

Corporate Social Responsibility Report

# CSR Report 2013



#### Message from the President

## Contributing to the creation of a sustainable society and paving the way for a better future society with the spirit of “Connect with the Best”

### Looking back on “Vision 2012” and ahead to “Vision 2017”

The overall operating environment during fiscal year 2012, the final year of the SWS Group’s “Vision 2012” medium-term management plan, was impacted by a series of severe events and economic conditions that significantly affected our business operations, from the Lehman Brothers’ financial crisis, the Great East Japan Earthquake and floods in Thailand, to anti-Japanese movements in China and an unexpectedly strong yen. Nevertheless, we achieved our numerical targets in both business performance and market share, largely due to the efforts of a significant number of dedicated individuals.

We are currently engaged in activities for the first year of Vision 2017 with the objective of acquiring 30% of the global share in the wiring harness market and becoming number one worldwide by 2017, the year we will celebrate the 100th anniversary of our founding. The action agenda we established for “Vision 2017” is based on the key concept of embracing challenges with new ideas, products and technologies, and markets, and we will drive our group-wide efforts with a focus on strengthening our capabilities for development, manufacturing and cultivation of human resources.

## Rising to the challenges of fiscal year 2013

As the SWS Group works to achieve its Vision 2017 goals, we expect the environment surrounding our business will include further market growth in emerging nations and increasing sales of green and fuel-efficient cars. Socioeconomic and market structures will consequently continue to undergo dramatic changes. In addition, companies in emerging nations will become more prominent amid intensifying global competition. As major turning points are reached in these environments, we will be required to develop and demonstrate our capacity to respond quickly and flexibly.

The SWS Group upholds its policy of “Simple (make it easy to understand),” “Thinking (think deeply)” and “Communication (discuss thoroughly).” In the face of uncertain, unstable and rapidly changing economic conditions, we will be ever mindful about keeping things “simple” while aware that complexity is not sustainable, “thinking” deeply to grasp the essence or root cause, and maintaining “communication” to ensure everyone shares and agrees. Each of us will act with responsibility as we proceed with our daily operations.

## Promoting CSR Management

Today the SWS Group is a global enterprise comprising 112 companies and around 210,000 employees in the automotive wiring harness businesses in over 30 countries worldwide. To achieve sustainable growth in times of dramatic change, we must continue serving as a trustworthy and dependable corporate group for our stakeholders.

In response to the higher, more diversified expectations that stakeholders have of corporations, the SWS Group revised its “Sumitomo Wiring Systems Group Charter of Corporate Behavior” in April 2013, which defines our code of conduct and guidelines for officers and employees. We will share it with Group employees around the world along with the “SWS WAY,” which expresses the values and methods underlying our approach and attitude to work, and we will actively work on our priority items for the promotion of CSR activities.

In addition, we relocated our head office in May 2013 to alleviate risks associated with a possible major earthquake in the Nankai Trough. We will also prepare for potential future disasters by continuing to develop an organizational structure that incorporates a more robust business continuity plan (BCP) for our facilities and human resources. We hope to revitalize our communication with residents of local communities and other stakeholders and forge ahead toward the ideal state the SWS Group aspires to attain through CSR activities.

Since its founding in 1917 as a manufacturer of electric wires, the SWS Group has been consistently honing its expertise in creating connections and pursuing its objectives of “Better Manufacturing” and “Developing Better Manufacturing by Developing Better People.” In the spirit of “Connect with the Best,” we will continue our dedicated efforts to further strengthen and enhance our relationships with stakeholders.

We regard this CSR report as one means for connecting with stakeholders and encourage you to provide us with feedback on the report and the issues we cover.



**Osamu Inoue**

President and Chief Executive Officer, Representative Director  
Sumitomo Wiring Systems, Ltd.



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#### •Editorial Policy

The Sumitomo Wiring Systems (SWS) Group publishes an annual CSR report to share information on Group activities with stakeholders. In this report, our sixth edition, we offer a concise summary of where we stand in our CSR activities centered on eight CSR priorities. If you would like to provide feedback on this report, we would be grateful to hear from you.

#### •Period Covered by this CSR Report

April 1, 2012 through March 31, 2013 (fiscal 2012)

Some activities conducted in fiscal 2013 are also covered.

Date of publication: October 2013 (the next edition is scheduled for release in October 2014)

#### •Scope of this CSR Report

Sumitomo Wiring Systems Group

In this CSR report, “Sumitomo Wiring Systems,” “the (our) Company” and “SWS” refer to Sumitomo Wiring Systems, Ltd., and “the SWS Group” and “the Group” refer to Sumitomo Wiring Systems and its subsidiaries. However, items referenced within a specifically limited scope are indicated in the text or footnoted in tables and graphs.

#### •Guidelines Referenced

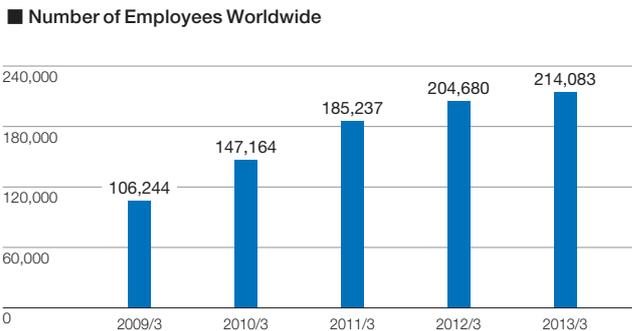
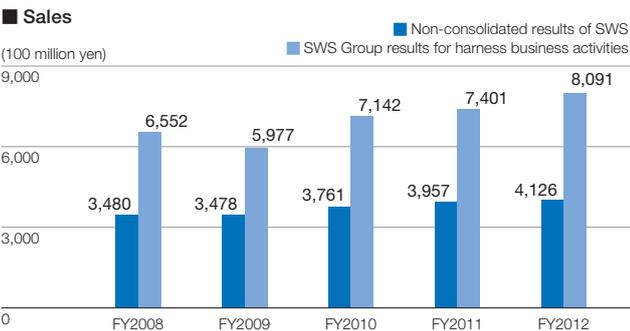
Global Reporting Initiative’s (GRI’s) “Sustainability Reporting Guidelines, Version 3.1,” and “Environmental Reporting Guidelines 2012” issued by the Ministry of the Environment of Japan

## Company Overview

The SWS Group operates on a global stage with automotive wiring harnesses as its core business.

Sumitomo Wiring Systems was established as an electric wire manufacturer in 1917 during the foundation period for industries in Japan. With the development of the car industry in Japan following World War II, we started producing wiring harnesses and parts for automobiles. Since then, SWS has focused on rationalizing wiring harness production while implementing quality assurance and reducing costs. We have now become a top wiring harness supplier in Japan and across the world. We will continue to advance as a world-class partner for automotive manufacturers.

Company Name:	Sumitomo Wiring Systems, Ltd.
Established:	December 22, 1917
President:	Osamu Inoue
Capital:	20.042 billion yen (as March 31, 2013)
Head Office:	5-28 Hamada-cho, Yokkaichi, Mie, Japan
Affiliates:	12 in Japan, 100 overseas
Employees:	13,040 in Japan, 201,043 overseas 214,083 in total (as of March 31, 2013)



## Our Products

As a global supplier, we manufacture and sell wiring harnesses and components for automobiles, wiring harnesses for office equipment, and diverse cables around the world.

### Wiring Harnesses

Running throughout the entire vehicle, automotive wiring harnesses relay information and electric power, thereby playing a critical role in connecting a variety of components. They comprise a circulatory system, comparable to main arteries and central nerves in the human body.

As cars continue to include more advanced functions, their component parts increasingly require electronics to save space and meet other requirements.

These wiring harnesses created by Sumitomo Wiring Systems can be efficiently designed and configured by experts and contributing tremendously to the development of car manufacturers around the world.



#### • Under-floor Pipe Harnesses

Hybrid vehicle harnesses must be resistant to the high temperatures and electromagnetic noise produced with high voltages and electric currents. Along with solutions for these technical challenges, we are developing features that protect the harnesses from various forms of shock.



#### • Aluminum Wiring Harnesses

Replacing copper with aluminum as the wiring material allows us to succeed in greatly reducing weight while maintaining high reliability. Development of new aluminum alloys suited for automotive wiring harnesses has allowed us to overcome a number of technical problems.



#### • Electronic Control Unit

This unit, which controls the vehicle's onboard devices, can be likened to a control tower or the vehicle's brain. This integrated component also enables smart entry systems, doing away with the need for any key.



#### • Junction Block

Containing relays, fuses\*, and other components, this unit centralizes connections for the vehicles electrical circuits and thus supports the overall control of the electronics.

\*Fuse: Device that protects electrical circuits by breaking the circuit when current exceeding a stipulated value passes through it.



#### • Connectors

In their role of connecting wires and cables within vehicles, connectors must function in environments with severe temperatures, vibrations, water, electromagnetic interference and other conditions. With the greater incorporation of information technology, we have developed diverse configurations of connectors and other components that connect wires to GPS, TV sets and other wave receiving devices.

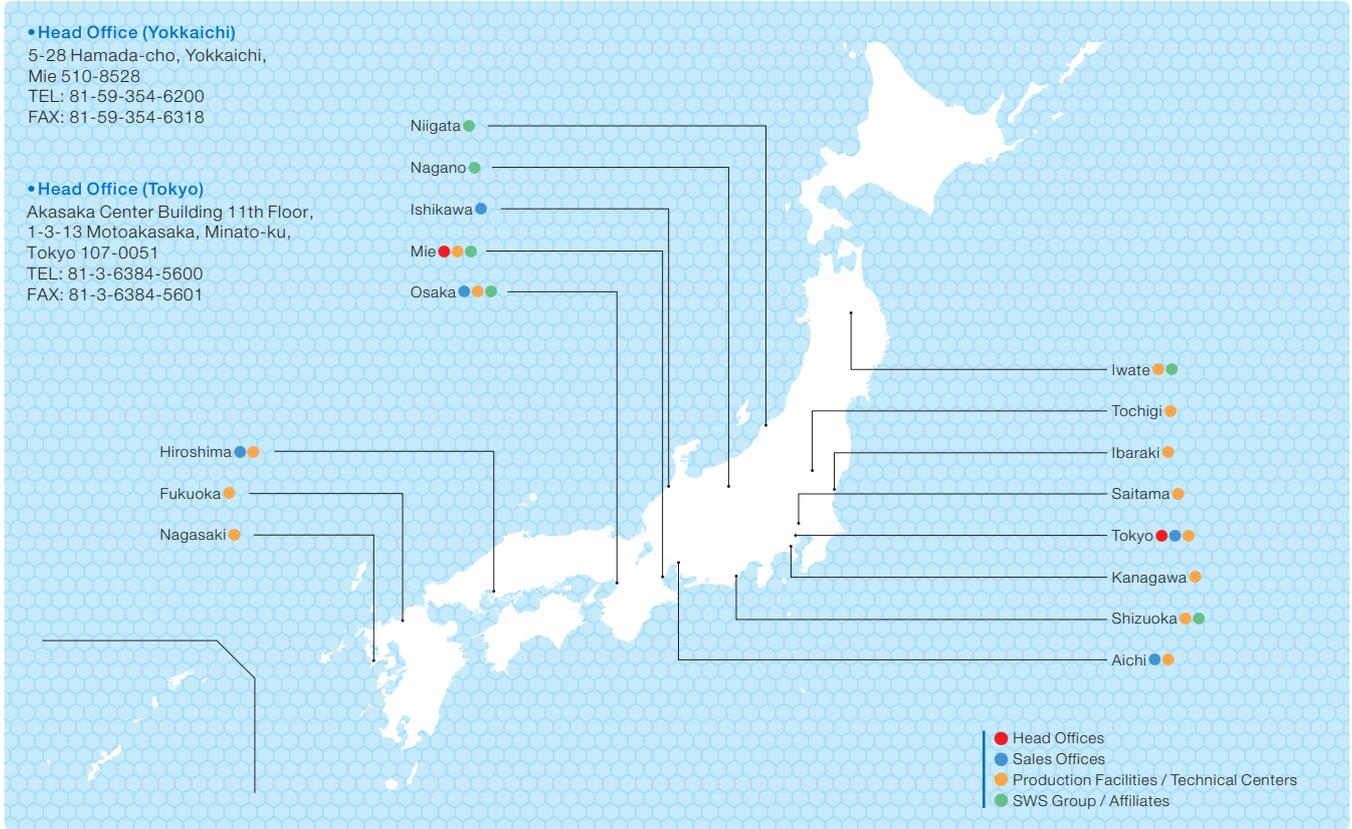


#### • Heater Control Panel

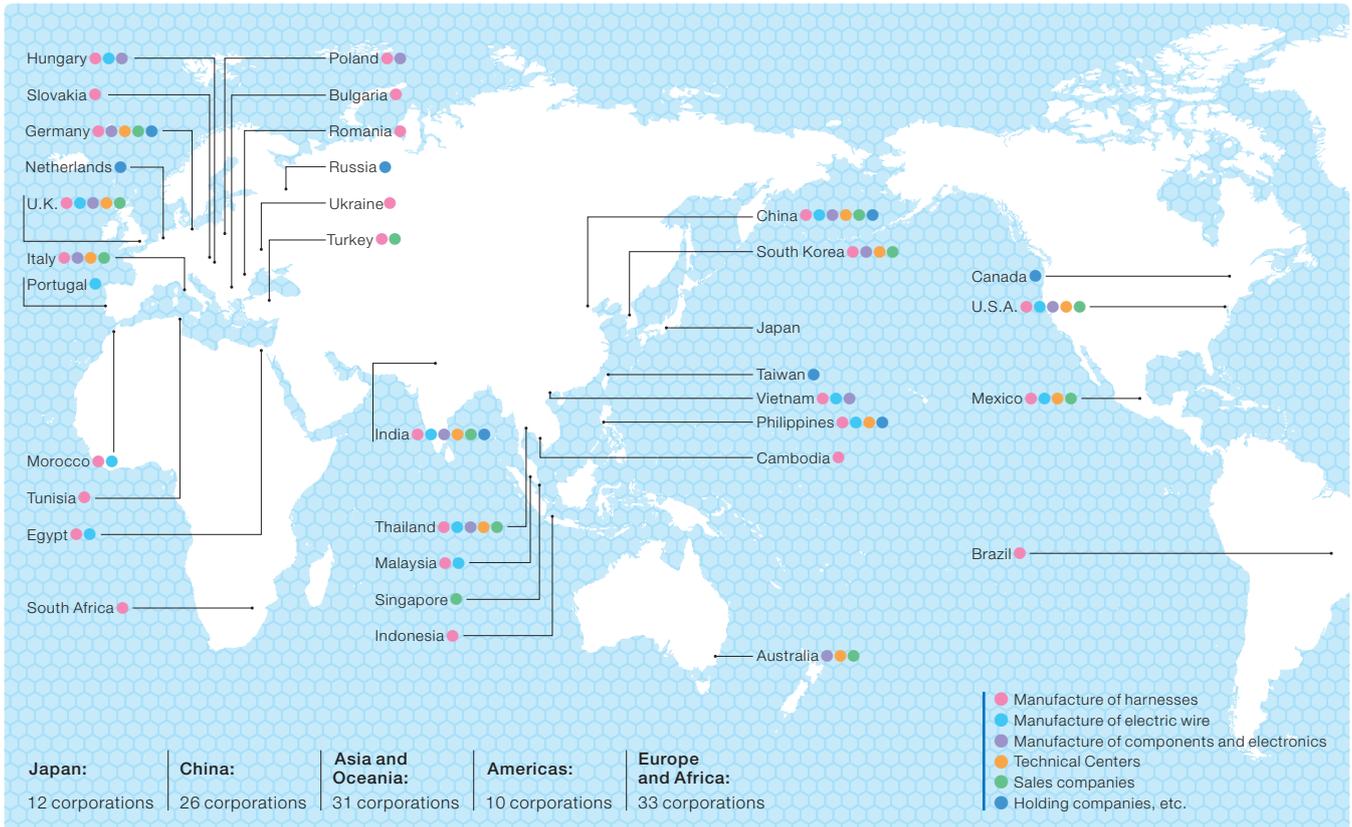
This unit is user friendly with air conditioning controls and indicators as well as a security alarm indicator. Built-in microprocessors also help regulate the vehicle's interior air conditioning.

Global Business Development

DOMESTIC NETWORK



GLOBAL NETWORK



# Basic Principles of the Sumitomo Wiring Systems Group

We set the “Sumitomo Business Spirit” and “Sumitomo Wiring Systems Group Basic Principles” as our basic principles and actualize them by acting in accordance with the “Sumitomo Wiring Systems Group Charter of Corporate Behavior” and “SWS WAY.”

## Basic Principles

### ◆ The Sumitomo Business Spirit

The origin of the Sumitomo Business Spirit dates back to “Monjuin Shiigaki” (the Aphorisms of Monjuin), which was written by Masatomo Sumitomo, the first-generation head of the House of Sumitomo. This corporate spirit has been handed down as the family motto throughout Sumitomo’s history. The SWS Group also positions the Sumitomo Business Spirit as its top business philosophy.

Article 1 states that Sumitomo’s business should be based first and foremost on the valuing of trust.

The first part of Article 2 clarifies that Sumitomo should pursue profit by responding quickly and appropriately to changes in society. It also emphasizes the importance of positive, progressive spirit in continuously taking decisions on the adoption or abolition of business projects, without being complacent about existing business conditions. The latter part of the article, however, strongly admonishes us against acting rashly and carelessly in pursuit of easy gains, which refer to short-term, immediate profit and unfair profit obtained by unethical means.

#### Article 1

**Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.**

#### Article 2

**Sumitomo’s business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.**

### ◆ Sumitomo Wiring Systems Group Basic Principles

By our slogan “Connect with the Best,” we also mean to make all the connections surrounding us, along with the connecting roles that our products play, prevail over our competition in the best way. Sharing the basic principles as our common view, we will perform business with strong will and enthusiasm.

**In the spirit of “Connect with the Best,” we at the SWS Group are committed to:**

- Contributing to the global community through business success;
- Realizing customer satisfaction through high-standard service;
- Developing the prospective future through creation and innovation;
- Preserving corporate ethics based on integrity and trust; and
- Respecting individuality and nurturing a vigorous and prosperous corporate culture



## ◆ Revision of the Sumitomo Wiring Systems Group Charter of Corporate Behavior

In response to heightened public interest in CSR, the Sumitomo Wiring Systems Group Charter of Corporate Behavior was established in 2006 to define the codes of conduct and guidelines for executives and employees. Subsequent changes in the social environment and increasingly diverse demands on corporations led to further revisions in the Charter in April 2013. In addition to English, the Charter has been translated into Chinese, Vietnamese, Thai, Cambodian, Indonesian and Portuguese and is distributed to SWS Group employees worldwide as concrete guidelines and rules that are expected to be followed.

Based on the "Sumitomo Business Spirit" and "Sumitomo Wiring Systems Group Basic Principles," the Sumitomo Wiring Systems Group shall contribute to the progress of the sustainable global community through business prosperity and continuous growth, and aim to be a business entity trusted by international society and stakeholders.

We, the executives and employees of the Sumitomo Wiring Systems Group, shall regard the "Sumitomo Wiring Systems Group Charter of Corporate Behavior" as specific guidelines and conduct ourselves in accordance with the Charter to fulfill these corporate principles.

### 1 Provision of excellent products and services

**We shall provide excellent products and services that are socially useful and safe to satisfy customers in all aspects including quality and costs.**

- We shall pursue provision of products and services that satisfy customers in all aspects of SE + QCDD.
- We shall strive to establish the system where we can quickly and adequately cope with any risks that may occur during business activities, such as natural disasters, incidents or accidents.

### 2 Development of new, original business and products

**We shall devote ourselves to developing new, original, profitable business and products by understanding the customers' needs and demonstrating our surpassing creativity.**

- We shall constantly explore the customers' needs, then develop and present proactive suggestions to quickly meet their needs.

### 3 Global business expansion, and growth and development of the Group

**We shall always engage in business from a global point of view, and strive for continuous growth and development of the Group, fully utilizing the dynamism of our group management.**

- We shall promote business activities from the best viewpoint for the entire Group.
- We shall promote quick and accurate global information sharing.

### 4 Consideration for global environment

**We shall act in a voluntary and proactive manner for global environment preservation, and contribute to the establishment of a sustainable society.**

- We shall promote the development of products, technologies, and production engineering that can reduce the environmental load.
- We shall comply with environmental regulations, implement environment preservation plans, and promote environmental preservation activities through exchanges with local communities.

### 5 Observance of laws and regulations

**We shall strictly observe domestic and international laws and regulations, and always act fairly and openly.**

- We shall observe anti-bribery regulations in each nation, and maintain an honest and fair relationship with government agencies and public authorities.
- When exporting products or technologies, we shall implement appropriate procedures and management, complying with laws and regulations in each nation.
- We shall appropriately use or manage confidential information (e.g., own or a third party's management/technical information), tangible/intangible assets, and personal information.

### 6 Fair and appropriate business activities

**We shall promote fair, transparent, free competition and legitimate trade.**

- We shall observe competition laws in each nation, and compete fairly and freely.
- We shall select our business partners fairly and impartially based on the principle of competition, and provide candidates with equal opportunities, regardless of their nationality and size.

### 7 Action with awareness as members of society

**We shall act with awareness as members of society to create a better society, and make great contributions to society.**

- We shall take a strong stand against any antisocial forces or groups that threaten public order and security.
- We shall implement social contribution activities, aiming at coexistence with society.

### 8 Harmony with international society

**We shall aim to be a global company trusted by international society.**

- We shall respect the cultures and customs in each nation or region, and contribute to the development of the economy and society.

### 9 Establishment of pleasant working environment and cultivation of personnel

**We shall protect human rights, respect individuals, make an effort to create a bright and energized working environment, and stimulate the personal growth of each individual.**

- We shall strive to provide a working environment where employees can work in a safe and healthy manner.
- We shall respect employees' diversity, personality, and uniqueness, and support their career development or competence development leading to self-fulfillment.
- We shall not discriminate against employees, and handle their wage, working hours, and other working conditions lawfully and fairly.
- We shall not use or tolerate any forced or child labor.
- We shall recognize our employees' right to associate or right not to associate, complying with laws and regulations in each nation.

### 10 Appropriate information disclosure and promotion of communication

**We shall strive to build and develop a trusting relationship with communities through appropriate information disclosure and promotion of communication.**

- We shall appropriately disclose our corporate information for our stakeholders.
- We shall strive to promote communication with communities through public relations, public hearings, etc.

## ◆ SWS WAY

The SWS WAY expresses our action principles formulated in 2005, which are essential for satisfying customer requirements by expanding and developing across the globe and well into the future the "DNA" of the concept of work and the approach and attitude to work that have been handed down until the present day.

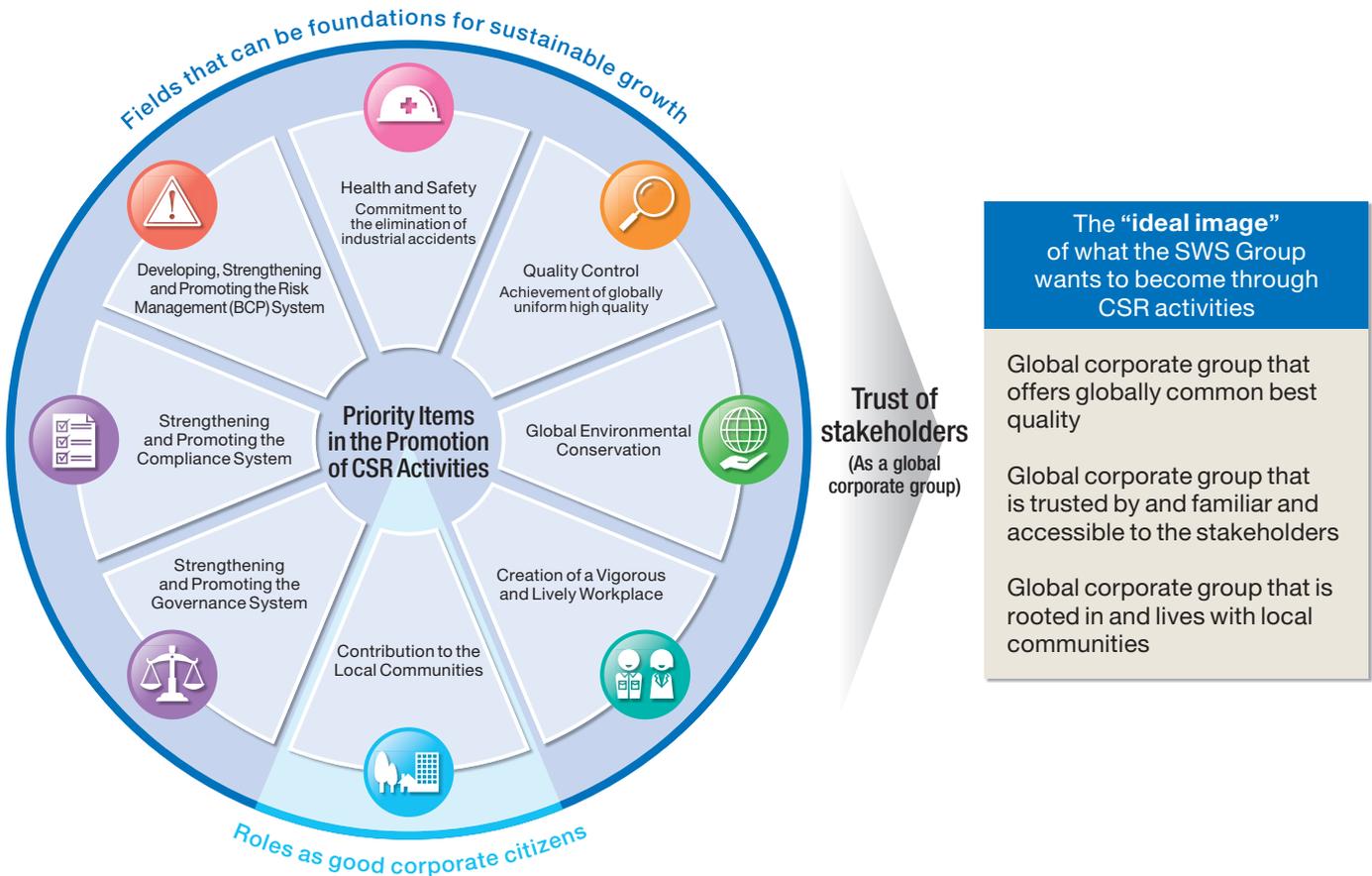
The eight-page SWS WAY booklet has been translated into 24 languages and distributed to 210,000 employees including executives in 32 countries. It consists of seven chapters comprising 30 sections.



## CSR Management

### ◆ CSR of Sumitomo Wiring Systems

We are committed to our eight priorities for CSR activities, including areas that can serve as centers and foundations for sustainable growth as well as our roles as better corporate citizens.



### ◆ CSR Promotion Structure

We are moving ahead with activities led by the CSR Committee, which was established in May 2010 and is chaired by the director in charge of general affairs. The committee's activities include conducting public relations and public consultations. The needs and information obtained from these activities are reflected in the action plans.



# Strengthening the BCP

## Reinforcing the resilience of our facilities and human resources against natural disasters

In view of the devastating impact that natural disasters can have on our operations, the SWS Group is taking all possible steps in its preparation for any calamity while bolstering its BCP\* toward establishing a more robust organization.

\*Business Continuity Plan: An action plan built around assumptions about unexpected events such as disasters and accidents and formulated to minimize impact on critical operations and ensure the quick recovery and resumption of business operations in the event that they are suspended.



### Preparing for Mega-earthquakes

Japan is one of the world's major hotspots for earthquakes. Over the past 1,600 years, more than 500 damaging earthquakes have been recorded in the country. In this respect, its history can be viewed as a repeated cycle of earthquake destruction and subsequent reconstruction. The risk of a major seismic event occurring is just as great today, from an epicentral earthquake directly under the Tokyo metropolitan area that is expected to inflict extensive damage to a Great Nankai Trough Earthquake\*, which could happen at any time. SWS Group sites are not immune to these risks.

Government reports predict tsunamis as high as 5 meters at the Yokkaichi Plant of Sumitomo Wiring Systems, Ltd., 7 meters at the Osaka Head Office, and 14 meters at the Shingu Plant of SWS West Japan, Ltd. (source: Central Disaster Prevention Council, the Cabinet Office, August 29, 2012).

■ Three Focal Regions of a Mega-Earthquake and the Nankai Trough



\*The Great Nankai Trough Earthquake is a magnitude 9 class mega-earthquake that is expected to occur across a wide epicentral zone along the Nankai Trough of the Pacific Ocean off the Japanese archipelago. Estimates suggest that an earthquake with a projected magnitude of 9.1 occurring in the Nankai Trough across the Suruga Bay and Sea of Hyuga could cause around 323,000 deaths in 30 prefectures and destroy roughly 2,386,000 buildings.

### Group-wide Risk Management and Business Continuity Efforts

At the time of the Great East Japan Earthquake in 2011, SWS was able to effectively respond by promptly convening a meeting at our countermeasures headquarters to confirm the safety of employees and their families and provide material resources and personnel to the affected sites, partner companies and suppliers. With a first-hand awareness of the urgent need to strengthen our countermeasures against natural disasters, we proceeded to develop risk control measures primarily focused on earthquakes and tsunamis in fiscal 2012.

The Business Continuity Subcommittee established under the Risk Management Promotion Committee meets every month to review the BCP and deliberate on prevention and disaster mitigation measures including employee education and training. It also reviews surveys on risks associated with natural disasters while developing group-wide risk control measures for our overseas sites.

# Addressing the Requirements of Our Facilities

## Our Approach to the BCP

Applying the experiences we gained as a result of the Great East Japan Earthquake, we are developing measures that place top priority on saving lives during emergencies and incorporate the twin pillars of facilities and human resources. Once we have met the requirements of our facilities, our human resources must be trained on a daily basis so that they are capable of going beyond what is expected of them in the event of a disaster with regard to preparation. During Japan's most recent major earthquake, we were unable to use some of our satellite mobile phones for emergency use because their batteries ran out. This taught us that after implementing measures at our buildings and facilities, we must provide all the necessary handling instructions and knowledge through training to ensure the measures are effective.

## Measures at the Yokkaichi Plant and IT Division

In addition to relocating our head office, we completed other key actions related to our Yokkaichi Plant facilities.

- ① Relocated all facilities including transformers and telephone switchboards to areas on the third floor and above
- ② Secured the drainage tanks for GP wastewater processing units in a stationary position to prevent the outflow of hazardous substances and liquid waste
- ③ Relocated emergency rations and water supplies to upper floors
- ④ Installed a private emergency power generators

For our IT division, we reinforced the Suzuka Data Center by building a new wing and constructed a backup data center in Dojima, Osaka, to provide backup for mission-critical systems.

## Training on Emergency Safety Inspections

An emergency safety inspection is conducted at disaster-affected buildings soon after a major earthquake strikes in order to objectively assess the level of damage and safety risks incurred and prevent secondary disasters (collateral injuries) from the collapse of damaged buildings. Employees certified as emergency safety inspectors for disaster-affected buildings present lectures on assessment procedures, the focal point for identifying damage, and on how to fill out the survey report.

In fiscal 2012, 363 employees from 29 offices attended these lectures, and in fiscal 2013, 79 employees from 11 offices had attended by September 30. We will continue offering these lectures to minimize risks associated with emergencies.



## Measures Related to the Relocation of the Head Office

We constructed and relocated to a new head office building to strengthen preparations to mitigate risk and carry out our BCP while securing space for future expansion of our technology development capacity at the Yokkaichi Plant, the site of our former head office. These activities have been included with other events commemorating the 100th anniversary of our founding in 2017. We implemented a number of measures at the new head office building, from its overall structure to its specific equipment, in order to ensure that it could withstand impacts caused by various disasters.

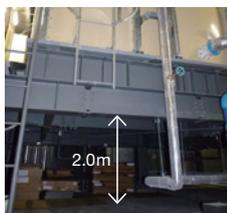
### ① Electricity supply to executive conference rooms and IT servers

An emergency power generator on the roof will automatically turn on 6 seconds after a power outage and supply electricity to executive conference rooms and IT servers for 48 hours.



### ② Emergency water supply

Took measures that would allow for the continuous supply of water in the event of a disruption to the public water supply.



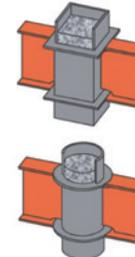
High water intake tank



Emergency well

### ③ Building structure

Concrete-filled steel tubes are used in building structures to provide superior resistance against earthquakes and fire. This method has been applied for 100- to 300-meter high skyscrapers constructed in recent years.



Data from Association of New Urban Housing Technology

### ④ Reinforced network

All floors of the new head office building are connected via wireless LAN, enabling staff members to communicate using cards that provide network access and computers with built-in LAN cards.

# Addressing Human Resource Requirements

## Enhancing Employee Responsiveness to Risk

We conduct field drills to develop the crisis management skills of our employees and thereby improve the business continuity capability of each employee and disaster prevention capability of every site. Past actions include organizing risk management training by outside experts, conducting evacuation drills and disaster training, and developing the "Tsunami Evacuation Manual" and distributing it to employees.



## Continuous Map Exercises

We have repeatedly conducted map exercises to confirm we can take swift action based on procedures in the risk manual and BCP. In view of inadequacies made apparent by the Great East Japan Earthquake, we place high priority on strengthening initial response actions, such as determining the extent of damage at sites affected by a disaster and collecting and sorting information at the emergency headquarters. Issues identified during training are immediately reflected in the manual in accordance with PDCA cycles.

In fiscal 2012 we conducted 34 map exercises at each of our sites which involved 658 personnel. We were consequently able to identify the areas where more work is required, such as a thorough examination of information that needs to be shared, the establishment of an emergency response system for nights and holidays, and the need for external collaborations. Participants have indicated that the training helped them understand specific responses and the overall procedure to follow during an emergency and also to realize the importance of check sheets and manuals.

Since collaboration between emergency headquarters and among divisions would be vital not only in an initial response but also for recovery efforts, we intend to shift our emphasis to divisional collaboration in conducting map exercises for operational recovery.



### Evacuation Guidance Signs for Local Communities

At seven locations inside the Yokkaichi Plant we installed tsunami evacuation guidance signs made of a light-accumulating material that glows in the dark to guide local residents seeking refuge at our compound in times of an emergency.

### Flow of Initial Actions by First Responders (scenario for earthquakes with an intensity of 6 minus or greater)

00:00	• Earthquake occurs
00:00-00:05 Immediate aftermath	• Launch initial response actions
00:05-01:00 Up to 1 hour after earthquake	• Promptly gather and distribute information • Set up a countermeasures headquarters
01:00-03:00 Up to 3 hours after earthquake	• Make decisions on various supportive responses • Reinforce information gathering and response • Start offering primary support (emergency provisions)
03:00-06:00 Up to 6 hours after earthquake	• Provide support to employees unable to return home • Start supporting operational recovery
06:00-12:00 Up to 12 hours after earthquake	• Start developing a system for providing an ongoing response over the long term
12:00-24:00 Up to 1 day after earthquake	• Request support from customers and relevant entities
24:00-72:00 Up to 3 days after earthquake	• Offer support to people affected by the earthquake

# Creating a Robust Production System That Will Not Halt During a Disaster

The key to the success of a BCP is remaining a robust organization that can maintain production systems during a disaster and continue supplying products to customers.

In our wiring harness business we have developed a bridge production system that enables us to simultaneously produce the same products at several different plants. Even if production is suspended at a site in any of the 30 countries where we operate, other sites would be able to pick up the slack. Several alternative production sites and global logistics routes have been determined as part of our preparation for making quick decisions in times of crisis.

Conversely, maintaining numerous bases around the world increases our exposure to risks, including natural disasters and severe weather conditions, political risks such as social instability and public demonstrations, and labor risks such as strikes. This makes it essential to consider a number of risk scenarios and countermeasures. We have therefore created a system for rapidly sharing information worldwide and are currently developing a prompt response mechanism 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. We collect a broad range of information worldwide on everything from natural disasters to political situations as well as data related to SWS and companies in the supply chain. We also draw upon collected risk data to identify issues that require constant attention and then post the data to a risk follow-up bulletin board so that we can continuously monitor the situation.

Ensuring consistent, dependable delivery to prevent disruptions in customer production lines requires readiness for an effective initial response and consideration of risk scenarios specific to each country or region. To that end, each business division has created its own BCP and conducts map exercises to prepare for contingencies.

## VOICE



### We will ensure business continuity and fulfill our social responsibility through constant education and training

As the head of the Business Continuity Subcommittee, I am responsible for promoting overall risk control activities. The concept of risk has profound implications, and I feel that our activities have yet to be fully understood throughout the SWS Group. We have spared no effort in coming up with different creative approaches to develop the awareness of as many people as possible. Even the best methods, however, require constant application before we can master them. We therefore intend to continuously provide regular training to enhance awareness of risk control.

#### Shoji Kanda

Chairman of the Business Continuity Subcommittee  
 General Project Manager  
 Production Planning Department  
 Wiring Harness Business Planning Group  
 Sumitomo Wiring Systems, Ltd.

### Strengthening Collaboration with the Supply Chain

We encourage suppliers to develop disaster countermeasures aimed at preventing the suspension of delivery of parts in the aftermath of a disaster. A survey we conducted in fiscal 2012 provided us with a means for sharing information about challenges with major suppliers and taking future action.

Survey Content	
① Safe workplace	Primary disaster prevention, secondary disaster prevention
② Initial response system	Early detection of earthquake, facilitation of initial response, secure evacuation
③ Recovery system	Advance preparation for early recovery, development of a system that enables prompt response to disasters, disaster response at suppliers

Survey respondents: 117 suppliers  
 Priority management issue: Seismic adequacy of each site's manufacturing facilities

## Strengthening and Promoting the Governance System

## Strengthening and Promoting the Compliance System

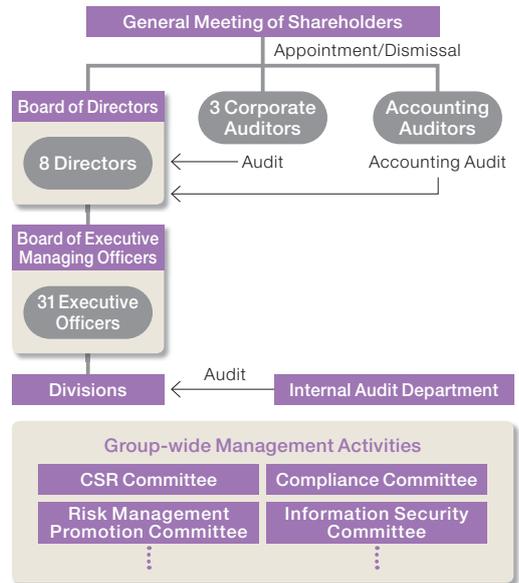
We are reinforcing our foundation for sustainable growth while simultaneously strengthening our compliance system in cooperation with suppliers.

### ◆ 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. Three Corporate Auditors audit the business execution performance of the Directors at SWS. 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.

### ■ Corporate Governance System



### ◆ Compliance System

We established a compliance manual in 2005 to augment our compliance system with 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.

Moreover, our Group Charter of Corporate Behavior was revised in April 2013 to further safeguard legal compliance related to bribery, competition laws and security trade controls.

### ◆ 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, we actively engage in compliance training and education tailored to the characteristics of each workplace.



Compliance training

### ■ Compliance Training (Fiscal 2012)

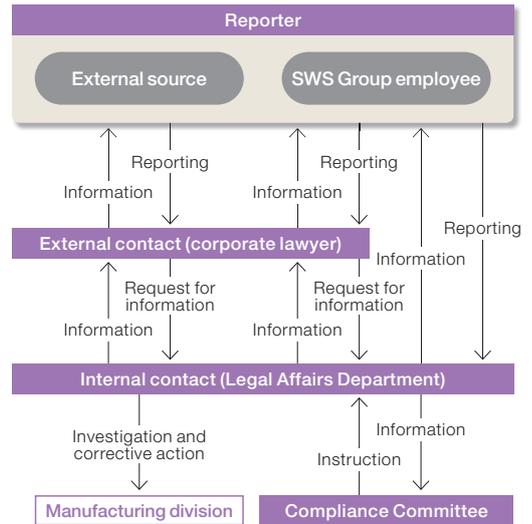
Type of Training	Number of Sessions	Number of Participants
Training for New Employees	3	160
Training for Mid-career Recruits	17	207
Position-based Training	15	736
Optional Training	8	126
Compliance Training on Competition Law	4	604
Sessions by Visiting Lecturers	6	114
Other	3	141
<b>Total</b>	<b>56</b>	<b>2,088</b>

### ◆ Contacts for Compliance Reporting

Contacts for compliance reporting were established in 2005 to promptly identify and correct any incidents of legal or ethical non-compliance. Reports of non-compliance are mainly investigated and handled by the Legal Affairs Department, which serves as the Compliance Committee Secretariat. In 2008, we also established an external contact to facilitate intervention by our corporate legal counsel.

In fiscal 2012, 14 cases were reported, investigated and appropriately addressed.

### ■ Compliance Reporting



### ◆ Our Approach to CSR Procurement

Sumitomo Wiring Systems forges win-win relationships with suppliers by emphasizing openness, fairness and equitability and closely collaborates with them on the global stage as a valued business partner.

### 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

### ◆ Revision of the CSR Guidelines for Suppliers

The CSR Guidelines for Suppliers comprise the three areas of “Shared management stances,” “Our expectations for your products and services,” and “Our expectations for product manufacturing and service development.” These clearly state our expectations and requests to suppliers and are intended for overseas suppliers as well.

In May 2013, we added “Responsible procurement of resources and raw materials” to comply with disclosure requirements\* for conflict minerals\*\*, a recent international concern, and asked suppliers for their cooperation at the Global Suppliers Meeting. We intend to rigorously apply and disseminate the Guidelines among our suppliers.

\* As a result of growing calls to regulate conflict minerals in the United States, companies listed on U.S. securities exchanges are required to report any use of conflict minerals in products to the Securities and Exchange Commission.

\*\* Minerals from politically unstable areas of Central Africa such as tantalum, tin, tungsten and gold, which are used in IT, telecommunications and medical equipment. Procurement of these minerals has emerged as an international concern as a source of funding for militia groups in conflict areas of the Democratic Republic of the Congo and of destruction of the natural habitat of endangered mountain gorillas.



### ◆ Communication with Suppliers

Sumitomo Wiring Systems convenes an annual Global Suppliers Meeting to report on the business environment and its procurement policies in an atmosphere of mutual trust. At our May 2013 meeting, a total of 213 participants from 139 companies attended a presentation on our procurement policy and quality control efforts as well as an award ceremony recognizing the outstanding suppliers of fiscal 2012.

We also set up “Sumitomo Wiring Systems Group Contacts for Compliance Reporting,” where suppliers can consult with the Compliance Committee Secretariat, which operates separately from the Material Procurement Departments.



Global Suppliers Meeting



## Developing, Strengthening and Promoting the Risk Management (BCP) System

We are strengthening our internal Group system to expand our capabilities in all-inclusive risk management.



### ◆ Risk Management Action Policy

We have identified five major areas where we will make comprehensive efforts under our corporate risk management system. Within the framework of the Sumitomo Wiring Systems Group Basic Principles, the Basic Risk Management Rules 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.

### ■ Five Major Risk Management Areas



<b>Promotion System Management</b>	Group-wide committees and individual committees; Risk Manager in each division and each company; Risk Management Staff in each department
<b>Risk Communication</b>	Sharing information (risk scenarios, priority response); Sharing information about issues associated with crisis situations (developing rules); Disseminating risk management policy throughout the SWS Group; Gathering risk management information and accumulating related expertise; Disseminating risk management information by clarifying responsible entities and staff
<b>Preventive Risk Management</b>	Reducing and preventing risk (proactive measures); Formulating BCPs and risk manuals (emergency response plans); Strengthening the risk management perspective in daily decision making
<b>Crisis Management</b>	Strengthening response capabilities in crisis situations; Holding simulated training events such as on-site emergency drills; divisional BCP actuation drills; Operational drills for Countermeasures Headquarters
<b>Overseas Safety Measures</b>	Compiling overseas risk information and response expertise; Strengthening the ability to transmit information overseas; Strengthening emergency response capabilities (Overseas Safety Measures Committee)

### ◆ Risk Management Promotion System

Under our Risk Management Promotion System, the Business Continuity Subcommittee of the Risk Management Promotion Committee discusses and examines specific issues. Risk management efforts are promoted by Risk Managers assigned for each division and company and by Risk Management Staff in each department. In addition to daily risk management activities, these designated staffs also work together to address crisis situations.

### ■ Structure of Risk Management Promotion



### ◆ Risk Communication

We are actively developing effective, organic first-response capacity by consistently sharing information even under normal conditions, and steadily building up our emergency response expertise.

#### ● Risk Manager Training

Risk Managers have acquired basic risk management knowledge with a deeper understanding of their roles.

#### ● Periodic Delivery of Risk Information

By sharing risk management information, we learn from situations that have occurred and then apply this knowledge to future risks.



## Health and Safety

Commitment to the elimination of industrial accidents

We thoroughly comply with the “Safety is our top priority” philosophy and perform health and safety related activities to ensure that employees can work with a sense of security.



### ◆ Philosophy and Policy

With “Safety is our top priority” as the foundation of our business, the SWS Group strives to secure the health and safety of its workers with a spirit of respect and rigor that affords no opportunity for occupational accidents. We intend to take on our priority tasks for fiscal 2013, shown at right, with zero accidents.

### ◆ Strengthening the Health and Safety Management System in Japan

Sumitomo Wiring Systems is strengthening its health and safety management system in Japan by introducing the OSHMS (occupational safety and health management system)\* to affiliates. In fiscal 2012, we actively pursued compliance with the SWS method of the OSHMS, our proprietary certification system that incorporates current OSHMS standards and is specifically tailored to the wire harness business. As a result, 13 facilities have been certified as of September 2013.

\*A management system designed to optimize workplace safety and health through a systematic and ongoing process.

### ◆ Strengthening Safety Activities around the World

SWS business divisions with the support of related divisions take the initiative to improve safety management and eliminate accidents worldwide by providing overseas Group companies with a standardized diagnostic sheet to assess safety efforts and by organizing safety lectures and workshops on human resource development. Safety workshops held in Mexico, Vietnam and China in fiscal 2012 yielded significant results.

### ◆ Global Occupational Accident Statistics

Since we started compiling global occupational accident statistics in 2005, we have been working to unify disparate national standards by standardizing commonly used injury level definitions in order to facilitate comparative analysis. Statistics compiled to date have allowed us to visualize the safety records of 81 domestic and overseas companies, and the information is distributed monthly to Group companies around the world.

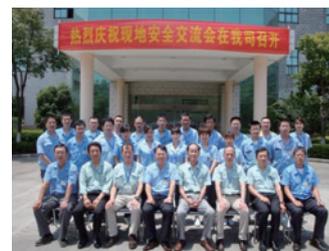
### ◆ Mental Health

In response to rising interest in promoting mental health management, SWS has embraced line care education, through which supervisors provide guidance and consultation to employees on an individual basis while working to improve the workplace environment. We also encourage employees to become certified in mental health management so that they gain the knowledge and tools required to practice mental healthcare.

### Priority Tasks

#### Safety is our top priority

- Promote safe equipment operation
- Strengthen the safety management system at each company and facility
- Eliminate accidents caused by non-stationary operations and unsafe actions
- Prevent traffic accidents
- Support physical and mental health
- Create accident-resistant workplaces



Safety workshop in China

### ■ Number of Global Occupational Accidents





## Quality Control

### Achievement of globally uniform high quality

In light of the increasing globalization of manufacturing, we are making a concerted effort to bring uniformity to the Group's quality control efforts.



**Quality Policies for Fiscal 2012**

- 1 Commit to zero defects by strengthening capabilities for development, manufacturing and cultivation of human resources
- 2 Promote activities for preventing the occurrence, recurrence or expansion of quality issues
  - (1) Proactively manage change and address warning signs
  - (2) Minimize loss due to lapses in quality
- 3 Identify and implement best practices in quality assurance that will lead to increased customer satisfaction

**Quality Policies for Fiscal 2013**

Achieve top quality in the world by:

- 1 Developing designs, processes and products that preclude defects – eliminate potential causes for quality defects
- 2 Cultivating on-site capabilities for pre-emptive management and recognition of quality-related problems – change point management, anomaly management, management of compliance with standard operation procedures
- 3 Actively working to increase customer satisfaction – from satisfying customers to impressing them

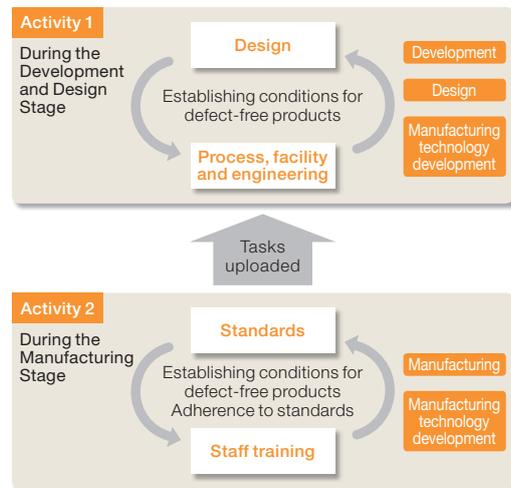
### ◆ “Assurance of Each Process” Activities

To put into practice our commitment to the principle “The next processes are our customers,” we are promoting “Assurance of Each Process” activities aimed at creating designs, processes and products to preclude defects and eliminate them before they reach the next stage.

The design division creates designs that eliminate any element that could cause a defect in quality before the product is made. The manufacturing technology development division establishes processes that preclude defects as well as processes for quickly identifying and eliminating defects before a product reaches the next stage. Moreover, activities undertaken by the manufacturing division stringently adhere to procedures in place for ensuring that defects do not occur in regard to any change point.

By taking these measures, our objective is to achieve our goal of “zero complaints” from customers around the world.

#### ■ Basic Concept of “Assurance of Each Process”



### ◆ Earning the Respect of Our Customers

As manufacturing professionals, we have consistently sought to provide high quality products over the years that earn customer trust. This has resulted in fewer complaints and a lower complaint index every year as well as the high regard of our customers around the world. Moreover, we received 44 awards for our products in 12 countries in fiscal 2012.

Advances in technology and diversifying assessment criteria have led to increasingly demanding customer requirements. Nevertheless, we remain committed to delivering products that consistently merit the trust of our customers.



Award ceremony



## Promoting the Pika Pika Campaign to Achieve Globally Common Best Quality

Sumitomo Wiring Systems conducts business around the world as a supplier of wire harnesses. We aspire to deliver the best quality products to customers, regardless of who makes them or where they are made. As part of this effort we conduct the Pika Pika Campaign (meaning “shiny campaign” in Japanese) which comprises four areas.

### ● HAI-Q Activities to Eliminate Defects (Creating “Pika Pika” Manufacturing Lines)

To eliminate defects, we strive to extend the number of zero defect days at all manufacturing lines around the world. A line that achieves 10 straight days with zero defects is designated as an HAI-Q\* line. At last count, the number of HAI-Q lines had exceeded 2,000.

A line is stopped immediately upon discovery of a defect and staff work together to identify the root cause and take corrective action.

\*Harness Innovation Quality: Activities for identifying quality issues at factories and making improvements.



### ● Wire Harness Skill Olympic Games to Compete in Manufacturing Skills

The Wiring Harness Skill Olympic Games is an exciting event at which more than 100,000 wiring harness production workers in the SWS Group from across the globe compete with world class skills.

In July 2013, 35 teams from 14 countries competed in 5 categories, including processing, at the Suzuka Circuit in Suzuka City, Mie Prefecture, Japan. In the team competition for 2013, WHSW (China) won the gold medal while the silver and bronze medals went to SDVN (Vietnam) and IWSP (Philippines), respectively. Participants acknowledged each other for their efforts. We intend to continue building up the skills of every employee to consistently manufacture products with globally common best quality.





## Global Environmental Conservation

Sumitomo Wiring Systems views environmental conservation as a high priority and will continue working toward realizing a sustainable society in harmony with the environment.



## Environmental Management

### Environmental Preservation Principles

#### Basic Principles

The SWS Group shall implement business activities to create an affluent society with full consideration for environmental preservation.

#### Environmental Preservation Action Guidelines

- ① Make efforts to develop and improve eco-technology (also known as "green engineering") in every field of product planning, development, design, manufacturing methods, production, logistics, usage and disposal aiming at product manufacturing, with consideration given to influence on ecosystems and protection of resources.
- ② Determine self-imposed restraints to reduce impact on the environment, in addition to observing environmental regulations by the government, local public bodies and other organizations.
- ③ Conduct an environmental audit to check the progress of environmental preservation plans and job performance levels in order to maintain and improve the level of environmental management.
- ④ Improve environmental awareness in the SWS Group, including overseas sites, and promote environmental preservation activities through communication with local communities.

### ◆ Environmental Management System

Since fiscal 2009, 23 sites, including small-scale logistics sites and sales offices with low environmental impact, have been placed under the control of our environmental management system and subject to SS (small site) EMS. Overseas, we have been developing environmental management activities that encompass all our manufacturing affiliates. With the expansion in overseas production, the scope of our environmental conservation activities has increased to 60 companies.

### ◆ Status of ISO 14001 Certification

The corporate merger increased the total number of domestic Group companies with ISO 14001 certification to eight, which are Sumitomo Wiring Systems, Ltd. and seven Group companies in Japan.

With regard to our overseas Group companies, one obtained ISO 14001 certification in 2013. Nevertheless, the rate of certification fell 5 percentage points from fiscal 2012 (certification rate for fiscal 2011: 77%, or 51 out of 66 companies to be certified; for fiscal 2012: 72%, or 52 out of 72 companies to be certified). The reason for the drop was that we included six ISO 14001 certifiable companies during an investigation.

#### ■ Number of domestic affiliates with ISO 14001 certification

Group Company	Date of Certification
Sumitomo Wiring Systems, Ltd.	October 1997
Sumidenso Service, Ltd.	October 1997
S.D. Engineering, Ltd.	June 1999
Sumidenso Platech, Ltd.	September 2000
SWS West Japan, Ltd.	November 2000
SWS East Japan, Ltd.	November 2001
SWS Management Support, Ltd.	September 2002
Chuetsu Sumidenso, Ltd.	September 2007

## ◆ SWS Group Environmental Action Plan

The SWS Group established Challenge-Eco 2012 to cultivate stronger relationships with the global community by reducing environmental impact at every stage of the product life cycle, from development to disposal.

In fiscal 2013, we will also introduce the Action ECO-21 campaign of Sumitomo Electric Industries, Ltd. to implement environmentally conscious activities through our business.

### ■ Challenge-Eco 2012 Targets and Results for Fiscal 2012

Activity	Fiscal 2012 Targets	Fiscal 2012 Results	Evaluation
<b>•Strengthening Environmental Management</b>			
<b>Enhancement of Group-wide activities</b> <b>Bolstering of the environmental management information system</b>	Global operation of the corporate environmental management system · Visualize environmental data and share it globally · Establish a feedback system for environmental management	Collected and disclosed data “Visualized” electricity consumption of major domestic sites “Visualized” per unit environmental impact of overseas affiliates	○
<b>•Promoting Design and Development of Environmentally Conscious Products (Improving Product Capabilities)</b>			
<b>Increase in the number of certified environmentally conscious products</b>	Ratio of certified products in sales: 80%	Ratio of certified products in sales: 70% (Harness Division: 90%; Components and Electronic Components Division: 33%)	△
<b>Strengthening of cooperation with suppliers</b>	Bringing 95% of all suppliers to rank B or higher (confirm ISO 14001 compliance of management systems)	In Japan: Rank B or higher: 99% (442 of 448 companies) Overseas: Rank B or higher: 96% (70 of 73 companies)	○
<b>•Establishing Clean Factories</b>			
<b>Energy saving (CO<sub>2</sub> reduction)</b>	In Japan: Reduced by 40% from FY1990 (per unit of sales) Overseas: Reduced by 20% from FY2008 (per unit of sales)	In Japan: Reduced by 43% from FY1990 (per unit of sales) Overseas: Increased by 2% from FY2008 (per unit of sales)	△
<b>Promotion of logistics efficiency (CO<sub>2</sub> reduction)</b>	In Japan: Reduced by 40% from FY2006 (per unit of sales)	In Japan: Reduced by 28% from FY2006 (per unit of sales)	○
<b>Reduction of total volume of waste</b>	In Japan: Reduced by 50% from FY2005 Overseas: Reduced by 20% from FY2008 (per unit of sales)	In Japan: Reduced by 63% from FY2005 Overseas: Increased by 17% from FY2008 (per unit of sales)	△
<b>Control and reduction of substances of concern</b>	Promote activities to reduce substances of concern in the manufacturing process	Introduced new control system for chemical substances	○
<b>•Contribution to Communities, Communication Enrichment</b>			
<b>Advancement of information disclosure</b>	Expand and improve disclosure of information about Group companies, including overseas businesses, through the CSR report and website	Published a CSR report including environmental information Shared environmental information through the website	○
<b>Coexistence with communities</b>	Expand environmental conservation activities by SWS Group companies, including overseas businesses	Provided environmental education for elementary school students and participated in environmental events Expanded and improved environmental conservation activities by overseas affiliates	○

### ■ Action ECO-21 Campaign Action Plan and Targets for Fiscal 2013

Sumitomo Electric Industries, Ltd. Action ECO-21 Phase V (FY2013 and FY2014)	Sumitomo Electric Industries, Ltd. Global Targets	Sumitomo Wiring Systems, Ltd. Targets
<b>Prevention of global warming</b>	Save energy (reduce consumption per unit of sales) Save energy in offices (reduce consumption per unit) Reduce CO <sub>2</sub> emissions from logistics per unit of sales	Reduce by 8% from FY2012 Reduce by 2% from FY2012 Reduce by 2% from FY2012
<b>Promotion of resource saving and recycling</b>	Promote zero emissions (in Japan) Reduce absolute volume of waste (in Japan) Promote zero emissions (overseas) Reduce water use per unit of sales	0.3% or less Reduce by 3% from FY2009 5% or less Reduce by 2% from FY2012
<b>Reduction of harmful chemical substances</b>	Reduce VOC emissions (in Japan) Reduce VOC emissions (overseas)	Reduce by 2% from FY2012 Reduce by 2% from FY2012
<b>Management of harmful substances contained in products</b>	Discontinue use of harmful substances (comply with RoHS and ELV Directives)	Set prospective deadline for discontinuing the use of substances targeted for prohibition under RoHS Discontinue use in products (regulatory compliance)
<b>Expansion of environmentally conscious product range</b>	Register “Eco Mind” products Increase ratio of eco-products (SWS = environmentally conscious products) in sales Reduce CO <sub>2</sub> emissions with products that produce less CO <sub>2</sub> emissions	Register 100% of new products More than 50% 100 thousand t-CO <sub>2</sub> /year Register 100% of new products More than 80% 2 thousand t-CO <sub>2</sub> /year

### ◆ Environmental Audit

The table at right summarizes the internal and external evaluations of the SWS Group's environmental management system in relation to ISO 14001.

In the fiscal 2012 audits, the internal audit indicated five findings while none were identified by the external environmental audit. We completed the necessary corrective actions and are committed to further improving the system to ensure it operates effectively.

### ■ Results of the Audits

ISO 14001 Registered Organization	Number of Sites	Internal Audit Results		External Audit Results	
		Findings	Notes	Findings	Notes
Head office and Yokkaichi area of Sumitomo Wiring Systems, Ltd.	5	3	29	0	4
Suzuka Plant of Sumitomo Wiring Systems, Ltd.	10	2	35	0	11
Eastern area of Sumitomo Wiring Systems, Ltd.	11	0	15	0	15
Western area of Sumitomo Wiring Systems, Ltd.	9	0	30	0	11
Sumidenso Platech, Ltd.	4	0	0	0	9
<b>Total</b>	<b>39</b>	<b>5</b>	<b>109</b>	<b>0</b>	<b>50</b>

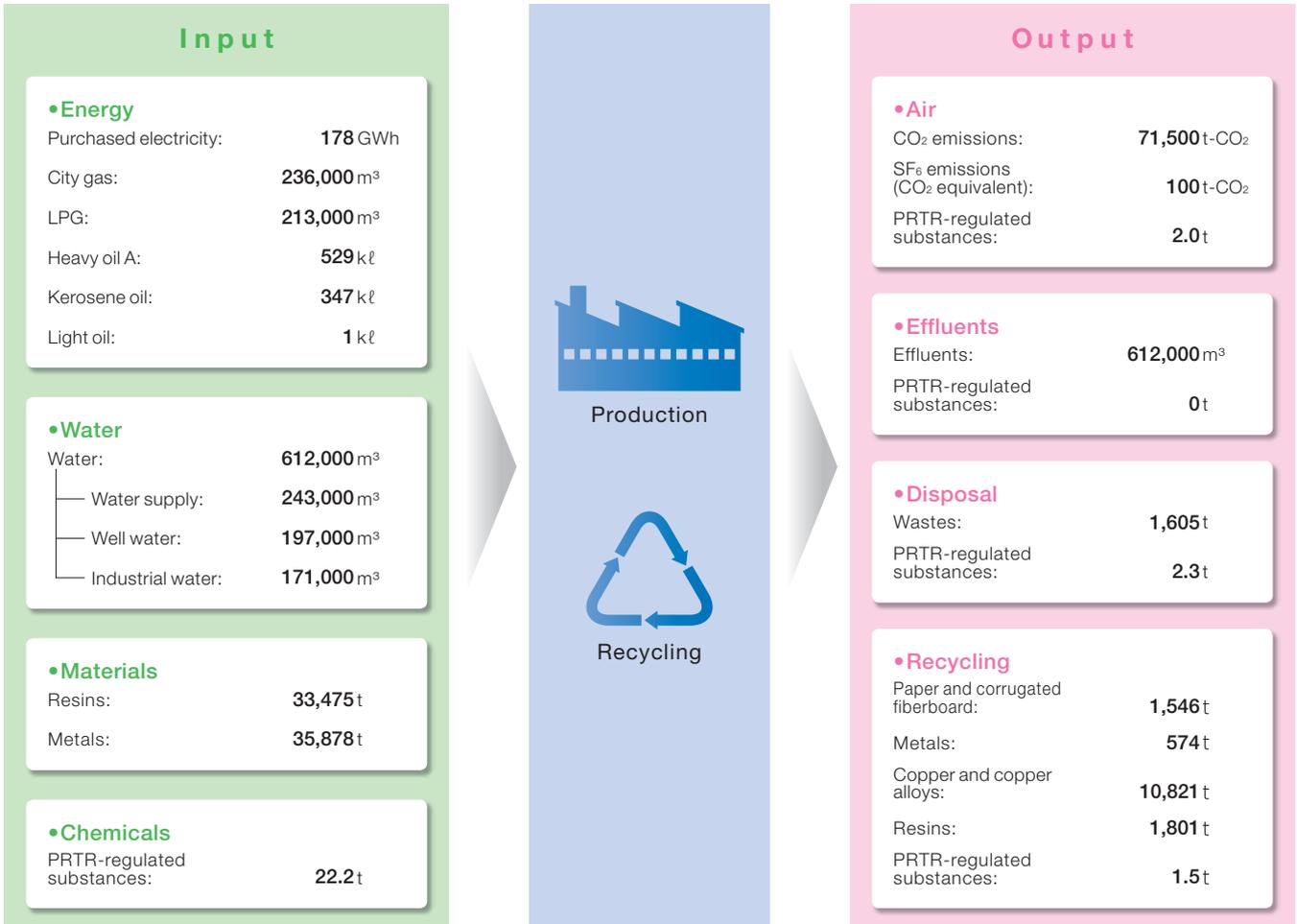
### ◆ Environmental Education

Position-based training programs are offered to help employees understand our environmental conservation activities and apply them in their daily work. The table at right outlines the training provided in fiscal 2012 for a cumulative total of 11,342 participants.

### ■ Environmental Training Program

Training Categories		Number of Participants
Introductory training	Training for new employees	356
Training for recently transferred employees	Employees transferred from other regions and mid-career workers	1,456
Refresher training	Training includes environmental fairs	8,873
Environmental management training	Staff in charge of the EMS	98
Environmental auditor training	Candidates for internal auditors	63
Special environmental training	Training for qualified persons	62
Training on significant environmental aspects	Applicable employees	422
Other training	Emergency response training	12
<b>Total</b>		<b>11,342</b>

### ◆ Material Balance (in Japan)



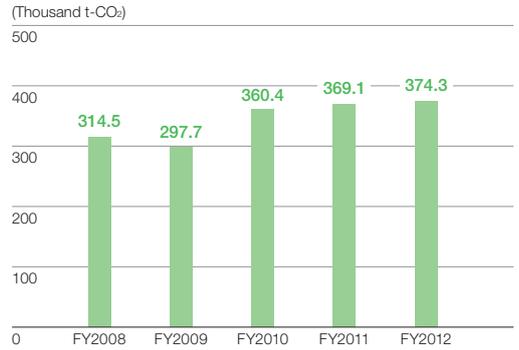
## Prevention of Global Warming

### ◆ SWS Group CO<sub>2</sub> Emissions

The SWS Group acknowledges the urgency of taking action to prevent global warming and is moving forward in a concerted effort to establish Clean Factories.

In fiscal 2012, overall Group CO<sub>2</sub> emissions increased to 374,300 tonnes from fiscal 2011.

■ SWS Group CO<sub>2</sub> Emissions (Excluding CO<sub>2</sub> Emissions from Logistics)



### ◆ CO<sub>2</sub> Emissions in Japan (Including CO<sub>2</sub> Equivalent of SF<sub>6</sub> Emissions)

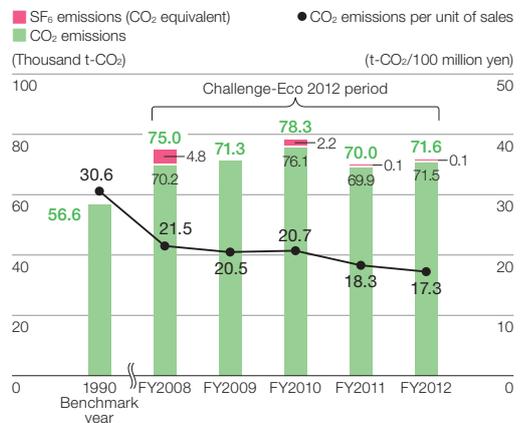
**FY2012 target** 40% reduction per unit sales from FY1990

**FY2012 result** 43% reduction per unit sales from FY1990

Emissions of CO<sub>2</sub> (including the CO<sub>2</sub> equivalent of SF<sub>6</sub> emissions) in Japan were reduced by 43% per unit of sales from fiscal 1990, thereby meeting the target.

In fiscal 2012, we continued energy saving measures related to air conditioning, lighting and pressurized air supply equipment.

■ CO<sub>2</sub> Emissions in Japan



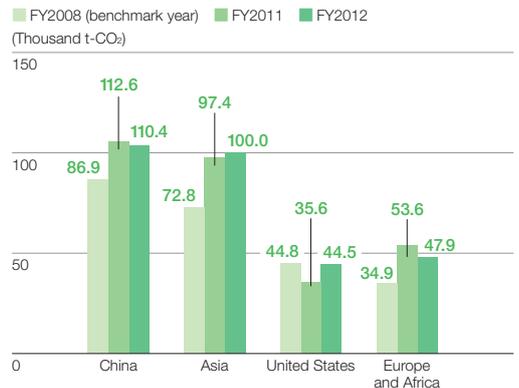
### ◆ CO<sub>2</sub> Emissions Overseas

**FY2012 target** 20% reduction per unit sales from FY2008

**FY2012 result** 2% increase per unit sales from FY2008

Our overseas emissions of CO<sub>2</sub> increased by 26.4% from fiscal 2008 and 2% per unit of sales from fiscal 2008, falling short of the target. This was partly due to the significant impact of foreign exchange rates on yen-denominated sales.

■ CO<sub>2</sub> Emissions Overseas



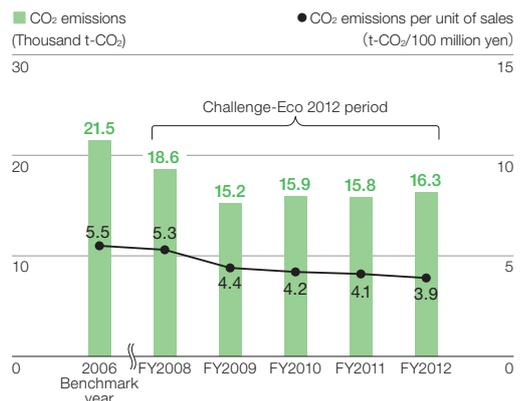
### ◆ Reduction of CO<sub>2</sub> Emissions from Logistics (in Japan)

**FY2012 target** 40% reduction per unit sales from FY2006

**FY2012 result** 28% reduction unit sales from FY2006

Emissions of CO<sub>2</sub> from logistics in Japan were reduced by 28% per unit of sales from fiscal 2006, thereby failing to meet the target. Major efforts by the Logistics Expert Group in fiscal 2012 included adjusting vehicle size according to cargo size and shortening transport distances along with promoting modal shifts.

■ CO<sub>2</sub> Emissions from Logistics (in Japan)



## Resource Recycling and Control of Substances of Concern

### ◆ Reduction of Waste (in Japan)

**FY2012 target** 50% reduction from FY2005  
**FY2012 result** 63% reduction from FY2005

To ensure the effective use of resources, we thoroughly separate waste so that it can be sold. We also strive for zero emissions (no landfill waste) at all sites. In fiscal 2012, we sought to expand the range of items with marketable value by revising our waste disposal method and finding new buyers. As a result, the volume of waste fell by 63% from fiscal 2005, thereby meeting our target.

Looking ahead, we will seek to further reduce waste by jointly promoting the reuse of resources with waste disposal companies and expanding the range of items with marketable value by finding new buyers.

### ◆ Reduction of Waste (Overseas)

**FY2012 target** 20% reduction from FY2008  
**FY2012 result** 17% increase from FY2008

The volume of waste disposed in fiscal 2012 increased by 17% per unit of sales from fiscal 2008, thereby not meeting the target. As in the case of CO<sub>2</sub> emissions overseas, the foreign exchange rate had a significant impact.

Establishing a system for managing the environmental impact of our overseas manufacturing affiliates is vital, given our high ratio of overseas production. In fiscal 2012, we began providing “visualized” data on the volume and breakdown of waste disposed of by our overseas affiliates on a trial basis. We intend to make better “visualized” data available going forward.

### ◆ Control and Reduction of Substances of Concern

In fiscal 2012, we adopted a system by the Sumitomo Electric Industries Group to reinforce our chemical substance management and are also continuing to reduce substances of concern in the manufacturing process. The system was introduced at all major plants in Japan to integrate management of toxic substances and chemical substances regulated under the PRTR (Pollutant Release and Transfer Register) as well as to collect data on PRTR-regulated substances and VOC (Volatile Organic Compounds).

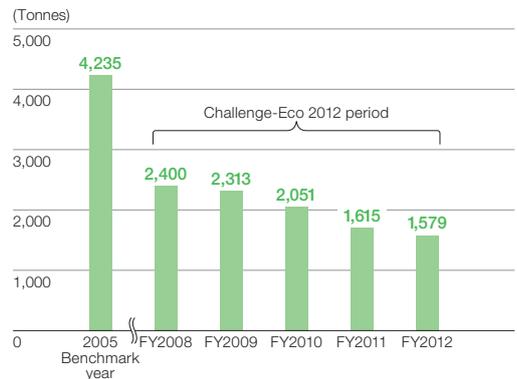
#### ● PRTR (in Japan)

The transaction amount of PRTR-regulated substances was reduced by 19% compared to the previous year. Reports were mandated for five types of substances, including antimony and its compounds, methylnaphthalene and xylene. Atmospheric emissions decreased by 20% and transfer to waste decreased by 26% from the previous year.

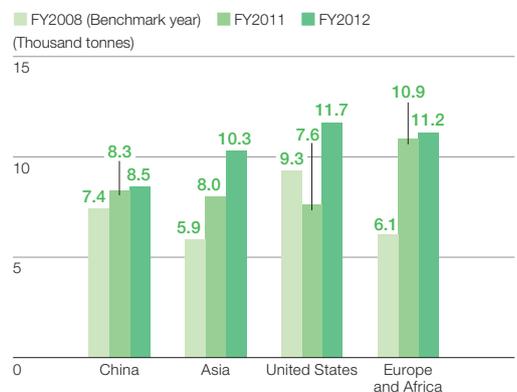
#### ● PCB (in Japan)

In response to the enforcement of the Law Concerning Special Measures against PCB Waste in July 2001, the SWS Group replaced all lighting equipment using PCB-containing stabilizers. We also store and strictly control other PCB-containing devices, such as high-voltage capacitors, as PCB waste and issue legally required notifications.

#### ■ Volume of Waste Disposed in Japan



#### ■ Volume of Waste Disposed Overseas (Includes Valuable Resources)



#### ■ PRTR-regulated Substances by Year



## Environmentally Conscious Products

### ◆ Increase in the Number of Certified Environmentally Conscious Products

**FY2012 target** Ratio of certified products in sales: 80%  
**FY2012 result** Ratio of certified products in sales: **70%**  
 (Harness Division: 90%; Components and Electronic Components Division: 33%)

The SWS Group launched the Eco Symbol Mark Certification System (environmentally conscious product certification system) using original criteria in May 2005 as a means for contributing to global environmental preservation through its products. A total of 32 products have been certified to date. The Special Environmental Subcommittee for Products established under the Corporate Environmental Management Committee has been the primary entity supporting certification. Thirteen items have been selected for environmental consciousness evaluation (emphasizing environmental items) under ISO 14021 (JISQ 14021) and self-declared environmental claims (Type II environmental labeling).

Although five products were certified as environmentally conscious in fiscal 2012, the ratio of certified products to sales was 70%, falling short of our target. In fiscal 2013, we will continue to target an 80% ratio of sales. In addition, we aim to register at least four products per year to further expand the range of our environmentally conscious products.

#### ■ Eco Symbol Mark



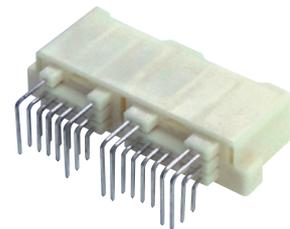
#### ■ Products Certified as Environmentally Conscious in Fiscal 2012



No. 27 Harness for power slide doors (case-less type)



No. 28 Lightweight body ECU



No. 29 Connector for printed boards that have terminals with square wire material



No. 30 Simple 3D wire harness



No. 31 High-function light fuse box type IV

### VOICE

#### Hope to apply this expertise in developing other new technologies

The Simple 3D Wire Harness has been developed using our technology for 3D-molding a wire harness to conserve energy by reducing the number of protectors and other parts and minimizing channel length.

Since we had not handled non-woven fabric before, the development process was challenging; however, we hope to apply this expertise in developing other new technologies.



**Tetsuya Sonoda**  
 Development and Design  
 Department 3  
 Western Customers Group  
 Division 1  
 Sumitomo Wiring Systems, Ltd.

### ◆ Enhancement of Cooperation with Suppliers

**FY2012 target**  
 Bringing 95% of all suppliers to rank B or higher\*  
**FY2012 result**  
 In Japan: Rank B or higher **99%** (442 of 448 companies)  
 Overseas: Rank B or higher **96%** (70 of 73 companies)

\*Supplier operating under an externally-certified environmental management system.

Recognizing the crucial role of joint efforts with suppliers for preventing global warming, the SWS Group confirms the environmental management systems of suppliers. We are also continuing to put in place environmentally friendly procurement under our Green Procurement Guidelines.



## Creation of a Vigorous and Lively Workplace

We intend to become a robust global company by creating dynamic workplaces founded on respect for human rights.



### ◆ Basic Approaches to Human Rights

The Sumitomo Wiring Systems' Group Charter of Corporate Behavior calls for respect for human rights and prohibits discrimination. A variety of training programs are provided to deepen employee awareness of and commitment to human rights.

We conduct business and establish work environments with due respect for human rights and free of any discrimination based on nationality, race, ideology, gender, age, social status or disability.

### ◆ Employment of Diverse Human Resources

Our personnel policy is to employ diverse human resources that reflect a variety of career paths irrespective of nationality or gender.

#### ● Promoting Employment of Physically or Mentally Challenged Persons

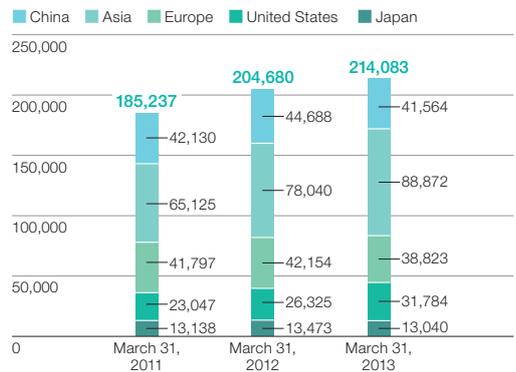
To further promote the employment of physically or mentally challenged people, we established SWS Smile, Ltd. in May 2013 as a subsidiary that emphasizes the importance of hiring these individuals. SWS Smile commenced operations in June of that year and received certification as a special subsidiary in the following October. Our current employment rate for physically or mentally challenged individuals has not reached the statutory rate of 2.0%. This is partly due to our active transitioning of workers from temporary to full-time positions and subsequent increase of full-time employees. Nevertheless, we intend to achieve the statutory rate in fiscal 2013.



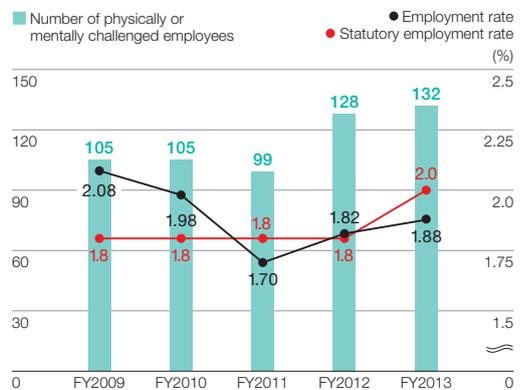
#### ● Promoting the Transition of Temporary Workers into Full-time Employees

We are promoting the transition of temporary workers into full-time employees to accrue in-house expertise in our business operations, which are becoming increasingly complex, and to facilitate continual improvements to these operations. This commitment also closely aligns with labor management legislation such as the Worker Dispatching Act in Japan. Therefore, in addition to hiring temporary workers as short-term contract employees, we periodically offer temporary and short-term contract workers a recruitment exam for becoming full-time employees.

### ■ Global Personnel

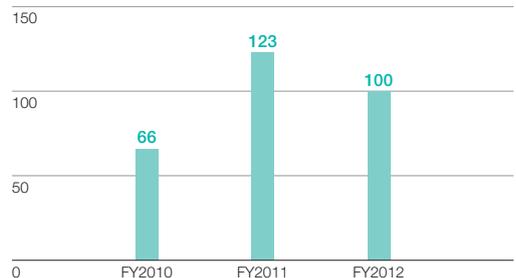


### ■ Employment of Physically or Mentally Challenged People



As of June each year  
Statutory rate was revised to 2.0% from April 2013

### ■ Number of Temporary Workers Transitioned into Full-time Employees



### ◆ Work-Life Balance

We proactively support employees in balancing work and family life from the standpoints of ensuring equal opportunity for men and women, addressing the declining birthrate, raising employee motivation and tackling long working hours. System improvements have included extending the number of days for paid half-day leave, enhancing the reduced working hour program for child care and nursing care, and providing child care leave for parents with children up to two years old.

Employees can also accumulate and reuse expired paid vacation days (relief points) up to the specified number of days off for such purposes as non-occupational injury, disease or nursing care.

### VOICE

#### Family is the most precious thing

After working on an assignment that required me to live away from home, I realized how important my family was to me and resolved to spend more time with them. I took one week of childcare leave when my daughter was born. During that time, I handled everything from looking after my two children to cleaning, cooking and doing the laundry. I also began thinking about ways to further improve quality and efficiency at work so I could spend more time with my family. That was the greatest lesson I gained through this experience. I will continue doing my best at work and at home.



**Kenichi Furutani**  
Ability Development Group  
Department of Human Capital  
Development  
Sumitomo Wiring Systems, Ltd.

### ◆ Policy for Cultivating Human Resources

Our personnel division is devoted to implementing educational activities rooted in the “Three aspects of personnel development (mind, skills and substance)” in order to develop human resources that reflect our philosophy and policy. At the same time, the SWS Group directs its combined efforts toward quickly cultivating global human resources that can adapt to the globalization of our business.

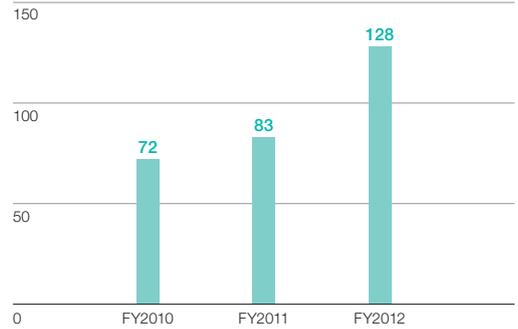
#### Personnel Philosophy

We will create a corporate culture that provides a positive working environment for every employee, is driven by our belief in their individual potential, and as in accord with their eagerness to take on challenges.

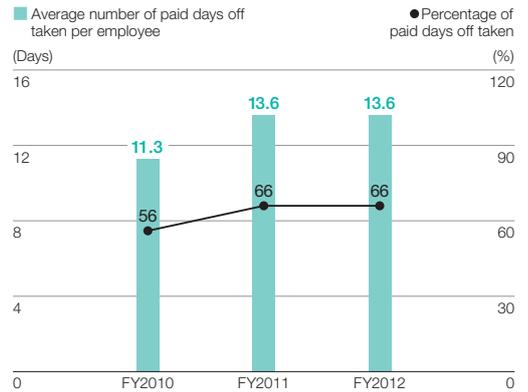
### ◆ Human Resource Development

Strengthening the overall capability of the SWS Group is contingent on employees taking the initiative to develop their own abilities toward their future success. We therefore set short-term goals every year for capacity building that are within the framework of the annual goal management and personnel evaluation systems. In addition, employees set their own job-related goals and bolster their skills through on-the-job training and practical experience. This cycle is repeated every year to steadily raise the level of employee abilities. Over the mid-to long-term, we encourage employees to understand the roles they are expected to play by attending position-based training sessions and preparing their own capacity building and career plans. We do this so that employees pursue career development and attain self-fulfillment by implementing the action plans (trainings, self-development, etc.) they have created through career development discussions with their supervisors.

#### ■ Employees Who Took Leave for Child Care or Nursing Care



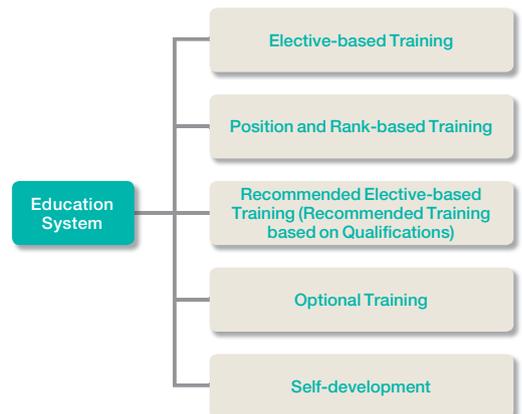
#### ■ Paid Days Off Taken (by Labor Union Members)



#### ■ Cultivating Human Resources Based on the Three Aspects of Personnel Development (Mind, Skills and Substance)



#### ■ Overview of the Education System



## ◆ Development of Global Human Resources

Sumitomo Wiring Systems cultivates personnel who can keep pace with the globalization of our businesses. We continually upgrade our global training programs in areas such as languages, diversity, cross-cultural management, personnel management and international operations. We also operate an overseas trainee system that includes opportunities for employees to experience operations and life in foreign countries as trainees.

### ● Invitation Training for Overseas Executive Candidates

The Global Leadership Development Program is held twice a year to train executive candidates at overseas Group companies. Training sessions in the program include lectures by the President and executives, the SWS WAY, quality management, safety management and factory tours. In fiscal 2012, 19 participants from 11 countries took part in this valuable opportunity.



Global Leadership Development Training

## VOICE

### Fully applying what I learned from training to my own work

I learned many things that will be useful to me in my job in the future, such as the history, spirit and strategy of Sumitomo Wiring Systems. I was also able to share my concerns about problems at my workplace and work-related experiences during team activities involving members from different countries and companies. I appreciate the fact that I became more aware of my shortcomings and learned key points for strengthening my communication skills. I am now ready to get back to work, always mindful that I will have to identify and reinforce the strengths of my subordinates and colleagues and improve the way I work with my supervisors and other divisions.



**Yang Yumei**

Deputy General Manager,  
Quality Assurance Department  
Fuzhou Zhu Wiring Systems  
Co., Ltd. (China)

### ● New Employee Training at Overseas Plants

Sumitomo Wiring Systems provides practical training for all new employees at overseas plants where wire harnesses are mass produced. In fiscal 2012, the 15th year of the training session, 106 career-track employees who joined the company this year (including Group companies) were dispatched from Japan to four plants in Thailand and Vietnam for two weeks of training in November.



Staff members who participated in training at an overseas plant

## VOICE

### I want to contribute to the realization of globally common best quality

We began our overseas plant training with a factory tour and a discussion with resident officers. Next we moved on to experience actual work being done in various processes. We also exchanged ideas with plant leaders and presented our proposals for on-site improvements. I experienced at firsthand how issues that would be quickly resolved through discussion in Japan can take longer overseas than I imagined. When I work at an overseas plant in the future, I will keep in mind the vital role of communication that I learned about during the training program and provide operational instructions and guidance in ways that are easy to understand, toward the realization of globally common best quality.



**Takumi Iwase**

Production Engineering Group 3  
Production Engineering  
Department  
Western Customers Group  
Division 2  
Sumitomo Wiring System, Ltd.



## Contributing to the Local Communities

We actively contribute around the world as members of local communities and strive to harmoniously coexist with society.



### ◆ Basic Approach

The SWS Group is expanding its business in Japan as well as overseas. We recognize that global society consists of a world in which all living beings including people coexist and prosper in partnership with a nurturing environment, and we seek to contribute to this society by achieving success and prosperity through our worldwide business. Keenly aware that we are a member of society, we will help develop local communities as a corporate citizen and actively engage in social contribution activities.

### ◆ System for Promoting Social Contribution Activities

We are taking a number of steps to further invigorate our social contribution activities. In addition to the volunteer vacation and cafeteria plan programs that support employee volunteerism, we added a new information page to our corporate intranet in fiscal 2012 as a forum for communicating and exchanging information on the social contribution activities of the SWS Group.



Corporate newsletters

### ◆ CSR Activity Awards

Since fiscal 2011, the SWS Group has been recognizing affiliated companies around the world for their exemplary social contribution activities. To encourage these efforts, we present awards at Group conferences. Activities are evaluated on the basis of five criteria: continuity, employee participation, local community contribution, corporate image building and originality.

We present the activities of award recipients during the ceremony and communicate the importance of contributing to society through commendable efforts around the world.

In fiscal 2013, the third year of the awards, we recognized activities by MSSL (India), SEBN-MX (Mexico), SDA (Brazil), CONTEC (Mexico) and Chuetsu Sumidenso, Ltd. (Japan).



Representatives of award recipient companies



### Unique Efforts Tied to Local Needs

India

#### MSSL (Motherson Sumi Systems Ltd.)

MSSL conducts unique activities closely tied to the local circumstances in India, such as donating blankets to people living in the colder regions of northern India, helping girls over 12 years old continue their education and partnering with an NGO to establish a blood donation center.



### Support for Foster Homes and Community Disaster Prevention Programs

Mexico

#### SEBN-MX (SE Bordnetze-Mexico S.A. de C.V.)

SEBN-MX activities include offering daily necessities and home-cooked meals to foster homes during the Christmas season, providing emergency rescue training and guidance related to an evacuation shelter to local residents, and donating water and food to an organization that stores emergency supplies.



### Environmental Education for Children and Support for Challenged Children in the Community

Brazil

#### SDA (Sumidenso da Amazonia Industrias Eletricas Ltda.)

SDA builds vegetable gardens at local elementary schools in cooperation with other Japanese companies in the area as part of its environmental education programs and also collects donations to help children with Down syndrome.



### Support for Child Welfare and Far-Reaching Activities to Protect the Environment

Mexico

#### CONTEC (Conductores Technologicas de Juarez, S.A. de C.V.)

As many as 4,000 CONTEC employees work together every year to help children with disabilities and orphans by providing meals and other support for their everyday needs and by collecting donations. They also collect donations for organizations that promote the introduction of solar power systems.



### Uniting Company and Community Efforts to Preserve the Environment

Japan

#### Chuetsu Sumidenso, Ltd.

Chuetsu Sumidenso, Ltd. works in concert with the community in environmental preservation efforts, such as cleaning local rivers, participating as an exhibitor in environmental fairs hosted by the community and collecting used cooking oil to be reprocessed as biodiesel fuel for vehicles.



**Connect with the Best**

 **Sumitomo Wiring Systems, Ltd.**

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