

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on “Shunto” Spring Wage Negotiations 2020**

1. Most Japanese companies have settled the annual labor-management wage negotiations today for Shunto 2020. The pace of pay hikes is generally slower than last year, and some sectors/businesses are facing the severe outcome, due to growing uncertainties over the economic outlook impacted by the outbreak of the new coronavirus. We, however, recognize that the basic trend of pay hikes and comprehensive improvement of labor conditions is still in place.
2. Under this tough environment, we must continue investment for the future, aiming at sustainable corporate growth and improvement of labor conditions for the coming years. Meanwhile, corporate executives must demonstrate leadership to overcome the challenges. Above all, we must focus on 1) enhancement of productivity through reform in working style and business practices by means of teleworking and web conferencing even with business partners and 2) development of risk-resilient business infrastructure based on reviewing the current supply chain. These are challenges but opportunities emerging from the outbreak of the new coronavirus.
3. There is also a pressing need to revisit Japanese-style employment practices, which are already obsolete in the world of intensifying global competition. Coming to the practice of Shunto wage negotiations, we saw some corporations having agreed to introduce a system whereby the wage hike ratio will be determined on the basis of performance appraisal. We welcome such initiative to revise traditional practices of creating industry-standard requests to the management for pay scale hike and seeking replies. The norm today is that a company will never be chosen by the workers, unless it allows diverse and flexible working styles and has systems of personnel assessment based on each employee's job and his/her performance. We expect that labor and management recognize this, and introduce measures fit to each company in accordance with the principle of autonomous labor-management relations.