

## Customers

Under the global production system across 31 countries, we will challenge for improvement of quality control activities across the company to realize globally uniform highest quality.

Relevant SDGs



### GLOBAL MESSAGE



### Efforts to Achieve Zero Complaints Related to Manufacturing Issues

Accompanied by the uninterrupted launch of new products, our sales increased nearly six-fold in five years. Due to rapid business growth, we could not maintain our quality control and resulted in a decline in quality performance.

Reflecting on this experience, we earnestly strengthened our manufacturing site improvement and analysis capabilities. We have been ensuring the "3 Point Control" in the meetings before the start of the work, and began Quality Problem Solving (QPS) activities to reduce defects through the concerted efforts of all departments.

We also accelerated identification of the defect causes and established rules for handling each defect. Thanks to these efforts, we were able to achieve zero complaints related to manufacturing issues in fiscal 2019.

We will further improve our own capabilities to become the world's best plant in terms of safety, quality and cost.

| Thailand |

Choosak Sopon Section Manager, Electronic Department  
SEWS-COMPONENTS (Thailand) Ltd. (SEWS-CT)

## Quality Control

### Quality Policies

**22VISION** Make our quality No.1 in the world and obtain customers' best evaluation

- 1 Strengthening manufacturing power by own process assurance activity
- 2 Pursuing best quality in the world by establishing mechanism
- 3 Improving manufacturing sites' strength with ability of forestalling control and recognition

Action Guideline: Make – Follow – Improve – Follow/ the rules



### Pursuit of Customer Satisfaction

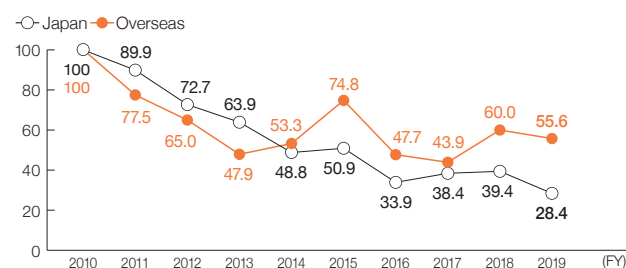
The SWS Group strives to reduce quality defects to improve customer satisfaction. In fiscal 2019, our quality performance for Japanese customers attained the best result ever. On the other hand, our quality performance for international customers remained at the same level in the wake of launching new models and transferring production sites.

Under these circumstances, we are working to incorporate measures to prevent recurring defects and reviewing verification items to strengthen forestalling control for changes, mainly for international customers.

We have also strengthened our management system by setting up quality meetings for each region and customer and clarifying who is in charge to ensure that there are no delays or deficiencies in production preparation for new products.

We will continue to thoroughly prevent the recurrence of defects and spread good practices toward achieving zero complaints.

Number of Complaints (Indexing the Base Year of Fiscal 2010 as 100)



### Deepening the Own Process Assurance Activity

The SWS Group promotes the Own Process Assurance Activity as the foundation of achieving zero quality defects. The design division creates drawings without any elements that might lead to a quality defect (ACT1), the production engineering division makes equipment and processes, which do not allow defects to proceed to the next process, and the

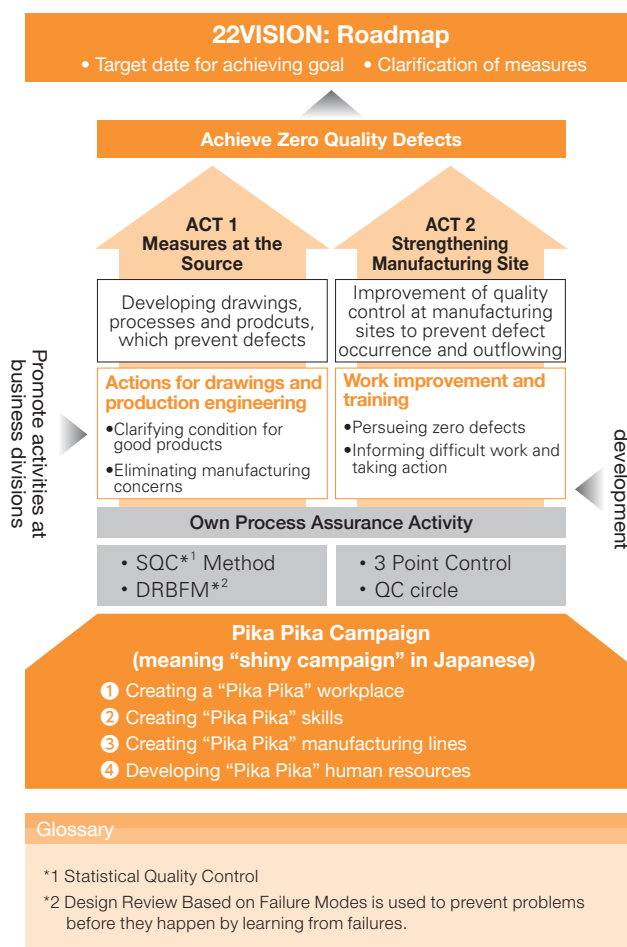
manufacturing division develops and operates systems that prevent defects regardless of any change point (ACT2).

To prevent defects, we thoroughly implement 3 Point Control: (1) change point control, (2) abnormality control, (3) work compliance control at manufacturing sites, and visualize them.

As to work procedure and work compliance, we monitor each employee and seek to identify the cause of any non-compliance and improve our standards, jigs and tools, and design.

We will continue to strive for zero quality defects by thoroughly pursuing ACT1, ACT2, and 3 Point Control.

Priority Actions Related to Quality Improvement



### Human Resource Development

Most of our wire harnesses, which are our core products, are manufactured overseas. To realize "globally uniform highest quality" as a company quality department under these circumstances, we conduct practical on-site training for quality improvement at overseas manufacturing sites.

Specifically, we provide quality improvement training to the leaders of the local manufacturing and quality assurance divisions to eliminate any recurring in-process defects. At first, we conduct quality improvement training focusing on analyzing factors with actual products at the actual site.

After completing the training program, we aim to achieve quality targets and quality improvement through developing

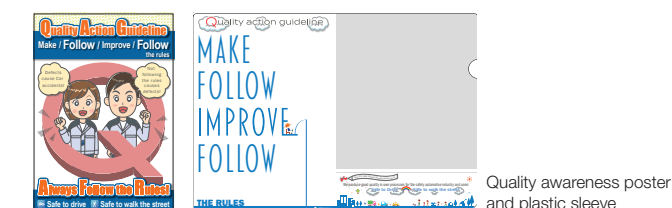
improvement methods at each site by following up voluntary improvement activities in which leaders take on roles of trainers.

We started providing training programs mainly in Europe at first and then expanded them to the Americas. In fiscal 2019, we trained 29 employees in four countries (Mexico, China, Vietnam and Japan), thereby establishing the foundations for quality improvement and the spread of quality improvement activities at each location. We will strive to further disseminate the training to ASEAN countries as well.

### Activities for Improving Quality Awareness

Compared to Japan, overseas plants have been more affected by high employee turnover, which creates a challenge to maintaining stable quality. Consequently, the SWS Group actively promotes activities for improving quality awareness to realize globally uniform best quality.

In fiscal 2019, we created banners and plastic sleeves printed with company-wide quality slogans as well as posters and illustrations calling for observance of operation rules. We translated them into different languages and distributed them to our plants around the world.



In addition, the SWS Group has set November of each year as quality month, and we have a quality forum during this period. The forum features a quality improvement presentation by representative departments and quality panel exhibition to share information and raise awareness of quality. In fiscal 2019, 774 people participated in the forum.



At the quality forum in fiscal 2019

### Evaluation from Customers

Over the years we have consistently sought to provide high-quality products that earn customer trust.

This has resulted in the high regard of our customers around the world, and we received 34 awards in 8 countries in fiscal 2019. We will remain committed to delivering products that consistently meet the trust of customers.

## Pika Pika Campaign for Achieving Globally Uniform Highest Quality

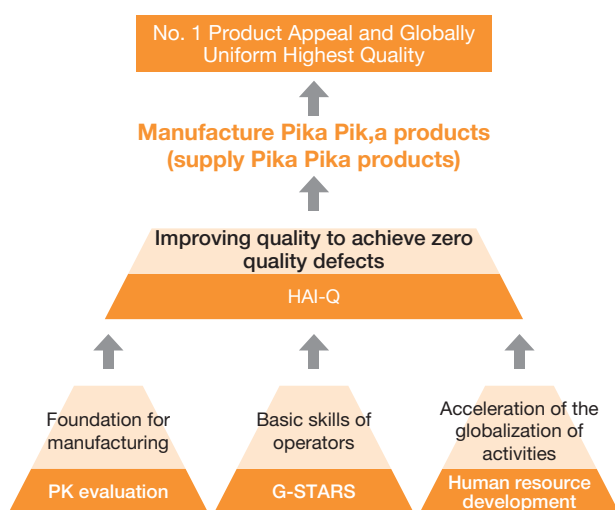
To achieve Globally uniform highest quality with the highest product appeal, we promote our Pika Pika Campaign, which is fairly self-explanatory for our employees. The campaign represents our basic manufacturing principle, developed based on the idea that creating a Pika Pika (shiny) mind, actions, skills, equipment, and worksites leads to Pika Pika products. The campaign is composed of four elements: PK evaluation in which PK evaluators from the headquarters review and evaluate each manufacturing process; G-STARS<sup>\*1</sup>, which is a standardized set of basic skills required by all employees as well as special skills needed for each work process; human resource development; and HAI-Q<sup>\*2</sup> activities for quality improvement, leveraged by the other three elements, to achieve zero defects.

The PK evaluation is intended to accelerate improvements at each plant by clarifying weak points based on about 1,600 evaluation items in safety, quality, and productivity. The evaluation is currently conducted in 19 countries. As for G-STARS, we encourage employees to acquire the skills not only for personal improvement but also to encourage them to participate in the annual Skills Competition to increase employee motivation as a means of further developing their skills, and outstanding operators from around the world gather to compete in their respective areas of expertise.

As part of our human resource development efforts, we are working to develop master trainers who train the leaders of each plant in line with the characteristics of each country. Since fiscal 2017, we have been conducting supervisor training for site managers to strengthen training at overseas plants. We expect to see an improvement in onsite productivity based on clarifying the roles and responsibilities of site managers.

Through these efforts, we promote the Pika Pika Campaign every day to ensure that employees are always working to their full potential.

### Basic Concept of the Pika Pika Campaign



#### Glossary

\*1 Global Skill Training and Recognition System

\*2 Harness Innovation Quality

## Using Training Experiences to Bridge Employees and Management



**Guen Chi Phon Roan**  
Manufacturing Department  
SUMI-HANEL Wiring Systems Co., Ltd. (SHWS)

I am in charge of training a wide range of employees, from plant workers to supervisors (SVs) working in plants that account for about 40% of our production.

In the SV training, I learned prompt, reliable ways to communicate information, teaching skills and methods to improve teamwork. The SVs serve as a bridge between staff members and their supervisors to realize globally uniform highest quality through the concerted efforts of the entire company. I will apply what I learned in the training for human resource development at every level, which will lead to reducing the turnover rate. At the same time, I will contribute to building a strong organization that can handle irregular fluctuations in production.

VOICE

## Research and Development

### Basic Stance

As the automobile industry is in a period of great change, we conduct research and development from a global perspective by focusing on proposal-based development that looks ahead to what is needed across the globe in order to meet the diverse needs of societies worldwide and create the corresponding product or service. To adapt to the dissemination of connected cars linked to information and communication networks, the evolution of autonomous cars, lifestyle changes related to cars and the expansion of electrification, we will continue to develop technologies and products to connect and be connected while also leading the way into the new era of mobility.

### Research and Development Structure

We work as a team to provide new technologies and products seamlessly for our customers through the integrated efforts of Sumitomo Wiring Systems, in charge of development, design and manufacturing, AutoNetworks Technologies, in charge of research and development, and Sumitomo Electric Industries, in charge of business planning and sales. In addition, we are working closely with the research department of Sumitomo Electric Industries to promote comprehensive development from materials to parts, modules, electronic equipment and network architecture.

We will enhance our strengths in development and proposals by ensuring that our developers accurately understand customer issues and needs and promptly address them through open innovation, collaboration with academic institutions as well as joint research with parts manufacturers.

In addition to the human resources training of Sumitomo Wiring Systems, we are focused on developing engineers through the original programs of Sumitomo Electric Industries and AutoNetworks Technologies. And we will continue our efforts to develop our workforce.