



Developing, Strengthening and Promoting the Risk Management System

Relevant SDGs



We are strengthening our internal Group system to build a robust organization founded on all-inclusive risk management.

GLOBAL MESSAGE



Enhancing Supply Chain Management

Our business cannot exist without various parts provided by suppliers. We are therefore strengthening our supply chain management to understand the impact of risks, including the recent examples of natural disasters. By creating a database of locations, such as parts production plants, of nearly 300 major suppliers, we can promptly check their safety and impact on parts supply when risk occurs. The number of new suppliers we do business with has been increasing every year, so we update the database annually and share it with the related business divisions. Through these efforts, we will minimize the impact of risks and contribute to creating an integrated system with business divisions for ensuring a stable supply of products to our customers.

Hirohiko Sakamoto / Procurement Planning Department / Sumitomo Wiring Systems (SWS) (Japan)

Risk Management Basic Policies

Within the framework of the Sumitomo Wiring Systems Group Basic Principles, the Risk Management Basic Policies clearly stipulate corporate policies that require us to give priority to human life; to strive to improve quality, secure safety and ensure a stable supply of products; and to maintain good relationships with stakeholders, including customers and local communities.

We have identified five major areas (Promotion System Management; Risk Communication; Preventive Risk Management; Crisis Management; Overseas Safety Measures) where we will make comprehensive efforts under our corporate risk management system.



Risk Management System

We established the Risk Management Promotion Committee under the Risk Management Committee, with the Risk Management Office as its secretariat. In addition, we assigned risk managers to each division and domestic manufacturing subsidiaries and risk management staff to each department to promote risk management efforts.

With the cooperation of these risk managers, we conducted a risk inventory at 40 overseas Group companies by fiscal 2018 and formulated risk countermeasures,

► Risk Management System



including a BCP*1 for high-priority risks.

We also compiled risk-related information and shared with domestic and overseas group companies the actions to be taken in the event of an accident. In addition to daily risk management activities, we are developing a system that allows all our employees to work together to address crisis situations.

We will continue to strengthen our risk management by regularly conducting group-wide risk inventories, reviewing the BCP, and implementing ongoing measures to address high-priority risks.

Analysis and Countermeasures for Global Risks

Sumitomo Wiring Systems operates businesses in 32 countries around the world, which exposes the company to natural disasters such as earthquakes and typhoons, political risks such as social instability, labor risks such as compliance violations and other types of risks that require our careful consideration of several scenarios and countermeasures on a global level. Recently, IT risks such as remittance frauds, cyber-attacks, and information leakage have become more common overseas. To address such a wide range of risks, we have formulated and implemented the Risk Management Guidelines, which can be applied throughout the company, including our overseas Group companies.

In accordance with these guidelines, we will continue to conduct risk inventories to identify the risks that overseas

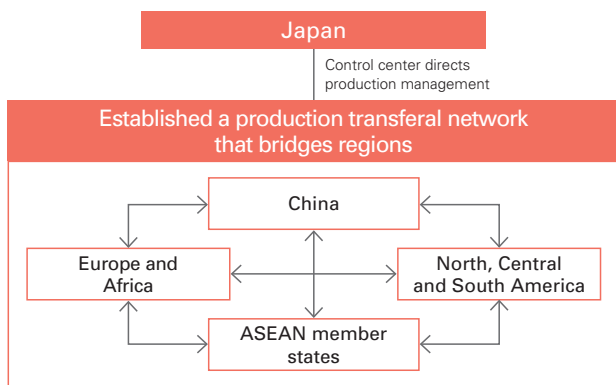
subsidiaries face, assess the risks of each country and region, and develop and implement risk countermeasures.

In addition to the prompt sharing of information on apparent risks and implementation of countermeasures, we strive to prevent risks by regularly deploying risk-related information to relevant personnel.

In our wiring harness business, which is our main business, we endeavor to ensure continuity of production and supply even in times of crisis. For example, if production is suspended at some of our overseas plants, the production control center in Japan directs the disrupted production to be carried out at other locations.

We will further strengthen our Group-wide management and build up a system that is more responsive to customer requirements.

► Production Control System



Initiatives in Fiscal 2018

To increase the resilience of the entire Group to risks, we strengthened our internal systems through efforts such as developing and reviewing our BCP, conducting training, formulating manuals, and improving our information security measures so that we can promptly collaborate between departments in the event of an emergency.

BCP

Our BCP is annually reviewed to sustain key operations, even in the event of a crisis such as a major earthquake or outbreak of a new influenza. We have also been conducting evacuation/disaster drills in anticipation of a major Nankai Trough earthquake and distributing a tsunami evacuation manual for employees.

In fiscal 2018, we conducted evacuation drills in anticipation of a major earthquake, at a location that is not our normal workplace and during a business trip. During the drills, we practiced how to operate the safety confirmation service linked with the security company and other necessary actions to improve our response in a situation that simulated actual disaster scenarios.

To strengthen independent preparedness for disasters at each business site, we created and implemented new BCPs for the Yokkaichi, Kanto, Suzuka, and Tsu plants.

In addition, we revised the swine flu control manual for the first time in ten years since 2009. We implement a thorough crisis management by formulating the necessary procedures for the business continuation and early recovery in case of a swine flu outbreak by preventing the spread (pandemic) to our employees.

Voice



Improving Emergency Preparedness through Emergency Drills with Different Scenarios

Matoshi Takasaki
Global PIKAPIKA Center,
Wiring Harness Production Division
Sumitomo Wiring Systems (SWS)

We are currently building and strengthening a risk management system. By addressing each issue identified in the Disaster Imagination Game, we are also working to create a BCP manual and maintain equipment that can actually be used in case of emergency. As an example of disaster preparedness, we distributed a disaster supplies kit (containing a helmet, flashlight, whistle, and raincoat) to all employees so they can evacuate safely at night or in the rain.

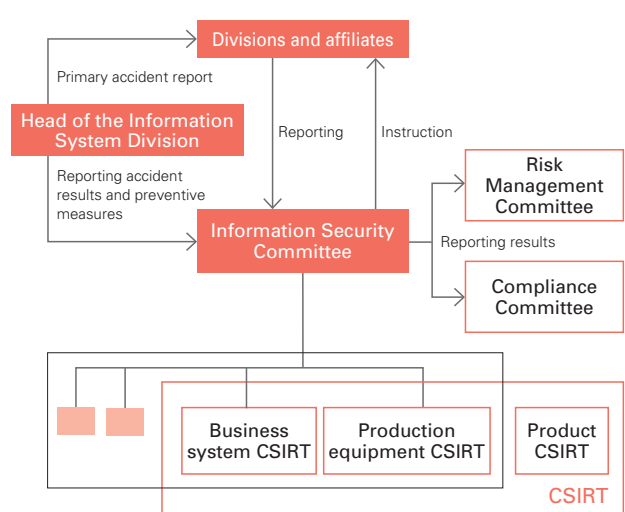
Life safety is always the highest priority in an emergency. We will continue our efforts to improve our preparedness in order to ensure our safety in any emergency situation.

Information Security Measures

We recognize the importance of proper protection and management of information assets in our operations and have the Standards for Information Security Countermeasure, which defines our organization and information management methods for ensuring security information based on our stance stated in the Information Security Policy. For responding to accidents, we have established a system that allows us to quickly investigate, analyze, and address the incident, mainly using the CSIRT*2, which is capable of swiftly assessing and dealing with information security-related occurrences.

In fiscal 2018, in view of recent and seemingly more frequent cyber-attacks, we investigated the status of computers used in all domestic and overseas companies and implemented basic measures. We also regularly conduct training related to targeted email attacks. Going forward, we will take full measures for facilities in plants that require ICT.

► Information Security System



Glossary

*1 Business continuity plan An action plan formulated in anticipation of an unforeseen event such as a disaster or accident and intended to minimize impact on important operations so that business can be quickly recovered and resumed if interrupted.

*2 Computer Security Incident Response Team