

# Opening the Future of Automobiles with Our Partners Using Technological Capabilities We Have Cultivated Over the Years

## Capturing the Era of Change as an Opportunity

In fiscal 2019, the second year of our mid-term management plan 22VISION, we were able to push our sales to exceed last year, which had been a record high, by increasing orders for wiring harnesses for new car models despite the aftermath of US-China trade frictions and intensifying competition from the entry of different industries. We were forced to see our profits drop, however, in the wake of increased costs resulting from a wage increase, mainly in emerging countries, and stagnation of production activities due to the novel coronavirus pandemic. The lower profit was also influenced by the higher costs for adapting to CASE (Connected, Autonomous, Shared and Electric) vehicles, a major level of transformation in the automobile industry that is said to occur only once in a century.

I believe situations like these that may appear hopeless can also represent opportunities. While improving profitability is essential for our growth, CASE-related capital investment and R&D are for the sole purpose of investing in the future in anticipation of a new era. In particular, we are making progress in developing unique products related to connected vehicles, where demand for high-speed data communication parts is expected to increase, and electric vehicles, such as high-speed data communication connectors, battery wire modules and aluminum wiring harnesses.

## Working Hand in Hand with Our Customers and Suppliers

Not satisfied with the status quo, we are constantly seeking new opportunities and continued growth. Improving our corporate structure and profitability is indispensable as the foundation for strengthening our manufacturing capabilities, enhancing our strengths in development and proposals as well as accelerating commercialization of our products, and improving our human resources and organizational capabilities, which are the priority targets we have identified to realize 22VISION. Along with the integrated efforts of the Group, Sumitomo Electric Industries and with our affiliate AutoNetworks Technologies, we will further improve efficiency and accelerate R&D efforts in new areas and maximize synergies.

In the midst of growing concerns over the prolonged and extensive impacts of the COVID-19 pandemic on the economy, it is also important to work hand in hand with our customers and suppliers to overcome this challenge. While promoting customer-based and customer-oriented development work and supporting our supply chain business partners, we will deepen our relationships with trust and forge supply chain partnerships.

## Realizing Ideals through Our CSR Practice

We are a global company operating in 31 countries around the world with the goal of becoming a mega supplier focused on wiring harnesses. As a group with about 230,000 employees from diverse backgrounds, it is essential to have shared values at work to motivate employees to unite as one corporate entity, achieve sustainable growth across the Group and respond to social expectations. One standard is defined by the three ideals we intend to realize through our CSR practice: globally uniform highest quality; trust, familiarity, and accessibility; and living with local communities. The driving force behind meeting these important standards is in fact our own employees.

In April 2020, we set out the Sumitomo Wiring Systems Group Health Declaration with the belief that the wellspring

of a vibrant company is the sound health of every employee. From the viewpoint of promoting health and productivity management, we will maintain close communication with our employees and support personal health efforts to raise awareness of healthy lifestyles. At the same time, we will once again return to the foundation of our corporate management that safety is our top priority and ensure that all our employees are fully compliant and aware of safety rules for zero workplace accidents to improve productivity.

We have grown into a major enterprise since our founding in Yokkaichi City, Mie Prefecture 103 years ago, and as a responsible corporate citizen, I believe we must give back to the local community. We actively engage in local communities through support for the women's rugby team in Yokkaichi City, promotion of activities to support people with disabilities, and participation in other local events. It is only natural for us to give back to the local communities that have given us so much. All our domestic and overseas sites are also engaged in efforts to achieve co-existence and co-prosperity with local communities.

We are also striving to contribute to reducing environmental impacts including CO<sub>2</sub> emissions as a responsible member in the automobile industry. Our commitment to global environmental issues is represented by the development of the world's highest quality aluminum wiring harnesses that can help reduce the weight of car bodies and fuel consumption, thereby improving the quality of automobiles.

## Our Starting Point of "Connect" as a Foundation

Especially during this era of rapid change, it is important for each employee to be aware of their responsibilities and duties as part of the SWS Group, which operates at a global scale, to understand the impact the entire Group has on the global environment while accurately and quickly assessing the needs of a changing world and addressing them through our business activities. This will lead the Group to becoming the world's most rewarding and vibrant company, which we have long advocated.

The basic philosophy of the SWS Group, "Connect with the Best," encompasses our commitment to most effectively connect the various environments surrounding us as well as product parts.

Our starting point is to "Connect." We will increase convenience by connecting vehicles with people and society and opening up the future of automobiles by fully utilizing the technological capabilities we have cultivated over the years. These efforts will enable us to continue to be a company that contributes to realizing a sustainable society.

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