

# Message from the President and CEO



Motoyuki Oka  
President and CEO

On behalf of Sumitomo Corporation, I would like to thank you for the support and understanding to our business activities. On June 22 this year, Mr. Miyahara, the former president and CEO, assumed the post of Chairman of the Board of Directors, and I have been appointed to succeed him as President and CEO.

For your further understanding, I would like to state my views and commitment in this message.

## A High-performance Global Company

In the period ahead, we can expect to see globalization and the information technology revolution progress further and the process of change in our social and economic environment to grow even more intense. At Sumitomo Corporation, aiming at further promoting profit growth and strengthening our corporate constitution through “qualitatively improving the Integrated Business Enterprise and realizing global consolidated management,” we have already equipped ourselves with the concrete strategies to come out ahead in this new age. I will carry on with these strategies, striving to implement our corporate vision of being “a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.” I hope to develop Sumitomo Corporation into a truly “high-performance global company.”

## Sharing and Implementing Our Management Principles

When I speak of making our organization a global company, one aspect of what I have in mind is a company whose Corporate Vision, Management Principles, and Activity Guidelines reach across all the barriers of culture and language to be shared as common values by all employees across the globe, each of whom implements them with confidence and pride.

Our Management Principles set forth our corporate mission as being “to achieve prosperity and realize dreams for people around the world through sound business activities.” Furthermore, these principles stress “integrity and sound management” (which are the source of trust) as our fundamental business stance, and they call for us “to foster a corporate culture full of vitality and conducive to innovation.” These principles remain solid and constant regardless of how drastically our environment may change, and they are the starting point for our everyday activities.

The SC Values, which we drew up in order to ensure that all executives and employees share the values contained in the Corporate Mission Statement, express these principles in nine concrete items. All of them are important, but I would like to touch on the following three points:

### Integrity and sound management; compliance

The trust that Sumitomo Corporation enjoys has been built up over the course of our long history of integrity and sound management and has been passed on from one age to the next in an unbroken thread. This is the very core of our Management Principles; without trust our company cannot survive.

We always conduct our business activities in a lawful and fair manner. Under whatever circumstances, we always make it our top priority to comply with laws and regulations while maintaining the highest ethical standards.

### Change and innovation

Are we stuck with fixed notions and obsessed with past successes? Are we succumbing to conformity? Are we unthinkingly repeating what we did last year? We check ourselves constantly on points like these. And we keep highly alert so as to anticipate changes, to which we should respond with flexible thinking and bold action.

I accept the diversity among the employees in their values and behavior patterns, and I greatly appreciate and promote the attitudes and actions that all of them have been displaying in tackling the challenges of change.

SC VALUES	
1 Integrity and Sound Management	To comply with laws and regulations, while maintaining the highest ethical standards.
2 Integrated Corporate Strength	To create no boundaries within the organization; always to act with a company-wide perspective.
3 Vision	To create a clear vision of the future, and to communicate to share it within the organization.
4 Change and Innovation	To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action.
5 Commitment	To act responsibly and with initiative to achieve organizational objectives.
6 Enthusiasm	To act with enthusiasm and confidence, and to motivate others through such action.
7 Speed	To make quick decisions and act promptly.
8 Human Development	To fully support the development of others' potential.
9 Professionalism	To achieve and maintain high levels of expertise and skills.

for Managerial Staff

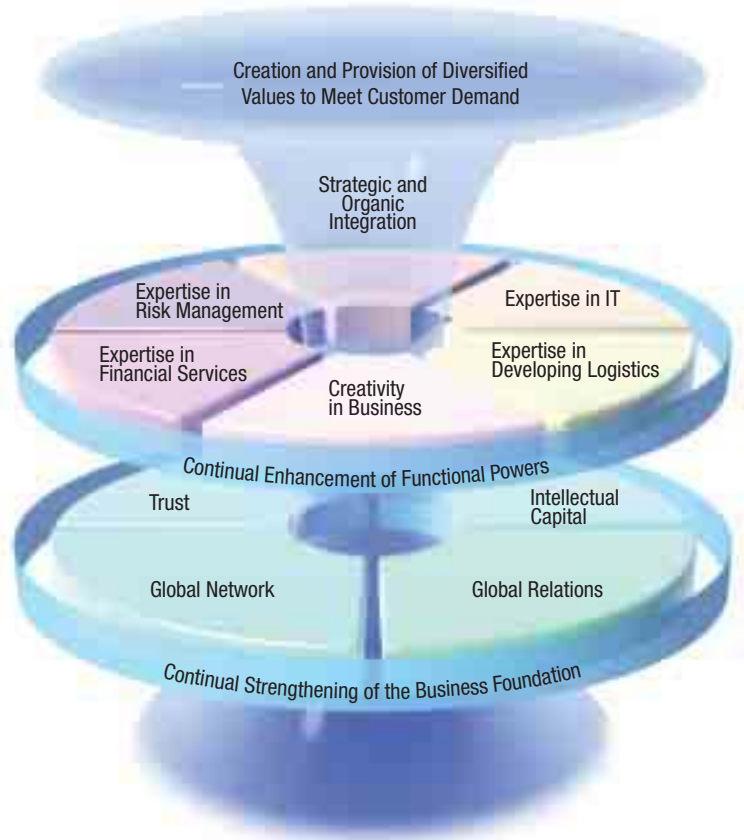
### Enthusiasm and teamwork

I intend to place great value on enthusiasm and teamwork in the conduct of our jobs. Whatever the job may be, doing it enthusiastically results in greater concentration and enables new discoveries. This leads to a feeling of accomplishment and makes the job more interesting; I believe that this can create a “virtuous cycle” of positive feedback and improved performance. Also, even when a task is impossible for a single person to accomplish, solid teamwork can produce great success, and the resulting joy can be shared by everybody on the team.

### Enhancing, Renewing, and Cultivating Our Integrated Corporate Strength

The second aspect of what I have in mind for Sumitomo Corporation as a global company is that it be an organization that has a solid business foundation and steady earning power, sustained by a core competence that it enhances and renews by constantly staying a step ahead in dealing with the changes of the times.

#### Core Competence: Integrated Corporate Strength



The core competence of our company is the integrated corporate strength by which we make use of our business foundation and our diverse knowledge base and expertise. Many corporations are moving forward with their processes of selection and consolidation, combined with utilizing management resources and intellectual assets from outside. In this context, I am certain that our customers will be making greater calls on the services and solutions that we can offer by bringing out our integrated corporate strength.

In order to enhance our integrated corporate strength, it is essential for us to upgrade the intellectual assets that form a key constituent of this strength. This means that each of us must improve our individual capabilities and must be more innovative.

Each of us, as professionals in our respective fields, must seize every chance to learn, building up our store of knowledge, experience, information, and other intellectual assets, and we must hone these assets by putting them into action.

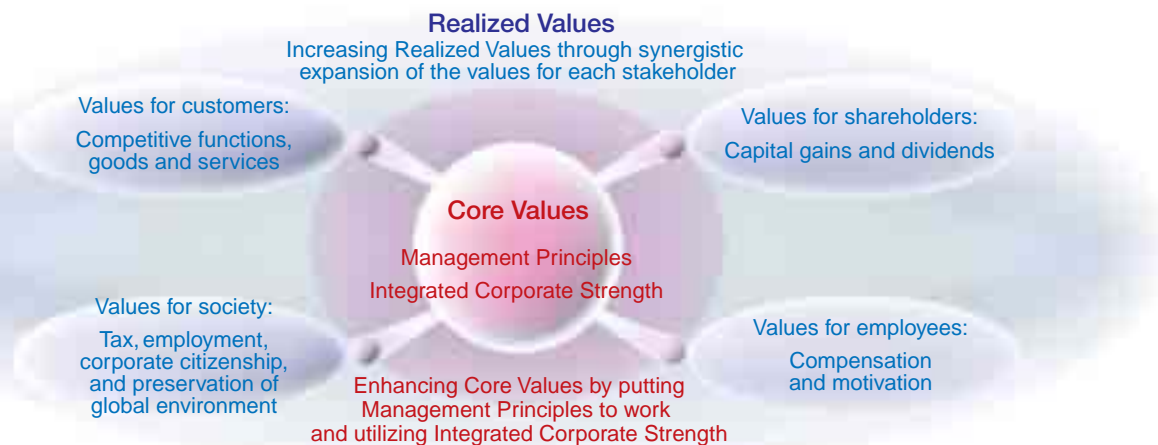
What is most important is to make the fullest use of our organization's foundation and functions acting with determination and effectiveness on behalf of our customers. These individual actions, linked with good communications throughout the company, will encourage strong teamwork, and promote the integrated corporate strength that will continue to make us a dynamic business force.

### Creating and Offering Diverse Value

The third aspect of the global company that I have in mind is one that wins the respect of global stakeholders such as customers, shareholders, society, and employees by creating and offering diverse new value in ways that other companies cannot match and by continually expanding this value.

## Corporate Values of Sumitomo Corp. Group

As Corporate Values, we attach importance to Core Values as source of values as well as Realized Values for stakeholders.



We constantly embody the Core Values and expand the Realized Values through excellent management and good teamwork.

- For customers, this means being a company that meets every global need, offering the best and most appropriate services, and earning their trust.
- For shareholders, this means being a company that provides a return that is commensurate with their investment of risk capital and whose business activities are ones that they can support.
- For society, this means being a company that contributes as a good corporate citizen and that pays full attention to the preservation of the global environment.
- For employees, this means being a company that each one of them around the world can feel sincerely proud and happy to work for.

These values are to be achieved by putting our Management Principles to work and utilizing our integrated corporate strength. We take these Management Principles and this integrated corporate strength to be the Core Values of Sumitomo Corporation. The global company that I seek to develop will be one that constantly enhances these Core Values, embodies them to the utmost, and synergistically expands the value that it provides for each of its stakeholders.

### **Firm Implementation of the 'Step Up Plan'**

In order to be a global company, our organization must have both solid financial strength and steady earning power. What we have to do as the first priority is to strengthen our earning power immediately.

Our first task is the firm implementation of the Step Up Plan that we launched this April. While maintaining our management stance of achieving a balance between our risk-adjusted assets and our risk buffers and maintaining consistent risk management, we must strive for a drastic expansion of our profit base. For this purpose, we will build and expand our core businesses, thoroughly implementing strategic and focused allocation of management resources and utilizing our integrated corporate strength to the fullest degree. On a company-wide level, we will make use of our budgeting and other systems and further clarify our management thinking so as to resolutely implement the most appropriate allocation of these resources. We will do our best to implement the Step Up Plan firmly and to achieve our targets of a consolidated risk-adjusted return ratio of a minimum of 5% after taxes over the next two years, which requires ¥100 billion in consolidated net profits.

Next, I want the Corporation to double its earning power as soon as possible, achieving a consolidated risk-adjusted return ratio of a minimum of 7.5% after taxes. Producing a return greater than the cost of capital is a bare minimum standard to be met by an organization seeking to be a global company.

In addition to strengthening our earning power, I will be working to enhance our disclosure of information to stakeholders and other forms of management transparency, soundness, and accountability. In the area of

governance as well, we will equip ourselves with a flexible and efficient management style, staying fully on top of global trends while at the same time taking into consideration the positive aspects of Japan's management culture and historical development processes.

As part of our effort to establish a global company, our objective for the near future will be to become a company eligible for listing on the New York Stock Exchange (NYSE). This requires meeting high standards in management and many other aspects, as well as strong earning power.

### **The Most Exciting Integrated Trading Company (*Sogo Shosha*)**

In this first year of the 21st century we have moved our Head Office to Harumi and are undertaking a new challenge.

In order to become a global company, we must make Sumitomo Corporation the most exciting *sogo shosha*, where each executive and employee makes his or her best efforts, displaying enthusiasm, ingenuity, and superior teamwork.

I ask you for your all-out support and enthusiastic cooperation.

(As of July, 2001)

A handwritten signature in black ink, appearing to be 'M. Oki', written in a cursive style.

President and CEO