



Developing, Strengthening and Promoting the Risk Management System

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



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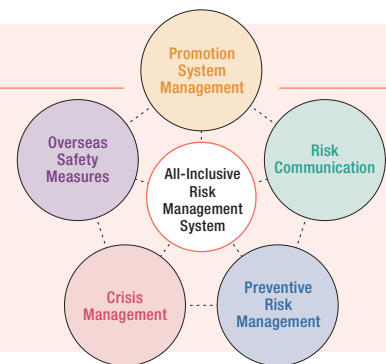
Protecting the SWS Group from Computer Viruses and Risks of Information Leakage

Part of my job is to implement measures to prevent computer viruses and information leakage. To prevent risk, technical measures are required such as prevention of illegal access and provision of ongoing training and awareness-raising activities for all employees who handle company information. While our efforts have been primarily directed at our domestic offices, we have recently begun to focus on measures for overseas affiliates in response to the increasing global threat. We ensure that all employees are well informed and prepared through measures such as distributing awareness-raising posters, providing training based on the circumstances of each overseas affiliate and giving assistance in the event of any computer virus infection.

I will continue to strengthen our information security measures to protect important Group information, maintain the status of zero infections from computer viruses and zero information leaks while promptly taking action to minimize damage when faced with imminent risk.

Risk Management Basic Policies

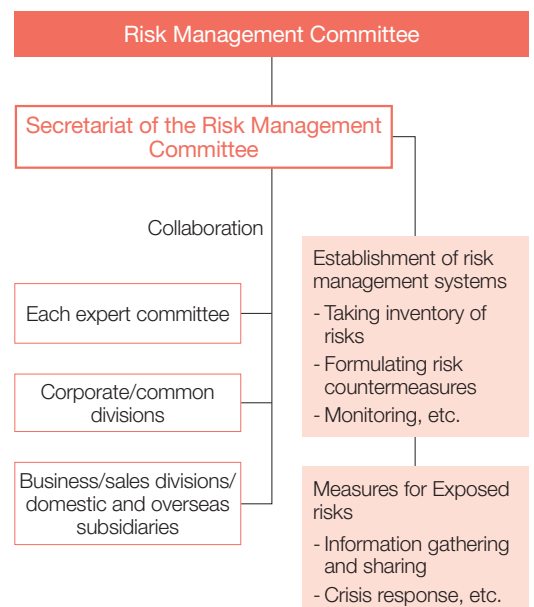
Within the framework of the Sumitomo Wiring Systems Group Basic Principles, the Risk Management Basic Policies clearly stipulate corporate policies that require us to give priority to human life; to strive to improve quality, secure safety and ensure a stable supply of products; and to maintain good relationships with stakeholders, including customers and local communities. We have identified five major areas where we will make comprehensive efforts under our corporate risk management system.



» Risk Management System

Under the Risk Management Committee, the Sumitomo Wiring Systems Group oversees various risks surrounding the business activities of the Group and promotes measures to mitigate these risks. The ongoing globalization of business is leading to an increasing number of situations confronting companies with a variety of risks, including disasters, accidents and political unrest in many countries. We established the Risk Management Office as the secretariat of the Risk Management Committee in April 2017 to address these issues and strengthen our management system worldwide. In order to comprehensively identify risks, we have taken an inventory of risks throughout the Group and are currently reviewing and formulating countermeasures for those of high priority. Moreover, risk management efforts are promoted by risk managers assigned to each division and company and by risk management staff in each department. In addition to daily risk management activities, these designated staff also work together to address crisis situations.

» Roles of the Risk Management Office



» Analysis and Countermeasures for Global Risks

Sumitomo Wiring Systems operates businesses in more than 30 countries around the world, which exposes the company to risks such as natural disasters and severe weather conditions, political risks such as social instability and public unrest, and labor risks such as strikes, requiring us to carefully consider a number of scenarios and countermeasures. Therefore, we are currently developing a prompt response system for rapidly sharing information whereby we will be able to quickly collect and sort information that may help us to understand how our business may be affected and then disseminate it to Group locations around the world. In our wiring harness business we have developed our "bridge complement system," which enables us to simultaneously produce the same products at several different plants. Even if production is suspended at any of our overseas sites, our other locations would be able to pick up the slack. Several alternative production sites and logistics routes have been determined as part of our preparation for making quick decisions in times of crisis. Looking ahead, we will develop a system that enables all affiliates to work in concert in order to meet customer requests with due consideration for their respective situations, and we will document our BCP* to further strengthen Group management.

* Business Continuity Plan: a BCP is an action plan that includes measures to minimize impact on key operations based on the assumption of the occurrence of an unforeseen event such as a natural disaster or an accident and to promptly restore or resume operations should such an event disrupt the continuation of business.

» Initiatives in Fiscal 2016

To increase the resilience of the entire SWS Group to risks, we are developing and reviewing our BCP and strengthening our internal systems so that each department can act promptly and in collaboration in the event of an emergency.

• BCP

We have established a BCP that is periodically reviewed to sustain key operations even in the event of a major earthquake or outbreak of a new influenza. We have also implemented additional actions, including the conducting of evacuation/disaster drills assuming a major Nankai Trough earthquake and the compilation and distribution of a tsunami evacuation manual for employees.

In fiscal 2016, we continued to reconsider the action plan for the stage of preparation for restoration and to upgrade and ensure consistency of the BCP by encouraging collaboration among Group companies and departments. In addition to periodic disaster map exercises (24 times in fiscal 2016), we conducted field training exercises for both initial response and restoration, which include the use of satellite phones and starting generators. In terms of the physical aspect, we use a corporate intranet through which we can share disaster information and a system that automatically transmits disaster alert notifications to mobile phone email addresses. Our daily practice certainly paid off during the Kumamoto earthquake, when we were able to promptly perform initial response and share information in a timely and appropriate manner.

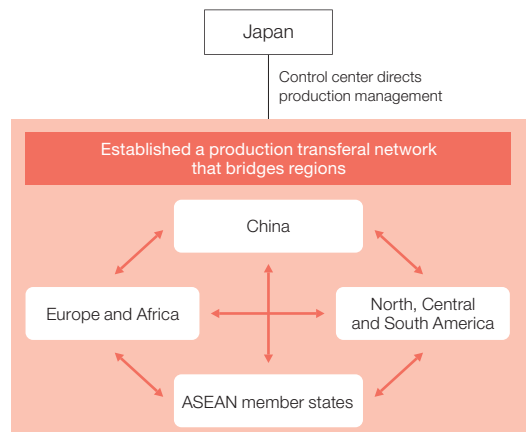
In parallel with these efforts, we surveyed and interviewed our suppliers to identify those that exert a significant impact on our production and supply. Also, we strengthened emergency countermeasures to enhance risk management capabilities across the entire supply chain.

• 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.

We have established a system to quickly execute surveys, analysis and countermeasures, starting from the point of contact of the Information Security Committee if an incident occurs. In fiscal 2016 we strengthened our global system and worked to collect and analyze information, and now we are developing an emergency response manual assuming that incidents can occur at any time.

» Global "Bridge Production System" for Times of Disaster



During a BCP collaborative exercise



Voice

Building Organizational Resilience

Kohei Tsukada
Team Leader
General Affairs Group, General Affairs Division, Sumitomo Wiring Systems

As the secretariat of the Business Continuity Subcommittee, I am working on systematic implementation measures including in-company education and training. The effectiveness of our BCP vitally depends on establishing a shared understanding of the importance of business continuity across the company. In fiscal 2016, we provided a group education program to raise employee awareness by inviting a university professor well versed in earthquake and disaster prevention. Every year we implement a drill for setting up the Disaster Countermeasures Headquarters with the participation of executives. The practical usefulness of the drill is increased by introducing new validation items, including the transportation of relief supplies and routes in addition to confirmation of the initial response. We want to contribute to strengthening the company's BCM through continuously implementing these measures.

» Information Security Management Structure

