



Governance

We are reinforcing the foundation that sustains our Group while simultaneously seeking to enhance our compliance system in cooperation with suppliers.

Relevant SDGs



GLOBAL MESSAGE



Targeting Zero Entertainment and Gifts Offered to Government Employees

SZAW has been strengthening its efforts since the establishment of the Anti-bribery Compliance Regulations in March 2014.

As an anti-bribery manager, I review the legality of all entertainment and gifts to ensure thorough legal compliance within the company. Since October 2019, we reduced opportunities for offering entertainment and gifts to government employees to reduce the risk of bribery, and we have started making efforts to achieve zero bribery incidents by the end of fiscal 2020.

Through our ongoing efforts and support of each department, we were able to instill anti-bribery awareness among our employees and consequently reduced the number of entertainment and gifts offered to government employees from 26 in fiscal 2017 to 3 in fiscal 2019. In fiscal 2020, we have maintained zero incidents of entertainment and gifts offered to government employees as of the end of June. We will continue our efforts to prevent bribery, including projects for raising employee awareness.

| China |

Xiaoling Wang Assistant Manager, General Affairs Department
Suzhou Sumiden Automotive Wire Co., Ltd. (SZAW)

Corporate Governance

Basic Approach

The unchanging basic policy of the SWS Group is to contribute to society through fair and appropriate business activities under the Sumitomo Business Spirit, Sumitomo Wiring Systems Group Basic Principles and Sumitomo Wiring Systems Group Charter of Corporate Behavior. Under these basic principles, we will ensure transparency and fairness in our management based on appropriate corporate governance and work toward achieving sustainable growth as well as improving corporate value over the medium to long term.

Corporate Governance System

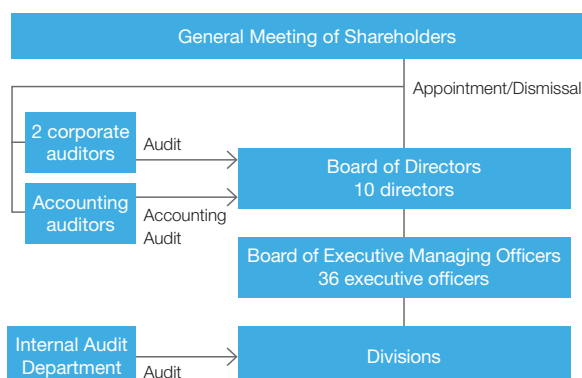
Sumitomo Wiring Systems adopted the Executive Officer System to accelerate decision-making and enhance business execution.

The Board of Directors, chaired by the president, holds regular monthly meetings and extraordinary meetings as needed to carry out deliberations and make final decisions on key issues related to business operations. In fiscal 2019, it held 13 meetings. Prior to bringing key issues before the Board of Directors, the Board of Executive Managing Officers conducts preliminary reviews to facilitate the deliberations by the Board of Directors. Two corporate auditors audit the business execution performance of the directors at SWS to ensure the soundness and adequacy of management.

In terms of internal audits, the audit department in charge conducts onsite audits of the Group, including Group companies. All audits are conducted in cooperation with corporate auditors and accounting auditors as appropriate.

Various types of training are offered for the Board of Directors to maintain and improve its business execution functions and quality. Executive training for newly appointed directors provides an opportunity to acquire knowledge about our management.

Corporate Governance System (as of June 30, 2020)




Group-wide Management Activities

CSR Committee	Compliance Committee
Risk Management Promotion Committee	Information Security Committee
⋮	⋮

Compliance

Basic Approach

The SWS Group has established a code of conduct for ethical business practices that all directors, officers and employees must be expected to follow regarding regulatory compliance, fair competition, anti-bribery efforts, protection of confidentiality and intellectual property, respect for human rights and environmental protection.

 **Sumitomo Electric Group Code of Conduct**
https://global-sei.com/csr/coc/pdf/Sumitomo_CoC_English.pdf

Compliance System

We established a compliance manual as a set of guidelines for daily operations. Every SWS Group employee is expected to adhere to the guidelines in the spirit of acting under the highest ethical standards. Compliance Committee meetings, chaired by the executive officer in charge of legal affairs, are held on a regular basis to reinforce this effort through the planning and implementation of measures that ensure business operations are being conducted legally and ethically and compliance risks are being identified, analyzed, and dealt with.

We also developed a worldwide legal risk reporting system to obtain and understand potential or identified legal risks both quickly and comprehensively within each Group company and to act promptly when addressing them.

Compliance Training

For the SWS Group to earn the trust of stakeholders and realize sustainable growth, every employee must develop a compliance mindset and act as a good corporate citizen. In addition to annual executive training, we actively engage in compliance training and education tailored to the characteristics of each workplace by designating areas to be improved each year.

In addition, to ensure that employees are aware of their compliance obligations, we use our group newsletters to introduce topics related to compliance and discuss issues that can arise in the course of business such as anti-harassment, prevention of insider trading, and information leakage in social networking sites for new employees.

We also provide training for our overseas sites. Together with Sumitomo Electric Industries, we visit about ten overseas companies every year to provide training focused on the competition law and bribery prevention. In fiscal 2019, we began conducting training on compliance for managers at 21 business sites in Japan. We also introduced e-learning for some of our training to prevent the spread of novel coronavirus infections. Online channels for our courses will be expanded starting in fiscal 2020.

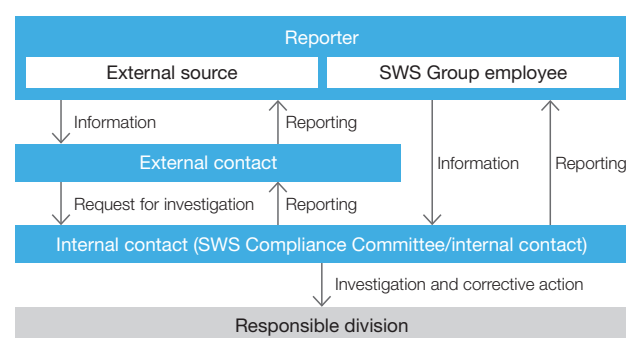
Compliance Training (Fiscal 2019) (in Japan)

Type of Training	Number of Sessions	Participants
Training for new employees	2	240
Training for mid-career recruits	12	153
Position-based training	15	664
Optional training	9	322
Training for managerial positions	28	1,444
Total	66	2,823

Contacts for Compliance Reporting

Contacts for compliance reporting were established as an effective system for the early detection and correction of any incidents of legal or ethical non-compliance. To make filing reports easier, we set up an internal contact run by our Legal Department as well as an external contact operated by our corporate legal counsel. In November 2019, we also established an online external contact that can be accessed from both Japan and overseas sites. Reports of non-compliance are mainly investigated and handled by the Compliance Committee Secretariat. In fiscal 2019, 48 incidents (38 harassment cases, 6 general labor cases and 4 others) were reported, investigated, and otherwise appropriately addressed.

Compliance Reporting System



Anti-bribery

We have established an anti-bribery program, which covers facilitation payments—that is, payments lacking a legal basis. In February 2018, we modified the anti-bribery program to focus on monitoring high-risk cases, including offering entertainment and gifts to government employees. In fiscal 2018, we started special activities to prevent bribery as well. Every quarter, we monitor companies that frequently interact with government employees. In fiscal 2019, we monitored five companies in the U.S., China, and South Korea. We are systematically taking action to reduce bribery and gradually making improvements, particularly for companies that are geographically considered to be at high risk.

Risk Management

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. In fiscal 2019, we conducted a risk inventory at each of our divisions, 8 domestic Group companies and 43 overseas Group companies, with the cooperation of these risk managers.

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.

Risk Management System



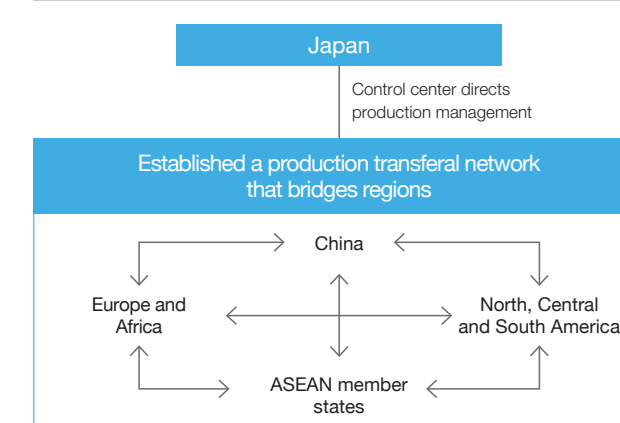
Analysis and Countermeasures for Global Risks

Sumitomo Wiring Systems operates businesses in 31 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. 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 the guidelines, we continue 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. Moreover, we are strengthening our ability to continue operations should a risk materialize by creating a database of locations and other necessary information on parts production plants for our major suppliers and by establishing a system for promptly confirming employee safety and the impact of the risk on parts supply.

Production Control System



Initiatives in Fiscal 2019

As a member of the Sumitomo Electric Industries Group, we worked together with the relevant departments and focused on providing guidance to overseas Group companies from the perspective of strengthening risk management across the entire harness business. Furthermore, we have implemented crisis management for COVID-19, which emerged in 2019.

BCP*¹

Our BCP is regularly reviewed to sustain key operations, even in the event of a crisis such as a major natural disaster. We have also been conducting evacuation/disaster drills in anticipation of a major Nankai Trough earthquake and distributing a tsunami evacuation manual for employees. Going forward, we will review the contents of our drills to prepare for storms and floods that have recently been causing increasingly massive damage to improve our preparedness for natural disasters.

In fiscal 2019, we reviewed the BCPs of 43 overseas Group companies and worked to improve our supply chain management to strengthen our international business continuity system. These efforts provide a system for enabling our global businesses to continue operating even in the event of a crisis.

Response to COVID-19

We established the Novel Coronavirus Infection Control Headquarters to collect information on the current status of infections and operations at all our business sites worldwide as well as the impact on other businesses and to take the necessary actions.

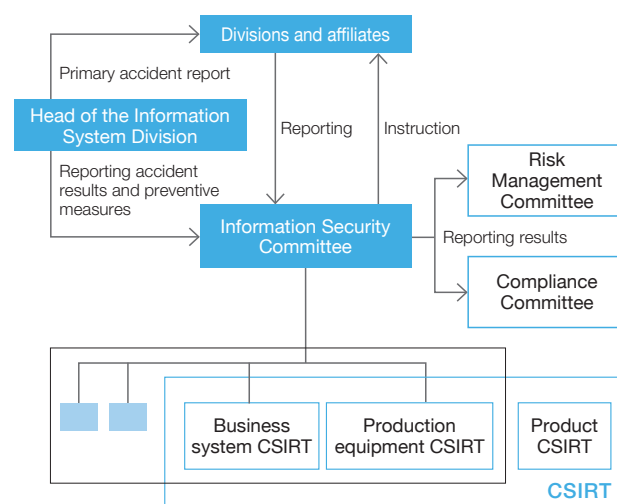
With top priority on maintaining the health and safety of our employees and their family members, we continued our operations while implementing such measures as staggered working and teleworking systems and improving workplace environments to avoid the “three Cs” (closed spaces, crowded places, and close-contact settings). We also focused on maintaining strong cooperation with suppliers as a key consideration. In anticipation of the new, post-pandemic world, we will further promote the use of digital technologies to increase workplace efficiency and productivity.

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 2019, we promoted digitization of information security training materials and introduced e-learning. Also, we periodically conduct training related to targeted email attacks to be well-prepared for the increasing frequency of cyber-attacks. Going forward, we will take full measures for facilities in plants that require ICT and measures that meet the information security standards that customers demand.

Information Security System



Glossary


*1 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

Human Rights

Basic Approach

The SWS Group recognizes its founding principle of “respecting individuality and nurturing a vigorous and prosperous corporate culture.” In line with the human rights policy established by the Sumitomo Electric Industries Group in February 2019, we are working to clarify and promote our human rights initiatives further.

 **Human Rights Policy of the Sumitomo Electric Industries Group**
https://global-sei.com/csr/sociality/pdf/human_rights.pdf

Activities for Promoting the Development of Dynamic Workplaces

We are undertaking company-wide ongoing efforts to promote the development of dynamic workplaces to encourage a long-term awareness of human rights in our workplaces. The members of the Dynamic Workplace Promotion Committee, selected from each department, participate in human rights awareness training and share what they have learned in their respective workplaces. This raises human rights awareness among all employees and facilitates lively communication while also boosting efficiency. Since the formation of the committee in fiscal 2013, 1,642 employees have served as members. Although these committee activities ended in December 2019, training and other initiatives will continue.

In Japan, we incorporated discussion of the LGBT community in our training to deepen understanding of this community and promote a pleasant work environment that respects the individuality of each employee. From fiscal 2019, we also changed the group training to an e-learning format. Moreover, we have established a system for the early detection of and response for dealing with harassment. Any promotion officer who recognizes a situation involving harassment will directly report the incident to the personnel division. And we are striving to create sound working environments, such as by assessing the conditions of each workplace through dynamic workplace patrol activities, implemented by both labor and management, and by introducing good practices through group newsletters.

Similar efforts are being made overseas as well, promoting the development of dynamic workplaces under a wide range of themes beyond human rights to include the improvement of workplace communication and efficiency.



At the Long Service Award Ceremony

Participating in a breast cancer awareness event held in the local community

Human Rights Training

To foster and increase human rights awareness, we conduct position-based training for all our employees, from new hires to managers. In fiscal 2019, we conducted training encompassing harassment, LGBT and other issues with 105 participants.



LGBT Training

Human Rights Due Diligence

The SWS Group conducts human rights due diligence to avoid and alleviate any negative impact on human rights that may occur through its business operations. A questionnaire survey of domestic and overseas Group companies was conducted in 2019 to identify human rights issues across the organization. The survey confirmed that no human rights issues have arisen.

Response to Conflict Minerals

To fulfill our social responsibilities in procurement activities, we are committed to sourcing only conflict-free minerals that do not use conflict minerals* from the Democratic Republic of the Congo and neighboring countries. We specify our policies in our CSR Procurement Guidelines and conduct annual supplier surveys on conflict minerals.

Human Rights Consultation Desk

We have established human rights consultation desks in each region and plant in each country to resolve human rights issues as they are reported while strictly protecting privacy. Details of issues and how they are handled are reported to the Company-wide Human Rights Awareness Promotion Committee, which is attended by the officers in charge. No issues were reported to consultation desks in fiscal 2019.

Glossary

*Tantalum, tungsten, tin, gold or their derivatives mined in the Democratic Republic of the Congo or adjoining countries and their transactions are used to fund armed forces that commit serious human rights violations.

Taking Action with the Understanding that It's Better to Be Safe than Sorry

We are currently formulating a BCP assuming large-scale earthquakes, infectious diseases and other disasters. It is essential for the group to have a wealth of knowledge for flexibly responding to emergency situations, such as the recent outbreak of coronavirus.

At the same time, the current system must be both maintained and strengthened. We need to continue taking action with the understanding that damage can be far worse than expected, so that it is better to be safe than sorry, otherwise we could be dragged into even greater risks in the blink of an eye. We are implementing disaster prevention and mitigation measures for every anticipated risks to ensure the survival of our employees and businesses in the event of a disaster. We ask all our employees to acquire the accurate knowledge and skills to respond to disasters through continuous training.



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Sumitomo Wiring Systems (SWS)

VOICE