



Strengthening and Promoting the Governance System



Strengthening and Promoting the Compliance System

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

GLOBAL MESSAGE



Ensuring Compliance in Thoroughly Managed Sales Activities

We sell parts such as connectors and terminals to customers in Thailand and other ASEAN countries.

In our sales activities we must restrict or otherwise control interactions with competitors in order to completely prevent any suspicion from being cast on us for violating the competition law.

As a dedicated competition law compliance officer, I review on a daily basis every case reported by the Sales Department.

In fiscal 2017, a total of 55 cases involved interactions with competitors, and all of them were confirmed to be legally permissible interactions. Under the Sumitomo Business Spirit, I will continue to ensure full compliance with the competition law.

Senior Manager, Human Resources and General Affairs Department
SWS Sales & Marketing (Thailand) Co., Ltd. (SWS-T) (Thailand)

Ajima Hariu

Corporate Governance System

We adopted the Executive Officer System in June 2003 to accelerate decision making and enhance supervision and business execution.

The Board of Executive Managing Officers conducts preliminary reviews of key issues to inform the Board of Directors in its deliberations as the final decision-making authority. Two corporate auditors audit the business execution performance of the directors at SWS to ensure the soundness and adequacy of management. The auditors attend Board of Directors meetings and other key meetings and also exchange information with the Internal Audit Department and accounting auditors to reinforce the effectiveness of our auditing.

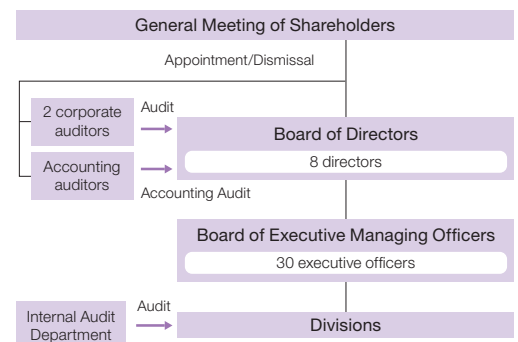
Compliance System

We established a compliance manual in 2005 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.

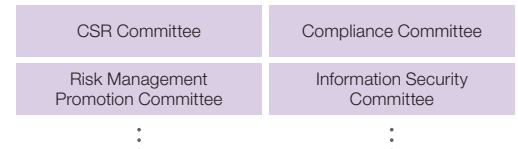
Meetings of the Compliance Committee, chaired by the director in charge of legal affairs, are held on a regular basis to reinforce this effort through the planning and implementation of measures that ensure business operations are being conducted legally and ethically and compliance risks are being identified, analyzed and dealt with.

In fiscal 2017, we developed a bribery prevention program in Japan and overseas, and it has remained a priority in fiscal 2018. We also developed a worldwide legal risk reporting system to quickly and comprehensively obtain and understand potential or identified legal risks within each Group company and to act promptly when addressing them. With regard to particularly high legal risk circumstances, such as the competition law and bribery prevention, we have strengthened the monitoring of SWS as well as our domestic subsidiaries, and quarterly reviews are conducted for all interactions, including entertainment expenses involving competitors.

Corporate Governance System (as of June 30, 2018)



Group-wide Management Activities



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. To that end, 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 fiscal 2017, we significantly increased the number of training sessions on compliance with competition law to bolster our internal controls. We also provided position-based training programs focused on internal control and corporate governance. 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 the Antimonopoly Act, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and key points to keep in mind when signing contracts.

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 Affairs Department and also an external contact run by our corporate legal counsel. Reports of non-compliance are mainly investigated and handled by the Legal Affairs Department, which serves as the Compliance Committee Secretariat. In fiscal 2017, 26 incidents were reported, investigated and appropriately addressed.

CSR Procurement

Sumitomo Wiring Systems is closely collaborating on the global stage with suppliers who are valued business partners by emphasizing openness, fairness and equitability under our procurement policy. Along with our basic transaction agreement that includes clauses on CSR procurement and the exclusion of antisocial forces, we have also distributed our CSR Guidelines for Suppliers, clearly stating our expectations and requests to our main suppliers, and continue to keep them informed. Internally, we have assigned officers in each division to be responsible for enforcing compliance with the Subcontractor Act to ensure education and raise awareness of CSR procurement.

Communication with Suppliers

Sumitomo Wiring Systems convenes an annual Global Suppliers Meeting to promote mutual trust with suppliers. A total of 240 participants from 121 companies in 10 countries attended our April 2018 meeting. We provided an overview of our business environment of our harness business, shared our procurement policy and key measures, and requested the active commitment and initiative of our suppliers to make sure that everyone is on the same page. The meeting also included an award ceremony recognizing outstanding suppliers based on a comprehensive evaluation conducted from standpoints including quality, cost and delivery (QCD). Six companies were recognized as outstanding suppliers for fiscal 2017.

Efforts to Strengthen Compliance with the Subcontract Act

In December 2016, we revised the Subcontract Act Operation Standards and promotion standards under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises. The revisions added new detailed rules concerning transactions between subcontracting companies and subcontractors governing price determination, cost bearing and payment conditions. In response to the revisions, we have begun implementing initiatives to strengthen and promote appropriate transactions with our subcontractors.

In terms of price determination and cost bearing for mold storage expenses, we have established internal rules based on the new standards. As for a payment method, we have for all subcontractors established a mechanism requiring that cash payments be made within periods shorter than those stipulated by law. Moreover, we are raising the awareness of all employees on legal compliance by providing extensive and effective internal training programs on how to conduct proper transactions.

Compliance Training (Fiscal 2017)

Type of Training	Sessions	Participants
Training for New Employees	1	183
Training for Mid-career Recruits	12	75
Position-based Training	12	756
Optional Training	13	786
Compliance Training on Competition Law	16	1,990
Anti-bribery Training	15	1,866
Total	69	5,656

Compliance Reporting



Procurement Policy

Our procurement activities reflect our commitment to "Connect with the Best" and are conducted under the following policies:

- 1 Provide open and fair opportunities
- 2 Adhere to basic principles of mutual understanding, mutual reliance and mutual enlightenment
- 3 Establish global partnerships
- 4 Ensure legal compliance
- 5 Promote green procurement

Voice

Providing Valuable Products and Services Globally Based on Mutual Trust

Hideo Tokunaga

Managing Director
Gomunolnaki Co., Ltd.



We mainly supply molded rubber parts such as harness grommets to SWS Group companies across the world. Our company was founded two years after Sumitomo Wiring Systems, so we will celebrate our 100th anniversary in 2019. Having been in business with SWS for over half a century, we have found that their support for our business expansion overseas has been particularly helpful. We were especially grateful to SWS for its patronage and for providing personnel and financial support when we faced a critical period at our overseas plant. At the Global Suppliers Meeting in fiscal 2017, we received the General Excellence Award thanks to staff members who offered daily worksite guidance and to SWS executives and directors. We will continue to make every effort to contribute to society through our business activities.