

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on “Shunto” Spring Wage Negotiations 2023**

1. Most Japanese companies have settled the annual labor-management wage negotiations today for Shunto 2023. While soaring prices keep real wages declining, the efforts of each company are deemed to have brought positive answers to wage hike requests and overall compensation improvements. We hope to see this momentum reach SMEs and local cities nationwide.
2. Looking to this momentum continue longer, business managers must present future-oriented messages and thoughts behind the wage hikes to their employees, as they are the key creators of the corporate value. It is an important process to lead to sustainable creation of added value.
3. Meanwhile, Japanese companies need to break with Shunto’s traditional practices of creating industry-standard requests and answers for wage hikes. Behind the practices are the scheme of pay scale hike that allows for across-the-board allocation of fruits from business performance, and that of regular pay hike based on employee’s ages and length of service. Under the principle of autonomous labor-management relations, Japanese companies must improve their productivity. This is viable by pursuing measures that enable diverse and flexible working styles, together with labor mobility as well as fair compensation, reflecting employees’ responsibility and achievement.

###