

President's speech to new employees (summary)

Introduction

- I would like to express my heartfelt congratulations and pay my respects to all of you here, both those belonging to the career track group and clerical group. You all made it through our highly competitive hiring process in which where only one in every 100 to 200 candidates is selected and offered positions here at this Company.
- I hope you will enjoy your work here and will take pride in being a member of the Sumitomo Corporation family, while at the same time being careful not to become overly confident and always maintaining a fresh outlook. Your corporate life, I'm sure, will have its ups and downs. But it is my hope that you will overcome whatever situation you encounter and nurture yourselves at the respective divisions to which you are assigned.
- Sumitomo Corporation, which celebrated its 90th anniversary last year, will be **marking its centennial in nine years** from now. With the help of all of you here, who will be taking Sumitomo Corporation into its second century, I am determined to strengthen this Company to ensure that it will continue to operate for hundreds of years to come. The history of Sumitomo dates back 400 years, and the Management Principles of our Company were established based on Sumitomo's business philosophy..

About Our Management Principles

- Since the Lehman shock that occurred in the year before last, two big changes have been observed in the global business environment: the geo-economic change exemplified by the rise of newly developing nations, and the change in industrial structures. We must keep our eyes fixed firmly on these developments and ensure that the knowledge we glean from our observations is used to spur on the growth of our Company. In the years ahead, **responding to change** will be the most important challenge Sumitomo Corporation will need to address.
- At this turning point at which we now find ourselves, there are things that need to be retained and things that need to change.

(1) What needs to be retained are the values of "integrity and sound management" and ensuring we "never pursue easy gains"

- The most important factor in pursuing business activities is **integrity**, or trust. The most basic attitude needed to nurture trust is a commitment to always do our best and never tell a lie. It is also very important to be very strict with ourselves when it comes to keeping promises. Act on every small promise with consistency and build an admirable record of accomplishment—this is the only way to win trust.
- To “**never pursue easy gains**” means that we should not make profits through wrong actions. We must always make absolutely sure that our business is not structured in such a way that we are only ones to profit and that the way in which we earn profits is not a target of criticism from society at large. The string of incidents of concerning Lehman Brothers and others reminds us of the danger of pursuing easy gains.

(2) What needs to change is that a **spirit of challenge** must be developed

- Although the ideas of “integrity and sound management” and “never pursue easy gains” need to be borne in mind, this should not be construed as an endorsement of conservatism, which by itself will not bring progress. Instead, I would like to see you stay a step ahead in dealing with change, to take on a “**spirit of challenge,**” and to create new value.
- The essence of the business of general trading companies is in taking risks and making profits. It is imperative to **take on new business challenges while conducting strict risk management** by identifying risks and preparing countermeasures.
- In my New Year address this year, I told all employees across the board that **avoiding risks is in itself risky**. Sumitomo Corporation demands a style in which risks are analyzed thoroughly prior to doing business. In other words, you are required to “**look twice before you leap, and leap in a timely manner.**” Some risks are foreseeable and others unforeseeable. Encountering unforeseeable risks cannot be helped. However, the essential element in business is to analyze the risks and establish measures against them by determining how to minimize the possibility of potential risks emerging as real problems.
- In English, a company is called “a going concern,” implying that the world of business is a world of constant change. “Going concern” basically means a business that is going well, but the word “concern” can also mean anxiety. The business of general trading companies is to essentially eliminate and provide solutions for anxieties experienced by various enterprises. At this turning point in history, there is

an increasing number of factors that amplify anxiety and concern. However, I would urge you to adopt the mindset that business opportunities expand all the more in such circumstances. I am confident that you will have many chances to enjoy taking on **the challenge of creating completely new business models**.

- In order to respond to change and extract opportunity from it, you need to be sensitive to change at all times. To this end, you should seek to constantly cultivate your curiosity and aspirations. Keep your antenna raised, adopt a broad perspective, and work each day with a persistent attitude. You will need to tell people around you when you notice a sign of change, in which case **teamwork** will be required. I would urge you to seek better solutions by sharing information with others and be open to changing your mind where necessary. Sumitomo Corporation is committed to human resources development and accordingly there are a wide range of in-house training programs on offer. I encourage you to make full use of these programs and take charge of your own professional development.

(3) Pride and taking responsibility

- I ask you to engage in your job—whatever it may be—with confidence and **pride**, although this must not lead to overconfidence or arrogance. At times, you may have to perform overly simple and laborious tasks. In such cases, **think about the essential purpose of your task and how it fits into the big picture**. In a European allegory, three brick workers at a construction site each described their job in their own way. The first worker said, “My job is to stack bricks,” the second said, “My job is to make a big wall,” while the third said, “My job is to build a gigantic cathedral.” I ask you to view your job from the same perspective as the third brick worker, seeing how it fits into the grand scheme.
- When performing any kind of job, failures or setbacks are unavoidable. When you do come up against failure or setback, blaming the situation on your boss, business partner or a change in the economic environment will only prevent you from moving forward. **It is important to instead accept responsibility for the failure, analyze what caused it, and learn a lesson from it so that you can succeed the next time**. Such behavior is referred to as **taking responsibility** and it is something that Sumitomo Corporation requires of all its employees at all levels of the Company. Considering what to do with failure and how to prevent making the same mistake again will help you to strengthen your own individual capacity.

Conclusion

- Making it through to the next quarter is not the only issue companies have to deal with. Although companies, as stock corporations, are obliged to generate good financial results in the short term, what is important above all is the **sustainability of their business**. Companies must look five to ten years ahead. I hope that your own aspirations and personal growth will contribute to the growth of this Company.
- Sustainability cannot be achieved overnight. It can only be attained when each employee performs their jobs properly every day. **Communication is the foundation of all jobs** and no communication is one-way. You must always put yourself in the shoes of the other party and speak in a way that they can understand. When genuine communication is thus established and good teamwork is built, our integrated corporate strength, the core competence of Sumitomo Corporation, can be fully exerted. **Greeting people forms the basis of communication**. In the United States, for instance, people greet one another casually even if they are merely passing by. Employees of Sumitomo Corporation are expected to make a point of greeting people within and outside the Company in a respectful manner.
- Lastly, I would like to stress the importance of compliance. It is not acceptable to violate the laws of a country or the rules of a company. At Sumitomo Corporation, we never engage in business if there is even the slightest possibility of a violation occurring, even if the deal has the potential to be very profitable. I ask you to strictly bear in mind that we must **ensure compliance** and never pursue easy gains.
- Today, you are starting your new working life as employees of Sumitomo Corporation. I am sure you will undergo various mental and physical changes, as a worker's life is different from that of a student's in terms of its daily rhythm and constraints on time. **Please do your best to cope with the changes with all the skills you have, and through your own efforts create a situation in which you can fully utilize your capacity**. To facilitate this, Sumitomo Corporation places importance on work-life balance. The Company will also support you by striving to build a workplace environment that allows you to make the most of your ability.
- We need your help in growing Sumitomo Corporation into a company in which we can take greater pride in. We look forward to seeing what you do and how you grow.

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