

January 6, 2020

Sumitomo Electric Industries, Ltd.

Osamu Inoue, President

2020 New Year's Message from the President

I would like to wish you all a Happy New Year.

Looking back at the previous year, we find that there was a noticeable decline in global economic growth, mainly due to the U.S.-China trade conflict. This was accompanied by a downturn in emerging economies, as indicated by a slowdown in countries previously boasting high growth rates. Meanwhile, the Japanese economy continued to suffer from a decline in exports, even though there was special demand thanks to the Olympic and Paralympic Games.

In such a tough business environment today, we especially need to reinforce SEQCDD*1 with the involvement of everyone throughout the Group and establish an even more solid corporate structure.

1. Improve the Profit Rate with the Involvement of Everyone throughout the Group

In the first half of fiscal year 2019, the operating income margin, on a consolidated basis, remained at a low level. In view of this fact, I call on each department and company once again to get to the root of the decline in the profit rate, establish countermeasures and implement them completely.

In the manufacturing sector, to overcome difficulties brought about by the harsh external environment, it is not always proper to stick to the conventional methods. Instead, rack your brains from the perspective of what to do, in order to achieve your targets and fully implement all countermeasures you have set. For the staff of the sales sector, I ask you to appropriately identify customer trends and market changes to expand opportunities. I request corporate staff members to become even more aware of costs and the time taken to carry out tasks and eliminate operational unreasonableness, inconsistencies and unnecessary procedures to increase productivity, while further enhancing your office work quality. For the R&D sector, I ask for early development of new products and new technologies that will truly match customers' needs.

2. Operate based on a Strong Belief that All Accidents Can Be Eliminated

I'm sure that more than one safety training session is provided at newly established bases and for newly hired staff members. Still, I ask you once again to continue to provide comprehensive safety training until the training is clearly reflected in each trainee's behavior. As indicated by the phrase "Spirit is in the details," managers and supervisors need to conduct the 1-2-3 activities*2 and risk assessment with a strong attention to detail, and address any risk factors, if detected.

In VISION 2022, we have set the target of accomplishing "zero accidents in people, goods and equipment to become a company with the highest level of safety in the world." To prevent the target from ending up as a mere slogan, all the members of the Sumitomo Electric Group need to adopt a strong belief that all accidents can be eliminated, when engaging not only in various safety activities, but also in daily operations.

3. Ensure Legal Compliance Thoroughly

Compliance with laws, regulations and corporate ethics is a minimum requirement for a company to achieve sustainable development as an entity trusted and respected by society. To accomplish this, each one of you needs to ensure legal compliance and, if you encounter any issue or situation that is not referred to specifically in corporate regulations, please make the necessary inspection based on the tenets of the Sumitomo Spirit: Banji-nissei (Do your sincere best in not only business but also every aspect of your life.), Shinyo-kakujitsu (Place importance on integrity and sound management.) and Fusu-furi (Do not act rashly or carelessly in pursuit of immoral business.).

Today, with globalization underway in a wide variety of fields, accompanied by respect for diversity, you need to act not based on your past experiences, but try to understand the other person's position. To admonish someone without controlling your emotions is quite different from supervising someone in consideration of them. Also, even if you do the same thing to different people, they might perceive it differently. In this environment, the key lies in communication. I believe that if smooth communication is ensured on a daily basis at a workplace, then an appropriate relationship for understanding mutual positions has been established in the workplace. I ask you to demonstrate ingenuity in achieving even better communication toward maintaining and improving an open and cheerful workplace environment where members can express their views frankly, while remaining attentive to work and disciplined.

News Release



In closing, I urge all the members of the Sumitomo Electric Group to do your best at what you are doing and consolidate your efforts with the aim of accomplishing the targets of VISION 2022.

*1 SEQCDD: The key elements for us to achieve our goals, namely safety, environment, quality, cost, delivery and R&D

*2 1-2-3 activities : On-site improvement activities in which supervisor visit the site twice a day and give at least three points of guidance.

■ Reference

Sumitomo Electric's Website

<https://sumitomoelectric.com/>