium-Term Management Plan 2026, we prioritized capital investment in key growth areas where we hold competitive advantages, making record-high investments of ¥730 billion.

In allocating management resources, we carefully select projects expected to deliver strong results in both profitability and growth. By steadily promoting asset replacement, we are also enhancing the quality of our business portfolio.

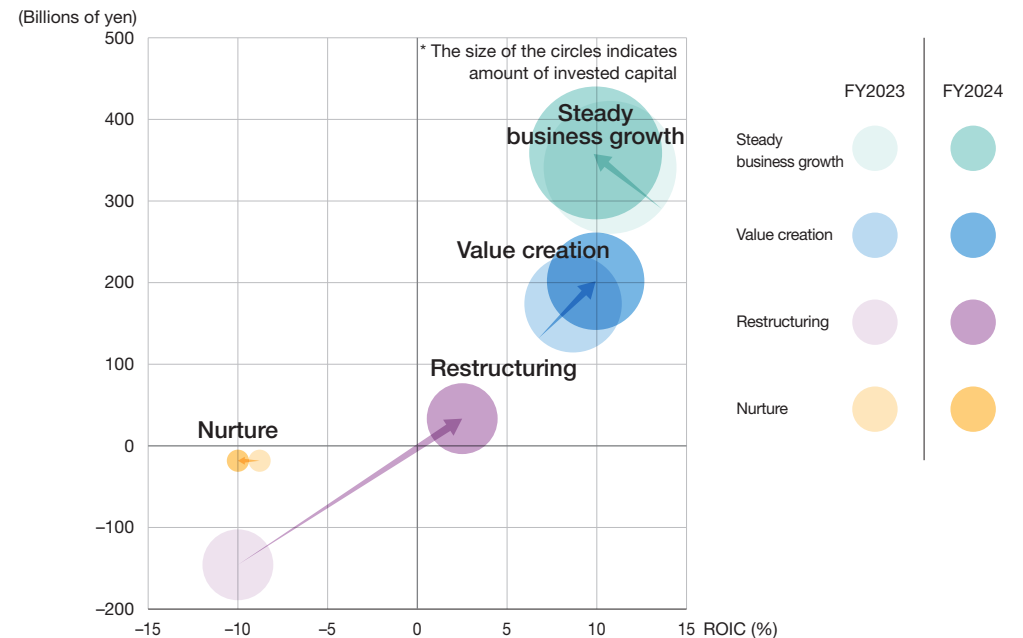
#### Invested capital allocation (FY2023 → FY2024) (Billions of yen)



#### ■ Accelerate renewal of the business portfolio and enhance profitability

To strengthen the soundness of our business portfolio, we replaced assets primarily in the Restructuring category, steadily executing capital recovery through sales and reorganization of low-profitability businesses. As a result, we made progress with management resource reallocation, making focused investment in highly profitable businesses centered on the Steady business growth category. Through these initiatives, we are improving the profitability and capital efficiency of our overall business portfolio.

#### Profit for the year and ROIC\* (FY2023 → FY2024)





## Medium-Term Management Plan 2026: Progress

### 2 Growth leveraged by strengths

#### ■ Recent development and future actions of key growth areas

In the leasing, real estate, and digital businesses, we strengthened our foundations for sustainable growth by accumulating high-quality assets and reinforcing existing operations. However, some businesses, such as construction equipment and agriculture, recorded weak results. Nevertheless, we are implementing improvement measures and preparing for a turnaround from FY2025 onward.

Key growth areas	Recent developments	Future actions
Leasing	<ul style="list-style-type: none"> <li>Expanded the existing customer base and diversified the portfolio by entering the container leasing business</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen asset management in real estate and commercial aviation; further improve profitability and efficiency</li> </ul>
Construction systems	<ul style="list-style-type: none"> <li>Curbed costs and adjusted pricing in response to weak demand in the North American equipment rental business</li> </ul>	<ul style="list-style-type: none"> <li>Attract large-scale customers, strengthen the specialty rental business, and enhance cost competitiveness in the North American construction equipment rental business</li> </ul>
Real estate	<ul style="list-style-type: none"> <li>Steady performance in domestic and overseas real estate business; performed particularly well in U.S. housing business</li> </ul>	<ul style="list-style-type: none"> <li>Advance asset replacement and accumulation of prime real estate in Japan and overseas; maximize the earnings of the Diverse Urban Development business</li> </ul>
Digital	<ul style="list-style-type: none"> <li>Completed acquisition of Net One Systems by SCSK, making it a wholly owned subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>Build the No. 1 digital business platform in the Asia-Pacific region to address global DX/IT needs</li> </ul>
Agriculture	<ul style="list-style-type: none"> <li>Reinforced credit controls following credit losses in Brazil's agriculture business</li> </ul>	<ul style="list-style-type: none"> <li>Focus on improving profitability and strengthening the resilience of the Brazil business</li> </ul>

#### ■ Refine with digital, Profit with digital

Under Medium-Term Management Plan 2026, we have embraced the principle of “Refine with digital, Profit with digital.” The newly established DX·IT Group, which integrates our digital transformation and IT functions, is working together with our SBUs to accelerate growth through digital. As a result, we have enhanced the profitability of existing businesses while generating new sources of revenue.

We are also making tangible progress in transforming our management systems through digital and AI while enhancing the digital capabilities of all officers and employees and accelerating efforts to achieve the targets of Medium-Term Management Plan 2026.

DX initiatives	FY2024 result	FY2025~
Business growth driven by digital	<ul style="list-style-type: none"> <li>Enhanced operations through digital, delivering greater earnings</li> <li>Transformed our business model and created new businesses through digital</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate profitability enhancement across all businesses through digital</li> </ul>

#### ■ Accelerated new growth driven by GX

In FY2024, we worked to visualize GHG emissions (Scope 3) across the supply chain to establish a foundation for sustainability management. Led by our sales organization, we calculated emissions and identified key areas with the potential for reduction at the frontline level. This led to progress in identifying areas for reduction through collaboration with suppliers.

In areas with high emissions, we are stepping up exploration of new business opportunities that contribute to decarbonization.

GX initiatives	FY2024 result	FY2025~
Build new strengths through GX	<ul style="list-style-type: none"> <li>Promoted GX-related investments               <ul style="list-style-type: none"> <li>Invested in India city gas business (April 2024)</li> <li>Invested in Norwegian owner and operator of offshore windfarm support vessels (June 2024)</li> <li>Invested in offshore wind power foundation manufacturing business (January 2025), etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Accelerate development and expansion of decarbonization businesses</li> <li>Enhance efficiency and profitability through GX/DX integration</li> </ul>

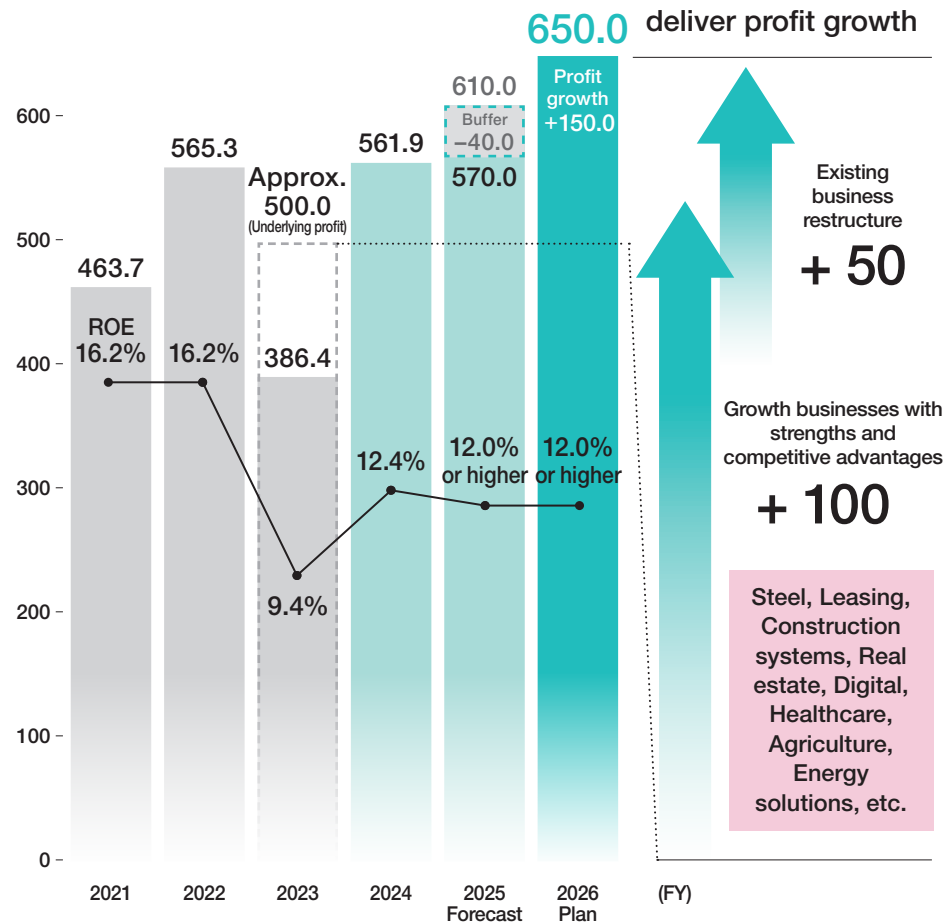


# Medium-Term Management Plan 2026: Quantitative Targets and Progress

## Profit for the year and ROE

Profit for the year  
(attributable to owners of the parent)

(Billions of yen)  
700 -



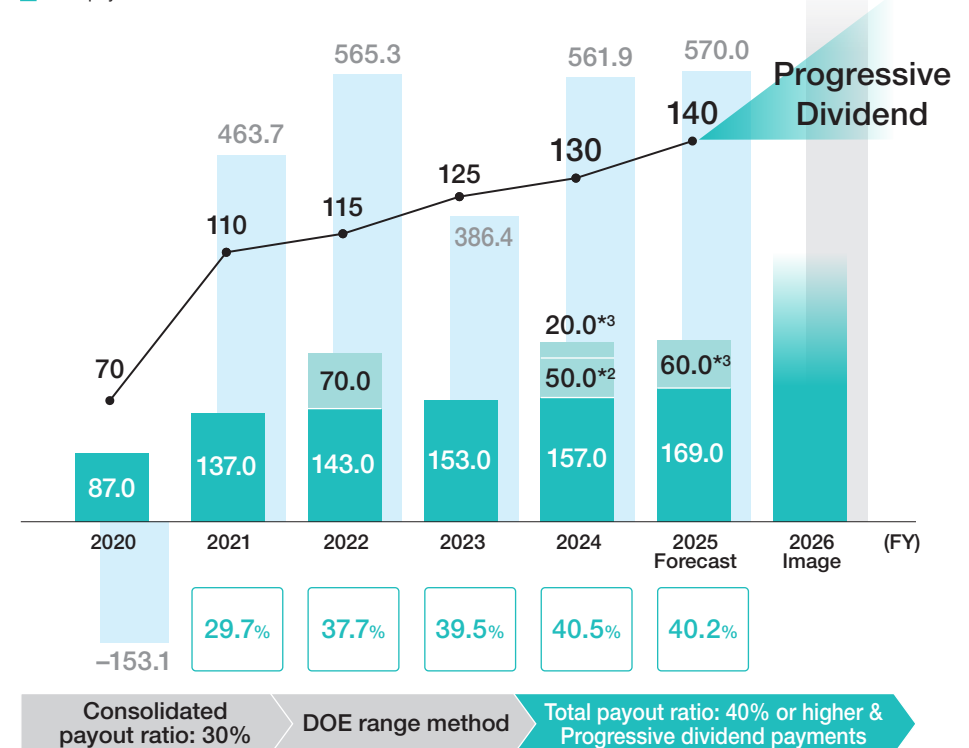
## Shareholder return

Shareholder return policy

**Total payout ratio: 40% or higher & Progressive dividend payments\*1**

Pursuing sustainable profit growth and further strengthening our earnings base to enhance shareholder returns and increase shareholder value.

- Annual dividend per share (yen)
- Share repurchases (billions of yen)
- Total annual dividend (billions of yen)
- Profit/loss for the year (billions of yen)
- Total payout ratio



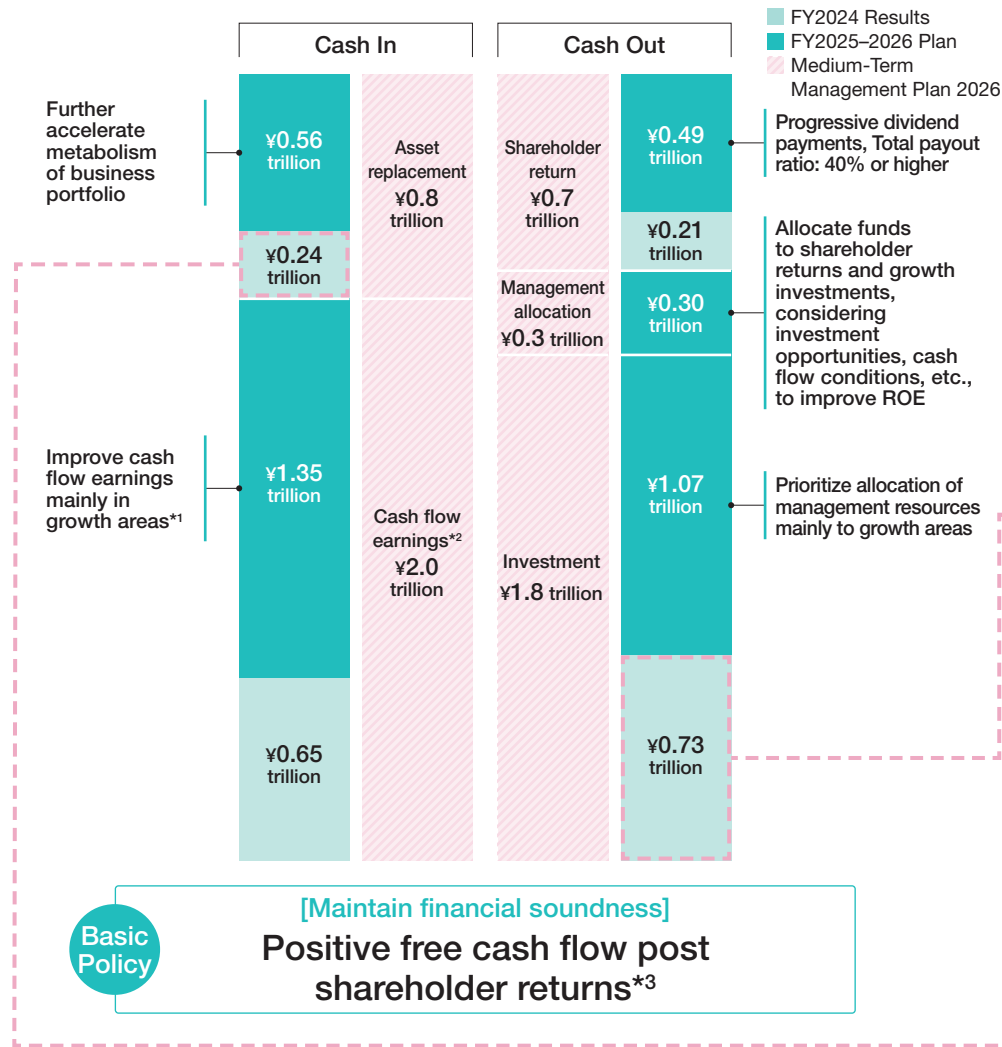
\*1 Dividends to be maintained or increased

\*2 Repurchased on June 17, 2024, and canceled on August 28, 2024

\*3 Resolved on May 1, 2025

## Medium-Term Management Plan 2026: Quantitative Targets and Progress

### ● Cash flow allocation and financial soundness

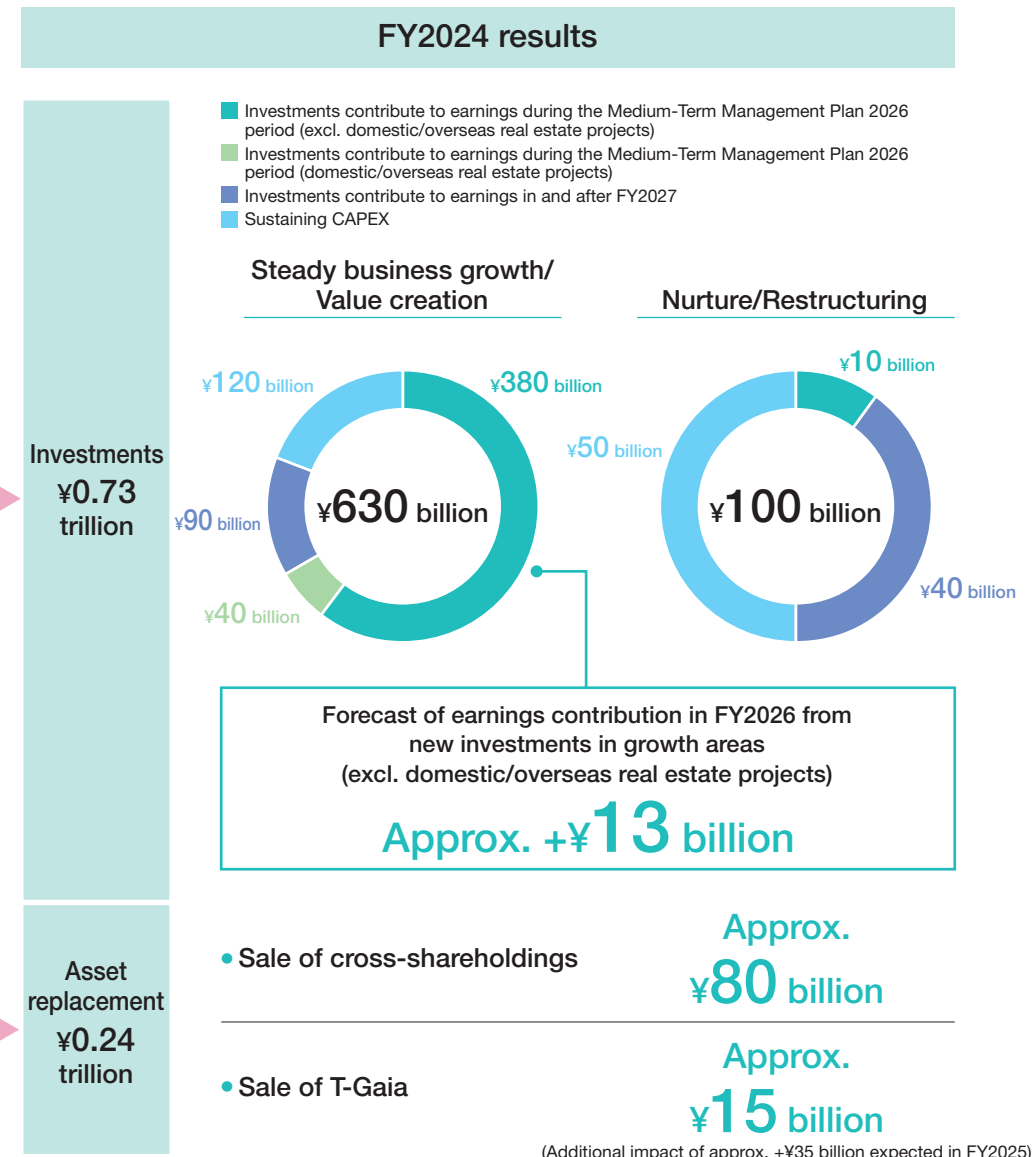


\*1 Steel, Leasing, Construction systems, Diverse Urban Development, Digital, Healthcare, Agriculture, Energy Transformation

\*2 Cash flow earnings = [Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends] × (1 – Tax rate) + Dividend from investments accounted for using the equity method + Depreciation + Lease liability payments

\*3 Excludes changes in working capital, etc.

### ● Investments and asset replacement



(Additional impact of approx. +¥35 billion expected in FY2025)



# Message from the CFO



We will steadily build on growth leveraged by strengths and sustainably enhance our corporate value.

**Reiji Morooka**

Representative Director,  
Executive Vice President  
Chief Financial Officer

## Profit growth and cost of capital reduction to improve PBR and TSR

I am frequently asked during dialogue with the market why our stock price continues to trade below a PBR of 1.0x. The primary reason is that we have recorded multiple significant impairment and net losses in the past, which has led to persistently high cost of capital. However, we recorded impairment losses on assets with inherent impairment risk during our previous medium-term management plan and are continuing to take actions, including business divestments. Going forward, we aim to restore market confidence and achieve a stable PBR above 1.0x, as well as TSR improvement, by delivering stable profit growth across the Company. All necessary initiatives to achieve this are incorporated into our current medium-term management plan, as outlined in the PBR logic tree. We are confident that successful implementation of these initiatives will lead to sustainable profit growth over the medium to long term and, ultimately, to improvement in our PBR.

[🔗](#) | p.76 ▶ For details on PBR/TSR, see “Share Price–Related Indicators”

## Business portfolio transformation

One of the most important initiatives in our current medium-term management plan is business portfolio transformation through growth investments leveraged by strengths and asset replacement. While investment is essential for stable growth over the medium to long term, it is also true that we have experienced many failures in the past. Reflecting on such experience, our current medium-term management plan focuses on allocating management resources to businesses where we have strengths and competitive advantages. Examples include SCSK’s acquisition of Net One Systems, acquisition of the manufacturing business for the foundation of offshore wind power generation (monopile) within the Steel Group, and investments in real estate. All of these investments are rooted in our unique strengths. When evaluating investments, we carefully assess whether we can generate the added value exceeding the acquisition cost reliably. These extensive discussions are held at not only the Management Council but also each business group, resulting in decisions not to invest in certain projects on many

occasions. Therefore, I feel that the themes of our current medium-term management plan have been well internalized, and the autonomous management at the business group level has been strengthened.

ROIC-based management, introduced in the previous medium-term management plan, is now deeply rooted across the organization. We regularly monitor the initiatives and progress aimed at profit growth and capital efficiency improvements across the Company, and actively engage in frontline discussions about measures for improvement and transformation, including the use of external capital and DX. For businesses where improving profitability is an urgent priority, we have temporarily suspended asset expansion and shifted the focus to enhancing profitability. We are also accelerating asset replacement. In FY2024, we sold T-Gaia, and in April 2025 we agreed to sell Midas. Going forward, we will continue accelerating our business portfolio transformation through the divestment of businesses with limited growth potential and capital recycling.

## Addressing challenges

On the other hand, some challenges remain. Profit growth in the businesses we have defined as growth areas was limited to ¥1.0 billion in FY2024, partly due to the underperformance in certain businesses. While we cannot completely avoid the impact of changing external factors, this is not the sole cause. We are thoroughly discussing what is needed in each business to strengthen downside resilience in response to environmental changes and implementing necessary measures accordingly. We also recognize that some concerns remain, including the Ambatovy Nickel Project, which are yet to be fully resolved. We will continue exploring all possible options and are fully committed to isolate the risks or turn these businesses around.

## Shareholder return

Based on the solid profit growth achieved in FY2024, we decided on additional share repurchases as a flexible shareholder return under our policy of a total payout ratio of 40% or higher. We will continue to enhance shareholder returns through sustainable profit growth.

# Management Conscious of Cost of Capital and Stock Price

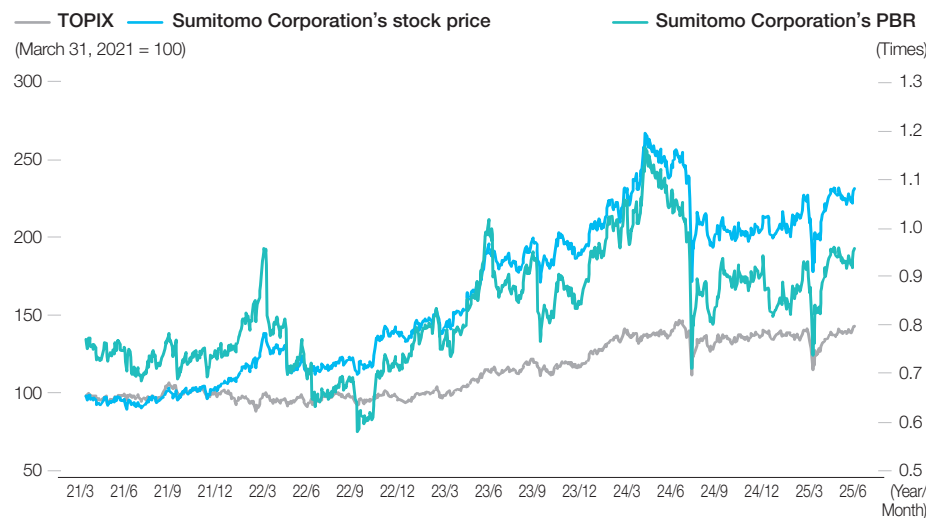
## Analysis of current situation

We believe that if we can consistently achieve an ROE of 12% or higher, our profitability will exceed the cost of capital and create Economic Value Added (EVA), while there are various methods for calculating the cost of capital.

Based on this recognition, by accelerating business portfolio transformation as outlined in Medium-Term Management Plan 2026 (April 2024–March 2027), we aim to maintain an ROE of 12% or higher and strive to achieve sustainable improvements of our corporate value. In FY2024, we exceeded our initial plan and recorded consolidated net income of ¥561.9 billion, with ROE of 12.4%.

Since the beginning of FY2024, our stock price temporarily declined sharply due to global stock market downturns in August 2024 and April 2025, but it has remained generally within a flat range. Our PBR, which had fallen below 1x since the sharp stock price drop in August 2024, is currently on a recovery trend.

## Sumitomo Corporation's stock price performance



		FY2021	FY2022	FY2023	FY2024
Sumitomo Corporation's stock price (8053)	Close (Yen)	2,119.0	2,341.0	3,652.0	3,372.0
	High (Yen)	2,238.5	2,488.0	3,766.0	4,433.0
	Low (Yen)	1,434.0	1,762.5	2,261.0	2,675.5
PBR (Times, end of March)		0.83	0.76	1.00	0.88

## Initiatives

To further improve our stock price and PBR, we will steadily implement the following initiatives and demonstrate stable profit growth as actual results, thereby striving to further earn the trust of the market.

The theme of Medium-Term Management Plan 2026 is “No. 1 in Each Field.” To enhance our competitive advantages and achieve growth by addressing social challenges, we accelerate business portfolio transformation and generate returns that exceed the cost of capital. For that purpose, we focus on “growth leveraged by strengths” and “strengthening the driving force for growth.”

Specifically, under the organizational structure based on Strategic Business Units (SBUs), we will utilize business-specific ROIC and WACC, and promote business restructuring, including the replacement of low-profit assets. At the same time, by prioritizing the allocation of management resources to growth businesses with strengths and competitive advantages, we will establish earning pillars that drive profit growth, thereby further expanding our earnings base and improving the stability of our profits.

From FY2024 and beyond, we intend to implement shareholder returns with a total payout ratio of 40% or higher, including progressive dividends and share repurchases in a flexible and agile manner. We will continue to allocate management resources appropriately to shareholder returns and growth investments from the perspective of sustainable enhancement of corporate value, while maintaining financial soundness.

Furthermore, we will enhance disclosure and strive to engage in constructive dialogue with market participants so that the track record and details of these initiatives can be fully understood.

# Message from the CSO



Leveraging our strengths,  
we will utilize high-quality  
capital to realize a business  
portfolio that responds flexibly  
to uncertainty.

**Takayuki Sumita**

Senior Managing Executive Officer  
Chief Strategy Officer

## Clarifying business selection

In FY2024, each SBU clearly defined what kind of “No. 1” it aims to become and how—establishing a clear framework for business selection and development. We will grow businesses that have a close connection to our strengths and can further enhance their value while avoiding or exiting “non-core areas.” We are now seeing a clearer picture of how to put our value creation story into practice.

For example, we are allocating resources to businesses that leverage our asset management capabilities, such as the real estate and commercial aviation businesses, as well as to investments like EEW that combine our strengths in steel with GX initiatives. (FY2024 investments in such areas totaled around ¥730 billion.) At the same time, we have exited businesses, such as T-Gaia and part of TBC, where it would be difficult to pursue further growth under our ownership. (FY2024 sales of such assets totaled around ¥240 billion.)

## Value creation strategy built on high-quality capital

We will leverage the high-quality capital we have built over the years—much of it in non-financial forms, such as people, organizations, culture, and networks—within businesses where we have strengths and competitive advantages to cultivate, strengthen, and expand our No. 1 businesses. With this value creation story in mind, we are focused on leveraging our high-quality capital, which is the source of our competitiveness. Under the Medium-Term Management Plan 2026, we are fully committed to transforming both our business and talent portfolios.

With our financial portfolio, we can increase or decrease investments in accordance with logic, as there are assets that can be bought and sold at any time. With business investments, however, there are not always suitable projects or opportunities available when we want to invest, nor is a buyer readily found when we wish to divest. Accordingly, it is difficult to define the ideal portfolio in advance. In light of these constraints, we monitor our business portfolio from three perspectives—business

domain, time frame, and geographic region—to avoid risks from concentrated investments. At the same time, we leverage the Company’s high-quality capital and strengths to pursue asset replacement while working to create greater value.

From the business domain perspective, we focus our investments on areas where we have strengths, as reflected in our track record to date. Based on recent performances, we are also flexibly reviewing our conventional classification into four strategic categories. From a geographic perspective, some regions offering high returns also entail commensurate risks. Nevertheless, we will actively invest in such regions if we can appropriately manage those risks and have strengths that give us a competitive edge. In any case, we strive to diversify risk by avoiding excessive concentration in specific sectors or regions. From a time frame perspective, we determine our investment targets and timing so that the returns generated by multiple long-term investments do not become concentrated in any particular period.

These initiatives are led by our Management Council and our Global Innovation & Portfolio Committee (GIPC). This approach, which includes asset replacement, has become firmly established as a means of ensuring the appropriate allocation of capital and human resources.

## Responding to external factors

The external environment is becoming more and more uncertain, driven by such factors as U.S. tariff policies, geopolitical risks in regions like the Middle East and China, and global macroeconomic trends. In such circumstances, making appropriate and agile management decisions requires broad-based intelligence. By gathering more wide-ranging information, conducting in-depth analysis, and sharing information broadly across the Company, we provide guidance for actual decision-making. This will enable us to build a portfolio that leverages our strengths, offers greater downside resilience, and is flexible in adapting to change.



## Special Feature: Stories of Our Strengths and Future

# 1

Strength

Asset-based businesses

**“Mobilizing”  
assets to enhance value**

# 2

Strength

Lifestyle-related businesses

**Our unique business  
engineering power and  
expertise in on-site operation**

# 3

Strength

Energy-related businesses

**Global track record of  
project development and  
execution capabilities**



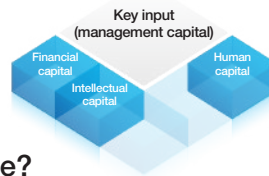
## Special Feature: Stories of Our Strengths and Future

## 1

Strength

## Asset-based businesses

## “Mobilizing” assets to enhance value



## Where do our asset management capabilities lie?

In addition to owning assets, our asset management capabilities lie in our operational strength to “mobilize” such assets for continuous creation of new value. Through asset replacement, restructuring, and development, this capability enables us to balance profitability and sustainability. It serves as a driving force for maintaining our competitive advantage in a rapidly changing business environment. The functions enabled by our asset management capabilities are shown below.

## ■ Business portfolio optimization

With the aim of balancing profitability and sustainability, we strategically optimize our business portfolio through continuous asset replacement, restructuring, and new development.

## ■ Capital efficiency maximization

We promote each business under an optimal capital structure. In our real estate business, for example, we improve capital efficiency by utilizing lease schemes and forming REITs and funds rather than insisting on 100% ownership.

## ■ Asset value preservation and enhancement

Through management and continuous improvement activities aimed at maintaining and enhancing the value of existing assets, we ensure long-term earnings stability.

## What is the background behind the development of our asset management capabilities?

We strategically own and manage a diverse range of assets to secure stable cash flow. Underpinning these efforts is Sumitomo’s “enterprising spirit.” Our asset management activities, which involve evaluating, enhancing, and leveraging assets, go beyond mere ownership. They are about pursuing value creation and responding flexibly to changes in the business environment.

At the same time, asset ownership also entails challenges, such as the risk of declining capital efficiency, impairment risk from fluctuations in value, and liquidity constraints. Considering both the benefits and risks, we have refined our asset management capabilities to assess, enhance, and leverage asset value.

[Showcasing our strengths]

## Commercial aviation business

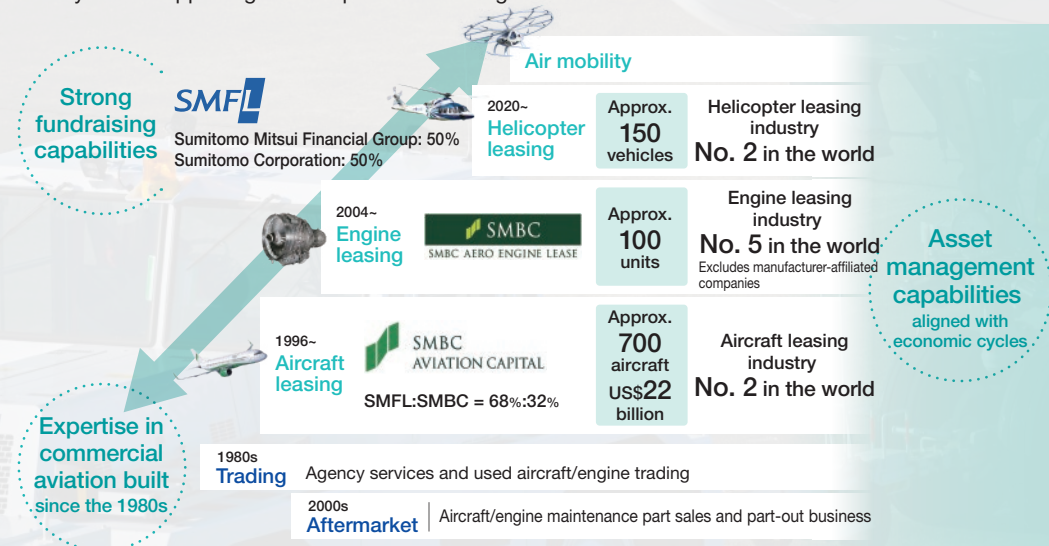
## What do asset management capabilities mean in the commercial aviation business?

We have been engaged in the commercial aviation business since the 1980s, building up expertise across a wide range of assets, including aircraft, engines, and helicopters. Through our early trading activities and aftermarket businesses, we have developed an understanding of “aircraft as physical products.” Based on this, we now manage operations by assessing usage conditions and residual value, with the aim of maximizing profitability.

Supporting the growth of this business is our strategic partnership with the Sumitomo Mitsui Financial Group. Leveraging our financing capabilities and strong balance sheet, we have built one of the world’s largest portfolios of aircraft, engines, and helicopters. By capturing economic cycles through asset replacement, sales, and re-leasing, we are able to mobilize assets flexibly.

Moreover, our asset management capabilities in the commercial aviation business are not just about “mobilizing” assets. It lies in the ability to provide optimal solutions tailored to each stage of the entire asset life cycle. For example, by responding flexibly to asset and market conditions through leasing, sale and leaseback, or selling parts from dismantled aircraft (“part-out” business), we maximize both asset value and profitability.

This operational capability enables strategic decision-making in response to changes in the business environment for aircraft—high-value assets intended for long-term use—and is a key factor supporting our competitive advantage.





## Special Feature: Stories of Our Strengths and Future

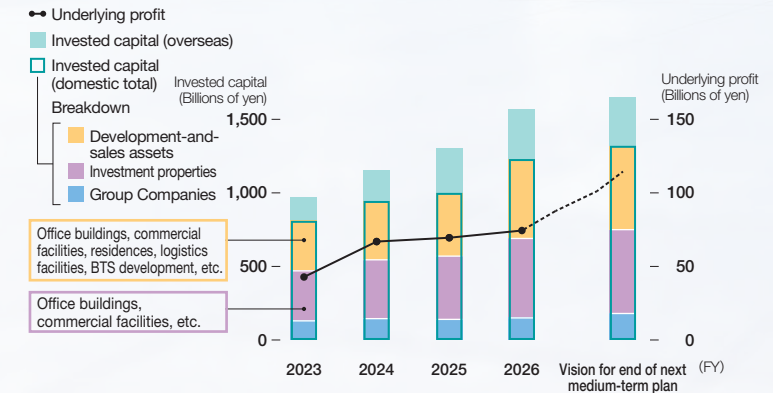
[Showcasing our strengths]

# Real estate business

## What do asset management capabilities mean in the real estate business?

In our real estate business, which serves as the core of our diverse urban development operations, we go beyond mere asset ownership. Through portfolio management that fully integrates advanced asset management functions, we achieve both profitability and sustainability. As shown in the diagram on the right, for example, we strategically combine “development-and-sales” assets with “investment properties.” Development-and-sales assets enable short-term capital recovery and profit realization, while investment properties provide a stable earnings base. Together, this complementary relationship maximizes value. Another distinctive strength of the Company lies in our flexible investment model that leverages external capital with a strong focus on capital efficiency. This includes utilizing lease schemes through collaboration with Sumitomo Mitsui Finance and Leasing Group, forming development SPCs, and working together with external investors.

### Invested capital



## How have we applied lessons from the past?

Our real estate business traces its origins to our founding business, the establishment of The Osaka North Harbour in 1919. For more than 100 years, we have been building the foundations of cities and daily life. Having experienced many economic cycles, including the collapse of the bubble economy, we have addressed various challenges, such as overinvestment and inefficient business operations. In the process, we learned to select assets more carefully, shift toward profitability-focused management, build an integrated management framework, and strengthen risk management.

Through these experiences, we shifted our focus from merely “owning assets” to “mobilizing

assets.” Today, we are putting our asset management capabilities to strategic use, including by optimizing our portfolio through selective asset replacement and development, forming and managing REITs and funds primarily backed by our own development projects, and diversifying risk through partnerships.

The history of our original business, along with the lessons learned from past setbacks, has become the foundation of our asset management capabilities today, enabling sustainable and highly profitable real estate development.

### Early days

#### 1960s

##### Entry into office building and condominium businesses

In response to rising demand during the period of rapid economic growth, we leveraged the expertise accumulated since our founding related to The Osaka North Harbour and expanded into the office building and condominium businesses.



#### 1970s

##### Entry into commercial facility business

Spurred by the government's New Nationwide Comprehensive Development Plan of 1969, we participated in the construction of shopping centers in the Tokyo Metropolitan Area.

#### 1980s

##### Expansion of overseas real estate business

We purchased and developed office buildings in the United States, Indonesia, and elsewhere.



#### 1990s

##### Entry into large-scale mixed-use development business

Building on our real estate development expertise, we launched large-scale mixed-use projects, such as Yokohama Minato Mirai, Odaiba, and Harumi Triton Square.



#### 2000s

##### Organizational and business restructuring after collapse of asset price bubble

We restructured our business to address remaining challenges, centered on large-scale developments in the 1990s.

### Growth period

#### 2000s

##### Entry into BTS business

To meet various needs of tenants, we entered the build-to-suit (BTS) business, which involves a customized development approach.

##### Entry into fund business

In addition to a traditional business model of developing and holding assets, we entered the fund business to capture diverse customer investment needs and improve asset efficiency.

#### 2010s

##### Entry into logistics real estate business



### Toward the next generation

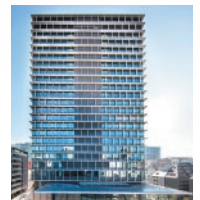
#### Further expansion of overseas real estate business

In the United States, we established SCOA Real Estate Partners in 2023 and began LP investments in residential and logistics facilities, leveraging external capital to strengthen our earnings base. In India, Indonesia, China, Vietnam, and Australia, as well, we are expanding our business in collaboration with external investors by applying the expertise we have cultivated in Japan.



#### Urban development of Kanda area

We have designated Kanda, Tokyo, our second place of origin, as a priority area, developing various large-scale mixed-use facilities including the “KANDA SQUARE,” “PREX,” and “Classy House” series. Currently, we are also moving forward with the reconstruction of Gakushi Kaikan (historic building and membership hall in Kanda). We contribute to the sustainable development in the Kanda area.



#### Sustainable city concept

In northern Hanoi, Vietnam, we are advancing the development of a 272-hectare smart city. Beyond real estate, we are harnessing the Group's full capabilities in such areas as IT infrastructure and energy management to create an integrated urban environment.





## Special Feature: Stories of Our Strengths and Future

# Growth Strategy

## Diverse Urban Development Group

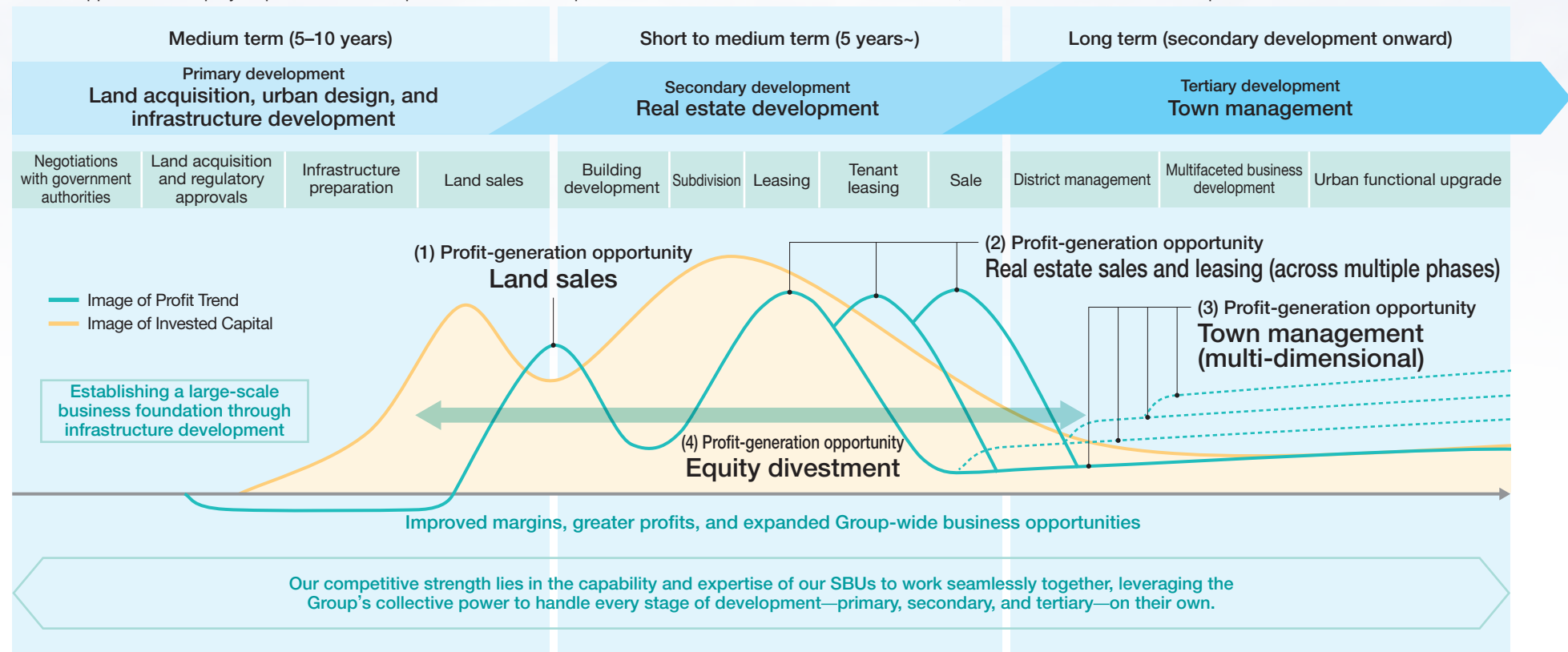
Our real estate business has long been a core business supporting urban infrastructure. In April 2024, we reorganized it into the Diverse Urban Development Group through the integration of the former Construction Material & Real Estate Business Division and part of the former Infrastructure Business Unit (excluding the Electric Power Infrastructure Business Division).

We have a unique organizational structure that encompasses infrastructure and real estate, along with supporting such functions as materials supply, logistics, and insurance, under a single Group umbrella. Our capability to fully leverage this structure to realize integrated, sustainable future urban development is our competitive advantage.

The Diverse Urban Development Group operates a unique business model that generates revenue opportunities step by step in line with each phase of urban development. This model has

four components: (1) profits from land sales after infrastructure development, (2) sales and rental income from continuous real estate development, (3) town management income, and (4) sale of equity interests in each phase. It is designed to realize recurring profits in a multilayered, wave-like pattern across each development phase.

Supporting this multilayered value creation model are our asset management capabilities. By quantitatively tracking changes in invested capital and profit cycles while designing capital allocation and exit strategies for each phase, we achieve both capital efficiency and profitability. Furthermore, our structure, which allows each SBU to exercise their business capabilities while also leveraging the collective strengths of the Group in accordance with regional characteristics and market needs, differentiates us from other companies.



## Special Feature: Stories of Our Strengths and Future

## 2 Our unique business engineering power and expertise in on-site operation

### What are our unique business engineering power and expertise in on-site operation?

Our lifestyle-related businesses are built on selling to a broad and unspecified customer base. This requires the ability to accurately grasp customer needs, swiftly respond to changes, and deliver products and services accordingly. This capability is highly specialized and fundamentally different from that of businesses that focus on building long-term relationships with partners—a traditional business model of trading companies. It represents the unique set of tangible and intangible assets that we have cultivated over many years of experience in a wide range of lifestyle-related businesses.

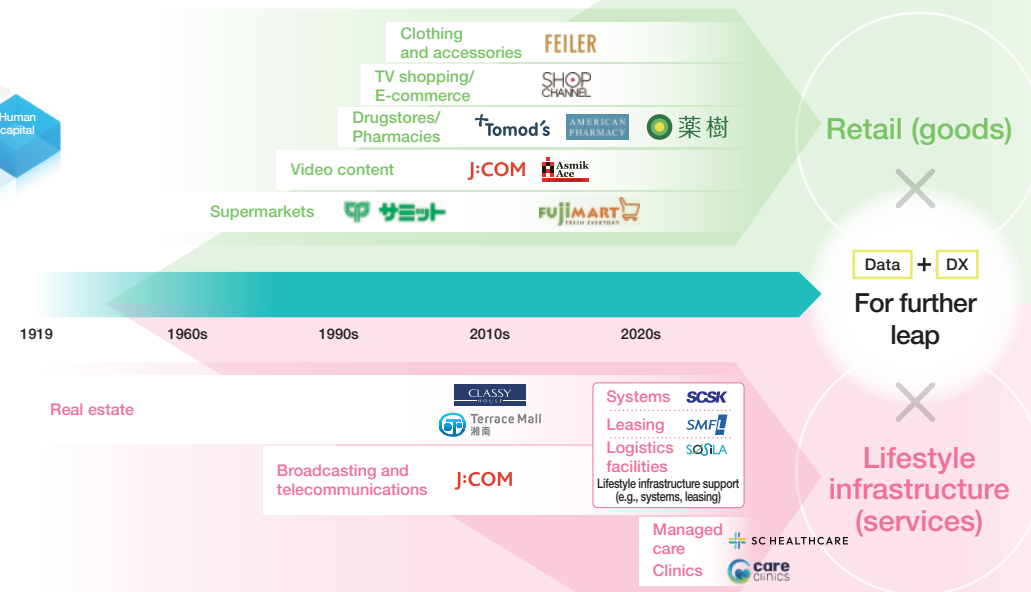
- **Business engineering power** to strategically expand operations by capturing shifts in social trends, leveraging our strengths in lifestyle-related businesses, and charting pathways to success
- **Operational expertise** in efficiently and effectively managing on-site customer touchpoints

### Why What is the background behind the development of our business engineering power and expertise in on-site operation?

For more than 60 years, we have developed a wide range of lifestyle-related businesses—including supermarkets, cable television, TV shopping, and drugstores—delivering products and services directly to consumers. Whenever we embark on new businesses, operations, or reforms, we have consistently based our decisions on Sumitomo's Business Philosophy—"integrity and sound management," "no pursuit of easy gains," and "an enterprising spirit"—while striving to create social value. Through this journey, we have cultivated our unique strengths and know-how in on-site operations.

At the same time, each business has built its current foundation and strengths through a continuous process of learning from both successes and failures since their beginning. Some businesses were divested after establishing a clear growth trajectory, but some businesses were forced to withdraw or record impairments. In such challenging situations, our consistent approach was to dispatch people to the front lines. Those people implemented improvements one by one by observing customer behavior specific to each region, listening to staff feedback, monitoring competitors, and engaging in dialogue with customers and business partners. This accumulation of on-site experience has established a core strength of us, enabling many of our businesses today to achieve stable growth under self-disciplined management.

#### Transition of our lifestyle-related business



#### COLUMN

##### Dissemination of Sumitomo's Business Philosophy

Sumitomo's Business Philosophy has also been an important element in our history of lifestyle-related businesses. As we expanded our business foundation, we consistently returned to this philosophy when making critical decisions.

For example, when we were considering entry into the supermarket business in the 1960s, chain-store retailing was still not widely recognized in Japan. At that time, the critical question was whether our strategy of developing the U.S.-style supermarket business was in line with Sumitomo's Business Philosophy. In the end, we concluded that the supermarket business is fundamentally based on "integrity and sound management," that responding to

changes in society is the very essence of retailing, and that it takes a stance completely opposite to "pursuit of easy gains" as a business supporting people's daily lives. On this basis, we decided to enter the supermarket business.

Furthermore, Sumitomo has clearly stated that its management objective is to pursue "profit" as a means to foster "human resource development" and to fulfill a high-level "social mission" through the outcomes of that development. In this way, we pursue a virtuous cycle of profit generation and social contribution.

This is a clear example of how Sumitomo's Business Philosophy is firmly embedded in our operations and represents one of our key strengths.



## Special Feature: Stories of Our Strengths and Future

[Showcasing our strengths]

### Summit

- ▶ Domestic supermarket business
- ▶ Entered in the 1960s, a wholly owned subsidiary



## What

### What are Summit's business engineering power and expertise in on-site operation?

At Summit, the core of our retail business, we have a history of more than 60 years. During that time, we have identified our strengths relative to competitors, responded to changes in the times, and leveraged our strengths to deliver consistent progress.

Specifically, we have enhanced the functional value that underpins our chain-store operations\*1 while also strengthening emotional value by creating stores and offering products and services that foster closer connections with customers. Today, we continue to enhance functional value in on-site operations by leveraging the power of DX and digital technologies. At the same time, we are advancing our customer relationship management\*2 through the use of AI and exploring new business opportunities through data utilization, aiming for further evolution as a data-driven retailer.

\*1 Management know-how for multi-store expansion and upscaling

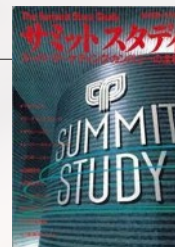
\*2 Management know-how to continuously build relationships with customers, thereby enhancing profits and corporate value

## How

### How have we applied lessons from the past?

Since founding our supermarket business in the 1960s, we have expanded it from scratch. During this expansion, we experienced changes in the shopping behavior of consumers driven by Japan's period of high economic growth. In the process, we developed the ability to create and deliver products and services tailored to the evolving needs of local customers. For example, as consumer trends shifted toward one-stop shopping (purchasing all necessary items in a single location), self-service, and short-time shopping with more efficient store layouts, we advanced our operations accordingly. In other words, we delivered functional value. As a result, we became a benchmark for peers in the industry, to the extent that our approach came to be known as the "Summit Study."

While Summit's ability to deliver functional value was widely recognized both inside and outside the Company, its performance began to decline in the 2010s as times changed. Japan's declining birth rate and aging population, the increase in single-person households, the rise in dual-income households, and the shift toward smaller commercial areas have brought further

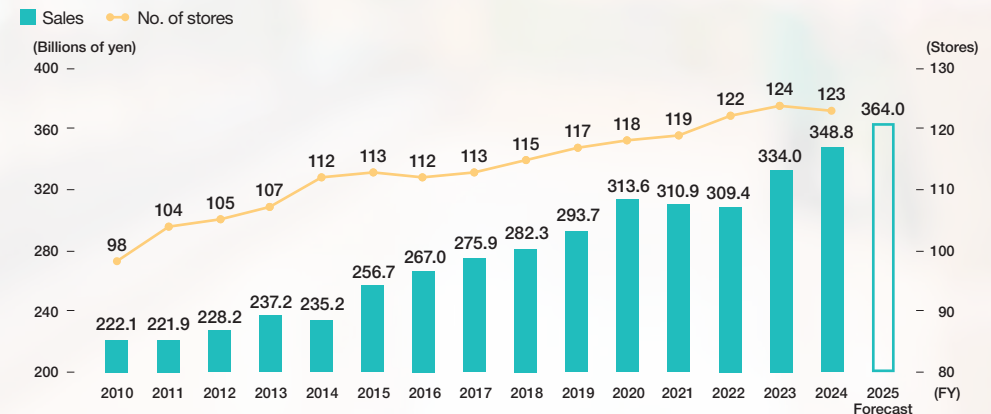


changes to customers' lifestyles. Delivering functional value alone was no longer sufficient to meet the needs of each individual customer.

In response, we recognized the need to deliver not only functional value but also emotional value—value that lifts customers' spirits—by staying close to local communities and everyday life. Seeking to realize Summit's vision of "Making supermarkets in Japan more enjoyable," we redefined the very concept of the supermarket business. Rather than merely providing a place to purchase food, we sought to create stores that serve as "stores where we share the sustenance of life" that are indispensable to the community. As a result, we achieved a V-shaped performance recovery.

This flexible and agile ability to address changing times is made possible by Summit's self-disciplined management. Even during periods of sluggish sales after its founding, we continued dispatching personnel while deliberately deciding not to impose trading-company-style management on the supermarket business. Instead, we focused on cultivating management talent capable of leading Summit as a self-disciplined enterprise, and the results are evident today.

### [Summit] Sales and No. of Stores



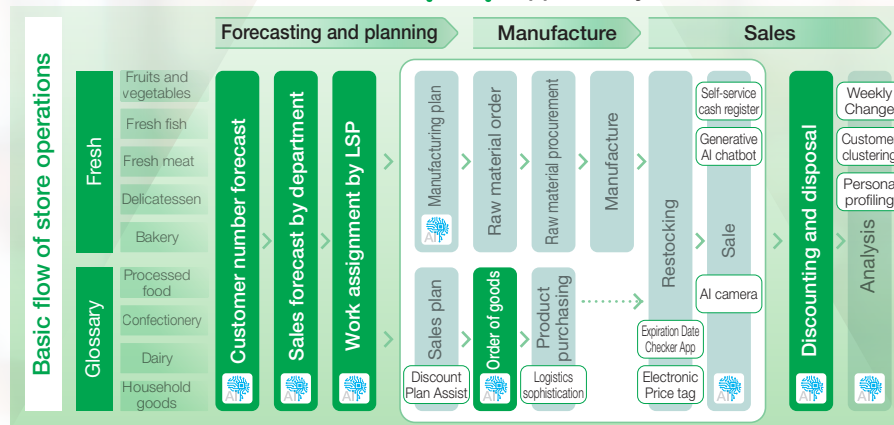
Amid social challenges in recent years, such as labor shortages, the so-called 2024 logistics crisis, and rising costs across the board, Summit shares a sense of urgency within the company that improving operational efficiency and productivity is absolutely essential. To address these challenges, we launched a company-wide project to enhance productivity through DX. Specifically, we established the Retail DX Department, with resident members from Sumitomo Corporation joining to collaboratively advance initiatives. We are also connecting DX initiatives to problem-solving by conducting sequential proof-of-concept trials, proceeding through trial and error, and continuing to full-scale rollouts. As a result, we have implemented specific DX initiatives, such as AI-based customer traffic forecasting, AI-driven sales forecasts by division, AI-generated shift scheduling, AI-powered automatic ordering, and AI-assisted discounting of deli foods. All these have helped enhance functional value.

## Special Feature: Stories of Our Strengths and Future

At Summit, we have long refined the superior capabilities necessary to provide the functional value of a supermarket, namely, convenience for customers. Today, we are reinforcing those capabilities through DX.

Main functions	Management	Marketing	Merchandising	Operations	Store facilities
	<ul style="list-style-type: none"> <li>*Mechanisms for decision-making/dissemination and driving the PDCA cycle</li> <li>*Roles of headquarters and stores (script and performance)</li> </ul>	<ul style="list-style-type: none"> <li>*Scientific sales forecasting model for new stores</li> <li>*Formulation of monthly/annual sales promotion plans</li> </ul>	<ul style="list-style-type: none"> <li>*Formulation of carefully discussed monthly sales policies, etc.</li> </ul>	<ul style="list-style-type: none"> <li>*Efficient operations through labor scheduling program (LSP)</li> </ul>	<ul style="list-style-type: none"> <li>*Optimal back-of-house design</li> <li>*Labor-saving fixtures and equipment</li> </ul>

Supported by DX

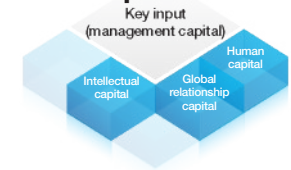


# 3

Strength

Energy-related businesses

## Global track record of project development and execution capabilities



### What does the term “project development and execution capabilities” mean at the Group?

Our “project development and execution capabilities” are founded on the trust we have built over many years with customers, business partners, and government agencies in Japan and overseas in the power, gas, and energy sectors. They represent our capabilities to develop and deliver projects on a global scale. By integrating our solid business foundation, diverse solutions, and initiatives to commercialize next-generation energy across the value chain, from production to distribution and consumption, we bring together our unique strengths. Through this, we provide one-stop energy solutions that achieve both decarbonization and stable supply.

In the upstream sector, we collaborate with business partners in power project development, leveraging our strengths in such areas as contract negotiations and financing. In addition, through our renewable energy business, we are pursuing a global business model that balances a stable power supply with the reduction of greenhouse gas emissions while securing long-term earnings through ongoing sales of power. In the mid- and downstream sectors, we aim at maximizing our profits by swiftly addressing market fluctuations through such businesses as electricity retail business and trading. Furthermore, by leveraging a wide range of solutions, we respond flexibly to customers’ decarbonization needs. By also organically linking these functions, we provide practical and sustainable solutions to the complex challenges in the power and energy sector.

# Why

### What factors have contributed to acquiring of the “project development and execution capabilities”?

We have built trust with various governments and partners, established a collaborative framework among in-house experts in investment, finance, technology, and sales, and maintained long-term relationships with our customers. By continuously proposing solutions and delivering results to address complex challenges, we have laid the foundation of our “project development and execution capabilities.” These initiatives align with Sumitomo’s Business Philosophy: “Benefit for self and others, private and public interests are one and the same.” Rather than pursuing our own interests alone, we earnestly address the challenges of society and our customers, creating sustainable value together. This commitment is the driving force behind our project development and execution capabilities.

## Growth Strategy

### Growth strategy for further evolution

We continue pursuing dynamic growth by advancing our frontline capabilities through active use of data and DX. In addition to retail DX aimed at improving productivity and functional value, our current efforts include leveraging data and AI to further enhance emotional value and create new business opportunities. Within the Sumitomo Corporation Group, we are laying the foundation for data utilization through such initiatives as ID integration between the Tomod’s drugstore chain and Summit supermarkets, building data infrastructure, and redeveloping our smartphone apps. At the same time, we are using generative AI to analyze customer feedback and conduct customer persona profiling. By accelerating these digital initiatives to engage with individual customers, we aim to further enhance our service levels.

In addition, we are pursuing new business development using retail data, collaborating with other retail companies on data integration, and developing new businesses in adjacent retail fields. Building on the strengths cultivated through our retail operations, we aim to go beyond the framework of a conventional supermarket and redefine ourselves as a data-driven retailer committed to further evolution.





## Special Feature: Stories of Our Strengths and Future

[Showcasing our strengths]

### Power business

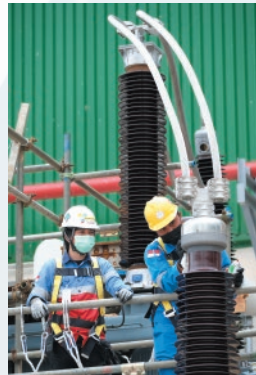
# What

#### What do our “project development and execution capabilities” mean in the context of the power business?

Our power business began in the 1950s with the handling of domestic power generation equipment and later expanded into engineering, procurement, and construction (EPC) projects. Since the 1990s, it has evolved into the ownership and operation of our own power plants as an independent power producer (IPP). With a track record of large-scale projects overseas, we have built trust with governments and partners in various countries while expanding our business foundation and expertise. This has become a unique source of our competitive strength.

The power business is a field closely tied to each national policy, hence establishing networks and relationships with governments and partners is indispensable. Even in difficult situations, we have remained close to local communities and upheld our responsibilities, and our solid customer base evolved from this commitment. Furthermore, we go beyond the role of a power supplier as we conduct generation forecasting and optimizing supply and demand in our domestic electricity retail business. We have also established a business scheme that diversifies procurement sources and optimizes the power we deliver.

By organically linking these achievements and functions, it enables us to drive our business in a stable and sustainable manner, even under a complex business environment.



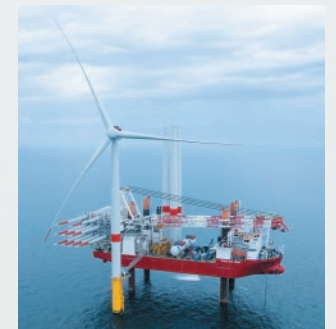
that is essential for the economic and industrial development of local communities. We also have a policy of continuously shifting our management resources toward a power generation portfolio with lower environmental impact. In particular, since the 2000s we have actively advanced renewable energy projects in Japan and overseas. These include wind, solar, geothermal, hydro, and biomass power generation, which we have been developing and promoting from an early stage. We will continue working tirelessly to address climate change and help realize a carbon-neutral society.

# Growth Strategy

#### Evolution of our power business in addressing social challenges

Our power business is now part of the Energy Transformation Business Group, where we leverage the business foundation we have built over many years. Amid the structural changes of energy transformation, it has evolved into a business model that balances solving social challenges with enhancing corporate value. In today's energy sector, we see increasing growth opportunities with the spread of generative AI, the surge in power demand accompanying a shift to a decarbonized and circular society, and the heightened focus on energy security. Uncertainties are also increasing, however, including the rise of emerging-market suppliers, the entry of players from other industries, geopolitical risks, and government policy changes.

To address these changes in the external environment, we are pursuing strategic transformation built on our existing energy businesses, including the commercialization of next-generation energy projects. Specifically, in our domestic energy management business, we leverage our information-gathering capabilities in such areas as generation forecasting and supply-demand optimization. In coordination with our mid- and downstream businesses that handle natural gas, LNG, and LPG, we are ensuring both a stable energy supply and a long-term transition to decarbonization. We also draw on our past expertise and technologies to address social issues, such as an unstable power supply and the need for infrastructure development in various markets. This helps us provide flexible energy solutions tailored to local conditions. In Japan, we are also engaged in the storage battery business, positioning it as vital infrastructure that helps offset the growing instability of renewable energy sources while contributing to supply-demand optimization and measures to shift demand peaks. Through this business, we aim to enhance regional energy self-sufficiency while supporting more widespread renewable energy adoption. With “trust” and “project development and execution capabilities” as its two pillars, our power business will continue to evolve as a driving force for growth that supports our future while responding flexibly to changing market conditions.



# How

#### How have we applied lessons from the past?



In our large-scale overseas projects, we have faced various challenges, including regulatory changes, deteriorating profitability, and shifts in the external environment. Even under such circumstances, we have rebuilt our businesses by renegotiating and adjusting contract terms and employing flexible financing schemes. This adaptability has also helped us build trust with governments and partners in various countries, and it remains

integral to our current business operations.

We are applying the insights gained from these experiences to our domestic electricity retail business and renewable energy projects in Japan and overseas, contributing to the diversification and stabilization of our operations. In our power business, we provide a stable supply of energy

# Message from the CAO



Self-discipline and  
self-direction as a driving force:  
Empowering people and  
organizations to become  
“No. 1 in Each Field”

Yasuhiro Yoshida

Managing Executive Officer  
Chief Administration Officer and  
Chief Compliance Officer

## Human capital management driven by 400 years of history: Investing in people

Our Management Principles, which carry on Sumitomo's Business Philosophy of more than 400 years, embody the belief that our employees are “treasures.” As the key to envisioning and executing our business and forming the foundation for new value creation, our diverse and talented people are one of the most vital forms of capital within our organization. We are confident that continued investment in human capital, aimed at enhancing people's motivation and commitment to the organization, will serve as a driving force for sustainable growth.

## Driving transformation to overcome change and shape the future

With business conditions changing at an accelerating pace, it is essential to strengthen frontline self-discipline and enable swift, agile decision-making through the use of digital technologies

and AI. To address these changes, we advanced structural reforms under our previous medium-term management plan, SHIFT 2023. As part of a shift in our management foundation, we fundamentally reformed our HR system, eliminating the institutional barriers, such as seniority and job classification, and creating a foundation for talent management that focuses on the individuality, strengths, and values of each individual.

Furthermore, at the start of our current medium-term management plan, we abolished our product-based organization and replaced it with a strategic business unit (SBU) structure that enables agile management based on business strategy, regardless of employee numbers or business size. Our aim here was to optimize our functions and enhance agility.

## Achieving sustainable growth powered by “self-discipline and self-direction”

The aim of the Medium-Term Management Plan 2026 is to grow our businesses into “No. 1 in Each Field” through the

self-disciplined management of SBUs that leverage their competitive advantages to refine their strategies. The plan is off to a solid start, making steady progress in its first year. The driving force for further growth in this second year and beyond will undoubtedly be our Group's “human capital,” and we believe self-direction in each individual's actions is crucial. We seek self-leadership from our people—encouraging them to think and act proactively—while supporting them to fully demonstrate their capabilities. Through this approach, we aim to energize our workforce and strengthen the driving force behind our growth. This is precisely what we mean by “Empowering people and organizations,” a key initiative in our current medium-term management plan aimed at strengthening our driving force for growth.

We will continue investing in the “five fundamentals of human capital” to enhance employee engagement and provide comprehensive support for behavioral transformation.

To clarify the behaviors that each individual should practice for us to become “No. 1 in Each Field,” we collected opinions from our people around the world with diverse experience and perspectives at all levels of the organization. In the process, we received numerous comments containing insights essential for achieving significant growth and expanding our earnings base. These will be shared globally and leveraged to empower both our people and our organization.

Our aim is to fully leverage and synergize the power of our diverse talent around the world to drive the business strategies of each SBU on a global scale. Here, we will work to further visualize the capabilities, skills, experience, and motivations of employees across regions. We aim to develop a system that more effectively puts the right talent in the right positions.

## Toward “Enriching lives and the world”

To pursue the realization of our corporate message, “Enriching lives and the world,” we will continue further empowering our people and organizations. Believing in the potential of each employee's self-directed growth, we are



# Human Capital

## Our people

Throughout our history spanning over 400 years, we have inherited and upheld Sumitomo's Business Philosophy. One of its core tenets, "Business is People," represents our unwavering belief that our people are the source of our competitiveness and the driving force behind our growth. This is also reflected in the Group's Management Principles and Activity Guidelines. In addition, we put into practice the vision and philosophy for global talent management outlined in our Global HR Management Policy.

This culture of valuing our people has long been perpetuated as an integral part of our Group's DNA, and we have always positioned talent discovery and development as top management priorities.

The Group, which is engaged in a wide variety of businesses on a global scale, aims to

maximize the use of its own management capital to create new value by addressing social challenges, thereby enhancing corporate value sustainably over the medium to long term. Driving this value creation model are our people—our human capital—each of whom bring diverse knowledge and experience to conceive and advance our businesses. To achieve further growth as a Group, we must fully unlock the potential of our people and strengthen the collective capabilities of our organization. We will further accelerate investment in human capital so that individual talent with a variety of backgrounds and experience is empowered to take on challenges that shape the future. By advancing these efforts, we will enhance the effectiveness of our management strategies and achieve sustainable growth in corporate value.

 p.14 ▶ Value Creation Model

## Five fundamentals of human capital

To put our value creation model into practice, we continuously invest in and advance the following five fundamentals of human capital. Through these efforts, we work to enhance employee engagement and foster individual growth. We aim to create a virtuous cycle where the growth of each of our people drives the growth of the Group's businesses,

with the resulting achievements returned to our people as new opportunities for growth. This cycle is the foundation of the Group's growth and embodies the significance of our ongoing investment in human capital.

Fundamentals	Overview	Examples
Business Philosophy	By sharing and embedding the Group's DNA and corporate culture, we aim to enhance our people's motivation and sense of belonging, creating a united organizational culture that transcends business divisions.	Programs visiting Besshi Copper Mine, including for locally hired overseas employees, etc.
Inclusion	We aim to build a foundation for diverse ideas and innovation by securing a diverse workforce, respecting individual differences, and creating an environment where everyone is empowered to thrive in their own way.	Increasing the representation of diverse talent in decision-making positions, WILL recruitment, Inclusive awareness event, etc.
Talent Development	We develop the talent aligned with business strategies while building a pipeline of global management talent. By continuously investing in each talent's growth, we simultaneously enhance the market value of individuals and strengthen our capabilities as an organization.	Developing management talent, delegating and training line managers, renewing leadership programs, etc.
Well-being	To maximize employee productivity and performance, we are enhancing work environments and supporting the physical and mental well-being of our workforce.	Providing in-house clinics and programs to support a work-life balance, etc.
Total Rewards	In addition to competitive compensation, we offer non-financial rewards, such as career development opportunities and meaningful work, through fair and transparent processes to enhance employee motivation.	Introducing a job grading system, an absolute evaluation system, and an e-learning platform; expanding the internal job-posting system; etc.



## Human Capital

### Strategy powered by people

Our goal is to implement the business strategies defined in our medium-term management plan and create long-term value by strengthening the capabilities of our strategic execution drivers—our people and our organization.

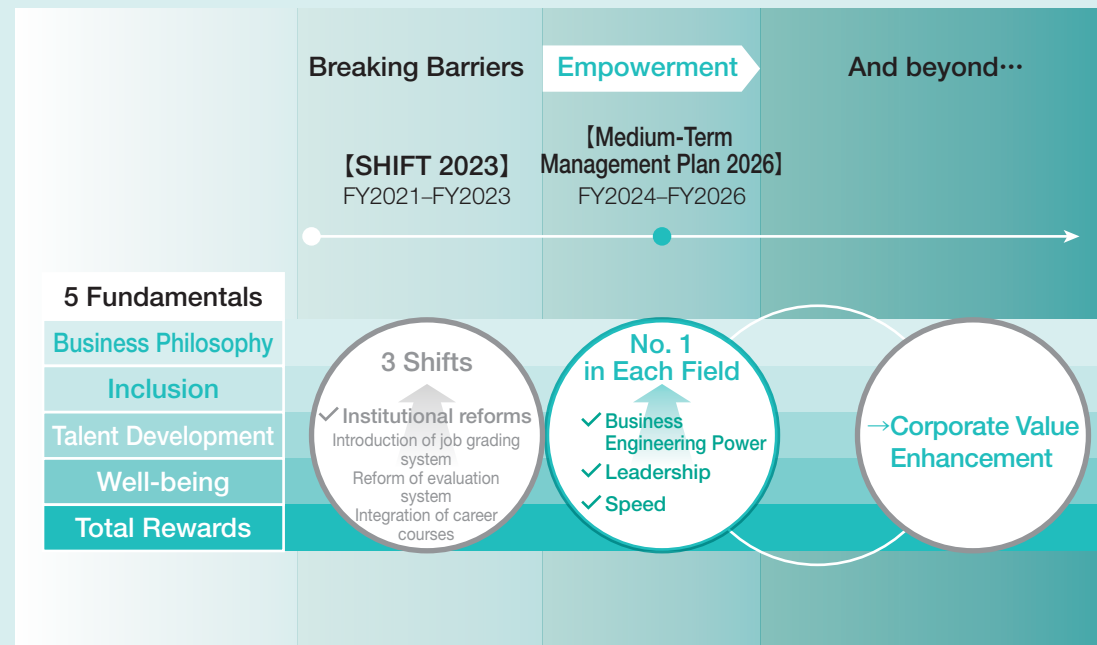
From a long-term perspective, as shown on the previous page, we aim to enhance and evolve our human capital by continuously investing in the five fundamentals in alignment with our value creation model to drive sustainable growth in corporate value. At the same time, we identify priority areas of human capital to strengthen at each stage of our strategy and take measures to enhance our execution capabilities.

### Monitoring indicators for human capital and organizational initiatives

We monitor the scores for “Employee Engagement Index” and “Work Environment Index” as indicators to verify whether our initiatives for people and our organization are producing the intended effects. Currently, our scores are on par with the global average, and we aim to maintain or improve this level.

Indicators	Overview	FY2023	FY2024
Employee Engagement	Employees’ level of commitment to the organization and their willingness to take initiative in their work	68%	70%
Work Environment	Work environment enabling employees to maximize their performance	68%	71%

### HR roadmap for the future: Priorities aligned with strategic stages



While strengthening human capital to lead and drive the sustainable growth and development of the Group, we identify key priorities to enhance strategic execution under our medium-term management plan and work to reinforce our people and organization.

In the previous medium-term management plan, we worked on the foundation of our HR system as part of the Management Base SHIFT strategy. Specifically, we introduced a job grading system that eliminates seniority-based management and determines grades based on the scope of the job. We also reformed the evaluation system, shifting from relative evaluations to absolute evaluations focused on individual development. In addition, we integrated career courses, eliminating the rigorous course-based career system and unifying them under a professional track. These initiatives removed various institutional barriers, breaking away from conventional HR management practices often influenced by personal attributes.

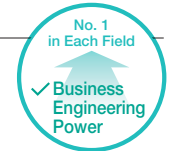
This created a foundation for truly placing the right talent in the right positions without bias.

The Medium-Term Management Plan 2026 marks a major shift toward a new growth stage. Building on the foundation established in the previous plan, it positions “empowerment of people and organizations” as a key element in the pursuit of becoming “No. 1 in Each Field,” enabling individual talent to fully demonstrate their potential.

In the face of a rapidly evolving VUCA environment, we uphold the slogan “Unlock Your Power.” This means creating workplaces where individuals with diverse knowledge and experience, who are empowered more than ever, can passionately create new businesses and solve challenges in pursuit of “Enriching lives and the world.” In particular, we have identified “business engineering power,” “leadership,” and “speed” as critical capabilities of our people and organizations. We will take various measures to strengthen these capabilities and deliver dynamic growth.

## Human Capital

## Priority initiatives of the Medium-Term Management Plan 2026



## 1 Leveraging diverse talent as source of value creation and creating growth opportunities built on “will”

To promote business portfolio transformation and achieve dynamic growth, we must strengthen our “Business Engineering Power.” In this context, it means the ability to create unique added value for the Group by transforming existing core businesses, creating new value through cross-business synergies, and developing new businesses that anticipate structural changes in society.

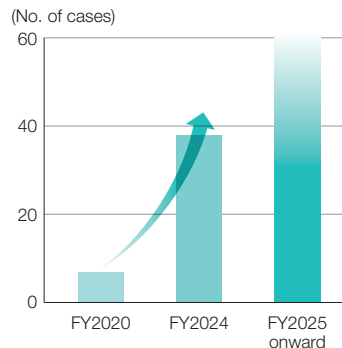
We consider talent with a variety of backgrounds and experience to be a key element in our pursuit of new value creation. When talent with diverse perspectives and experience take an active role in generating opportunities and making decisions, they bring fresh insights and ideas that foster more innovative discussions and better-quality decisions.

We are committed to providing opportunities for talent with a variety of backgrounds and experience to take initiatives, embrace challenges, and grow, driven by their personal “will.” At the same time, we are working to create an inclusive workplace where individuals can demonstrate their unique capabilities.

## ■ Internal job posting system

In FY2025, we revised our internal job posting system, which was previously conducted once a year, by allowing departments to post openings at any time and relaxing the application requirements for employees. For individuals, this enables them to pursue careers aligned with their own aspirations, even in competitive environments. For organizations, it creates opportunities to attract motivated talent with the necessary skills, capabilities, or diverse experience from other departments, thereby strengthening the organization.

Transfers through the internal job posting system



Yuma Miyata

Lifestyle Business Group  
Retail SBU  
Head of Retail Business  
Overseas Unit

My interpersonal sales experience, cultivated in the automotive steel sheet business, is also a great asset in current business development and management. Using our internal job posting system, I transferred to the retail business. As Vice President of our group company in Taiwan, I was involved in management and came to deeply appreciate the social significance of the business through the development of community-rooted stores. Currently, I am working to develop new businesses with the aim of fostering consumer culture in Asia by leveraging the expertise of Japan, which is ahead of other countries in terms of maturity. Because I made the transfer decision myself, I felt that everything depended on me. That sense of ownership and responsibility toward my career has strengthened my resolve and shaped who I am today.

## ■ WILL recruitment

To provide growth opportunities that respect people's individual will, we introduced the “WILL recruitment” selection process in our new graduate recruitment. In addition to the conventional open selection process, this allows candidates to receive confirmation of their initial assignment before joining the Company. Since its introduction, we have seen increased applications from students with advanced expertise, such as those in the science and engineering fields or with doctoral degrees, who had not previously considered careers in the integrated trading company industry. As a result, we are attracting more diverse applicants.

Employees who joined the Company through the “WILL recruitment” selection process have shared positive feedback, such as “Having the opportunity to speak directly with my initial assignment team allowed me to align expectations and avoid the typical gap between pre-employment hopes and post-employment reality,” and “I was attracted to the WILL recruitment selection process because it allows me to continue building on my past experience. During the interviews, I felt comfortable expressing my views and concerns honestly.” By respecting people's individual will and creating an environment where individuals can demonstrate their potential in their own way, we aim to attract diverse talent who will bring new values, perspectives, and ideas not previously seen in the Company—supporting our medium- to long-term growth.

Percentage of new graduate employees hired through WILL recruitment:

**Approx. 30%**

Number of applicants:

**+19%**

(vs. before introduction of WILL recruitment)



Posters detailing the aspirations of new graduate employees

## ■ Women's empowerment

To promote women's empowerment, we have set numerical targets for FY2030 and are continuing our pursuit of those targets. In 2022, we integrated career courses and eliminated the rigorous course-based career system. This system had been a long-standing practice in Japan, which created a glass ceiling for women who are recruited for administrative roles, limiting them from pursuing a broader range of career paths. By integrating career courses into a single professional track, the Company transitioned to a framework that enables career development based on individual skills, capabilities, and aspirations, regardless of previous job classifications. To further accelerate the promotion and development of female leaders, we have held multiple roundtable discussions to gather the firsthand perspectives of such leaders. Based on these insights, senior management has actively discussed support measures and solutions, which are now being put into action. For example, we are working to minimize barriers to career advancement by offering flexible, individualized assignments in response to life events, such as a spouse's job transfer, and by fostering internal communities where women can consult with each other. Through these efforts, we aim to provide opportunities where women can truly thrive and grow. In addition, each organization is

addressing its specific challenges through initiatives such as mentorship and coaching programs, as well as networking opportunities.

	Percentage of women	FY2022 results	FY2024 results	FY2030 targets
Director and Audit & Supervisory Board Members		18.8%	18.8%	30% or higher
General manager positions		1.4%	2.6%	10% or higher
Managerial positions		8.4%	10.4%	20% or higher



\* (As of April 1 of the following fiscal year)

## Human Capital

## Priority initiatives of the Medium-Term Management Plan 2026

## 1 Leveraging diverse talent as source of value creation and creating growth opportunities built on “will”

### ■ Mid-career hires

We are actively pursuing mid-career recruitment, bringing in highly skilled professionals from a wide range of fields. These mid-career hires not only demonstrate advanced capabilities as immediate contributors but also introduce fresh perspectives based on experience gained outside the Company—sparking new insights and ideas across the organization.

To help mid-career hires perform at a high level from an early stage, we are also focusing on onboarding initiatives, such as hosting networking events specifically for mid-career hires. We will continue actively recruiting talent with the expertise and insights aligned with our business strategies, while also fostering an inclusive environment that embraces new perspectives.

		FY2020 results	FY2024 results
Percentage of mid-career hires	Ratio of mid-career hires among all recruits in the fiscal year	15%	40%
Ratio of mid-career hires in managerial positions	Ratio of mid-career hires among all managers (as of April 1 of the following fiscal year)	9%	14%

### COLUMN

#### Welcoming mid-career hires as colleagues —Bringing change to our organization

**Katherine:** The Company’s global vision resonates with me. I find it rewarding to leverage my experience in system implementation and collaborate with overseas teams to drive projects forward with a broad perspective.

**Ebinuma:** I joined the Company with the desire to apply my experience in HR systems and people analytics on a global scale. I’m also drawn to the culture, which blends tradition with a spirit of challenge.

**Kudara:** These two have joined us as “colleagues,” bringing fresh perspectives and experience. This has improved the quality of discussions and execution, providing positive stimulation for our department and team. In fact, they have both



**Katherine Louise Wada**  
HR Strategy Dept.  
(Mid-career hire,  
joined in 2024)

**Takaaki Ebinuma**  
HR Strategy Dept.  
(Mid-career hire,  
joined in 2023)

**Natsuki Kudara**  
HR Strategy Dept.  
(Team Leader)

played a central role in building tools for visualizing and analyzing talent data. Their positive influence is spreading to help underpin our overall organization.

**Ebinuma:** I feel that I’ve been able to apply my expertise in collaborating with the IT organization and building HR system and project frameworks from a global perspective. I want to keep taking on new challenges and aim to make us No. 1 in the world in HR digital transformation.

**Katherine:** I’m committed to building better systems and processes, driven by the desire to support operational efficiency and make our people happy.

### ■ 0→1 Next

This is an in-house entrepreneurship program within the Sumitomo Corporation Group that aims to enable individuals in each workplace to realize new business ideas. Launched in FY2018 as the “0→1 Challenge,” it was updated to “0→1 Next” in FY2024. It is open to all employees across the Group worldwide, regardless of department, position, or years of service. Driven by their enthusiasm and intrinsic motivation to “absolutely make their ideas a reality,” challengers refine their business concepts through interaction and collaboration with people and organizations both internally and externally. These efforts and aspirations have resonated widely within the Company and have led to a culture of taking on challenges.

No. of applications since FY2018:	<b>1,000</b> or more applications	No. of projects in the process of achieving commercialization (including ones that passed the selection process in previous years):	<b>15</b> projects
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One example of these initiatives was our successful commercialization in FY2025 of FIKAIGO, a DX service aimed at improving operational efficiency such as shift scheduling in nursing care facilities. The service was developed with the expertise and operational knowledge provided by SOMPO Care and has been introduced across all 290 of the company’s facilities, serving more than 10,000 staff members. We aim to expand its use to nursing care facilities across Japan.



## 2 Fostering self-leadership and developing future management talent

For each business group to enhance its competitive advantages and pursue its own “No. 1” as outlined in the current medium-term management plan, the key drivers are self-disciplined group management and self-directed action by each and every individual within the organization. When individuals exercise self-leadership—thinking and acting proactively and continuously transforming themselves to achieve their vision—the result is significant growth for the entire organization.

Based on this understanding, we conducted a series of interviews on leadership across our global organization. We gathered opinions from our people with a wide range of perspectives, including those hired in overseas regional organizations, transcending roles, positions, and geographic boundaries. Our discussions focused on defining the leadership needed in the Company today and identifying the behavioral changes necessary to achieve our goal of becoming “No. 1 in Each Field.” These voices from the front lines are the “starting point for transformation,” and we are working to convert these insights into tangible actions that drive self-directed behavioral change in each workplace. We are also restructuring our existing training framework and preparing to roll out leadership training globally, tailored to the roles and responsibilities of all employees, line managers, and organizational leaders.





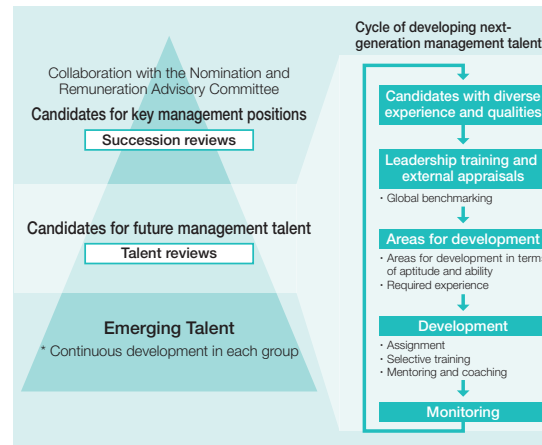
## Human Capital

## Priority initiatives of the Medium-Term Management Plan 2026

## 2 Fostering self-leadership and developing future management talent

## ■ Development of management talent

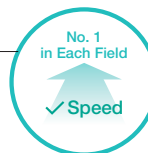
Looking ahead, we are placing greater emphasis on the strategic development of future management talent. In addition to conducting detailed succession reviews for current key positions, we are methodically creating opportunities for diverse talent to rapidly acquire the skills and experience needed to drive our medium- to long-term strategies. This initiative is driven by a company-wide commitment, with the CEO, Group CEO, regional heads, and HR working together to shape a clear vision of the future leadership talent needed over the next 5–10 years and refine the capabilities required to succeed. Based on this, we are matching talent with challenging assignments and cross-organizational rotations so that our talent can enhance the required capabilities. By running a talent review cycle that monitors post-assignment performance, we are steadily cultivating and producing future management talent.



## 3 Organizational restructuring and business reforms

In this era of rapid changing business models, we must strengthen self-discipline at the business front lines to enable swift decision-making and agile organizational management. Based on this recognition, we implemented a major restructuring, abolishing the product-based organization that had existed for the past 60 years, to create 43 SBUs unrestricted by organizational scale. These SBUs are arranged into nine groups based on strategic affinity. The head of each business group, acting as Group CEO, promotes self-disciplined group management globally and works flexibly to expand earnings.

At the same time, we revised the membership and method of making resolutions of the Management Council, which is the Company's key decision-making body, to enhance the speed of decision-making. The Management Council focuses on management resource allocation and business portfolio transformation from a company-wide perspective, and each business group pursues individual optimization through self-disciplined management under a company-wide strategy.



## ■ Delegating authority to line managers

Under the new system, each SBU can execute strategies with agility through a framework that enables optimal and rapid personnel decisions based on specific circumstances and challenges at each front line. Previously, authority over HR-related matters (including recruitment, placement, evaluation, and training) was centralized within the corporate HR function to ensure fairness across the entire Company. We have delegated this authority to line managers who are most familiar with the circumstances on the front lines. We empower line managers, as direct supervisors, to influence career development and engage closely with individual team members. This leads to a sense of fairness among subordinates, who feel their efforts and contributions are properly evaluated and they are given appropriate opportunities for growth, which in turn enhances engagement. At the same time, it provides line managers with opportunities for growth to hone their strategic perspective and leadership skills, contributing to the development of future management talent.

Process man-hours for personnel decisions regarding the appointment and transfer of certain personnel:	<b>Approx. 70% reduction</b>	(After delegation of authority to line managers)
Engagement surveys	Business process/organizational structure: <b>+3pt</b>	Authority/empowerment: <b>+4pt</b> (FY2024 results vs. FY2023)

## ■ Promoting business reforms

To maximize the outcomes of our organizational restructuring, we are undertaking business reforms aimed at improving our earning power and creating a rewarding workplace. We are also taking concrete action based on the results of engagement surveys and issues raised by the CEO and employees during roundtable discussions. All employees, including senior management, are proactively reviewing and implementing business reforms. The main measures include reviewing rules and processes and promoting the use of digital and IT.

In April 2024, we globally implemented Microsoft 365 Copilot, a generative AI service integrated into Office tools, such as Outlook, Teams, and Word allowing us to become the first company in Japan to introduce. Through adoption by all employees, we aim to enhance both productivity and creativity across our workforce. To support information sharing, we are building open communities and promoting awareness and adoption of Copilot through various initiatives, such as the Copilot Champions program.

## Comments from members of Copilot Champion



**Maki Sakamoto**  
Logistics Management Dept.

I planned and held seminars on business reforms for my department and supported business efficiency improvements through the use of Copilot. To ensure that insights gained from the seminars are continuously applied in daily work, I created a dedicated Copilot channel within Microsoft Teams for the Logistics Management Dept. This enables us to regularly share specific tips and other information to promote practical application and adoption.



**Nanami Sekino**  
Digital Strategy & Promotion Dept.

I entrust Copilot with various tasks, such as obtaining regular industry news, creating icons for PowerPoint presentations, and performing instant searches during work. These small time-savings all add up. I also share examples of how to use Copilot on our internal social networking site and encourage broader adoption.

# Digital and AI as Growth Drivers

## Driving growth by digital leveraging of our Group synergy

In 2018, we established the DX Center to drive digital transformation across the entire Group. In 2023, we integrated functions overseeing DX promotion and IT strategy. Collaborating with our Group companies Insight Edge (DX technology), SC Digital (data marketing), and SCSK (digital solutions), and under the slogan “Refine with Digital, Profit with Digital,” we are advancing digital and AI-driven transformation across numerous businesses with competitive advantages. This drives initiatives that strengthen our Group-wide earning power.

As an example of “Refine with digital,” which has led us to enhance and optimize existing businesses, Group company Jupiter Shop Channel combines various sales-

related data with AI to automatically generate program schedules, improve order forecasting accuracy, and create promotional materials. These initiatives are boosting sales while reducing workloads on the front lines.

As an example of “Profit with digital,” which aims to generate new revenue streams, we established a joint venture with Dexterity, a U.S.-based unicorn company in June 2024. The partnership has initiated a proof-of-concept for AI-powered robotics aiming for early commercialization.

Digital and AI serve as growth engines that enhance our competitive advantages and profitability. We are also advancing our data infrastructure and core systems to reinforce our management foundation. By fully leveraging technology, we aim to achieve both resolution of social issues and sustainable enhancement of corporate value.

## Encouraging active use of digital and AI across all officers and employees to enhance frontline capabilities

The utilization of digital technologies requires the essential improvement of digital and AI literacy across all officers and employees.

We provide mandatory digital and AI literacy training for all officers and employees, as well as numerous practical training programs to strengthen DX execution capabilities.

We are strengthening execution capabilities by recruiting digital talent through mid-career hiring and the WILL recruitment process, and by promoting personnel exchanges between sales frontline teams and DX organizations. To incorporate digital and AI progress into our growth, we will continue working to reinforce our talent.

[▶](#) | p.37 ▶ Human Capital “WILL recruitment”



**Tatsushi  
Tatsumi**

Executive Officer  
CDO/CIO  
Head of DX-IT Group

### COLUMN

## SC-Ai Hub (generative AI implementation organization)

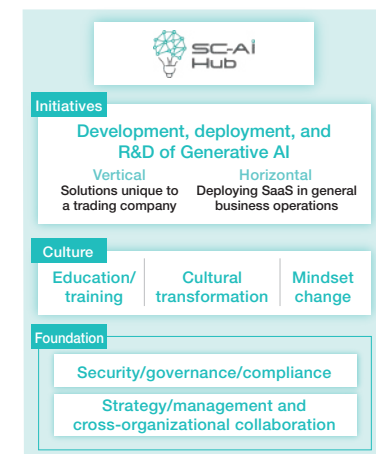
Our Group actively embraces cutting-edge technologies and innovation. Anticipating the irreversible changes brought by generative AI, we established the Center of Excellent (CoE)\* organization called SC-Ai Hub in 2023 under the CDO/CIO to drive its implementation. Collaborating with Insight Edge, SC-Ai Hub is working on business advancement, operational efficiency, and new business creation, having promoted more than 250 new projects since its establishment. It has also initiated efforts that leverage AI agents.

Having introduced an AI Copilot for all officers and employees, we are promoting a shift in mindset and creating an environment that encourages active use. By integrating generative AI into daily operations, we have improved productivity and creativity, saving more than 10,000 hours per month and reducing annual cost by more than ¥1.2 billion. [▶](#) | p.39 ▶ Human Capital “Promoting business reforms”

We are also leveraging the know-how and data accumulated from past investment projects as we expanded from a trading-centered business to business investment and business management. When considering new projects, we have developed COMPASS, a tool that uses generative AI to reference past similar cases and support risk identification as well as issue extraction, thereby fostering more sophisticated investment decision-making.

SC-Ai Hub will continue actively deploying generative AI by accurately capturing technology trends and applying them in ways that sophisticate our management and foster sustainable value creation.

\* Center of Excellence: A department or research hub that serves as a central driver of cross-organizational initiatives





# Message from the CSDO



Through governance, disclosure,  
and dialogue, we will steadily  
advance our sustainability  
management strategy.

**Makiko Eda**

Managing Executive Officer  
Chief Sustainability & DE&I Officer  
Deputy Group CEO, Media & Digital Group

## Enhancing corporate value through sustainability management

By earnestly addressing our Material Issues and leveraging our strengths to realize them through our businesses, we can achieve our vision of becoming “No. 1 in Each Field.” Through these efforts, we promote “sustainability management” based on the belief that continuously creating value that society truly needs is the key to realizing both a sustainable society and sustainable growth for the Company.

For each Material Issue, we set medium- and long-term goals. We then set priority Material Issues for each business based on its unique characteristics, risks, and opportunities, thereby driving initiatives in a self-directed manner. On climate change, for example, we focus on expanding renewable energy investments and reducing Scope 3 emissions. As for natural capital, we are working to reduce our impact on nature and developing businesses that help reduce negative environmental impacts.

In this rapidly changing environment, advancing

sustainability management requires ongoing dialogue and collaboration with external stakeholders. Through our discussion with the Sustainability Advisory Board, which includes external experts, we are steadily advancing our sustainability management strategy. This includes adding natural capital to our Material Issues and strengthening the effectiveness of our human rights due diligence.

## Challenge of addressing social issues across the entire supply chain

The Group operates in a wide range of business sectors and is active across all areas of the supply chain. Accordingly, advancing sustainability management across our complex supply chains involves numerous challenges.

To promote these initiatives efficiently and effectively, we adopt a risk-based approach that prioritizes businesses that need to be addressed first. On climate, we have already addressed priority businesses such as thermal power generation and fossil fuel interests. In FY2024, we also identified priority businesses for action on human rights and

natural capital. Going forward, we will verify the risk-response status of the upstream supply chains of businesses handling high-risk commodities. We will also strengthen measures to address human rights and environmental impacts on surrounding communities from mining and other development projects.

Because efforts related to climate, human rights, and nature can sometimes be a trade-off, we need to adopt a holistic approach. For example, developing renewable energy to address climate change must not come at the cost of diminishing precious natural environments. We believe that addressing social issues in a holistic manner will also strengthen our supply chain and help enhance corporate value.

## Strengthening disclosure and governance

In disclosing sustainability-related information, our goals are to identify financially significant sustainability-related risks and opportunities, establish a governance system to manage them appropriately, and disclose information that is useful to our stakeholders. We are continuously strengthening these initiatives as a starting point for constructive dialogue with stakeholders and working to improve the quality and usefulness of our disclosures.

I believe that expanding such disclosures will enhance the quality of management decisions and foster the sustainable growth of corporate value. We will continue working methodically to build an effective disclosure framework.

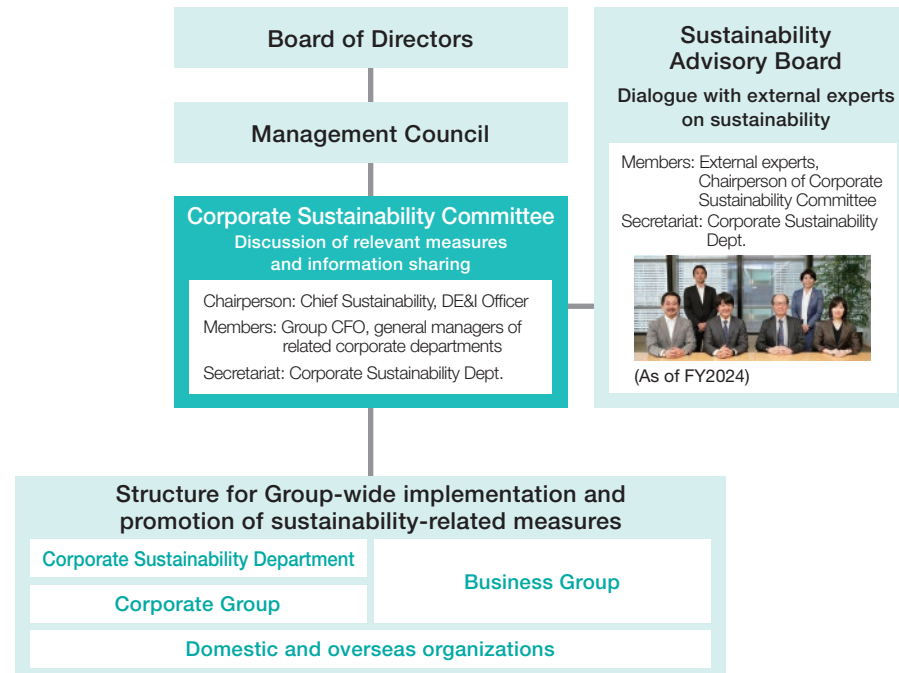
Going forward, the Sumitomo Corporation Group will continue entrenching sustainability management to create value and achieve growth by addressing social issues, even in this era of constant change. We appreciate your continued support.



# Sustainability Management

## Implementing sustainability management

Decision-making and execution of important Group sustainability-related management matters are performed by the Management Council and Executive Officers in accordance with internal regulations. The Management Council evaluates and manages a wide range of sustainability-related risks and opportunities to ensure effective decision-making. It makes comprehensive decisions after consulting with the Sustainability Committee and other bodies. Sustainability initiatives and responses to risks and opportunities are coordinated across multiple entities. The Corporate Sustainability Department, a dedicated organization responsible for planning initiatives and embedding sustainability throughout the Company, plays a central role. It works in collaboration with Corporate Group such as the Corporate Planning & Coordination Department, which oversees overall management planning and key initiatives, as well as business groups and sustainability officers in regional organizations overseas. Moreover, we have established the Sustainability Advisory Board, consisting of external experts on ESG issues, to obtain advice and recommendations on our overall sustainability management.



## Function of the Board of Directors

The Board of Directors, guided by “Sumitomo’s Business Philosophy” and a shared commitment to building a sustainable society, engages in strategic and focused discussions on important matters, such as business policies and management plans. Through appropriate delegation of authority to the executive side, the Board of Directors narrows down matters requiring resolution. Via an “agenda-setting” process, in which all Directors discuss and determine key management issues to be addressed over the coming year, the Board of Directors identifies important themes such as sustainability and the human resource strategy.

At its regular meetings and in off-site sessions, the Board of Directors deliberates and decides on sustainability-related policies and measures. It also actively exchanges views on various matters such as the progress of each SBU’s medium-term targets, the status of human rights due diligence, social contribution activities, and disclosure policies based on the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). In these ways, the Board of Directors works to enhance the effectiveness of sustainability management.

### ■ Main topics discussed and reported in FY2024

#### Board of Directors

- [Climate change] Reviewed climate targets and methods of evaluating initiatives
- [Human rights] The Group’s initiatives and progress in identifying high-risk businesses
- [Natural capital] Progress in identifying high-risk businesses in line with the TNFD recommendations and clarifying medium-term targets
- [Social and environmental risk cases] Engagement with NGOs and other stakeholders
- [Social contribution activities] Participation in 100SEED and global activity outcomes

#### Corporate Sustainability Committee

- Progress of each SBU’s initiatives based on material issues
- Emissions reporting and carbon neutrality targets
- Disclosure based on the TCFD recommendations
- Human rights initiatives
- Initiatives related to natural capital
- Status of social and environmental risk management
- Results of the ESG rating
- Environmental management activities
- Social contribution activities

#### Sustainability Advisory Board

- Strengthen the sustainability promotion framework
- Promote climate change initiatives
- Policy on natural capital and nature-positive initiatives
- Strengthen human rights due diligence
- Reviewed sustainability initiatives in FY2024

#### External Advisors

- |                |  |
|----------------|--|
| Sadayosi Tobai | Chief Executive Officer, WWF Japan   |
| Hidemi Tomita  | Chief Executive Officer, Institute for Sustainability Management   |
| Takashi Nawa   | Professor, Kyoto University of Advanced Science, and Visiting Professor, Hitotsubashi University Graduate School |
| Junko Watanabe | Attorney-at-Law, Nishimura & Asahi (Gaikokuho Kyodo Jigyo)   |

# Initiatives for Disclosure

## Initiatives for disclosing sustainability information

We are working to enhance disclosure on climate change, natural capital, and human rights in line with international disclosure frameworks.

In fiscal 2024, we began conforming with Japan's sustainability disclosure standards developed by the Sustainability Standards Board of Japan (SSBJ), which are consistent with the international standards developed by the International Sustainability Standards Board (ISSB). Specifically, we are progressively disclosing information in line with the theme-based Sustainability Disclosure Standard No. 1 "General Disclosures" and the theme-based Sustainability Disclosure Standard No. 2 "Climate-related Disclosures."

Based on these standards, we identify important businesses from the perspective of financial impact and analyze selected risks and opportunities in terms of "Strategy," "Metrics and Targets," and "Financial Impact." At the same time, we are strengthening our governance and risk management frameworks to respond swiftly and appropriately to these risks and opportunities.

We are also steadily advancing our responses to natural capital, including through disclosures based on the TNFD.

Going forward, we will strengthen our intelligence capabilities to accurately capture social trends, deepen dialogue with our stakeholders, and pursue approaches to disclosure that foster the sustainable enhancement of corporate value.

### Initiatives to date

#### Climate change:

- Identified opportunities and confirmed business strategies for wide-ranging sectors significantly affected by changing business conditions

**Boundary of Scenario analysis:**  
Expanded to 22 businesses in 6 sectors to disclose

- Disclosed financial impact indicators for selected sectors

**Coal-fired power generation:**  
Investment/guarantee balances  
Gas and LNG upstream interests: Exposure  
Thermal coal and coking coal upstream interests: Exposure

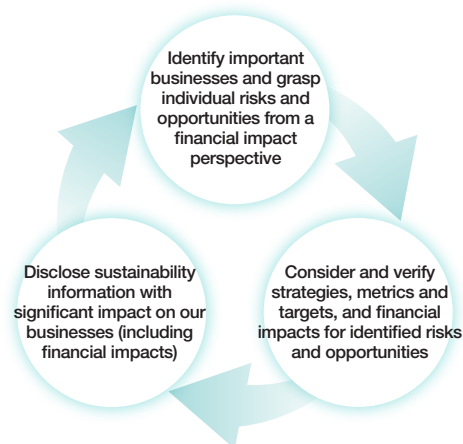
- Completed Scope 3 calculations

**Nature:** Early adoption of TNFD and trial disclosure

**Human rights:** Conducted human rights due diligence and disclosed progress

**Built and strengthened**  
information-gathering processes related to the above

### Initiatives toward FY2026



**Strengthen risk management and governance frameworks to ensure timely and appropriate execution of the above**

# Addressing Global Environmental Issues

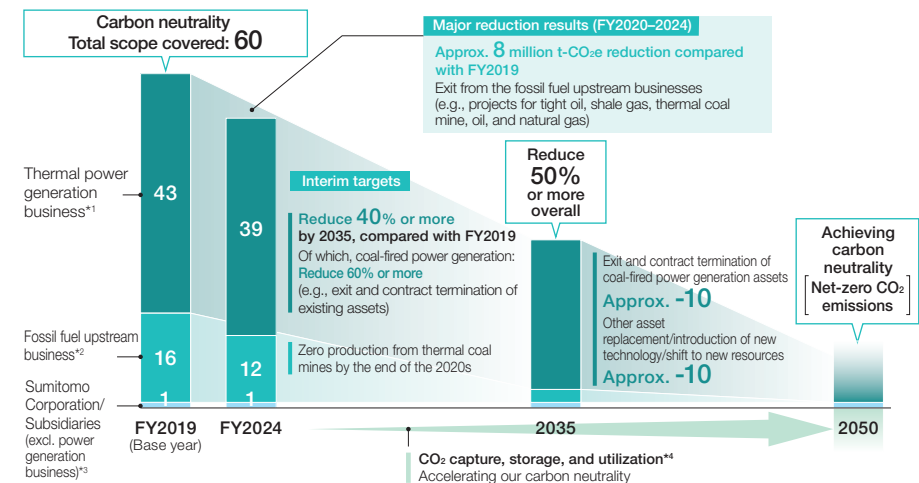
## Initiatives to address climate change

Placing importance on the international Paris Agreement, we established our Policies on Climate Change Issues to actively promote the Agreement's objective of building a carbon-neutral society. Guided by these policies, we are advancing various business activities. The policies clearly state our commitment to an early exit from coal-fired power plants and coal interest development in anticipation of energy transition. Regarding natural gas, they also clarify that we will engage only in projects that contribute to society's energy transition.

Our carbon neutrality targets cover not only Scope 1 and Scope 2 emissions from the Company and its subsidiaries but also those from our power generation and fossil energy interest businesses. Specifically, we have set CO<sub>2</sub> reduction milestones and are aiming for a reduction of 50% or more by 2035 compared with FY2019. Here, the Corporate Sustainability Department monitors progress and reports regularly to the Management Council and the Board of Directors.

In the Group's carbon neutrality efforts, we prioritize businesses with the greatest need for reductions. In anticipation of adopting the SSBJ standards, we are considering disclosures based on the GHG Protocol in 2026. While our basic approach remains unchanged, we aim to provide disclosures that are easy for stakeholders to understand and allow for comparison with other companies.

### Milestones for CO<sub>2</sub> emission reduction toward carbon neutrality of the Group (Millions of t-CO<sub>2</sub>e)



<sup>1</sup> Includes estimated figures after the construction and operation of the businesses for projects still under construction and emissions from equity-method affiliates

<sup>2</sup> Indirect CO<sub>2</sub> emissions from the use of energy resources produced by Sumitomo Corporation and its subsidiaries and used by others

<sup>3</sup> Direct CO<sub>2</sub> emissions of Sumitomo Corporation and its subsidiaries and indirect CO<sub>2</sub> emissions of the generation of energy used by them

<sup>4</sup> Through means recognized by international standards such as capture and storage by forests and other technical methods



## Addressing Global Environmental Issues

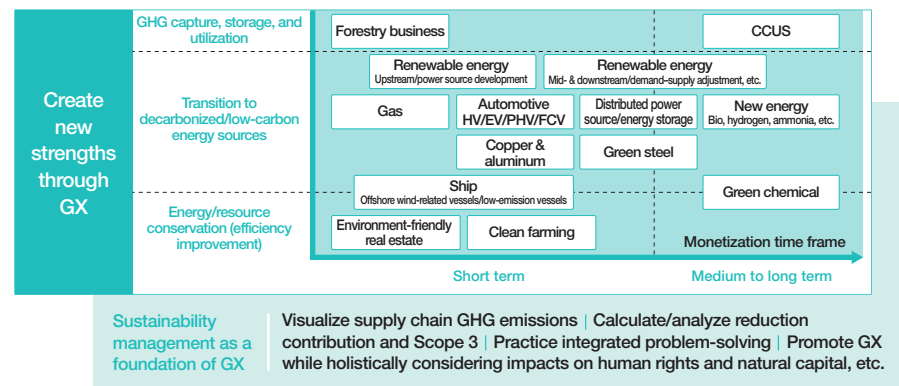
### Promoting GX

We are working together with stakeholders to advance decarbonization in society as well as focusing on new growth by promoting green transformation (GX).

Seeking to establish an environment for sustainability management that underpins GX, in FY2024 we worked on visualizing GHG emissions (Scope 3) across our supply chain. Led by sustainability teams within each Business Group CFO office, our business units took the initiative in calculating emissions. This allowed them to identify the main sources of emissions and the potential for reductions at the frontline level.

This initiative has helped us identify areas where we should work with suppliers to reduce emissions as well as accelerating discussions on creating new business opportunities to drive decarbonization in high-emission areas. These efforts are directly linked to our policy, “Create new strengths through GX,” set out in Medium-Term Management Plan 2026.

In FY2024, we worked to calculate our contribution to emission reductions, focusing on the businesses shown in the figure below. In addition to direct-contribution businesses such as renewable energy and storage batteries, we confirmed that we are helping expand markets for products manufactured through lower-carbon processes where we leverage our trading capabilities.



### Disclosure of Scope 3 emissions

We disclosed information for all Scope 3 categories for FY2024. For details, please refer to the appendix of this report or our Sustainability Disclosure Site.

▶ p.78 ▶ Summary of Non-Financial Indicators

### Disclosure based on the TCFD recommendations

In March 2019, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the aim of appropriately identifying risks and opportunities posed by climate change and applying them to our business activities. We have since advanced our disclosures in line with these recommendations. An overview is provided below, and further details can be found on our Sustainability Disclosure Site.

#### Governance

The Board of Directors is responsible for making key management decisions and supervising business execution, taking into account risks and opportunities related to climate change. The Management Council and Executive Officers evaluate and manage climate-related risks and opportunities and, based on these, make key management decisions and carry out business execution. We are also working to enhance our responses by drawing on advice and recommendations of the Sustainability Advisory Board, which is composed of external experts.

▶ p.42 ▶ Sustainability Management

#### Strategy

Committed to carbon neutrality, the Group has set emission reduction milestones and is advancing related initiatives while also developing businesses that help achieve carbon neutrality across society. In addition, among the industrial sectors in which the Group is involved, we conduct scenario analyses for those most affected by business environment changes related to climate change. Here, we take into account future market trends presented by organizations like the IEA.

▶ p.43 ▶ Addressing Global Environmental Issues

#### Risk management

To appropriately manage the social and environmental impacts arising from the Group's business activities, we have established various policies such as the Environmental Policy, Human Rights Policy, CSR Action Guidelines for Supply Chain Management, Anti-Corruption Policy, and Compliance Guiding Principles. These are communicated and meticulously implemented throughout the Group. For both new and existing businesses, we have also built a framework that supports management decision-making through risk assessments and monitoring.

### Metrics and targets

The Group has set targets aimed at achieving carbon neutrality, and its CO<sub>2</sub> emission performance is disclosed in the appendix of this report.

▶ p.78 ▶ Summary of Non-Financial Indicators





## Addressing Global Environmental Issues

### Initiatives for natural capital

The Group's businesses in various sectors, such as infrastructure, mining, forestry, and agriculture, are heavily dependent on nature. We believe that making decisions with natural capital in mind is essential for not only the sustainability of our own businesses but also fostering the sustainability of the global environment. To this end, we have set a medium-term goal, "Accelerate initiatives toward a nature-positive world by 2030," and are advancing initiatives accordingly.

In FY2024, we clarified the Group's definition of what it means to become "nature positive." In light of our business diversity, it means "Minimize the impact of our businesses on natural capital and continue to transform our business to preserve and regenerate natural capital." To promote internal understanding and strengthen initiatives, we are emphasizing this definition through various activities, such as in-house seminars on natural capital. Through our businesses, we will accelerate efforts to both reduce risks and create opportunities aimed at conserving and restoring natural capital.

#### Risk mitigation

We have adopted a risk-based approach to identify businesses with high dependency or impact on natural capital that require priority action ("priority businesses"). Once identified, we conduct risk analyses that take into account site-specific information. In businesses analyzed in FY2024, we confirmed that measures are in place to address location-specific risks, such as water stress and ecosystem sensitivity. We have also begun identifying priority businesses in the upstream supply chain.

#### Creating opportunities

Noting the existence of business opportunities for products and services that promote the shift toward a nature-positive and circular economy, we are pursuing the following initiatives.

- Information sharing and case study creation conducted by the Nature Positive Working Group (see right column for details)
- PET bottle collection and recycling business operated by Tomra Japan
- Aircraft parts business of Werner Aero [▶](#) p.48 ▶ Material Issues × Management Capital
- Launch of demonstration experiment to establish a solar panel reuse and recycling business

We are also participating in Circular Partners (CPs), an initiative promoted by the Ministry of Economy, Trade and Industry. Through this initiative, we engage in rule-making and networking with the aim of creating businesses that contribute to a circular economy.

### Disclosure in line with the TNFD recommendations

Following approval by the Board of Directors, we registered as a TNFD Early Adopter, committing to the early adoption of recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), and in September 2025 we made disclosures in line with those recommendations. For details, please refer to our Sustainability Disclosure Site.

#### COLUMN

#### Leveraging nature-positive opportunities to achieve business transformation aimed at enhancing corporate value

In September 2023, we established the Nature-Positive Working Group, a cross-organizational group with members from multiple business groups and corporate functions. Our aim here was to swiftly address emerging trends surrounding natural capital and promote the conservation and restoration of natural capital through our businesses. Chaired by Takayuki Sumita, Senior Managing Executive Officer and CSO, the working group has grown from its initial five members to 50 members today.

Working group members share case studies and external trends while strengthening collaboration to accelerate business creation. One example of this is a mangrove planting project covering Southeast Asia and African countries promoted by the Energy Transformation Business Group's Carbon Solution Business Unit. Carbon credits generated by the working group's projects contribute to climate change mitigation and biodiversity conservation.

In an ongoing project in Mozambique, meanwhile, we are working to obtain CCB Standards certification<sup>\*1</sup>, which is granted only to carbon credits that meet three criteria: climate change mitigation, community support, and biodiversity conservation.

In addition, viewing visualization of natural capital as a potential entry point for new business creation, the working group is focusing on environmental DNA<sup>\*2</sup>, and exploring commercialization possibilities accordingly.

<sup>\*1</sup> CCB Standards certification: Certification system developed by the Climate, Community & Biodiversity Alliance (CCBA)

<sup>\*2</sup> Environmental DNA: A technology that analyzes DNA contained in scales, excrement, and other material from aquatic organisms to identify a species inhabiting a given body of water. It is attracting attention as a more accurate and efficient method than traditional survey techniques.



# Respect for Human Rights

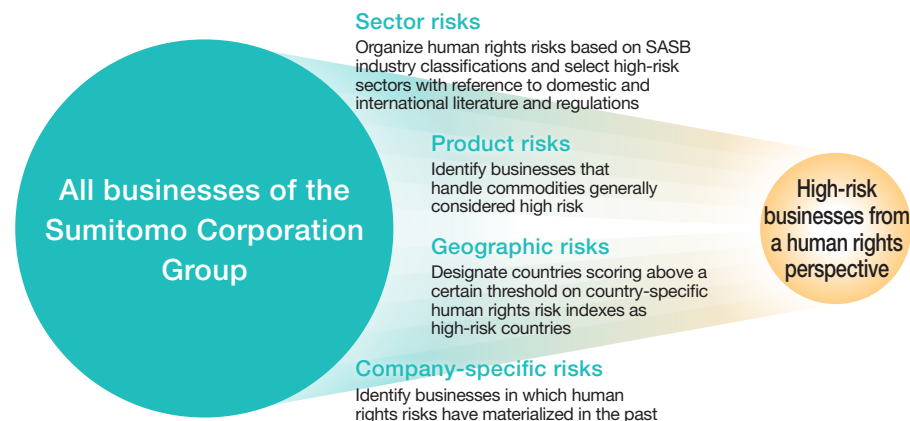
## Initiatives to respect human rights

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 and achieve sustainable growth together with society.

### ● Implementation and progress of human rights due diligence

From FY2021 through FY2024, we engaged external experts to conduct human rights due diligence across all of our businesses and identify and assess human rights risks.

In FY2024, we conducted a company-wide risk mapping exercise based on matters such as the results of human rights due diligence to date as well as the characteristics and risks of each business. This process aimed to identify businesses within the Group that present high human rights risks. Specifically, based on the OECD's due diligence guidance, we took into consideration four risk factors (sector, product, geographic, and enterprise-level) and sought the opinions of outside experts including Sustainability Advisory Board members to identify business areas within the Group that pose high human rights risks.



Target businesses	Sector and product risks <sup>*1</sup>										Geographic risks
	Labor conditions	Freedom of association and the right to collective bargaining	Forced labor and child labor	Occupational health and safety	Discrimination and harassment	Health and safety of local residents	Land rights	Personal information and privacy	Health and safety of customers	Upstream supply chain issues	
Apparel and fashion accessories	○	○	○	○	○	○	-	-	○	○	-
Mining (including minerals trading)	-	○	○	○	○	○	○	-	-	○	-
Agriculture and food distribution	○	-	○	○	○	-	-	○	○	○	-
EPC and power generation	-	○	○	○	○	○	○	-	-	○	-
Electronic materials (EMS)	○	○	○	○	-	-	-	-	-	○	-
Forestry (including forestry products trading)	-	-	○	○	-	○	○	-	-	○	-
Marine transportation	○	○	○	○	-	○	-	-	-	-	-
Oil and gas (including trading)	-	○	-	○	-	○	○	-	-	○	-
Telecommunications <sup>*2</sup>	-	-	-	○	-	-	-	○	-	-	○
Automotive distribution <sup>*2</sup>	-	○	-	○	-	-	-	○	○	○	○
Industrial parks <sup>*2</sup>	-	-	-	-	○	-	-	-	-	-	○

<sup>\*1</sup> Risks associated with each sector and product are organized into a total of 10 categories: The Group's eight salient human rights issues plus two additional areas: "Health and safety of customers" and "Upstream supply chain issues."

<sup>\*2</sup> Businesses in certain regions from a geographic risk perspective

Going forward, we will take a risk-based approach, focusing on businesses identified as high risk while strengthening our human rights due diligence practices, including engagement with rights holders.

### ● Grievance mechanism (Whistleblower report for external stakeholders)

Since FY2024, we have been a regular member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), a general incorporated association that provides a platform for redress of grievances in compliance with the UN Guiding Principles on Business and Human Rights, and we receive various opinions on human rights from external stakeholders through the platform provided by JaCER to improve fairness and transparency. Furthermore, the details of each case are reported to the management, including Chief Sustainability, DE&I Officer and the Corporate Sustainability Committee, to ensure timely and appropriate remediation and recurrence prevention.







### ● Employee training on human rights

In FY2024, we expanded and completed e-learning with respect to the necessity of respecting human rights throughout the supply chain and human rights issues that require attention in conducting business activities to all employees on a non-consolidated basis, to cover overseas regional organizations and consolidated subsidiaries. Also, we held an online study session conducted by an external expert on human rights laws and regulations and external trends, mainly focusing on the EU Corporate Sustainability Due Diligence Directive (CSDDD). Around 400 officers and employees, including those from subsidiaries attended the session.

# Material Issues and Medium- to Long-Term Goals

Rather than recognizing Material Issues as mere challenges, the Group seeks to realize sustainable value creation by setting medium- to long-term goals that are closely tied to its business activities. These goals embody our commitment to addressing social issues and serve as important guidelines for allocating management resources and developing our business portfolio. For each Material Issues, we formulate a long-term vision and a medium-term action plan, and we manage progress through the PDCA cycle. Each business identifies priority Material Issues on which it will focus and visualizes the added value and outcomes of individual projects, with the aim of accelerating the integration of sustainability and business.

These initiatives serve as the foundation for achieving our vision of becoming “No. 1 in Each Field” and embody our stance as a company committed to growing in step with society.

Material Issues		Long-term goals	Medium-term goals
	Build resilient and prosperous society	<ul style="list-style-type: none"> <li>Contribute to the development of local communities and economies</li> </ul>	<ul style="list-style-type: none"> <li>Develop safe, comfortable, and resilient industrial and social infrastructure</li> <li>Provide advanced services and functions that further enrich the lives of people</li> </ul>
		<ul style="list-style-type: none"> <li>Develop human resources who will drive the future by providing quality education</li> </ul>	<ul style="list-style-type: none"> <li>Develop human resources who will drive the future through business and social contribution activities               <ul style="list-style-type: none"> <li>Provide job training and educational opportunities in line with local needs, and expand the scope of beneficiaries</li> <li>Promote 100SEED program*1 by having 5% or more of all employees participate annually</li> </ul> </li> </ul>
	Overcome climate change	<ul style="list-style-type: none"> <li>Aim for carbon neutrality of the Sumitomo Corporation Group's businesses by 2050</li> <li>Contribute to carbon neutrality of society</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the Group's CO<sub>2</sub> emissions 50% or more by 2035 (compared with 2019)               <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions of the power generation business by 40% or more by 2035 (of which reduce 60% or more for coal-fired power generation business) while expanding the renewable energy power generation business (expand the supply of renewable energy from 1.5 GW in 2019 to 5 GW or more by 2030)</li> <li>In fossil fuel upstream business, reduce indirect CO<sub>2</sub> emissions*2 generated from thermal coal mines to zero by the end of the 2020s. For upstream gas development, only undertake those that contribute toward society's energy transition.</li> <li>Reduce CO<sub>2</sub> emissions in all other businesses*3</li> </ul> </li> </ul>
			<ul style="list-style-type: none"> <li>Build a sustainable energy system and carbon cycle with an overview of supply chains               <ul style="list-style-type: none"> <li>Improve energy and carbon efficiency, and expand businesses that encourage energy conservation</li> <li>Expand renewable energy and new power and energy services, encourage electrification and fuel conversion, and develop and implement hydrogen and other forms of carbon-free energy</li> <li>Promote capture, store and utilize CO<sub>2</sub> (forestry business, CCUS, blue carbon, etc.)</li> </ul> </li> </ul>
	Preserve and regenerate natural capital	<ul style="list-style-type: none"> <li>Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate initiatives toward a nature-positive world by 2030               <ul style="list-style-type: none"> <li>Analyze nature-related risks and opportunities in each business</li> <li>Reduce risk of the entire supply chain, including sustainable procurement of major natural resources</li> <li>Pursue new business by developing products, services, and scheme that encourage the shift toward Nature Positive and a circular economy</li> </ul> </li> </ul>
	Respect human rights	<ul style="list-style-type: none"> <li>Respect the human rights of all stakeholders in all businesses and supply chains</li> </ul>	<ul style="list-style-type: none"> <li>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"> <li>Reduce human rights risks by further strengthening human rights due diligence and grievance mechanisms*4 across the entire supply chain</li> <li>Promote initiatives and improve transparency through stakeholder engagement and enhancement of information disclosure</li> </ul> </li> <li>Ensure a safe workplace environment</li> </ul>
	Develop talent and promote DE&I	<ul style="list-style-type: none"> <li>Create workplaces that allow diverse employees to apply their capabilities with passion in their own ways</li> </ul>	<ul style="list-style-type: none"> <li>Increase diversity in decision-making positions</li> <li>Cultivate inclusive leadership</li> </ul>
	Maintain and strengthen governance	<ul style="list-style-type: none"> <li>Develop a robust governance system to enhance the corporate value</li> </ul>	<ul style="list-style-type: none"> <li>Further improve the effectiveness of oversight functions for ensuring the efficiency, soundness, and transparency of management</li> <li>Establish Group management system that responds to changes in the business environment with agility</li> </ul>

\*1 Social contribution activity program with employee participation at Sumitomo Corporation Group

\*2 Indirect CO<sub>2</sub> emissions generated by others with the use of fossil fuel

\*3 Contribute to CO<sub>2</sub> reduction by setting targets for individual businesses

\*4 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



# Material Issues × Management Capital

🔗 | p.15 ▶ Management Capital

🔗 | p.47 ▶ Material Issues and Medium- to Long-Term Goals



## Overcome climate change

### Global relationship capital

#### Investment in EEW Offshore Wind Holding: Overcoming climate change and deploying global relationship capital

In FY2024, we invested in EEW Offshore Wind Holding (EEW OWH), one of the world's largest manufacturers of monopiles that support the foundation of offshore wind power. This company is part of the EEW Group, which has been providing high-quality pipes for extensive industries. This investment aligns with our material issue of "Overcoming climate change" and is aimed at strengthening the supply chain to support the expansion of renewable energy.

This case exemplifies how we leverage our global relationship capital, a key form of our management capital. Since the 2000s, we have built an ongoing business relationship with the EEW Group through our trading activities. Such long-standing, cross-border relationships of trust represent an extremely important form of capital for securing a competitive advantage in our global business activities.

Furthermore, the Steel Group's customer base and supply chain capabilities, as well as its business operations based on "local production for local consumption" enabled us to build consensus with partners, which in turn led to this investment in EEW OWH. We view these elements as important forms of management capital that both support the creation of community-centered value and the development of supply systems tailored to local needs.

In Europe, power producers are placing more and more importance on supply chain decarbonization as a key evaluation criterion. By working with EEW OWH, we aim to build a supply system for "green monopiles" and thus help build a decarbonized society.



Foundation of offshore wind power generation (monopile)



## Build resilient and prosperous society

### Intellectual capital

#### Elizabeth Line: Building a resilient and prosperous society and deploying intellectual capital

In May 2025, GTS Rail Operations, a joint venture established by the Company, Tokyo Metro, and U.K. rail operator The Go-Ahead Group, began fulfilling an operating contract for the Elizabeth Line awarded by Transport for London. The Elizabeth Line is a 117-kilometer, 41-station underground line running from Heathrow Airport through central London to the east. It is one of the newest and busiest railway lines in the U.K.

This project aligns with our material issue of "Build a resilient and prosperous society." Through the operation of urban transportation infrastructure, we provide local residents and visitors with safe, comfortable, and convenient mobility, thereby supporting the city's sustainable development and enhancing people's quality of life.

This project also exemplifies how we leverage our intellectual capital. Since beginning railway parts export operations in the 1940s, we have expanded our railway-related businesses primarily in Southeast Asia, the U.S., and East Asia. In recent years, we have accumulated extensive expertise and experience, including through participation in railway operations and maintenance (O&M) projects in the Philippines. Drawing on this experience, we are working to improve safety, punctuality, and service quality on the Elizabeth Line by combining the high-quality railway operations expertise of Tokyo Metro and Go-Ahead with our own extensive track record in overseas railway projects.

Through this project, we are also contributing to the development of public transportation infrastructure in the U.K. while enhancing urban sustainability.



(Source: Transport for London)



## Preserve and regenerate natural capital

### Human capital

#### Investment in Werner Aero: Preserving and regenerating natural capital and deploying human capital

In December 2024, we made U.S.-based Werner Aero a wholly owned subsidiary to expand our aircraft aftermarket business. Werner Aero operates a fully integrated business model, from dismantling retired aircraft to parts maintenance and sales, thus contributing to resource efficiency and waste reduction through parts reuse.

This project aligns with our material issue of "Preserve and regenerate natural capital." By minimizing waste from retired aircraft and refurbishing and reusing serviceable parts, we are simultaneously promoting resource efficiency and reducing waste.

This project also exemplifies how we leverage our human capital. Following the investment, we strategically assigned talent from across the Group, particularly from the Commercial Aviation SBU, and accelerated business collaboration by expanding networks with airlines, leasing companies, and maintenance providers worldwide, as well as promoting joint bids and broadening procurement channels. By also involving personnel with strong negotiation and business development capabilities with overseas partners in the decision-making process, we are securing a competitive edge in our global business operations.

Our collaboration with Werner Aero was made possible by the expertise we have accumulated over many years in the aircraft business, combined with our strategic use of human capital. Looking ahead, we will continue promoting value creation by organically integrating our various forms of management capital to help realize a sustainable society.



Acquisition of 12 aircraft from jetBlue Airways in August 2025

# 03

## Governance

—— Management foundation supporting the future

### CONTENTS

- 50 Roundtable Discussion among Outside Directors
- 54 Corporate Governance
- 62 Risk Management
- 64 Information Security



## Roundtable Discussion among Outside Directors

### Transition to a Company with an Audit & Supervisory Committee: Enhancing medium- to long-term corporate value through business portfolio optimization and further reinforcement of supervisory functions

Having completed the first year of the Medium-Term Management Plan 2026 and transitioned to a company with an Audit & Supervisory Committee, Outside Directors shared their insights on the challenges and expectations for the current state of the Sumitomo Corporation Group and further enhancement of our corporate value, drawing from their extensive experience and reflecting on the progress made to date.



#### Outside Director

**Takashi  
Mitachi**

#### Profile

Mr. Mitachi was appointed Outside Director of the Company in June 2022. He served in several key positions for many years at a major U.S. consulting firm. Through these and other roles, Mr. Mitachi has accumulated wide-ranging knowledge and a wealth of experience in business management and enterprise risk management.

#### Outside Director

**Nana  
Otsuki**

#### Profile

Ms. Otsuki was appointed Outside Director of the Company in June 2024. She has held several key positions for many years at companies including leading securities firms and has served as a university professor and outside director for listed companies. Through these and other roles, Ms. Otsuki has accumulated wide-ranging knowledge and a wealth of experience in market analysis and corporate governance.

#### Outside Director

**Yukiko  
Nagashima**

#### Profile

Ms. Nagashima was appointed Outside Director (Audit & Supervisory Committee Member) of the Company in June 2025, after serving as Audit & Supervisory Board Member of the Company from June 2021 to June 2025. She has served several key positions for many years at a major comprehensive human resource services company (holding company), and has served as executive at its group company, Standing Audit & Supervisory Board Member at the holding company, and outside officer positions at another major company. Through these and other roles, Ms. Nagashima has accumulated highly specialized knowledge and a wealth of experience in business management and corporate governance.



## Roundtable Discussion among Outside Directors

### Progress of the Medium-Term Management Plan 2026

**I Mitachi:** We established a management base that incorporates cost of capital awareness during the previous medium-term management plan. Under the current plan, we have entered a new stage of growth built upon that base. Our performance in the first year of the plan has been strong, and we feel that our progress is on track. Above all, there has been a clear increase in internal discussions that reference terms such as “No. 1 in Each Field” and competitive advantage. I believe these discussions will ultimately help enhance shareholder value. Each of our nine business groups has been engaged in ongoing strategic discussions on how to leverage their respective strengths to become No. 1 in their fields. We are now at a stage where we can clearly present these strengths to our shareholders. Of course, the entire Board of Directors recognizes that the most important thing is to turn these strategies into reality and deliver sustainable growth in corporate value.

**I Nagashima:** I personally feel that the concept of “No. 1 in Each Field” has been embedded in our business front lines. While each business domain is different, during the previous medium-term management plan, each organization thoroughly embraced a shared performance metric: achieving ROIC above WACC. Under the current plan, we have clearly defined the goals for FY2026 based on the concept of “No. 1 in Each Field.” We are in the process of further clarifying the path to achieving those goals.

**I Otsuki:** FY2024 was a highly challenging year in terms of the international situation, but we believe our company performed well under such circumstances. On the other hand, as Mr. Mitachi mentioned, we are on a long-term journey of value creation that we must strive to pursue. Our medium-term management plan is only a three-year milestone along that path. While our profit levels at the start of the plan are strong, we still have a considerable distance to cover to reach our envisioned goals. I also view the major organizational reform—the first in 60 years—as a transformative initiative of which the true value will be tested in the latter half of the plan.

Having joined the Board as an Outside Director last year, I’ve come to appreciate the challenges of portfolio management. While each business aims to become No. 1 in its field, we must also ensure overall optimization as Sumitomo Corporation. Moreover, we need to pursue such optimization with a time frame in mind—looking not just one year ahead but 10 years or more into the future. As we enter the second half of the current medium-term management plan, I intend to focus on both proactive and defensive aspects—risk management and governance. From the perspective of optimizing risk-return profiles across different time frames, I believe this will be a critical area for each business.

### Business portfolio development

**I Mitachi:** Building a portfolio requires balancing both defensive and proactive elements. This means mitigating risk on one hand and driving growth and cash generation on the other. Our business is a diverse collection of operations spanning a wide range of industries, regions, and time frames for generating profit. Striking this balance has long been a challenge, and we have approached it through continuous trial and error. For example, some businesses, like copper mining, require a long time to generate profit, while others, such as retail, must produce cash on a daily basis. I would like to further deepen discussions within the Board of Directors around the concepts of time frames and risk diversification.

On the other hand, there are few operating companies engaged in such a diverse range of fields that maintain a large balance sheet totaling ¥11 trillion. A trading company’s strength lies in its ability to oversee the entire value chain, from upstream to downstream. It can take a step back to assess where and how to build businesses that will generate value over the medium to long term. Having this foresight and acting swiftly is the direction we should pursue going forward.

**I Nagashima:** When it comes to our business portfolio, AI is now constantly by our side, intelligently handling brainwork tasks, such as analyzing environmental changes over time and identifying the causes behind our past failed projects. At the



same time, it is essential to embed the intent of management into the process of building the portfolio. Through the organizational reform conducted in FY2024, we now have a more agile execution framework allowing us to act at the right moment without missing opportunities to embed that intent. As Outside Directors, we also monitor the validity of consensus-building within the executive team. Some businesses could take a long time to emerge from a tunnel, while others might go through a cycle of entering and exiting tunnels year after year. From a time-frame perspective as well, it’s important to act with intent when building the portfolio and deciding what to prioritize in order to flexibly evolve it in response to environmental changes.

**I Otsuki:** “Acting with intent” is a powerful phrase. When we consider what kind of intent we should embody, I believe the unwavering foundation lies in Sumitomo’s Business Philosophy. Since my appointment as an Outside Director, I’ve been reminded on many occasions of the importance of such value.

At the same time, when it comes to learning from the past, Ambatovy nickel project in Madagascar remains a major concern. We must actively transform the experience and insights gained from the past into constructive lessons that can be elevated and applied more proactively.

## Roundtable Discussion among Outside Directors



Our businesses are classified into four strategic categories: Steady business growth, Value creation, Restructuring, and Nurture. Some businesses that were once positioned negatively within this framework might, by not only analyzing the causes of failure but also turning those lessons into positives or applying them to other businesses, allow the strategic category itself to evolve more interactively and drive growth.

**■ Mitachi:** In terms of applying lessons learned from the past, it is extremely important to identify the key points of value creation unique to each of our diverse businesses and apply them to future investments. For example, although Ambatovy has been challenging and caused concern among our shareholders, it has also been instructive. Our deep involvement on the front lines in Madagascar, a challenging region, has given us in-depth operational knowledge in the resource business and experience in managing regional risks. In the Diverse Urban Development business, which includes infrastructure and real estate, we have also built up deep expertise over the years as a professional operator of various asset types. Learning from such experience, we must consider which risks to take in each diverse investment—and how to create value unique to the Company. This comprehensive approach is the essence of effective portfolio management.

### Transition to a Company with an Audit & Supervisory Committee

**■ Nagashima:** Following the 2025 General Meeting of Shareholders, we transitioned from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee. As a result, my position also shifted from Audit & Supervisory Board Member to Director serving as Audit & Supervisory Committee Member. Even after the transition, our focus remains unchanged. We will continue closely monitoring how the executive side identifies business risks, including future risks, and what kinds of risk-taking they adopt to create opportunities.

Our Board of Directors has engaged in constructive discussions about its role over the years and worked to enhance its effectiveness. In that context, the Board began concrete discussions on changes to the governance structure in July 2024. It all began with a study session. Around ten years had passed since Japan's Corporate Governance Code was introduced in 2015, and in today's globally open capital markets, we used that opportunity to take a forward-looking view of our governance structure. This served as a starting point for exchanging opinions in a neutral manner about what needs to be done and the order of priority. We then thoroughly discussed the future role and structure of the Board, seven times at the Board of Directors meetings, twice at the Council of Outside Directors and Outside Audit & Supervisory Board Members meetings, and six times at the Audit & Supervisory Boards in total. As part of these discussions, we examined the possibility of delegating certain matters of resolution from the Board of Directors to the Management Council, with the aim of enabling more agile strategic execution and faster decision-making. Throughout this process, the Board of Directors has engaged in repeated discussions on whether we can maintain effective oversight, and whether our existing risk-check frameworks remain adequate in terms of speed, especially as execution becomes more agile. This process was highly meaningful because it enabled us to reaffirm the core foundations of the Board in

fulfilling its proper supervisory responsibilities. For me personally, the discussions served as an opportunity to reaffirm my own sense of ownership over our corporate mission as an Audit & Supervisory Committee Member. The process went far beyond simply changing the governance structure.

**■ Otsuki:** With the change in governance structure, we will be able to allocate more time to individual agenda items and engage in deeper discussions than before. We must also remember that the governance structure is merely a means to an end. Under the new system, we must be particularly conscious of how we think and make decisions responsibly in order to achieve our ultimate goal. Here, it is important to think on a different level from the executive side. We need to consider various time frames. As agents entrusted by our shareholders, we must also be more conscious of how we communicate with the market.

**■ Mitachi:** To deliver better management and supervision, actual implementation is more important than just formal structures. With fewer statutory matters now requiring resolution by the Board, we can spend that time discussing our business portfolio and overall risk management. I hope that each Outside Director will freely express opinions based on their respective areas of expertise, thereby enhancing the effectiveness of governance. In that sense, I feel we now have a solid foundation in place.

Especially, one major change is that Outside Directors now make up the majority of the Board. With less than half of the Directors having firsthand knowledge of frontline operations, there is a heightened sense of responsibility in ensuring that the Board operates in a way that earns the trust and understanding of our shareholders.

### Challenges for the medium- to long-term enhancement of corporate value

**■ Mitachi:** One of the major challenges I see in pursuing medium- to long-term growth is how we approach talent management as a Japan-based global company. Under a global headquarters structure, the ideal vision is to directly hire

## Roundtable Discussion among Outside Directors

professionals in growth areas locally across the globe and eventually develop future executive leaders from among them. In today's world, where companies compete for professionals who can do what AI cannot, we must work harder to build a system for attracting talented individuals who can succeed in any part of the world.

**Nagashima:** With respect to talent, we have challenges on both the executive side and within the Board of Directors. For the Board, we need to continue examining what elements are required from a supervisory perspective—based on the skills matrix and other factors—relative to those already present on the executive side.

It has been four years since I became an Audit & Supervisory Board Member. During that time, there have been cases where executives have been directly recruited from outside the Company. In recent years, the Company has demonstrated a clear commitment to bringing in external talent at all levels as necessary to secure the capabilities essential for its future. Looking ahead, it will be important to accelerate this talent acquisition from a more global perspective.

**Otsuki:** Managing resources, including talent, capital, and the potential of assets across a wide range of businesses, is also important for strengthening risk management. While day-to-day risks can be managed through profit and loss control, when preparing contingency plans for potential shocks, the amount of available resources directly influences how much risk we can take on. We need to approach this from three dimensions: risk, return, and time horizon. It is essential to consider how we manage risks during normal times, how we respond during shocks, and how we secure the necessary resources. I believe we need to be increasingly mindful of strengthening our resource base to support these efforts.

### Engagement with the capital markets

**Otsuki:** As a Japanese company, we have successfully embedded the concepts of ROIC and WACC even at the operational level, enabling us to practice management that is conscious of cost of capital. The reason why the concepts of

ROIC and WACC are so deeply rooted in our organization is because we had already promoted such capital cost-conscious management even before the Tokyo Stock Exchange reforms. We calculate WACC individually for all businesses—whether existing, newly launched, or acquired through M&As. As long as each business with an ROIC in excess of its WACC is organically integrated, a PBR above 1x starts looking like a natural outcome.

I think the reason why the market has yet to fully recognize our efforts is that we haven't clearly communicated a forward-looking growth story that would drive an increase in PER. Also, there is a mismatch between the market and our perspective regarding capital costs. Regarding the risk component in calculating WACC, there might still be concerns in the capital market about our "invisible risks" shaped by past experience. I believe it's important for us to clearly communicate how we plan to improve going forward—both in terms of our growth story and our approach to capital costs, including how we convey these efforts to the market.

**Nagashima:** Even just looking at Ambatovy, the situation has changed significantly over the past year. It is essential that we fulfill our responsibility to explain what has changed and how progress is being made. For our eight growth areas—each with different trajectories and speeds of development—it is important to communicate progress and competitive advantages using KPIs and other measurable indicators. At the same time, the Company is well ahead of the curve in using AI as a strategic asset. The key now is to clearly define our targets and demonstrate how we will compete in this field—specifically, how we will translate our AI capabilities into concrete business value.

**Otsuki:** Looking back on the past year, one significant development in our pursuit of next-generation growth through enhanced DX was the acquisition of Net One Systems by our subsidiary SCSK. I see this as a defining moment—one that marked a major turning point in the Company's history. Going forward, I believe the Board of Directors must closely examine how this acquisition will help enhance the Group's overall earnings.



**Mitachi:** As I mentioned last year, the Company has firmly embedded a framework for improving business operations with a clear awareness of cost of capital. Through this approach to business management, we are seeing improvements in both performance and stock price. However, our PBR has yet to consistently exceed 1x. Therefore, we must deepen our engagement with the capital markets and build a sense of future growth potential—one that conveys the clear message that Sumitomo Corporation is on a path of sustained growth. To gain the trust of the capital markets, nothing is more important than a solid track record. Accordingly, we must demonstrate that we are keeping our promises—or even outperforming market expectations—in terms of growth.

Our overall stock price performance has also been solid and following an upward trajectory. And we are receiving positive feedback from global investors. Amid increasing uncertainty in the global economy, we will steadily lay the groundwork for growth and deliver results through disciplined portfolio management. I think that sums it up. Given the broad scope of our business, we will need to make considerable efforts in terms of IR. I also feel that clearly communicating the details of our eight growth areas, the direction of our portfolio, and our competitive advantages will create opportunities for investors to have confidence in our future.



# Corporate Governance

## Basic principles

We believe that “Sumitomo’s Business Philosophy” and the “Sumitomo Corporation Group’s Management Principles and Activity Guidelines” form the backbone of our corporate ethics and serve as the foundation supporting our corporate governance. Based on this, we established the Sumitomo Corporation Corporate Governance Principles, recognizing that the essence of corporate governance is enhancing management efficiency and maintaining sound management, as well as ensuring management transparency to secure the first two. Efforts to build a better corporate governance system and carry out business activities following these principles help us achieve sustainable growth, enhance corporate value over the medium to long term, fulfill our mission as a good corporate citizen, and benefit the interests of shareholders and all other stakeholders. For this reason, we work continuously to further enhance and improve our corporate governance.

## Purpose of transitioning to a Company with an Audit & Supervisory Committee

To accelerate the execution of the growth strategies outlined in the Medium-Term Management Plan 2026, which began in April 2024, we transitioned to a Company with an Audit & Supervisory Committee. The purpose of this transition is to ensure timely and accurate management execution while strengthening the effectiveness of the Board of Directors, which is responsible for decision-making on important matters and overseeing execution.

### Points

- **Making a clearer distinction between the Board of Directors and executive functions to achieve timely and accurate management execution**
  - Ensure a clearer distinction between supervision and execution, and delegate authority from the Board to executive management.
  - This will enable more agile execution of strategies and swifter decision-making by executive management.
- **Further strengthening the Board of Directors’ supervision of management execution and its decision-making functions**
  - By appointing Outside Directors as the majority of the Board, we ensure proper supervision of management execution and make important decisions affecting company-wide management from broad and diverse perspectives.
- **Enhancing our effective audit system**
  - The Audit & Supervisory Committee collaborates with the Internal Auditing Department and others to strengthen overall audit effectiveness.

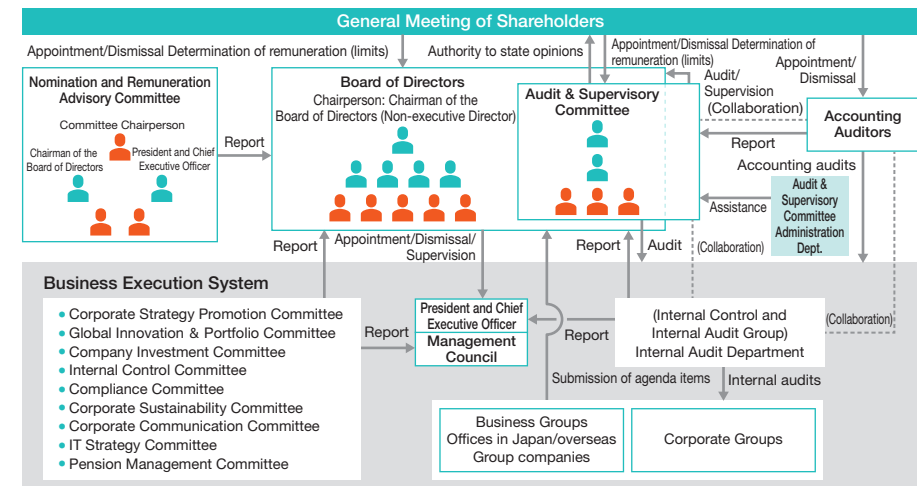


Sumitomo Corporation Corporate Governance Principles ▶ [https://sumitomocorp.disclosure.site/pdf/CorporateGovernance/principle\\_en.pdf](https://sumitomocorp.disclosure.site/pdf/CorporateGovernance/principle_en.pdf)  
 Group Governance ▶ <https://sumitomocorp.disclosure.site/en/themes/38>  
 Compliance ▶ <https://sumitomocorp.disclosure.site/en/themes/39>  
 Internal Control ▶ <https://sumitomocorp.disclosure.site/en/themes/42>

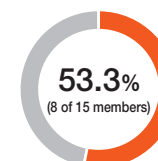
## Post-transition framework as a Company with an Audit & Supervisory Committee

Our Board of Directors now includes eight independent Outside Directors—constituting a majority of the 15-member Board of Directors—with a wealth of experience and a high degree of specialized knowledge and expertise in different fields. This structure enables more well-informed decision-making by the Board and further strengthens its supervisory of management. We have also kept in place the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors. The majority of the Committee’s members are Outside Directors, and it is chaired by an Outside Director. This structure enhances the independence, objectivity, and transparency of the Board related to the nomination and remuneration of senior management. To strengthen supervisory from an external perspective, three of the five members of the Audit & Supervisory Committee are independent Outside Directors. The Committee also includes one person with corporate management experience, one legal expert, and one accounting specialist, ensuring a multifaceted audit framework. Furthermore, Directors serving as Audit & Supervisory Committee Members are allowed to attend all key internal meetings, giving them access to all essential information required for effective audits. As a result, we believe we have established a highly effective and robust corporate governance framework.

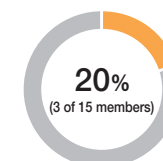
Corporate governance system (Company with Audit & Supervisory Committee) ■ Internal ■ Outside



Ratio of Outside Directors on the Board



Ratio of Female Directors on the Board



## Corporate Governance

## Message from the Chairman of the Board of Directors

### Enhancing the Board to deliver increased corporate value

**Masayuki Hyodo** Director,  
Chairman of the Board of Directors



Thank you for your continued understanding and support of our business activities.

As Chairman of the Board of Directors, I would like to explain the background and significance of the corporate governance reforms implemented pursuant to the resolution at the General Meeting of Shareholders held in June 2025.

We believe that building a stronger governance framework is essential for achieving sustainable growth, enhancing our medium- to long-term corporate value, and fulfilling our mission as a responsible corporate citizen. To this end, we have continuously examined the fundamental question of what role our Board of Directors should play and how it should fulfill that role. We have also sought to enhance the Board's effectiveness by increasing the number of Outside Directors and improving the setting of agendas.

Regarding business execution, in April 2024 we transitioned to a structure based on strategically focused business groups to promote more self-disciplined and agile decision-making and operations. With this in mind, we engaged in extensive discussions on the role of the Board of Directors. We

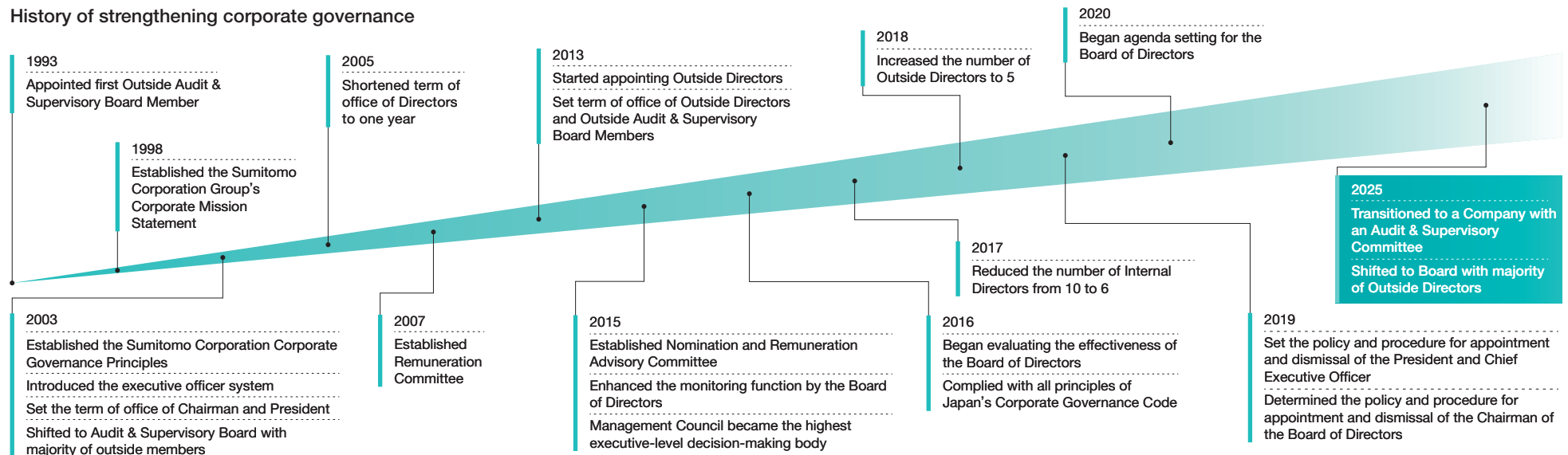
concluded that we needed to clearly distinguish between supervision and execution and delegate authority from the Board of Directors to executive management. At the same time, the Board must exercise highly effective supervision of management execution from a broad and diverse perspective, while the Board enhances its effectiveness by making key decisions that affect company-wide management. We believe this will help increase corporate value.

Based on this approach, we transitioned to a Company with an Audit & Supervisory Committee, expanded the scope of delegated decision-making authority for individual business matters, and shifted to the Board of Directors with a majority of outside members.

Beyond advances in "form," such as institutional design and Board composition, the true priority here lies in "substance." For the Board of Directors to practice highly effective supervision, it is essential to provide information in a timely and appropriate manner while setting agendas and organizing issues from a broad medium- to long-term perspective. Another prerequisite is a management team with strong business execution capabilities. Our Board of Directors and management team work in unison, fully understanding each other's roles and continually enhancing their capabilities, to take our management to the next level.

We must also continuously improve corporate governance from time to time in accordance with changing business conditions and operating circumstances. With the constant goal of enhancing corporate value, we will continue working to build a truly effective governance framework.

### History of strengthening corporate governance



## Corporate Governance

### Board of Directors

#### ● Evaluation of the effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, we analyze and evaluate its effectiveness each year through assessments and multiple discussions by Directors and Audit & Supervisory Board Members, and we disclose a summary of the results. Below are the results and summary of the FY2024 evaluation.

##### ■ Evaluation method

- **Named (non-anonymous) questionnaire** (covering all 11 Directors and all 5 Audit & Supervisory Board Members).

Function and role of the Board of Directors	Composition of the Board of Directors	Topics and agenda	Content and quality of discussions
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12 evaluation items, including the above

- **Based on the survey results, Directors and Audit & Supervisory Board Members held multiple discussions to evaluate and analyze the findings, as well as to identify issues and discuss initiatives for improvement.**

##### ■ Evaluation results overview

- **Both the survey responses and subsequent discussions confirmed that there are no major concerns regarding the effectiveness of the Board of Directors, which we consider to be functioning effectively.**
- **Key initiatives identified for FY2025**
  - Stabilize operations under the new structure following institutional design changes
  - Set agendas to enhance discussions on company-wide management themes
  - Review the size of the Board and the desired backgrounds of Directors
  - Strengthen collaboration between the Nomination and Remuneration Advisory Committee and the Board of Directors
  - Review and implement optimal audit practices following the transition to a Company with an Audit & Supervisory Committee

##### ■ FY2024 actions taken to address FY2023 issues

- **Based on the three issues identified in the FY2023 effectiveness evaluation, the Board held intensive off-site discussions on the topic of reviewing the functions and roles of the Board going forward**

Functions and roles that should be fulfilled by the Board of Directors	Composition of the Board of Directors	Setting the agenda for the Board of Directors
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- **Established policy for a comprehensive review of the Board of Directors, including its role, structure, and agenda setting, as well as changes to institutional design**
    - Discussed the future of the Company's Board of Directors to enhance its role as a forum for more effective dialogue and discussion that helps enhance the Group's corporate value over the medium- to long-term
    - In line with the April 2024 revision of the Company's business organization (designed to implement agile decision-making and self-disciplined management aimed at achieving sustainable growth and enhancing corporate value), confirmed the intention to divide roles of the Board of Directors and Management Council more clearly, and reorganized into a structure and operating framework enabling the Board to perform more effective supervision of executive management
    - Confirmed the intention to increase the number of Outside Directors to a majority and expand monitoring and discussion of important company-wide management issues as specific measures to strengthen the supervision function of the Board
- Based on the above three considerations, decided to expand the scope of authority delegated to the Management Council for individual matters (such as investment projects) and make necessary changes to institutional design (transition to a Company with an Audit & Supervisory Committee)

#### ● Enhancing deliberations through effective agenda setting

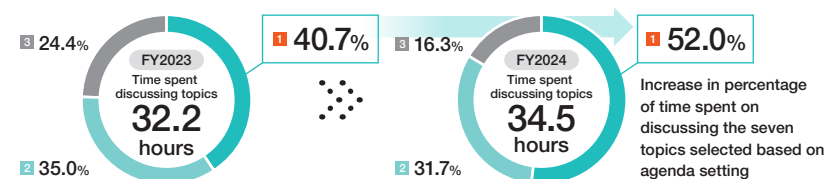
The Board of Directors engages in careful discussions to determine the key management themes that should be prioritized for deliberation over the coming year, a process known as "agenda setting." For the FY2024 agenda setting, we considered opinions raised during the FY2023 effectiveness evaluation—specifically, "Focus should be shifted to company-wide strategies as opposed to individual business strategies" and "Focus of discussion should be narrowed down to issues that should be undertaken, particularly under the Medium-Term Management Plan 2026 (such as company-wide growth strategy, business portfolio reshuffling, and human resource training/education)." Based on this, we established seven agenda items, as shown in the following table, to enhance the quality of deliberations. In particular, we held seven sessions (around six hours in total), including off-site meetings\*, to discuss governance enhancement (reassessing the role of the Board). We also held discussions focusing on business portfolio, human resource strategy, and shareholder returns. As shown in the pie chart below, we increased the proportion of agenda-setting topics in the total deliberation time from the previous year and stepped up monitoring and discussions of key company-wide management issues.

\* A forum separate from Board meetings where all Board members participate in free and open discussions

#### Main topics discussed by the Board in FY2024

Topic	Example of agenda items
Medium-Term Management Plan progress monitoring	• Overall management review • Business portfolio transformation
Human resource strategy and DE&I	• Employee engagement • Management personnel development • Succession planning • Employee demographics • Promotion of women's active engagement
Enhancement of governance	• Evaluation of the effectiveness of the Board of Directors • Internal control and internal audit • Governance system review • Officer nomination and remuneration • Efforts to enhance Group management • Revision of the Board of Directors' agenda criteria
Sustainability	• Status of promoting sustainability in each SBU • Status of human rights due diligence company-wide • Disclosure based on the TCFD recommendations • Response to climate change • Initiatives related to natural capital
DX and IT	• Promoting company-wide DX • Strengthening corporate IT
Shareholder return	• Dividend policy • Share repurchases
Monitoring of individual businesses	• Ambatovy nickel project • Acquisition of Net One Systems by CSMK
Other company-wide matters	• General Meeting of Shareholders • Annual results and finance • Crisis management and compliance • Monthly business reports by President and CEO • Reports on activities of important committees
Individual matters	• Individual investments (e.g., Myanmar telecommunications business, domestic offshore wind power business)

#### Deliberation time and proportion





## Corporate Governance

### ● Support system for Outside Directors

For newly appointed Outside Directors, we explain the Group's Management Principles and medium-term management plan and give opportunities to visit Sumitomo-related facilities to enhance their understanding of Sumitomo's Business Philosophy. We also arrange site visits each year to help deepen understanding of our business (FY2024: one domestic and one overseas site visit).



Site visit to construction and mining equipment businesses in Canada

### ■ Pre-meeting briefings for the Board of Directors

To improve the efficiency of Board discussions, we provide Outside Directors with pre-meeting briefings on the outline and key points of each agenda item (FY2024: 14 sessions for Directors at the time, totaling around 33 hours). We also provide explanations of each agenda item to Audit & Supervisory Board Members during their meetings, which are held prior to Board meetings. From FY2025 onward, we will continue arranging pre-meeting briefings on each Board agenda item to all Outside Directors, including Audit & Supervisory Committee Members.

### ■ Discussions at Outside Directors' meetings

To encourage active participation by Outside Directors in Board discussions, we hold a monthly Outside Directors' Meeting, consisting of Outside Directors including Outside Audit & Supervisory Committee Members, where they engage in robust discussion. In FY2024, the Outside Directors' Meeting focused its discussions on governance and the role of the Board of Directors. The meeting also served as a forum for exchanging views with the Chairman, Vice Chairman, President, and the accounting auditor.

### ● Advisory body to the Board of Directors

#### ■ Overview of the Nomination and Remuneration Advisory Committee activities

	Members	Number of meetings/ Attendance rate	Main discussion items
Outside Directors	(Chairperson) Takashi Mitachi	8/8 (100%)	<ul style="list-style-type: none"> <li>FY2025 Director/Executive Officer HR management (Selection of Management Council members and allocation of human resources based on successor plan)</li> <li>FY2024 evaluations of individual Executive Officers</li> <li>Executive remuneration system after transition to a Company with an Audit &amp; Supervisory Committee</li> <li>Stock-based remuneration system for officers (incorporating non-financial metrics and peer group criteria)</li> </ul>
	Akiko Ide	8/8 (100%)	
	Takahisa Takahara	7/7 (100%)*1	
Internal Directors	Masayuki Hyodo	8/8 (100%)	
	Shingo Ueno	8/8 (100%)	

\*1 Attended all 7 committee meetings held after appointment as committee member in June 2024

### ■ President succession plan

The Company defines the criteria for selecting its President and Chief Executive Officer as embodying the Sumitomo's Business Philosophy and possessing the necessary qualities and capabilities\*2. To systematically develop a pool of such talent, the Company actively provides a range of opportunities, including job rotations and assignments that offer global and diverse business and management experience, as well as training programs.

The Nomination and Remuneration Advisory Committee, chaired by an Outside Director, discusses appointment criteria and succession plans, which are then decided by the Board of Directors, ensuring an objective and transparent process.

\*2 "Be fair, impartial, disciplined, and self-controlled." "Have leadership and communication skills." "Have foresight and the ability to develop strategies," "Have the ability to execute and make innovative changes," and "Have perseverance and mental fortitude"

### ● Audit & Supervisory Committee

Following approval at the General Meeting of Shareholders on June 20, 2025, we transitioned to a Company with an Audit & Supervisory Committee. The Audit & Supervisory Committee is an independent statutory body that works with the Board of Directors to supervise the Company and is entrusted by shareholders to supervise the Directors' execution of their duties. By properly executing its duties while taking into consideration the interests of various stakeholders, the Committee will strive to further enhance the corporate governance system of the Company and the Group, help realize sound and sustainable growth and create medium- to long-term corporate value, and earn the trust of society.

#### ■ Audit plan and activity status

Amid an uncertain global environment marked by conflicts and trade frictions in various regions, the Group is working steadily to realize its Medium-Term Management Plan 2026 by managing a wide range of risks while pursuing sustainability management. In this process, the Audit & Supervisory Committee will focus on maintaining and enhancing the soundness of business activities and will audit the following items.

#### • Focus of audits

- (1) Status of compliance with the Companies Act and other laws and regulations, our Articles of Incorporation and internal rules, and the "Sumitomo Corporation Group's Management Principles and Activity Guidelines"
- (2) Status of the establishment and implementation of the Sumitomo Corporation Group's internal control system, including the systems for compliance with laws and regulations and risk management systems
- (3) Establishment and implementation of internal control systems related to financial reporting under the Financial Instruments and Exchanges Act
- (4) Appropriateness of financial reporting through monitoring and verifying the independence, expertise, and audit quality management systems of the accounting auditor

#### • Audit & Supervisory Committee activities

- (1) Attendance at important meetings
- (2) Exchange of opinions with persons in charge of management and business execution
- (3) On-site audits and observations
- (4) Cooperation with internal audit organization
- (5) Cooperation with accounting auditor
- (6) Cooperation with Audit & Supervisory Board Members of subsidiaries and other related entities

#### Message from the Chairperson of the Audit & Supervisory Committee

I believe that the difference between an Audit & Supervisory Committee and a conventional Audit & Supervisory Board is that the Committee operates as an organized body. All five members of our Audit & Supervisory Committee share the same level of information and, through open discussions that respect each member's expertise and experience, work together as a unified body to fulfill their duties. In addition, we will step up collaboration with the accounting auditors, Internal Auditing Department, and internal control-related departments to enhance the effectiveness and efficiency of the Audit & Supervisory Committee's duties. Through these efforts, we will foster the sound, sustainable growth of the Company and the Group and the enhancement of social trust.



**Daisuke Mikogami**  
Chairperson of the Audit & Supervisory Committee

## Corporate Governance
















### ● Composition of the Board of Directors

The membership of the Board of Directors is appropriate in numerical terms to facilitate adequate discussion and speedy and rational decision-making, and provides diversity in terms of experience, knowledge, specialization, gender, and other characteristics. Moreover, out of the 15 Directors appointed, eight are independent Outside Directors with differing experience and specializations to ensure appropriate decision-making from more diverse perspectives and to further strengthen the supervisory functions of the Board of Directors. The Chairman of the Board of Directors, who convenes meetings of the Board of Directors and presides over them as

Chairperson, supervises management but does not engage in routine operations and has no authority to represent the Company. Furthermore, to allow mutual checks and balances, the posts of the Chairman of the Board of Directors and President and Chief Executive Officer are in principle separate and not to be held concurrently by the same individual. Skills (such as knowledge, experience, and competencies) that the Board of Directors is required to possess and the skills of each Director are listed below.

### ● Skills of each Director

The skills of each Director are determined through discussions with the individual, taking into account their career background, knowledge, competencies, qualifications, and specific achievements in a comprehensive manner.

	Directors (excluding those who are Audit & Supervisory Committee Members)										Directors who are Audit & Supervisory Committee Members				
	 Masayuki Hyodo Director, Chairman	 Toshikazu Nambu Director, Vice Chairman	 Shingo Ueno Representative Director, President and Chief Executive Officer	 Takayuki Seishima Representative Director, Executive Vice President	 Reiji Morooka Representative Director, Executive Vice President	 Akiko Ide Outside Director	 Takashi Mitachi Outside Director	 Takahisa Takahara Outside Director	 Haruyasu Asakura Outside Director	 Nana Otsuki Outside Director	 Daisuke Mikogami Director (Full-Time Audit & Supervisory Committee Member)	 Kazunari Sakata Director (Full-Time Audit & Supervisory Committee Member)	 Yukiko Nagashima Outside Director (Audit & Supervisory Committee Member)	 Nobuo Inada Outside Director (Audit & Supervisory Committee Member)	 Taisei Kunii Outside Director (Audit & Supervisory Committee Member)
Nomination and Remuneration Advisory Committee Member	○		○			○	◎	○							
Attendance at Board meetings (FY2024)	16/16 (100%)	13/13 (100%)*4	16/16 (100%)	16/16 (100%)	16/16 (100%)	16/16 (100%)	16/16 (100%)	16/16 (100%)	13/13 (100%)*4	13/13 (100%)*4	16/16 (100%)	16/16 (100%)	16/16 (100%)	13/13 (100%)*4	13/13 (100%)*4
Attendance at Audit & Supervisory Board meetings (FY2024)											17/17 (100%)	17/17 (100%)	17/17 (100%)	12/12 (100%)*4	12/12 (100%)*4
Term of office	7 years*1	1 year*2	2 years	6 years	3 years	5 years	3 years	2 years	1 year	1 year	2 years*3	3 years*3	4 years*3	1 year*3	1 year*3
Shares owned in the Company (As of March 31, 2025)	183,600	85,600	89,600	68,000	54,500	0	0	0	0	0	38,800	14,200	0	0	0
Corporate Management	●	●	●	●	●	●	●	●	●		●	●	●		●
Investment/M&A	●	●	●				●	●	●	●	●	●	●		
IT/DX/Technology		●				●					●				
Sustainability	●		●			●	●	●		●					
Finance/Accounting	●	●		●	●				●	●					●
Legal/Risk Management	●			●	●		●							●	
HR Management & Development	●	●	●	●			●				●		●	●	

\*1 Served as a Director of the Company for one year (June 2016–June 2017) in addition to above \*2 Served as a Director of the Company for 4 years (June 2019–June 2023) in addition to above

\*3 Includes period served as an Audit & Supervisory Board Member \*4 Status since assuming office on June 21, 2024

○ Member ◎ Chairperson

## Corporate Governance

### ● Skills of Directors

#### ■ Types of Skills, such as knowledge, experience, and competencies, that the Board of Directors is required to possess

All Directors of the Company, regardless of whether they are Internal or Outside Directors, are required to be honest in character, as well as highly insightful and capable, in accordance with their respective qualifications. Also, the Company raises “No. 1 in Each Field” as a theme under the Medium-Term Management Plan 2026, and the Company is transforming its business portfolio by leveraging the strengths of individual businesses to reinforce them and strengthening people and organizations, which are the driving forces for growth. Through such initiatives, the Company will strive to enhance the Group’s competitive advantages and achieve growth by addressing social challenges. For successful implementation of this management plan, we have identified the types of knowledge, experience, and competencies (hereinafter

“Skills”), that enable the Board of Directors to adequately fulfill its roles of making decisions on important business matters and supervising business execution. “Governance” and “Global perspective” are Skills that all Directors are required to possess, while we believe that the Board of Directors as a whole should possess the other seven Skills. Of these seven Skills, for Audit & Supervisory Committee Members we place a particularly high priority on “Corporate Management,” “Finance/Accounting,” and “Legal/Risk Management.” As the Skills that the Directors are required to possess might vary according to business strategies or changes in the external environment, the Board of Directors will continue to discuss the skills required, make necessary changes, and disclose such changes.

#### Skills that all Directors are required to possess and the reasons why these Skills are necessary

##### Governance

We believe that in order to fulfill our mandate from shareholders while at the same time managing our business in the interests of all stakeholders, it is essential for all Directors to be well-equipped with a high level of knowledge regarding governance. The essence of corporate governance based on our view is defined in the Sumitomo Corporation Corporate Governance Principles as “improving management efficiency” and “maintaining sound management,” as well as “ensuring management transparency.”

##### Global Perspective

From the perspective that the Company conducts business transactions and investments throughout the world, we believe that all Directors should have keen insight from a global perspective. We view that this Skill entails the ability to plan and implement an optimal business strategy that combines caution with flexibility even under extremely uncertain situations, taking into account different cultures, different industrial structures, the latest geopolitical developments, and so forth. We also view that this Skill includes the ability to appropriately supervise the execution of related management duties.

#### Skills that the Board of Directors as a whole is required to possess and the reasons why these Skills are necessary

##### Corporate Management

The Company engages in a range of business activities, aiming for a stable and sustainable increase in its corporate value. As the Board of Directors is the body that makes decisions on the Company’s important business matters and supervises operational execution, we place a high priority on Skills related to corporate management. Such Skills are necessary to plan and implement an optimal business strategy for creating value in accordance with the Company’s Management Principles while also meeting our stakeholders’ expectations in a constantly changing operating environment.

##### Investment/ M&A

The Company invests in a diverse range of business domains. We consider Skills related to investment and M&A to be important for maximizing corporate value by selecting and implementing investment projects aligned with our strategy, and for supervising the progress of such projects. Such Skills include the abilities to clearly define investment objectives and determine their compatibility with our strategy, to properly evaluate investment targets, to undertake post-investment monitoring, and to ascertain the best timing for replacement of assets. We believe that it is expected for the Board of Directors to take a broad overview of investment projects and express its opinions on such projects from a standpoint one step away from that of Executive Officers and other executives.

##### IT/DX/ Technology

As accelerating technological advancements transform societies and industrial structures, the Company will continue to create value by responding with agility to such change, by anticipating change to pursue business innovation, and by creating new businesses. We will also reform our own business foundation by making effective use of new digital technologies such as AI in our business activities in line with our own values. We therefore place priority on Skills related to IT, DX, and Technology to facilitate decision-making and supervision in relation to such initiatives.

##### Sustainability

Having identified certain important challenges that need to be prioritized as Material Issues, and placed these issues at the core of its business management, the Company always pays attention to whether its businesses are contributing to society. We are pursuing sustainability management, which entails anticipating long-term changes in our operating environment relating to social issues and allocating management resources strategically to contribute to a sustainable society and achieve sustainable growth for the Company. To implement and supervise such management, therefore, we place priority on knowledge and Skills relating to sustainability, including awareness of international trends and understanding of the relevant issues.

##### Finance/ Accounting

To enhance its sustainable corporate value, the Company endeavors to achieve medium-to long-term earnings growth and increase its returns to shareholders while maintaining a healthy balance between investment for growth and a solid financial position. To enable us to make appropriate decisions and properly inform the Company’s initiatives to stakeholders as we work forward toward these goals, we need to provide accurate, timely financial reporting. We regard specialized Skills relating to finance and accounting as vital for the implementation and supervision of these tasks.

##### Legal/ Risk Management

We consider three goals to be of key importance in ensuring that the Company achieves sustainable, robust growth: stabilizing performance, strengthening our financial base, and maintaining our corporate reputation. To achieve these goals, we conduct appropriate risk management using various means. These include assessing and analyzing the risks that accompany commercial transactions, business investments, and other business opportunities; keeping the Company’s total Risk-weighted Assets to within our buffer (shareholders’ equity); and maximizing Risk-adjusted Return. Accordingly, we place priority on a wide variety of risk management-related skills necessary to achieve these ends, including the ability to screen and monitor transactions, investments, and loans, and expertise in legal and compliance risk management.

##### HR Management & Development

Regarding human capital as its most important form of business capital, the Company provides each individual with opportunities for self-disciplined growth and self-realization and strives to upgrade its HR management cycle. Through such efforts, we are maximizing the performance of our diverse talents and the organization as a whole, thereby pursuing our business strategies and creating new value. We particularly emphasize Diversity, Equity & Inclusion, which we recognize as the core enabler for value creation, innovation, and competitiveness. We therefore regard Skills related to HR management and development as important for enabling the Board of Directors to make key decisions on such initiatives and supervise their implementation.



## Corporate Governance

# Executive remuneration

### ● Executive remuneration plan

- Executive remuneration (within the maximum amount approved by the General Meeting of Shareholders) is reviewed by the Nomination and Remuneration Advisory Committee and submitted to the Board of Directors for resolution.
- Remuneration for Executive Directors and Executive Officers consists of (1) Monthly remuneration, (2) Performance-linked bonus, and (3) Restricted performance share unit-based remuneration. Remuneration of the Director, Chairman, whose main role is management supervision and engaging in external relations activities as stipulated in the Sumitomo Corporation Corporate Governance Principles, consists of restricted performance share unit-based remuneration designed to enhance shareholder value, in addition to monthly remuneration. Remuneration of the Director, Vice Chairman is structured in the same manner. Remuneration of Outside Directors who are not Audit & Supervisory Committee Members consists solely of fixed monthly remuneration, reflecting their role in supervising management with a high degree of objectivity and independence.
- Remuneration of Directors who are Audit & Supervisory Committee Members also consists solely of fixed monthly remuneration, reflecting their role in supervising management with a high degree of objectivity and independence. The specific remuneration amount are determined through discussions among the Directors who are Audit & Supervisory Committee Members, with the maximum amount approved by the General Meeting of Shareholders.

Remuneration types and purposes		Annual maximum amount (total)	Eligibility				Remuneration breakdown of the Representative Director, President and Chief Executive Officer *1
			Executive Directors	Chairman of the Board of Directors/Director, Vice Chairman	Outside Directors (excluding Audit & Supervisory Committee Members)	Directors (Audit & Supervisory Committee Members)	
Fixed	Monthly remuneration	¥700 million*2	●	●	●	●	27%
Variable	Performance-linked bonus Purpose: Enhance alignment of remuneration with business strategy and performance	¥750 million	●	—	—	—	33%
Variable (shares)	Restricted performance share unit-based remuneration Purpose: Promote management with a focus on enhancing the Group's medium- to long-term corporate and shareholder value	¥2.6 billion	●	●	—	—	40%

\*1 The above breakdown is calculated on the assumption that the rate of achievement of business results, the stock growth rate, and the results based on non-financial indicators are all 100%. The composition ratios for each type of remuneration vary according to changes in these rates.

Share price growth rate: Reflects price changes over a three-year period.

Calculation method:  $\{(\text{Average price of the Company's common shares in the month of termination of Evaluation Period}) / (\text{Average price of the Company's common shares in the month of commencement of Evaluation Period})\} / \{(\text{Average of TOPIX in the month of termination of Evaluation Period}) / (\text{Average of TOPIX in the month of commencement of Evaluation Period})\}$

\*2 Separately, remuneration of Directors who are Audit & Supervisory Committee Members is set at an annual maximum of ¥250 million, as approved by a resolution of the General Meeting of Shareholders.

### ● Performance-linked bonus

#### ■ Total amount

The Company sets a performance target as either the full-year forecast for consolidated net income for each fiscal year or consolidated net income corresponding to an ROE of 12%, whichever is higher. The total performance-linked bonuses to be paid is determined based on the rate of achievement against this target. The performance range is set at  $\pm 50\%$  of the performance target established for each fiscal year. The total payout amount is set at 100% when the target is achieved and varies between 25% and 175% depending on the level of performance against the range.

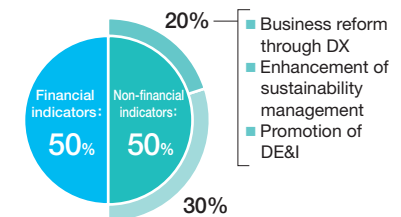
Note: If the performance falls outside the specified range, the Board of Directors will make a separate decision based on the recommendation of the Nomination and Remuneration Advisory Committee.

#### ■ Amount paid to individuals

For individual evaluations, we use a 50:50 weighting between financial and non-financial indicators to ensure a stronger commitment to management strategies and results. Financial indicators take into account the achievement of business plans and other targets within the individual's area of responsibility. For non-financial indicators, we consider the achievement level of SBU-specific targets, as well as efforts to address company-wide priority initiatives.

Company-wide priority issues—business reform through DX, enhancement of sustainability management, and promotion of DE&I—account for 20% of the total evaluation. The weight of these three items varies by individual, depending on each person's area of responsibility.

Breakdown of financial and non-financial indicators in the personal evaluation



### ● Restricted performance share unit-based remuneration

To further encourage management to focus on promoting efforts to increase the Group's corporate value over the medium to long term and sharing value with its shareholders, the Company annually calculates the number of shares to be granted based on its stock growth rate during the three-year evaluation period. In addition, evaluations on non-financial indicators concerning the environment and society are reflected to promote initiatives to address key social issues, and thus, calculated number of the Company's common shares (restricted) is granted.

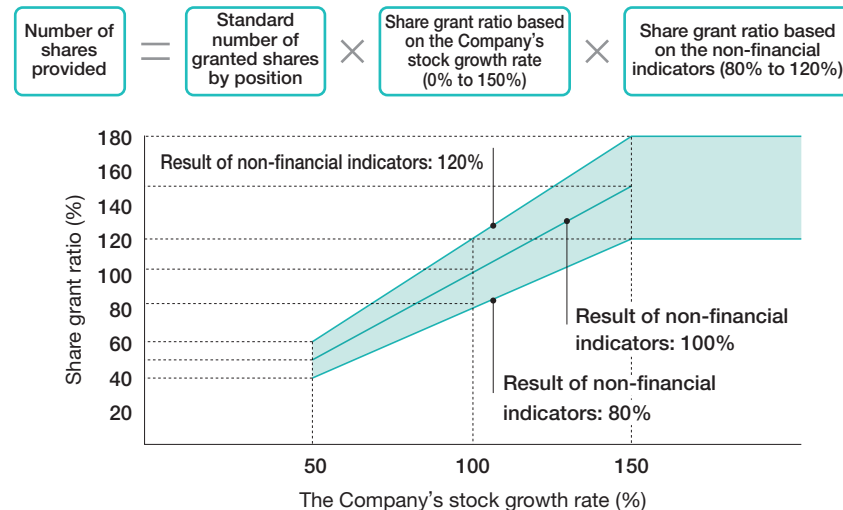
Evaluation period of the Company's stock growth rate and non-financial indicators (image)

	2025	2026	2027	2028	2029	2030
2025 plan		Evaluation period		Share grant		
2026 plan			Evaluation period		Share grant	
2027 plan				Evaluation period		Share grant

Note: The restriction period will be from the day the shares are provided until the day the recipient resigns or retires from all their positions as Director or Executive Officer of the Company or any other position determined by the Board of Directors.

## Corporate Governance

### Share grant ratio based on the stock growth rate and non-financial indicators



#### ■ Non-financial indicators in calculation of the share grant ratio

Measures to tackle climate change, promotion of women's active engagement, and employee engagement have been set as indicators in calculating the number of granted shares. The progress and results of initiatives for each fiscal year are evaluated, and the final evaluation is determined by the Nomination and Remuneration Advisory Committee after averaging the evaluations over a three-year period.

Item	Evaluation criteria	Evaluation ratio
Measures to tackle climate change	Reduction of CO <sub>2</sub> emissions across the Group (achievement of annual targets) and the progress and outcomes of initiatives related to building businesses that support a sustainable energy cycle for society (evaluated comprehensively at the Company level based on the achievement of SBU-specific targets)	Reflected in evaluation using a ratio of 1:1:1
Promotion of women's active engagement	Results versus the quantitative targets set every year to achieve the target ratio of women in FY2030	
Employee engagement	Quantitative results of "employee engagement" and "environment that utilizes employees" in engagement surveys (year-on-year improvement and achievement of global average)	

## Cross-shareholdings

As a general rule, the Company will neither acquire nor hold shares in other listed companies for purposes other than pure investment.

However, the Company might decide to hold shares in listed companies in some exceptional cases when the Company determines that it is appropriate. For such determination, the Company will comprehensively assess and verify the cost of capital of individual stocks and economic rationality and the significance of holding the stocks in light of the necessity of partnering or other business needs. Each year, the Board of Directors reviews whether the Company's holding of listed shares is appropriate.

If such annual review concludes that specific shareholdings are of little significance, the Company will push ahead with the sale of the shares.

In FY2024, the Company sold shares of 11 listed stocks (either in whole or in part), amounting to ¥81.7 billion in total. As of the end of March 2025, the Company's shareholdings in listed companies covered 43 stocks, with a total balance of ¥158.0 billion.

The Company also takes various considerations into account under the internal guidelines when making decisions in exercising its voting rights. Having fully considered issues from both quantitative and qualitative standpoints, it adequately exercises voting rights for each agenda item based on whether exercising voting rights will lead to enhanced medium- to long-term corporate value at the investee company and the Company and to enhanced value for its own shareholders. When a company holding the Company's stock for purposes other than pure investment indicates intent to dispose of its holdings, the Company respects the decision in principle and ensures that their business relationship will not be influenced.

## Our approach to holding listed Group companies

Benefits of being a listed Group company include establishing a solid financial basis including better financing capacity; enhancing credibility through the establishment and operation of a governance system, including the transparency of business management and internal control; increasing the corporate presence; increasing brand strength in hiring employees; further developing trust with business partners as well as the higher credibility of its services and businesses; and enhancing motivation among the officers and employees of the Group company.

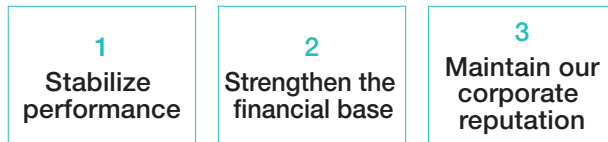
The Company, as an integrated trading company engaged in a wide range of businesses, verifies, considers, and judges the appropriateness of holding shares in each listed Group company at the Management Council and other forums, taking into account the position of each listed Group company within our Group's strategy, its business situation, and the surrounding business environment, while also taking into account the need to ensure the management independence of each listed Group company.

The Company also believes that by dispatching executives and others to each Group company through equity participation, we will be able to have more effective dialogue and collaboration, which will increase each other's corporate value, generate synergies, and ultimately maximize the corporate value of our Group. The significance of holding shares of each listed Group company in our business strategies is disclosed in our Corporate Governance Report. Going forward, the Company will continue to review the significance of holding these shares and the significance of listing them, taking into account changes in the business environment surrounding each listed Group company and the nature of collaboration and cooperation with the Company.

# Risk Management

## Basic policy and framework

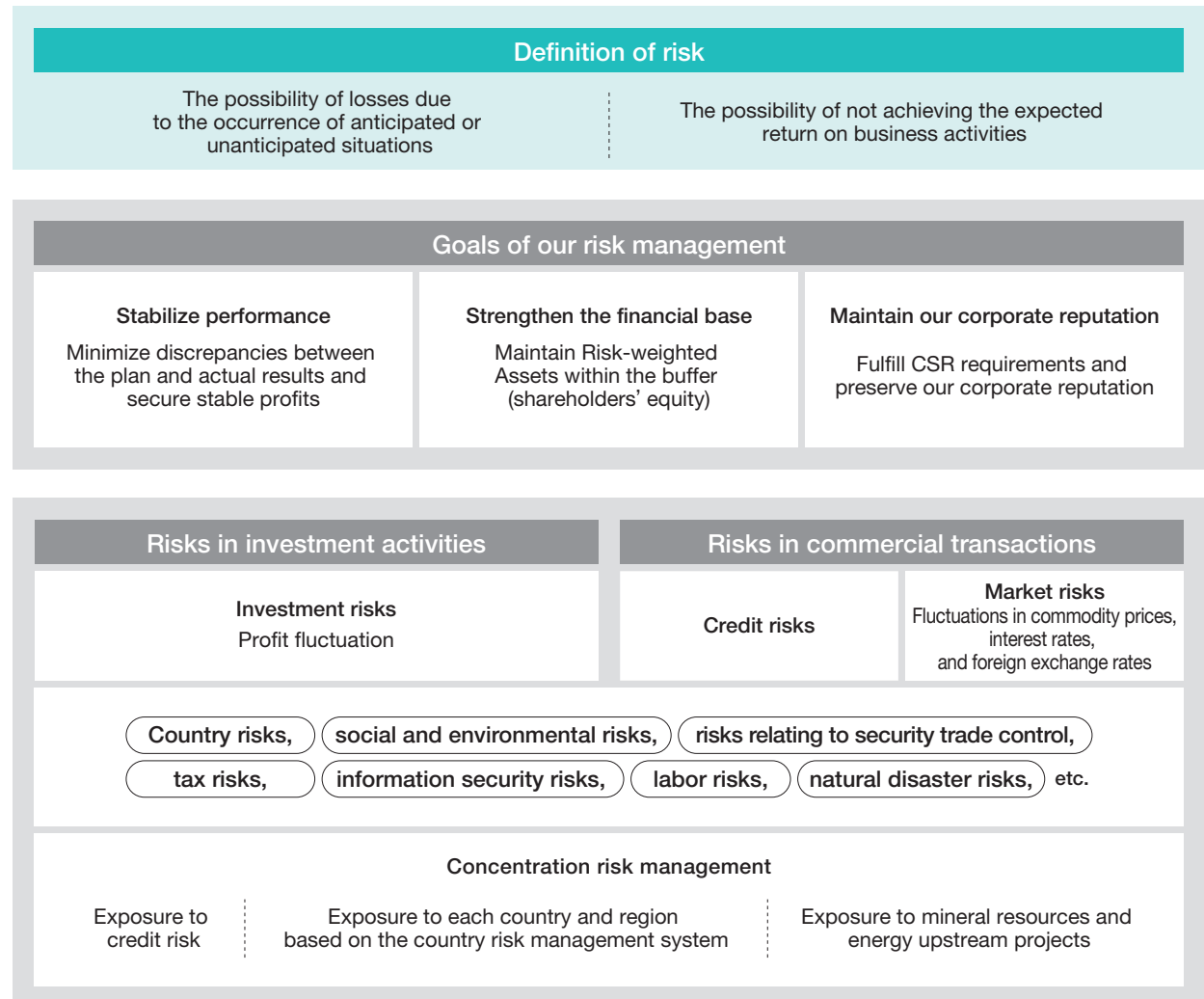
We define “risk” as “the possibility of losses due to the occurrence of anticipated or unanticipated situations” and as “the possibility of not achieving the expected return on business activities.” We have set the following three items as the goals of our risk management activities.



We categorize our business activities into investments and commercial transactions and manage risk after identifying both common and category-specific risk factors. By studying advanced methods and processes, we have created an effective risk management framework that anticipates changes in the external environment. Our goal is to implement the best practice in risk management while maintaining the flexibility to adapt to changes in the business environment.

The business environment is continually altering, and new business models that we could never have imagined are emerging on a daily basis. To respond to such situations in a timely and effective manner, we continue to evolve our risk management activities under the leadership of senior management. As an example, we have established rigorous investment discipline as the common basis of judgment to select more appropriate investments among diverse investment opportunities in a wide range of business domains. At the same time, we have built an optimal governance structure for improving the value of each business after investment and introduced an incentive plan linked to investment performance.

### Risk management system





## Risk Management

### Investment Risk Management

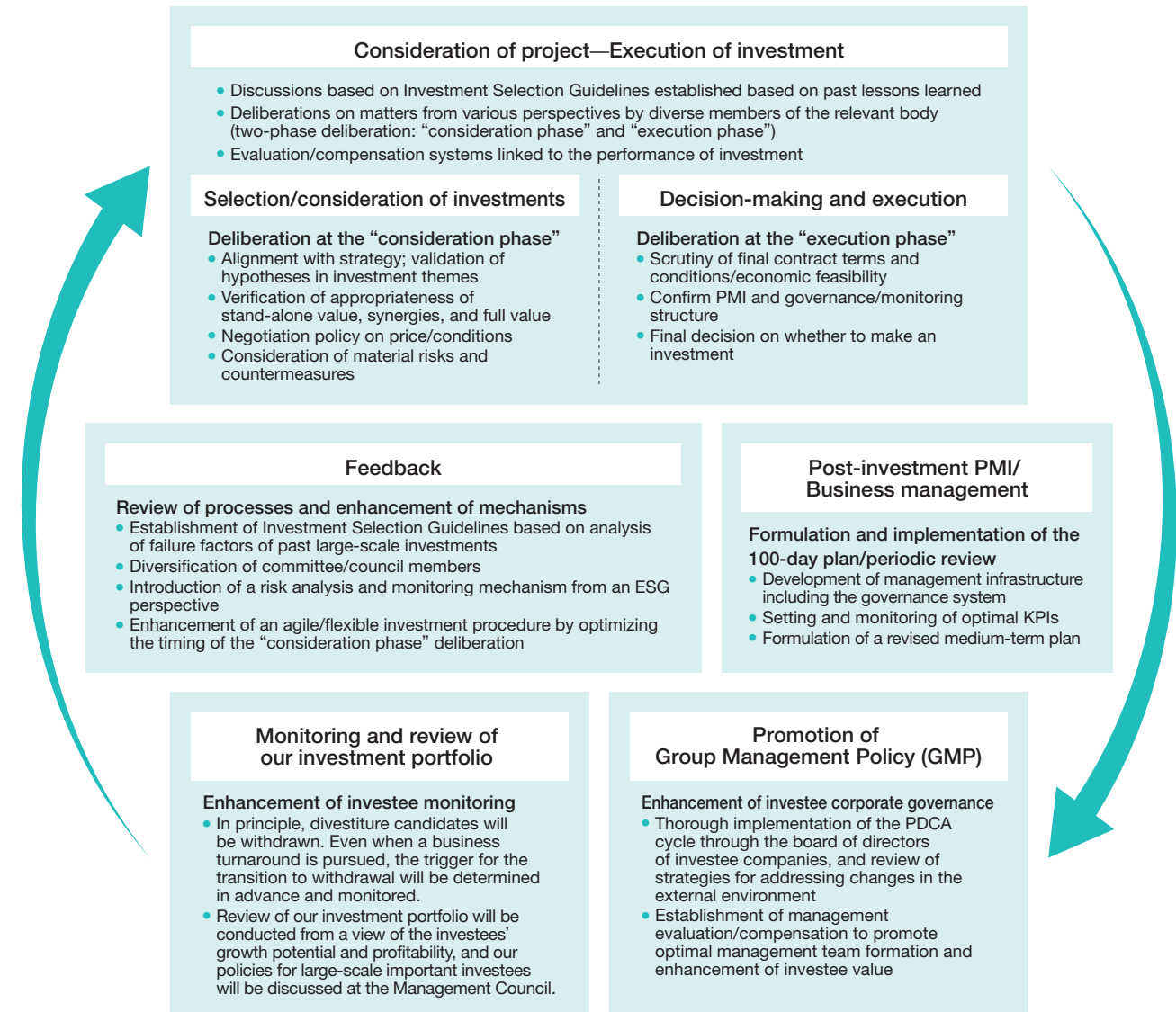
Dealing with the changes in our overall portfolio, as well as the nature of the risks involved in each individual investment opportunity, we have adopted a unified framework that covers the whole investment process from the entrance to the exit of investments, while reviewing the process for assessing and following up on investment projects as appropriate.

When assessing investment projects, we clarify the investment theme at the initial stage of the process and verify its appropriateness as a key point of due diligence. In addition, by applying a discount rate appropriate to each business risk, we are able to calculate an “appropriate price” for the investment and evaluate the opportunity from both quantitative and qualitative aspects.

At each stage of consideration and execution, investment decisions are deliberated, depending on the size and importance of the investment, at the Management Council and the Company Investment Committee (the advisory body to the Management Council), or the Group Management Council (the investment decision-making body of each business group). From an early stage, these institutions conduct in-depth discussions from a variety of perspectives on the various factors that might affect the success or failure of investments, such as the strategic positioning of the project, the background to and the reasoning behind the selection of the project, the assumptions and certainty of post-investment value-up measures, and the ESG issues.

In addition, we have enhanced the mechanisms for improving the probability of investment success at each stage of investment. We will increase the value of each business by steadily implementing measures, including establishment of strict investment disciplines for selecting investments, implementation of an optimal governance structure for increasing the value of each business after investment, reviewing strategies and establishing a medium-term plan for addressing changes in the external environment, and deployment of the right resources at the right time. In 2022, to further enhance our commitment to value creation, we introduced a new compensation system linked to the performance of our portfolio companies. In addition, starting in FY2025, we have revised the previous monitoring framework for investees. Under the new system, we will identify divestiture candidates based on certain quantitative criteria and conduct business investment reviews focused on the growth potential and profitability of investees, as well as the progress of new investment projects. Through this process, we will pursue further reallocation and optimization of our investment portfolio.

#### Investment risk management framework





# Information Security

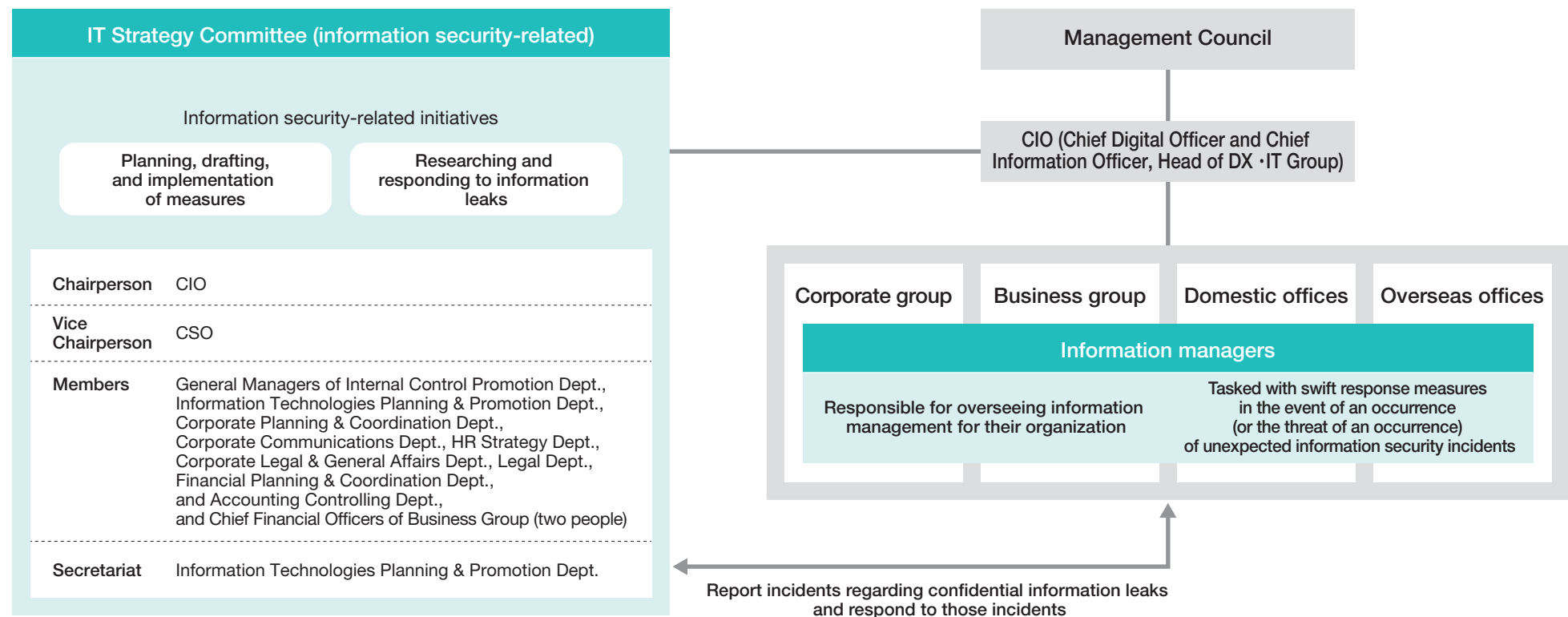
Recognizing the importance of information security, Sumitomo Corporation, led by the IT Strategy Committee chaired by the Chief Information Officer (CIO), has established the Information Security Policy and other relevant regulations, and works to ensure information security and the appropriate management of information assets. For personal information, we operate a Privacy Policy and have put in place relevant regulations and organizational structures to ensure appropriate protection.

We also take steps to minimize the risk from unexpected situations involving

information security, such as external attacks aimed, for instance, at theft or destruction of corporate information, through collaboration with external specialized agencies. In addition to system-based safeguards, we conduct continuous training and drills for officers and employees and system monitoring and upgrades covering our major subsidiaries and other Group entities.

Furthermore, we have assigned information managers to each organization. These people classify information assets according to their importance and provide instructions on how to handle them, thereby ensuring overall information security.

## Information security management system



# 04

## Performance

### CONTENTS

- 66 List of Group Businesses
- 67 Steel Group
- 68 Automotive Group
- 69 Transportation & Construction Systems Group
- 70 Diverse Urban Development Group
- 71 Media & Digital Group
- 72 Lifestyle Business Group
- 73 Mineral Resources Group
- 74 Chemical Solutions Group
- 75 Energy Transformation Business Group
- 76 Summary of Key Financial Indicators/  
Share Price-Related Indicators
- 77 Segment Information
- 78 Summary of Non-Financial Indicators
- 79 Company Information
- 80 Global Network
- 81 Dialogue with Stakeholders
- 82 External Recognition

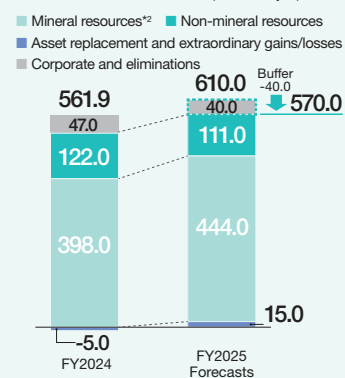


# List of Group Businesses

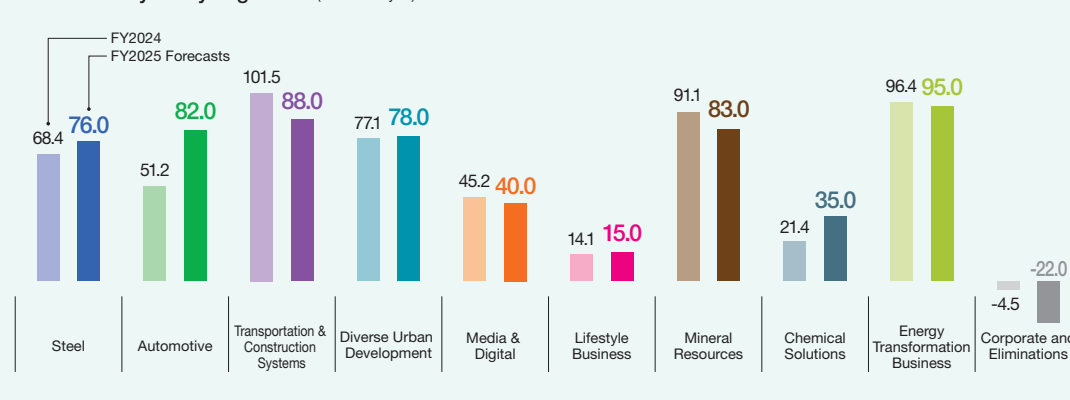
Group	Steel Group	Automotive Group	Transportation & Construction Systems Group	Diverse Urban Development Group	Media & Digital Group	Lifestyle Business Group	Mineral Resources Group	Chemical Solutions Group	Energy Transformation Business Group
SBU <sup>*1</sup>	<ul style="list-style-type: none"> <li>Energy Tubular</li> <li>Steel Products</li> <li>Steel GX</li> </ul>	<ul style="list-style-type: none"> <li>Automotive Manufacturing and Engineering</li> <li>Automotive Sales &amp; Marketing</li> <li>Mobility Services</li> <li>Tire</li> <li>Beyond Mobility</li> </ul>	<ul style="list-style-type: none"> <li>Leasing</li> <li>Commercial Aviation</li> <li>Aerospace Defense &amp; Technology</li> <li>Ship &amp; Marine</li> <li>Construction &amp; Mining Systems</li> </ul>	<ul style="list-style-type: none"> <li>Real Estate</li> <li>Industrial Park and Sustainable City</li> <li>Industrial System &amp; Material</li> <li>Logistics and Insurance</li> <li>Social Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Digital</li> <li>Smart Communication Platform</li> <li>5G</li> <li>Cable Platform</li> <li>Media Commerce &amp; Contents</li> <li>Innovation &amp; Investment</li> </ul>	<ul style="list-style-type: none"> <li>Retail</li> <li>Food</li> <li>Healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Non-Ferrous Metals</li> <li>Aluminium</li> <li>Coal and Nuclear Fuel</li> <li>Ferrous Raw Materials and Carbon</li> <li>Commodity Business</li> </ul>	<ul style="list-style-type: none"> <li>Basic Chemicals</li> <li>Electronics</li> <li>Green Chemical</li> <li>Life Science</li> <li>Agri Business</li> </ul>	<ul style="list-style-type: none"> <li>Energy Innovation Initiative</li> <li>Japan Energy Solution</li> <li>Overseas Energy Solution</li> <li>Indonesia Energy Solution</li> <li>Gas Value Chain</li> <li>Maritime Energy Solution</li> </ul>
Business Lines	<ul style="list-style-type: none"> <li>Trade of steel products (tubular products, steel sheets, and railway products)</li> <li>Processing of tubular products, steel sheets, and railway products, and other related businesses</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing, distribution, finance, lease, and peripheral businesses of automotive products, tires and related products, as well as mobility service business</li> </ul>	<ul style="list-style-type: none"> <li>Trade and operations for aircraft, aerospace-related products, and ships, as well as general lease &amp; finance business</li> <li>Sales, services, rental, and trading of construction, mining, agricultural, and industrial equipment, together with related products</li> </ul>	<ul style="list-style-type: none"> <li>Real estate, including office buildings, retail facilities, residences, logistics facilities, hotels, and real estate funds</li> <li>Development and management of sustainable cities and industrial parks</li> <li>Construction material and equipment business, including cement and industrial facilities</li> <li>Integrated logistics infrastructure business and insurance business</li> <li>Social infrastructure business, including transportation, airports, ports, and water infrastructure businesses</li> </ul>	<ul style="list-style-type: none"> <li>Digital solution business and digital media-related business</li> <li>Smart communications infrastructure business and value-added service business</li> <li>Businesses related to fifth-generation (5G) mobile communication systems</li> <li>Media businesses in cable television and multi-channel programming distribution</li> <li>TV shopping business and video content-related business</li> <li>Global corporate venture capital, start-up investment, and private equity</li> </ul>	<ul style="list-style-type: none"> <li>Retail business such as supermarkets</li> <li>Food products including perishable food (meat, fruits, and vegetables) and food raw materials (fruit juice, grains, oils, sugar, and sweeteners)</li> <li>Healthcare business, such as drugstores and managed care business</li> </ul>	<ul style="list-style-type: none"> <li>Development and trading of non-ferrous metal raw materials such as copper, nickel, and aluminium, precious metals, coal, iron ore, and nuclear fuel, trading of carbon-related raw materials and products, non-ferrous metal products and related businesses, commodity derivatives, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Businesses related to basic chemicals (organic/inorganic chemicals and plastics), green chemicals, semiconductor/battery materials, electronics, pharmaceuticals, cosmetics, animal health products, veterinary medicine, agricultural materials (e.g., crop protection products, fertilizers), and next-generation agriculture and food production systems</li> </ul>	<ul style="list-style-type: none"> <li>Carbon-free energy-related business</li> <li>New power and energy services business</li> <li>Carbon management business (nature base)</li> <li>Power infrastructure business</li> <li>Maritime infrastructure business</li> <li>Bunker fuel and lubricant supply and next-generation marine fuel business</li> <li>LNG projects and city gas distribution</li> <li>Trading of natural gas, power, environmental products, and LNG</li> <li>LPG business</li> </ul>

<sup>\*1</sup> SBU: Strategic Business Unit

Profit for the year by mineral and non-mineral resources (Billions of yen)



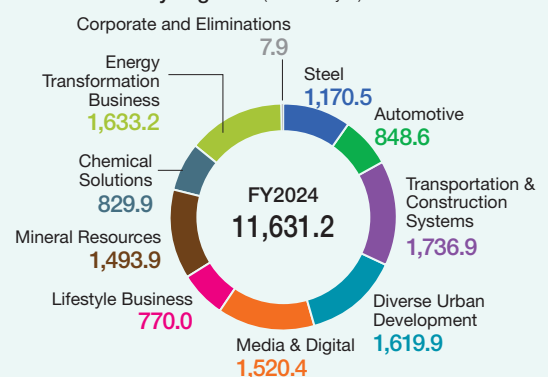
Profit for the year by segment<sup>\*3</sup> (Billions of yen)



<sup>\*2</sup> Mineral resources is a sum of Mineral Resources Group, and Gas Value Chain SBU within Energy Transformation Business Group.

<sup>\*3</sup> Profit for the year by segment is rounded to the nearest billion yen.

Total assets by segment (Billions of yen)



# Steel Group

Leverage our global steel product supply chain to contribute to the achievement of carbon neutrality in the industry and create new functions and value.

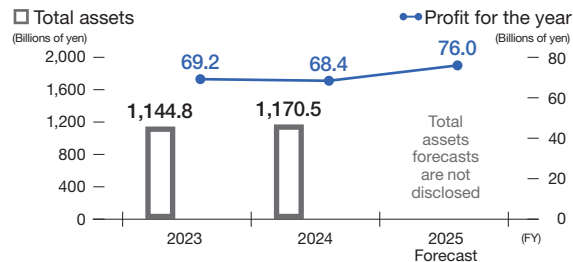
Main relevant material issues



Katsuya Inubushi  
Group CEO, Steel Group



## Quantitative information (profit for the year, total assets, and total investments)



## FY2024 Investment

Total investments **Approx. ¥39.0 billion**

## Main investment areas

- Manufacturing business for the foundation of offshore wind power generation (monopile) in Europe
- Manufacturing business for composite railroad ties in the U.S.

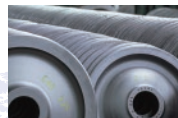
## Group Business Development



Supply of steel pipes for energy development in the North Sea  
**Europe**



Manufacturing business for the foundation of offshore wind power generation (monopile)



Railway wheel and axle manufacturing business

Middle East  
Africa

East Asia

Southeast Asia  
South Asia  
Oceania

North America  
Central and South America



Supply of oil country tubular goods (OCTG) and line pipe to major energy companies



Steel service center operations worldwide



Special steel manufacturing business in India



Manufacturing business for composite railroad ties

## [External Environment] Business Environment

### Opportunities

- Pursuing growth in the U.S. and India, where steel demand is expected to increase
- Increasing demand for steel materials and equipment that fosters stable energy supplies
- Increasing demand for steel products related to decarbonization and the green circular economy

### Risks

- Global steel supply-demand imbalance
- U.S. tariff measures

## [Internal Environment] Key Group Strengths

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

## Business Strategy

- Engage in global supply chain management for steel products to swiftly address changes in the global steel industry and thus strengthen and expand business
- Strengthen regional sales capabilities and manage inventory risk to improve resilience to market volatility

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Invested in the foundation of the offshore wind power (monopile) manufacturing business in Europe to foster a decarbonized society through the greening of the supply chain
- Invested in a North American manufacturer of composite railroad ties to support construction of sustainable railway infrastructure and generate synergies with our existing railway product manufacturing business
- Proactively strengthened and expanded asset replacement in low-growth businesses

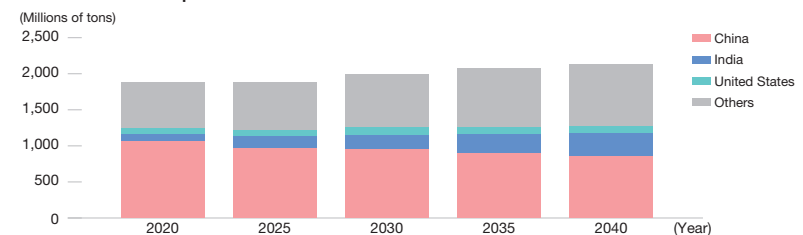
### Future Initiatives

- Increase profitability by allocating investments to growth markets/sectors, expanding the product portfolio, and enhancing functions
- Revise regional strategies, identify underperforming markets, and shift resources to growth markets
- Expand and strengthen the supply chain management foundation in markets where we are strong

## Key Market Trends

We will strengthen and expand the foundation of our global steel product supply chain by capturing opportunities from rising steel demand, particularly in markets with strong growth potential.

### • Global crude steel production outlook



Source: Steel Market Service™, a product of Wood Mackenzie\*

\*The data and information provided by Wood Mackenzie should not be interpreted as advice, and you should not rely on it for any purpose. You may not copy or use this data and information except as expressly permitted by Wood Mackenzie in writing. To the fullest extent permitted by law, Wood Mackenzie accepts no responsibility for your use of this data and information except as specified in a written agreement you have entered into with Wood Mackenzie for the provision of such data and information.

# Automotive Group

Lead the transformation of mobility and create new values.

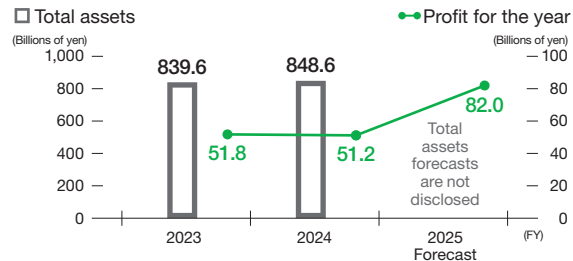
Main relevant material issues



Nobuhiro Yoshida  
Group CEO, Automotive Group



## Quantitative information (profit for the year, total assets, and total investments)



## FY2024 Investment

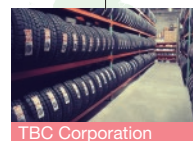
Total investments **Approx. ¥18.0 billion**

## Main investment areas

- Automotive parts manufacturing business (capital investment)
- Automotive leasing business (acquisition, capital increase)
- RaaS business (establishment of new JV)

## Group Business Development

- Engineering services
- Manufacture of automobile parts
- Automotive sales and marketing
- Leasing, rental, subscriptions
- EV-related products
- Tire sales
- Automotive finance
- Car park operations
- Other services



## [External Environment] Business Environment

### Opportunities

- Growing demand for automobiles in emerging regions, such as ASEAN and the Middle East
- New business opportunities stemming from changes in market and customer needs due to proliferation of electrification, car sharing, autonomous driving, and environmentally friendly vehicles, as well as advancement of reuse and recycling
- Changing competitive landscape and accelerated restructuring in each sector of the automotive industry due to technological innovation

### Risks

- Disruptions to supply chains and changes in business conditions caused by Trump tariffs and geopolitical risks
- Slower economic growth and rising business costs due to inflation and high interest rates

## [Internal Environment] Key Group Strengths

- Business portfolio covering automotive manufacturing, sales, leasing, and services on a global basis
- Networks and partnerships with major OEMs and other key players in the industry
- Operational experience in various countries (including high-volatility regions), risk management skills, and high-quality talent pool

## Business Strategy

- Promote growth by expanding the product lineup and sales and service network in the automotive sales and marketing business
- Expand services and capture new business opportunities in the mobility services sector centered on the automotive leasing business
- Enhance the value of existing businesses and increase the profit scale of new businesses

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

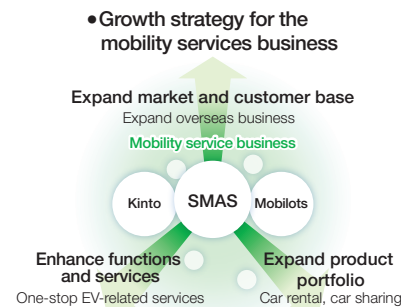
- Strengthened the foundation of the automotive sales and marketing business through expansion of the sales network
- Strengthened the domestic automotive leasing business, including through M&As
- Developed new customers in the engineering business

### Future Initiatives

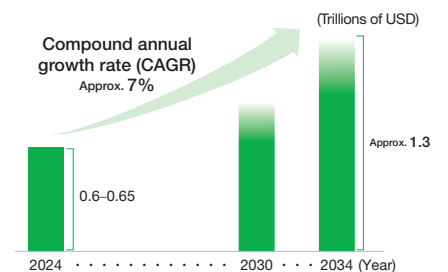
- Expand the sales network and enhance supply chain management through digital transformation (DX) of the automotive sales and marketing business
- Expand and strengthen overseas operations and related areas in the automotive leasing business
- Expand the customer base and transaction volume in the engineering business

## Key Market Trends

We aim to capture market growth centered on our core businesses and expand our profit scale.



### Automotive leasing market (Worldwide)







# Transportation & Construction Systems Group

Drive ESG management in construction equipment, shipping, and aerospace businesses, and leverage financial solutions and cutting-edge technologies, to create new social value in the global market.

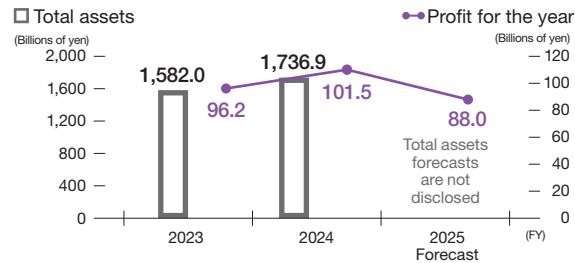
Main relevant material issues



**Takao Kusaka**  
Group CEO, Transportation & Construction Systems Group



## Quantitative information (profit for the year, total assets, and total investments)



## FY2024 Investment

Total investments **Approx. ¥95.0 billion**

## Main investment areas

- Norwegian owner and operator of offshore windfarm support vessels
- Construction and mining equipment distribution business (Africa and Europe)

## Group Business Development

- Leasing SBU
- Commercial Aviation SBU
- Aerospace Defense & Technology SBU
- Ship & Marine SBU
- Construction & Mining Systems SBU



Sumitomo Mitsui Finance and Leasing (SMFL) (Leasing and financing)



SMS Equipment (Construction and mining equipment sales and services)



SMBC Aviation Capital (Aircraft leasing)



Oshima Shipbuilding (Shipbuilding)



Sunstate Equipment (Construction equipment rental)



Werner Aero (Aftermarket aircraft parts)

## [External Environment] Business Environment

### Opportunities

- Increase in demand expected for passenger and aircraft, maritime freight transport, and infrastructure construction due to global population growth
- National aerospace defense-related expenditures are expected to expand amid the growing importance of security
- Increasing investments in solar power, offshore wind power, and other renewable energy sources
- Increasing opportunities to accelerate R&D and create new business models through the use of emerging technologies, such as AI, 5G/6G, and quantum computing
- Growing shift to a decarbonized society and increasing need for low-carbon and carbon-free products and services

### Risks

- Heightened geopolitical risk
- Existing financial business maturing and facing intensifying competition
- Labor shortages in manufacturing, maintenance, repair, and other frontline activities
- Increased competition and high steel prices in the shipbuilding industry

## [Internal Environment] Key Group Strengths

- Track record of providing financial solutions and solution capabilities in a wide range of industries
- Knowledge of commercial aircraft leasing and maintenance business and world-class fleet of leased aircraft
- Business experience in aerospace, security, and precision technology areas and positive approach to new technologies
- Comprehensive business group and solid customer base covering ship manufacturing, trading, operation, and chartering
- Management track record and talented human resources in our construction equipment sales/service dealers and rental companies

## Business Strategy

- Increase prime assets and improve asset efficiency in the general leasing and aircraft leasing businesses and establish the "Assets × Finance × Services" business in new areas, such as GX
- Expand the agency business in aerospace defense fields, add inventory and maintenance functions, and incorporate new technologies
- Strengthen market resilience in the ship business, expand the ship-owning business, and actively invest in offshore wind power and other marine development fields
- Broaden the customer base and provide on-site support solutions through regional and product expansion in the construction & mining equipment business

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Completed investment in the BIA Group, a distributor of construction and mining equipment operating in around 20 countries across Africa and Europe
- Expanded customer base of existing leasing businesses through acquisitions, including a helicopter leasing company and a real estate asset management firm
- Entered the container leasing business to expand business domains and diversify the business portfolio

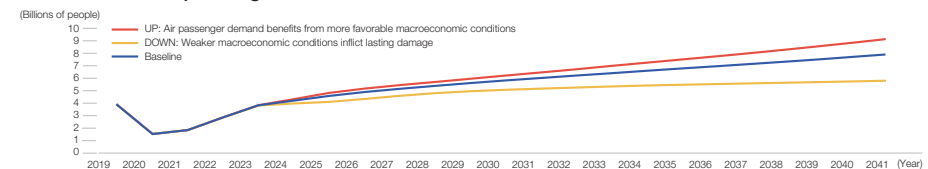
### Future Initiatives

- Develop and invest in new businesses through civilian application of space and defense technologies
- Expand the fleet of general commercial vessels and increase investment in offshore windfarm support vessels
- Step up accumulation of prime lease the asset, expand product offerings, and strengthen the asset management business
- Strengthen the profit base of the construction equipment business by expanding regional market share and product offerings while further improving profitability and capital efficiency

## Key Market Trends

Capitalizing on forecasts for air passenger volume, which is expected to recover in the short term and normalize in the medium to long term, we will work to accumulate prime assets across the Group.

### Global air passenger forecast





# Diverse Urban Development Group

Filling communities and lives with smiles and compassion through real estate and infrastructure business.

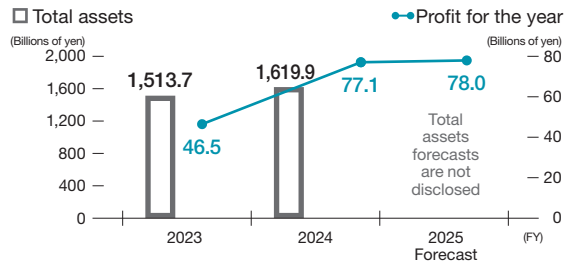
Main relevant material issues



**Yukihito Honda**  
Group CEO,  
Diverse Urban Development Group



## Quantitative information (profit for the year, total assets, and total investments)



## FY2024 Investment

Total investments **Approx. ¥92.0 billion**

## Main investment areas

- Real estate (Japan, U.S., Australia, Vietnam, India)
- Industrial parks and sustainable city (India, Vietnam)

## Group Business Development

- Real Estate SBU
- Industrial Park and Sustainable City SBU
- Industrial System & Material SBU
- Logistics and Insurance SBU
- Social Infrastructure SBU



## [External Environment] Business Environment

### Opportunities

- Growing demand for enriched living and safe, disaster-resilient urban development
- Heightened geopolitical risks and ongoing reorganization of global supply chains
- Increasing demand for real estate, social infrastructure, and data infrastructure driven by urban growth and industrial development

### Risks

- Escalation of global geopolitical risks under the Trump 2.0 administration
- Tighter lending by financial institutions and a slowdown in investment activity due to volatility in interest rates, exchange rates, and bond markets
- Delays in project development schedules due to labor shortages and surging material costs and inflation

## [Internal Environment] Key Group Strengths

- Comprehensive global urban development capabilities that deliver one-stop solutions for infrastructure and real estate development and operation, along with supporting construction materials, industrial equipment, logistics, and insurance services
- Strong presence in local communities and long-standing trust with governments and partners, built through a track record of addressing social issues and needs across various countries and regions
- Structuring capabilities that deliver top-level capital efficiency in Japan's real estate industry

## Business Strategy

- Leverage the strengths of each SBU to create new interconnected value chains
- Promote global multifaceted business expansion targeting high-potential markets with significant population growth and economic development
- Focus on countries and regions with strategic importance (where partners have strong alignment with our unique presence, strategies, and business policies)
- Ensure resilience\*1 and liquidity\*2 to drive forward our growth strategy

\*1 Resilience: Enhance ability to withstand socioeconomic and partner risks, climate change, and natural disasters, in addition to profit downturns

\*2 Liquidity: Focus on markets and projects with high liquidity and potential for leveraging external capital and partner structuring

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Real estate business: Optimized the portfolio by realizing profits through property divestment executed at optimal timing while accumulating high-quality assets and pipelines
- Completed land acquisition for North Hanoi Sustainable City and started to establish the conditions necessary to begin the infrastructure construction phase
- GX: Completed our second renovated property and signed a Memorandum of Understanding on domestic commercialization of low-carbon cement production; DX: Entered the AI-related business

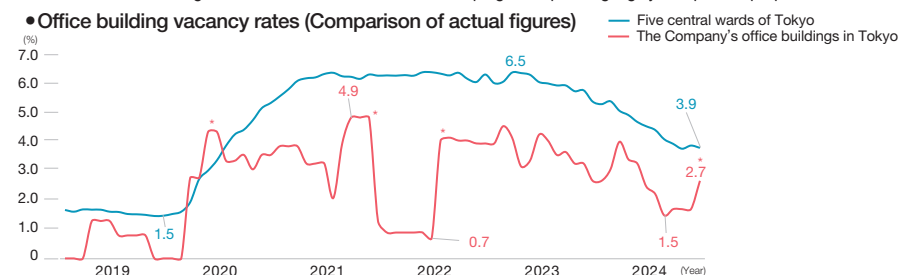


### Future Initiatives

- Advance global expansion based on business strategy
- Combine and integrate the functions and strengths of each SBU to focus on creating interconnected value chains and generating new business opportunities (e.g., North Hanoi Sustainable City, Hakozaki Smart City, expansion of the U.S. residential land development value chain, industrial parks, development projects around railway stations)
- Strengthen the Group's Center of Excellence to support these initiatives from governance and risk management perspectives

## Key Market Trends

The vacancy rates of office buildings developed and owned by the Company in Tokyo remain below the market average in Tokyo's five central wards, demonstrating our consistent track record of developing and operating highly competitive properties.



\* Temporary increase in vacancy rates due to the completion of new buildings or renovation work aimed at enhancing property value

Source: Prepared by the Company based on data from Miki Shoji



# Media & Digital Group

In the field of media and digital technology, we combine cutting-edge technologies with our strengths to create new value and contribute to the realization of a sustainable society.

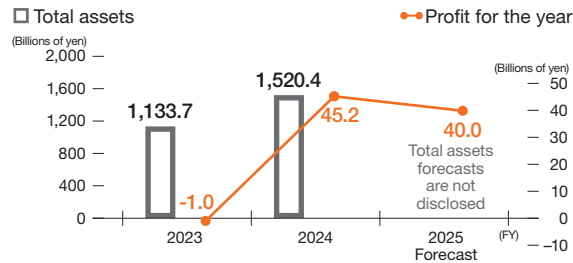
Main relevant material issues



Shinichi Kato  
Group CEO, Media & Digital Group



## Quantitative information (profit for the year, total assets, and total investments)



## FY2024 Investment

Total investments **Approx. ¥323.0 billion**

## Main investment areas

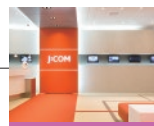
- Domestic and international digital business (including acquisition of Net One Systems) and Japanese content business

## Group Business Development

- Digital SBU
- Smart Communication Platform SBU
- 5G SBU
- Cable Platform SBU
- Media Commerce & Contents SBU
- Innovation & Investment SBU



Japan  
5G-sharing infrastructure



Japan  
Media businesses in cable television



Japan  
TV shopping



Ethiopia  
Telecommunications business



Japan  
Digital business

Global CVC (Start-up investment) in 5 bases

## [External Environment] Business Environment

### Opportunities

- Increasing demand for IT investment due to the growing importance of digital and data utilization, and new markets emerging and expanding due to social adoption of new digital technologies (SCSK, Global CVC)
- Growing global demand for Japanese content, such as anime

### Risks

- Intensified competition to secure IT and DX human resources across various industries
- Emergence of country risks, especially in developing nations, due to changes in policies and regulations

## [Internal Environment] Key Group Strengths

- IT business foundation × Cutting-edge technology (global CVC business investee companies) × Development talent
- Domestic network directly connected to consumers (JCOM: 5.72 million households, Jupiter Shop Channel (SHOP): 32.08 million viewable households)
- Expertise in building overseas telecommunications infrastructure

## Business Strategy

- Expand the digital solution business and enhance digital-related functions in domestic and overseas businesses
- Strengthen the information/telecommunications infrastructure business and expand/upgrade value-added services
- Expand/upgrade the domestic 5G-sharing infrastructure and solutions
- Leverage the cable platform to expand/upgrade new services
- Transform and evolve entertainment shopping by integrating TV, digital, and in-person channels
- Roll out Japanese content, such as anime, globally
- Maximize the performance of global CVC and PE

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Expanded the business foundation in the focal digital domain (acquisition of Net One Systems by SCSK)
- Sold shares in T-Gaia as part of business portfolio transformation
- Expanded the Japanese content business by leveraging strengths in the media domain (investment in REMOW)

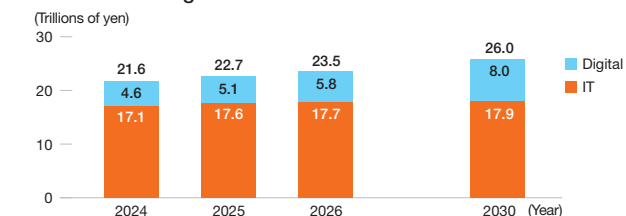
### Future Initiatives

- Shift resources to the digital domain and accelerate the execution of strategic initiatives
- Create new businesses by responding to changes in social and customer needs
- Capture growing global demand to expand the Japanese content business overseas

## Key Market Trends

With the market forecasted to grow to ¥26 trillion by 2030, we aim to expand our business foundation in the rapidly growing digital sector (CAGR of 10%).

### Domestic IT & digital services market



IT: Covers system/network integration and associated services (development, maintenance/operation, installation/construction, and product sales). Shown separately from "Digital" in the above graph.  
Digital: Refers to "DX" as defined in the above Fuji Chimera Research Institute report. Relabeled here as "Digital."

Source: 2024 Outlook for the Digital Transformation Market, Fuji Chimera Research Institute





# Lifestyle Business Group

Address social issues related to food and health from consumers' perspectives to make their lives more enjoyable.

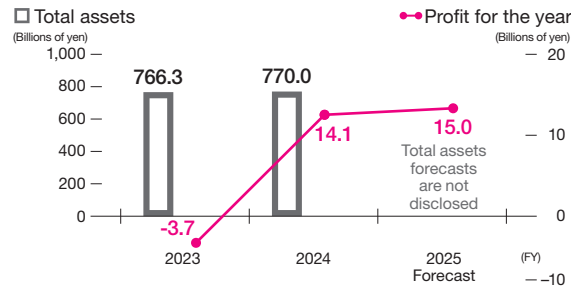
Main relevant material issues



Hiroki Takeno  
Group CEO, Lifestyle Business Group



## Quantitative information (profit for the year, total assets, and total investments)



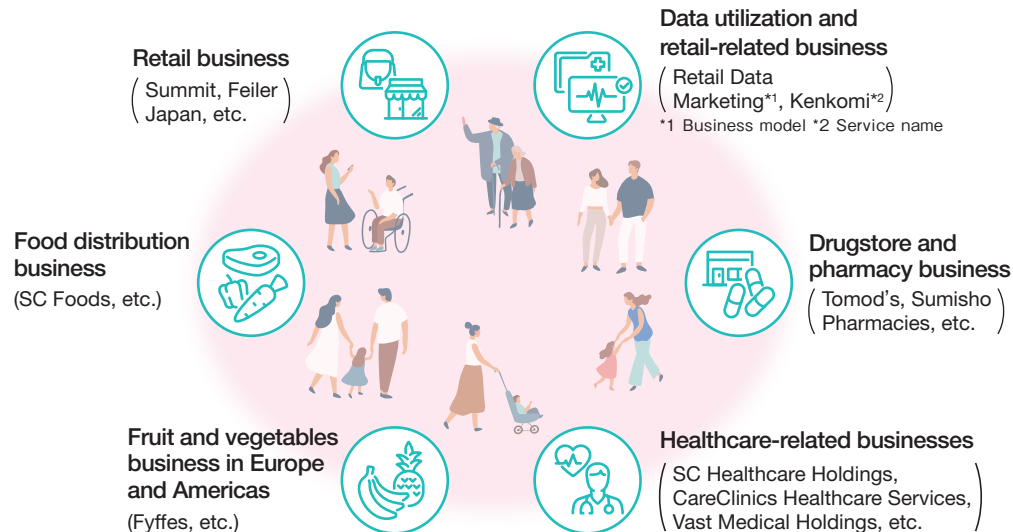
## FY2024 Investment

Total investments **Approx. ¥36.0 billion**

## Main investment areas

- Domestic pharmacy business
- North American healthcare business

## Group Business Model



## [External Environment] Business Environment

### Opportunities

- Diversifying consumer purchasing channels and segmentation of demand
- Expanding retail markets overseas backed by the rise of the middle class, particularly in emerging economies
- Improving efficiency in containing medical costs in Japan and developed countries and improving healthcare infrastructure in emerging countries
- Growing interest in the SDGs, such as those related to food loss and reduction of environmental impact

### Risks

- Intensifying competition from domestic supermarkets, drugstores, and others (including major distribution companies)
- Impact of climate change, unfavorable weather, and geopolitical risks on the global food supply, production, and logistics
- Rising labor/fuel costs and high interest rates

## [Internal Environment] Key Group Strengths

- Retail business operation know-how and customer access cultivated through Summit and Tomod's businesses
- Knowledge of the healthcare business in Japan and overseas, ability to build business models, and market presence
- Robust global platform for food distribution and sale

## Business Strategy

- Expand our store networks (supermarkets, drugstores, and pharmacies) in Japan and overseas, and deploy know-how, DX, and data to roll out new businesses
- Broaden our primary care system and community-based comprehensive care-related businesses to address rising healthcare costs both in Japan and overseas
- Leverage our expertise in the sales and processing of food and foodstuffs (cultivated in Japan and overseas) and our network to expand our earnings base and develop businesses in growth markets

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Steady growth of existing businesses (the Group's earnings base), including improved performances by the domestic retail and food businesses; expansion of the healthcare business in Southeast Asia
- Equity investment and business participation in healthcare providers in North America (world's largest healthcare market)
- Improved operational efficiency due to the use of DX and AI

### Future Initiatives

- Leverage Group strengths, including cross-functional collaboration among existing businesses, to maximize earning power
- Pursue M&As and other strategic initiatives both in Japan and overseas to achieve business expansion
- Leverage frontline strengths and DX and AI to advance operations and increase profitability

## Key Market Trends

We aim to develop businesses that not only foster improved patient convenience and quality of life but also help control and optimize healthcare costs. In the process, we will address various social challenges, such as inadequate access to medical care in Southeast Asia and rising healthcare expenditures in countries like Japan and U.S.

### Healthcare expenditures and economic growth rates (Countries where the Group operates)



Source: Company estimates based on various data from the IMF and WHO.



# Mineral Resources Group

Through mineral resource development and the construction of its value chain, we will provide value that is unique to us and contribute to the development of industry and the realization of a sustainable society in Japan and around the world, thereby creating an enriched future for all.

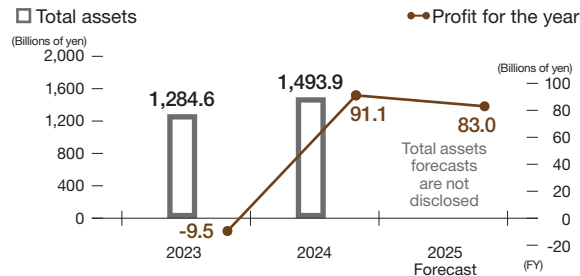
Main relevant material issues



Koichiro Yazaki  
Group CEO, Mineral Resources Group



## Quantitative information (profit for the year, total assets, and total investments)



## FY2024 Investment

Total investments **Approx. ¥29.0 billion**

## Main investment areas

- Upstream and midstream interests in non-ferrous metals, steel making raw materials, fuel for power generation, carbon products, etc.

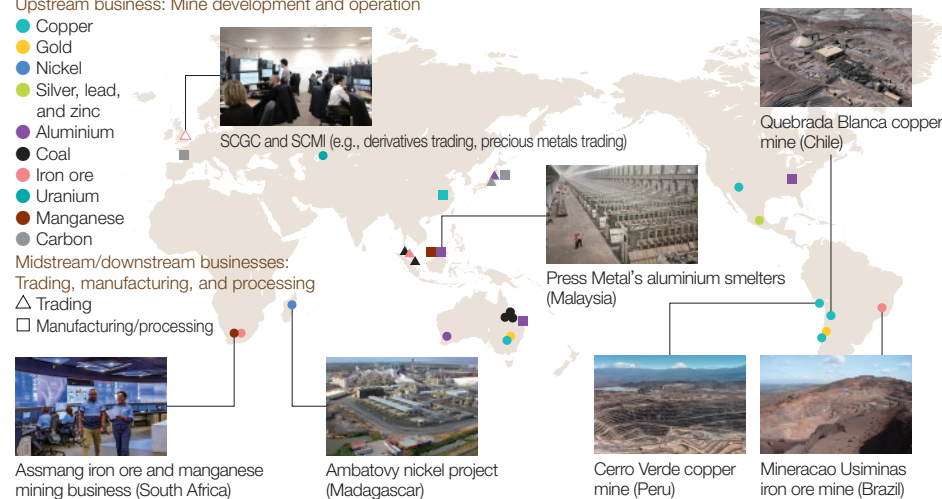
## Group Business Development

- Handling of non-ferrous metal raw materials and products, aluminium, iron ore, coal, and carbon-related raw materials and products
- Business operations throughout the entire value chain, from upstream to midstream and downstream

Upstream business: Mine development and operation

- Copper
- Gold
- Nickel
- Silver, lead, and zinc
- Aluminium
- Coal
- Iron ore
- Uranium
- Manganese
- Carbon

Midstream/downstream businesses:  
Trading, manufacturing, and processing  
△ Trading  
□ Manufacturing/processing



## [External Environment] Business Environment

### Opportunities

- The global trend of energy transition
- Shifting demand driven by decarbonization and the transition to a circular economy
- As mineral resource development becomes increasingly complex, opportunities to provide our capabilities are expanding, leading to greater chances to participate in new projects

### Risks

- Rising geopolitical risks are driving changes in supply-demand structures and increasing mineral resource price volatility
- Increasing complexity in mine development is leading to higher development risks and rising development and operational costs

## [Internal Environment] Key Group Strengths

- Extensive experience and expertise gained through operating and managing complex mining projects as an operator
- Highly competitive and high-potential business assets
- Offering customized trading solutions across a wide range of market commodities, including derivatives
- Robust partnerships, strong industry networks, and a global customer base

## Business Strategy

- By leveraging the Group's strengths and further enhancing our capabilities, expand our earnings base through the development of copper and other high-potential projects in collaboration with strategic partners, in anticipation of growing demand
- Advance our trading capabilities by leveraging our expertise in commodity derivatives, while pursuing integrated upstream, midstream, and downstream business development through a market-in approach, underpinned by our diverse and high-quality customer base
- Build business value chains that contribute to addressing key social challenges, such as decarbonization and the realization of a circular economy

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Our key upstream operations continue to deliver stable earnings contribution despite generally soft mineral resource prices. In addition, our mid- and downstream businesses—including manufacturing, processing, and trading—provide further support to overall performance
- The Quebrada Blanca copper mine project in the Republic of Chile has achieved the completion conditions required under the project finance framework
- The Madagascar nickel project is focused on structural improvements. Following the debt restructuring in November 2024, its financial position has also strengthened.

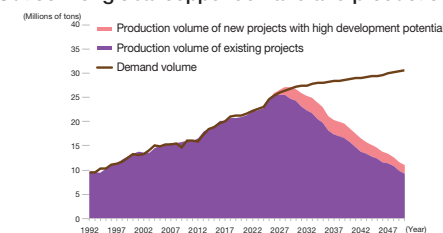
### Future Initiatives

- While building a cycle of acquiring new high-quality assets, maximize the value of existing assets and link these efforts to future business opportunities
- Enhance our overall resilience against downside risks by building a portfolio centered on base metals, expanding our mid- and downstream business foundations, and improving operational efficiency
- In the Madagascar nickel project, while continuing to strengthen the business foundation, consider all options to identify the best policy going forward for all related stakeholders

## Key Market Trends

While demand for copper is expected to remain robust amid the global shift toward electrification and a decarbonized society, new mine development has stagnated due to increasing technical and economic challenges. As a result, a supply shortage is anticipated over the medium to long term. We aim to increase our equity interests and contribute to a stable supply. We will also work to expand the Group's aluminium business foundation by capturing growing demand, particularly for aluminium derived from renewable energy and recycled sources.

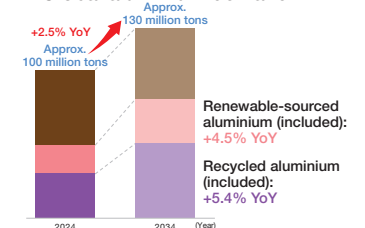
### Outlook for global copper demand and production



Source: Global Copper Investment Horizon Outlook Q4 2024, Copper Market Service™, a product of Wood Mackenzie

\*The data and information provided by Wood Mackenzie should not be interpreted as advice, and you should not rely on it for any purpose. You may not copy or use this data and information except as expressly permitted by Wood Mackenzie in writing. To the fullest extent permitted by law, Wood Mackenzie accepts no responsibility for your use of this data and information except as specified in a written agreement you have entered into with Wood Mackenzie for the provision of such data and information.

### Global aluminium demand



Source: Company data



# Chemical Solutions Group

We will contribute to enriching people's lives and realizing sustainable societies by building new value chains, including those based on circular economies, that address material social issues such as global food security and climate change.

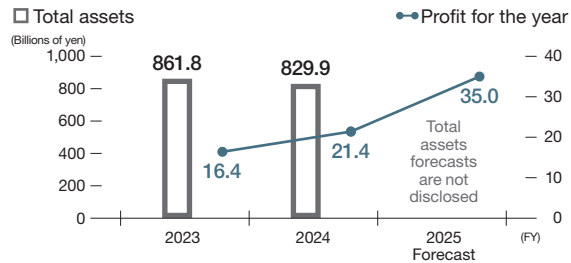
Main relevant material issues



**Takuya Tsujigaki**  
Group CEO, Chemical Solutions Group



## Quantitative information (profit for the year, total assets, and total investments)



## FY2024 Investment

Total investments **Approx. ¥20.0 billion**

## Main investment areas

- Bio products business (Chile, U.S.)
- Retail business for agricultural inputs (Vietnam)
- Organic chemical distribution business (U.S.)

## Group Business Development

- Basic Chemicals
- Electronics
- Life Science
- Agri Business



\* Image courtesy of SUMCO Corporation

## [External Environment] Business Environment

### Opportunities

- Shifts in the supply-demand balance, industry structure, and trade patterns in the chemical sector
- Increasing application of electronics to address social issues (e.g., EVs, ADASs, IoT)
- Rising demand for agricultural inputs driven by population growth and increased food demand; growing need for low-environmental-impact agricultural inputs and services

### Risks

- Changing market conditions due to growth of companies in emerging economies
- Impact of climate change on agricultural production and price volatility for grain and agricultural materials (especially fertilizers)
- Risk of decline in plant profitability due to exchange rate fluctuations and rising labor costs
- Changing trading and business conditions due to economic bloc formation, tariff impacts, and geopolitical risks

## [Internal Environment] Key Group Strengths

- Product and service development capabilities backed by global sales network for agricultural inputs, strong information-gathering and procurement capabilities, and close customer relationships
- Supply-demand balancing function and know-how of trading operation in basic chemicals such as sulfuric acid
- Strong trading platform for semiconductor materials and manufacturing capabilities in the EMS business
- Procurement and sales networks for pharmaceutical raw materials and cosmetic materials; product development and sales capabilities in the animal health sector
- Trading platforms in chemicals and electronics sectors that align with sustainable materials business development

## Business Strategy

- Optimize the business portfolio to strengthen downward resilience to market risks
- Enhance the trading function and develop related businesses to provide added value
- Improve the profitability of the agricultural input sales business by strengthening sales of high-value-added products, such as bio products
- Strengthen the profit base in the pharmaceuticals, cosmetics, and animal health sectors
- Pursue new business models that address needs related to green transformation and economic security

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Focused on developing new trading opportunities in response to changes in the supply-demand balance and the industry structure of the petrochemical sector
- Integrated our sulfuric acid businesses in North America, thus reinforcing our dominant position in the region
- Invested in retail businesses for agricultural inputs in Vietnam and Romania, as well as the bio products business in Chile and the United States, as part of efforts to expand our business foundation

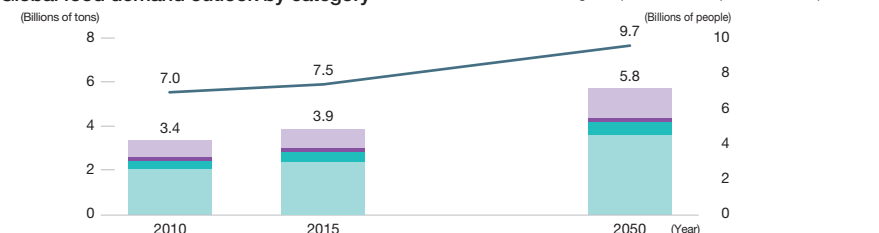
### Future Initiatives

- Strengthen chemical trading, expand logistics capabilities in the sulfuric acid business, roll out the successful North American model to other regions, and enhance our presence in the semiconductor materials business through a dual approach of trading and recycling
- Focus on improving the profitability and downside resilience of our agribusiness and strengthen sales of high-value-added products, such as bio products
- Expand the pharmaceutical raw material trading business and enter the pharmaceutical services sector

## Key Market Trends

By ensuring a steady supply of agricultural inputs and offering environmentally conscious products, such as bio products, we support stable food supplies.

### Global food demand outlook by category



Sources: Food Security Office, Policy Planning Division, Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries (Japan); Population Division (United Nations)





# Energy Transformation Business Group

Build a stable and sustainable energy system and carbon cycle to create a society full of prosperity and dreams.

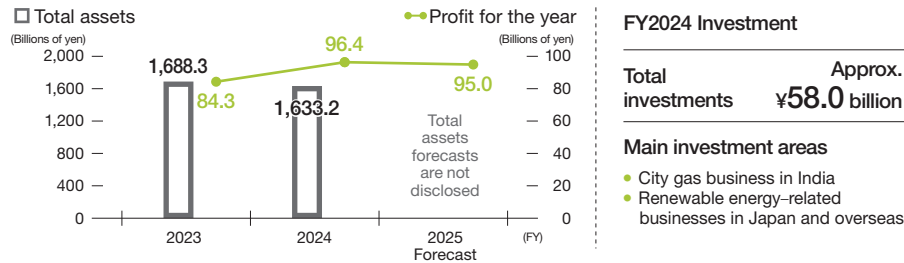
Main relevant material issues



**Hajime Mori**  
Group CEO,  
Energy Transformation Business Group



## Quantitative information (profit for the year, total assets, and total investments)



## Group Business Development

- Forestry
- Energy storage business and equipment
- Power generation business
- Power EPC (Size: Total installed generation capacity)
- Gas VC and maritime energy solution

### The United Kingdom

Hydrogen production and supply  
Offshore wind power generation  
Natural gas trading and marketing

### Belgium

Offshore wind IPP\*

### France

Offshore wind IPP

### Spain

Solar IPP

### Egypt

Onshore wind IPP

### Ghana

Thermal IPP  
FPSO

### South Africa

Onshore wind IPP

### Russia

Forestry

### The United Arab Emirates

Thermal IWPP\*\*

### Kuwait

Thermal IWPP

### Bahrain

Thermal IWPP

### Qatar

LNG

### India

Renewable energy development and supply  
City gas distribution

### Vietnam

Thermal IPP

### Indonesia

Thermal IPP  
Geothermal IPP  
LNG

### Australia

Thermal IPP  
LNG

### New Zealand

Forestry

## Japan

Domestic electricity retail business  
Energy storage  
Offshore and onshore wind IPP  
Solar IPP  
Thermal IPP  
Biomass IPP  
Marine fuel (Very low sulphur fuel oil) trading  
LNG bunkering  
Domestic electric power trading  
LPG wholesaling  
LPG retailing

### China

Onshore wind IPP

### Thailand

Thermal IPP

### Philippines

Hydroelectric IPP

### The United States

Onshore wind IPP  
Solar IPP  
Energy storage  
LNG export  
Natural gas trading and marketing

Brazil  
FPSO

\*IPP: Independent Power Producer

\*\*IWPP: Independent Water Power Producer

## [External Environment] Business Environment

### Opportunities

- Significant increase in electricity consumption due to growing use of generative AI and other IT equipment
- Change in energy demand and accelerated energy transition toward a decarbonized and circular society
- Growing interest in global climate change initiatives and energy security

### Risks

- Intensification of a competitive business environment with the entry of suppliers from emerging countries and new business operators from other industries
- Heightened geopolitical risks and fluctuations in energy markets
- Changes/setbacks in national decarbonization policies/regulations and their impact on decarbonization-related businesses

## [Internal Environment] Key Group Strengths

- Track record in global project development and execution cultivated over many years in the power, gas, and energy sectors
- Our accumulated relationships with governments in each country and partners
- Strong connectivity with customers in each business

## Business Strategy

- By combining our existing portfolio of energy businesses, which have strong ties with markets and governments around the world, and the Energy Innovation Initiative (EII), which aims to commercialize next-generation energy solutions, we are driving a strategic transformation. In this way, we will build a future earnings pillar while maintaining and expanding the existing earnings base.
- With a full view of the entire value chain in each industrial sector, we will provide one-stop decarbonization solutions that meet regional needs and expand our new earnings base.

## Medium-Term Management Plan 2026

### Progress of the Medium-Term Management Plan

- Promoted reshuffle to businesses and assets with growth and strategic potential
- Developed and promoted decarbonized and circular energy businesses
- Strengthened capabilities and optimized resources through the establishment of a new Group organizational structure and enhanced internal talent mobility



Mangrove plantations project in Indonesia  
Carbon credit generation business

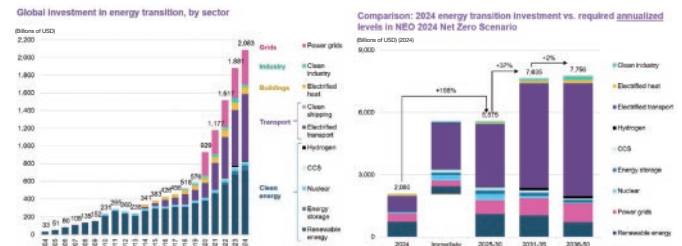
### Future Initiatives

- Promote the transition to businesses and assets with strong growth and strategic potential
- Aim to build a high-value-added earnings portfolio by strengthening our trading functions and mid- to downstream businesses that complement our upstream operations and enhance overall value
- Create new businesses by strengthening our EII cross-functional capabilities and further promoting innovation

## Key Market Trends

As a one-stop solution provider for energy, we will pursue growth by developing and expanding our decarbonized and circular energy businesses with the aim of achieving carbon neutrality by 2050.

- Global investment in energy transition, by sector  
Comparison: 2024 energy transition investment vs. required annualized levels in NEO 2024 Net Zero Scenario



# Summary of Key Financial Indicators/Share Price–Related Indicators (As of and for the years ended March 31)

We have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

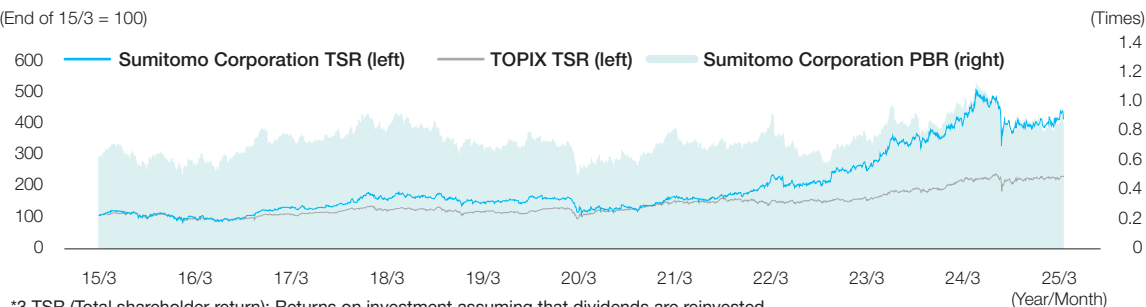
(Billions of yen)											
Financial data	BBBO2017			Medium-Term Management Plan 2020			SHIFT 2023			Medium-Term Management Plan 2026	
	(FY)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Results of operations:											
Gross profit		¥ 894.1	¥ 842.7	¥ 956.5	¥ 923.2	¥ 873.7	¥ 729.5	¥ 1,009.6	¥ 1,234.8	¥ 1,342.5	¥ 1,444.8
Selling, general and administrative expenses		-762.7	-693.8	-731.6	-647.6	-677.4	-678.9	-713.9	-811.7	-927.6	-1,039.7
Interest expense, net of interest income		-2.6	-1.7	-5.8	-11.6	-15.6	-5.5	-1.2	-11.5	-16.3	-27.3
Dividends		10.6	9.4	10.7	12.1	11.1	8.6	27.3	20.1	13.7	14.9
Share of profit (loss) of investments accounted for using the equity method		-53.8	83.5	149.7	127.1	84.8	-41.4	176.8	252.4	172.4	277.0
Profit (loss) for the year attributable to owners of the parent		74.5	170.9	308.5	320.5	171.4	-153.1	463.7	565.3	386.4	561.9
Financial position at year-end:											
Total assets		7,817.8	7,761.8	7,770.6	7,916.5	8,128.6	8,080.0	9,582.2	10,105.4	11,032.6	11,631.2
Equity attributable to owners of the parent		2,251.5	2,366.5	2,558.2	2,771.5	2,544.1	2,528.0	3,197.8	3,778.7	4,445.5	4,648.5
Interest-bearing liabilities (net)*1		2,770.3	2,627.9	2,521.5	2,427.1	2,468.8	2,300.4	2,273.7	2,484.4	2,523.4	2,672.5
Cash flows:											
Cash flows from operating activities		599.7	345.8	295.3	268.9	326.6	467.1	194.1	232.8	608.9	612.3
Cash flows from investing activities		-85.4	-180.7	-155.8	-51.3	-203.4	-120.1	49.0	-91.5	-219.2	-461.4
Free cash flows		514.3	165.1	139.5	217.6	123.2	347.0	243.1	141.3	389.6	150.9
Cash flows from financing activities		-507.2	-254.4	-229.6	-233.2	-57.7	-466.4	-139.9	-250.5	-415.5	-247.4
											(Yen)
Amounts per share:											
Profit (loss) for the year attributable to owners of the parent:											
Earnings per share attributable to owners of the parent (basic)	¥	59.73	¥ 136.91	¥ 247.13	¥ 256.68	¥ 137.18	¥ -122.42	¥ 370.79	¥ 452.63	¥ 315.87	¥ 463.66
Diluted		59.69	136.81	246.91	256.41	137.03	-122.42	370.53	452.27	315.64	463.32
Equity attributable to owners of the parent		1,803.95	1,895.81	2,048.93	2,219.11	2,036.48	2,022.83	2,558.24	3,061.92	3,638.06	3,841.68
Cash dividend declared for the year*2		50.00	50.00	62.00	75.00	80.00	70.00	110.00	115.00	125.00	130.00
											(%/Times)
Ratios:											
Equity attributable to owners of the parent ratio (%)		28.8	30.5	32.9	35.0	31.3	31.3	33.4	37.4	40.3	40.0
ROE (%)		3.2	7.4	12.5	12.0	6.4	—	16.2	16.2	9.4	12.4
ROA (%)		0.9	2.2	4.0	4.1	2.1	—	5.3	5.7	3.7	5.0
Debt-equity ratio (net) (Times)		1.2	1.1	1.0	0.9	1.0	0.9	0.7	0.7	0.6	0.6

\*1 Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities. \*2 Cash dividend per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.

## Share price–related indicators

### PBR and TSR\*3 performance over the past 10 years

(End of 15/3 = 100)



\*3 TSR (Total shareholder return): Returns on investment assuming that dividends are reinvested.

### TSR as of the end of March 2025

	Ownership Period			
	1 year	3 years	5 years	10 years
	April 2024– End of March 2025	April 2022– End of March 2025	April 2020– End of March 2025	April 2015– End of March 2025
Sumitomo Corporation	-1.63%	81.31%	244.85%	311.33%
TOPIX	0.15%	47.20%	113.65%	117.37%

# Segment Information

(As of and for the years ended March 31)

(Billions of yen)

	Steel		Automotive		Transportation & Construction Systems		Diverse Urban Development		Media & Digital		Lifestyle Business		Mineral Resources		Chemical Solutions		Energy Transformation Business		Corporate and Eliminations		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Gross profit	191.4	188.3	156.4	166.2	184.4	200.3	117.1	119.6	133.6	164.2	218.0	236.2	46.4	47.9	147.2	153.9	157.4	166.0	-9.3	2.2	1,342.5	1,444.8
Selling, general and administrative expenses	-96.0	-104.1	-90.8	-102.9	-130.2	-152.5	-68.1	-72.5	-97.0	-118.9	-206.4	-222.3	-37.4	-33.6	-100.3	-118.6	-85.4	-98.8	-16.0	-15.4	-927.6	-1,039.7
Share of profit (loss) of investments accounted for using the equity method	13.1	11.9	31.9	14.9	84.4	90.3	-2.7	11.3	0.5	28.0	6.1	6.9	6.0	63.1	5.5	8.6	27.7	41.9	—	—	172.4	277.0
Profit (loss) for the year attributable to owners of the parent	69.2	68.4	51.8	51.2	96.2	101.5	46.5	77.1	-1.0	45.2	-3.7	14.1	-9.5	91.1	16.4	21.4	84.3	96.4	36.3	-4.5	386.4	561.9
Asset replacement and extraordinary profit/loss Round figures	+1.0	-1.0	0	+1.0	+28.0	+23.0	-2.0	+5.0	-26.0	+18.0	-10.0	+2.0	-82.0	+4.0	-6.0	-2.0	-15.0	-4.0	-1.0	+1.0	-114.0	+47.0
Underlying profit Round figures	68.0	70.0	52.0	50.0	68.0	78.0	48.0	72.0	25.0	28.0	7.0	12.0	72.0	87.0	23.0	23.0	99.0	100.0	38.0	-5.0	501.0	515.0
Cash flow earnings*1	73.6	71.7	71.0	70.4	86.4	104.4	55.6	56.0	78.1	89.6	18.2	21.2	84.6	66.5	38.3	37.2	83.6	103.1	47.0	27.5	636.4	647.6
Investments Rounded figures	7.0	39.0	21.0	18.0	133.0	95.0	114.0	92.0	65.0	323.0	22.0	36.0	38.0	29.0	28.0	20.0	91.0	58.0	3.0	18.0	520.0	730.0
Total Assets	1,144.8	1,170.5	839.6	848.6	1,582.0	1,736.9	1,513.7	1,619.9	1,133.7	1,520.4	766.3	770.0	1,284.6	1,493.9	861.8	829.9	1,688.3	1,633.2	217.7	7.9	11,032.6	11,631.2
Trade, other receivables and inventories	775.7	801.7	270.0	271.4	455.0	514.8	542.4	568.6	114.4	212.2	186.3	195.8	424.7	555.5	565.1	528.7	397.4	730.6	-179.7	-204.7	3,551.4	4,174.5
Goodwill	5.0	5.1	22.0	23.2	38.3	43.4	—	—	17.5	179.2	48.5	56.1	—	—	10.4	14.5	—	—	0.1	0.1	141.8	321.5
Number of employees (Non-consolidated; persons)*2	—	416	—	362	—	291	—	595	—	382	—	261	—	394	—	364	—	646	—	1,252	—	4,963
Number of employees (Consolidated; persons)*2	—	5,380	—	10,124	—	11,591	—	4,948	—	20,816	—	16,446	—	842	—	7,214	—	3,105	—	2,861	—	83,327

Note: FY2023 results are reclassified in accordance with the reorganization effective from Apr. 1, 2024.

\*1 Cash flow earnings = [Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends] × (1 – Tax rate) + Dividend from investments accounted for using the equity method + Depreciation + Lease liability payments

\*2 Due to the organizational restructuring effective April 1, 2024, figures for FY2023 have not been calculated.





# Summary of Non-Financial Indicators

(As of and for the years ended March 31)

## Employee data

	(FY)	2022	2023	2024
Employee data	Number of employees (Consolidated basis)	78,235	79,692	83,327
	Number of employees (Non-consolidated basis)*1	5,223	5,152	5,086
	Number of employees dispatched overseas	921	926	934
	Number of new employees	101	100	98
	Male/Female	72/29	63/37	62/36
	Number of mid-career employees	75	88	64
	Ratio of differently abled employees to total employees*2	2.25%	2.29%	2.45%
	Number of female managers*3	232	267	306
	Ratio of female managers to total managers*3	8.4%	9.6%	10.4%
	Average age	43.2	43.1	43.2
	Average years of service per person (Years/Months)	18/5	18/4	18/4
	Male	19/1	18/11	18/10
	Female	16/6	16/6	16/6
	Gender wage gap between male and female*4	58.7%	59.0%	61.4%
Working styles	Average monthly overtime hours (Hours/Minutes)	10/55	9/51	9/51
	Average annual days of paid vacation acquired	13.7	14.3	14.1
	Number of employees taking spousal maternity leave	86	86	109
	Number of employees taking leave to care for sick/injured children	194	243	266
	Number of employees taking childcare leave	112	111	141
	Male/Female	61/51	48/63	89/52
	Ratio of eligible male employees taking childcare leave*5	67.0%	63.6%	78.6%
	Number of individuals using shortened work hour system	195	190	187
	Number of employees undergoing training overseas	60	65	64
	Total number of lectures	1,705	1,063	3,970
Skills development training*6	Total number of employees participating in training	92,446	40,530	65,432
	Total training hours	177,320	106,605	142,460
	Average hours per employee	32.3	21.2	28.7

\*1 Figures include employees at overseas branches, sub-branch offices and representative offices of the Company.

\*2 Figures are as of June 1 of each fiscal year.

\*3 Figures are as of April 1 of the subsequent fiscal year.

\*4 Items subject to calculation of the gender wage gap: Monthly salary (base pay, secondment allowance, separate living allowance, teleworking allowance, overtime work allowance, late-night premium allowance for managers, bonus)  
 Reason for gap: The gender pay gap at our company is primarily attributable to structural differences in the ratio of female managers. In particular, when comparing employees within the same grade level—such as department general managers, team leaders, and subleaders—there is no disparity in treatment based on gender. In 2022, we integrated career courses and eliminated the rigorous course-based career system. This transition enabled a more flexible career development framework tailored to individual skills, capabilities, and aspiration. We are also reinforcing appointment and promotion practices based on job responsibilities and performance. Through these initiatives, we aim to achieve a female manager ratio of at least 20% by FY2030 and expect a further narrowing of the gender pay gap over the medium to long term.

\*5 The “ratio of eligible male employees taking childcare leave” is calculated based on the ratio of employees taking childcare leave or leave intended for childcare under Article 71-6, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25, 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991).

\*6 Training hosted by the Head Office targeted at Head Office employees and employees of overseas bases and business companies. The scope of calculation was partially revised in FY2023. From FY2024, we have introduced the e-learning platform LinkedIn Learning.

## Environmental data

### Scope 1/2

Scope of aggregation\*7: Consolidated Sumitomo Corporation Group  
 (Sumitomo Corporation and consolidated subsidiaries)  
 (Thousand t-CO<sub>2</sub>e)

(FY)	2022	2023	2024
Scope 1 (CO <sub>2</sub> from energy sources)	1,268	4,485	6,630
Scope 1 (GHG emissions other than CO <sub>2</sub> from energy sources)	260	45	36
Scope 2	553	572	490

### Scope 3

Scope of aggregation: Consolidated Sumitomo Corporation Group  
 (Sumitomo Corporation and consolidated subsidiaries)\*8  
 (Million t-CO<sub>2</sub>e)

Category	(FY)	2022	2023	2024
1 Purchased products and services		—	—	32.7
2 Capital goods		—	—	0.6
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2		—	—	4.5
4 Upstream transport and delivery		—	—	2.3
5 Waste generated in operations		—	—	0
6 Business travel		—	—	0
7 Employee commuting		—	—	0
8 Leased assets (upstream)		—	—	—
9 Transportation and distribution (downstream)		—	—	0.3
10 Processing of sold products		—	—	1.0
11 Use of sold products		—	—	38.0
12 End-of-life treatment of sold products		—	—	0.2
13 Downstream Leased Assets		—	—	20.1
14 Franchises		—	—	—
15 Investments		—	—	17.8

\*7 In determining the scope of aggregation, we apply the operational control approach under the GHG Protocol.

\*8 From the perspective of importance, some Group companies with small business revenue and those that do not fall under the category of high-emission businesses are excluded.

Notes: 1. Here, we refer to various information sources from the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the Green Value Chain Platform led by the Ministry of the Environment.  
 2. With respect to the purchase and sale of third-party products (trading), this applies only where the Group is classified as the principal under IFRS 15 Revenue Recognition.  
 3. For transactions within the consolidated Sumitomo Corporation group, we exclude only those where double counting of the same emission source is evident, in order to avoid intra-Group duplication.

## Corporate governance data

(FY)	2022	2023	2024*9
Number of Directors	11	11	11
Number of Internal Directors	6	6	6
Number of Outside Directors	5	5	5

\*9 At the 157th Ordinary General Meeting of Shareholders held in June 2025, the transition to a Company with an Audit & Supervisory Committee from a Company with an Audit & Supervisory Board was resolved. We have 10 Directors who are not Audit & Supervisory Committee Members (including 5 Outside Directors) and 5 Directors who are Audit & Supervisory Committee Members (including 3 Outside Directors).

# Company Information (As of March 31, 2025)

## Corporate profile

Trade name	Sumitomo Corporation
Establishment date	December 24, 1919
Paid-in capital	¥221.0 billion
Fiscal year	From April 1 of each year through March 31 of the following year
Number of consolidated subsidiaries*1	315 (Domestic 92, Overseas 223)
Number of associated companies [Equity method]	192 (Domestic 46, Overseas 146)
Total	507
Number of employees	5,086*2 (Consolidated: 83,327)
Head Office	OTEMACHI PLACE EAST TOWER 3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo 100-8601, Japan
URL	<a href="https://www.sumitomocorp.com/en/jp">https://www.sumitomocorp.com/en/jp</a>

\*1 Of the affiliates owned by consolidated subsidiaries, those accounted for as consolidated subsidiaries or equity-method affiliates by the respective consolidated subsidiaries (339 subsidiaries and 72 equity-method affiliates as of March 31, 2025) are excluded from this figure.

\*2 This figure includes 123 persons whom our overseas branch offices, sub-branch offices, and representative offices employ.

## Stock information

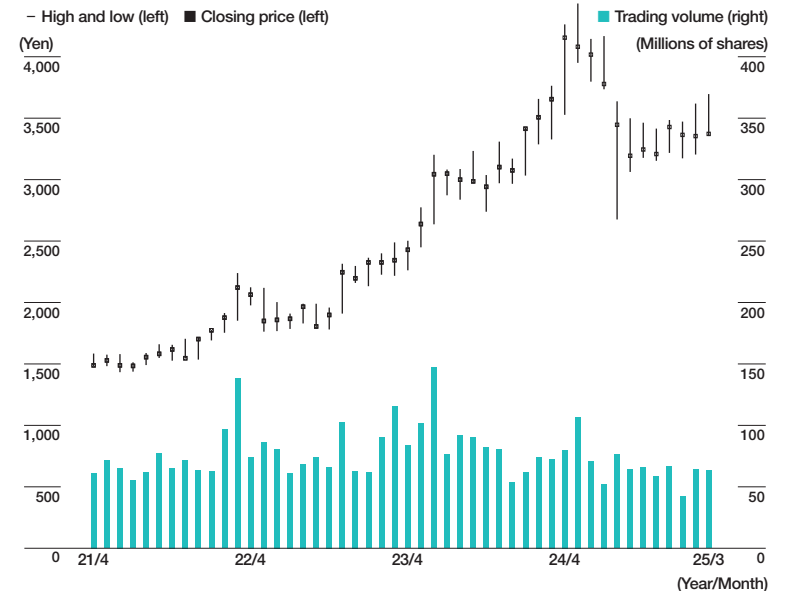
Stock listing	Tokyo
Securities identification code	8053
American depositary receipts	Ratio 1ADR:10RD Exchange OTC (over-the-counter) Symbol SSUMY CUSIP number 865613103
Depository and registrar	Citibank, N.A. Depositary Receipts Services P.O. Box 43077 Providence, Rhode Island 02940-3077, USA
TEL	1-781-575-4555
Toll-free number	1-877-248-4237 (CITI-ADR)
Total number of shares issued	1,211,099,367 shares (including 1,092,736 treasury shares)
Number of shareholders	301,068

## Major shareholders

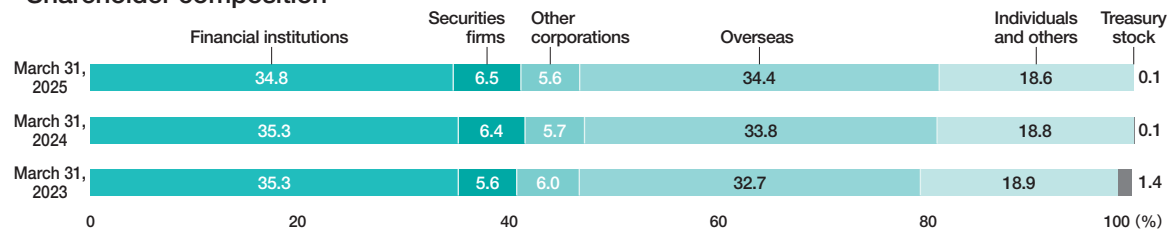
Rank	Name	Number of shares (Thousands of shares)	Shareholding ratio (%) <sup>*3</sup>
1	The Master Trust Bank of Japan, Ltd. (trust account)	198,114	16.37
2	BNYM AS AGT/CLTS 10 PERCENT	119,617	9.89
3	Custody Bank of Japan, Ltd. (trust account)	62,996	5.21
4	SUMITOMO LIFE INSURANCE COMPANY	30,855	2.55
5	STATE STREET BANK WEST CLIENT - TREATY 505234	21,653	1.79
6	STATE STREET BANK AND TRUST COMPANY 505001	17,846	1.47
7	JP Morgan Securities Japan Co., Ltd.	17,509	1.45
8	Goldman Sachs Japan Co., Ltd. BNYM	16,737	1.38
9	JP MORGAN CHASE BANK 385781	16,643	1.38
10	Mitsui Sumitomo Insurance Company, Limited	15,000	1.24

\*3 The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding—which is derived by deducting treasury stock from the total number of issued shares—and rounding to the nearest hundredth of a percent.

## Stock price and trading volume



## Shareholder composition

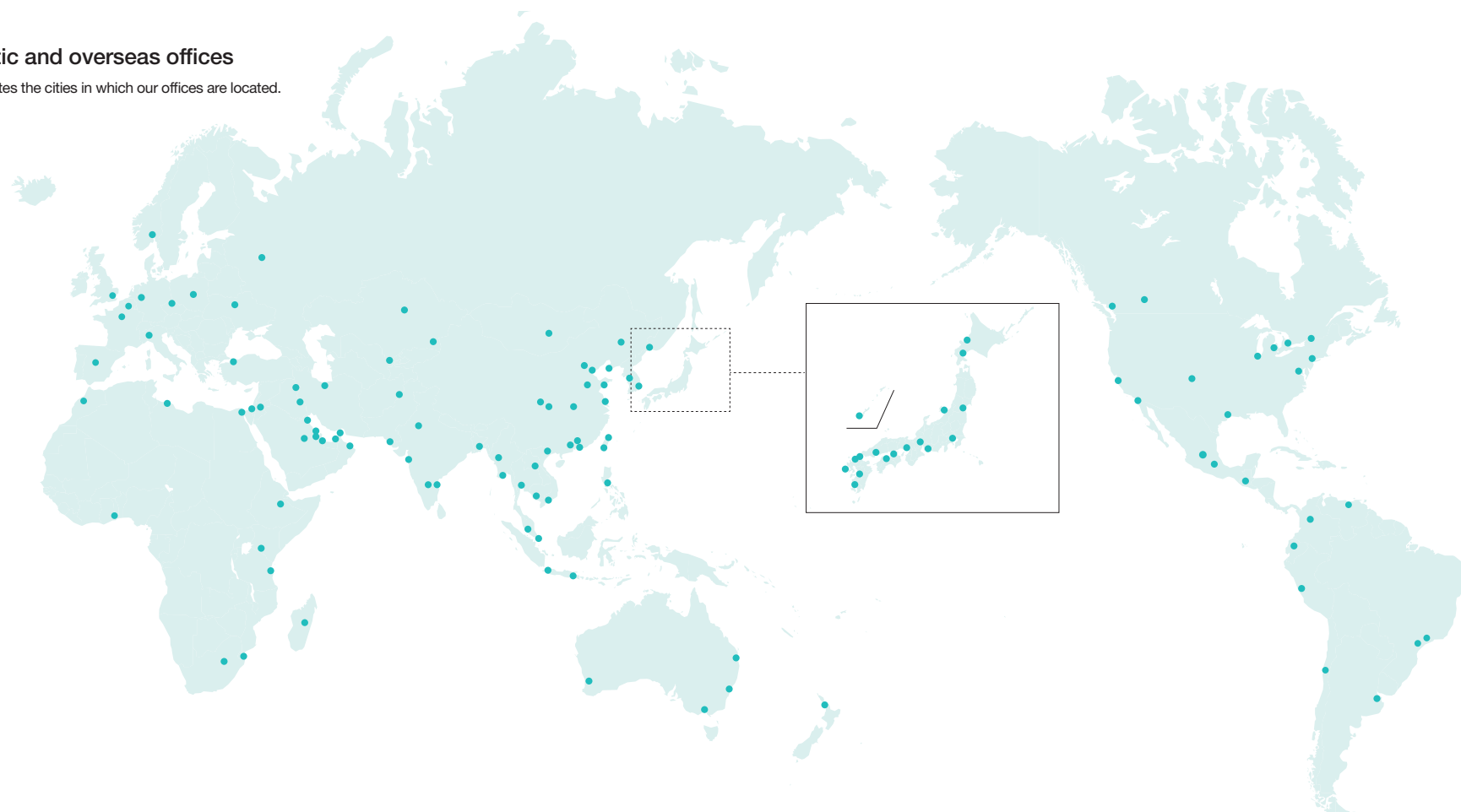


Note: The total of the shareholding ratios might not equal 100% because of rounding to the first decimal place.

# Global Network (As of April 1, 2025)

## Domestic and overseas offices

Note: Indicates the cities in which our offices are located.



### Overseas **63** countries and regions

36 subsidiaries ..... 80 locations    2 branches ..... 2 locations  
 1 sub-branch ..... 1 location    21 offices ..... 21 locations

Total **104** locations

### Japan

Head Office  
 3 subsidiaries ..... 10 locations  
 6 offices ..... 10 locations

Total **21** locations

### Offices

**125** locations **64** countries and regions

Consolidated subsidiaries and associated companies (As of March 31, 2025)

**507\*** companies **65** countries and regions

\* Of the affiliates owned by consolidated subsidiaries, those accounted for as consolidated subsidiaries or equity-method affiliates by the respective consolidated subsidiaries (339 subsidiaries and 72 equity-method affiliates as of March 31, 2025) are excluded from this figure.



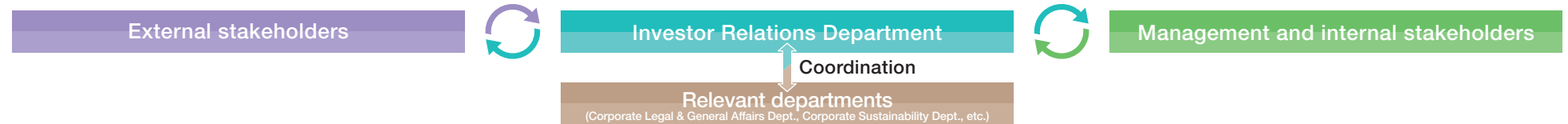
# Dialogue with Stakeholders

We are working to strengthen engagement with shareholders, investors, and other stakeholders outside the Company following our Corporate Disclosure Policy. The Investor Relations Department has established four guidelines for its activities. These are Proactive Disclosure, Sincere Dialogue, Timely and Appropriate Sharing, and Constructive Proposals. We actively disseminate information in cooperation with internal related departments and collect opinions through dialogue. Based on feedback from these opinions, we make proposals and hold discussions to realize management conscious of cost of capital and stock price. Through this cycle of activities, we will deepen external stakeholders' understanding of the Group and contribute to the strategy execution and value creation capabilities of all officers and employees as internal stakeholders, thereby fulfilling our stated mission of "obtaining the correct evaluation from the market and contributing to the enhancement of our corporate value."

▶ p.24 ▶ Management Conscious of Cost of Capital and Stock Price



## Guidelines and activities



### Proactive disclosure to and sincere dialogue with external stakeholders

We strive for appropriate disclosures and expanded explanations of both financial and non-financial information based on our Corporate Disclosure Policy. In addition, we have established opportunities for proactive dialogue with shareholders and investors throughout the year to deepen understanding of the Group and solicit the opinions of stakeholders.

#### FY2024 results

- Number of individual meetings: Approx. 340 (29 of which were ESG/SR\*1 related)  
[Number of times management attended: CEO 24, CFO 39]
- IR Day 2024 held
- Briefings for individual investors: 9 times annually (Total participation 6,568)

#### Details of engagement

- **Growth strategy**  
Progress of business portfolio transformation outlined in the Medium-Term Management Plan 2026, progress in growth areas and restructuring businesses, impacts from external factors, etc.
- **Visibility of growing profit**  
Feasibility of growing profit to ¥650.0 billion in FY2026, returns on investments made under previous and current medium-term management plans, progress on asset replacement, etc.
- **Sustainability**  
Governance matters (e.g., composition/agenda of Board of Directors) climate-related financial impacts/analyses, disclosure of Scope 3 emissions, linkage between management strategy and human capital strategy, etc.
- **Interpreting market feedback**  
External assessments (e.g., market capitalization, share price)

### Timely and appropriate sharing with and constructive proposals to management and internal stakeholders

We provide evaluations and opinions received from external stakeholders to internal stakeholders including management as feedback, which are used for proposals and discussions that help improve management.

#### FY2024 results

- Management Council: 7 times annually
- Board of Directors' meetings: 5 times annually
- Regular meetings with the President: 4 times annually
- Corporate Communication Committee: Quarterly
- IR/SR Subcommittee: Monthly
- IR quarterly report\*2: Published quarterly
- Internal IR meetings held

#### Measures implemented based on feedback

- **Growth strategy**  
FY2024: Made record-high investments, primarily in growth areas, while promoting asset replacement to accelerate renewal of our business portfolio  
Disclosed progress and future policies for expanding our earnings base in growth areas, as well as downside scenarios and corresponding countermeasures, through financial results presentations, etc.
- **Visibility of growing profit**  
Enhanced transparency of earnings models of main businesses by disclosing actual and projected profit growth (including contributions of each growth area and restructuring business and contribution of new investments to profit) in financial results presentation materials and other disclosure materials
- **Sustainability**  
Strengthened governance by transitioning to a company with an Audit & Supervisory Committee and making outside directors the majority of the Board, applied calculations based on the GHG Protocol, and expanded disclosures related to strengthening our human capital fundamentals
- **Interpreting market feedback**  
Integrated Report: Provided a brief summary of business performance and market capitalization (current position) over the past 10 years

\*1 SR: Shareholder Relations \*2 In-house IR activity report

# External Recognition

In addition to being selected for inclusion in the stocks tracked by major Japanese and overseas ESG indices, Sumitomo Corporation receives high ratings from a wide range of external organizations.

## ● Inclusion in ESG indices

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index



FTSE4Good



FTSE Blossom  
Japan Index



FTSE Blossom  
Japan Sector  
Relative Index

- S&P/JPX Carbon Efficient Index
- Somo Sustainability Index
- MSCI Nihonkabu ESG Select Leaders Index\*



Somo Sustainability Index

2025 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

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## ● Other external evaluations

- Japan Investor Relations Association: The “Most Liked!” IR Award



- CDP survey: Awarded B (Management level) in the Climate Change questionnaire and A- (Leadership level) in the Water Security and Forests questionnaire
- Selected as an “Environmentally Sustainable Company” in the Environmentally Sustainable Company category of the Ministry of the Environment’s 6th ESG Finance Awards Japan



- Ministry of Health, Labour and Welfare (Japan): “Platinum Kurumin” as a company that provides superior childcare support
- Ministry of Health, Labour and Welfare (Japan): “Eruboshi” (L Star) company on the basis of the Act on Promotion of Women’s Participation and Advancement in the Workplace
- work with Pride: Certified as “Gold” in the PRIDE INDEX
- Ministry of Economy, Trade and Industry (Japan): Enterprise with outstanding health and productivity management



- Ministry of Internal Affairs and Communications: Top Hundred Telework Pioneers
- Ministry of Economy, Trade and Industry (Japan): DX Certified Business Operator under the DX Certification





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