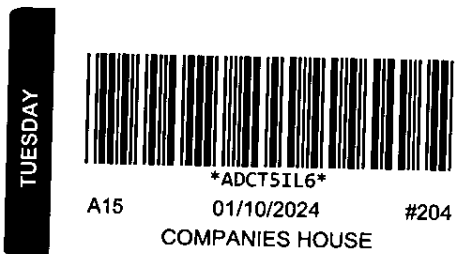


Howco Group Plc (SC079844)

Annual report and financial statements

Registered number SC079844

30 March 2024



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Strategic Report

The Directors' present their Strategic Report and Financial Statements for the 52 week period ended 30 March 2024. The Strategic Report sets out the main trends and factors underlying the development and performance of Howco Group plc (the "Company") during the 52 week period ended 30 March 2024, as well as those matters which are likely to affect its future development. The Company is a subsidiary undertaking of Sumitomo Corporation which is the ultimate parent company incorporated in Japan. The Company's immediate parent is Eryngium Limited ("Group"), which holds investments in Howco companies globally. Included within the Group are sister companies in the United States, United Arab Emirates and South East Asia.

Principal activities

The Company's core competencies continue to be that of supply chain management, engineering and materials processing, predominantly within the energy services sector.

Business review

The company has experienced improved trading conditions during the period, driven by improved global commodity pricing and an increased demand for the Company's products. As a result, turnover increased 16% compared to the previous financial period. The increased turnover, alongside an increased margin and a stable administrative cost base, resulted in an increased profit before tax for the 52 week period of £14.1m (53 week period ended 1 April 2023: £10.0m).

Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

- **Oil prices:** the financial performance of the Company is subject to fluctuation in the price of oil and the general economic outlook. These factors are monitored closely.
- **Foreign currency exchange:** the Company monitors closely short, medium and long term exchange rates and has a policy of hedging against currency fluctuations relating to transactions where the Directors believe foreign currency risk is significant and can be reduced economically through appropriate hedging arrangements.
- **Raw material availability and prices:** the Company monitors raw material sources on a global basis and negotiates set purchase contracts where appropriate with key suppliers.
- **Environmental risks:** the Company places considerable emphasis upon environmental compliance in each of its business areas and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes.
- **Health and Safety:** the Company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved. The Board notes that the total recordable incidents has fallen again this period.
- **Commercial relationships:** the Company maintains strong relationships with each of its key customers and suppliers and has established credit control parameters. Appropriate credit terms are agreed with all customers and suppliers and these are closely managed.
- **Regulation, legislation and compliance:** the Company monitors forthcoming and current legislation regularly and implements appropriate procedures to ensure ongoing compliance.

Key areas of strategic development and performance of the business include:

- **Sales and marketing:** new and replacement business is being won continually; key customer relationships are monitored on a regular basis.
- **Environment:** consent limits have been met; new methods of achieving greater environmental effectiveness are continually being examined.

Future developments

Alongside traditional links to the Oil and Gas sector, the Company has plans to diversify into the Renewables sector to support the Energy Transition effort and the drive towards Net Zero Emissions by 2050.

Accounting period

The Company utilises the 7-day rule available in the Companies Act 2006 to draw up its annual accounts to the Saturday closest to 31st March. This usually results in a 52 week period and the accounts being drawn up to the last Saturday in the month of March however, this occasionally results in a 53 week period as it has in the prior period. These financial statements are therefore drawn up to 30 March 2024, a 52 week period, whilst the comparative period is the 53 week period to 1 April 2023.

Strategic Report *(continued)*

Financial Reporting Standards 101 (FRS 101)

The Financial Statements of the Company have been prepared in accordance with applicable UK Generally Accepted Accounting Principles under FRS 101 for the 52 week period ended 30 March 2024.

Section 172 Statement

As Directors of the Company, we continue to be mindful of our statutory duty to promote the success of the Company for the benefit of the members as a whole. In doing so, we have regard, amongst other matters, to those factors set out in section 172 (1) (a) to (f) of the Companies Act 2006. Collectively, the Board recognises that having regard to these factors and stakeholder groups in decision-making contributes to the success of the Company. Depending on the matter at hand, the relevance of different stakeholder interests and other factors will vary. The Board may face making decisions based on competing stakeholder priorities and therefore, it may not always be possible to provide a favourable outcome for all stakeholders.

On appointment to the Board, the Directors are briefed on the Directors' statutory duties and are provided with various opportunities to meet key stakeholders. Ahead of all Board meetings, the Directors are supplied with papers which highlight the relevant stakeholder considerations for each of the agenda items. The Directors are in regular contact with their management teams which facilitates good communication and feedback at a local level.

The Company's key stakeholders are our employees, customers and suppliers. The Company has the following framework in place to ensure the Directors have regard to key stakeholders and matters set out in section 172 (1) of the Companies Act 2006 in their decision making.

The likely consequences of any decision in the long term

The long-term strategy of the Company is monitored to ensure that this aligns with the vision of the Group as a whole. Future areas of growth and change are considered in decision-making discussions. Input is sought from specialists within the Company where relevant. Both external and Group advisers are also called upon for their input when required in order to ensure the future environment under which the Company may operate is fully explored. The resulting assessment of future development informs the Board's decision-making and the balance between short and long-term actions.

The interests of the Company's employees

The Board promotes engagement with its workforce. The Directors are in regular contact with their management teams who they entrust with engagement of their wider teams. There is open communication with management throughout the Company. There are regular team meetings and toolbox talks on site which keep employees fully informed and engaged on Company developments.

The need to foster the Company's business relationships with suppliers, customers and others

The Company works closely with suppliers to ensure that our values on quality, safety and modern slavery are upheld throughout the supply chain. Value-added communications are facilitated in areas such as future growth and potential for the supply chain, to ensure that expectations are set and understood from the front line through to the management team and the Directors.

The Company has well-established customer engagement processes across Europe. These processes ensure that the perspectives of all customers are considered. Considerations include adaptation to industry change, regular communications with customers and providing excellent customer service.

The impact of the Company's operations on the community and the environment

The Directors are conscious of considering initiatives to reduce the impact of the Company's operations on the environment. As outlined in our Streamlined Energy and Carbon Reporting on page 3, the Company has invested in pilots to reduce energy loss in the period and has appointed Energy Management Teams at each site. This will enable the Company to continue to make inroads to reduce its environmental impact as far as possible.

The desirability of the Company to maintain a reputation for high standards of business conduct

The Company drives high standards of business conduct through the policies and procedures in place globally. The Board periodically reviews and approves clear frameworks, such as the Howco Global Code of Conduct, Howco Anti-Slavery and Human Trafficking Statement and Howco Modern Slavery Statement, to ensure that high standards are maintained both within the Company and business relationships.

Strategic Report *(continued)*

Section 172 Statement *(continued)*

The need to act fairly between members of the Company

Following consideration of all relevant factors, the Directors consider which course of action best prepares the Company to deliver in the long-term, taking into consideration the impact on stakeholders. In doing so, the Directors act as fairly as possible across the Company's stakeholder groups. The Directors will continue to review engagement methods to ensure they remain effective.

Streamlined Energy and Carbon Reporting

The Company has performed an assessment of greenhouse gas emissions and energy use for the 52 week period ended 30 March 2024. This has been presented, alongside the 53 week period ended 1 April 2023 comparative, to show the impact of the UK Distribution and Manufacturing operations, on the Company's total UK emissions.

UK greenhouse gas emissions and energy use date for the 52 week period ended 30 March 2024	Distribution	Manufacturing	Total
Energy consumption used to calculate emissions (kWh)	20,506,341	4,762,923	25,269,264
Scope 1 emissions in metric tonnes CO2e:			
- Gas consumption	3,377.88	303.07	3,680.95
- Diesel used on site	116.66	2.87	119.53
Total Scope 1	3,494.54	305.94	3,800.48
Scope 2 emissions in metric tonnes CO2e:			
- Purchased electricity	446.16	690.97	1,137.13
Scope 3 emissions in metric tonnes CO2e:			
- Other emissions from use of diesel	94.34	27.49	121.83
Total gross emissions in metric tonnes CO2e	4,035.04	1,024.40	5,059.44
Intensity ratio tonnes CO2e (per £1m UK Revenue)			46.10

UK greenhouse gas emissions and energy use date for the 53 week period ended 1 April 2023	Distribution	Manufacturing	Total
Energy consumption used to calculate emissions (kWh)	24,638,296	4,666,816	29,305,112
Scope 1 emissions in metric tonnes CO2e:			
- Gas consumption	4,024.39	229.95	4,254.34
- Diesel used on site	102.40	7.64	110.04
Total Scope 1	4,126.79	237.59	4,364.38
Scope 2 emissions in metric tonnes CO2e:			
- Purchased electricity	481.36	715.38	1,196.74
Scope 3 emissions in metric tonnes CO2e:			
- Other emissions from use of diesel	145.17	26.80	171.97
Total gross emissions in metric tonnes CO2e	4,753.32	979.77	5,733.09
Intensity ratio tonnes CO2e (per £1m UK Revenue)			62.72

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

Quantification and reporting methodology

The Company has followed the 2019 HM Government Environmental Reporting Guidelines. The GHG Reporting Protocol – Corporate Standard and 2020 UK Government’s Conversion Factors for Company Reporting have also been referred to when preparing the report.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per £1m UK revenue.

Measures taken to improve energy efficiency

During the period, the Company has approved spend for solar panels for the UK Distribution operations, installation is planned for the beginning of the next financial year. This will enable the Company to generate renewable, low carbon electricity, reducing CO₂ emissions at these facilities. Additionally, 10% of electricity is currently being purchased as “Green” energy.

Further practical developments during the financial year have included investing in energy saving efficiency programs which have led to the improvement and reduction of gas usage and CO₂ emissions produced.

Across the Company, the initiative called “Take Charge” has now been rolled out to all employees in the UK, empowering employees to take part in reducing energy consumption through four simple steps:

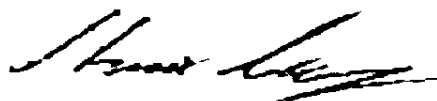
- Awareness - know your energy usage and what you can do to help;
- Measurement - accurately measure our past, present and future performance to demonstrate improvement;
- Process - reduce energy through improving our operations, processes and equipment;
- Sustain - maintain our energy performance improvements using our energy management systems.

Key performance indicators

Key financial performance indicators include profitability and working capital.

Financial	52 week period ended 30 March 2024	53 week period ended 1 April 2023	Measure
Return on capital	21.3%	12.0%	Profit after tax / Net assets
Current ratio	1.3 : 1	1.8 : 1	Current assets : Current liabilities
Inventory turnover	3.0	3.0	Revenue / Inventory
Sales per employee (£k)	480	437	Revenue / Average number of employees
Operating profit per employee (£k)	38	27	Operating profit / Average number of employees

On behalf of the Board



Kenneth Ness
Director

Fountain House
2nd Floor
1-3 Woodside Crescent
Glasgow
G3 7UL

24 September 2024

Directors' Report

The Directors present their Directors' Report and the audited Financial Statements for the 52 week period ended 30 March 2024.

Principal activity

The Company's core competencies continue to be that of supply chain management, engineering and materials processing, predominantly within the energy services sector.

Results and dividends

The profit before tax for the 52 week period amounted to £14.1m (*53 week period ended 1 April 2023: £10.0m*). The Board declared and paid a dividend of £28.1m during the 52 week period (*53 week period ended 1 April 2023: £nil*).

Financial Instruments

The Company's policy is to minimise the use of complex financial instruments.

Directors and Directors' interests

The Directors who held office during the period and up to the date of signing this report are as follows:

John M Ferguson
Kenneth Ness
David Preston

None of the Directors who held office at the end of the 52 week period had any disclosable interest in the shares of the Company

Employee involvement

The Company has channels of communication with employees on business development, Company performance and matters of general concern.

Employment of disabled persons

The Company gives full and fair consideration to applications for employment made by disabled persons, has continued whenever possible the employment of persons who became disabled while they are with the Company and has ensured continued training, career development and opportunities for the promotion of disabled persons employed by it.

Political contributions

The Company made no political donations or incurred any political expenditure during the current 52 week period or the prior 53 week period.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

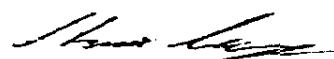
Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 to 4.

On behalf of the Board



Kenneth Ness
Director

Fountain House
2nd Floor
1-3 Woodside Crescent
Glasgow
G3 7UL
24 September 2024

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Howco Group plc

Opinion

We have audited the financial statements of Howco Group plc ("the Company") for the 52 week period ended 30 March 2024 which comprise the Balance Sheet, the Profit and Loss account, the Statement of other comprehensive income, the Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 March 2024 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journal combinations, including cash and revenue journals.

Independent auditor's report to the members of Howco Group plc (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Howco Group plc (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

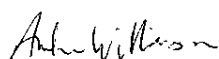
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Williamson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS
25 September 2024

Profit and Loss Account and Other Comprehensive Income
for the 52 week period ended 30 March 2024

	<i>Note</i>	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Revenue	2	192,592	165,617
Cost of sales		<u>(161,934)</u>	<u>(140,654)</u>
Gross profit		30,658	24,963
Selling and distribution costs		(1,916)	(2,148)
Administrative expenses		<u>(13,671)</u>	<u>(12,766)</u>
Operating profit	2	15,071	10,049
Interest receivable and similar income	5	669	227
Interest payable and similar charges	6	<u>(1,653)</u>	<u>(306)</u>
Profit before taxation		14,087	9,970
Taxation	7	<u>(3,582)</u>	<u>(1,928)</u>
Profit for the period		<u>10,505</u>	<u>8,042</u>

All results for the financial periods noted above were from continuing operations.

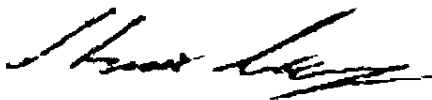
There was no other comprehensive income during the current 52 week period or preceding 53 week period.

The notes on pages 13 to 25 form part of these financial statements.

Balance Sheet
at 30 March 2024

	<i>Note</i>	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Non-current assets			
Property, plant and equipment	8	10,337	9,916
Investments	9	8,085	8,085
Goodwill	10	5,951	5,951
		24,373	23,952
Current assets			
Stocks	11	65,010	54,819
Debtors: amounts falling due within one year	12	47,325	40,552
		112,335	95,371
Total assets		136,708	119,323
Current liabilities			
Creditors: amounts falling due within one year	13	(86,952)	(52,196)
Total assets less current liabilities		49,756	67,127
Creditors: amounts falling due after more than one year	14	-	(163)
Deferred tax liabilities	15	(521)	(119)
		(521)	(282)
Net assets		49,235	66,845
Equity			
Called up share capital	16	100	100
Share premium account		4,109	4,109
Other reserves	17	496	496
Profit and loss account		44,530	62,140
Equity shareholder's funds		49,235	66,845

These financial statements were approved by the Board of Directors on 24 September 2024 and were signed on its behalf by:



Kenneth Ness
Director

Company registered number: SC079844

The notes on pages 13 to 25 form part of these financial statements.

Statement of Changes in Equity
for the 52 week period ended 30 March 2024

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 26 March 2022	100	4,109	496	54,098	58,803
Total comprehensive income for the 53 week period	-	-	-	8,042	8,042
Balance at 1 April 2023	100	4,109	496	62,140	66,845
Total comprehensive income for the 52 week period	-	-	-	10,505	10,505
Dividends paid (note 18)	-	-	-	(28,115)	(28,115)
Balance at 30 March 2024	100	4,109	496	44,530	49,235

The notes on page 13 to 25 form part of these financial statements.

Notes on the Financial Statements

for the 52 week period ended 30 March 2024

1 Significant accounting policies

Howco Group Plc (the "Company") is a public limited company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC079844 and the registered address is Fountain House, 2nd Floor, 1-3 Woodside Crescent, Glasgow, G3 7UL.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS"), but makes amendments, where necessary, in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures

- Cash Flow Statement and related notes;
- Comparative period reconciliations for property, plant and equipment, intangible assets and share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effect of new, but not yet effective, IFRSs;
- Related party disclosures; and

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis. The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company utilises the 7-day rule available in the Companies Act 2006 to draw up its annual accounts to the Saturday closest to 31st March. This usually results in a 52 week period and the accounts being drawn up to the last Saturday in the month of March however, this occasionally results in a 53 week period as it has in the prior period. These financial statements are drawn up to 30 March 2024, a 52 week period, whilst the comparative period is the 53 week period to 1 April 2023.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on pages 1 to 4. The balance sheet presents net current assets of £25.4m (53 week period ended 1 April 2023: £43.2m) as at 30 March 2024. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Company is a component of Sumitomo Corporation, a global trading and business investment company. The Company participates in a group treasury function and works closely with Sumitomo to manage the Company's funding requirements.

For the purposes of the Directors' assessment of the Company's going concern position, and to satisfy them of the Company's ability to pay its liabilities as they fall due, the Directors have prepared a cash flow forecast to March 2026. The cash flow forecast takes account of severe but plausible downsides including reductions in revenue should there be a slower than anticipated economic recovery. These forecasts indicate that, taking account of a reasonably possible downside scenario, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes on the Financial Statements *(continued)* *for the 52 week period ended 30 March 2024*

1 Significant accounting policies *(continued)*

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade receivables

Trade receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade payables

Trade payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement only.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Property plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Freehold land and buildings	- 2% to 5% straight line
Plant and equipment, fixtures and fittings	- 8% to 20% straight line
Motor vehicles and computer equipment	- 33% straight line
Leasehold improvements	- over the term of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes on the Financial Statements *(continued)* *for the 52 week period ended 30 March 2024*

1 Significant accounting policies *(continued)*

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Goodwill arising on the hive-up of subsidiary undertaking

In March 2016, the trade and net assets of a subsidiary undertaking, CTL Engineering Company Limited, were transferred to the Company at their book value. The cost of the Company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Part 15 of the Companies Act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, at the time, the Directors considered that, as there had been no overall loss to the Group, it would fail to give a true and fair view to charge the diminution to the Company's profit and loss account. It should instead be re-allocated to goodwill, so as to recognise in the Company's individual balance sheet the effective cost to the Company of goodwill. The effect on the Company's balance sheet of this departure was to recognise goodwill of £5,951k.

Research

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment of non-financial assets excluding stocks and deferred tax assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes on the Financial Statements *(continued)*

for the 52 week period ended 30 March 2024

1 Significant accounting policies *(continued)*

Employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue

Sales revenue, which is net of returns, rebates and discounts, and which excludes value added tax, is recognised when performance obligations are satisfied in respect of the transfer of goods or services at an amount that the business expects to be entitled to in exchange for those goods or services.

The Company's agreements with customers do not contain complex terms or separately identifiable performance obligations outside delivering product to customers. The performance obligation continues to be the supply of product to the customer and therefore the transaction price relates to this performance obligation. Revenue is recognised on despatch of goods to the customer for external sales and on receipt of goods by the customer for internal sales.

Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable and finance expense on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Notes on the Financial Statements *(continued)*

for the 52 week period ended 30 March 2024

1 Significant accounting policies *(continued)*

Taxation *(continued)*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and lease liabilities in 'Loans and borrowings' in the Balance Sheet.

Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. Due to the nature of estimation, the actual outcomes may well differ from these estimates.

Management has made the following judgements in applying the Group's accounting policies:

Inventory provisioning

Management considers the impairment of inventory on an ongoing basis. An impairment provision is recognised against inventory when the ability to sell is considered to be doubtful or uncertain. In determining whether inventory should be impaired, management considers the age of stock and current demand levels, as well as historical experience. Management regularly reassesses these judgements and assumptions to ensure they remain appropriate and reliable.

Notes on the Financial Statements *(continued)*
for the 52 week period ended 30 March 2024

2 Notes to the profit and loss account

Turnover

The turnover is wholly attributable to the principal activity of the Company.

Primary geographical markets	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
UK	45,003	43,210
Europe	31,184	22,125
Rest of the World	116,405	100,282
	192,592	165,617

Major products/service lines	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Supply Chain Management	58,082	48,141
Materials Processing	53,854	47,688
Engineering	6,390	4,590
Other	74,266	65,198
	192,592	165,617

Expenses and auditor's remuneration

	52 week period ended 30 March 2024			53 week period ended 1 April 2023		
	Within administration expenses £000	Within cost of sales £000	Total £000	Within administration expenses £000	Within cost of sales £000	Total £000
Auditor's remuneration						
- audit of financial statements	137	-	137	133	-	133
- other audit services	82	-	82	74	-	74
Depreciation and impairment						
- owned	308	779	1,087	321	1,203	1,524
- leased	214	-	214	214	-	214
Gain on disposal of assets	(125)	-	(125)	(124)	-	(124)

Notes on the Financial Statements *(continued)*
for the 52 week period ended 30 March 2024

3 Remuneration of Directors

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Directors' emoluments	458	429
Company contributions to money purchase pension schemes	12	13
	470	442

The Directors' emoluments disclosed within these financial statements are those attributable to the qualifying services of each of the Directors in the interest of Howco Group plc. The qualifying portion of aggregate emoluments of the highest paid Director was £217k (53 week period ended 1 April 2023: £220k) and Company pension contributions of £4k (53 week period ended 1 April 2023: £6k) were made to a money purchase scheme on his behalf.

	Number of Directors	
	52 week period ended 30 March 2024	53 week period ended 1 April 2023
Retirement benefits are accruing to the following number of Directors	-	-

4 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

	Number of employees	
	52 week period ended 30 March 2024	53 week period ended 1 April 2023
Manufacturing	199	190
Administration	202	189
	401	379

The aggregate payroll costs of these persons were as follows:

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Wages and salaries	18,605	17,169
Social security costs	1,859	1,752
Other pension costs	659	597
	21,123	19,518

5 Interest receivable and similar income

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Bank interest	596	227
Exchange gain on foreign currency balances	73	-
	669	227

Notes on the Financial Statements *(continued)*
for the 52 week period ended 30 March 2024

6 Interest payable and similar charges

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Bank interest	1,642	235
Finance expenses payable in respect of finance leases	11	18
Exchange loss on foreign currency balances	-	53
	1,653	306

7 Taxation

Analysis of charge in period

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
UK corporation tax		
Current tax on profit for the period	2,887	1,653
Adjustment in respect of prior periods	23	(29)
Foreign current tax on income for the period	269	247
Total current tax	3,179	1,871
Deferred tax (note 15)		
Origination and reversal of temporary differences	402	40
Adjustment in respect of prior periods	1	4
Effect of changes in tax rates	-	13
Total deferred tax	403	57
Tax on profit	3,582	1,928

Reconciliation of effective tax rate

	Effective rate %	52 week period ended 30 March 2024 £000	Effective rate %	53 week period ended 1 April 2023 £000
Profit for the year		10,505		8,042
Total tax expense		3,582		1,928
Profit excluding taxation		14,087		9,970
Tax using the UK corporation tax rate of 25% (53 week period ended 1 April 2023: 19%)	25.0%	3,522	19.0%	1,894
Effects of:				
Non-deductible expenses	0.3%	44	0.1%	8
Adjustments in respect of prior periods	0.2%	24	(0.3%)	(25)
Other items including the effect of differences in tax rates	(0.1%)	(8)	0.5%	51
Total tax expense for 52 week period (53 week period ended 1 April 2023)	25.4%	3,582	19.3%	1,928

Notes on the Financial Statements *(continued)*
for the 52 week period ended 30 March 2024

8 Property, plant and equipment

	Freehold land and buildings £000	Plant and equipment £000	Fixtures, fittings, vehicles and computers £000	Assets under construction (AUC) £000	Total £000
Cost					
At 1 April 2023	11,480	29,678	4,777	183	46,118
Additions	-	1,488	70	178	1,736
Transferred from AUC to fully commissioned	-	-	36	(36)	-
Disposals	-	(1,246)	(11)	-	(1,257)
At 30 March 2024	11,480	29,920	4,872	325	46,597
Depreciation					
At 1 April 2023	4,826	26,744	4,632	-	36,202
Charge for the period	439	778	84	-	1,301
On disposals	-	(1,232)	(11)	-	(1,243)
At 30 March 2024	5,265	26,290	4,705	-	36,260
Net book value					
At 30 March 2024	6,215	3,630	167	325	10,337
At 1 April 2023	6,654	2,934	145	183	9,916

9 Investments

	£000
Subsidiary undertakings – cost and net book value	
At beginning and end of 52 week period	8,085

The Company's subsidiary undertakings, all of which the Company holds more than a 20% investment in, are as follows:

Subsidiary undertakings	Registered office address	Class and percentage of shares held 2024 and 2023
Howco Metals Management Limited	1-3 Woodside Crescent, Glasgow, G3 7UL	Ordinary shares 100%
Howco Special Processing Limited	1-3 Woodside Crescent, Glasgow, G3 7UL	Ordinary shares 100%
Howco Oilfield Services Limited	Carbrook Street, Sheffield, S9 2JN	Ordinary shares 100%
Howco Quality Alloys Limited	Carbrook Street, Sheffield, S9 2JN	Ordinary and Preference shares 100%
Howco Oilfield Services FZE	PO Box 50273, Hamriyah FZ, Sharjah, UAE	Ordinary shares 100%

Howco Metals Management Limited, Howco Special Processing Limited, Howco Oilfield Services Limited and Howco Quality Alloys Limited were dormant throughout the 52 week period.

Notes on the Financial Statements *(continued)* *for the 52 week period ended 30 March 2024*

10 Goodwill

£000

Cost and net book value at beginning and end of 52 week period

5,951

The goodwill arose on the hive-up of assets from a subsidiary in 2016. The recoverable amount of the Company's single CGU is determined using 'value in use' calculations covering all of the Company's assets. Key assumptions in this calculation include the discount rate, projected revenues and terminal growth rates, projected gross margins and operating costs. A post-tax discount rate of 11.5% (*53 week period ended 1 April 2023: 11.5%*) was used, reflecting the Company's weighted average cost of capital adjusted for appropriate market risk, which is considered to be the most definitive basis for arriving at a discount rate.

A long term growth rate of 1.5% (*53 week period ended 1 April 2023: 1.5%*), changes in gross margin and overhead costs are based on the Directors' expectations of future performance in the markets in which the Company operates. This is consistent with budgets for the next period and strategic plans thereafter. Subsequent revenues are extrapolated to a terminal value based on the expected long term growth rate.

The Directors believe the assumptions used are appropriate. In addition, sensitivity analysis has been performed to determine the changes in assumptions which would result in an impairment of the carrying value of goodwill. Based on this analysis, the Directors believe that any reasonable changes in the key assumptions would maintain a recoverable amount for the CGU which exceeds the carrying value. Therefore, the Directors have concluded that no impairment charge is required against the carrying value of goodwill at the balance sheet date.

11 Stocks

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Raw materials	50,859	44,888
Work in progress	14,151	9,931
	<u>65,010</u>	<u>54,819</u>

Stocks comprise metal products which can either be resold in their existing condition or treated prior to resale.

Stocks are shown net of write downs of £509k (*53 week period ended 1 April 2023: £309k*). The reversal of write downs amounted to £nil (*53 week period ended 1 April 2023: £nil*). Write downs and reversals are recognised in cost of sales.

12 Debtors: amounts falling due within one year

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Trade debtors	29,974	24,071
Prepayments and accrued income	3,009	3,115
Taxation and social security	709	2,482
Amounts owed by subsidiary or fellow subsidiary undertakings	13,633	10,884
	<u>47,325</u>	<u>40,552</u>

An allowance has been made for estimated irrecoverable amounts from the sale of goods of £340k (*53 week period ended 1 April 2023: £282k*). Of this amount, £58k (*53 week period ended 1 April 2023: £87k*) was recognised in the profit and loss account in the current period.

The amounts owed by subsidiary undertakings are non-interest bearing and are repayable on demand.

Notes on the Financial Statements *(continued)*
for the 52 week period ended 30 March 2024

13 Creditors: amounts falling due within one year

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Trade creditors	22,967	27,624
Accruals and deferred income	2,515	2,721
Other creditors	223	29
Corporation tax creditor	1,965	833
Obligations under leases	194	231
Amounts owed to immediate parent company	7,835	7,835
Amounts owed to ultimate parent company	41,656	767
Amounts owed to subsidiary or fellow subsidiary undertakings	-	2,559
Amounts owed to group undertakings	9,597	9,597
	86,952	52,196

The amounts owed to the ultimate parent company represent cash balances that have been “swept” via inter group cash management arrangements. The amounts owed to the immediate parent, subsidiary undertakings and group undertakings are non-interest bearing and are repayable on demand.

14 Creditors: amounts falling due after more than one year

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Obligations under leases	-	163

15 Deferred tax

The amounts provided for deferred taxation are analysed as follows:

	Liability at 1 April 2023 £000	Charged to income £000	Liability at 30 March 2024 £000
Property, plant and equipment	414	434	848
Provisions	(295)	(32)	(327)
Deferred tax liability	119	402	521

The deferred tax liability due after more than one year is £521k (53 week period ended 1 April 2023: £119k). No deferred tax has been recognised in respect of any withholding or other taxes that would be payable on the unremitted earnings of subsidiaries. There are no unremitted earnings on which UK tax is expected to become payable if repatriated (53 week period ended 1 April 2023: £nil).

Notes on the Financial Statements *(continued)*
for the 52 week period ended 30 March 2024

16 Called up share capital

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

17 Other reserves

	Capital reserve £000	Other reserve £000	Total other reserves £000
At beginning and end of 52 week period	<u>481</u>	<u>15</u>	<u>496</u>

Following transition to IFRS, the balance on the revaluation reserve under UK GAAP was transferred to the capital reserve. There were no changes to this reserve on transition to FRS 101. No further releases from the capital reserve will be made unless the assets to which it relates are sold or otherwise disposed of.

18 Dividends

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Final dividend of £281.15 per share (53 week period ended 1 April 2023: <i>£nil per share</i>)	<u>28,115</u>	<u>-</u>

19 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £659k (53 week period ended 1 April 2023: £597k). Contributions amounting to £128k (53 week period ended 1 April 2023: £119k) were outstanding at the period end.

20 Commitments

Capital commitments as at the balance sheet date amounted to £1.8m (53 week period ended 1 April 2023: *£nil*).

21 Ultimate parent company, parent company of larger group and related undertakings

The Company is a subsidiary undertaking of Sumitomo Corporation which is the ultimate parent company incorporated in Japan. The Company's immediate parent undertaking is Eryngium Limited.

The largest group in which the results of the Company are consolidated is that headed by Sumitomo Corporation, incorporated in Japan. The consolidated financial statements of this group are available to the public and may be obtained from Otemachi Place East Tower, 3-2 Otemachi 2-chome, Chiyoda-ku, Tokyo.

The Company's related undertakings are the immediate and ultimate parent undertakings disclosed above and its subsidiary undertakings are disclosed in note 9.

Notes on the Financial Statements *(continued)*
for the 52 week period ended 30 March 2024

22 Leases

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as Property, plant and equipment (see note 8).

	Freehold land and buildings £000
Cost	
At beginning and end of 52 week period	<u>1,134</u>
Depreciation	
At 1 April 2023	735
Charge for the period	<u>214</u>
At 30 March 2024	<u>949</u>
Net book value	
At 30 March 2024	<u>185</u>
At 1 April 2023	<u>399</u>

Amounts recognised in profit or loss

Leases under IFRS 16

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	52 week period ended 30 March 2024 £000	53 week period ended 1 April 2023 £000
Interest expense on lease liabilities	<u>11</u>	<u>18</u>

23 Subsequent events

There were no subsequent events post the balance sheet date and prior to the date of signing these financial statements that would have a material impact on the results reported or the financial position of this company.

Integrated Report 2024



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On the release of Integrated Report 2024

As global circumstances grow increasingly complex and uncertain, demand for sustainability in both our planet and society continues to intensify.

In response, companies are embracing long-term and increasingly challenging initiatives, requiring management to more clearly link and integrate the financial and non-financial aspects of their operations.

With this understanding, our Integrated Report is designed to provide a comprehensive and medium- to long-term perspective on the future of the Sumitomo Corporation Group.

Under the leadership of the new President, Shingo Ueno, we launched a new management structure and business organization in April 2024.

With the achievements of the previous three-year medium-term management plan, SHIFT 2023, in hand, the Sumitomo Corporation Group is now poised to enter a new stage of growth.

This is the stage where we truly demonstrate the true value we have communicated in our previous integrated reports.

We also updated our Material Issues from the perspective of creating value and achieving growth by addressing social challenges.

In this Integrated Report, we delve into the core concept of “competitive advantage,” which is central to our new Medium-Term Management Plan 2026, with the slogan “No.1 in Each Field.” By explaining the plan’s objectives and strategies, we aim to convey the strength and momentum of the Sumitomo Corporation Group as we move forward.

We encourage you to read through the report and share your thoughts and frank comments. We hope that this Integrated Report serves as a valuable tool for dialogue and the sharing of new values with all our stakeholders.

Masayuki Hyodo
Chairman of the Board of Directors

Special Feature: Growth Story —Enhancing Our Competitive Advantages

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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 figure to the right, 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, 2023, to March 31, 2024 (Some activities starting on or after April 1, 2024, are included.)

Organizations covered: Sumitomo Corporation and the Sumitomo Corporation Group

Referenced guidelines

The International Integrated Reporting Framework (IFRS Foundation)

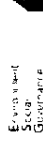
ISO 26000 (Guidance on Social Responsibility)

Charter of Corporate Behavior, KEIDANREN (Japan Business Federation)

Environmental Reporting Guidelines 2018, issued by the Ministry of the Environment

Guidance for Collaborative Value Creation by the Ministry of Economy,

Trade and Industry

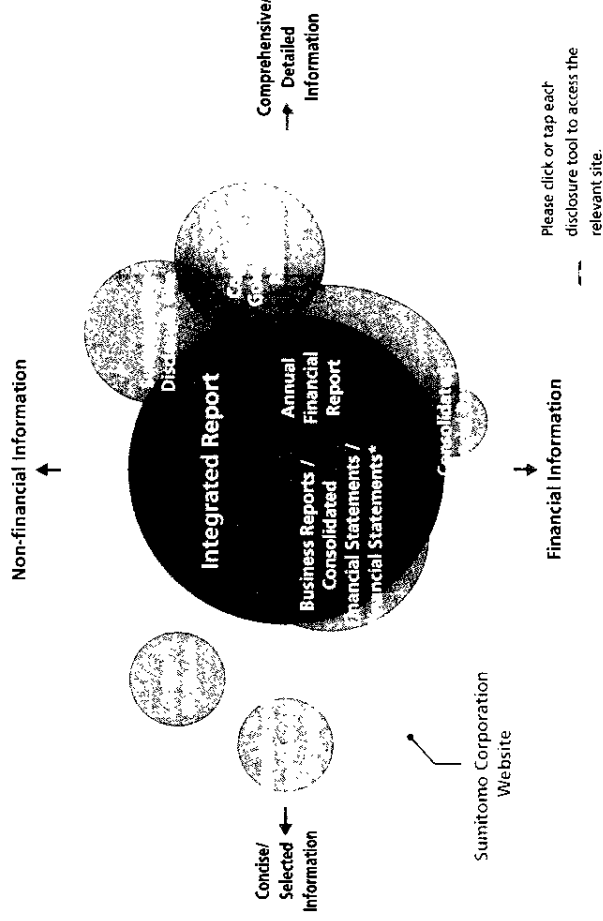


Guidance for Collaborative Value Creation

Cautionary statement concerning forward-looking statements

This integrated report contains management targets relating to medium-term management plans as well as 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.

Sumitomo Corporation Group's information disclosure system

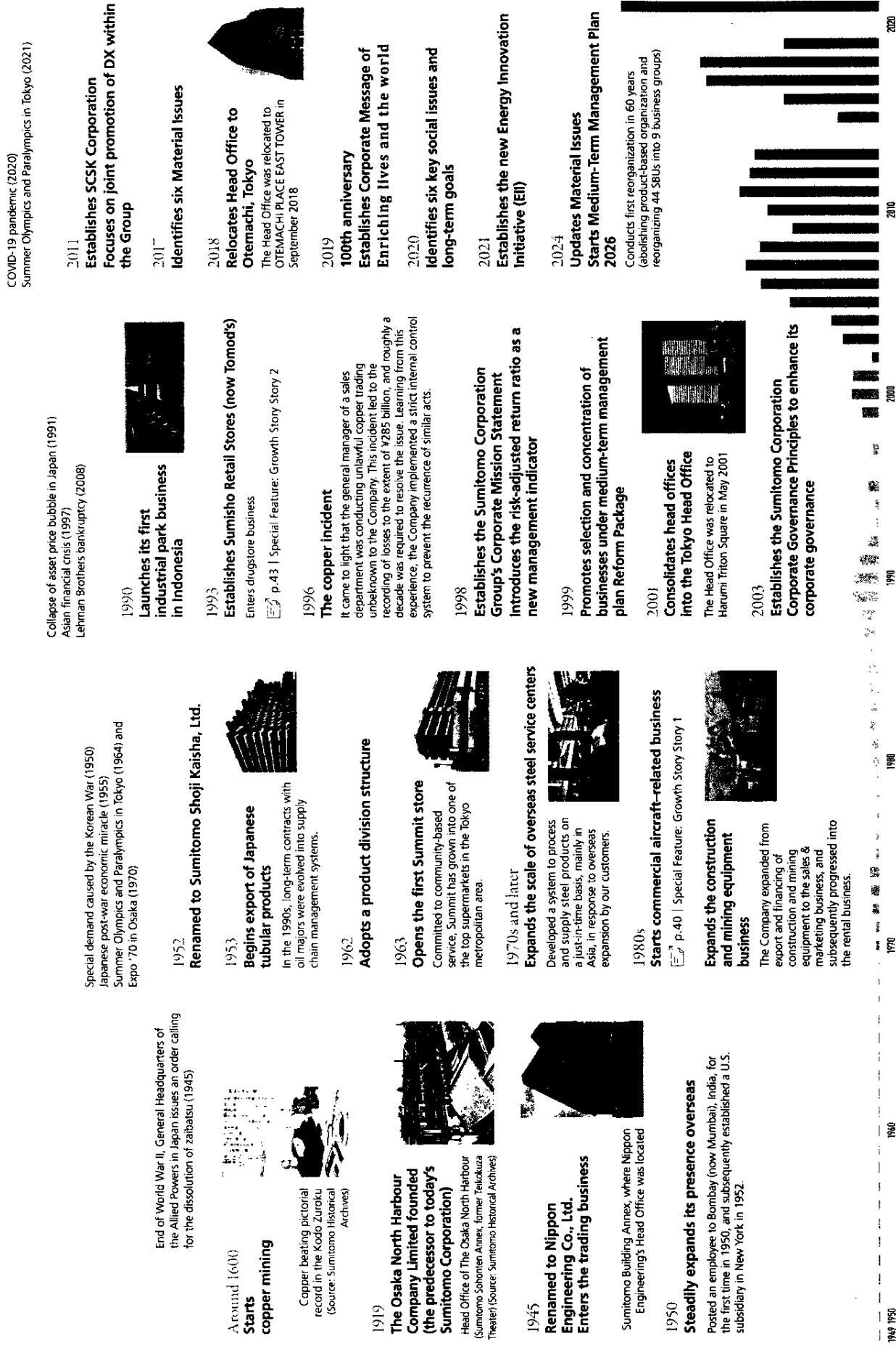


Main tools for information disclosure

Integrated Report	
Sustainability Disclosure Site	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 in the medium- to long-term as well as corporate strategy and the overall progress of our business. Among non-financial information, we disclose detailed information on our activities related to sustainability from the perspective of ESG. We also provide the latest relevant information by disclosing it on our corporate website and updating it as necessary. The Business Report conveys important matters related to business results and the status of each fiscal year. The Consolidated Financial Statements disclose our corporate group's consolidated financial position and profit/loss. The Financial Statements disclose our non-consolidated financial position and profit/loss. (All of these documents are in accordance with the Japanese Companies Act.)
Business Reports / Consolidated Financial Statements* / Financial Statements*	

* Included in Notice of Convocation

History



At a glance

(FY2023, year ended March 31, 2024)

Global network		Consolidated subsidiaries and associated companies	Number of employees (Consolidated basis)
127 offices in 65 countries and regions worldwide (As of April 2024)		884 companies	79,692
Number of aircraft leasing fleet	Cable television in Japan	Number of food supermarkets in Tokyo	Global comprehensive urban development projects (total land area)
No. 2 in the world	No.1	No.1	5,000ha
Number of housing units supplied globally (cumulative)	Agribusiness expansion (number of countries)	Number of managed care members in Malaysia	Renewable energy (net ownership generation capacity)
Approx. 100,000	38	3.7 million (No.1) (As of July 2024)	2.1GW
Profit for the year	Profit for the year excluding one-off profits/losses	Free cash flow	ROE
¥386.4 billion	¥501.0 billion	+¥314.9 billion (Repayments of lease liabilities categorized in financing activities have been adjusted)	9.4%
	75%		40% or higher (Medium-Term Management Plan 2026)
		Total payout ratio	

Long-term credit ratings

External evaluations	Moody's Investors Service	S&P Global Ratings	Rating and Investment Information, Inc.	CDP
	Baa1 (stable)	A- (stable)	AA- (stable)	FTSE Blossom Japan Index FTSE Blossom Japan Sector Relative Index SOMPO Sustainability Index

Message from the President and CEO



Entering a new growth stage with the theme “No.1 in Each Field.”

Shingo Ueno

Representative Director,
President and Chief Executive Officer

Profile

Joined the Company in 1982 and engaged in the tubular products and energy businesses. After serving as General Manager for the Americas, he oversaw the mineral resources, energy, chemicals & electronics, and metals businesses. At the same time, as a head of the Energy Innovation Initiative (EII), launched in 2021, he led company-wide efforts for next-generation energy solutions.

Message from the President and CEO

My objectives as CEO

My name is Shingo Ueno, and I was appointed CEO as of April 2024. I look forward to your support.

First, let me share my thoughts on the kind of CEO I aspire to be. Although I am the Chief Executive Officer, my image of CEO is not standing at the top of the pyramid and reigning, looking down from above. While the roles played by each member of the Sumitomo Corporation Group might differ, I believe there is no superiority or inferiority among these roles, including that of the CEO. I will fulfill my role as CEO, and I trust that all employees will also fulfill their expected roles. My ideal management style is to foster an open and flat organization where everyone, including the CEO, communicates on equal terms and from the same perspective. I will create as many opportunities as possible to communicate directly with employees around the world on the same level. I want the Company to be a place where all employees can discuss their dreams and aspirations and demonstrate their strengths as a unified team towards the same direction.

Since joining the Company in 1982, I have been involved in a variety of businesses both in Japan and overseas. In my first 30 years, I engaged in enhancing functions of the Company and expanding its business scale to create value for customers and manufacturers worldwide in the export and sales, processing, and supply chain management of energy-related tubular products. Thereafter, in the mineral resources, energy, and chemicals & electronics business, I, as a Division Head, led rebuilding the organization and business after posting significant losses. I also made and implemented decisions to acquire or withdraw from upstream interests based on a long-term perspective as a Head of Business Unit.

In parallel with these efforts, I launched the Energy Innovation Initiative (EII) in April 2021 to spearhead a company-wide effort to provide next-generation energy solutions. The aim of the EII is to develop and promote businesses that help realize a carbon-neutral society over the medium to long term, thereby building new earning pillars of the Company.

Looking back, I have shared many experiences with team members and business partners, developing, expanding, recovering, and withdrawing from businesses while facing changes in the external environment and overcoming them together. This has been my foundation. In addition to pursuing economic value, we must simultaneously increase social value through businesses that help address social challenges. It is the only way to achieve sustainable growth in the long

run, and it forms the basis of my values. These values are also a reflection from Sumitomo's Business Philosophy, which has been passed down for 400 years, as well as from the Sumitomo Corporation Group's Corporate Mission Statement, which embodies that philosophy.

Transition from previous plan (SHIFT 2023)

Thanks to structural reforms carried out over the three years of the previous medium-term management plan, SHIFT 2023 (FY2021–2023), we have strengthened the resilience of our business portfolio. I returned to Japan in April 2019 after completing my term as General Manager for the Americas. In the following FY2020, however, profit for the year fell into the red, partly due to the pandemic. After a thorough review, we worked diligently over the three-year period starting in FY2021 to return the Company to a growth trajectory. Specifically, we added ROIC and WACC to our indicators, which led to the Business Portfolio SHIFT. This included withdrawal from low-profitability businesses and recovery of management resources through divestment while promoting capital recycling by reallocating these resources to steady growth businesses. Over the three years through FY2023, we steadily improved our profitability, ROE, and financial soundness, establishing an earnings base capable of generating profit for the year at the ¥500 billion level.

Page 15 | Review of SHIFT 2023

I believe that I was handed the baton of CEO at the time to finally go on the offensive.

The Company has been achieving growth by constantly staying a step ahead in dealing with change and evolving our business model. I now see great business opportunities amid the significant, fast-paced changes we are currently experiencing.

For example, in the areas of green transformation (GX), which is required for almost every business in the Group, and digital, which is essential for business transformation, we are making strong progress by leveraging the strength and speed of cross-organizational collaboration, a hallmark of the Company.

Amid these dynamic trends, we are entering a stage of dynamic growth.

Medium-Term Management Plan 2026 theme: “No.1 in Each Field”

As we forge strongly ahead toward a new stage of growth, we launched the Medium-Term Management Plan 2026 in April 2024, with the theme, “No.1 in Each Field.” Under the previous plan, we adopted a stronger defensive approach that included implementing structural reforms, maintaining financial soundness, and strengthening resilience. Going forward, however, we will switch to an offensive mindset with the aim of becoming “No.1 in Each Field.” The Company operates businesses in a variety of industries, sectors, and business categories. Accordingly, we intentionally do not set a uniform company-wide definition of “No.1” because each of our businesses operates in a different environment and follows a different trajectory. Each business recognizes its own strengths, enhances its competitive advantages, and defines what kind of “No.1” it aims to become. It can be market share, profitability, capital efficiency, customer satisfaction, or other objectives. By successfully implementing strategies that incorporate these objectives, we plan to make the Sumitomo Corporation Group into the “No.1” business group. I believe such dynamic growth can only be achieved through addressing social challenges, which aligns with the values I mentioned earlier.

This also means accelerating our business portfolio transformation. In addition to further expanding growth businesses, we will focus on enhancing the profitability of low-profitability businesses, with the aim of achieving profit for the year of ¥650 billion in FY2026.

Using business-specific ROIC and WACC as indicators, we will continue working on business portfolio transformation, thus raising company-wide ROA. Our businesses are classified into four strategic categories—steady business growth, value creation, restructuring, and nurture. Each business will steadily fulfill its expected role, leading to further improvement of profitability for the entire company. For struggling businesses, we will consider all options to make informed decisions.

By focusing on the two pillars of “growth leveraged by strength” and “strengthening the driving force for growth,” we can successfully grow our business while accelerating our business portfolio transformation.

Concentrate investments in businesses with “core-strength”

With respect to “growth leveraged by strength,” we will allocate around 80% of our growth investment to businesses with “core-strength” where we have familiarity, strength, and competitive advantage. This approach will expand our earnings base and build earning pillars that drive profit growth. The remaining 20% will be allocated to developing businesses that will become our future strengths in the medium to long term.

Businesses with “core-strength” include agriculture, construction systems, leasing, energy solutions, steel, digital, healthcare, and real estate. In each of these businesses, the Group has unique strengths and can demonstrate its competitive advantage.

In the aircraft leasing business, for example, we possess extensive knowledge and networks related to aircraft, which began with the trading of used aircraft and parts. In the real estate business, with a full lineup portfolio, we have the expertise to handle the entire project life cycle, from initial development to final operation. By maximizing synergy of our knowledge of each business field and our asset management capabilities, we have developed a unique strength.

In the healthcare business, we promote primary medical care that meets the needs of various overseas regions. Here, we leverage the customer relationship management and chain store operation capabilities we have developed over many years in our lifestyle-related businesses. We also utilize our management expertise from the drugstore and pharmacy business in Japan.

 p.39 | Special Feature: Growth Story

First organizational changes in 60 years aimed at enhancing agility and maximizing the potential of our human capital

In addition to “growth leveraged by strength,” we are “strengthening the driving force for growth” with a focus on empowering our people and our organizations.

Message from the President and CEO

In April 2024, after two years of discussion, we implemented a major reorganization, abolishing the product-based organization that had existed for the past 60 years. The basic unit of the new organization is the strategic business unit (SBU), which centers on strategy. Unrestricted by organizational scale, our 44 SBUs range in size from around 10 to 400 employees. These SBUs are organized into nine business groups based on strategic affinity. The head of each business group, acting as Group CEO, will promote autonomous group management globally and work flexibly to expand profits. In addition, there will be new value chain creations by starting from existing strong businesses, linking SBUs across former business units, represented in groups such as the Energy Transformation Business Group and the Diverse Urban Development Group.

We also reorganized the Management Council, the highest executive-level decision-making body. To accelerate business portfolio transformation by making timely and accurate decisions, we reduced the number of members from 12 to 7 and changed the resolution method to majority voting. While the Management Council focuses on allocating management resources from the perspective of company-wide optimization, each business group aims for growth by pursuing individual optimization through autonomous group management. This dual approach allows us to enhance organizational strength and overall integrated strength through continuous dialogue and discussion, balancing the perspectives of company-wide and individual optimization.

The human resources that make up our organization are among our most important management capital. We refer to them as our “human capital.” By aligning our business portfolio transformation and SBU strategy, we will fully utilize our human capital, who are the driving force for our growth, to reinforce our strategy execution capabilities.

Together with stakeholders

In 10 or 20 years, the Company will have evolved with the times, resulting in a completely transformed business portfolio. Otherwise, we will not have made any meaningful progress. As in the past, it is essential for our businesses and business models to evolve by adapting to changing times. Our Medium-Term Management Plan 2026 is a critical step in this direction.



At the same time, one principle that remains unchanged, even as times change, is our commitment to creating social, environmental, and economic value by addressing social challenges through business activities that showcase our capabilities. Here, we will fully leverage our management capital, with Sumitomo's Business Philosophy at the core. By further expanding the value we create, we will achieve sustainable growth.

Sustainable growth cannot be achieved solely by the Company. Together with our shareholders, business partners, and all other stakeholders, we will enhance our corporate value and share that value with them.

For our shareholders, we will share value by aligning more closely with our shareholder interests, managing our business with a greater commitment to improving our corporate value. In our new medium-term management plan, we are targeting a total payout ratio of 40% or higher by implementing progressive dividend payments and conducting share repurchases in a flexible and agile manner. Simultaneously, we will allocate profits in a balanced way to investments in businesses earmarked for medium- to long-term growth. This approach aims to enhance our corporate value across the short, medium, and long terms.

 p.19 | Summary of quantitative plans

As CEO, my pledge is to share our dreams, aspirations, and the value we create with all stakeholders, filling the future with abundance and truly “Enriching lives and the world.”

Message from the CSO



Sources of management capital

Our Medium-Term Management Plan 2026, announced in May 2024, sets forth our commitment to becoming “No. 1 in Each Field” through business portfolio transformation. At the same time, we updated our Material Issues from the perspective of value creation and clarified our intention to address social challenges to create value and thus achieve growth. At the heart of this is Sumitomo’s Business Philosophy, which includes “benefit for self and others, private and public interests are one and the same” and “no pursuit of easy gains.” As illustrated in the Value creation model section, Sumitomo Corporation’s value creation stories, outlined in its medium-term management plan under the updated Material Issues, are detailed as follows.

 p.10 | Value creation model

Here, the key input is our high-quality “capital”—encompassing our people, organizations, financial resources, and relationships—that we have developed through our sincere activities based on Sumitomo’s Business Philosophy. Examples of our capital include our strong relationships with countries and regions such as Indonesia and Vietnam, our pioneering efforts in the digital area and energy innovation, and our large-scale, high-market-share businesses, such as tubular products in North America and construction systems. We also have powerful Group companies such as SMFL and SCSK. In addition, our competitive edge is bolstered by trusted partnerships and a diverse portfolio, ranging from mineral resources and urban development to B2C businesses like pharmacies and

supermarkets, that only a conglomerate can offer. Moving forward, we will harness and integrate our core strengths—gained from the combination and synergy of such capital—to develop, expand, and reinforce our No. 1 businesses. Then, we will accelerate the process by incorporating digital and green transformation (GX).

Value delivered by our No.1 businesses

With these No. 1 businesses in mind, we will reorganize our financial and human capital portfolios and restructure our organizations accordingly. On the funding side, we will generate ¥2 trillion through business activities over the three-year period, plus ¥0.8 trillion in cash through asset replacement. Of these, we will invest more than ¥1.8 trillion in current areas of strength while making significant investments in nurture fields earmarked to become our future strengths. This forms the foundation of the business bases outlined in our medium-term management plan. We aim to become “No. 1 in Each Field” by offering products and services that are both competitively superior and highly satisfactory to our customers. In FY2026, we are targeting profit of ¥650 billion and ROE of 12% or higher while increasing our contributions to greenhouse gas reduction and ecological impact minimization. These will be our outputs. Such outputs will result in various positive outcomes, including a total payout ratio of 40% or higher for shareholders, increased satisfaction and trust among business partners, competitive compensation for executives and employees, enhanced quality of life, and the development of exceptional talent. As our actions are based on our updated Material Issues, we will deliver social value and environmental value alongside economic value. These outcomes will further enhance the quality of our capital, which will become a key input for future growth.

Striving for further excellence

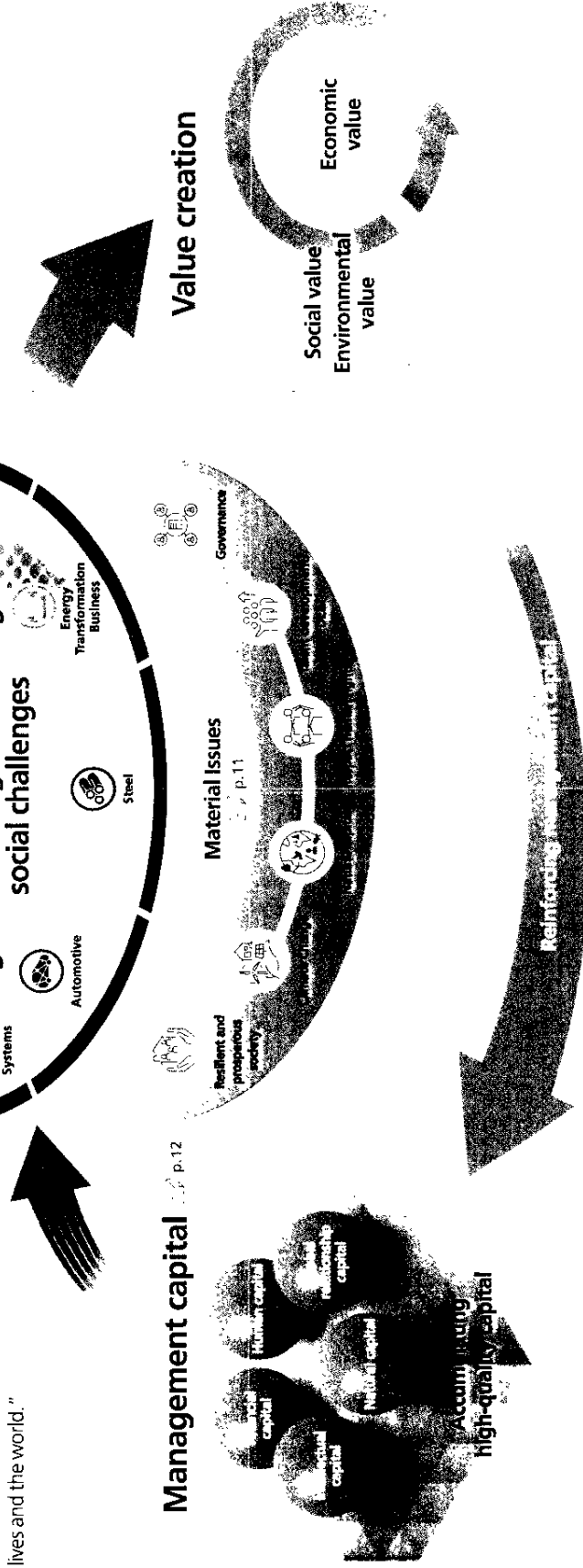
Certain areas require further refinement to fully achieve our goals. This involves pinpointing our core strengths and competitive advantages and using them as catalysts to develop a range of businesses that meet global needs, thereby enhancing our growth potential. It also requires us to enhance the driving force for growth—our organizations and human capital—so they can fully leverage their capabilities and attributes. Through these efforts, we will transform one aspect of Sumitomo’s Business Philosophy—“Planning imbued with a farsighted perspective”—into a robust business engineering power. Under strong leadership, each of our organizations will operate autonomously and adapt swiftly and effectively to the rapidly evolving and dynamic business environment. As a result, we will elevate the quality of the aforementioned inputs and business model, leading to improved outputs and outcomes.

As CSO, I feel a heavy responsibility in leading the strategies and portfolio management essential for implementing our value creation stories. I will do my utmost to ensure that the entire Sumitomo Corporation Group is transformed by our medium-term management plan and makes even greater strides going forward.

Value creation model

Sumitomo's Business Philosophy, which has been passed down through generations for 400 years, has consistently been the foundation of the Sumitomo Corporation Group and the cornerstone of its value creation.

We will leverage our management capital to conduct business activities that highlight our unique capabilities in addressing social challenges. In the process, we aim to create three kinds of values—social value, environmental value, and economic value—and fulfill our commitment to "Enriching lives and the world."



Material Issues

Material Issues and medium- and long-term goals

We are committed to delivering sustainable growth by resolving social issues into the future. To this end, in 2017, we have identified our Material Issues that we should address by leveraging our strength in line with Sumitomo's Business Philosophy and Sumitomo Corporation Group's Corporate Mission Statement. Seeking to be more proactive in overcoming social issues, in 2020 we established the Key Social Issues and associated medium- and long-term goals and have conducted our business activities with an awareness of the social issues that we should prioritize.

In 2024, discussions with stakeholders—both within and outside the Group—were conducted over the course of approximately one year from the perspective of value creation, with consideration also given to the further aggravation of social issues such as climate change and the loss of biodiversity, the Group's strengths, and expectations from stakeholders. The Material Issues and the Key Social Issues were merged and updated after approval by the Management Council and Board of Directors.

Material Issues are a medium- to long-term commitment that goes one step further toward addressing key social challenges that the Group must undertake. The Group will achieve sustainable growth through addressing the social challenges.

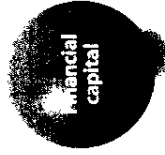
	Our thoughts on Material Issues	Long-term goals	Medium-term goals
 Build resilient and prosperous society	We create a virtuous circle in which all people can enjoy physically and mentally enriched lives, and we can grow and develop together with local communities by stepping ahead in dealing with the needs of people in various countries and regions.	Contribute to the development of local communities and economies Develop human resources who will drive the future by providing quality education	Develop safe, comfortable, and resilient industrial and social infrastructure Provide advanced services and functions that further enrich the lives of people Develop human resources who will drive the future through business and social contribution activities
 Overcome climate change	We work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the characteristics of the respective industry and region.	Aim for carbon neutrality of the Sumitomo Corporation Group's businesses by 2050 Contribute to carbon neutrality of society	Reduce the Group's CO₂ emissions 50% or more by 2035 (compared with 2019) Build a sustainable energy system and carbon cycle with an overview of supply chains
 Preserve and regenerate natural capital	To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.	Achieve a world living in harmony with nature through initiatives including the building of a circular economy and supply chain management	Accelerate initiatives toward a nature-positive world by 2030
 Respect human rights	Striving to respect the human rights of every stakeholder involved in our supply chain is the foundation of all corporate activities. We work to identify and to prevent or mitigate any adverse impact on human rights, as well as to ensure the safety and security of our stakeholders.	Respect the human rights of all stakeholders in all businesses and supply chains	Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy Ensure a safe workplace environment
 Develop talent and promote DE&I	We recognize Diversity, Equity & Inclusion (DE&I) as the core enabler for value creation, innovation, and competitiveness. In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of our people, which represent our most important management capital.	Create workplaces that allow diverse employees to apply their capabilities with passion in their own ways	Increase diversity in decision-making positions Cultivate inclusive leadership
 Maintain and strengthen governance	We will develop an autonomous Group management system that responds to changes in the business environment with agility, and maintain and strengthen our efficient, sound, and transparent governance system.	Develop a robust governance system to enhance the corporate value	Further improve the effectiveness of oversight functions for ensuring the efficiency, soundness, and transparency of management Establish Group management system that responds to changes in the business environment with agility

Note: The goals for the Key social issues presented last year have been carried over and updated as the medium and long-term goals of the Material Issues shown above. For further details, please visit our Sustainability Disclosure Site. ▶ <https://sumitomocorp.disclosure.site/en>

Management capital

Building quality capital is the foundation of value creation.

● Key elements of management capital



Stable financial position

We have a solid financial position owing to our stable financing. While expanding profitability with cash flow discipline, we are working on further enhancing our financial position and improving the stability of management.



Diverse talent

The Group's human capital are 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.



Multifaceted business expertise

We leverage our business expertise and skills to develop, invest in, and manage businesses. This expertise, in areas including risk management, logistics solutions, and financial services, has been built up over many years.



Extensive business locations and presence in a wide range of industries

Operating from offices located worldwide, we have formed a network of ties with industries and governments in each country. By deepening our relationships with business partners cultivated in a variety of industries, we have established a solid presence in each industry while expanding our business on multiple fronts alongside our business partners.



Shared capital with society that should be preserved and restored

Recognizing the value of nature as crucial for both affluent lifestyles and business activities, we will work to minimize the environmental impact of our operations. Simultaneously, we will restore and sustainably manage natural capital by establishing a circular economy.

Relevant indicators (FY2023; as of March 31, 2024)

Total assets ¥11.0 trillion ROE 9.4%

Shareholders' equity ¥4.4 trillion ROA 3.7%

Net DER 0.6 times

Number of employees
(Consolidated basis) 79,692

Percentage of women
(Number of women as a percentage of total number of non-consolidated employees) 26.4%

Percentage of mid-career hires
(Number of mid-career hires as a percentage of all hires in FY2023) 46.8%

9 business groups/44 SBU
(As of April 2024)

Number of employees
seconded to Group companies 1,527

Consolidated subsidiaries and
associated companies 884

Number of offices
(As of April 2024) 127 locations
65 countries
and regions

Water withdrawal
(1,000,000 m³) 1,525

Renewable energy
net ownership
generation capacity 2.1 GW

Exposure of
upstream interests in
mineral resources/
energy ¥570 billion

Values of the Sumitomo Corporation Group

Sumitomo's Business Philosophy encapsulated in five phrases

Place prime importance on integrity and sound management; don't pursue immoral business	Benefit for self and others, private and public interests are one and the same	Planning imbued with a farsighted perspective	An enterprising spirit	Recognize human resources as the most important asset
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.	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."	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.	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."	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

Corporate Vision

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

Management Principles

[Corporate Mission]

To achieve prosperity and realize dreams through sound business activities

[Management Style]

To place prime importance on integrity and sound management with utmost respect for the individual

[Corporate Culture]

To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

To act with honesty and sincerity on the basis of Sumitomo's Business Philosophy and in keeping with the Management Principles
To comply with laws and regulations while maintaining the highest ethical standards

To set high value on transparency and openness

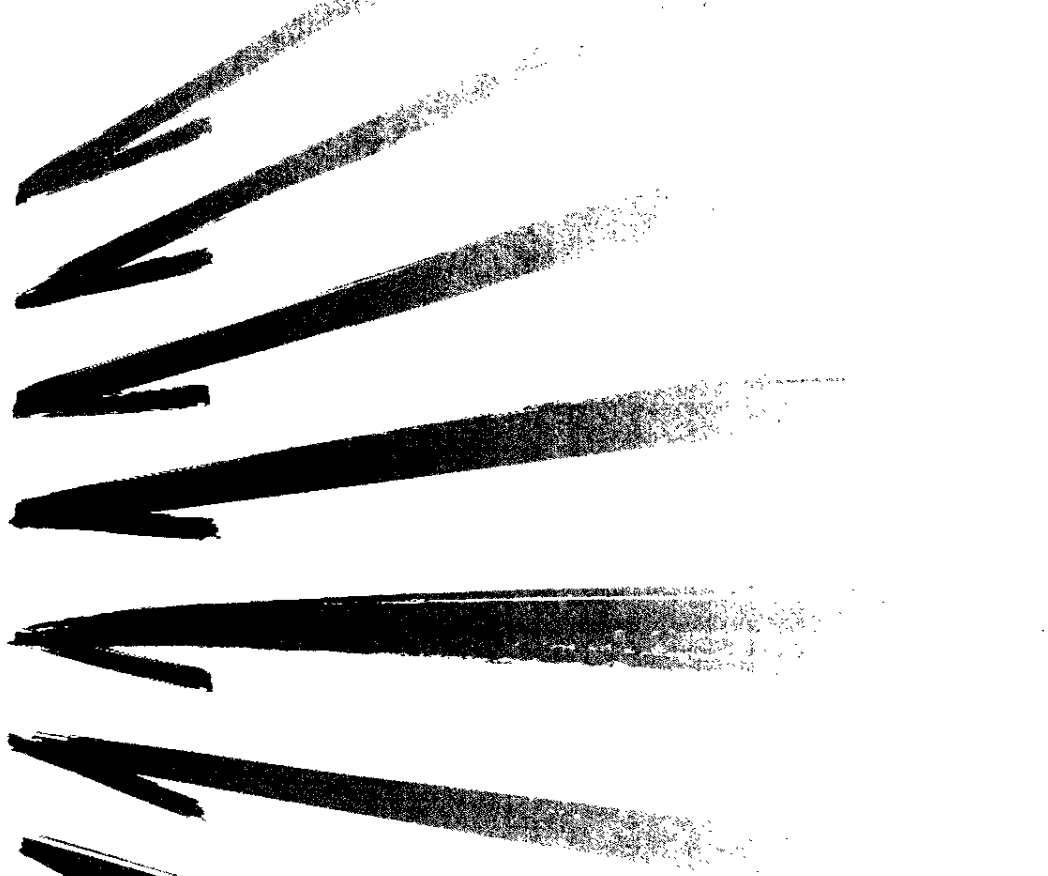
To attach great importance to protecting the global environment

To contribute to society as a good corporate citizen

To achieve teamwork and integrated corporate strength through active communication

To set clear objectives and achieve them with enthusiasm

Growth Strategy



Medium-Term Management Plan 2026

Review of SHIFT 2023

Summary of SHIFT 2023

Under SHIFT 2023, which covered the three-year period from April 2021 to March 2024, we steadily implemented three shifts—Business Portfolio SHIFT, Framework SHIFT, and Management Base SHIFT—and made concerted efforts to strengthen our business portfolio.

Specifically, we withdrew from and/or turned around low-profitability businesses and reallocated the recovered management resources to steady business growth areas where we have strengths and seeding businesses with an eye to the next generation. Through these and other structural reforms, we strengthened our resilience and further increased our profitability.

In addition, we introduced strategic business units (SBUs), adapted business strategy management using ROIC and WACC as indicators, established an optimized company-wide management resource allocation system, and practiced investment discipline. We also implemented a new personnel system, took various other measures, and integrated IT and digital technologies into existing businesses. Furthermore, we promoted sustainability management by setting medium-term targets for addressing social issues related to climate change, human rights, and other key areas.

Business Portfolio SHIFT

	Asset recycling for growth investments		Growing core earning pillars by leveraging strengths		Adapting to social structural changes	
	Divestment (total)	Value creation (total)	Steady business growth (total)	Seeding (total)		
	Invested capital	Profit for the year excluding one-off effects	Invested capital	Profit for the year excluding one-off effects	Invested capital	Profit for the year excluding one-off effects
FY2020	¥200 billion	¥2.3 trillion	¥3.2 trillion	¥160 billion	¥35 billion	¥5 billion
FY2023	0 billion	¥2.5 trillion	¥5.5 trillion	¥340 billion	¥200 billion	¥15 billion
Recovered management resources through sale of upstream interests in fossil fuels						
Expanded invested capital and earnings mainly by steady business growth in SBUs where we have strengths						
Strengthened resilience, including turnarounds next-generation businesses (FY2023 one-off loss ¥150 billion)						
Accumulated invested capital to create next-generation businesses, such as EII						

Adopted IT and digital technologies in existing businesses and worked to improve functionality and profitability

Started SBU-specific business strategy management, and introduced ROIC (vs. WACC)

Adopted cross-organizational approach to promote next-generation growth fields, including establishment of EII

Strengthened supervisory function of Board of Directors
Formulated Group Management Policy

Set medium-term goals for key social issues, introduced internal carbon pricing, conducted segment-specific human rights due diligence, and took early action on the TNFD recommendations

Made progress in exit from and/or turnaround of low-profitability businesses based on Full Potential Plan

Shifted from Business Unit-based to SBU-based invested capital allocation

Maintained cash flow discipline without overreliance on interest-bearing liabilities

Framework SHIFT

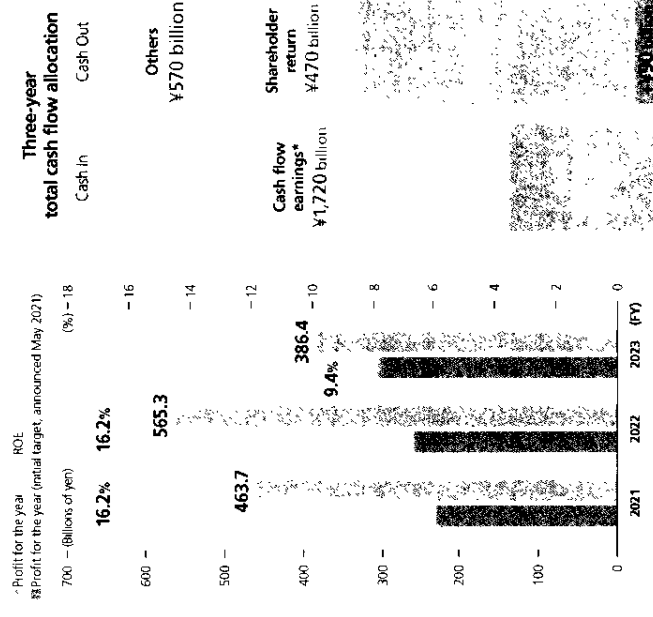
Management Base SHIFT

Quantitative outcomes

Our profit levels improved significantly compared to the Medium-Term Management Plan 2020 (FY2018–FY2020) period, exceeding the targets we set at the start of SHIFT 2023. We posted ROE of 16.2% in both FY2021 and FY2022, but this fell to 9.4% in FY2023 due to a one-off loss.

Over the three years, we enhanced shareholder returns mainly by increasing the dividend per share and repurchasing shares, while also securing positive free cash flow post shareholder returns, thereby maintaining our financial soundness.

Profit for the year and ROE



SHIFT 2023

* 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

Medium-Term Management Plan 2026

Theme of Medium-Term Management Plan 2026: No.1 in Each Field

No.1 in Each Field

The theme of the Medium-Term Management Plan 2026 is “No.1 in Each Field.” As we enter a new growth stage, having completed structural reforms under the previous medium-term management plan, we will use the “No.1 in Each Field” theme as the driving force to elevate each of our businesses to new heights and achieve significant growth for the Company as a whole.

The key elements of “No.1 in Each Field” are enhancing a competitive advantage and addressing social challenges. We will achieve dynamic and sustainable growth by having each business develop and refine its own competitive advantage and address social challenges through Material Issues. The foundation for achieving growth is to accelerate the “business portfolio transformation” that we have been pursuing since the previous medium-term management plan. To this end, we will focus on “growth leveraged by strengths” and “strengthening the driving force for growth.”

No.1 in Each Field

Enhance our competitive advantages to achieve growth through addressing social challenges

Growth leveraged by strengths
Strengthen businesses with competitive advantages
Accelerate new growth through digital and GX

Strengthen driving force for growth
Organizational structure with strategic axis
Empower people and organizations

Business portfolio transformation
Acceleration of metabolism by reallocating management resources

No.1 in Each Field

Growth leveraged by strengths
Strengthen driving force for growth
Business portfolio transformation

Acceleration of “business portfolio transformation” as the foundation

Business portfolio transformation

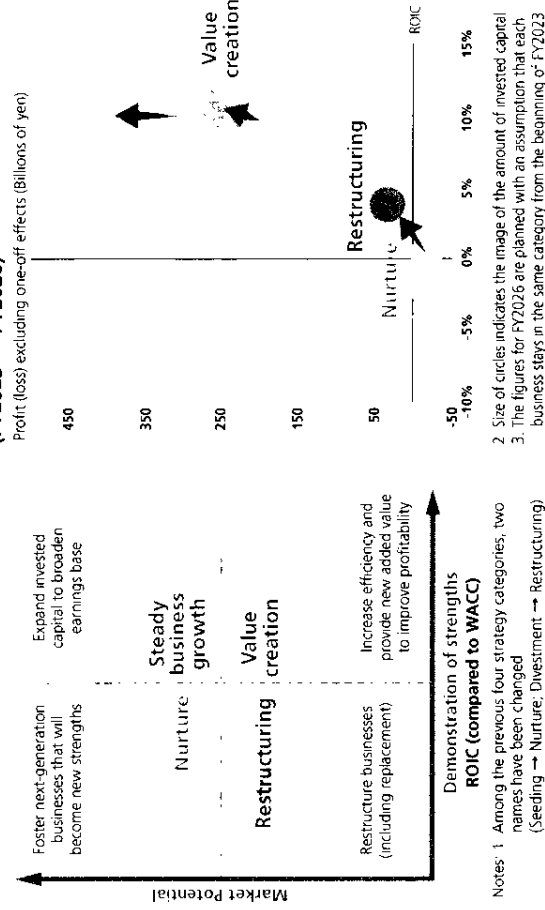
Under the current medium-term management plan, we will accelerate the renewal of our business portfolio by prioritizing the allocation of management resources (capital and human capital) to growth businesses and reallocating management resources through asset replacement and other means, thereby achieving growth.

For business portfolio management, we will continue utilizing the business strategy management framework introduced under the previous medium-term management plan. This includes classifying our businesses into four strategic categories—Steady business growth, Value creation, Restructuring, and Nurture—and adopting business-specific ROIC and WACC as indicators. Each SBU, classified into one of four categories based on market potential and the degree to which we can demonstrate our competitive advantages and strengths, will steadily fulfill its role according to its strategic category. This will enhance the overall profitability of our business portfolio.

With respect to restructuring businesses, we will define specific actions and timelines to improve profitability, including asset replacement. By also prioritizing the allocation of management resources to “Steady business growth” areas where we have strengths and competitive advantages in markets with potential, we will expand our earnings base and build earning pillars that will drive profit growth.

Business strategy category

Management resource allocation (FY2023 → FY2026)

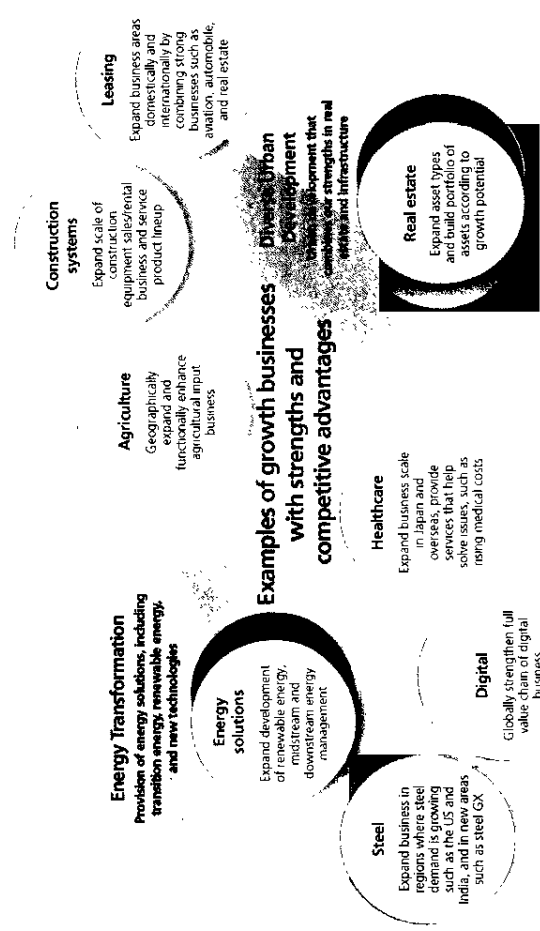


"Growth leveraged by strengths" "Digital and GX"

We have many businesses with strengths and competitive advantages that we have built up over the years. Under the current medium-term management plan, we will strengthen and grow these businesses by investing capital in them. We will also accelerate that growth through digital technology and green transformation (GX) while nurturing next-generation businesses and acquiring new strengths.

● Growth leveraged by strengths

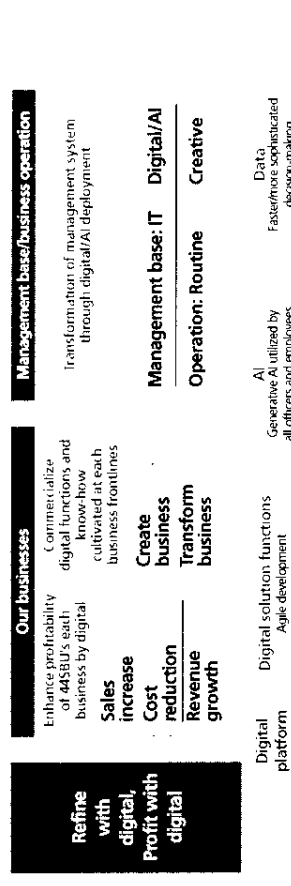
The figure below shows a few examples of businesses with strengths and competitive advantages. They include agribusiness, construction equipment, leasing, energy solutions, steel, digital, healthcare, and real estate. We will further refine the competitive advantages of these businesses and prioritize the allocation of management resources to make our strong businesses even stronger. In addition, starting with our existing strong businesses, such as the Energy Transformation Business Group and the Diverse Urban Development Group, we will foster collaboration among SBUs that have newly come together as business groups. Through this collaboration, we will work to create new value.



Growth leveraged by strengths
Acceleration driving for growth
Business portfolio transformation

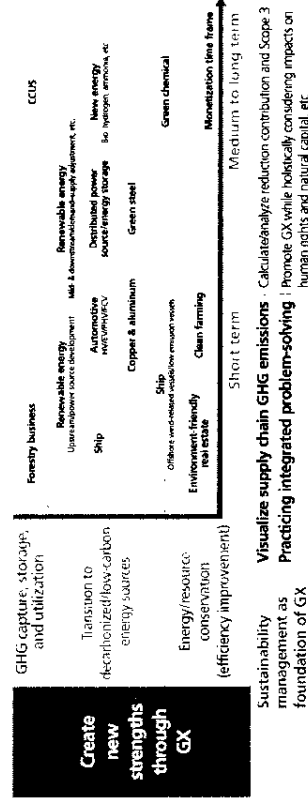
● Refine with digital, Profit with digital

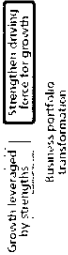
The Company has focused on building a strong digital foundation by enhancing the digital solution capabilities of IT-related companies within the Group and establishing a dedicated organization, the DX Center, in 2018. Under the current plan, we will strengthen our overall earning power by digitally transforming the various businesses within the Group. In addition, we will introduce AI and digital technologies to speed up and advance data-driven decision-making, thereby transforming our management base and business processes and cultivating new strengths.



● Accelerated new growth driven by GX

With regard to GX, under the previous medium-term management plan, we promoted sustainability management and established EI, a cross-company organization. In these ways, we sought to create next-generation businesses that help realize a carbon-neutral society. Under the current plan, we will leverage GX to further strengthen businesses with strengths and competitive advantages in the short term. In the medium to long term, we will also deploy GX to create new strengths for the future and develop new business models that meet the evolving demands of society.



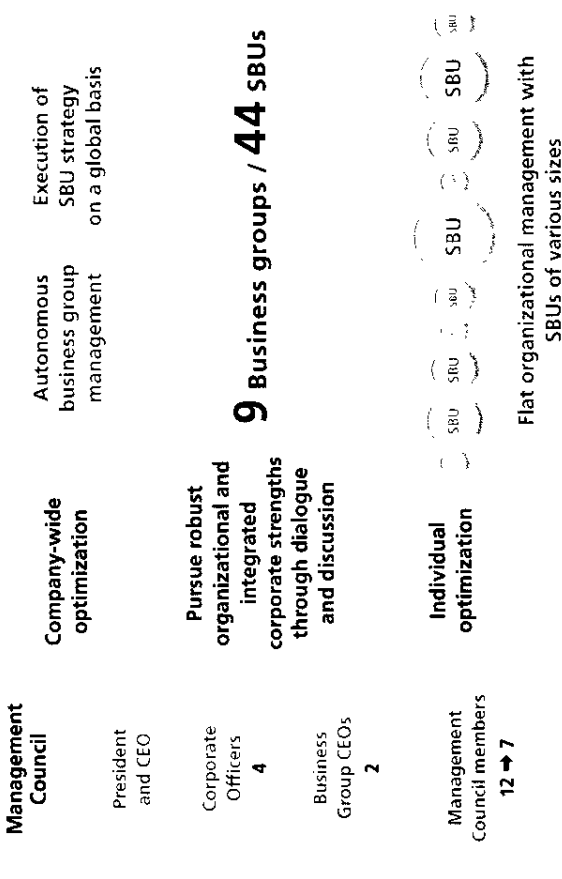


Strengthen driving force for growth

To enhance our ability to execute business portfolio transformation and SBU strategies, we will pursue organizational strength and overall capability by operating an organization structured along a strategic axis. At the same time, we will advance human capital and organizational initiatives aimed at acquiring and strengthening the necessary capabilities, thereby unleashing the potential of our people, who are the greatest driving force behind our growth.

Organizational structure with strategic axis

To enhance the sophistication and speed of decision-making, we reviewed the membership of the Management Council and the method of making resolutions. In addition, to optimize our organizational structure and enhance our strategy execution agility, we abolished the product division structure that had been in place for 60 years. We also restructured our business organization into 44 SBUs based on global strategic priorities and formed nine business groups, each bringing together SBUs with high strategic affinity. The SBUs are organized with an emphasis on strategy execution agility, and their sizes vary from 10 to 400 people. Furthermore, we integrated some corporate functions into the business groups, establishing a system that enables each group to autonomously manage its operations and flexibly work on expanding profits, with global offices working together as one to drive our strategies forward.

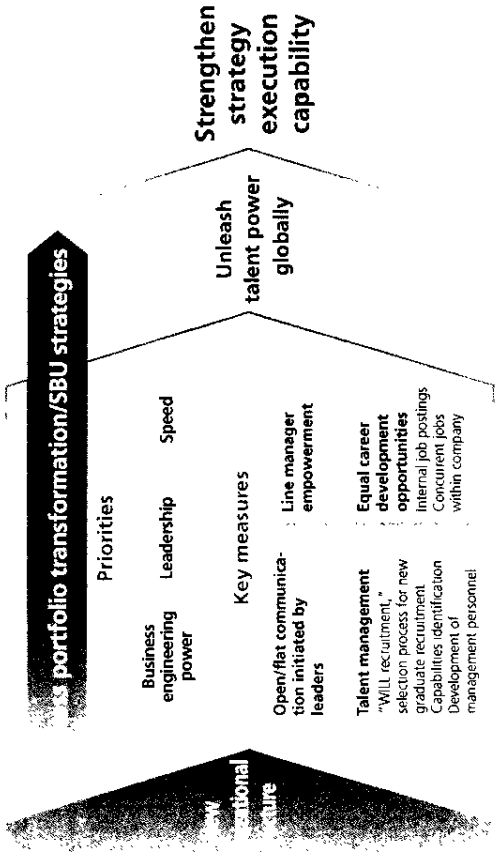


Empower people and organizations

Under the new organizational structure, we will unleash the potential of our people, who are the driving force behind our growth, and strengthen our strategy execution capability. There are many elements to the power of people and organizations, but our three priorities are business engineering power, leadership, and speed. To embody such attributes in our people and organizations, we will implement various global initiatives. These include talent management starting with clear capability definition, empowering line managers through delegation of authority, and fostering open and flat communication spearheaded by our leaders.

We will maximize the power of the approximately 8,000 employees who make up our global network, the driving force for growth, and strengthen our strategy execution capability.

pp. 23-27 | Message from the CAO, Human Capital



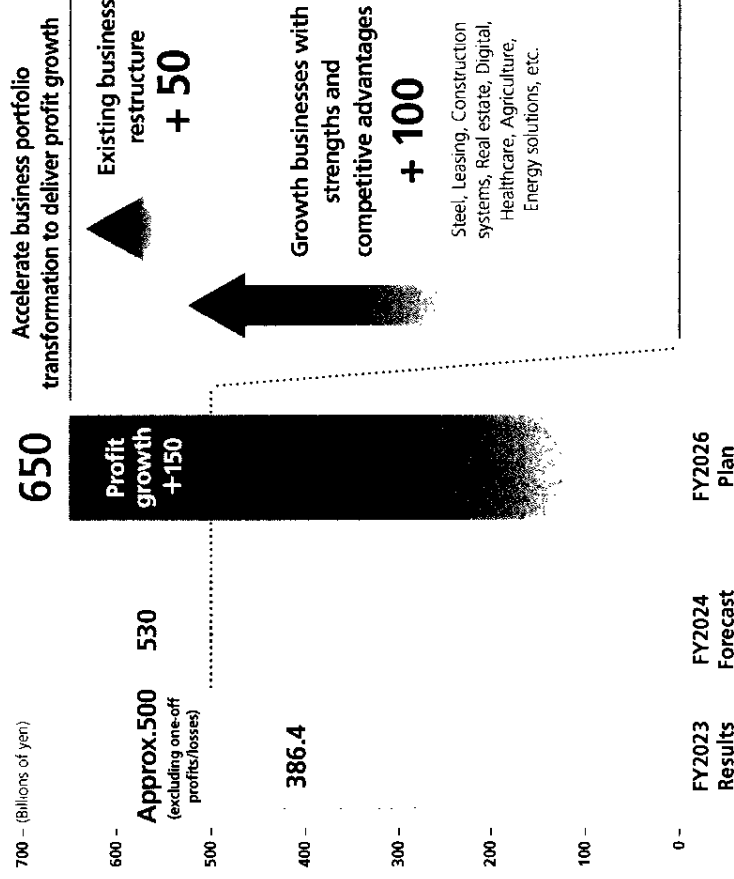
Great Place to Work

Summary of quantitative plans

● Profit plan

During the period of the current medium-term management plan, we are targeting profit for the year of ¥530 billion in FY2024 and ¥650 billion in FY2026. To achieve these targets, we will maintain ROE of 12% or higher and focus on expanding growth businesses with competitive advantages. Businesses with strengths and competitive advantages will drive profit growth of around ¥150 billion from result of approximately ¥500 billion (excluding one-off profits/losses) in FY2023. In addition to further expanding growth businesses, we will accelerate our business portfolio transformation by improving the profitability of restructuring businesses to deliver further growth.

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



● Cash flow allocation

We will generate ¥2.8 trillion in cash through asset replacement and improved cash flow earnings. While maintaining financial soundness, we will improve ROE by appropriately allocating the cash generated to growth investments and shareholder returns.

③ p.21 | Capital policy

Efficiency ratio

ROE 12% or higher

Financial soundness

Positive free cash flow
post shareholder return*

* Excludes changes in working capital, etc.

Shareholder return policy

● New shareholder return policy

We revised our shareholder return policy after comprehensively considering our improved basic profitability, achieved through the previous medium-term management plan, as well as the need to continuously strengthen our financial position and secure funds for investments for sustainable growth.

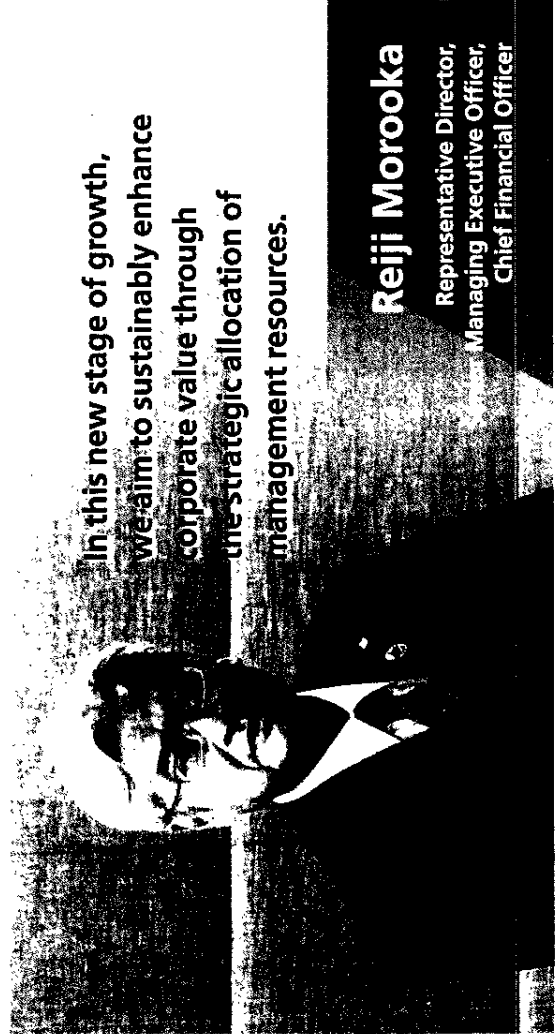
Pay dividends and repurchase our shares in a flexible and agile manner with a total payout ratio of 40% or higher
Further improve dividend stability and increase dividends in line with profit growth through progressive dividend payments

③ p.21 | Capital policy

Shareholder return

Total payout ratio of 40% or higher
Progressive dividend payments

Message from the CFO



In this new stage of growth, we aim to sustainably enhance corporate value through the strategic allocation of management resources.

Reiji Morooka
Representative Director,
Managing Executive Officer,
Chief Financial Officer

Pleased with the results of the previous medium-term management plan, SHIFT 2023, over the three years

We started the previous medium-term management plan in FY2021 after posting a loss in FY2020. Under that plan, we lifted profitability to a higher level and executed structural reforms to strengthen our resilience.

Over the three-year period of the plan, we withdrew from 74 low-profit businesses and allocated company-wide resources to turning around struggling business, leading to improved profitability. However, we recognized losses for some businesses with unresolved issues after reviewing our future business plan and other factors.

We calculated the WACC for each of our SBUs based on their specific business characteristics and risk profiles. All of our businesses aligned their strategies and pursued various initiatives to elevate their ROIC above their respective WACC levels. For company-wide business portfolio management, we recovered management resources through asset sales after taking into account future potential, etc., and we increased investments in steady business growth areas that will drive future growth.

As a result, we generated positive free cash flow post shareholder returns, maintained financial soundness, and significantly improved profitability compared with the previous three years of the medium-term management plan. We believe this is evidenced by our improved PBR, which exceeded 1x.

To reduce the cost of capital and enhance corporate value, we need to establish earning pillars that drive profit growth in our areas of strength.

Over the period of the Medium-Term Management Plan 2026, which began in April 2024, we will build on these achievements to drive further profit growth and enhance corporate value. In this new plan, we have set a target for profit of ¥650 billion for FY2026, with the target of achieving an ROE of 12% or higher in each year of the plan. However, we feel the market is not yet fully convinced of our ability to achieve medium- to long-term profit growth.

We believe there are two main reasons for this. First, we are still in the process of establishing earning pillars to drive substantial future profit growth. Second, potential declines in future earnings could occur due to investment failures and other factors.

During the three years of the new plan, we will continue to uphold our policy of maintaining financial soundness by generating positive free cash flow post shareholder returns. Specifically, we will generate cash flow earnings (cash flows from day-to-day operations) of ¥2 trillion and recover ¥0.8 trillion by stepping up asset replacement, resulting in total cash flows of ¥2.8 trillion. Regarding asset replacement, we have decided to accelerate that beyond the ¥0.6 trillion achieved under the previous plan, after evaluating the future growth potential of group companies, including those that are currently profitable. Of the more than ¥1.8 trillion allocated for investment, 80% will be directed to growth areas where we can leverage our strengths and competitive advantages. By concentrating funds in areas where we have expertise and can quickly adapt to changing business conditions, we aim to build stronger earning pillars and increase the likelihood of investment success.

Under the new plan, we are targeting shareholder returns of ¥0.7 trillion or more. We will also pay progressive dividends and conduct agile share repurchases, aiming for a total payout ratio of 40% or higher. We project that cash inflows will exceed outflows by ¥0.3 trillion over the period of the plan. This surplus will be allocated to shareholder returns and growth investments based on a thorough assessment of the Group's environment, including investment opportunities and cash flows. Through these efforts, we will achieve a high ROE and ensure sustainable increase in corporate value.

Capital policy

To sustainably increase corporate value, we will make growth investments to increase profits and enhance shareholder return while maintaining financial soundness, with the aim of achieving a sustainably high ROE.

Financial soundness

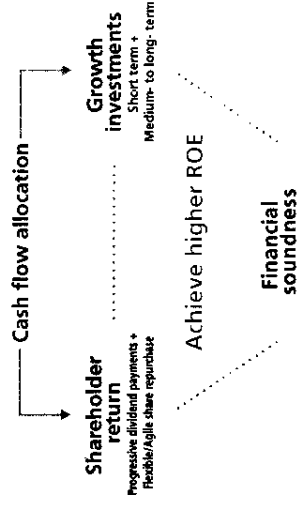
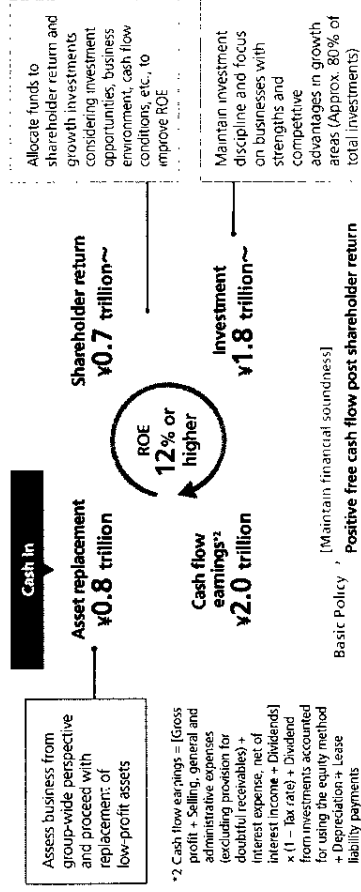
Under our previous medium-term management plan, we sought to strengthen earnings stability and maintain and improve our financial soundness. As a result, we maintained positive free cash flow post shareholder return and improved financial soundness indicators, including the balance between core risk buffer and risk-weighted assets, as well as our net debt-equity ratio, while increasing shareholder return. Under Medium-Term Management Plan 2026, as well, we will continue striving to maintain financial soundness by adopting investment discipline without over-reliance on interest-bearing liabilities and following a basic policy of ensuring positive free cash flow post shareholder return^{*1}.

^{*1} Excludes changes in working capital, etc.

Growth investments

We will accelerate ongoing efforts to transform our business portfolio and generate returns that exceed our cost of capital. Specifically, we will continue utilizing business-specific ROIC and WACC as indicators and proceed with business restructuring, including replacement of low-profit assets. At the same time, we will build earning pillars that drive profit growth by prioritizing allocation of management resources to growth businesses where we can demonstrate our strengths and competitive advantages, thereby further expanding our earnings base and improving earnings stability. We will also leverage digital and GX to further strengthen our growth businesses while fostering next-generation businesses and acquiring new strengths.

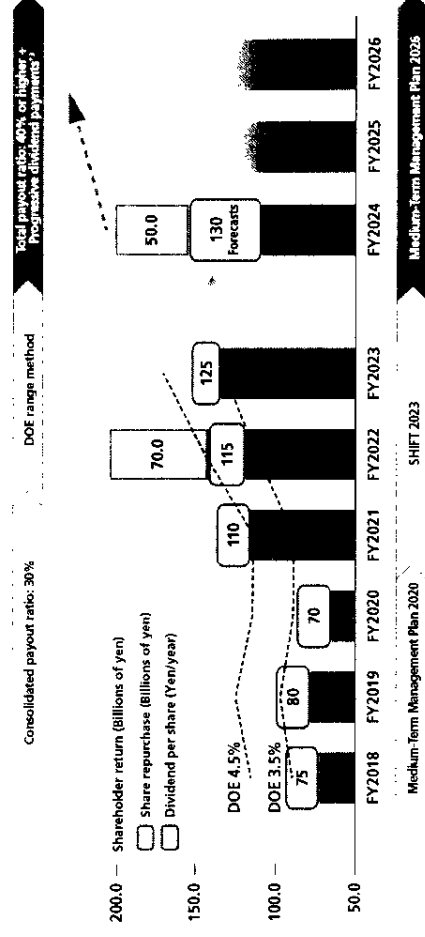
Cash flow allocation (Medium-Term Management Plan 2026, three-year total)



Shareholder return

We have revised our shareholder return policy, effective from FY2024, after having comprehensively considered the improvement of basic profitability through the previous medium-term management plan, continuously strengthening our financial position, and securing funds for investments toward sustainable growth. Under our new policy, we will pay dividends and repurchase our shares in a flexible and agile manner with a total payout ratio of 40% or higher. We will also further improve dividend stability and increase dividends in line with profit growth through progressive dividend payments.

We will continue pursuing sustainable profit growth and further strengthening our earnings base to enhance shareholder return and increase shareholder value.



^{*3} Dividend per share to be maintained or increased

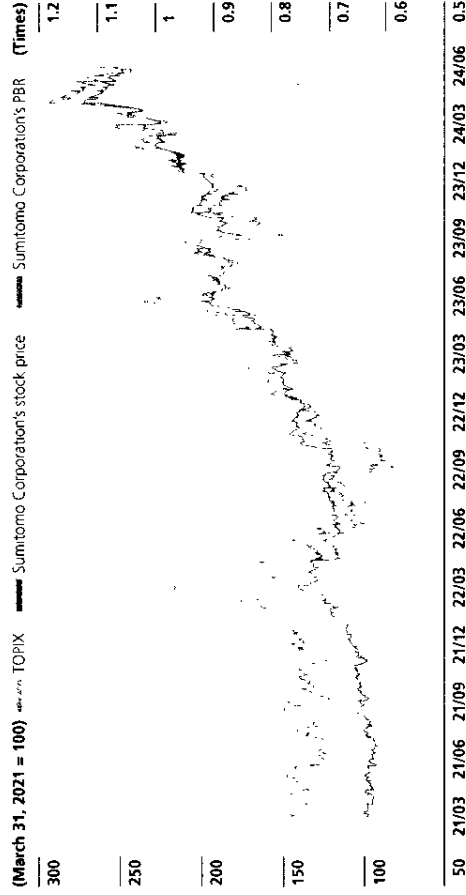
Management conscious of cost of capital and stock price

Analysis of current situation

By implementing various measures outlined in our previous medium-term management plan, SHIFT 2023 (FY2021-FY2023), the Company has improved its basic profitability, withdrawn from low-profit businesses, thus strengthened its resilience. Thanks to these efforts, our average ROE for the period of the plan was approximately 14%.

While there are various methods to calculate the cost of shareholders' equity, we currently believe that if we can continuously achieve ROE of 12% or more, our profitability will exceed the cost of shareholders' equity and create Economic Value Added (EVA). The Company's stock price showed an upward trend throughout FY2023, and its PBR exceeded 1x in the first quarter of FY2024.

Sumitomo Corporation's stock price performance



Initiatives

By accelerating the business portfolio transformation outlined in Medium-Term Management Plan 2026 (FY2024-FY2026), we continue targeting ROE of 12% or higher and sustainable corporate value increase and thus further improving our PBR.

Specifically, we will increase profitability by prioritizing allocation of management resources to growth businesses with strengths and competitive advantages, while utilizing business-specific ROIC and WACC as indicators. At the same time, we will steadily improve the stability of earnings by restructuring businesses, including through replacement of low-profit businesses. To smoothly implement these initiatives, we reorganized our structure around strategic business units (SBUs) and revised the Management Council's structure to ensure timely and accurate decision-making.

Regarding shareholder return, under SHIFT 2023 we improved profitability, strengthened our financial position, and secured funds for investments in sustainable growth. With these improvements, we established a policy in FY2024 to pay progressive dividends and conduct share repurchases in a flexible and agile manner with a total return ratio of 40% or higher. We will continue to allocate management resources appropriately to shareholder returns and growth investments with a focus on sustainable enhancement of corporate value, while maintaining financial soundness.

We will also work to enhance information disclosure and strive for constructive dialogue with market participants so that the track record and details of these initiatives can be fully understood.

PBR logic tree

Our initiatives to enhance corporate value are depicted through a PBR logic tree as illustrated here.

Improve ROE

Improve PBR

Reduce cost of capital

Improve PER

Improve expected growth rate

Strengthen shareholder return

Main points

- Utilize business-specific ROIC and WACC as indicators to accelerate business portfolio transformation
- Prioritize allocation of management resources on growth businesses with strengths and competitive advantages
- Restructure businesses, including replacement of low-profitability businesses
- Reorganize structure with strategic axis and revise structure of Management Council

- Strengthen resilience
- Prioritize sustainability management
- Enhance information disclosure and promote constructive dialogue

- Achieve sustainable growth through addressing social challenges
- Establish earning pillars to drive profit growth and cultivate businesses that will become new strengths
- Empower people and organizations (Leverage the full potential of human capital)

- New shareholder return policy (Make progressive dividend payments and conduct share repurchases in a flexible and agile manner)

Relevant content

- pp. 5-8 Message from the President and CEO
- pp. 16-19 Medium-Term Management Plan 2026

- p. 20 Message from the CFO
- pp. 16-19 Medium-Term Management Plan 2026
- pp. 45-49 Sustainability
- p. 75 Dialogue with stakeholders

- p. 9 Message from the CSO
- p. 11 Material issues
- p. 20 Message from the CFO
- p. 23 Message from the CAO
- pp. 16-19 Medium-Term Management Plan 2026

- p. 21 Capital policy

Message from the CAO



Empower people and organizations in the growth stage

Makiko Eda
Managing Executive Officer
Sustainability, DE&I Officer,
Administration Officer, and
Chief Compliance Officer

Leveraging the full potential of diverse and talented human capital in the growth stage

Sumitomo Corporation Group is supported by exceptional human capital who have gained experience in various global businesses. Currently in our growth stage, we must now fully leverage the potential of our people to pave the way for dynamic growth. This is precisely what we mean by “Empowering people and organizations.”

Having joined Sumitomo Corporation in 2023 from outside the Company, I am impressed by how all employees embody Sumitomo’s Business Philosophy and our Management Principles and Activity Guidelines, which places prime importance on integrity. While many companies struggle to instill values within their organizations, Sumitomo Corporation makes it a strong cornerstone, which represents our major strength. Our employees believe that addressing social challenges will enable our businesses to take root and thrive in society. Embracing an “enterprising spirit,” they are tackling the challenge of adapting to change for the benefit of society. This attitude reflects a proactive response to the demands of the times.

Organizational structure with strategic axis and empowerment of people and organizations

In April 2024, we renewed our head office business organization for the first time in 60 years as part of our initiative to “Strengthen the driving force for growth” under the Medium-Term Management Plan 2026. Specifically, we created strategic business units (SBUs) based on business strategy, irrespective of employee numbers or business size, to enhance decision-making agility. We also reviewed the composition of the Management Council, which determines company-wide management policies, and are actively driving a comprehensive reform of our business portfolio.

Under this new organizational structure, we are focusing on three priorities—business engineering power, leadership, and speed—to leverage the full potential of our people.

To achieve significant growth, we need to enhance our business engineering power and develop a broader vision. Experience on the business front lines is crucial for cultivating this creativity, and we are implementing measures to help employees develop such experience. In the Medium-Term Management Plan 2026, we outlined our vision for achieving business growth by seizing pivotal opportunities presented by the times. With this vision in mind, we established the Diverse Urban Development Group and the Energy Transformation Business Group, integrating businesses that were previously dispersed across multiple divisions. By leveraging the synergies and innovations generated by these groups, we will accelerate the creation of new business value.

I also believe that by leveraging their individual strengths and incorporating new perspectives to exercise leadership, each person in our diverse talents will enhance the overall strength of the organization. To achieve this, we are intensifying our efforts from the previous medium-term management plan to put the right talent in the right positions, irrespective of nationality, age, gender, or other individual characteristics. Sumitomo Corporation’s people engage in a diverse array of global businesses, gaining extensive experience daily, which contributes to the steady development of a talent pool. In FY2023, mid-career hires made up more than 45% of new hires at the Japan head office and 10% of all employee hires. In terms of Group human capital, talented local Group personnel hold key business positions in overseas operations in such areas as tubular products, steel products, construction systems, and agribusiness.

Finally, we need speed. To lead in the global market, which is rapidly evolving due to accelerating technological innovation, we will adopt more agile strategies, speed up decision-making, and expand our business globally. We will also advance the use of AI across the Company to boost organizational efficiency and foster creativity of our people.

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, "Recognize human resources as the most important asset," represents our unwavering belief that our people are the source of our competitiveness and the driving force behind our growth. This belief is also reflected in our Management Principles and Activity Guidelines. A retrospective view of our history reveals that talent discovery and development have consistently been regarded as matters of utmost importance in our management approach, regardless of the era.

This culture of valuing our people has been perpetuated as an integral part of the Group's DNA. In 2020, we established the Global HR Management Policy, which represents our vision and philosophy regarding talent management on a global scale.

Human capital strategy road map

● Initiatives of SHIFT 2023

In the previous medium-term management plan, SHIFT 2023, we implemented three key measures under our Management Base SHIFT strategy, with the aims of eliminating existing barriers, promoting the right talent in the right positions, and enabling each individual to maximize their performance. The first was to introduce a job grading system, the second called for a reform of the evaluation system, and the third was to integrate career courses.

Under the first measure, introducing a job grading system, we eliminated seniority-based management approach and adopted position-based grading system in which grades are determined purely by the scope and size of the job. In addition to communicating closely with employees around 200 times, we focused on actual promotions in FY2022 and FY2023 (the first two years following the system's introduction). Among employees surveyed in FY2023, 41 % responded that they felt the previous seniority-based management had been effectively eliminated (affirmative response), which was 1.5 times higher than in FY2022, indicating a gradual change in mindset.

The second measure involved reforming the evaluation system. This shifted from relative evaluations based on comparisons with others to absolute evaluations focused on individual development. This approach involves supervisors engaging with each of their subordinates to evaluate their respective job performance, with the aim of fostering career development tailored to each individual. To establish career-related dialogue between subordinates and supervisors, we provided training for managers covering one-on-one interviews, coaching, and so forth. In surveys from FY2022 to FY2023, satisfaction with evaluation feedback interviews improved by 3 points, and career-related dialogues with supervisors improved by 7 points.

The third measure, integrating career courses, involved eliminating rigorous course-based career system. This system had been a long-standing practice in Japan, which created a glass ceiling for

Based on this philosophy, and to more clearly express our belief that employees are our treasure, and our capital as the driving force behind our corporate value enhancement, we have decided to refer to our people as "human capital" (人材) rather than "human resources" (人材) in our Medium-Term Management Plan 2026 and beyond, except when using the general term. The Sumitomo Corporation Group, having engaged in global business development dealing with a diverse array of products and services, benefits from the contributions of talents with wide-ranging knowledge and experience. We believe that this diverse talent, by incorporating new perspectives and leveraging our historically established networks, will address various social challenges, thereby creating unprecedented added value. Consequently, this approach will enhance our group's corporate value.

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, individuals are no longer constrained by their job title and challenge themselves in a wide range of fields for the career they want to achieve. As a result, 13 employees from the former administrative track were promoted to managerial positions in FY2022 and 17 in FY2023, and all are playing active roles.

Great place to work and employee engagement

Starting in FY2023, we are conducting an annual engagement survey on a global basis. This involves surveying employees worldwide, including those hired at both domestic and overseas offices, to assess (1) their level of commitment to the organization and their willingness to take initiative in their work, and (2) whether their work environment enables them to maximize their performance. The results of the survey are shared with employees, and various initiatives are implemented at each workplace. The annual goals of executive officers also include numerical targets related to engagement and DE&I, and the results of the survey will be reflected in the share grant ratio of their restricted performance share unit-based remuneration.

	FY2023
Employee Engagement Index	68 %
Work Environment Index	68 %



Example of workplace initiative to improve employee engagement

Human Capital

Initiatives of Medium-Term Management Plan 2026

In the previous medium-term management plan, we worked to improve the foundation of our HR systems and the skills of our line managers. Under the new medium-term management plan, starting in FY2024, we will seek to “Empower people and organizations” as a key part of our quest to become “No. 1 in Each Field.” In this medium-term management plan, having made significant progress in the growth stage, we will enhance our strategy execution capability by unleashing the power of our people and organizations more than ever before.

In the face of a rapidly evolving VUCA business environment, we are empowering our diverse talents to “Unlock Your Power” and passionately pursue the realization of “Enriching lives and the world.” By cultivating an engaging work environment, we are enabling our people to unleash their full potential, driving the creation of new business opportunities, and addressing social challenges. In particular, we are prioritizing “Business Engineering Power,” “Leadership,” and “Speed” as critical capabilities for our people and organizations, and we will implement various measures to ensure dynamic growth.

Human capital strategy road map

[FY2024–FY2026]

No.1 in Each Field

Enhance our competitive advantages to achieve growth through addressing social challenges

Empower people and organizations

Empower each and every one of our diverse talents to work as a team to create new businesses and solve issues

New growth stage

[FY2021–FY2023]

SHIFT 2023

Business Portfolio SHIFT | Framework SHIFT | Management Base SHIFT

To promote the right talent in the right positions, we will remove existing barriers and enable each individual to fulfill their potential.

Management strategy

Human capital strategy focus areas

Introduction of job grading system

Reform of evaluation system

Integration of career courses

Business engineering power

Leadership

Speed

Business engineering power

We have acquired business engineering power in various business fields by refining competitive advantages and exercising sound management decisions. By further enhancing this business engineering power, we will drive transformative changes in our business portfolio and target even more dynamic growth.

While indicating future directions, the Sumitomo Corporation Group will transform its existing core businesses, create new value through cross-business synergies, and develop businesses that anticipate and move in response to social structural changes. We believe that the key to sparking innovation unique to the Sumitomo Corporation Group lies in the business engineering power that we are seeking.

We believe that diversity is one of the key elements of innovation.

In addition to our people with diverse business experience, we have actively recruited professionals who have honed their expertise at other companies. Currently, mid-career hires constitute approximately 10% of our workforce. To transform this diversity into a driving force for our business, we are enhancing our onboarding processes for mid-career hires, promoting diversity in decision-making positions, and fostering internal talent mobility through initiatives such as internal job postings and concurrent jobs. These efforts aim to create an environment conducive to innovative ideas.

Human capital

DE&I initiatives

Targets for Women's Empowerment

Introduction of indicator for women's empowerment in officer evaluation and remuneration
Promotions not based on attributes (gender, seniority, etc.), active promotion of mid-career hires including executive officers, and promotion of women and younger employees to senior management and general manager positions

Ratio of women in managerial positions	Ratio of women in general manager positions	Ratio of women in Director and Audit & Supervisory Board Member positions
20% or higher (9.6% as of April 2024)	10% or higher (2.4% as of April 2024)	30% or higher (18.8% as of April 2024)

Total number of participants: 2,300

Diversity Weeks 2024

Certified as a "Gold" in "PRIDE Index 2023"



Selected as a "Next Nadeshiko: Companies Supporting Dual-career and Co-parenting" for FY2023



Participation in the Tokyo Rainbow Pride 2024* parade

Number of participants: 120

* LGBTQ+ related event

Leadership

We believe that empowering our talent to incorporate fresh perspectives and cultivate strong leadership is key to achieve dynamic growth.

In the VUCA era, effective leadership is crucial for swift adaptation and value creation. We focus on developing future leaders essential for medium-to long-term growth and fostering self-leadership, where individuals take the initiative in their actions.

To nurture successors for key positions in the future, we will establish talent pools at an early stage. Our goal is to develop rich and strong leadership pipelines by defining the skills and experiences that will be needed for the next 5 to 10 years. Each year, our top managers address the development needs of selected talent and discuss differentiated development plans. Based on these discussions, we will accelerate the growth of candidates through our established leadership training programs, which continuously evolve to align with our business strategies.

In addition, we introduced an e-learning platform in April 2024 to foster individual leadership development. On a non-consolidated basis, we have dispatched around 900 employees overseas, and the e-learning platform is designed to allow each employee, including those working overseas, to learn at their own convenience. Within the first month of its release, approximately 70% of employees accessed the platform,

Speed

Under our new business organizational structure, launched in April 2024, we aim for speed, agile, and autonomous management. Consequently, we are also promoting the delegation of authority in HR-related matters. Building on the success of previous initiatives, such as enhanced training programs for line managers, we are further empowering direct supervisors. This

significantly exceeding the 20% average of other companies. Simultaneously, we are developing a website for line managers to provide them with one-stop access to content for learning the management skills and leadership competencies required for global leaders. We believe that such self-initiated learning activities represent the driving force behind our growth.

Self-leadership for new recruits

For new graduate recruitment, we launched our "WILL recruitment" selection process, which is intended to value each person's "willingness to take action." This process allows each person's initial assignment to be determined before joining the Company. It is also part of our efforts to foster self-leadership in each of our future talents. As a result, we have seen not only the overall number of applicants increase but also a rise in applications from a diverse group of people. These include students who have studied science and advanced technology, who represented relatively few applicants in the past.

approach enables line managers to engage more effectively with individual team members and promote efficient and effective organizational management in alignment with the Company's strategy. In addition, we intend to adopt AI on a company-wide basis to establish a system that allows us to focus on higher-value, strategic activities.

Human capital

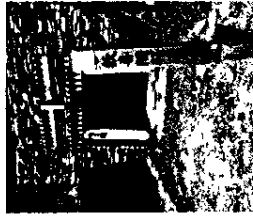
Initiatives to refine and unleash the power of our people

The driving force behind our growth is our diverse talent.
A variety of initiatives to unleash the power of people.

Human capital initiatives

Spreading Sumitomo's Business Philosophy

Training conducted annually at Besshi Copper Mine (which birthed Sumitomo's business) to help employees experience and inherit Sumitomo's Business Philosophy



Human capital initiatives

Extensive training programs

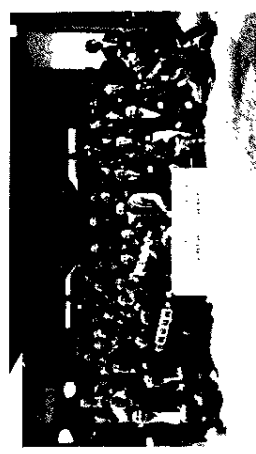
Around 200 training courses per year through the Sumisho Business College (SBC)



Human capital initiatives

Embracing diverse work styles

Various systems to support diverse lifestyles and careers, including one for employees with overseas assignments to be accompanied only by their children (total number of users: 20) and encourage male employees to take childcare leave (ratio of eligible male employees taking it in FY2023: 63.6%).
In-house entrepreneurship program ("0→1 Next") inspires new ideas from our people



Human capital initiatives

Career

SC Alumni Network encourages alumni and current employees active outside the Company to network and innovate
Career development program designed to support autonomous career development

Human capital initiatives

Cross-organizational collaboration

MIRAI LAB PALETTE, a hub where individuals from diverse backgrounds and cutting-edge technologies converge, stimulating one another and creating new value that transcends organizational barriers and defies conventional practices



Human capital initiatives

Health and well-being

Support system for employees' mental and physical health that includes in-house clinics (medical and dental) and counseling centers
Subsidy for comprehensive medical checkup (up to ¥80,000), immunizations, etc.
Encouragement to undergo regular health checkups (uptake rate: 100%)
Educational activities on health issues, such as holding seminars on lifestyle disease prevention and Femtech exhibitions

Entrance ceremony: "Seize, enjoy, and maximize opportunities"

In April 2024, we held an entrance ceremony to celebrate the start of our new employees' careers. The President and CEO addressed new employees with the message, "Seize, enjoy, and maximize opportunities." This message conveys the hope that in a VUCA world, each individual will take on challenges in new fields, face difficulties, enjoy any situation, and play an active role while leveraging their unique individualities. The event also featured an athletic demonstration by a sport climber sponsored by the Company and a video message from senior employees. The atmosphere was filled with smiles as new employees and executives engaged in lively conversations. The ceremony was broadcast online to the families of new employees and all employees, allowing everyone to celebrate this special day together.



Features of entrance ceremony

1. Open dress code for attendees
2. No conventional practices such as standing up and bowing
3. Use of the term "Mr." or "Ms." when addressing executive officers instead of official title
4. Firm handshakes exchanged between each new employee and an officer when notifying assignments
5. Photo sessions with the President and CEO and leaders of assigned groups

Transformation through digital

[SHIFT 2023]: Progress of DX

The entire Group has been working together to promote DX, which is positioned as an important tool to support the Business Portfolio SHIFT outlined in our previous medium-term management plan, SHIFT 2023.

In 2023, we consolidated the functions responsible for overseeing our DX promotion and IT strategy activities. In collaboration with Group companies Insight Edge (DX technology and engineering), SC Digital (data marketing), SCSK (digital solution development and operation), and others, we deployed IT and digital technologies across our business sites to enhance profitability and create value.

Our DX initiative continues to expand as a business and evolve into delivering solutions that benefit society. Emerging examples of social applications can be seen in new technologies, such as generative AI and quantum technology. In particular, we established SC-AI Hub, a cross-functional organization dedicated to generative AI, to consolidate the requirements and expertise in this field. This initiative aims to expedite operational reforms and business development through the introduction, development, and implementation of generative AI technologies. In addition to deploying generative AI services, search apps, and decision support tools accessible to all employees, we are introducing and commercializing generative AI-based business improvement apps at each workplace. In these and other ways, we are fully leveraging the potential of generative AI across our operations.

Accelerated new growth driven by digital

We are entering a new phase with our DX initiatives. We will strengthen our business capabilities by leveraging digital technology to its fullest potential. At the same time, we will drive business transformation through the application of digital capabilities and expertise developed at each business site, with the aim of enhancing profitability.

We will also promote the adoption of generative AI and other advanced technologies to enhance the efficiency and sophistication of our operations. Furthermore, we will measure the effectiveness of these initiatives and make investments as appropriate.

By embracing innovation through the advancement of digital and AI, the Sumitomo Corporation Group is taking on the challenge of providing new value to the world. Please stay updated on the Group's growth.



Toshi Tatsumi
Executive Officer
CDO/CIO

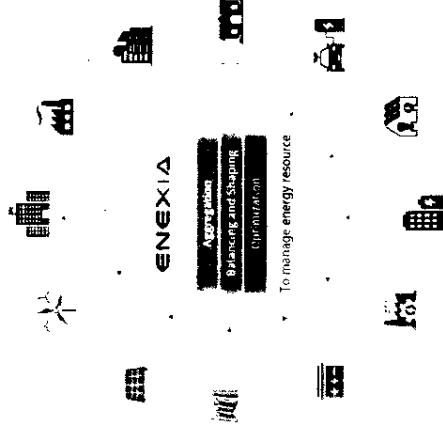
ENEXIA Examples of operational enhancement and new business creation through deployment of digital

The introduction of renewable energy is urgently required to realize a carbon-neutral society. However, it is difficult to generate a stable supply of renewable energy from sources such as solar and wind because their output fluctuates depending on the weather. This has been an impediment to our business advancement.

In 2023, therefore, we developed a highly accurate forecasting model and optimization algorithm, allowing us to become the first company in Japan to sell renewable energy through the FIP* system.

In March 2024, meanwhile, we established ENEXIA LLC, a new company led by a data scientist, to fulfill the functions necessary for expanding our renewable energy business. In this way, we are expanding our electric power value chain and contributing to the proliferation of renewable energy.

*Feed-in-premium (FIP): A system designed to provide direct financial incentives or premiums for the generation and delivery of renewable energy



Summit AI-based initiatives to improve work comfort and operational efficiency

Our Summit supermarket chain utilizes AI for customer and sales forecasting, product ordering, personnel planning, and other areas to enhance operational efficiency and support initiatives aimed at creating a better work environment for employees. By leveraging DX to enhance employee and customer experiences while addressing social issues, such as loss reduction and labor security, we aim to realize Summit's vision of making supermarkets in Japan more enjoyable.



List of Group businesses

Our business ▶ <https://www.sumitomocorp.com/en/jp/business>

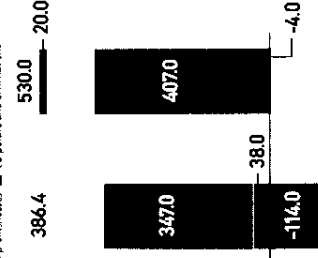
Group	Steel Group	Automotive Group	Transportation & Construction Systems Group	Diverse Urban Development Group	Media & Digital Group	Lifestyle Business Group	Mineral Resources Group	Chemical Solutions Group	Energy Transformation Business Group
SBU**	- Energy Tubular - Steel Products - Steel CX	- Automotive Manufacturing and Engineering - Automotive Sales & Marketing - Mobility Services - Tire - Beyond Mobility	- Leasing - Commercial Aviation - Aerospace Defense & Technology - Ship & Marine - Construction & Mining Systems	- Real Estate - Industrial Park and Sustainable City - Industrial System & Material - Logistics and Insurance - Social Infrastructure	- Digital - Smart Communication Platform 5G - Cable Platform - Media Commerce & Contents - Innovation & Investment	- Retail - Food - Global Fruit and Vegetables - Healthcare	- Non-Ferrous Metals - Aluminum - Coal and Nuclear Fuel - Iron & Steel Making Raw Materials and Carbon - Commodity Business	- Basic Chemicals - Electronics - Green Chemical - Life Science - Agri Business	- Energy Innovation Initiative - Japan Energy Solution - Overseas Energy Solution - Indonesia Energy Solution - Gas Value Chain - Maritime Energy Solution
	- Trade of steel products (steel sheets, tubular products, and railway products) - Processing of steel sheets, tubular products, and railway products, and other related businesses	Manufacturing, distribution, finance, lease, and peripheral businesses of automotive products, tires and related products as well as mobility service business	- Trade and operations for aircrafts, aerospace-related products, and ships, as well as general lease & finance business - Sales, services, rental, and trading of construction, mining, agricultural, and industrial equipment, together with related products	- Real estate business, including office buildings, retail facilities, residences, logistics facilities, hotels, and real estate funds - Development and management of sustainable cities and industrial parks - Business related to construction material and equipment, including construction materials, cement, air conditioning, and electrical facilities - Business related to industrial facilities and communication infrastructure - Integrated logistics infrastructure business and insurance business - Social infrastructure business, including transportation, airports, ports, and water infrastructure business	- Digital solution business and digital media-related business - Smart communications infrastructure business - Businesses related to fifth-generation (5G) mobile communication systems - Media businesses in cable television and multi-channel programming distribution - TV shopping business and video content-related business - Global corporate venture capital and private equity	- Retail business such as supermarkets - Food products including perishable food (meat, fruits, and vegetables) and food raw materials (fruit juice, grains, oils, sugar, and sweeteners) - Healthcare business, such as drugstores and managed care business	Development and trading of non-ferrous metal raw materials such as copper, nickel, and aluminum, 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.	Businesses related to basic chemicals (organic/inorganic chemicals and plastics), green chemicals, semiconductor/battery materials, electronic, pharmaceuticals, animal health products, veterinary medicine, agricultural products, crop protection products, fertilizers, and next-generation agriculture and food production systems	- Carbon-free energy-related business - New power and energy services business - Carbon management business (nature base) - Power infrastructure business - Offshore infrastructure business - Bunker fuel and lubricant supply and next-generation marine fuel business - LNG projects and city gas distribution - Trading of natural gas, power and environmental products, and LNG - LPG business development
Business Lines									

*1 SBU Strategic Business Unit

Profit for the year by mineral resources

non-mineral resources (billions of yen)

Mineral resources ■ Non-mineral resources ■ One-off profits/losses ■ Corporate and eliminations



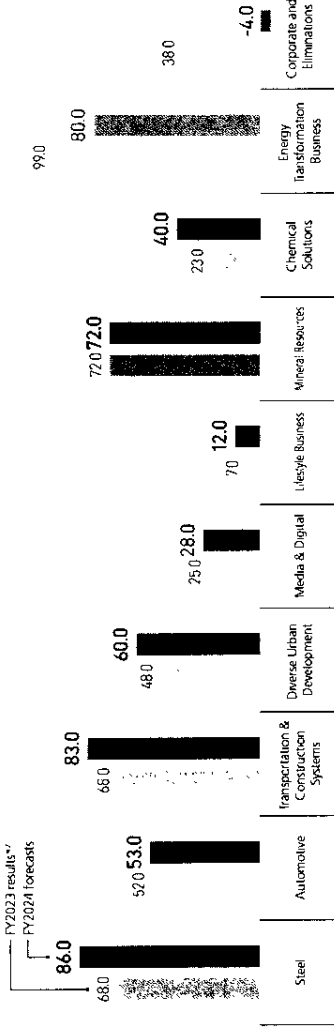
** Due to the reorganization carried out as of April 1, 2024, the figures are described on a reclassified basis

*3 Profit for the year by segment is rounded to the nearest billion yen

Profit for the year by segment** (billions of yen, excluding one-off profits/losses)

FY2023 results**

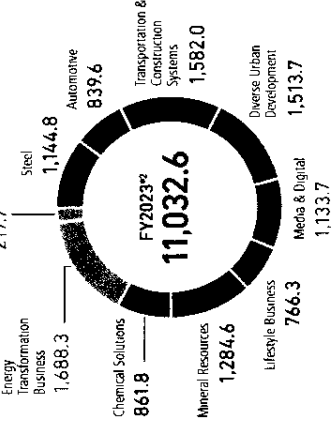
FY2024 forecasts



Total assets by segment (billions of yen)

Corporate and Eliminations

Energy Transformation Business





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.



Katsuya Inubushi
Group CEO, Steel Group

Our customer base covers a wide range of industries that use steel products, including energy, construction, transportation equipment manufacturing, and electrical appliances and consumer electronics. We are developing unique supply chains globally to meet the diverse needs of each of these industries.

- Main Business Fields
- Major Group Companies
- Steel Products SBU
 - Sumitomo Corporation Global Metals
 - Energy Tubular SBU
 - Eyringium, Edgen

Group Business Development



Europe

Supply of oil country tubular goods (OCTG) to oil fields in the North Sea



East Asia

Middle East Africa

Southeast Asia

South Asia

Oceania



Steel service center operations worldwide



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

North America Central and South America



North American railway product manufacturing business



Crankshaft manufacturing business

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

Group Business Environment

- The North American energy industry remains cautious about drilling new wells, and the number of oil and gas active rigs (rig count) remains low
- Movement toward local production and local consumption in Europe and other countries where the Carbon Border Adjustment Mechanism (CBAM) regulations have been introduced
- Sluggish utilization of steel service centers due to the economic slowdown caused by inflation and high interest rates

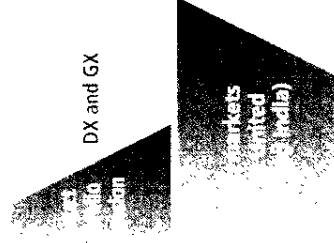
Growth-driving business Steel Group's Global Supply Chain

We aim to leverage our accumulated strengths to increase earnings in regions where demand is increasing alongside economic growth and in markets where demand is increasing in line with energy transition.



Strong supply chain

Access to global and diverse range of markets and customers



Growth Opportunities and Risks

- Opportunities
- Risks
- Social demand for a decarbonized/recycling-oriented society
 - Development of urbanization and railway infrastructure in emerging countries
 - Environmental response for various transportation equipment
 - Volatile fluctuations in mineral resource, steel raw material, and product prices
 - Fluctuations in the global supply-demand balance
 - Structural changes in the industry and transition to alternative materials for existing products in conjunction with energy transition

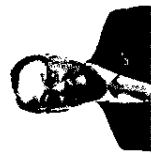
Business Strategy

- Leverage our global supply chain network to closely monitor the changing situation in the global steel industry and thus maintain and expand earnings in the steel business
- Strengthen regional sales capabilities and manage inventory risk to improve resilience to market volatility



Automotive Group

Lead the transformation of mobility and create new values.



Norihiko Nonaka
Group CEO, Automotive Group

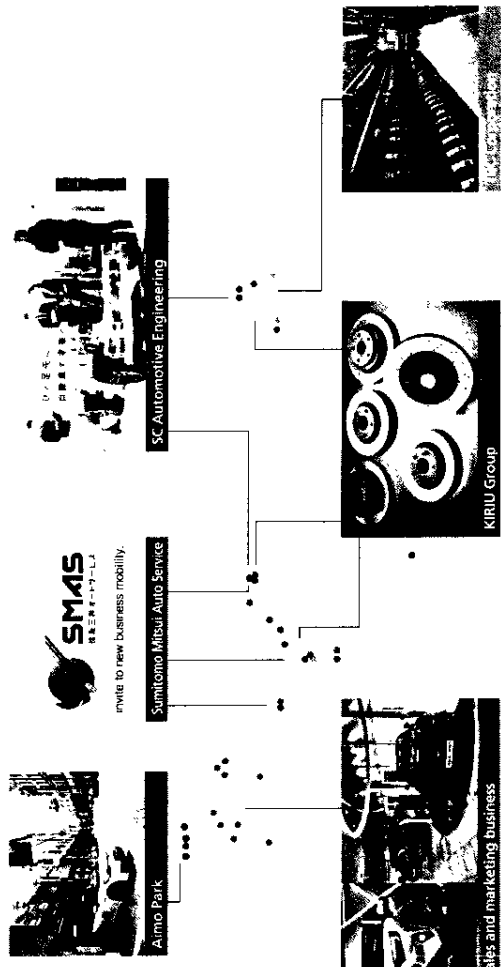
Main Business Fields
We are globally developing businesses in each field of the automotive industry, including manufacturing, sales and marketing, leasing and related services of automobiles, automotive components, tires, and other products, with a bird's eye view of the industrial value chain.

Major Group Companies	Automotive Manufacturing and Engineering SBU	Mobility Services SBU
	KIRIU, Hitotac Mexico, SC Automotive Engineering, Automotive Sales & Marketing SBU, TOYOTA UKRAINE, TOYOTA LIBYA, MOTO-PFOHE EOOD	Sumitomo Mitsui Auto Service, OTO**/ISCF**, Almo Park, Tire SBU, TBC Corporation, Beyond Mobility SBU, SC ABeam Automotive Consulting

*1 Oto Multiatira *2 Summit Oto Finance

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

Group Business Development



Key Group Strengths

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

Group Business Environment

Growing need for automobiles to support economic development and increasing movement of people and goods in each country
Shift from ownership to utilization (leasing, rental, subscriptions, etc.)
Spread of eco-friendly vehicles to achieve carbon neutrality
Advancement of reusing and recycling to build a circular economy

Growth-driving business Mobility platformer for a sustainable society

[Sumitomo Mitsui Auto Service's growth strategy]

As a leading company in the auto-leasing industry, we will create a sustainable future by providing comprehensive mobility services that meet all kinds of needs related to the movement of people and goods, in order to contribute to the development of an automobile society and global sustainability.

One-stop EV-related services Mobility services Global development



Auto leasing business

Number of vehicles owned and managed by the Group
Approx. 1.02 million

Growth Opportunities and Risks

Opportunities	Risks
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 electrification, sharing, autonomous driving, etc. Changing competitive landscape and accelerated restructuring in each sector of the automotive industry due to technological innovation	Slowing economic growth and rising business costs due to inflation and high interest rates Supply chain disruptions and deteriorating business environment caused by geopolitical risks

Business Strategy

Promote growth by expanding the product lineup and sales and service network in the automotive sales and marketing business
Expand the scale of earnings by increasing the value of the parts manufacturing, sales finance, and tire sales businesses
Expand services in the mobility service domain centered on automobile leasing, and capture new business opportunities



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.



Takao Kusaka
Group CEO, Transportation & Construction Systems Group

Main Business Fields

We operate an aircraft and engine leasing business, a ship and marine business, an aerospace and security business, a construction and mining equipment sales, service, and rental business, and a business that combines the functions of the Group's leasing and financing companies with those of a trading company.

Major Group Companies

- Leasing SBU - Sumitomo Mitsui Finance and Leasing (SMFL) - Commercial Aviation SBU - SMBC Aviation Capital, SMBC Aero Engine Lease, SMFL LCI Helicopters, Werner Aero	- Aerospace, Defense & Technology SBU - Sumitomo Aero-Systems, Sumitomo Precision Products - Ship & Marine SBU - Osaka Shipbuilding, Triton Navigation, Sumitomo Marine - Construction & Mining Systems SBU - SMS Equipment, Sunstate Equipment, Linder Industrial Machinery
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Group Business Development

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



SMBC Aviation Capital
(Aircraft leasing)



三井住友ファイナンス&リース

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



Osaka Shipbuilding
(Shipbuilding)



Sunstate Equipment
(Rental of construction equipment)



Werner Aero
(Aftermarket aircraft parts)

SMS Equipment
(Construction and mining equipment sales and services)

Key Group Strengths

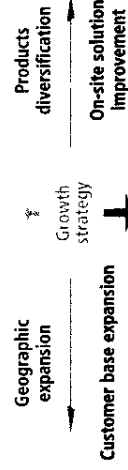
- Track record of providing financial solutions and solution capabilities in a wide range of industries
- Knowledge of commercial aircraft leasing and maintenance business and world-class fleet of leased aircraft
- Business experience in aerospace, security, and precision technology areas and positive 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

Growth-driving business

Long-accumulated strengths represent new value on a global scale

[Construction & mining equipment business]

We operate in continuously growing industrial fields backed by infrastructure construction in developed countries and urbanization and resource development in emerging countries. In these fields, we leverage our strengths of a solid business foundation and abundant experience to contribute to the realization of affluent lives for people and the world through our business operations.



Reputation of trust based on global business performance

Abundant knowledge
Human resources
Number of employees (Consolidated basis)
Approx. 10,000
Global 20 countries / companies
Industry networks

Growth Opportunities and Risks

- Opportunities**
 - Opportunity to create new business models using digital and other new technologies
 - Accelerating R&D and increasing demand for new technologies (such as AI, 5G/6G, and quantum computing)
 - Growing shift to 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

Business Strategy

- Increase prime assets and improve asset efficiency in the general leasing and aircraft leasing businesses and establish the "Assets x 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



Diverse Urban Development Group

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



Yukihito Honda
Group CEO, Diverse Urban Development Group

Main Business Fields
We engage in the development, operation, and asset management of real estate, industrial parks, sustainable cities, and urban infrastructure, as well as the manufacture and sale of construction materials and sales of industrial equipment. We also engage in logistics and insurance-related businesses.

- | Major Group Companies | Industrial System & Material SBU |
|--|---|
| Sumitomo Realty Management, | Sumitomo System & Material SBU |
| Sumitomo Building Management, | S.C. Cement, Sumitomo Shoji, Machineex |
| Sumitomo Tatemono | Logistics and Insurance SBU |
| Industrial Park and Sustainable City SBU | Sumitomo Global Logistics, Sumitomo Insurance |
| Thang Long Industrial Park, North Hanoi | Social Infrastructure SBU |
| Smart City Development Investment | Muscat City Desalination Company, Crystal |
| | Mover Services |

Key Group Strengths

- Comprehensive business capabilities that combine advanced and substantial expertise, networks, and customer bases in each business field
- Strong presence in local communities thanks to reliable business operations that accurately meet the needs of each country and society
- Structuring capabilities for creating stable frameworks to manage diverse projects and businesses

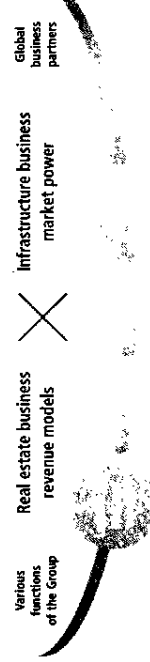
Growth-driving business

Comprehensive urban development drawn from master plans

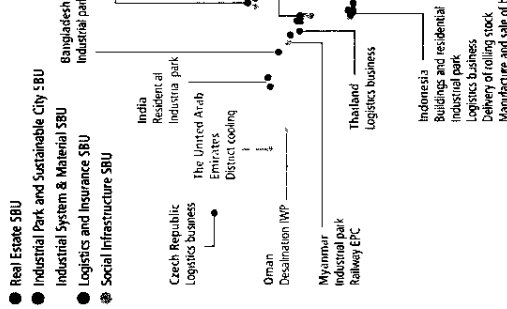
We have more than 5,000 hectares of land under comprehensive development globally, including residential land, industrial parks, and sustainable cities. Based on this foundation, we aim to become the world's No.1 Japanese-affiliated "Diverse Urban Developer" that combines multiple functions to realize affluent lifestyles for communities and societies.



Embodying "energy efficiency," "well-being," and "resilience"
Diverse Urban Development



Group Business Development



Group Business Environment

- Growing awareness of dangers posed by the global environment and future living environments, and the need to address increasingly large-scale natural disasters
- Continuously changing living and business environments stemming from geopolitical risks and the digital revolution
- Capital inflows to stable markets (Japan and the United States) and growth markets (emerging nations) leading to rising asset prices

Growth Opportunities and Risks

- | Opportunities | Risks |
|--|---|
| Increasing demand for infrastructure and urban development that is environmentally friendly, safe, and disaster-resistant | Changes in market needs and business models in response to geopolitical risks (real and latent) |
| Ongoing transformation of global manufacturing and distribution networks due to rising geopolitical risks and environmental responses | Continuously intensifying competition due to DX and AI technologies and entry of players from emerging countries and different industries |
| Increasing demand for urban development and redevelopment in consideration of the natural environment and the pursuit of affluent lifestyles | Impact of rising construction costs and capital market fluctuations on domestic and overseas real estate markets |

Business Strategy

- We will leverage our "development capabilities in basinfacilities," "development capabilities in grid/rails," and "area development capabilities" to adopt varying approaches to comprehensive urban development and thus enable the Group to provide diverse value globally
- With emphases on "energy efficiency" (environmentally friendly living), "well-being" (affluent and aspirational living), and "resilience" (safe and secure living), we will engage in urban development that provides high quality and sustainable value on a global scale, thus enhancing the brand value of the Group's initiatives and projects in local communities

*1 Development in basinfacilities: Office buildings, residence, hotels, airports, ports, etc.
*2 Development in grid/rails: Railways, water supply, logistics, etc.
*3 Area development: Retail properties, mixed-use buildings, industrial parks, sustainable cities, etc.



Media & Digital Group

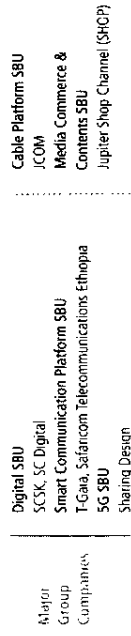
In the field of media and digital technology, we combine cutting-edge technologies with our strengths to create new value and contribute to the realization of a sustainable society.



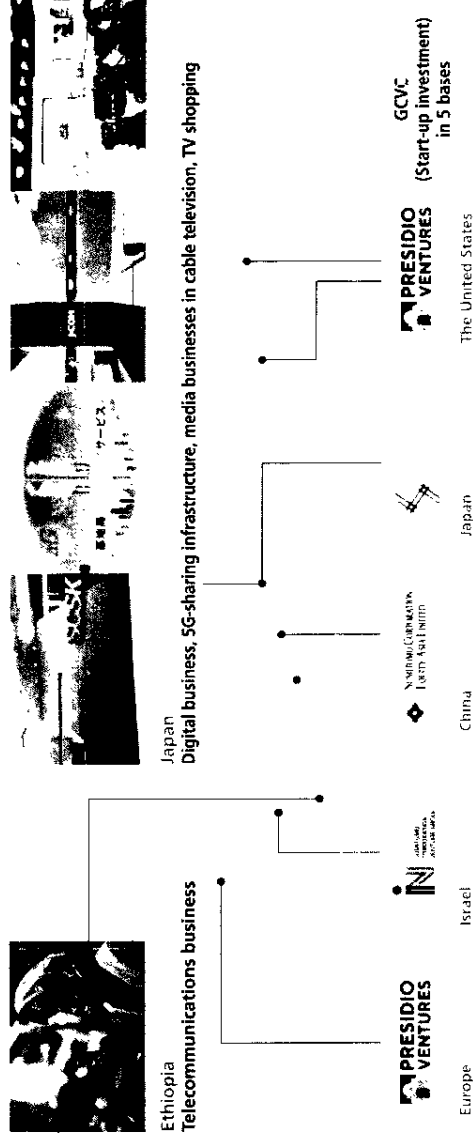
Shinichi Kato
Group CEO, Media & Digital Group

Main Business Fields

We engage in the digital solutions business, smart communications infrastructure business, mobile value-added services business, 5G (5th-generation mobile communications) related business, media businesses in cable television, TV shopping business, and global corporate venture capital business (start-up investments, or GCVC).



Group Business Development



Key Group Strengths

IT business foundation × Cutting-edge technology (GVC business investee company) × Development talent
Domestic network directly connected to consumers (COM: 5.67 million households, SHOP: 30.25 million viewable households)
Expertise in building overseas telecommunications infrastructure (skills × specialized human resources)

Group Business Environment

Overall IT investment demand is expected to grow despite the uncertain economic outlook; competition for IT personnel is intensifying due to the shortage of IT personnel

Changing customer base due to domestic factors, such as the declining birthrate, an aging population, increasing single-person households, and decreasing consumer spending

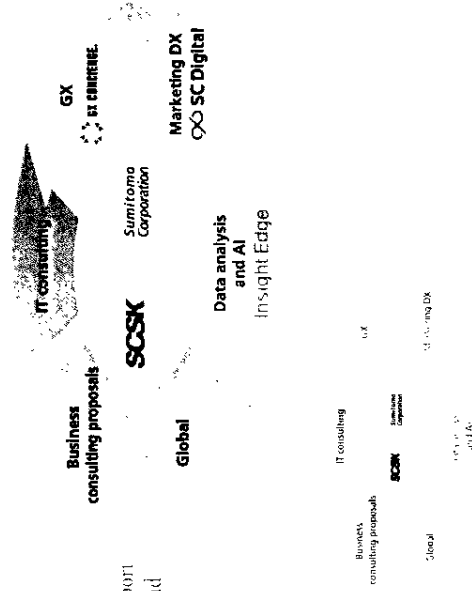
Increasing geopolitical risks, inflation, and other factors causing the unit prices of goods and services to rise

Researcher's name

Growth of both Sanitomo Corporation and SCSK will be the evolution of businesses in the world through J1 and J2.

[Digital Business]

While expanding/upgrading SCSK's core business, Sumitomo Corporat on will leverage its experience in launching new businesses, its business foundation, and overseas business management know-how to broaden its businesses.



Growth Opportunities and Risks

Opportunities

- New markets emerging and expanding due to social adoption of new digital technologies alongside the growing importance of digital and data utilization (SCSK, GCVC)
- New markets replacing existing ones as the speed of social change increases (COM, SHOP, overseas telecommunications business)

Opportunities

Changes in the global industrial structure and consumer behavior as a result of digital disruption
Intensified competition to secure IT and DX human resources across various industries
Competition arising from the fusion between broadcasting and telecommunications
Emergence of country risks, especially in developing nations, due to changes in policies and regulations

Risks

Emergence of country risks, especially in developing nations, due to changes in policies and regulations

Business Strategy

Expand the digital solution business and enhance digital-related functions
Strengthen the information/telecommunications infrastructure business and expand/upgrade value-added services

Expand/upgrade domestic 5G-sharing infrastructure and solutions
Leverage the cable platform to expand/upgrade new services

Align with Over The Top (OTT) and enhance mobile services

Tap and utilize cutting-edge technologies with a focus on GCVC (now 5 bases) and PE sites



Lifestyle Business Group

Group Business Model

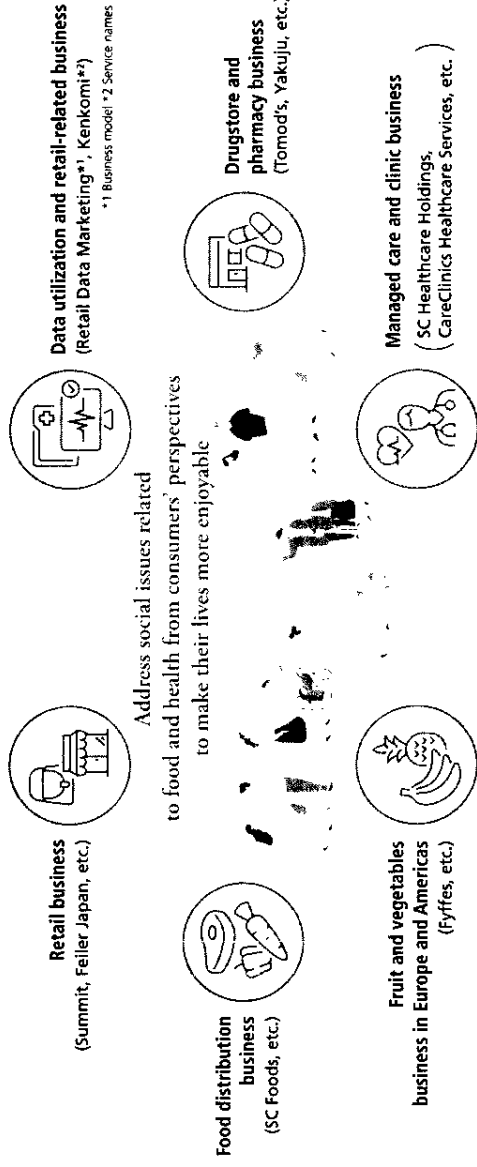
Address social issues related to food and health from consumers' perspectives to make their lives more enjoyable.



Kotaro Tameda
Group CEO, Lifestyle Business Group

We operate retail businesses (including supermarkets and brands), food businesses (including food products, food ingredients, and fresh produce), and healthcare businesses (including drugstores, pharmacies, and managed care organizations, clinics)

Main Business Fields	Retail SBU	Global Fruit and Vegetables SBU
Major Group Companies	Summit, Feller Japan Food SBU SC Foods, WELLNEO SUGAR	Fyffes International, Highline Produce Healthcare SBU Tomod's, SC Healthcare Holdings, CareClinics Healthcare Services



Key Group Strengths

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

Group Business Environment

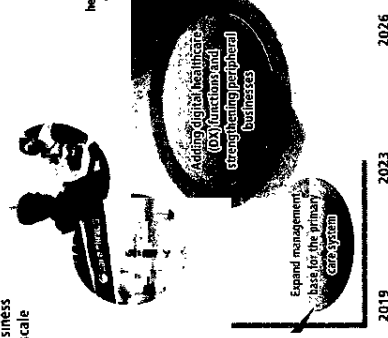
- Diversifying consumer values and lifestyles
- Growing consumer awareness about food and health

- Need to optimize medical costs due to accelerated aging of population
- Expectations for sustainable products, services, and management

Growth-driving business Healthcare business contributing to the medical cost containment in Malaysian local communities

Leveraging our chain store operation knowledge, cultivated in the retail business, we help contain medical costs in Malaysia, specifically through collaboration between our clinic business (which provides convenient, high-quality medical services) and our managed care business (which connects medical institutions, insurance companies/corporations, and patients to provide optimal medical care to the public), with the addition of digital technologies.

Business scale



Managed care business
Membership
No. of clinics
- 130

In-house company, clinic operations, disease prevention programs, health management services, etc.

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 global food supply, production, and logistics
- Rising labor/fuel costs and high interest rates

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 medical costs both in Japan and overseas
- Leverage our expertise in 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



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.



Koichiro Yazaki
Group CEO, Mineral Resources Group

Main Business Fields
We promote the development/operation of interest in such commodities as copper, nickel, aluminum, coal, iron ore, and precious metals, and the sale of their respective products, as well as the trading business that provides a wide range of functions including use of commodity derivatives.

Major Group Companies	
• Non-Ferrous Metals SBU	• Coal and Nuclear Fuel SBU
• SMM Cero Verde Netherlands, SC	• SCAP C, Sumitomo Coal Australia Holdings
• Quebrada Blanca, Ambato Minerals	• Iron & Steel Making Raw Materials and Carbon SBU
• Aluminum SBU	• Oresmel Investment, Mineracao Usiminas
• Press Metal Birtulu, Tin-Arrows	• Commodity Business SBU
• Aluminum, SUMISHO METALEX	Sumitomo Corporation Global Commodities

Key Group Strengths

- Experience and know-how in operating/managing highly challenging mining operations
- Competitive, high-potential business assets
- Offering a wide range of market instruments and tailor-made trading functions, including derivatives
- Strong partnerships, industry-wide network, and global customer base

Growth-driving business

Expanding the copper and aluminium business while coexisting with global environments and communities

We contribute to coexistence with the global environment, expansion of local employment, economic development, and industrial development based on growth that leverages our respective strengths, from copper mine operations and management to aluminium production and trading and other areas.

Accumulation of world-class mining interests

Achieving coexistence with the global environment

Stable supply of copper [EVs, renewable energy, etc.]

Enhance "green" value throughout the value chain

Utilization of power with reduced CO₂ emissions

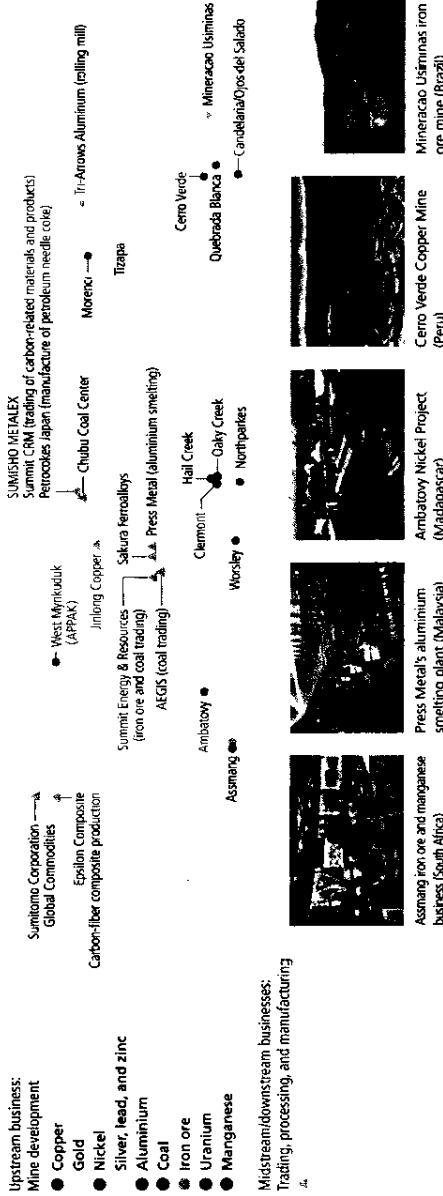
Smelting Rolling

Trading

Photo: Quebrada Blanca copper mine (Chile), which started operation in 2023

Group Business Development

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



Group Business Environment

- Changing supply-demand structure and increasing mineral resource price volatility due to heightened geopolitical risks
- Increasing development risks and development/operating costs due to high degree of difficulty in mine development
- Transformation of demand toward decarbonization and recycling-oriented society

Growth Opportunities and Risks

- Opportunities**
 - Global trend of energy transition
 - Changes in demand for a decarbonized/recycling-oriented society
 - Increasing opportunities to demonstrate our capabilities and participate in projects as mineral resource development becomes more difficult
- Risks**
 - Geopolitical risks
 - Increasing mine development and operating costs

Business Strategy

- Collaborate with partners to expand the earnings base for copper and other commodities earmarked for demand growth
- Leverage expertise in market commodity derivatives to upgrade trading functions; leverage a diverse and excellent business partner base to develop market-driven business that unifies upstream, midstream, and downstream
- Establish a business value chain that helps resolve social issues such as achieving decarbonization and a recycling-oriented society

Chemical Solutions Group

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



Takuya Tsujigaki
Group CEO, Chemical Solutions Group

Main Business Fields

We engage in the chemical trading and manufacturing business, electronic materials trading and electronics manufacturing service (EMS) business, pharmaceutical-related business, cosmetics business, animal health business, and sales of agricultural materials (crop protection products, fertilizers, etc.).

- | Major Group Companies | Subsidiaries |
|---|---|
| <ul style="list-style-type: none"> Basic Chemicals SBU <ul style="list-style-type: none"> Sumitomo Shoji Chemicals Electronics SBU <ul style="list-style-type: none"> Sumitronics (STX) | <ul style="list-style-type: none"> Life Science SBU <ul style="list-style-type: none"> Summit Pharmaceuticals International Agri Business SBU <ul style="list-style-type: none"> Agro Amazonia Produtos Agropecuarios |

Key Group Strengths

- Agricultural consulting skills derived from the agricultural input & service business, the ability to develop products and services that meet customer needs, and credit management skills
- Global sales network and business intelligence/procurement capabilities in the crop protection products trading and distribution business
- Supply-demand balancing function and know-how of trading operation in basic chemicals such as sulfuric acid (terminal and storage services + seaborne trading + inland distribution)
- Electronics: Strong customer base for semiconductor-related materials and manufacturing capabilities in the EMS business
- Pharmaceutical raw materials and cosmetics ingredients: Purchasing and sales network; Animal health; Product development and sales capabilities

Growth-driving business

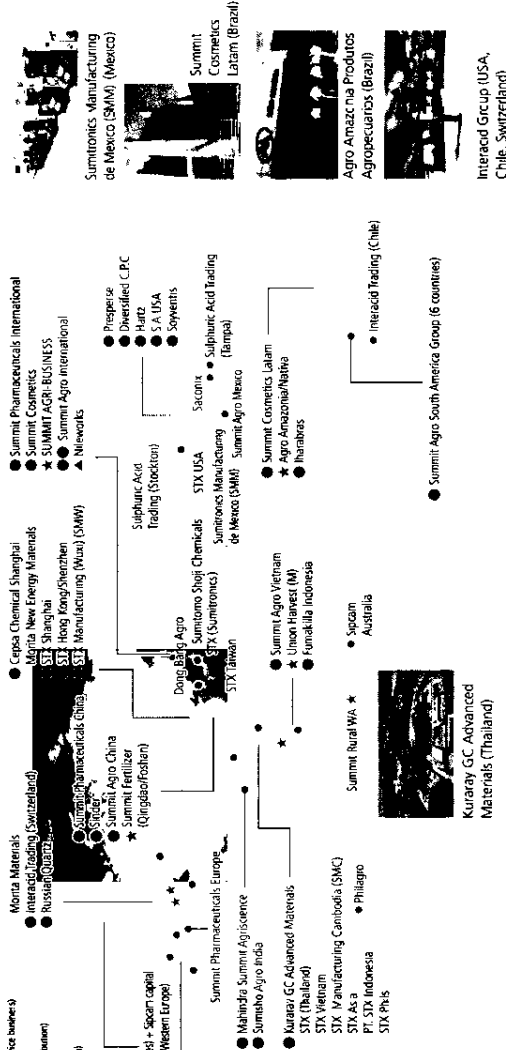
Building on our strong partnerships and trust with local communities around the world, we will combine our capabilities in agrochemical trading/distribution, agricultural input & service, and next-generation agriculture to create a new agribusiness landscape.

Growth Strategy

Crop protection products trading and distribution Diversify sales, brands Expand business in major agricultural producing countries Start to find more than products but in a Acquire manufacturing, registration, development, and marketing capabilities and strengthen sales efforts	Agricultural input and service business Expand geographic area Broader sales network through branch expansion and M&As Expand upgrade product portfolio Expand lineup of high-performance products and soil neutralizers Strengthen corporate power for products Engage in seed and fertilizer processing, etc (in addition to direct sales)	Next-generation agriculture and innovation Smart farming AI Analysis/Precision Farming Services & Agricultural Drone Business Clear farming GHG Reduction Agri Input-Feed Additive Business Next generation food production Genome Editing-Alternative Protein Business
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Group Business Development

- Life Science
 - ★ Agribusiness (agribusiness report and service business)
- Agribusinesses
 - (crop protection products trading and distribution)
- Agribusinesses
 - (next-generation agriculture and innovation)
- Basic Chemicals
- Electronics
 - Sumitomo Europe Group (11 countries) + Sporn capital alliance (8 countries in Southern and Western Europe)
- Sumitomo
 - Mahindra Sun
 - Sumitro Agro
 - Kuraray GC Asia
 - STK (thailand)
 - STK Vietnam
 - STK V-nuolac
 - STK Asa
 - PT. STX Indopra
 - STX Phis
- Summit Cosmetics Europe
 - Futuro
 - Alcedo/Naturexo
 - Specto-Agro
 - Sumitro Agro Turkey



Group Business Environment

Although geopolitical requirements and weather conditions (drought, floods) will lead to supply-demand balance fluctuations and increased price volatility for our products, we expect solid demand growth in essential areas, such as basic chemicals, pharmaceuticals, agricultural materials, and semiconductors in the medium to long term.

Growth Opportunities and Risks

- **Opportunities**
 - Changes in supply-demand balance and industry structure in each region
 - Increasing demand for agricultural materials due to population growth and rising food demand
 - Increasing demand for agricultural materials and services with low environmental impact
 - Increasing demand for basic chemicals and electronics due to growth in EV, renewable energy, semiconductor, and EMS markets
 - **Risks**
 - Changing market conditions due to growth of companies in emerging economies
 - Impact of climate change on agricultural production and increasing price volatility for grain and agricultural materials (especially fertilizers)
 - Risk of decline in plant profitability due to exchange rate fluctuations and rising labor costs

Business Strategy

- » Optimize the business portfolio to strengthen downward resilience to market risks
- » Enhance trading capabilities and develop related businesses to provide added value
- » Expand agricultural materials sales (geographically and functionally), and create new businesses in innovation fields
- » Leverage strengths in existing businesses (pharmaceuticals, cosmetics, and animal health) to reinforce the earnings base
- » Create new business models according to greening and economic security needs in the chemical industry



Energy Transformation Business Group

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



Koji Aso
Group CEO, Energy Transformation Business Group

In addition to our global power infrastructure business, as well as trading and business development related to natural gas and LNG, we push forward business development in the next-generation energy field.

Energy Innovation Initiative SBU	Indonesia Energy Solution SBU
Summit Forests New Zealand	Central Java Power, Bhumi Jati Power, Supreme Energy, Muara Laboh
Overseas Energy Solution SBU	Gas Value Chain SBU
Overseas IPP/WPP business:	LNG Japan, Pacific Summit Energy
30 companies	Maritime Energy Solution SBU
Japan Energy Solution SBU	Japan Offshore Facility Investment
Summit Energy	

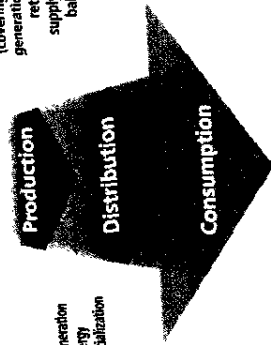
Track record in global project development and execution cultivated over many years in the power, gas, and energy sectors
Our accumulated relationships with governments in each country and partners
Strong connectivity with customers in each business

Strong business foundation with governments in each country and markets

From production to distribution and consumption, we will contribute to society by providing one-stop solutions for decarbonization and stable energy supply. Here, we will bring together our various strengths, including a solid business foundation, a wide portfolio of energy solutions, and next-generation energy commercialization capability.

Next-generation energy commercialization

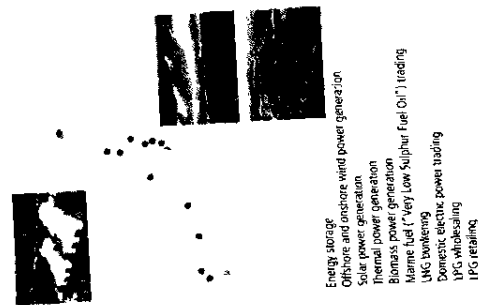
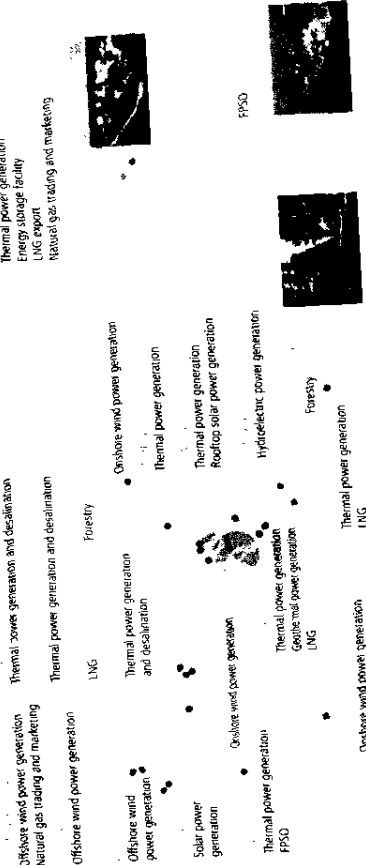
Energy solutions (covering gas, power generation, electricity retail, and supply-demand balancing)



Energy Transformation Business Group

Group Business Development

- Forestry
- Energy storage business and equipment
- Power generation business
- Gas Value Chain and Maritime Energy Solution
- Power EPC (EPC: Total installed generation capacity)



Energy storage
Offshore and onshore wind power generation
Solar power generation
Thermal power generation
Biomass power generation
Marine fuel ("Very Low Sulphur Fuel Oil") trading
LNG bunkering
Domestic electric power trading
LPG wholesaling
LPG retailing

Shift to a decarbonized, circular economic model
Growing demand for energy security and stable supply

Opportunities

- Significant increase in electricity consumption due to growing use of generative AI and other IT equipment
- Changing energy demand and accelerating energy transition toward a decarbonization and recycling 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 risk and fluctuations in resource prices and electricity market
- Charges/setbacks in national decarbonization policies/regulations and their impact on decarbonization-related businesses

Through a strategic transformation by bringing together our existing energy-related departments, which have strong business connections with markets and governments in each country, and our Energy Innovation Initiative (EII), which aims to commercialize the next-generation energy sector. 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.

Special Feature: Growth Story —Enhancing Our Competitive Advantages

Story 1 — Established strengths

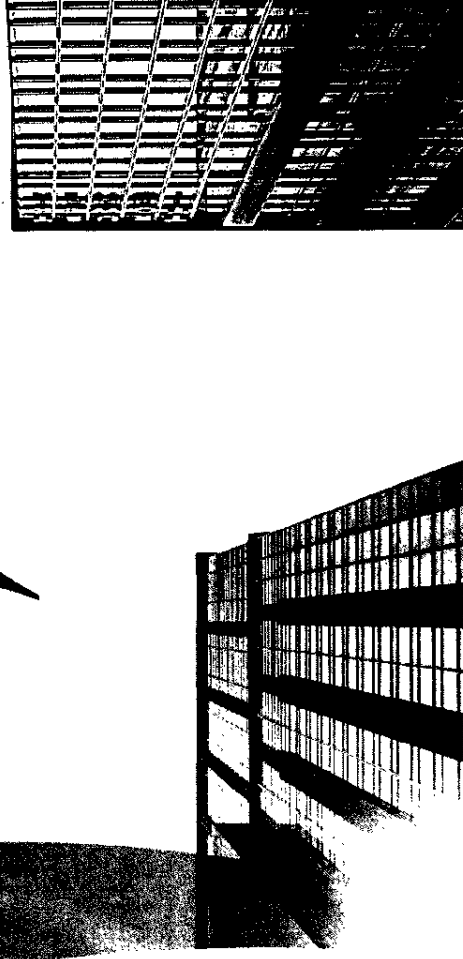
Competitive advantage

Expertise in commercial aviation and
real estate businesses x
Asset management capabilities

Story 2 — Expansion into new domains

Competitive advantage

Expertise in lifestyle-related
businesses x
Community coexistence



Special Feature: Growth Story—Enhancing Our Competitive Advantages

Story 1 — Established strengths

Commercial aviation business:
Commercial Aviation SBU/Leasing SBU/Aerospace Defense & Technology SBU

Competitive advantage

Expertise in commercial aviation and real estate businesses x Asset management capabilities

Commercial aviation business
Profit for the year in FY2023

Target of profit for the year in FY2030

¥13.6 billion >> Approx. ¥33 billion

2025 Advanced Aircraft

Helicopter

2020 Helicopter leasing No. 2 in the world

Engine

No. 5 in the world

Aircraft

No. 2 in the world

1996 Aircraft leasing

2004 Engine leasing

1980s Trading and aftermarket The beginning of our commercial aviation business

Spreading sustainable wings to the world

By 2050, the world population is expected to reach 10 billion, and the movement of people and goods will further expand globally. Amid the rapid expansion in demand for travel, the commercial aviation business holds significant growth potential for the future. Over the next 20 years, we anticipate that 30,000 to 40,000 new aircraft will take to the skies in the civil aviation sector.

At the same time, contributing to decarbonization is an urgent priority that extends to the aviation world.

Furthermore, the number of retired aircraft is increasing, making the effective utilization of used aircraft and parts, as well as the recycling of fuselage, essential for creating a circular economy.

We support regional socioeconomic development by overcoming the conflicting themes of meeting the growing demand for the movement of people and goods while also contributing to environmental sustainability.

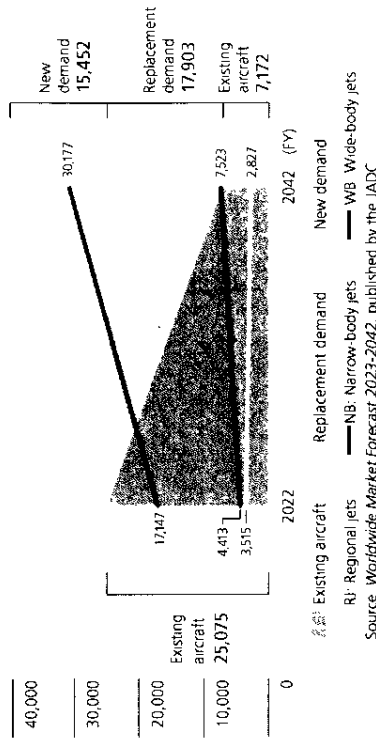
This is our path to value creation and the strength that will enable us to gain a foothold for further growth.

Our strength lies in maximizing synergy of expertise in the commercial aviation business and asset management capabilities in response to economic cycles.

In the aircraft leasing business, which is sensitive to economic fluctuations, the key to success is the ability to buy and sell aircraft at the right time and maintain asset values.

In addition to the industry network and technical expertise we have built by addressing social and customer issues, we have established strength through our asset management know-how leveraged by our strong fund-raising capabilities.

Passenger jet aircraft demand forecast (no. of aircraft)



Special Feature: Growth Story—Enhancing Our Competitive Advantages

Competitive advantage

Expertise in commercial aviation and real estate businesses x
Asset management capabilities

Features of SMBC AC

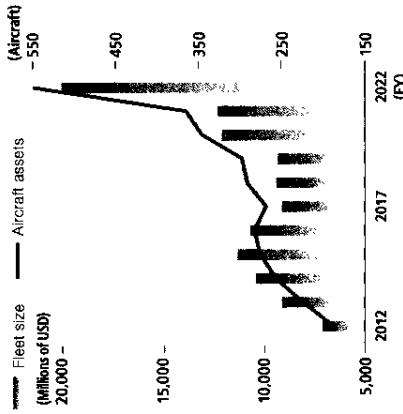
Narrow-body jet ratio 83%
For domestic and short-haul routes

Customers 150 companies
Customer risk diversification

Average age of aircraft Approx. 5 years
High liquidity

Aircraft fleet diversification 50 countries
Geographical risk diversification

Fleet size and aircraft assets



Strengths generating additional value



SMBC
AVIATION CAPITAL



Sumitomo Mitsui Financial Group: 50%
Sumitomo Corporation: 50%

We entered the commercial aviation business in the 1980s in the aftermarket sector with the trading of used aircraft and parts. We then entered the aircraft leasing business in the 1990s and expanded into engine leasing in the 2000s. In the 2020s, we also began helicopter leasing.

Through these businesses, we have accumulated the knowledge necessary for the commercial aviation business in such areas as asset management, networking, and the technical expertise and credit assessment ability of our group companies.

In 2012, we acquired the aircraft leasing division of the Royal Bank of Scotland in partnership with Sumitomo Mitsui Financial Group and Sumitomo Mitsui Finance and Leasing (SMFL). That business, now called SMBC Aviation Capital (AC), is the second-largest aircraft leasing company in the world. It owns, manages, and has orders in place for approximately 1,000 aircraft and has expanded its business to 150 companies across 50 countries. Its owned aircraft assets amount to around ¥3 trillion.

We diversify geographical risk by leasing across multiple regions. We also focus primarily on highly liquid narrow-body aircraft and keep the average age of our fleet young. This approach allows us to maintain and control high asset values.

Furthermore, we are accelerating our efforts to address environmental issues, with the goal of achieving zero emissions throughout AC's entire value chain by 2050.

The commercial aviation industry is highly sensitive to economic changes and experiences cyclical fluctuations triggered by unforeseen events, such as conflicts, terrorism, and crises. Nevertheless, AC's strong asset management capabilities, especially in finance, allow it to flexibly buy and sell assets in response to economic crises.

Other main businesses

Manufacturing

SUMITOMO PRECISION PRODUCTS CO., LTD.

Aircraft engine and helicopter leasing



Sumitomo Precision Products Co., Ltd. (SPP), became a wholly owned subsidiary in FY2022. The company has been designing and manufacturing aircraft equipment, propellers, landing gear, and heat exchangers, for more than half a century.

As a developer and manufacturer of products that contribute to the safety of air transport, SPP is recognized as a leading company in the global civil aircraft equipment sector.

SPP is also working with partner companies to develop thermal management systems in anticipation of the emergence of hydrogen and electric aircraft in the future.

Through SMFL, we have invested in SMBC Aero Engine Lease, the fifth-largest engine leasing company in the world.

With proper maintenance, engines can maintain their asset value regardless of age and provide a stable source of income.

Through SMFL, we have also invested in the world's second-largest helicopter leasing company. Anticipating an increase in leasing opportunities in the future, we will focus particularly on leasing helicopters with high social needs, such as those used in emergency medical transport and search-and-rescue operations.

Special Feature: Growth Story—Enhancing Our Competitive Advantages

Competitive advantage

Expertise in commercial aviation and real estate businesses × Asset management capabilities

Reaching Greater Heights: Addressing Social Challenges

Contributing to decarbonization is an important issue in the world of commercial aviation. With this in mind, we are working to decarbonize the skies by providing new transportation and mobility.

As an example of a business contributing to circular economy, we have already begun reusing and recycling retired aircraft. In FY2023, we acquired a 51% stake in Werner Aero, a U.S. company that removes, repairs, and resells reusable parts from retired aircraft.

With the aim of acquiring carbon credits, we have also entered the carbon credit business through mangrove plantations in Indonesia.

In the meantime, we will accelerate efforts related to sustainable aviation fuel (SAF)^{*1}, which significantly reduces carbon dioxide emissions.

^{*1} Aviation fuel produced from recyclable raw materials

Decarbonized, environmentally responsive, circular economy business

Our goal is to acquire a total of 600,000 tons of cumulative carbon credits over 20 years.



Joint development project for SAF production in North America (aiming for commercial production in 2029)

Production of bioethanol from SAF feedstock in Japan and North America (development under way for commercial production)



Advanced Air Mobility (AAM)

These vehicles are commonly known as “electric vertical take-off and landing (eVTOL)” by the public.

Specifically, this refers to drones and eVTOL aircraft. Using these emerging technologies, our aim is to provide new, environmentally friendly air mobility solutions.

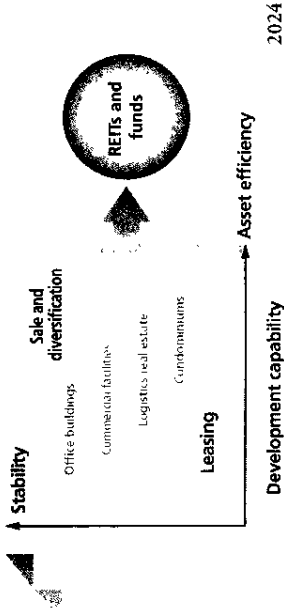
In collaboration with Japan Airlines, we are expanding business and accumulating knowledge in the field of AAM.

We provide unmanned aircraft control systems in the AAM field through OneSky Systems, Inc.

Real Estate Business: Real Estate SBU

Current state of the real estate business where we have 100 years of experience

Full lineup of real estate services



The Company's original business was real estate, and our strength lies in our ability to handle everything from development to operation in a fully integrated manner. Leveraging our accumulated property development know-how and network of multiple business partners, we generate a wide range of business opportunities tailored to the business environment and stage of each project.

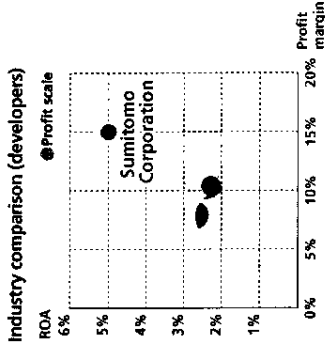
In addition to our own Real Estate SBU, subsidiaries of the Sumitomo Mitsui Finance and Leasing Group engage in a wide range of real estate business activities.

Our strength lies in maximizing synergy of expertise in the real estate business — with a full lineup portfolio, we have the expertise to handle the entire project life cycle, from initial development to final operation— and asset management capabilities.

Our real estate business, which began around 100 years ago, continues to expand as we explore new business opportunities. One of our strengths is high asset efficiency.

While accumulating prime assets, we have also developed a unique system and expertise that enhances profitability by effectively combining external capital, including through sales to REITs, without holding 100% of the assets ourselves.

This combination of business expertise and asset management capabilities is a competitive advantage that also works well in the commercial aviation business.



Special Feature: Growth Story—Enhancing Our Competitive Advantages

Story 2 → Expansion into new domains

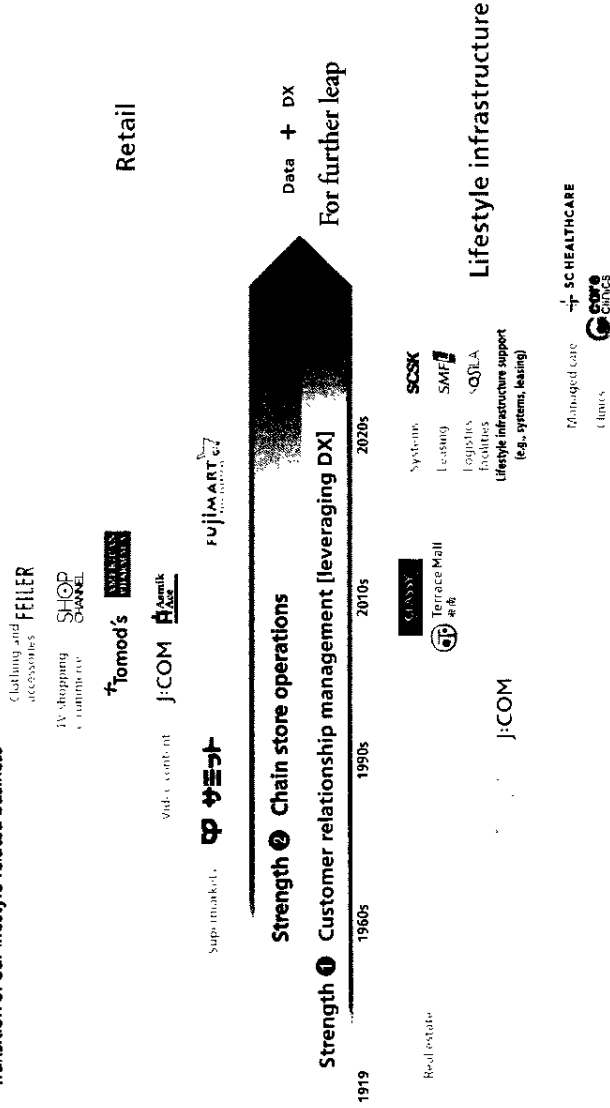
Lifestyle-related business: Healthcare SBU

Competitive advantage

Expertise in lifestyle-related businesses × Community coexistence



Transition of our lifestyle-related business



Special Feature: Growth Story—Enhancing Our Competitive Advantages

Competitive advantage Expertise in lifestyle-related businesses × Community coexistence

“Family drugstore” with the deepest community roots

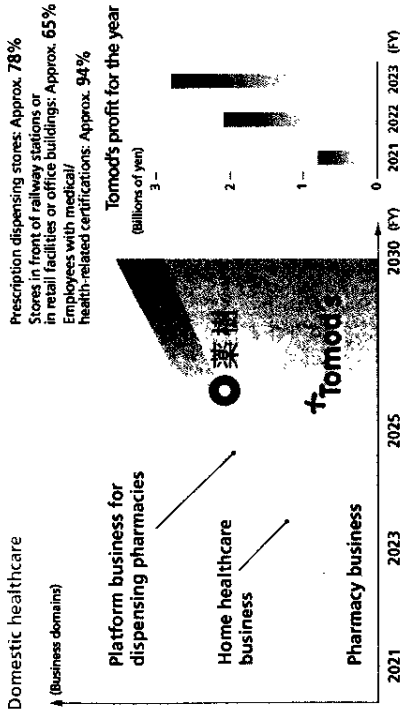
450 stores centered on Tokyo Tomod's + Allosone + Yakuju

Tomod's was established in 1993 as Sumitomo Corporation's first in-house venture in anticipation of the separation of dispensary from medical practice. It started out as a pharmacy.

In its history of more than a quarter century, it has solidified its operations by strategically identifying store locations and developing a product lineup that meets the needs of local customers through effective customer relationship management. It has also expanded through M&As, growing into a network of 450 stores as a group and showcasing its proficiency in chain store operations. As a “retailer involved in healthcare,” Tomod's has grown into a drugstore chain known for its healthy product lineup and its consultation services with customers. Its product offerings are regularly reviewed and expanded to include products and food items that reflect customer needs.

Yakuju specializes in home dispensing services, where pharmacists deliver medicines to the homes of elderly people and those with dementia, helping them manage their medication. It joined our Group in 2023. We are leveraging Yakuju's expertise to strengthen our ties with surrounding medical institutions and nursing care facilities.

Our goal is to become a “family drugstore” with the deepest roots in each community.



Store expansion and monetization

Strength ② Chain store operations (multiple stores = management expertise for scale expansion)

Community-based and interactive

Strength ① Customer relationship management [leveraging DX]
(management know-how to continuously build relationships with specific [= local] customers and thus increase profits and corporate value)

Primary care services: Bringing management expertise cultivated in Japan to the world

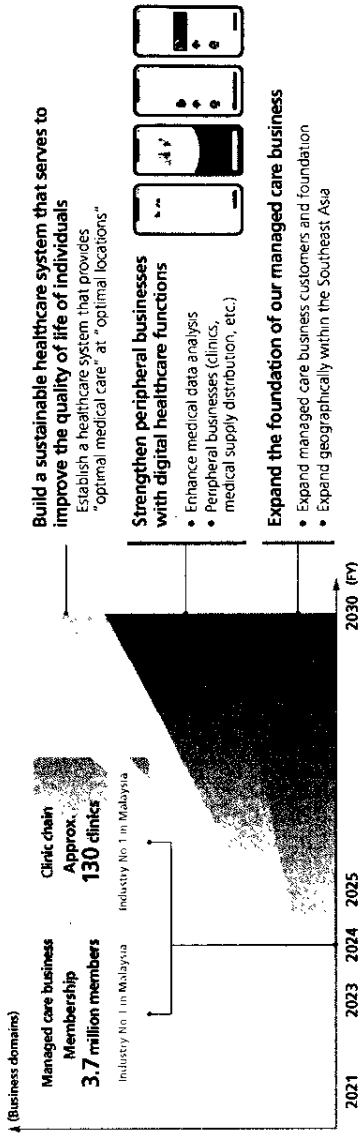
In Southeast Asia, with an aging population and rising cases of lifestyle-related diseases, the supply and quality of medical services have not kept pace with growing medical needs, and the issue of inadequate access to appropriate services has become evident. In addition, the financial burden on patients, companies, and insurance providers is increasing as healthcare costs continue to rise. As a result, there is a growing need to address illnesses before they become serious (primary medical care), as well as to provide pre-symptomatic and preventive services.

Leveraging its management expertise cultivated in Japan, Sumitomo Corporation invested in managed care businesses in Malaysia in 2019 and Vietnam in 2021. Since then, we have invested in the managed care business, establishing a system in which three entities—private health insurance companies, managed care providers, and medical institutions—collaborate to provide comprehensive medical services. In Malaysia, our managed care provider not only manages medical expense payments and provides medical infrastructure but also offers tools to analyze and reduce medical expenses and provide online medical examinations and dispensing services. In addition, it promotes health promotion programs (customer relationship management utilizing DX). Accordingly, it now holds the largest market share in Malaysia.

To expand our healthcare business, we invested in Malaysian clinic business operator in 2020, of which we are now the largest shareholder. In operating local clinic chains, achieving growth requires market analysis, employee training, and improved efficiency in drug procurement and delivery. Our expertise gained from chain store operations in Japan is proving invaluable in these areas. As a result, our network of clinics has expanded from 18 at the time of our investment to 123 facilities as of July 2024, making it the largest private medical clinic chain in Malaysia. Moreover, we aim to further grow the network to 300 facilities by 2026. By promoting collaboration between managed care providers and our clinic business, we aim to continue building networks that will serve as social infrastructure to support healthcare in Southeast Asia.

We strive to build a sustainable healthcare system that enhances quality of life by providing high-quality medical services to people in Southeast Asia and helping companies, governments, and local authorities reduce healthcare costs.

Overseas healthcare



Sustainability management

Sustainability management embodying Sumitomo's Business Philosophy

"Enriching lives and the world" is the corporate message of the Group. We are developing our business around the world with the aim of realizing a sustainable society and enriching people's lives. The background to this message is a phrase that conveys the Group's business philosophy: "Benefit for self and others, private and public interests are one and the same." It means that Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This philosophy is the source of the Group's sustainability management, and under this philosophy, we strategically allocate management resources in anticipation of the long-term shifting business landscape impacted by these social issues, and we leverage our strengths to continue creating the value that society truly needs. We promote sustainability management in the belief that each of these actions will create a sustainable society and achieve sustainable growth for Sumitomo Corporation.

Note: In this sustainability section, our primary focus is to provide a deeper understanding of the Group's unique approach to value creation and sustainability. We continuously disclose and update our specific sustainability initiatives and related data on our corporate website.

● Sustainability Governance and Oversight

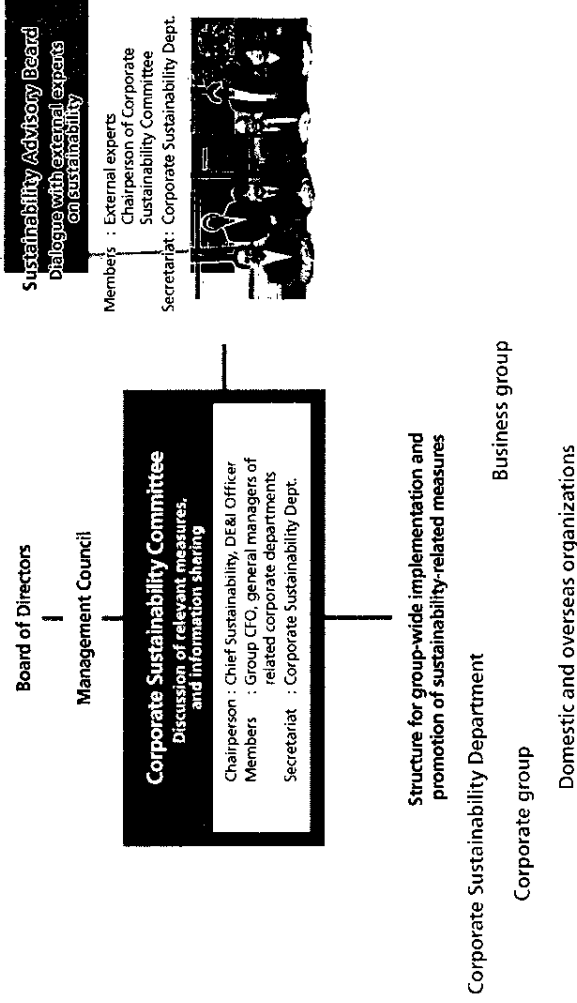
The board of directors renders decisions concerning key management matters in the Group's wide range of business activities. In addition, the board of directors oversees the decision-making and the business execution by the Management Council and executive officers.

The Management Council and executive officers are responsible for decision-making and business execution of important sustainability-related management matters of the Group. The Management Council makes comprehensive decisions after consulting with the Corporate Sustainability Committee and other committees that are advisory bodies of the Management Council in order to make effective decisions.

In addition, the Corporate Sustainability Department and related corporate organizations, as well as sustainability promotion personnel in each business group and overseas regional organization, work closely together to formulate and promote company-wide sustainability plans and measures. 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.

Details on Sustainability Management ▶ <https://sumitomocorp.disclosure.site/en/themes/10>
Details on Sustainability Promotion System ▶ <https://sumitomocorp.disclosure.site/en/themes/11>

Corporate Sustainability Committee	Sustainability Advisory Board
Main topics discussed and reported in FY2023 New medium-term management plan and revision of the Material Issues Monitoring of medium-term sustainability goals Operation of the Corporate Sustainability Committee and the Sustainability Advisory Board Disclosure based on the TCFD recommendations Status of social and environmental risk management Social contribution activities Environmental management activities Initiatives related to natural capital Initiatives related to respect for human rights Initiatives for enhancing disclosure of non-financial information Results of the ESG rating	Discussion on the new medium-term management plan Expectations toward integrated trading and the business investment company for addressing key social issues Internal proliferation of sustainability management Structure and evaluation mechanism Individual topics: climate change, natural capital, respect for human rights External Advisors Sadayosi Tobai Chief Executive Officer, WWF Japan Hidemitsu 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 Kyodō Jigyō)



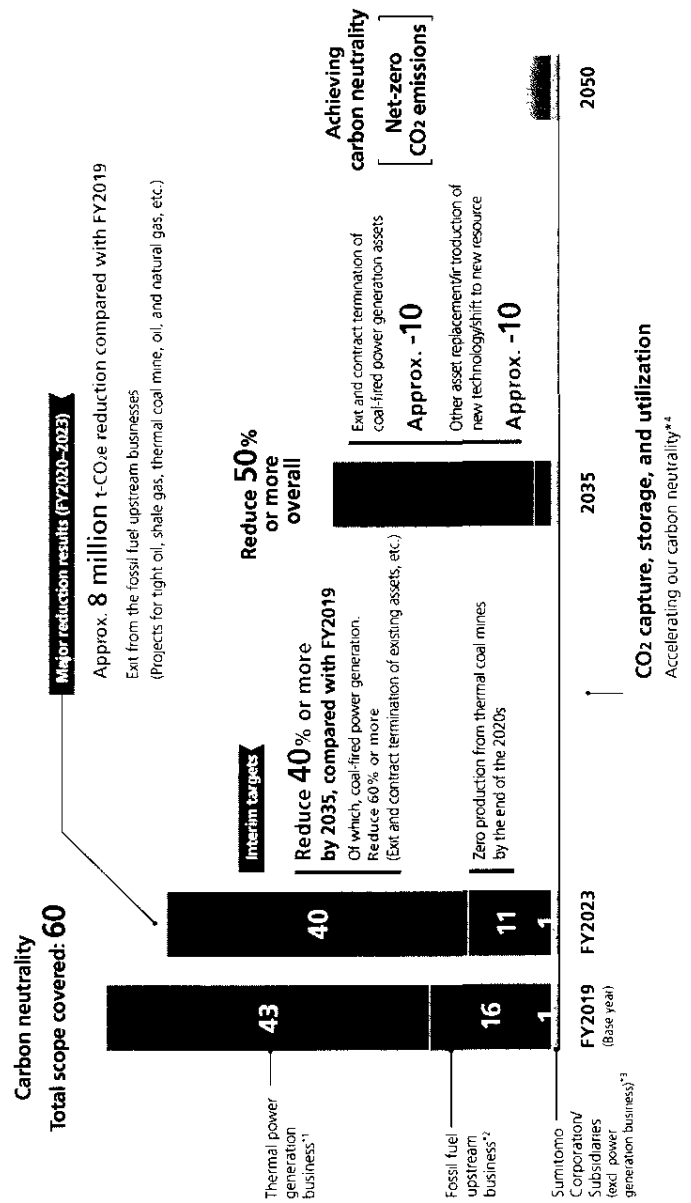
Addressing global environmental issues

Overcoming climate change

One of the Group's Material Issues is to "Overcome climate change." Recognizing that climate change is a pressing issue to be undertaken globally, we put an importance on the international determinations stipulated in the Paris Agreement and set our Policies on Climate Change Issues in order to play a more active role in achieving the carbon neutrality goal of society in aligned with the Agreement and are conducting business activities.

Specifically, we have set milestones for CO₂ emission reduction to achieve our goal of carbon neutrality of our own business by 2050 as well as our medium-term goal of reducing CO₂ emissions by 50% or more by 2035. To overcome climate change, on top of the reduction of CO₂ emissions of our own business, it is essential to contribute to realize a carbon-neutral society. Accordingly, we will work together with stakeholders to decarbonize society and promote the realization of a carbon-neutral and resilient society, while taking into consideration the unique characteristics of respective industry and region.

Milestones for CO₂ emission reduction toward carbon neutrality of the Group (Millions of t-CO₂e)



Based on this thought, in May 2024, in response to recent changes in the external environment, including climate change countermeasures and energy security, we updated our equity generation capacity-based ratio target among the Group's climate-related targets. In addition, we have added commitments to reduce indirect CO₂ emissions from thermal coal mines to zero by the end of 2020s and to work with natural gas only in projects that contribute to the realization of a carbon-neutral society.

● Milestones for CO₂ emission reduction toward carbon neutrality of the Group

The scope of business targeted for carbon neutralization includes the power generation business and fossil energy concession businesses in addition to Scope 1 and 2 of Sumitomo Corporation and its subsidiaries. For these, we have established specific milestones for CO₂ emission reduction as shown below and are actively working on them to achieve carbon neutrality by 2050. The progress of our efforts is monitored and reported regularly to the Management Council and the Board of Directors.

Coal-fired power generation business

Sumitomo Corporation policy

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

Approach to efforts

From the perspective of our social responsibility, including the development of local communities and economies and our obligation to supply, we will pursue every option, not eliminating the possibility of accelerated withdrawal from the business, while implementing the following efforts to accelerate the decarbonization of our Company and society as a whole.
Consensus building based on sincere dialogue with host countries, local communities, and other stakeholders
Pursuit of consideration and efforts toward the decarbonization and low carbonization of existing facilities
Maximum support for host countries to shift power sources to renewable energy and other sources

^{*1} Includes estimated figures after the construction and operation of the businesses for projects still under construction and emissions from equity-method affiliates
^{*2} Indirect CO₂ emissions from the use of energy resources produced by fossil energy, concession of Sumitomo Corporation, its subsidiaries, and affiliated companies under the equity method
^{*3} Direct CO₂ emissions of Sumitomo Corporation and its subsidiaries and indirect CO₂ emissions of the generation of energy used by them
^{*4} Though means recognized by international standards such as capture and storage by forests and other technical methods

Addressing global environmental issues

Contributing to the carbon neutrality of society

An important component of our Material Issues related to “Overcoming climate change” is to contribute to the carbon neutrality of society. To achieve this goal, we believe that, as Sumitomo Corporation Group with a diverse range of business operations, we must actively contribute toward low carbonization and decarbonization of the related entire supply chain. Specifically, we will strive to build a decarbonized, recycling-oriented energy system. This effort will be led by our Energy Transformation Business Group, which unites SBUs with a shared focus on creating such a system. We will also strive to establish a sustainable carbon cycle, contribute to creating a prosperous and visionary society, and enhance our competitive advantages to achieve our sustainable growth.

Hydrogen pilot plant for the world's first trial lower-carbon alumina refining in Australia: Development of the next-generation business

In Australia, Sumitomo Corporation, in collaboration with U.K.-based Rio Tinto, has initiated the building of a pilot plant at Rio Tinto's Yarwun alumina refinery to test using hydrogen to replace natural gas in the alumina refining process. If successful, this project could result in a significant reduction of CO₂ emissions from alumina refining in the future. It also represents the first step in our phased approach to achieving our goal of establishing a global hydrogen supply chain. We are committed to expanding our business and commercializing this initiative.

Creating business opportunities through improved Scope 3 accounting

The primary objective of our Scope 3 calculations is to accurately pinpoint areas within our supply chain where we can collaborate with suppliers and other partners to reduce CO₂ emissions. In addition, these calculations aim to identify new business opportunities and potential avenues for emission reductions. In FY2023, we focused on a limited number of target subsidiaries and projects for which CO₂ (Scope 3) emissions are large in order to gain expertise in calculating CO₂ (Scope 3) emissions. Utilizing the expertise acquired, we expanded the scope of subsidiaries and projects to encompass the entire company in FY2024, thereby deepening our efforts.

Preserving and regenerating natural capital

The Sumitomo Corporation Group is conducting business activities across multiple sectors, including infrastructure, mining, forestry, and agriculture, and its business activities are largely dependent on nature. We believe it is essential to foster the sustainability of both our business and the global environment by making decisions with natural capital in mind. To achieve a world living in harmony with nature, we avoid or minimize the impact on natural capital caused by our business activities and go beyond preservation to also pursue regeneration and effective use of natural capital through the building of a circular economy and other measures.

Registration as a TNFD Early Adopter

We registered as a TNFD* Early Adopter to accelerate our efforts to preserve and regenerate natural capital, which we both benefit from and impact through our business activities across the world. We will properly assess risks and opportunities related to natural capital, conduct our initiatives toward a nature-positive world by 2030, and disclose information in accordance with the TNFD recommendations by the end of FY2025.

*Taskforce on Nature-related Financial Disclosures

Efforts to build a circular economy: Solar panel reuse and recycling business

Seeking to build a sustainable circular economy, we are leveraging diverse internal and external expertise to develop businesses that transcend conventional regional and industry boundaries. As part of these efforts, we are collaborating with four partner companies on a demonstration experiment to establish a solar panel reuse and recycling business. Through this initiative, we aim to promote the sustainable recycling of solar panels, which are presumed for disposal in large quantities in the 2030s.

Disclosure based on the TCFD recommendations

In March 2019, Sumitomo Corporation announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and made disclosures in line with the framework on our Sustainability Disclosure Site. For further details, please visit our Sustainability Disclosure Site.

Respect for human rights

Our approach to respect for human rights

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

Goals and progress

Long- and medium-term goals	Long-term goals
	Respect the human rights of all stakeholders in all businesses and supply chains
	Medium-term goals
	Promote and ensure respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and Sumitomo Corporation Group's Human Rights Policy Ensure a safe workplace environment
Progress in FY2023	Promote and ensure respect for human rights
	Carried out human rights due diligence for two business units (Transportation & Construction Systems, Metal Products). This brings the cumulative total to six business units. Rolled out e-learning on business and human rights to regional organizations and subsidiaries in Japan and overseas
	Ensure a safe workplace environment
	We are promoting the following initiatives with the aim of establishing common sense attention to safety ...Visit by members of our Disaster Response and Safety Management Department to our Top Priority Companies in Japan and overseas to conduct safety seminars and site inspections ...Started an e-learning program on occupational safety in Japan, with 554 employees enrolled

Sumitomo Corporation Group's Human Rights Policy

Sumitomo Corporation declares in its Management Principles that it aims to be a global organization that contributes broadly to society and places prime importance on utmost respect for the individual.

We will respect human rights to fulfill our corporate social responsibility, and pursue sustainable growth with society.

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

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

1. Scope of application

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

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

2. Human rights due diligence

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

3. Compliance with relevant laws

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

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

4. Stakeholder engagement

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

5. Education

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

6. Reporting

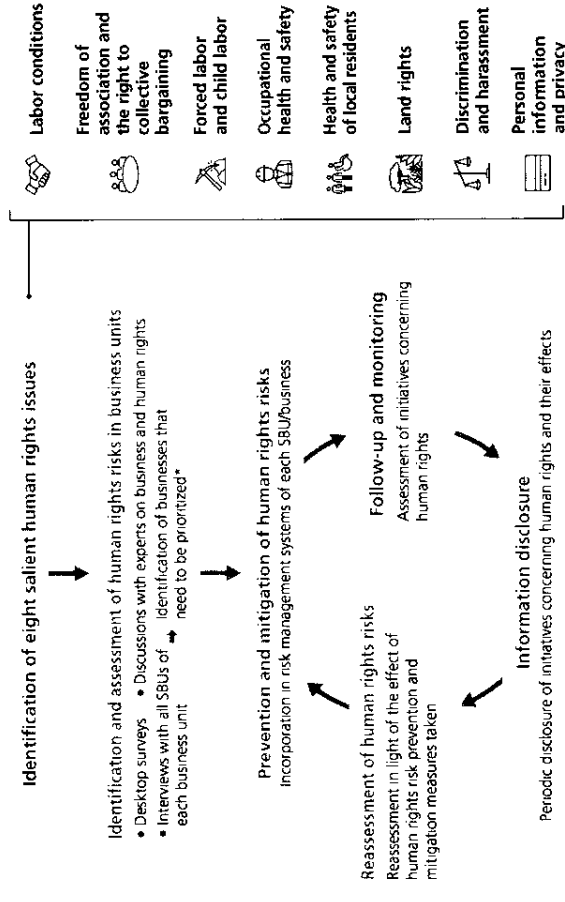
Sumitomo Corporation will disclose appropriate information regarding its efforts to respect human rights.

Respect for human rights

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

Based on the Summitomo Corporation Group's Human Rights Policy, we began human rights due diligence in 2020 so that we can identify, prevent, mitigate, and account for how we address risks of human rights related to the Group's business activities and have been conducting such activities on an ongoing basis. Our human rights due diligence is carried out via a process in line with international guidance such as the United Nations Guiding Principles on Business and Human Rights and the United Nations Guiding Principles Reporting Framework. We also identified salient human rights issues that should be prioritized in order to assess the risks on human rights for the entire Group and are currently verifying human rights risks with a focus on the salient through our human rights due diligence in each unit. Specifically, we have positioned the following as our salient issues: "freedom of association and the right to collective bargaining," "forced labor and child labor," "discrimination and harassment," and "occupational health and safety." Those are related to the five core labor standards of the International Labour Organization, as well as "labor conditions," "health and safety of local residents," "land rights," and "personal information and privacy."

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



* Also promote human rights due diligence in SBU's/businesses other than those identified in human rights due diligence by department

FY2023 results and future initiatives

In FY2023, we conducted human rights due diligence at the Transportation & Construction Systems Business Unit and the Metal Products Business Unit. Considering the characteristics of each business, we identified human rights risks of concern and confirmed the status of activities to mitigate them. In FY2024, we will implement the Energy Innovation Initiative to complete our human rights due diligence for all businesses. Human rights risks identified to date are prioritized based on their importance. We incorporate the findings into specific action plans while implementing the plan-do-check-act (PDCA) cycle. In line with our medium-term goals for human rights education, we have conducted e-learning training on business and human rights for all officers and employees of Sumitomo Corporation, and then rolled that out to our regional organizations and subsidiaries. Human rights education is also included in the training of new managers and mid-career hires. Based on the results of human rights due diligence conducted to date, as well as the characteristics and risks concerning our businesses, we will adopt a risk-based approach. This includes selecting businesses that prioritize reinforcement of human rights due diligence and enhancement of human rights education by risk type.

Occupational health and safety

To prevent occupational accidents, we are working to create a common sense of value for safety, establish a safety management system, and improve occupational safety at key sites. Our main achievements in FY2023 are described below. We will continue striving to prevent occupational accidents by stepping up various initiatives, such as education and awareness-raising.

- Held cross-organizational occupational safety liaison meetings to share case studies of workplace accidents and best practices for improvement within the Group
- The Disaster Response & Safety Management Department provided first-response support for occupational accidents that occurred within the Group

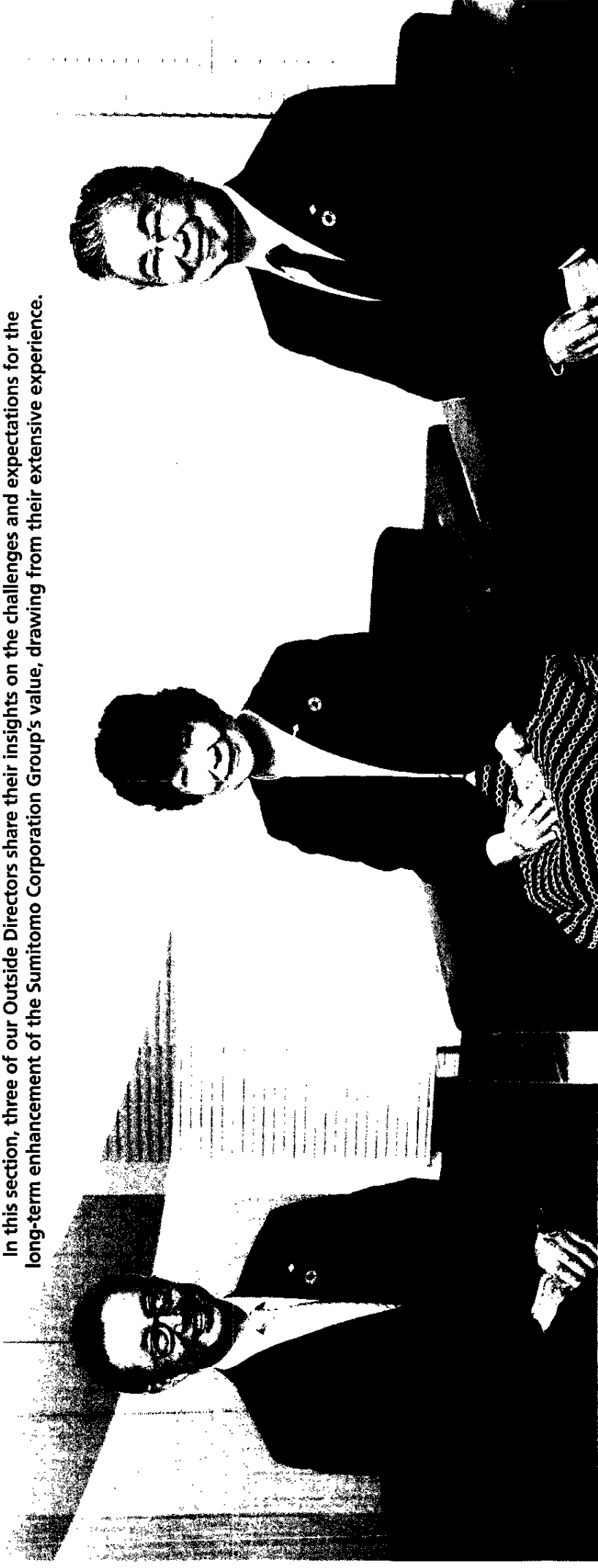
- Disaster Response & Safety Management Department members visited our Top Priority Companies in Japan and overseas to provide occupational safety management support by conducting safety seminars and site inspections



Tripartite discussion among Outside Directors

Expectations and challenges for long-term corporate value enhancement under the Medium-Term Management Plan 2026 and new executive structure

Following the structural reforms under SHIFT 2023, we are now entering a growth stage under a new executive structure. In this section, three of our Outside Directors share their insights on the challenges and expectations for the long-term enhancement of the Sumitomo Corporation Group's value, drawing from their extensive experience.



Takashi Mitachi
Outside Director

Profile
Takashi Mitachi was appointed an Outside Director of Sumitomo Corporation in June 2022. He has extensive knowledge and rich experience in corporate management and integrated risk management, having served in key positions at a major management consulting firm in the United States for many years.

Akiko Ide
Outside Director

Profile
Akiko Ide was appointed an Outside Director of Sumitomo Corporation in June 2020. She has extensive knowledge and rich experience in information and telecommunications, corporate management, and corporate governance, having held key positions with a major telecommunications group over the course of many years. She has also served as an executive at its group companies and a full-time Audit & Supervisory Board Member at its parent company (holding company).

Takahisa Takahara
Outside Director

Profile
Takahisa Takahara was appointed an Outside Director of Sumitomo Corporation in June 2023. He has extensive knowledge and rich experience in corporate management, having served in key positions, including as President & CEO, at a major consumer goods manufacturer for many years.

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Mitachi I consider our battlefield to have a “3+1” configuration. The “3” refers to three layers of competition: competition with other companies, competition within each sector of our business groups, and competition at the level of our 44 SBUs. It is important for the nine business groups in the middle to define their meaning of “No. 1” in both quantitative and qualitative terms, ensuring that their focus extends beyond just managing the SBUs. The “+1” refers to our investee companies. In 2021, we established the Group Management Policy to spearhead the creation of synergies with SBUs through governance as a shareholder of investee companies. This approach aims to create value for both those companies and our SBUs. I believe we need to link the three layers of competition with our

Tripartite discussion among Outside Directors

"+1" management approach, encompassing investee companies, to further sharpen our competitive advantages by leveraging the mechanisms we have accumulated to date. It is crucial to do this skillfully, and I believe we have incorporated these elements into the framework of our new medium-term management plan.

What do you see as the competitive advantages of the Sumitomo Corporation Group, and what challenges do you foresee in leveraging those advantages for sustainable growth?

Creating "No.1" businesses from a long-term perspective in areas of strength, taking a comprehensive, bird's-eye view of the value chain, along with the values and mindset that underpin this approach.

Mitachi The business model of integrated trading companies, including Sumitomo Corporation, is currently being reevaluated positively. This shift is due to our growing emphasis on long-term holdings and our adoption of an bird's-eye view of the entire value chain in each industry, from upstream to downstream. From the perspective of an integrated trading company with a "long-term, bird's-eye view," creating business models such as Sumitomo Corporation's unique "No.1" model will provide us with competitive advantages. The challenge lies in how many of these models we can successfully develop. As Mr. Takahara has mentioned, the pursuit of both economic value and social value is more easily achieved in the

long term when economic value is derived from social value. Now, amid significant changes, we undoubtedly have more opportunities to pursue this approach. Here, it is crucial for the Company to invest cash and management resources in a timely manner, adhering to rigorous investment discipline and appropriate risk management. I would like to see Sumitomo Corporation create unique value by enhancing the areas of strength it already possesses in the value chain, from upstream to downstream. In addition, by organically linking the value of our trading business with that of our long-standing customers, we can truly become "No.1" in the Sumitomo Corporation sense of the word. This, in turn, will allow us to return that value to our shareholders.



Takahara I believe that a company's competitive advantage also lies in its organizational culture and values. Last year, when I visited a project company in Vietnam, I met our employees working in a jungle-like remote site, and it was evident to me that our corporate culture values experience on the front lines of our businesses. They were highly aware that, as frontline leaders, they were the vanguards embodying Sumitomo's corporate culture. Remarkably, one of them was a young employee who had been with the Company for only one or two years. I witnessed how even new personnel were given the opportunity to gain on-the-job experience from the very beginning, instilling in them the importance of making a sincere effort. I was deeply impressed by this approach to personnel development. At the same time, I realized that the Company recognizes through experience that the fresh ideas and energy of young people will be at the heart of the Company's transformation and will drive our future growth.

Ide Recently, there has been an increase in the number of career hires, including those in executive positions, who bring diverse experience from outside the Company. Even with the influx of new perspectives and values, there is an ingrained practice of making decisions that reflect Sumitomo's Business Philosophy in meetings and various other settings. I believe this is another great strength of our organization. In addition, the Company makes a concerted effort to solve issues by getting deeply involved at the business front lines, more so than I had initially imagined. While some projects might not succeed, being on the front lines allows us to apply the lessons learned from both successes and failures to other initiatives. In this respect, the strength of being directly engaged in the business front lines provides us with competitive advantages. Mr. Ueno, President and CEO, emphasizes that the greatest significance of the keyword "No.1" is to change the mindset of employees. This involves encouraging them to consider where they should aim to be "No.1" in their own unique way. I believe these words reflect our desire to take the next step forward and adopt a more proactive, offensive approach.

Digital and GX: Key to business creation and value creation for differentiation

Ide We began our digital transformation (DX) journey at an early stage with the establishment of our DX Center in 2018. The DX Center spearheads efforts to share cases where digital technologies have led to operational improvements, sales growth, and business model

Tripartite discussion among Outside Directors

transformation. We have also focused on developing human resources through personnel exchanges between our business units and the DX Center. Under the theme of “Refine with digital, profit with digital” in our new medium-term management plan, I am confident that digital technologies will play a major role in strengthening our new capabilities, which transcend the traditional boundaries within the Group.

Takahara I think the primary purpose of digital technology is to facilitate the achievement of our goal of business creation. First, we need to confirm whether the themes considered by each SBU are correct from a deductive perspective and reflect Sumitomo’s Business Philosophy, as well as whether social value and economic value can be reconciled. Then, the challenge is how to leverage digital technology to achieve these objectives. Because technology is advancing rapidly, there is a risk of falling behind if we rely only on inductive reasoning to learn what we currently need. I believe that digital technology should be positioned as a method of value creation that sets us apart, beginning with the goal of determining what kind of business to create from a deductive perspective.

Mitachi Digital technology is precisely a means of “creation and innovation,” and we are at the stage where we must advance to the level of determining what kind of businesses we will create. Meanwhile, the battle for GX is just beginning. Amid the significant and irreversible trend of GX, various industry structures will undergo major changes in the future as new standards are introduced. If each ton of greenhouse gas emissions incurs a cost, such as a carbon tax, there will be a heightened awareness of the need to shift our focus from return on equity (ROE) to return on carbon (ROC). As we consider how to ride the wave of this structural change and create new businesses, we must leverage the bird’s-eye view unique to integrated trading companies and start working ahead of the curve during the current medium-term management plan. Just as the automobile revolutionized business and life worldwide, GX represents a carbon-based movement that is transforming global behavior. The individual who spearheaded the GX initiative and launched the Energy Innovation Initiative (EII) under the previous medium-term management plan has now been appointed President and CEO. This positions us well to ride the wave of change, and we must contribute actively to this effort.

Expectations for the new executive team and new President and CEO, Mr. Ueno

Ide Recently, I have felt that diversity has been expanding in terms of new graduate and mid-career hires, leading to noticeable changes within the Company. Generally, when mid-career hires join a company where the majority of employees were hired as new graduates, feelings of conflict or tension can easily arise due to human nature. Nevertheless, I am hopeful that top management will view the power of mid-career hires as an opportunity to unlock the

potential of existing employees. Particularly at the executive level, mid-career hires bring new perspectives and drive work forward. This will enable us to harness our diversity and strengthen our entire organization.

Takahara I am confident that the Company can establish unique competitive advantages by anticipating dramatic changes in society and pursuing both economic and social value. Especially as we predominantly operate in the B2B space, it is crucial to understand the perspectives of the consumers who are ultimately impacted by our partner companies and business customers. Making a conscious effort to consider the changes we bring to consumers’ lives will be key to demonstrating our competitive advantages from the perspective of social value.

Targeting medium- to long-term value creation, we have announced our new medium-term management plan, with the theme “No. 1 in Each Field.” Our vision and purpose must resonate with employees and inspire them to want to contribute to their realization. Emotional keywords are important, but we also need to set quantitative KPIs not only at the company-wide level but also for each SBU and other organizational units. To change individual behavior, these KPIs need to be translated into specific actions for each person. Otherwise, it is difficult to influence personal actions effectively. I am confident that Mr. Ueno will ensure that all employees fully understand and embrace the medium-term management plan and vision and elevate engagement to a level where they genuinely resonate with the aspirations of top leadership.

Mitachi Company leaders are like relay runners: They must contribute to long-term corporate value by adding efforts at each stage of the journey, not only setting a record for their own section. For better or worse, we are living in a time of significant change, marked by challenging social conditions, such as geopolitical risks and increasingly severe natural disasters. In this context, I believe the important role of a top leader, as a vital symbol of the organization, is to be cautiously optimistic. The Company has had several charming and optimistic leaders in succession, and the new President and CEO, Mr. Ueno, is also promoting a forward-looking and positive approach to work. I have high expectations for this.

In the past, integrated trading companies had a significant advantage due to their deep understanding of cultures and languages, as well as their extensive networks in both the government and private sector worldwide. While the situation is changing with the advance of globalization, I believe it is now time to reimagine integrated trading companies as entities that are both global and locally rooted in the regions and domains where they excel. This vision might indeed represent the culmination of the “No. 1 in Each Field” theme of our new medium-term management plan.

Message from former Chairperson of the Nomination and Remuneration Advisory Committee

Nomination of New President and Chief Executive Officer



Kimie Iwata
Former Outside Director,
former Chairperson of the Nomination and
Remuneration Advisory Committee

Profile
Kimie Iwata was appointed an Outside Director of Sumitomo Corporation in June 2019 and the Chairperson of the Nomination and Remuneration Advisory Committee in June 2022. She retired in June 2024. She has extensive knowledge and rich experience in corporate management, corporate governance, CSR, and diversity, having held a number of important positions in the Ministry of Labour (currently Ministry of Health, Labour and Welfare) over the years. Since retiring from the ministry, she has served as an executive and outside director at private companies.

Integrated trading companies face a fast-paced, complex, and unpredictable business environment. Under these conditions, they have built a track record of developing diverse businesses globally. They also have a history of forming strong networks with varying stakeholders. Accordingly, integrated trading companies are currently in a phase of unprecedented strength. At the Company, as well, we have been studying ways to pass the baton to strong leaders who will turn our diversity into a strength in the next phase of our business.

Our specific nomination process began in February 2019, when we held deliberations on criteria for appointing the President and Chief Executive Officer, who will personally embody Sumitomo's Business Philosophy and possess the qualities and abilities required of such a position: "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." The candidate should also have experience and a proven track record in global and diverse business operations and corporate management. From FY2022 onwards, when the change in President and Chief Executive Officer became imminent, we stepped up discussions and reaffirmed that there was no need to revise these appointment criteria. Following numerous subsequent discussions about multiple candidates, we narrowed down our list of candidates. We then made contact with the listed candidates and others, both at internal meetings and off-site, and considered the most suitable person for the position. After taking the time to understand and carefully consider the candidates, the Nomination and Remuneration Advisory Committee unanimously decided

to nominate Mr. Ueno as the new President and Chief Executive Officer, which was approved by the Board of Directors in December 2023.

Mr. Ueno has the qualifications and abilities required to serve as the President and Chief Executive Officer of the Company. With respect to "foresight and ability to build strategies" and "ability to execute and change," in particular, the Committee highly praised his ability to oversee the entire energy value chain and coordinate our Energy Innovation Initiative, which is creating next-generation businesses that help realize a carbon-neutral society from a customer perspective, as well as his efforts to promote new value creation across industries. Regarding "leadership and communication skills," as well, he has gained broad-ranging experience as a trading company employee and always led our organization with a positive attitude. He is also highly regarded for his ability to communicate his ideas and business direction to various internal and external stakeholders in a logical and easy-to-understand manner.

Under SHIFT 2023, we strengthened our resilience and raised our earnings power by implementing structural reforms. Under our new medium-term management plan, we will transform our business portfolio and ourselves to enhance metabolism and build earning pillars to drive growth. In this context, Mr. Ueno is capable of implementing an unrestrained transformation of the Company's organizational structure, business portfolio, human resource policies, and decision-making structure, in order to achieve greater heights and dynamic and sustainable corporate growth. Accordingly, I am convinced that he is the right person to whom we can entrust the future of Sumitomo Corporation.

Following the nomination of Mr. Hyodo, our former President and Chief Executive Officer, we were able to nominate a new President and Chief Executive Officer based on the recommendation of the Nomination and Remuneration Advisory Committee while ensuring objectivity, transparency, and fairness. This is a testament to the high standards of our corporate governance. The role of the Nomination and Remuneration Advisory Committee is to enhance objectivity and transparency in the appointment of candidates for the Board of Directors and determine their remuneration. The Nomination and Remuneration Advisory Committee, which serves as an advisory body to the Board of Directors, has five members, three of whom are Outside Directors, and I have chaired the Committee since FY2022. In the meantime, we have positioned the nomination of candidates for the new President and Chief Executive Officer as a matter of utmost importance and have deliberated carefully as a result. Although I retired from the Board of Directors in June 2024, I trust that the Committee continue working appropriately to build strong relationships of trust with our stakeholders and enhance our corporate value.

Corporate governance

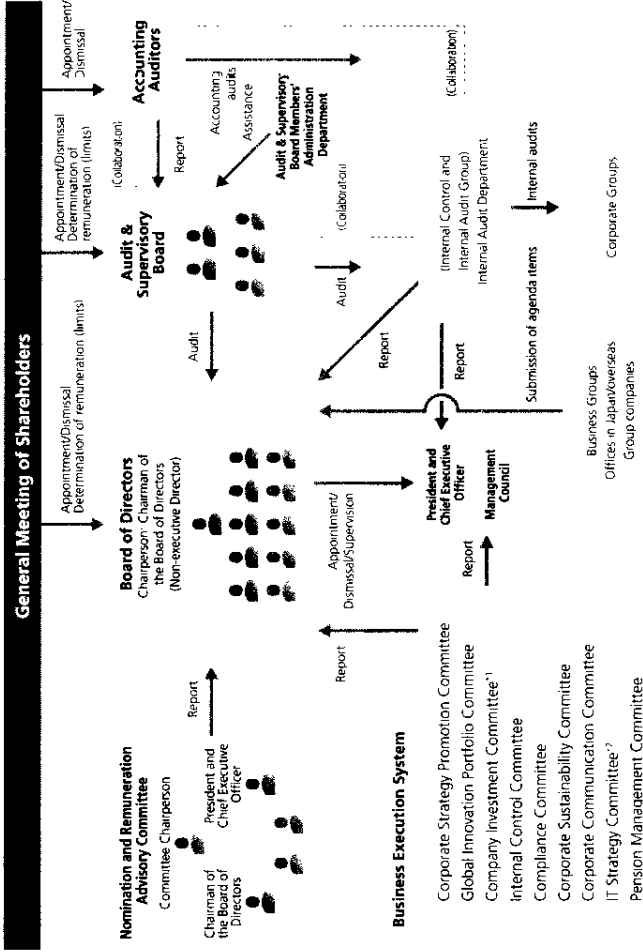
Basic principles

Sumitomo's Business Philosophy and the Sumitomo Corporation Group's Management Principles form the backbone of the corporate ethics and represent the foundation underpinning 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 the Company to achieve sustainable growth, enhance corporate value over the medium to long term, and fulfill its mission as a good corporate citizen, as well as benefits the interests of shareholders and all other stakeholders. For this reason, we continuously work to further enhance and improve our corporate governance.

System

Under the Audit & Supervisory Board system, the Company elects Outside Directors and Outside Audit & Supervisory Board Members with independence from the Company and a high level of insight in their respective specialized fields, and incorporates more diverse perspectives in the Company's decision-making and management supervision. In addition, the Company has established the Nomination and Remuneration Advisory Committee, chaired by an Outside Director and composed of a majority of Outside Directors, to enhance the independence, objectivity, and transparency of the functions of the Board of Directors regarding the nomination and remuneration of senior management, thereby ensuring effective supervision and monitoring of management. Furthermore, the introduction of the executive officer system that clarifies the responsibilities and authority of business execution and the establishment of the Management Council are among the measures designed to promote speedier and more efficient decision-making and execution of business as part of the effective corporate governance system we have put into place. The Management Council is the highest executive-level decision-making body that takes into account diverse opinions and multifaceted discussions in regard to specific key matters related to management, within the scope of the mandate conferred by the Board of Directors. It meets three times a month in principle and consists of seven members: the President and CEO, the officer responsible for the Corporate Group, three Heads of Corporate Groups, and two CEOs of Business Groups. To accelerate the transformation of our business portfolio from a company-wide perspective, in April 2024 the Company reviewed the composition of members and methods of resolution, with the aim of establishing a system for ensuring timely and accurate decision-making.

Corporate governance system (company with Audit & Supervisory Board)



▶ 1 p.69 | Investment risk management ▶ 2 p.70 | Information security

Overview of corporate governance system (As of June 21, 2024)

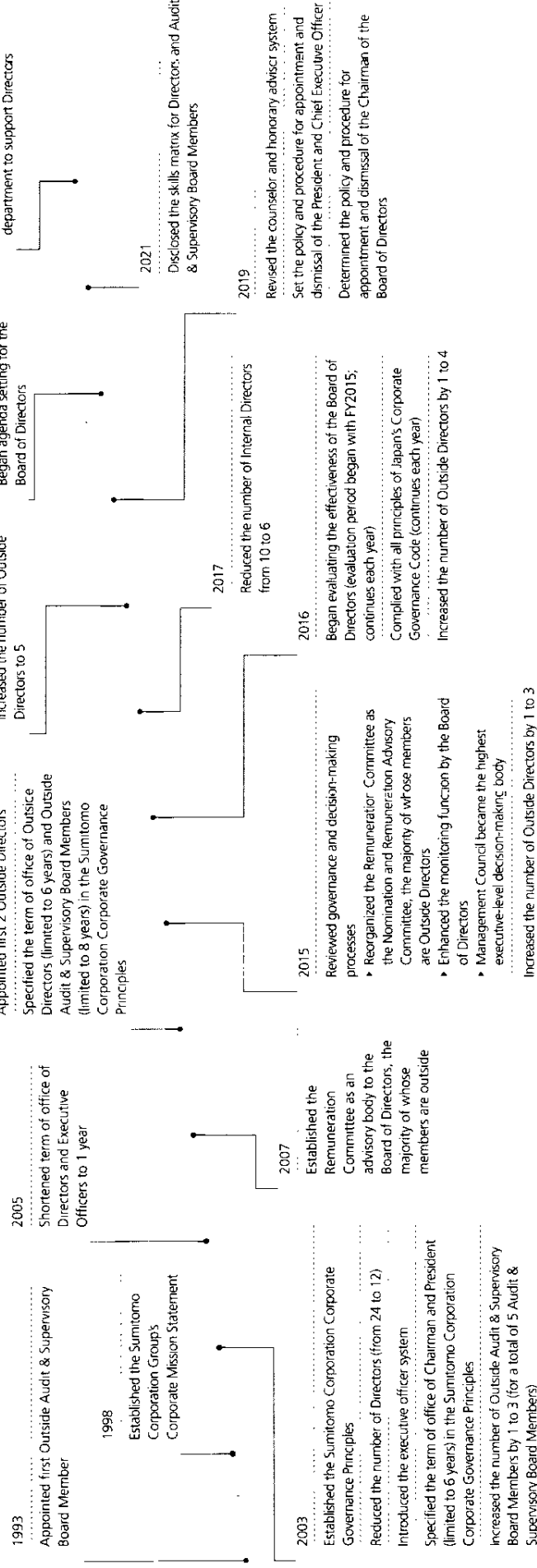
Form of organizational structure	Company with Audit & Supervisory Board
Directors	11 (of whom 5 are Outside Directors), 1-year term
Term of Chairman of the Board of Directors, President and Chief Executive Officer, and Outside Directors	No more than 6 years, in principle
Audit & Supervisory Board Members	5 (of whom 3 are Outside Audit & Supervisory Board Members), 4-year term
Executive officer system	System adopted
Voluntarily established committees as advisory bodies to the Board of Directors	Nomination and Remuneration Advisory Committee (Chairperson: Outside Director)

Corporate governance

Strengthening corporate governance

Sumitomo Corporation has worked continuously to strengthen governance. This has included introducing the Audit & Supervisory Board system, increasing the number of Outside Audit & Supervisory Board Members and Outside Directors, and evaluating the effectiveness of the Board of Directors. Our Material Issues, which were updated in 2024, include “Maintain and strengthen governance.” To strengthen the functions of the Board of Directors, the Company will strive to further improve the functions of the Board of Directors in monitoring the execution of operations through the effective supervision of key management policies and strategies (allocation of management resources, strategies related to business portfolio, sustainability management, etc.) and enhancing organizations for further strengthening the objectivity of the Board of Directors.

History of strengthening corporate governance



Board of Directors

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, specialism, gender, and other characteristics. Moreover, out of the 11 Directors appointed, five are independent Outside Directors with differing experiences 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 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 the knowledge, experience, and competencies, etc., that the Board of Directors is required to possess and the skills of each Director or Audit & Supervisory Board Member are listed on the next page.

Corporate governance

● Skills of Directors and Audit & Supervisory Board Members

The types of Skills such as knowledge, experience, and competencies, etc., that the Board of Directors is required to possess

All Directors and Audit & Supervisory Board Members of the Company, regardless of whether they are internal or Outside Directors or Audit & Supervisory Board Members, 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, etc. (hereinafter "Skills"), which enables 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 and Audit & Supervisory Board Members 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 Board Members we place a particularly high priority on "Corporate Management," "Finance/Accounting," and "Legal/Risk Management." As the Skills that the Board of Directors is required to possess may 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 and Audit & Supervisory Board Members 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 and Audit & Supervisory Board Members 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 and Audit & Supervisory Board Members 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, or the latest geopolitical developments, etc. 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.

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.

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.

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 objectives, 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.

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.

HR Management & Development

Regarding human capital as its most important form of business capital, the Company provides each individual with opportunities for autonomous 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.

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. In order 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.

Corporate governance

● Skills that Directors or Audit & Supervisory Board Members currently in office possess

Of the Skills identified above as necessary for the Board of Directors as a whole, Skills currently possessed by individual Directors or Audit & Supervisory Board Members are shown in the table below. The skills of individual Directors or Audit & Supervisory Board Members are determined after considering all their attributes, including their careers, knowledge, experience, capabilities, qualifications, and specific achievements, and discussing these with the individuals concerned.

		Skills such as knowledge, experience, and competencies, etc.						
Name	Position	Corporate management	Investment/ M&A	IT/DX/ Technology	Sustainability	Finance/ Accounting	Legal/ Risk management	HR management & development
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, Senior Managing Executive Officer	●				●	●	
Norihiko Nonaka	Representative Director, Senior Managing Executive Officer	●	●					
Akiko Ide	Outside Director	●		●	●			
Takashi Mitachi	Outside Director	●	●		●		●	●
Takahisa Takahara	Outside Director	●	●		●			
Haruyasu Asakura	Outside Director	●	●			●		
Nana Otsuki	Outside Director		●		●	●		
Daisuke Mikogami	Senior Audit & Supervisory Board Member (Full-Time)	●	●	●				●
Kazunari Sakata	Audit & Supervisory Board Member (Full-Time)	●	●					
Yukiko Nagashima	Outside Audit & Supervisory Board Member	●	●					●
Nobuo Inada	Outside Audit & Supervisory Board Member						●	●
Taisei Kunii	Outside Audit & Supervisory Board Member	●				●		

Note: Currently, 2 of the 11 members of the Board of Directors and 1 of the 5 members of the Audit & Supervisory Board are female.

Corporate governance

Adequate deliberation and enhancement of monitoring function

Agenda items for the Board of Directors are carefully selected by delegating authority to the business execution side within a scope deemed appropriate in order to promote more focused discussion of management policy and plans and other important matters of relevance to company-wide management. Agenda setting is carried out where important management topics for the Board of Directors that should be taken up for more intensive discussion covering the next one-year period are set by all Board members through careful consideration and discussion, with sustainability and personnel strategy, among others, being identified as topics. In addition, to further strengthen its business execution monitoring functions, the Board of Directors receives regular progress reports on each Business Unit/initiative strategy and on the activities of important committees^{*1} throughout the year, with the reports followed by a discussion focusing on company-wide issues. Moreover, to further enhance the quality of Board member discussions, the Board of Directors holds off-site meetings^{*2} separate from in-person Board meetings to more actively discuss important management topics, including management policy and plans as well as ESG issues.

*1 Corporate Strategy Promotion Committee, Global Innovation Portfolio Committee, Corporate Sustainability Committee, Internal Control Committee, etc

*2 A venue involving all members of the Board of Directors that encourages free and frank discussions

Main topics discussed by the Board of Directors and time spent

Main topics and agenda items of Board of Directors' meetings

Topic	Example of agenda items
	Overall management review Next medium-term management plan Full Potential Plan
	Company-wide promotion of DX
	Antabory nickel mining and refining business in Madagascar Mining business in Bolivia
	Evaluation of the effectiveness of the Board of Directors Internal control and internal audit Status of reducing cross-shareholdings Officer nomination and remuneration Efforts to enhance Group management Revision of the Board of Directors' agenda criteria
	Status of promoting sustainability in each SBU Status of human rights due diligence company-wide Disclosure based on the TCFD recommendations Review of Material Issues
	Employee engagement
	Dividend policy Share repurchases
	General Meeting of Shareholders Annual results and finance Risk management and compliance Monthly business reports by President and CEO Reports on activities of important committees
	Individual investments and loans Regular reporting of Business Units

FY2022

Time spent
discussing topics
35.3 hours

FY2023

Time spent
discussing topics
32.2 hours

Discussions on sustainability

The Company, having passed down Sumitomo's Business Philosophy, recognizes the importance of contributing to the "realization of a sustainable society through its business activities. Under this shared awareness, the Company's Directors and Audit & Supervisory Board Members discuss and approve important policies and measures on sustainability at Board of Directors' meetings and hold active discussions during off-site meetings. For example, the Board of Directors receives reports on the progress of each SBU's medium-term sustainability targets, the results of human rights due diligence, and the status of social contribution activities, and it follows up and monitors the progress of the Corporate Sustainability Committee's consideration of critical social and environmental risks. In addition, it discusses disclosures related to the Group's sustainability, including those based on such frameworks as the TCFD (climate change) and the TNFD (natural capital). Moreover, it held an off-site meeting to consider updating the Group's Material Issues, which we announced in May 2024.

Corporate governance

● Evaluation of the effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, each year Directors and Audit & Supervisory Board Members engage in analysis and evaluation of the Board's effectiveness through evaluation and several discussions with support of an independent third party (outside consultant) and proceed to disclose the outline of the results.

1 — Evaluation process

Number of persons subject to evaluation | All Directors: 11 | All Audit & Supervisory Board Members: 5

November 2023	January 2024	February–March 2024
Questionnaire conducted	Discussions at Outside Officers' meeting	Discussions at Board of Directors' meetings
Conducted a questionnaire-based survey in a signed format covering 12 evaluation items, including those described below Function and role of the Board of Directors Composition of the Board of Directors Agenda of the Board of Directors Quality of Board discussions, etc.	Based on survey results, held multiple meetings to analyze and evaluate effectiveness, identify issues, and discuss initiatives for improvement	

The questionnaire survey primarily consists of a free-writing format regarding topics that Directors and Audit & Supervisory Board Members view as issues. In addition, given the current candid exchange of opinions by the Board of Directors to grasp the background of respondents' issue awareness and opinions to deepen discussions, from FY2022 respondents are asked to fill in their names.

2 — Evaluation results overview

We evaluated that the Board of Directors is functioning effectively overall, with the level of operations and performance of functions improving year by year through constant efforts.

FY2023 report on initiatives to address issues raised in FY2022 effectiveness evaluation

Issues raised in FY2022 effectiveness evaluation	FY2023 report on initiatives
Deepening of discussion on medium- to long-term corporate strategies	Held off-site Board meetings on 4 occasions to discuss the new medium-term management plan from its early stage of formulation
Strengthening of the Board of Directors' supervisory function	Revision of discussion criteria, including addressing discussions to the Board earlier regarding the implementation of investment or divestment and financing projects to the point where the Company embarks on full-fledged consideration of a project, as opposed to the point prior to the conventional implementation of a transaction depending on the project
Enhancing support and information provision to the Board of Directors	A dedicated organization, established in FY2023 to support communication between the Board of Directors and executive management, has been functioning well. The Company has also made progress in organizing issues on the agenda and brushing up materials for discussion

3 — Discussion at Board meetings regarding specific issues and future actions

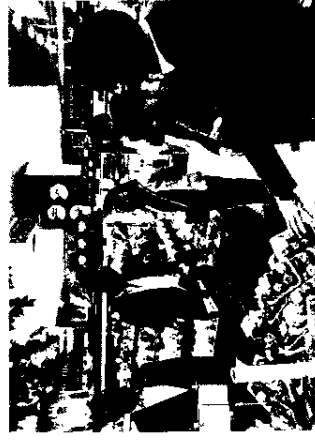
Issues for discussion	Content of Board members' discussions	Future initiatives based on discussions
Functions and roles that should be fulfilled by the Board of Directors	Evaluating that the current format with both monitoring and management functions is effectively functioning Exchanging opinions on the roles of the Company's Board of Directors, as well as the anticipated roles of Outside Directors and Internal Directors that also concurrently execute duties	Reconfirm the functions and roles of the Board of Directors, which is the foundation of the Board of Directors, and further strengthen supervisory functions
Composition of the Board of Directors	Evaluating that there are no major issues with the current system at present Exchanging opinions regarding the diversity and skills of Outside Directors, the composition of Outside/Internal Directors, and institutional design with respect to direction going forward	Continuously consider the future ideal structure of the Board of Directors based on a review of the structure of the Management Council and the organization in April 2024 in addition to ongoing discussions on the composition and structure of the Board of Directors
Setting the agenda for the Board of Directors	Evaluating that the Board of Directors systematically discussed the agenda and that the agenda is being properly set up Discussing on narrowing down the agenda items appropriate for discussion by the Board of Directors/expanding the scope of delegation for the execution of duties For example, the following opinions were expressed: ... Focus should be shifted to company-wide strategies as opposed to individual business strategies ... Taking into account the situation the Company is in and the opinions of investors, the focus of discussion should be narrowed down to issues that should be undertaken, in particular, in the new medium-term management plan (Examples: company-wide growth strategy, reshuffling the business portfolio, human resources training/education, etc.)	Set agendas that allow more effective discussions while taking into account these opinions in FY2024

Corporate governance

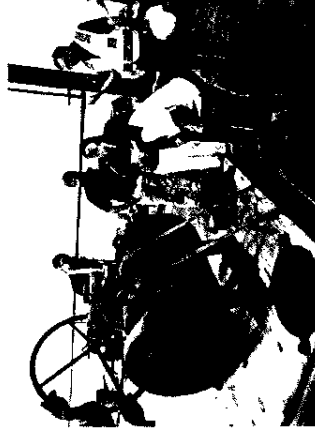
● Support system for Outside Officers

On taking office, Outside Directors and Outside Audit & Supervisory Board Members receive a briefing on areas including the Sumitomo Corporation Group's Management Principles, management policy, business operations, finances, organization, medium-term management plan, and risk management system.

To deepen their understanding of Sumitomo's Business Philosophy, the core of the Company's Management Principles, in principle, Outside Directors and Outside Audit & Supervisory Board Members visit Sumitomo-related facilities during the first fiscal year of their term of office. Furthermore, to facilitate their understanding of our wide-ranging businesses, they visit our business sites. In FY2023, they conducted one site visit in Japan and two site visits overseas.



Supermarket Business in Vietnam



Tubular Product Business in the United States

Pre-meeting briefings for the Board of Directors

To maximize the monitoring and supervisory functions of management by Outside Officers, prior to each Board of Directors' meeting, explanatory sessions are provided to Outside Directors and Outside Audit & Supervisory Board Members outlining each project and important points. Pre-meeting briefings for Outside Directors were held 12 times in FY2023 lasting approximately 28 hours.

Establishment of a dedicated department

The Company established the Directors' Administration Department to promote communication between the Board of Directors and executive management. In addition to assisting in setting the annual agenda, the department ensures that the issues to be discussed at each Board meeting are properly organized. In these ways, the Company is improving the quality of discussions at Board meetings and strengthening the support system to help Directors execute their duties.

Discussions at Outside Officers' meetings

To ensure that Outside Directors and Outside Audit & Supervisory Board Members actively contribute to the discussions at the Board of Directors, a monthly meeting is held, which is

comprised of Outside Directors and Outside Audit & Supervisory Board Members, in which they engage in robust discussion. In FY2023, some meetings were attended solely by outside officers, who reviewed discussions at Board meetings and the results of the effectiveness evaluation. Other meetings included an exchange of opinions on important matters concerning overall management with the attendance of the Chairman and the President and an exchange of opinions with the accounting auditors.

● Establishment of an advisory body to the Board of Directors

The Nomination and Remuneration Advisory Committee, which is composed, in the majority, of Outside Directors and chaired by an Outside Director, operates as an advisory body to the Board of Directors. The committee is charged with the following items and reports the results thereof to the Board of Directors: (1) Policy and procedure for appointment and dismissal of the President and Chief Executive Officer; (2) Policy and procedure for appointment and dismissal of the Chairman; (3) Nomination criteria for directors and Audit & Supervisory Board Members; (4) Appointment and dismissal of the President and Chief Executive Officer (including nominating the successor to the President and Chief Executive Officer); (5) Nomination of candidates for director and Audit & Supervisory Board Members (including deciding representative directors and executive directors); (6) Appointment of members of the Management Council; (7) Structure and level of remuneration and bonuses for directors and executive officers, as well as limits for remuneration of Audit & Supervisory Board Members; and (8) Advisor system. In addition, the committee deliberates and determines other matters delegated by the Board of Directors outside of (1) to (8) above, and then reports its findings to the Board of Directors.

An overview of the Nomination and Remuneration Advisory Committee activities in FY2023 is provided below.

Overview of the Nomination and Remuneration Advisory Committee activities

Composition of the Nomination and Remuneration Advisory Committee		Number of meetings/ Attendance rate	Main discussion items
(Chairperson) Kimie Iwata		9/9 (100%)	Appointment of the President and Chief Executive Officer Revision of the executive remuneration system FY2024 Director/Audit & Supervisory Board Member/Executive Officer HR management (Selection of Management Council members and allocation of human resources based on successor plan) FY2022 evaluations of individual Executive Officers Evaluations of non-financial indicators for stock-based remuneration
Outside Directors		7/7 (100%) *	
Takashi Mitachi		9/9 (100%)	
Internal Directors		9/9 (100%)	
Kuniharu Nakamura Masayuki Hyodo		9/9 (100%) 9/9 (100%)	

* Attended all 7 committee meetings held after appointment as committee member in June 2023

Audit & Supervisory Board Members and the Audit & Supervisory Board

● Enhancement of auditing capabilities

We are enhancing the audit structure so that Audit & Supervisory Board Members are able to audit the execution of duties by Directors as a member of the Board of Directors or an Executive Officer (Representative Director). The Audit & Supervisory Board comprises five members, including three Outside Audit & Supervisory Board Members. Full-time Audit & Supervisory Board Members utilize their specialized knowledge of the Company's operations and wide-ranging experience to perform audits, while Outside Audit & Supervisory Board Members utilize their advanced specialized knowledge and abundant Audit & Supervisory Board Members management, legal affairs, or accounting. In addition to resolving experience in the fields of corporate management, legal affairs, or accounting. In addition to resolving statutory matters, the Audit & Supervisory Board shares the status of activities of Audit & Supervisory Board Members and receives prior explanations on matters to be discussed by the Board of Directors in an effort to improve the efficiency and quality of the auditing activities of Audit & Supervisory Board Members.

● Ensuring audit effectiveness

To obtain sufficient information vital to their audits, Audit & Supervisory Board Members attend important meetings such as Board of Directors' meetings; receive reports from Directors, officers and employees, and other relevant parties regarding the execution of their duties; ask them for explanations as necessary; inspect important internal authorization documents; and examine the status of operations and the financial status regarding the Head Office and important operating locations. Audit & Supervisory Board Members also promote communication and exchanges of information with directors, audit & supervisory board members, and other relevant parties of subsidiaries, receive reports on the subsidiaries' business as necessary, and visit and observe principal subsidiaries. The Audit & Supervisory Board Members' Administration Department has been established as a specialized organization to support the work of the Audit & Supervisory Board Members. The Audit & Supervisory Board Members participate in personnel evaluations and transfers and so on regarding these employees to ensure their independence from the Board of Directors.

● Collaboration with the Internal Auditing Department and accounting auditors

Audit & Supervisory Board Members periodically receive reports from the Internal Auditing Department on internal audit plans and their results in order to ensure the effectiveness of their auditing duties. In addition, Audit & Supervisory Board Members exchange information with the accounting auditors through regular meetings and are aware of the auditing activities of the accounting auditors by attending audit review meetings and observing inventory audits by the accounting auditors. In this manner, Audit & Supervisory Board Members interact closely with the Internal Auditing Department and accounting auditors.

Executive remuneration

● Executive remuneration system

Type of remuneration, etc		Eligibility			
		Executive Directors/ Executive Officers ^{*1}	Chairman of the Board of Directors/ Director, Vice Chairman	Outside Directors ^{*2}	Audit & Supervisory Board Members ^{*3}
Fixed	Monthly remuneration	●	●	●	●
	Performance-linked bonus	●	—	—	—
Variable	Restricted performance share unit-based remuneration	●	●	—	—

- *1 The remuneration of Executive Directors and Executive Officers consists of "monthly remuneration," "performance-linked bonus," and "restricted performance share unit-based remuneration."
- *2 The remuneration of the Chairman of the Board of Directors, whose main role is management supervision and engaging in external relations activities as stipulated in the Sumitomo Corporation Corporate Governance Principles, in addition to external relations activities as stipulated in the Sumitomo Corporation Corporate Governance Principles, also consists of "restricted performance share unit-based remuneration," which contributes to improving shareholder value, in addition to external relations activities as stipulated in the Sumitomo Corporation Corporate Governance Principles.
- *3 The remuneration of Outside Directors, who are in a position to supervise management with a high degree of objectivity "monthly remuneration" and "restricted performance share unit-based remuneration" for the same reasons.
- *4 The remuneration of Audit & Supervisory Board Members, who are in a position to audit and supervise management with a high degree of objectivity and independence, consists solely of fixed remuneration ("monthly remuneration") and is provided on a monthly basis. The remuneration of each Audit & Supervisory Board Member is decided through discussions between the Members within the maximum amount approved by shareholder resolutions.

● Remuneration standards and remuneration composition ratios

Referring to remuneration market research data^{*5} provided by independent external specialized agencies, the Company sets competitive remuneration standards and remuneration composition ratios in light of the current business environment, business strategies, and human capital strategy.

Regarding remuneration for Executive Directors and Executive Officers, from FY2024, we have increased the ratio of variable remuneration accounted for by restricted performance share unit-based remuneration to further strengthen the incentive to increase the Company's corporate value over the medium to long term and to pursue business management standard in more concerned than ever before with the Company's stock price and with a focus on sharing value with the shareholders. Also, we have amended the overall remuneration standard in line with the current business results and the level of business results we seek to achieve, with the aim of setting a standard that assists in acquiring and retaining our management personnel.

*5 WTW's Executive Compensation Database

Corporate governance

Breakdown of the Representative Director, President and Chief Executive Officer remuneration

Fixed remuneration (Monthly remuneration)	Before change	After change	Increase/decrease
	34%	27%	-7%
Variable remuneration (Monthly remuneration)			
(1) Performance-linked bonus	66%	73%	+7%
(2) Restricted performance share unit-based remuneration	((1) 33% (2) 33%)	((1) 33% (2) 40%)	((1) ±0% (2) +7%)

Note: The above breakdown is calculated on the assumption that the rate of achievement of business results, the stock price growth rate¹⁾, the stock growth rate²⁾, 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.

*1 Stock price growth rate = ((Average price of Company's common shares in relevant fiscal year) / (Average price of Company's common shares in the previous fiscal year)) / ((Average of TOPIX in relevant fiscal year) / (Average of TOPIX in the previous fiscal year))

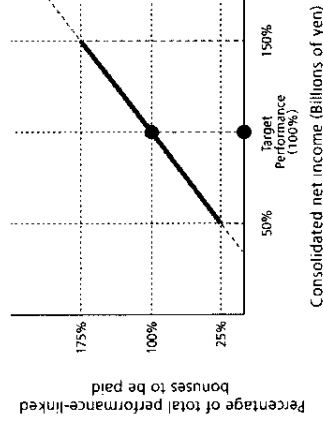
*2 Stock growth rate = ((Average price of Company's common shares in the month of termination of Evaluation Period) / (Average price of Company's common shares in the month of commencement of Evaluation Period)) / ((Average of TOPIX in the month of termination of Evaluation Period) / (Average of TOPIX in the month of commencement of Evaluation Period))

Performance-linked bonus (total amount)

Beginning in FY2024, the formula for calculating the total performance-linked bonuses will be changed. In particular, each fiscal year the Company sets the full-year forecast (consolidated net income for the year) or the consolidated net income for the year when ROE is 12% (whichever amount is higher) as the target business result and decides the total performance-linked bonuses to be paid according to the rate of achievement of this target business result. The potential range of business results is assumed to be up to 50% above or below the target business result set each fiscal year and the standard for the total performance-linked bonuses to be paid is set at 100% when the target business result is achieved, with a range of variation from 25% to 175% in line with the potential range of business results. If business results fall outside this range, the total performance-linked bonuses to be paid is decided separately by the Board of Directors based on a report from the Nomination and Remuneration Advisory Committee.

As a result of increasing the ratio of stock-based remuneration, the stock price growth rate will be no longer be included as an element in the calculation of performance-linked bonuses.

Total performance-linked bonuses (image)



Performance-linked bonus (paid to individuals)

The amount to be paid to individual officers is distributed according to their position and personal evaluation and paid after the end of the fiscal year.

Each officer is evaluated on the basis of both financial and non-financial indicators so that they can become more aware in regard to their commitment to management strategy and results. Financial indicators mainly consider the status of achievement of the business plans in the respective areas of responsibility. Non-financial indicators take into account the status of achievement of strategies of each SBU measured by KPIs and KAs as well as the status of initiatives to address important company-wide issues. The ratio of financial indicators to non-financial indicators in the personal evaluation is 50:50, and of the evaluation based on non-financial indicators, 20% relates to the important company-wide issues of business reform through DX, enhancement of sustainability management, and promotion of DE&I.

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

Financial indicators: 50%	Non-financial indicators: 50%
	20%
	30%
	Business reform through DX Enhancement of sustainability management Promotion of DE&I

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's common shares (restricted) in an amount determined according to the Company's stock growth rate during the three-year evaluation period are provided to officers each year, in principle. Beginning in FY2023, to promote efforts to help solve Key Social Issues and to make non-financial indicators related to the environment and society more closely linked with stock-based remuneration to raise awareness of the Company's commitment to enhance sustainability management, evaluation on the non-financial indicators (measures to tackle climate change, promotion of women's active engagement, and employee engagement) is used to calculate the amount of the Company's common shares to be granted as restricted shares. To enable a shared focus on shareholder value over the medium to long term, 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.

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

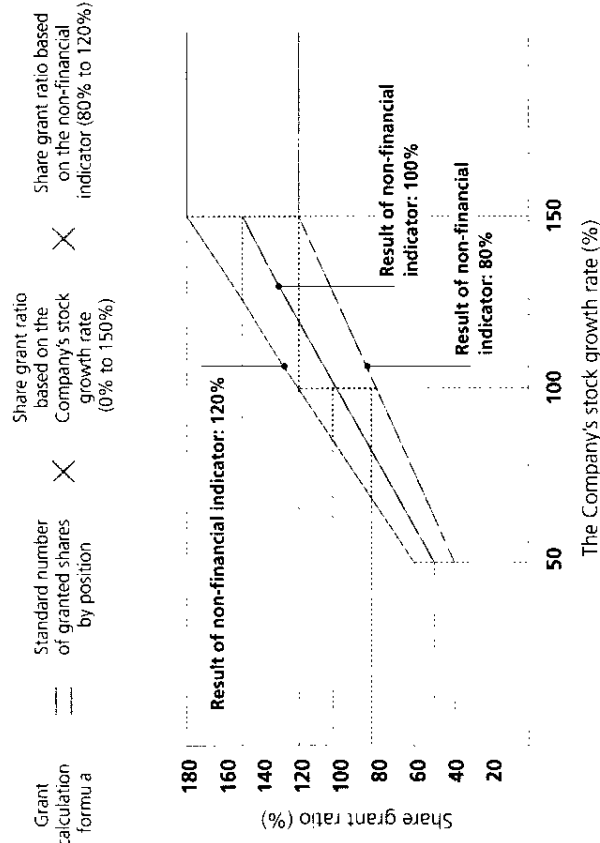
	2024	2025	2026	2027	2028	2029
Stock growth rate	Evaluation period	Evaluation period	Evaluation period	Share grant		
Non-financial indicators		Evaluation period	Evaluation period	Evaluation period	Share grant	
Non-financial indicators				Evaluation period	Evaluation period	Share grant

● 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	Progress and results to reduce our Group's CO ₂ emissions and build businesses that will serve as the foundation for a sustainable energy cycle for society	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	

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



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 FY2023, the Company sold shares of 18 listed stocks (either in whole or in part), amounting to ¥20.6 billion in total. As of the end of March 2024, the Company's shareholdings in listed companies covered 48 stocks, with a total balance of ¥272.2 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.

Initiatives to ensure transparency of business management

● Basic Policy on Information Disclosure

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

● Measures relating to the General Meeting of Shareholders

Approximately three weeks prior to each General Meeting of Shareholders, the Company sends out a convening notice describing how to access the materials for the General Meeting of Shareholders to our shareholders (the printed materials for the General Meeting of Shareholders, for shareholders who have requested delivery of such materials in paper form). The Company also provides the materials for the General Meeting of Shareholders on its corporate website in advance of sending the notice, together with its English-language translation. This early sending of materials for the General Meeting of Shareholders gives shareholders and institutional investors adequate time to study the content of the agenda items. In addition, we live stream to shareholders who cannot attend the General Meeting of Shareholders and provide a video of the meeting on our corporate website for viewing for a certain period following the meeting as well as accept questions from shareholders online prior to the meeting. For questions received beforehand, we provide responses for matters of particular concern to shareholders and then post the responses on our corporate website at a later date along with other questions and comments from the meeting.

Directors, Audit & Supervisory Board Members

(As of June 24, 2024)

■ Shares owned in the Company (As of March 31, 2024) ■ Attendance at meetings of the Board of Directors in FY2023

Directors



Masayuki Hyodo
Director, Chairman

■ 134,100 shares
■ 17/17

Apr. 1984
Joined the Company
Jun. 2016
Representative Director,
Managing Executive Officer
Apr. 2017
Representative Director,
Senior Managing Executive
Officer
Jun. 2017
Senior Managing Executive
Officer
Apr. 2018
President and Chief Executive
Officer
Jun. 2018
Representative Director,
President and Chief Executive
Officer



Toshikazu Nambu
Director, Vice Chairman

■ 85,600 shares
■ -/-

Apr. 1982
Joined the Company
Jun. 2019
Representative Director, Senior
Managing Executive Officer,
General Manager, Media &
Digital Business Unit,
Chief Digital Officer
Apr. 2020
Representative Director,
Executive Vice President,
General Manager, Media &
Digital Business Unit,
Chief Digital Officer
Apr. 2022
Representative Director,
Executive Vice President & Chief
Digital Officer (Media & Digital
Business Unit and Living Related
& Real Estate Business Unit)
Apr. 2023
Representative Director,
Assistant to President and CEO
(Adviser of Chief Digital Officer)



Shingo Ueno
Representative Director,
President & Chief Executive Officer

■ 67,800 shares
■ 14/14
(Since taking office on June 23, 2023)

Apr. 1982
Joined the Company
Apr. 2013
Executive Officer
Apr. 2016
Managing Executive Officer
Apr. 2018
Senior Managing Executive
Officer
Apr. 2021
Executive Vice President
Jun. 2023
Representative Director,
Executive Vice President
(Metal Products Business Unit,
Mineral Resources, Energy,
Chemical & Electronics Business
Unit and Energy Innovation
Initiative)
Apr. 2024
Representative Director,
President and Chief Executive
Officer (present position)



Takayuki Seishima
Representative Director,
Executive Vice President

■ 50,300 shares
■ 17/17

Apr. 1984
Joined the Company
Apr. 2016
Executive Officer
Apr. 2019
Managing Executive Officer
Jun. 2019
Representative Director,
Managing Executive Officer
Apr. 2021
Representative Director,
Senior Managing Executive
Officer
Apr. 2023
Representative Director,
Executive Vice President,
Chief Administration Officer
and Chief Compliance Officer
Apr. 2024
Representative Director,
Executive Vice President
(Corporate Planning &
Coordination Group,
Sustainability, DE&I Group and
Human Resources, General
Affairs & Legal Group) (present
position)



Reiichi Morooka
Representative Director,
Senior Managing Executive Officer

■ 39,300 shares
■ 17/17

Apr. 1984
Joined the Company
Apr. 2016
Executive Officer
Apr. 2020
Managing Executive Officer
Apr. 2022
Senior Managing Executive
Officer
Jun. 2022
Representative Director,
Senior Managing Executive
Officer,
Chief Financial Officer
Apr. 2024
Representative Director,
Senior Managing Executive
Officer,
Chief Financial Officer (present
position)



Norihiko Nonaka
Representative Director,
Senior Managing Executive Officer

■ 34,100 shares
■ -/-

Apr. 1985
Joined the Company
Apr. 2017
Executive Officer
Apr. 2021
Managing Executive Officer
Apr. 2024
Senior Managing Executive
Officer, Group CEO,
Automotive Group
Jun. 2024
Representative Director,
Senior Managing Executive
Officer,
Group CEO, Automotive
Group (present position)

Directors, Audit & Supervisory Board Members

Outside Directors

■ Shares owned in the Company (As of March. 31, 2024) ■ Attendance at meetings of the Board of Directors in FY2023



Akiko Ide

Outside Director Independent
■ 0 shares
■ 17/17

Apr. 1977
Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)

Jun. 2006
Executive Director, General Manager of Corporate Citizenship Department, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.)

Jul. 2008
Executive Director, General Manager for Chugoku regional office, NTT DOCOMO, INC.

Jun. 2012
Executive Director, Director of Information Security, NTT DOCOMO, INC.

May 2013
President and Chief Executive Officer, Radishbo-ya Co., Ltd. (currently Osix ra daichi Inc.) (retired in May 2014)

Jun. 2013
Executive Director, Senior Manager in Charge of Commerce Business Promotion, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.) (retired in Jun. 2014)

Jun. 2014
Full Time Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation (retired in Jun. 2020)

Aug. 2018
Audit & Supervisory Board Member, NTT, Inc. (retired in Jun. 2020)

Jun. 2020
Outside Director, Sumitomo Corporation (present position)

Jun. 2021
Outside Director & Audit and Supervisory Committee Member, Tohoku Electric Power Co., Inc. (present position)



Takashi Mitachi

Outside Director Independent
■ 0 shares
■ 17/17

Apr. 1979
Joined Japan Airlines Co., Ltd.

Oct. 1993
Joined Boston Consulting Group

Jan. 1999
Vice President & Partner, Boston Consulting Group

Jan. 2005
Japan Co-chair, Boston Consulting Group

May 2005
Managing Director & Senior Partner, Boston Consulting Group

Mar. 2011
Director, Japan Association for the World Food Programme (retired in Aug. 2018)

Apr. 2013
Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (retired in Apr. 2017)

Mar. 2016
Outside Director, Rakuten, Inc. (currently Rakuten Group, Inc.) (present position)

Jun. 2022
Outside Director, Sumitomo Corporation (present position)

Jun. 2023
Outside Director, Sumitomo Corporation (present position)



Takahisa Takahara

Outside Director Independent
■ 0 shares
■ 14/14
(Since taking office on June 23, 2023)

Apr. 1586
Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)

Apr. 1991
Joined UNICHARM CORPORATION

Jun. 1995
Director, UNICHARM CORPORATION

Jun. 1997
Senior Director, UNICHARM CORPORATION

Jun. 2001
Representative Director, President, UNICHARM CORPORATION

Jun. 2004
Representative Director, President & CEO, UNICHARM CORPORATION (present position)

Jun. 2015
Outside Director, Calbee, Inc. (retired in Jun. 2023)

Jun. 2021
Outside Director, Nomura Holdings, Inc. (present position)

Jun. 2023
Outside Director, Sumitomo Corporation (present position)



Haruyasu Asakura

Outside Director Independent
■ 0 shares
■ -/-

Apr. 1984
Joined Mitsubishi Corporation

May 1999
Partner, Apax Globis Partners (currently GLOBIS CAPITAL PARTNERS Co., Ltd.)

Feb. 2001
Managing Director, Carlyle Japan LLC

Jul. 2009
Senior Managing Director (COO), Innovation Network Corporation of Japan (currently Japan Investment Corporation) (retired in Jun. 2015)

Mar. 2012
Outside Director, Japan Display Inc. (retired in Jun. 2014)

Oct. 2013
Outside Director, Renesas Electronics Corporation (retired in Jun. 2015)

Apr. 2014
Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (present position)

Mar. 2016
Representative Director, President (CEO and CIO), Marunouchi Capital Inc.

Dec. 2022
Senior Advisor, Marunouchi Capital Inc. (retired in Dec. 2023)

Jun. 2023
Outside Director/Audit and Supervisory Committee Member, SAKAI HEAVY INDUSTRIES, LTD.

Jun. 2024
Outside Director, Sumitomo Corporation (present position)



Nana Otsuki

Outside Director Independent
■ 0 shares
■ -/-

Apr. 1988
Joined Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)

Jun. 1994
Joined Banque Nationale de Paris (currently BNP Paribas), Tokyo Branch

Mar. 1998
Joined HSBC Securities (Japan) Limited

Jan. 2000
Head of Japan and Korea Financial Ratings, Standard & Poor's Ratings Japan K.K.

Dec. 2005
Managing Director, Research Division, UBS Securities Japan Co., Ltd.

Jun. 2011
Lynch Japan Director, Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.) (retired in Dec. 2015)

Sep. 2015
Professor, Faculty of Economics, Nagoya University of Commerce & Business

Jan. 2016
Executive Officer and Chief Analyst, Monex, Inc.

Jun. 2017
Outside Director, Credit Saison Co., Ltd. (retired in Jun. 2024)

Apr. 2018
Professor, Graduate School of Division of Business Administration, Nagoya University of Commerce & Business (present position)

Jun. 2018
Outside Audit & Supervisory Board Member, Tokio Marine Holdings, Inc. (present position)

Apr. 2021
Expert Director and Chief Analyst, Monex, Inc. (retired in Aug. 2022)

Jun. 2021
Outside Director, Mochida Pharmaceutical Co., Ltd. (retired in Jun. 2024)

Sep. 2022
Senior Fellow, Pictet Asset Management (Japan) Ltd. (present position)

Jun. 2024
Outside Director, Sumitomo Corporation (present position)

Directors, Audit & Supervisory Board Members

■ Shares owned in the Company (As of March. 31, 2024) ■ Attendance at meetings of the Board of Directors in FY2023 ■ Attendance at meetings of the Audit & Supervisory Board in FY2023

Audit & Supervisory Board Members



Daisuke Mikogami

Senior Audit & Supervisory Board Member (Full-Time)

■ 38,800 shares

■ 14/14

■ 11/11

(Since taking office on June. 23, 2023)



Kazunari Sakata

Audit & Supervisory Board Member (Full-Time)

■ 14,200 shares

■ 17/17

■ 16/16



Yukiko Nagashima

Outside Audit & Supervisory Board Member

■ 0 shares

■ 17/17

■ 16/16

Independent



Nobuo Inada

Outside Audit & Supervisory Board Member

■ 0 shares

■ -/-

■ -/-

Independent



Taisei Kunii

Outside Audit & Supervisory Board Member

■ 0 shares

■ -/-

■ -/-

Independent

Apr. 1983

Joined the Company

Apr. 2014

Executive Officer

Apr. 2017

Managing Executive Officer

Apr. 2022

Senior Managing Executive Officer

Apr. 2023

Advisor

Jun. 2023

Senior Audit & Supervisory Board Member (Full-Time)

(present position)

Apr. 1985

Joined the Company

Apr. 2020

Executive Officer

Apr. 2022

Advisor

Jun. 2022

Audit & Supervisory Board Member (Full-Time)

(present position)

Apr. 1985

Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)

Apr. 2006

Corporate Executive Officer, Recruit Co., Ltd.

Jan. 2008

President and Representative Director, Recruit Staffing Co., Ltd. (retired in Apr. 2016)

Oct. 2012

Corporate Executive Officer, Recruit Holdings Co., Ltd.

Jun. 2016

Standing Audit & Supervisory Board Member, Recruit Holdings Co., Ltd. (present position)

Apr. 2018

Standing Audit and Supervisory Board Member, Recruit Co., Ltd. (present position)

Mar. 2019

Outside Director, JAPAN TABACCO INC. (present position)

Jun. 2021

Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

Apr. 1981

Public Prosecutor

Oct. 2008

Deputy Vice-Minister of Justice, Ministry of Justice

Aug. 2011

Director-General of the Criminal Affairs Bureau, Ministry of Justice

Jan. 2014

Vice-Minister of Justice, Ministry of Justice

Sep. 2016

Superintending Prosecutor, Sendai High Public Prosecutor's Office

Sep. 2017

Superintending Prosecutor, Tokyo High Public Prosecutor's Office

Jul. 2018

Prosecutor-General (retired in Jul. 2020)

Oct. 2020

Attorney at Law (present position)

Jun. 2021

Outside Director, Member of the Audit and Supervisory Committee, Nomura Securities Co., Ltd. (present position)

Mar. 2023

Outside Audit & Supervisory Board Member, JAPAN TOBACCO INC. (present position)

Jun. 2024

Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

Apr. 1981

Public Prosecutor

Oct. 2008

Deputy Vice-Minister of Justice, Ministry of Justice

Aug. 2011

Director-General of the Criminal Affairs Bureau, Ministry of Justice

Jan. 2014

Vice-Minister of Justice, Ministry of Justice

Sep. 2016

Superintending Prosecutor, Sendai High Public Prosecutor's Office

Sep. 2017

Superintending Prosecutor, Tokyo High Public Prosecutor's Office

Jul. 2018

Prosecutor-General (retired in Jul. 2020)

Oct. 2020

Attorney at Law (present position)

Jun. 2021

Outside Director, Member of the Audit and Supervisory Committee, Nomura Securities Co., Ltd. (present position)

Mar. 2023

Outside Audit & Supervisory Board Member, JAPAN TOBACCO INC. (present position)

Jun. 2024

Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

Oct. 1985

Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)

Aug. 1989

Certified Public Accountant (present position)

Jun. 1999

Partner, Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)

Oct. 2010

General Manager, Tokyo Audit Division, Deloitte Touche Tohmatsu LLC

Nov. 2010

Member of Management Committee, Deloitte Touche Tohmatsu LLC

Oct. 2013

Executive Officer (General Manager, Tokyo Audit Department), Deloitte Touche Tohmatsu LLC

Jun. 2018

Chief Executive Officer, Deloitte Touche Tohmatsu LLC (retired in May 2022)

Jan. 2023

Retired Deloitte Touche Tohmatsu LLC

Feb. 2023

Established Taisei Kunii & Co. (present position)

Jun. 2024

Outside Audit & Supervisory Board Member, Sumitomo Corporation (present position)

Oct. 2024

Outside Audit & Supervisory Board Member, MS&AD Insurance Group Holdings, Inc. (present position)

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.

Investment decisions are made at meetings of the Company Investment Committee or the Group Management Council (the investment decision-making body of each business group) at each stage of consideration and execution, depending on the size and importance of the investment. From an early stage, these institutions identify issues and conduct in-depth discussions from a variety of perspectives on the various factors that may 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. Discussions on the feasibility of each project including countermeasures are also held.

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. We are strengthening the monitoring efforts of our portfolio companies, setting a clear time frame and implementing improvement measures for business investments that do not increase in value as expected. We will continue to thoroughly replace assets where improvement is not expected.

Investment risk management framework

Consideration of project—Execution of investment

- Discussions based on Investment Selection Guidelines established based on past lessons learned
- Deliberations on matters from various perspectives by diverse members of the relevant body (two-phase deliberation: "consideration phase" and "execution phase")
- Evaluation/compensation systems linked to the performance of investment

Selection/consideration of investments

- Deliberation at "consideration phase"
- Alignment with strategy: validation of hypotheses in investment themes
- Verification of appropriateness of stand-alone value, synergies, and full value
- Negotiation policy on price/conditions, etc.
- Consideration of material risks and countermeasures

Decision-making and execution

- Deliberation at "execution phase"
- Scrutiny of final contract terms and conditions/economic feasibility
- Confirm PMI and governance/monitoring structure
- Final decision on whether to make an investment

Feedback

- Review of processes and enhancement of mechanisms
- Establishment of Investment Selection Guidelines based on analysis of failure factors of past large-scale investments
- Diversification of committee/council members
- Introduction of a risk analysis and monitoring mechanism from an ESG perspective
- Enhancement of an agile/flexible investment procedure by optimizing the timing of the "consideration phase" deliberation

Post-investment PMI/Business management

- Formulation and implementation of the 100-day plan/periodic review
- Development of management infrastructure including the governance system
- Setting and monitoring of optimal KPIs
- Formulation of a revised medium-term plan

Monitoring and adjustment of countermeasures

- Monitoring and execution support for portfolio companies (Full Potential Plan)
- Identification and evaluation of management status based on quantitative criteria
- Formulation and implementation of concrete measures that will lead to the maximization of the value of investments that have further potential: Withdrawal from investments with limited growth potential

Promotion of Group Management Policy (GMP)

- Enhancement of investee corporate governance
- Thorough implementation of the PDCA cycle through the board of directors of investee companies, and review of strategies for addressing changes in the external environment
- Establishment of management evaluation/compensation to promote optimal management team formation and enhancement of investee value

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

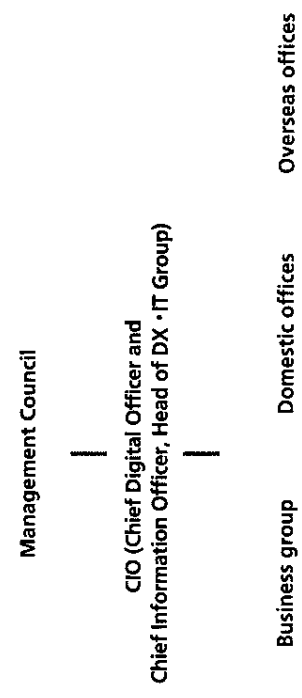
IT Strategy Committee (information security-related)

Information security-related initiatives
Planning, drafting, and implementation of measures Researching and responding to information leaks, etc.

Chairperson CIO
Vice-Chairperson CSO

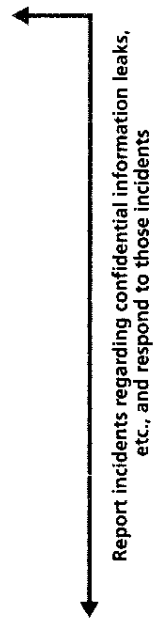
Members General Managers of Internal Control Promotion Dept., Information Technologies Planning & Promotion Dept., Corporate Planning & Coordination Dept., Corporate Communications Dept., HR Strategy Dept., Corporate Legal & General Affairs Dept., Legal Dept., Financial Planning & Coordination Dept., and Chief Financial Officers of Business Group (two people)

Secretariat Information Technologies Planning & Promotion Dept.



Information managers

Responsible for overseeing information management for their organization
Tasked with swift response measures in the event of an occurrence (or the threat of an occurrence) of unexpected information security incidents



Summary of key financial indicators (As of and for the years ended March 31)

Annual Financial Report ▶ <https://www.sumitomocorp.com/en/jp/ir/report/yuka/AnnualFinancialReport>

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

Financial data

	(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Billions of yen)											
Results of operations:											
Gross profit	¥	952.9	¥ 894.1	¥ 842.7	¥ 956.5	¥ 923.2	¥ 873.7	¥ 729.5	¥ 1,009.6	¥ 1,234.8	¥ 1,342.5
Selling, general and administrative expenses		-755.2	-762.7	-693.8	-731.6	-647.6	-677.4	-678.9	-713.9	-811.7	-927.6
Interest expense, net		-13.0	-2.6	-1.7	-5.8	-11.6	-15.6	-5.5	-1.2	-11.5	-16.3
Dividends		17.2	10.6	9.4	10.7	12.1	11.1	8.6	27.3	20.1	13.7
Share of profit (loss) of investments accounted for using the equity method		49.1	-53.8	83.5	149.7	127.1	84.8	-41.4	176.8	252.4	172.4
Profit (loss) for the year attributable to owners of the parent		-73.2	74.5	170.9	308.5	320.5	171.4	-153.1	463.7	565.3	386.4
Financial position at year-end:											
Total assets		9,021.4	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
Equity attributable to owners of the parent		2,481.4	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
Interest-bearing liabilities (net) ^{*1}		3,517.5	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
Cash flows:											
Cash flows from operating activities		243.7	599.7	345.8	295.3	268.9	326.6	467.1	194.1	232.8	608.9
Cash flows from investing activities		-399.6	-85.4	-180.7	-155.8	-51.3	-203.4	-120.1	49.0	-91.5	-219.2
Free cash flows		-155.9	514.3	165.1	139.5	217.6	123.2	347.0	243.1	141.3	389.6
Cash flows from financing activities		-74.8	-507.2	-254.4	-229.6	-233.2	-57.7	-466.4	-139.9	-250.5	-415.5
(Yen)											
Amounts per share:											
Profit (loss) for the year attributable to owners of the parent:											
Basic	¥	-58.64	¥ 59.73	¥ 136.91	¥ 247.13	¥ 256.68	¥ 137.18	¥ 122.42	¥ 370.79	¥ 452.63	¥ 315.87
Diluted		-58.64	59.69	136.81	246.91	256.41	137.03	-122.42	370.53	452.27	315.64
Equity attributable to owners of the parent		1,988.62	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
Cash dividend declared for the year ^{*2}		50.00	50.00	50.00	62.00	75.00	80.00	70.00	110.00	115.00	125.00
(%/Times)											
Ratios:											
Equity attributable to owners of the parent ratio (%)		27.5	28.8	30.5	32.9	35.0	31.3	31.3	33.4	37.4	40.3
ROE (%)		-	3.2	7.4	12.5	12.0	6.4	-	16.2	16.2	9.4
ROA (%)		-	0.9	2.2	4.0	4.1	2.1	-	5.3	5.7	3.7
Debt-equity ratio (net) (Times)		1.4	1.2	1.1	1.0	0.9	1.0	0.9	0.7	0.7	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.

Summary of non-financial indicators (years ended March 31, 2022, 2023, and 2024)

Women's Empowerment • <https://sumitomocorp.disclosure.site/en/themes/32>
Environmental-related data • <https://sumitomocorp.disclosure.site/en/themes/18>

Employee data

	(FY)	2021	2022	2023
Employee data	Number of employees (Consolidated basis)	74,253	78,235	79,692
	Number of employees (Non-consolidated basis) ^{*1}	5,300	5,223	5,152
	Number of employees dispatched overseas	976	921	926
	Number of new employees	106	101	100
	Male/Female	75/31	72/29	63/37
	Number of mid-career employees	20	75	88
	Ratio of differently abled employees to total employees ^{*2}	2.09%	2.25%	2.29%
	Number of female managers ^{*3}	204	232	267
	Ratio of female managers to total managers ^{*3}	7.4%	8.4%	9.6%
	Average age	43.1	43.2	43.1
Working styles	Average years of service per person (Years/Months)	18/6	18/5	18/4
	Male	19/2	19/1	18/11
	Female	16/4	16/6	16/6
	Gender wage gap between male and female ^{*4}	-	58.7%	59.0%
	Average monthly overtime hours (Hours/Minutes)	12/20	10/55	9/51
	Average annual days of paid vacation acquired	12.8	13.7	14.3
	Number of employees taking spousal maternity leave	70	86	86
	Number of employees taking leave to care for sick/injured children	169	194	243
	Number of employees taking childcare leave	103	112	111
	Male/Female	41/62	61/51	48/63
Skills development training ^{*5}	Ratio of eligible male employees taking childcare leave ^{*5}	-	67.0%	63.6%
	Number of individuals using shortened work hour system	200	195	190
	Number of employees undergoing training overseas	76	60	65
	Total number of lectures	919	1,705	1,063
	Total number of employees participating in training	44,876	92,446	40,530
	Total training hours	119,894	177,320	106,605
	Average hours per employee	23.4	32.3	21.2

Environmental data

Scope: Sumitomo Corporation, consolidated subsidiaries, and joint operations^{*7}

	(FY)	2021	2022	2023
GHG emissions (Scope 1, 2) ^{*8} (1,000 t-CO ₂ e)		2,293	2,081	5,102
Electricity consumption (MWh)		1,645,278	1,336,280	1,470,838
Water withdrawal (1,000 m ³)		78,107	66,452	1,525,114
Waste emissions (t)		36,413	33,200	35,033

Corporate governance data

	(FY)	2021	2022	2023 ^{*9}
Number of Directors		11	11	11
Number of Internal Directors		6	6	6
Number of Outside Directors		5	5	5

^{*1} Figures include employees at overseas branches and 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 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: While the ratio of female managers affects the wage gap, there is no significant wage gap among employees with equivalent jobs (Wage gaps by job category, including non-regular employment, are as follows: department general manager equivalent: 95.8%, section manager level: 102.1%, non-manager level: 87.4%). The wage gap is expected to decrease over the medium to long term as we aim to achieve its target female manager ratio (at least 20% female managers by FY2030).

^{*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 71-4, 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.

^{*7} We apply the operational control approach in the GHG Protocol to decide the boundary. Thus, we include the total amount from businesses only when we had operational control over the businesses from FY2023 instead of the method that we applied until FY2022, for which we include the amount from joint operations corresponding to the investment ratio as of the end of March.

^{*8} CO₂ emission factors for electricity: (market-based method) (Non-consolidated in Japan) The adjusted emission factors of individual power companies. Before the FY2020 results, the basic emission factors were used.

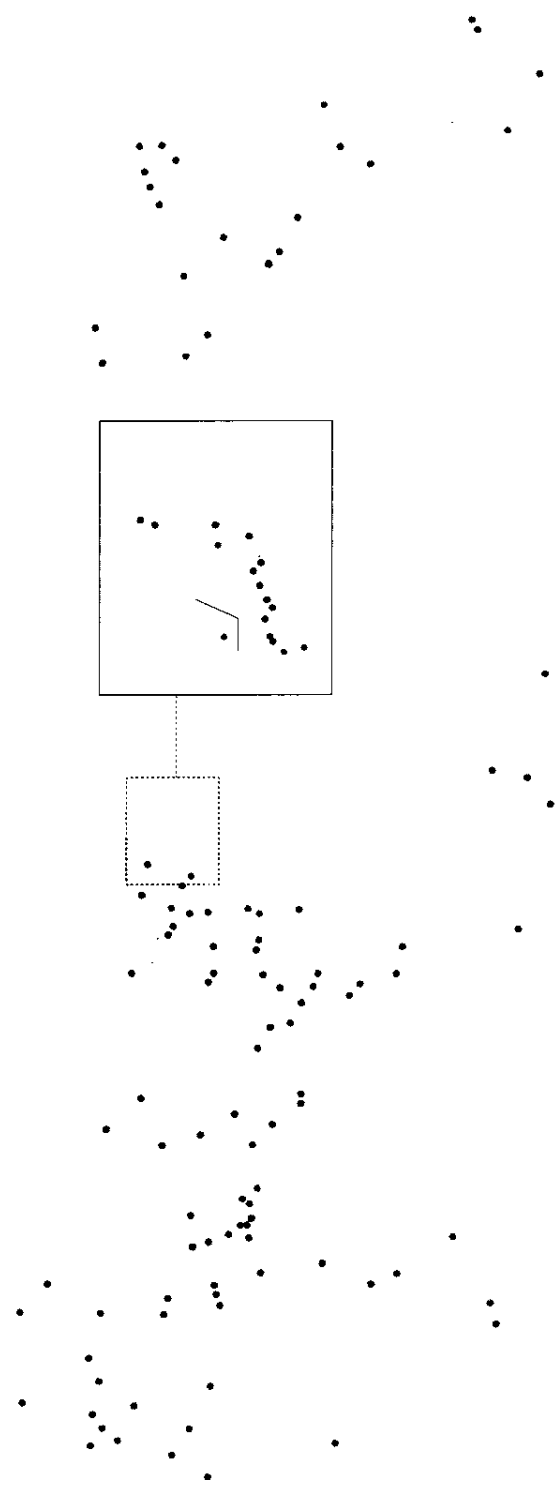
(Consolidated subsidiaries in Japan) The average emission factors of all power companies
(Overseas) Emission factors from electricity generation are based on the country-specific data in 2021 listed on "Emissions Factors 2023," an IEA (International Energy Agency) statistics.

^{*9} We have 11 Directors (including 5 Outside Directors), as resolved at the 156th Ordinary General Meeting of Shareholders held in June 2024.

Global network (As of April 1, 2024)

Messages from Regional Heads ▶ <https://www.sumitomocorp.com/en/jp/about/point/area-organization>

Domestic and overseas offices Indicates the cities in which our offices are located.	
Overseas	
64 countries and regions	
36 subsidiaries 82 locations	
2 branches 2 locations	
1 sub-branch 1 location	
22 offices 22 locations	
Total	107 locations
Japan	
Head Office	
3 subsidiaries 9 locations	
6 offices 10 locations	
Total	20 locations
Offices	
127 locations	
65 countries and regions	
Consolidated subsidiaries and associated companies (As of March 31, 2024)	
884 companies	
77 countries and regions	



External recognition

External Recognition • <https://sumitomocorp.disclosure.site/en/themes/17>

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

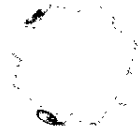
FTSE4Good Index Series
FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index



FTSE4Good



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index

S&P/JPX Carbon Efficient Index
Sompo Sustainability Index



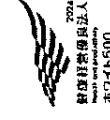
Sompo Sustainability Index

● Other external evaluations

CDP: Awarded A- Leadership level in the Climate Change, Water Security, and Forests questionnaires



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 PRIDE INDEX
Ministry of Economy, Trade and Industry (Japan): "White 500" enterprise with outstanding health and productivity management
Ministry of Economy, Trade and Industry (Japan): Selected as a "Next Nadeshiko: Companies Supporting Dual-career and Co-parenting"



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



Sumitomo Corporation

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