

CONFIDENTIAL AND PRIVILEGED

Open-Ended Question #1:

This memo summarizes the comments that Sumitomo Corporation of Americas received in the 2018 Diversity and Inclusion Survey in response to the following question: *“What improvements can be made, or can you make, to improve diversity and inclusion at SCOA?”*

There are 6 Common Themes categorized below:

1. Corporate Culture: (128 mentioned): Four under this category:

- **Diversity and Inclusion Generally:** Several respondents provided comments generally supporting greater diversity and inclusion. They suggested the need for
 - (1) more visible diversity and inclusion in each office;
 - (2) deeper consideration of diversity and inclusion in the company’s recruitment process;
 - (3) the diversity committee to listen to and recognize the needs and value of all different categories of employees, as well as hearing ideas from outside our company;
 - (4) GMs making diversity and inclusion a priority;
 - (5) linking diversity and inclusion to the company’s HR targets and company goals;
 - (6) embrace diversity and inclusion;
 - (7) visibly drive diversity and inclusion from the top of the company;
 - (8) Promotion of inclusion by upper management.

Several respondents were skeptical about the company’s commitment to diversity and inclusion. Some thought the survey was a waste of time. Others thought nothing would change or that the company does not want to change. There were even respondents who expressed the view that the company was becoming more Japanese centric than it had been in the past, and that this trend reflected the company’s lack of commitment toward diversity and inclusion. Others questioned the company’s commitment to its Material Issues for Sustainability.

- **Sumitomo’s Capability and Competitiveness**

A few respondents expressed concerns about the company’s competitiveness and its inability to adapt to change. Some shared their view that the company was not a leader and lacked effective decision making ability. Others suggested that the company should pursue (or continue pursuing) new business directions, such as establishing more relationships with more non-Japanese companies and seeking advice from subsidiary management.

- **Mutual Respect**

Several respondents expressed concern over the importance of showing mutual respect for each other. Employees offered recommendations, or expressed their own personal commitment, to promote the following:

- (1) respect for the company’s leaders by non-rotating staff;
- (2) encouragement for employees to embrace cultural differences of other employees;
- (3) consideration that we are all the same company (including rotating and non-rotating staff) and share the same values;

- (4) reaching out to rotating staff employees;
- (5) accepting of foreign cultures;
- (6) creating a culture where all voices and opinions are encouraged;
- (7) respect for disagreements of non-rotating staff employees;
- (8) more checks and balances to control inappropriate rotating staff behavior;
- (9) relationships building with peers who have different backgrounds; and
- (10) appreciation of different opinions and perspectives;

Some respondents expressed a belief that some rotating staff do not treat local staff with respect, act unreasonably, or act in a demeaning manner to others. In a few cases, respondents thought rotating staff acted inappropriately because they thought they could never be fired or would not be punished for their inappropriate actions. There was a comment that rotating staff drink too much. A few respondents also expressed a view that inappropriate rotating staff behavior was “sexist” or “racist” at times. Some respondents believed the company cared about profits than its employees. Others expressed frustration and offense at rotating staff who would not listen to local staff’s suggestions on the proper use of English. A few also expressed a belief that rotating staff would unreasonably “go over the heads” of local employees as an inappropriate means to resolve problems or conflicts. In some cases, respondents expressed a view that rotating staff focused more on impressing their superiors or advancing their own professional careers instead of expressing sufficient care and concern for other people. Others also expressed frustration with rotating staff who unreasonably insisted that Japanese methods are always superior. Some respondents also questioned whether the rotating staff had sufficient incentive to establish strong connections with local staff.

➤ **Tokyo Centrism**

In some cases respondent were critical of a perceived tendency for the company to have a New York centric or Tokyo centric bias or way of thinking. Several respondents expressed concern that rotating staff are too focused on Tokyo headquarters. Some expressed frustration that rotating staff members appeared to believe that they can take any actions (even actions that may be sexist or racist) without retribution. Others expressed a concern that the rotating staff’s focus on Tokyo result in poor business decisions that adversely impact local offices.

2. Communication (98 mentioned): A large number of comments revolved around the need to improve communications. Respondents offered several recommendations for improving communication, including:

- (1) Creating formal and informal discussion groups, brain storming sessions and seminars among staff;
- (2) Promoting more communication between rotating and non-rotating staff;
- (3) Holding regular diversity meetings;
- (4) Improving communication between SCOA and its subsidiaries;
- (5) Holding events to foster frank and open communication;
- (6) Increasing communication with local staff;
- (7) Creating more intercultural teams;
- (8) Holding more town hall meetings;

- (9) Increasing personnel exchanges both within SCOA and with other organizations;
- (10) Hosting more presentations by General Managers at Town Hall meetings and with local staff generally;
- (11) Expanding communication across different organizational units within the company;
- (12) Offering more company sponsored social events;
- (13) Holding quarterly meetings (or other periodic meetings) with direct reports (including happy hour events);
- (14) Increasing efforts by managers to share the company's business plans and policies with team members so they can achieve goals together;
- (15) Informing oneself about the company, and one's own scope of work;
- (16) Increasing lunch interactions between rotating and non-rotating staff;
- (17) Sharing the company's Corporate Mission Statement, Material Issues and Medium Term Management Plan with Non-Rotating Staff;
- (18) Encouraging all Unit Managers to have staff meetings; and
- (19) Proactively sharing ideas with everyone.
- (20) Respondents expressed a personal commitment to communicate closely with non-rotating staff.

➤ **Corporate Social Events:** Several respondents expressed a desire for more opportunities to participate in social and corporate events such as:

- (1) cultural food fair;
- (2) intercultural activities;
- (3) picnic;
- (4) hiking;
- (5) riding;
- (6) sporting events;
- (7) activities to bond over cultural differences; and
- (8) Japan Festival.

Some employees also emphasized the importance of adequately communicating the availability of such events so all could participate.

3. Localization (90 mentioned) Career Path and promotions for NRS/local staff:

With respect to promotions, respondents offered recommendations that the company should:

- (1) Promote more non-rotating staff;
- (2) Support internal promotions when possible instead of hiring from outside the company;
- (3) Provide clear advancement opportunities for non-rotating staff;
- (4) Create promotion opportunities for administrative assistants; and
- (5) Open positions to all employees.

With respect to compensation, respondents indicated that the company should:

- (1) Value employees with longevity of loyal service;
- (2) Value employees who teach others;

- (3) Promote equitable pay between employees with longevity of service and newly hired employees;
- (4) Replace the “Merit Increase” system with a system that matches compensation to the market;
- (5) Promote equitable pay between rotating and non-rotating staff;
- (6) Establish a standard compensation structure for all employees, including rotating and non-rotating staff (with some commenting that separate compensation structures creates a “two company” environment)
- (7) A few respondents criticized the company for paying higher salary to newcomers and perceived this practice as unfair.

Several respondents identified a concern about a divide between managers and support staff. These respondents expressed ideas and suggestions such as:

- (1) Focusing more of the company’s attention on the administrative functions that support the commercial side of the business;
- (2) Increasing communication between administrative departments and business units (including the use of face-to-face contact and video conferencing);
- (3) Creating promotion opportunities for assistants;
- (4) Allowing employees to train their managers;
- (5) Providing promotion paths for support roles such as administrative assistants;
- (6) Increasing the recognition and support of administrative roles by upper management; and
- (7) Encouraging managers to recognize the importance of supporting support staff and addressing their concerns about resolving conflicts among staff.

Some identified the importance of learning more about SCOA and Sumitomo and expressed a desire for the following types of learning opportunities:

- (1) IT training;
- (2) Cross-cultural training;
- (3) Management training;
- (4) Mentoring opportunities;
- (5) Diversity training;
- (6) Rotating staff training on leadership and HR management;
- (7) Opportunities for non-rotating staff to participate in the same training that rotating staff receives;
- (8) Sensitivity training for rotating staff;
- (9) Newcomers Seminar; and
- (10) Language courses

4. Rotational System (51 mentioned): Rotating and Nonrotating Staff Relations: A significant number of comments were offered that relate to the rotating staff system, and the divide between rotating and non-rotating staff. Some respondents criticized the rotating staff system for being:

- (1) Male dominated;

- (2) Providing local staff with insufficient autonomy;
- (3) Forcing local staff to adjust continuously with widely differing management styles;
- (4) A system that assigns inexperienced individuals to positions they are not prepared for;
- (5) Limiting non-rotating staff leadership positions mostly to administrative departments;
- (6) Leaving unfinished business because rotations take place too quickly and often; and
- (7) Fostering a lack of direction for non-rotating staff.

Respondents offered the following recommendations for improving or changing the rotating staff system or the rotating / non-rotating divide:

- (1) Removing the designations of “rotational” and “non-rotational”;
- (2) Giving all employees equal opportunities for assignments and advancement;
- (3) Assigning non-rotational department heads who understand the business flow and local culture to act as points of contact with rotational staff;
- (4) Appointing non-rotational staff to all Administrative Departments;
- (5) Giving more diverse responsibility to local staff;
- (6) Adopting a rotating system (expatriate program) for non-rotating local staff employees (with opportunities for transferring employees from SCOA to SC Tokyo);
- (7) Entrusting non-rotating staff with more confidential information and decision making;
- (8) Increasing the decision-making authority of SCOA instead of SC Tokyo;
- (9) Involving more non-rotating staff in the planning and vision of the company;
- (10) Making clear the advancement opportunities for non-rotating staff;
- (11) Increasing the number of non-rotating staff managers to create a “better mix”;
- (12) Promoting non-rotating staff leaders;
- (13) Utilizing “job sharing” between rotating and non-rotating staff;
- (14) Relying more on non-rotating staff for contacts to source investment opportunities;
- (15) Requiring English proficiency exams for rotating staff;
- (16) Appointing a non-rotating staff as a co-general manager for each business group;
- (17) Including non-rotating staff more in internal meetings (not excluding them from any particular meeting);
- (18) Senior management acknowledging the value and opinions of non-rotating staff;
- (19) Allowing non-rotating staff to rate the performance of rotating staff;
- (20) Increasing transparency regarding the business rationale for decisions made by the company;
- (21) Allowing non-rotating staff to assume positions in multiple business units;
- (22) Placing a non-rotating staff in an EVP Role to promote business continuity; and
- (23) Assigning fewer trainees.

5. Language: (32 mentioned) several respondents offered suggestions on language such as:

- (1) Encouraging or increasing English communication;
- (2) Writing all official documents in English;
- (3) Refraining from speaking Japanese in front of English and Spanish speaking staff (with some describing this practice as “demeaning”);
- (4) Using English more frequently;
- (5) Using English at social events; and

(6) Requiring exclusive use of English even between rotating staff.

6. Gender Equality (28 mentioned): Treatment of Female Employees:

Several respondents expressed the following views about unfair treatment of female employees:

- (1) Lack of equitable compensation, promotion opportunities and benefits; and
- (2) “Sexist” behaviors and attitudes toward women.

Respondents also offered the following recommendations to promote more equitable treatment of women in the workplace:

- (1) Create more opportunities for women to take higher positions including senior executive positions;
- (2) Listen more carefully to the feedback and ideas of women;
- (3) Include women more in management meetings;
- (4) Create clear succession plans that incorporate career paths for women as well as men;
- (5) Promote women to leadership roles for the company to become a global organization;
- (6) Increase female participation in the Leadership Conference;
- (7) Hire and promote more women;
- (8) Promote equitable pay for women;
- (9) Provide better maternity leave for women; and
- (10) Make women feel valued and understood.

Some respondents believed that the company would not promote women to a GM level because the company adhered to outdated beliefs that promoting women would hurt the company’s image and competitiveness.

Other Comments

Some respondents asserted that SCOA HR had no power to make any changes. Others criticized some HR programs as ineffective and costly. Respondents made recommendations such as:

- (1) implementing HR Rules in a more flexible manner;
- (2) Establishing of an employee relations department;
- (3) Integrating the Japan HR System into a Global HR System;
- (4) Developing procedure manuals for all positions; and
- (5) Hiring fewer HR professionals

Some respondents expressed concern that non-rotating staff would face retaliation by raising human resources related concerns. Others expressed a concern about facing retaliation from Human Resources by responding to the Diversity and Inclusion Survey.

Several respondents indicated that they were unsure what changes should be made. Others expressed a view that everything was fine or that no changes were necessary. Some also suggested that improvements could not be made given the existing rotation system. In other cases, respondents believed that the company was already taking actions to improve diversity and inclusion and should continue with its current direction. Some respondents also indicated that SCOA was doing a great job because they always feel welcome and included. We also received comments indicating that soliciting opinions of employees through this 2018 Diversity and Inclusion Survey was a good first step.

Open-Ended Question #2:

Regarding the 2018 Diversity and Inclusion Survey, the following is a summary of the comments that employees provided in response to the question “*What do you like about working at SCOA?*”

There are 6 Common Themes categorized below:

Benefits / 401K (38 mentioned):

1. Many employees referenced the company’s employment benefits and policies such as:
2. Good health benefits
3. Good salary
4. Good fringe benefits
5. Reasonable working hours
6. Matching 401K Plan
7. Family leave benefits
8. Business casual dress code policy

Some employees even described the benefits package as “generous”.

Relationships and People (55 mentioned):

1. Employees expressed several positive aspects about their positive relationship with people at the company such as:
2. The opportunity to work with good co-workers and bosses
3. A good work environment with cultural harmony
4. Opportunities to work with many talented people who are experts
5. Co-workers who are pleasant, professional, kind, genuine, supportive, nice, respectful and polite
6. Working with ethical people and for an ethical company
7. Working for an organization that is smaller than Sumitomo Corporation and with better teamwork
8. Working for a small branch office of the company
9. An environment where there is good teamwork (business groups working toward the same goals)
10. Working for a company that is concerned with the welfare of its employees
11. The potential the company has to become an even better place to work
12. An open environment where people are open-minded and free to express their own opinions
13. The opportunity to interact with people who are different (i.e.: individuals with different customs, backgrounds, knowledge, nationalities and ways of thinking)
14. A working environment with good communication (i.e.: with some employees expressing an opinion that the communication is better than at Sumitomo Corporation’s Tokyo office)
15. Working with goal oriented people who are forward looking
16. Working with people who are trying to change the company in a constructive way
17. Appreciation for not being treated differently on the basis of gender
18. Appreciation for meaningful work that is important to the company’s goals
19. The ability to speak Japanese

Some employees expressly mentioned that they did not care about any differences between non-rotating staff and rotating staff because they enjoyed working with people from different backgrounds.

Stability and Security (24 mentioned):

Employees appreciated several aspects of the company's stability and security such:

1. Support received from Sumitomo Corporation
2. Sumitomo's values
3. The company's worldwide reputation and prestige
4. Working for a company that demonstrates loyalty
5. The office location
6. Working for a large stable company
7. Working for a company with goals and vision
8. The opportunity to work under the current executive management's leadership
9. Working for a company with a long history
10. Overall employment security and longevity

Diversified Business (58 mentioned):

1. Several employees expressed their appreciation for the opportunity to work in a company that provides opportunities associated with its diversified business, such as:
2. Opportunities to travel
3. Much unrealized potential which can still be developed and the opportunity to improve the business and its operations
4. The many further areas where the company can potentially diversify
5. Diverse business fields
6. Diverse areas of expertise
7. A diverse work environment (with some appreciating the greater diversity, freedom and openness than Sumitomo Corporation's Tokyo office)
8. A challenging work environment
9. An environment with greater diversity, inclusion and innovation than Sumitomo Corporation's Tokyo office
10. The ability to conduct work on a nation-wide basis
11. The challenging opportunity to find new business
12. The chance to live and work in the United States
13. The opportunity to become involved in various types of projects (including investment projects and business transactions in various industries)
14. An environment that integrates American and Japanese cultures
15. Engaging in work that can make a difference for society or the lives of other people

Training & Learning Opportunities(35 mentioned):

Many employees expressed their appreciation for the various training and learning opportunities provided by the company such as:

1. Opportunities to learning about our company's various lines of businesses
2. Support from managers
3. Opportunities to learn while working at subsidiaries
4. Good orientation programs for new employees
5. Opportunities to grow and develop one's potential
6. The variety of training opportunities
7. The potential opportunities for further growth if more managerial opportunities are opened to women and non-Japanese
8. Opportunities for professional development
9. Continuous opportunities to learn new ways of doing things on the job
10. Opportunities to learn about other cultures
11. The opportunity to assume greater responsibilities (compared to Sumitomo Corporation's Tokyo Office).
12. The fact that growth opportunities are offered to all employees
13. The chance to support others
14. The opportunity for self-improvement
15. The chance to learn about a different type of work discipline
16. Learning about the Japanese culture
17. The chance to learn about Japanese culture and teach colleagues about US culture

Work/Life Balance(20 mentioned):

1. A more casual work environment than Sumitomo Corporation's Tokyo office
2. Rules that are more flexible and practical than in Sumitomo Corporation's Tokyo office
3. Policies and benefits that promote family / life balance (although with some employees also expressing the hope that the company would make further progress in this area)
4. Overall flexibility and work-life balance

Other

Other employees did not respond or responded by indicating that they had nothing positive to say or mentioned that they did not know what to say.