

January 9, 2023
President Kenichi Urushibata

Summary of New Year speech of 2023 (for employees)

Happy New Year!

I am happy to start the New Year with you and deliver my New Year message for 2023 on this occasion. It has been almost three years since the spread of the COVID-19. In this unprecedented environment, I would like to once again thank all of our employees for placing the highest priority on customer satisfaction. The year 2023 is the closing year of the "22VISION" (22V) and the beginning of the "First Medium-Term Plan (25M) (FY23 to FY25)," which is aimed at the "2030VISION" (30V). I hope that we can make a good start toward our new targets.

Despite expectations of a recovery in global automotive demand, we still face tight semiconductor supply, unstable exchange rates, and high material and marine transportation costs. In addition, it is inevitable that each country countries will have to comply with automobile decarbonization regulations and social responsibility regarding carbon neutrality, and lockdowns due to the effects of COVID-19 infections, trade friction among nations, and geopolitical risks could arise at any time. Thus, we anticipate that this year's business environment will continue to change rapidly. However, no matter what the business environment, we will continue to fulfill our responsibility to supply our products to our customers, and together with all of you, we will achieve our targets to "continue to be a company trusted as an indispensable partner by customers around the world, with confidence and pride in working for a global company".

I would like to share with you three requests for this year.

1. Strengthen corporate structure and manufacturing capabilities to meet the scale of demand

The first point is to strengthen our corporate structure and manufacturing capabilities to match the scale of demand. We are required to recognize signs of risk from changes in the external environment and immediately take necessary and appropriate actions to minimize the impact and firmly generate earnings in accordance with our plans. We need to change our thinking and take on the challenge of change by first trying out more productive and efficient methods, even if they are existing processes. In order to achieve this, it is inevitable that each department will promote DX and digitalization. Although it will be difficult to achieve this targets in a single step, I ask you to work on it with speed.

2. Responding to the CASE Trend

The second point is to respond to the CASE trend, which is expected to grow and expand in the market. In the Sumitomo Harness business, we have deepened cooperation with Sumitomo Electric Industries, Ltd. and AutoNetworks Technologies, Ltd. to become a partner in considering new car values together with our customers, and we have been quick to take on the electrification and connected high-speed communication domains. In this way, I ask that you mobilize the collective strength of the SWS Group and boldly take up the challenge of quickly initiating development, establishing new technologies, and commercializing new products.

3. Creation of "new value" by strengthening the organization and people

The third point is the creation of "new value" by strengthening the organization and people based on the SWS WAY^{*1}. To this end, it is important for each and every employee to realize what the

value of his or her current work is. Furthermore, it is necessary to take action to realize this value by involving those around them. It will also be necessary to accept diverse thoughts and ideas that differ from one's own, regardless of attributes or positions, and to engage in thorough bottom-up discussions. However, accepting diverse thoughts and ideas is not an easy task in reality, even if we understand it theoretically. That is why I believe it is important to always share the SWS WAY as a principle of action with the SWS Group Global, and to put it into practice in our actual work. By continuing to create new value in this way, we hope to remain a company that is chosen by both society and our customers.

Last, I would like to share with you the fundamentals of our corporate activities.

(1) Health: The SWS Group Health Declaration states that "the health of each and every employee is the source of a vibrant company" and that "health is essential for realizing "safety takes precedence over everything else. I ask you to raise your health awareness and take action to maintain and improve your health with a sense of awareness.

(2) Safety: I ask that managers in each department take the lead in ensuring compliance with the Three Rules^{*2}, fostering a culture of safety, and promoting measures to separate forklifts from people, with a firm determination to prevent industrial accidents.

(3) Environment: We have set a target of reducing CO2 emissions by 30% by 2030, and launched a company-wide committee in October 2022 to begin full-scale activities. I ask that you pursue energy reduction based on productivity improvement in all aspects.

(4) Quality: Based on the action guidelines of "Make," "Follow," "Improve," and "Make," I ask that you work toward realizing "zero accidents and worldwide uniform quality" as "Sumitomo with No.1 Quality. Quality fraud is an act that violates our promises to customers and their expectations, and must not be tolerated. I ask that you check once again whether you are in compliance with the agreements and internal rules, not just past practices, and take appropriate measures to ensure that you are in compliance.

(5) Compliance: In addition to complying with laws and regulations, I ask you again to act based on whether you can confidently say that your actions are right, and whether they are in accordance with the Sumitomo Business Spirit of "Fusu-furi".

The above are my wishes for the New Year.

I wish you and your families a happy new year.

End

—For your reference:—

*** 1 SWS WAY**

: The Action principles of the SWS Group.

*** 2 Three Rules (Basic Rules)**

: (Before Operation) Make sure hands and PPE (While Operation) Never place hands in safety cover
(Equipment Maintenance) Switch Power OFF