



Corporate Social Responsibility Report

# CSR Report 2014



Sumitomo Wiring Systems



#### Message from the President

## Creating a sustainable society that connects us to the future with the spirit of “Connect with the Best”

### Looking back on the first year of “Vision 2017”

The global economy in fiscal 2013 was marked by gradual economic recoveries in Japan and the United States while the European economy showed signs of bottoming out and emerging nations experienced a slowdown in economic growth. Business conditions were generally favorable in the automobile industry, the major client base of the SWS Group, as robust demand in the North American market and last-minute demand before the rise in the consumption tax rate in Japan added to the positive effects of a weaker yen. As a result, both our non-consolidated sales and sales of our wiring harness business reached record high levels in this first year of our “Vision 2017” medium-term management plan, setting us off to a great start.

### Rising to the greater challenges of fiscal 2014

Although a gradual recovery led by the advanced economies is expected to continue in the business environment surrounding the SWS Group, many unpredictable factors that could upset the global economy still remain. Furthermore, our customers are seeking to strengthen their global competitiveness primarily targeting emerging nations by pursuing new strategies for product development that transcend conventional boundaries. Under these circumstances, the SWS Group is required to develop and demonstrate its capacity in order to quickly and flexibly respond to environmental changes and the needs of our customers.

In fiscal 2014, we will seek to construct a system that enables us to follow customers’ moves at a global scale through organic collaboration involving our sales, development and

manufacturing divisions in Japan and at overseas Group companies. To that end, we will also accelerate our drive for human resource development. We intend to focus on promoting and developing locally hired employees at our overseas sites and our employees in Japan, all of whom have the potential to become leaders with a global mindset.

### SWS Group Policy

The SWS Group upholds its policy of “Simple (make it easy to understand)” – complexity is not sustainable, “Thinking (think deeply)” – grasp the essence or root cause, and “Communication (discuss thoroughly)” – ensure everyone shares and agrees. With this policy in mind, each of us will act with responsibility as we proceed smoothly and reliably in our daily operations.

### CSR as the cornerstone of our corporate activity

Today the SWS Group is a global enterprise comprising 113 companies and around 240,000 employees in the automotive wiring harness businesses in over 30 countries worldwide. To achieve sustainable growth in these times of dramatic change, we must continue serving as a trustworthy and dependable corporate group for our stakeholders.

We firmly uphold the “Sumitomo Business Spirit” as a member of the Sumitomo Group, together with the “Sumitomo Wiring Systems Group Basic Principles.” Moreover, we seek to share the “Sumitomo Wiring Systems Group Charter of Corporate Behavior,” which defines our code of conduct and guidelines for officers and employees, along with the “SWS WAY,” which expresses the values and methods underlying our approach and attitude to work, with Group employees around the world. In accordance with these policies, we will actively work on our priority items for the promotion of CSR activities, namely, the promotion of the eight priorities of governance, compliance, risk management, health and safety, quality control, environmental conservation, creation of a lively workplace and contribution to society.

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.



**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 seventh 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 and Date of Publication

April 1, 2013 through March 31, 2014 (fiscal 2013)

Some activities conducted in fiscal 2014 are also covered.

Date of publication: October 2014 (the next edition is scheduled for release in October 2015)

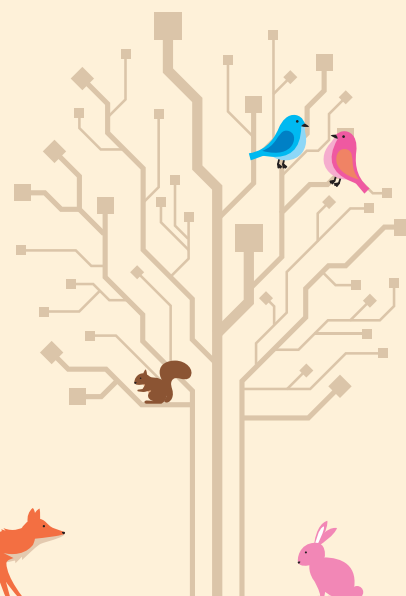
## Scope of this CSR Report

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 4,” and “Environmental Reporting Guidelines 2012” issued by the Ministry of the Environment of Japan





## Company Overview

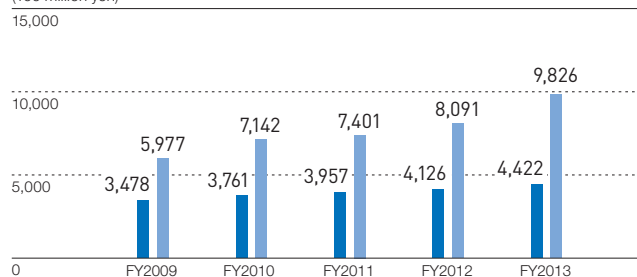
### The SWS Group operates on a global stage with automotive wiring harnesses as its core business.

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.

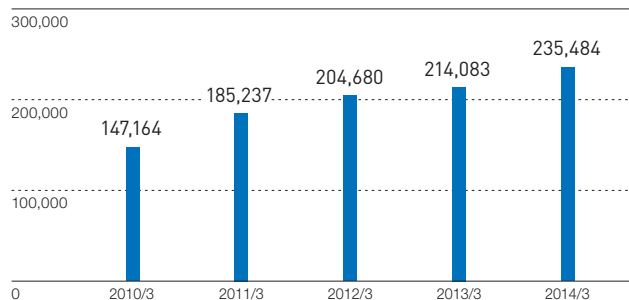
Company Name:	Sumitomo Wiring Systems, Ltd.
Established:	December 1917
President:	Osamu Inoue
Capital:	20,042 billion yen (as of March 31, 2014)
Head Office:	5-28 Hamada-cho, Yokkaichi, Mie, Japan
Affiliates:	12 in Japan, 101 overseas
Employees:	13,259 in Japan, 222,225 overseas 235,484 in total (as of March 31, 2014)

#### ► Sales

■ Non-consolidated results of SWS ■ SWS Group results for harness business activities  
(100 million yen)



#### ► Number of Employees Worldwide

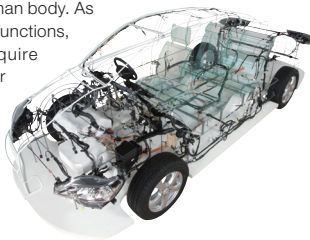


## Our Products

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

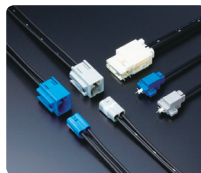
This unit, which controls the vehicle's onboard devices, can be likened to a control tower or the vehicle's brain. This integrated component also enables smart entry systems, doing away with the need for any key.



#### Junction Block

Containing relays, fuses\*, and other components, this unit centralizes connections for the vehicle's 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

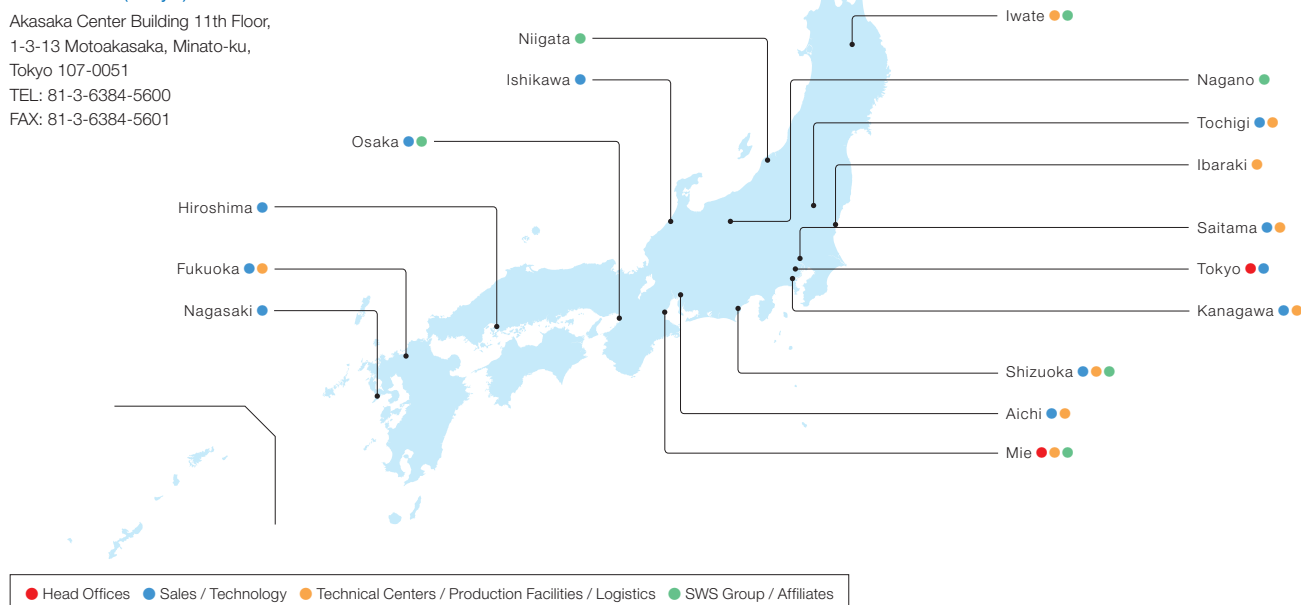
### DOMESTIC NETWORK

#### Head Office (Yokkaichi)

5-28 Hamada-cho, Yokkaichi,  
Mie 510-8528  
TEL: 81-59-354-6200  
FAX: 81-59-354-6318

#### Head Office (Tokyo)

Akasaka Center Building 11th Floor,  
1-3-13 Motoakasaka, Minato-ku,  
Tokyo 107-0051  
TEL: 81-3-6384-5600  
FAX: 81-3-6384-5601



### GLOBAL NETWORK



Japan: 12 corporations | China: 26 corporations | Asia and Oceania: 31 corporations | Americas: 10 corporations | Europe and Africa: 34 corporations

● Manufacture of harnesses ● Manufacture of electric wire ● Manufacture of components and electronics ● Technical Centers ● Sales companies ● Holding companies, etc.

# 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

### Business Philosophy

The Sumitomo Business Spirit

Sumitomo Wiring Systems Group Basic Principles



### Action Guidelines and Standards

#### Sumitomo Wiring Systems Group Charter of Corporate Behavior

Codes of conduct and guidelines for executives and employees

#### SWS WAY

Better Manufacturing  
Developing  
Better Manufacturing  
by Developing  
Better People

Values and methods regarding our approach and attitude to work

## Sumitomo Wiring Systems Group Charter of Corporate Behavior

Established in 2006 and revised in April 2013, the Sumitomo Wiring Systems Group Charter of Corporate Behavior defines the codes of conduct and guidelines for executives and employees. In addition to English, the Charter has been translated into Chinese, Vietnamese, Thai, Khmer, 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.

- |   |  |
|---|--|
| <b>① Provision of excellent products and services</b>                               | We shall provide excellent products and services that are socially useful and safe to satisfy customers in all aspects including quality and costs.                                  |
| <b>② Development of new, original business and products</b>                         | We shall devote ourselves to developing new, original, profitable business and products by understanding the customers' needs and demonstrating our surpassing creativity.           |
| <b>③ Global business expansion, and growth and development of the Group</b>         | 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. |
| <b>④ Consideration for global environment</b>                                       | We shall act in a voluntary and proactive manner for global environment preservation, and contribute to the establishment of a sustainable society                                   |
| <b>⑤ Observance of laws and regulations</b>   | We shall strictly observe domestic and international laws and regulations, and always act fairly and openly.   |
| <b>⑥ Fair and appropriate business activities</b>                                   | We shall promote fair, transparent, free competition and legitimate trade.   |
| <b>⑦ Action with awareness as members of society</b>                                | We shall act with awareness as members of society to create a better society, and make great contributions to society.   |
| <b>⑧ Harmony with international society</b>   | We shall aim to be a global company trusted by international society.  |
| <b>⑨ Establishment of pleasant working environment and cultivation of personnel</b> | 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.       |
| <b>⑩ Appropriate information disclosure and promotion of communication</b>          | We shall strive to build and develop a trusting relationship with communities through appropriate information disclosure and promotion of communication.                             |

## SWS WAY

To propel our operations toward the same goal as our businesses expand across the globe, the SWS WAY was formulated in 2005. These action principles ensure that the “DNA” of our concept of work, as well as the approach and attitude to work handed down through our history, is shared with all SWS Group employees.

The eight-page SWS WAY booklet has been translated into 24 languages and distributed to 230,000 employees including executives in 34 countries. It consists of seven chapters comprising 30 sections that cover a broad range of topics.

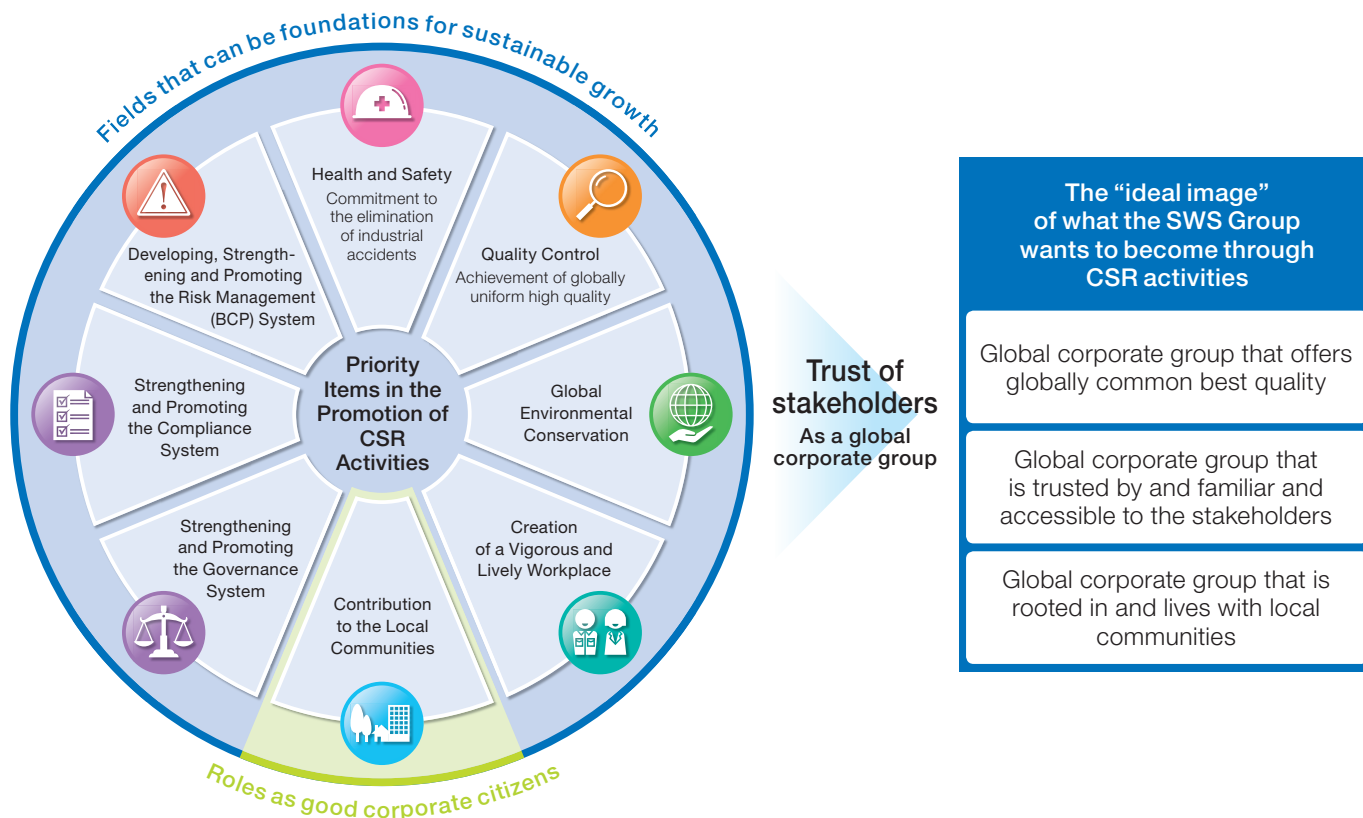
All employees will strive to deepen their understanding of its content, which encourages daily discussion about operations in regard to adherence to the SWS WAY. Moreover, it is open to different perspectives and therefore allows for the addition of new key aspects so that it can evolve.



## 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, which will enable the SWS Group to realize its ideal image.



### 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.







### Special Report

# School Opening Marks Turning Point in Creating a Lively Workplace

## Cultivating Human Resources in Cambodia

Sumi (Cambodia) Wiring Systems Co., Ltd. (SCWS) opened Sok Sabay\* School in November 2013 as the company's private school to teach social behavior, languages and other basic courses to new employees.

Cambodia is a developing nation in central Indochina that borders Vietnam, Thailand and Laos. The country is about half the size of Japan, and although it experiences dry and rainy seasons, its climate is as hot as midsummer Japan throughout the year. It is a young country full of vitality, where 70% of its population of about 15 million people is younger than 34.

In June 2011, Sumitomo Wiring Systems established SCWS in a special economic zone 18 kilometers outside of Phnom Penh, the nation's capital. Today, its approximately 1,400 employees are involved in the manufacturing of wire harnesses for the Japanese market.

\* Sok Sabay is a common Khmer greeting that means "happiness."





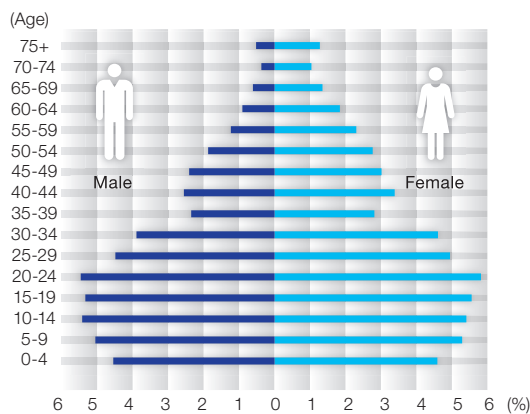
## Business Culture in Cambodia

SCWS was the first company we established in Cambodia. While we had already operated Group companies in more than 30 countries, Cambodia presented challenges we had never experienced.

With young people representing over half of its population, the country offers tremendous potential. At the same time, Cambodia's school attendance rate tends to be lower than those of neighboring countries. Formal education had not functioned effectively due to the persecution of the well-educated, including teachers, during the civil war of the 1970s and 1980s, as well as economic conditions. Moreover, agriculture had historically been the country's core industry, with manufacturing largely underdeveloped. As much as 70% of the workforce is currently employed in the agricultural sector, while roughly 30% of Cambodians in their mid-twenties lack basic academic skills such as literacy.

In recent years, the country has been promoting a policy of economic development through industrialization by creating special economic zones in an effort to attract foreign direct investment. Nevertheless, its abundant labor force has presented major challenges.

► Population Age Distribution in Cambodia (2013)

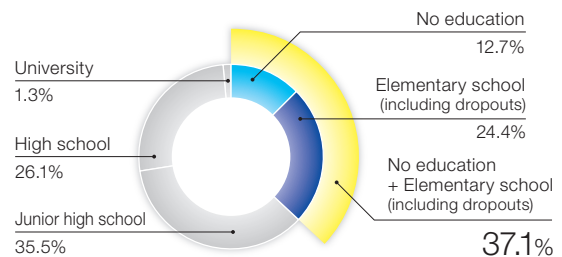


Social and political strife had prevented workers from gaining sufficient academic skills and the literacy rate was low. In addition, many workers have not been able to develop the mutual trust and social behavior required for civic engagement or working effectively as a team in a corporate business setting.

At SCWS, 37% of Cambodia's workforce had only an elementary school education or no education at all, while high school and university graduates accounted for less than 30%. Widespread economic hardship also led to frequent job changes, as people searched for marginally higher wages. Workers frequently suffered from malnutrition as they sought to save their food allowances to send back to their families.

Given these challenges, SCWS decided to adopt a new approach in pursuing its business in Cambodia.

► Academic Background of SCWS Employees



## Drawing upon All My Experience to Improve the Situation Despite Daily Surprises

I came to SCWS as general manager of the Manufacturing Department hoping to apply my experience in Thailand and, every day, I was surprised by the vast differences between the two neighboring countries. For example, attendance would drop the day after payday. A production line cannot be maintained under such circumstances. Also, turnover remained extremely high for a while. SCWS has sought to address these issues through a sustained effort to enhance its employee welfare. As a result of this initiative, we are proud to have become an excellent company in Cambodia that offers an opportunity for long-term employment and skill development. I sincerely hope the Cambodian people will find happiness by working at SCWS.

### Katsuya Kouno

General Manager  
Manufacturing Department  
Sumi (Cambodia) Wiring Systems Co., Ltd.





## Taking on a Grand Challenge at SCWS

SCWS searched for ways to overcome the issues it faced in Cambodia through a concerted effort involving all employees so that it could guide its business to success.

The opening of the Sok Sabay School in November 2013 was part of that effort. Until then, new employees at SCWS had gone through a standard process adopted by other overseas Group companies. Immediately after being hired, they would attend two weeks of practical skill courses at the Technical Training Center before being given actual assignments at the worksites. At SCWS, two more weeks were set aside at the beginning for a curriculum of basic classes on such topics as social behavior and languages. Only individuals who passed through this schooling process could proceed to TTC training.

In the planning stage prior to opening the school, we were at times unsure of how far we needed to go as a company, with some agreeing and others disagreeing. We finally realized it would be impossible to break through the current situation by relying on stopgap measures alone, which ultimately led to our firm resolve to open the school.

## Sok Sabay School Initiatives

At the Sok Sabay School, new employees acquire a basic understanding of appropriate social behaviors, including the 5Ss – *seiri* (organization), *seiton* (orderliness), *seiso* (cleanliness), *seiketsu* (hygiene), *shitsuke* (social behavior) – and manners such as greeting others, teamwork through activities that include radio broadcast calisthenics, and awareness and obligations as responsible members of society. They also learn basic academic skills such as reading and writing Khmer, the alphabet, arithmetic and understanding color-coded information.

In response to the tendency of employees to forgo spending on meals in order to send their food allowance to family, the curriculum included education on the importance of consistently eating well to prevent nutritional deficiencies that could endanger their ability to maintain stable employment. Such basic knowledge is essential for employees so that they understand the key aspects of safety, quality and manufacturing.

## Changes Brought about by the Sok Sabay School, and Other Efforts

More than a hundred Sok Sabay School graduates are assigned to the factory every month. The opening of the school has had a visible impact on areas such as turnover, which immediately dropped dramatically from around 60%.

Also, since April 2014, six months after the school opened, we began seeing marked improvements in product quality and productivity.

The results have also become clear in terms of social behavior and social skills. During commuting hours in the morning, Japanese employees stand at the front gate to greet employees arriving to work and to confirm motorbike riders were wearing their helmets. Although at first most employees did not respond until prompted by Japanese staff members, they now return the greetings with a smile, which also strengthens ongoing communication.

Apart from the Sok Sabay School, SCWS also focuses on improving the workplace environment and enhancing employee welfare. For example, we offer the same well-balanced nutritional meals free of charge for all employees including management in an air-conditioned cafeteria, which is rare in Cambodia. Use of the employee dormitory is also free of charge, and health insurance is paid entirely by the company.

## Conclusion

While many obstacles remain, SCWS will continue pursuing business in Cambodia with the belief that providing education that enables each employee to achieve self-reliance and helping to create a society in which each individual can earn their pay through their own labor is a genuine contribution to society that leads to the reconstruction of the nation. We are firmly resolved to take on challenges in a united, company-wide effort and to further the development of Cambodia.

## Starting from Scratch to Take on the Challenge of Helping Cambodia

My first overseas assignment was this position at SCWS in February 2012. In Cambodia, we set up the business from scratch, and I had the opportunity to experience a number of situations that I could not even have imagined in Japan.

While this was a completely new domain, even for a global corporate group like ours, we sought to address the realities we faced in Cambodia by creating a detailed curriculum and instruction manuals to provide elementary education at the Sok Sabay School.

In addition, we launched a recruitment caravan in January 2013, which would travel to all corners of the country and introduce SCWS to workers. Around 20 of these trips have been made so far. As a result, we have developed a track record of hiring workers from 21 of Cambodia's 24 provinces.

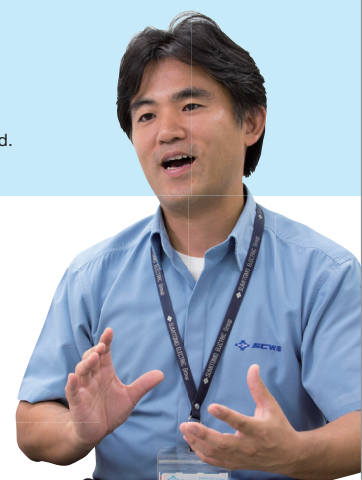
Our recruitment caravans have afforded a glimpse into the plight of impoverished local regions. I take great pride in developing our business, because SCWS is contributing to the country by creating employment opportunities.

### Kenichi Oonogi

General Manager  
General Affairs Department  
Sumi (Cambodia) Wiring Systems Co., Ltd.



The recruitment caravan travels from village to village introducing SCWS





## Voice

### For Cambodia's Development

I joined SCWS in October 2011 and currently work as a production control manager.

In an effort to reduce the turnover rate, we are creating a sense of community so we can talk to employees who are thinking about leaving or offer opportunities for discussion with other employees as well as brainstorming sessions.

The growth of SCWS will lead to more job opportunities in Cambodia. I will continue to work hard for the country's development.



### Mam Channeang

Assistant Section Manager, Production Control Section

My job is to train new employees in the processing section. SCWS shows great concern for its workers, and that is why I have been able to work here for so long since joining in May 2012. My family is surprised that I am now in charge of instructing new employees. I plan to participate in the Skill Olympic Games this year in Japan on July 10. I will do my best to compete with representatives from other countries.



### Sina Sreyleak

Sub-Leader, Manufacturing Section 1

I am a graduate of the Sok Sabay School, which opened in the autumn of 2013. The school taught me about the importance of being punctual, setting goals, and being organized and tidy. What I learned there has been useful in my work. The workplace environment is good, and I would like to continue working at SCWS for a long time.



### Tha Davy

Inspector, Quality Assurance Section

## Developing Employees into Responsible Members of Society is Our Duty as a Company Operating Overseas

When I came to SCWS, the factory was preoccupied with production schedules, quality lagged, and the whole place seemed shrouded in a gloomy mood.

Let's start by lifting everyone's spirits! That was how I felt, so I came up with a simple message as my policy as president: "Come to work in good spirits and go home in good spirits. Be cheerful, enjoy your work, and be enthusiastic." We began saying this out loud in unison during our daily morning meetings. We have also continued to encourage saying "OK!" out loud at the start of operations and during workplace events. The entire factory is becoming more cheerful and lively.

To instruct others, you must first win their support, and this requires mutual understanding. I have started holding lunch meetings in which I can directly interact with several employees at a time to review our business operations from their viewpoint. Daily communication between the company and its employees nurtures a strong relationship of trust.

While it has taken longer than expected, we are gradually beginning to see improvements in quality and productivity.

I am hoping to develop our corporate culture to the same level as neighboring countries within two years. We will continue to steadily advance, step by step, while recognizing that a company operating overseas is responsible for developing each employee into a responsible member of society.

### Takahisa Wakisaka

President

Sumi (Cambodia) Wiring Systems Co., Ltd. (SCWS)







## 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.



### Corporate Governance System

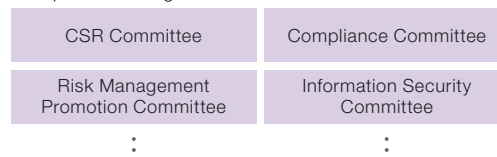
We adopted the Executive Officer System in June 2003 to accelerate decision making and enhance supervision and business execution.

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. 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



#### Group-wide Management Activities



### 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.

In fiscal 2013, we placed priority on measures to prevent bribery in Japan and overseas. We assigned 23 managers charged with preventing bribery in 41 Group companies in 15 countries to develop a global system.

### 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 2013)

Type of Training	Number of Sessions	Number of Participants
Training for New Employees	4	267
Training for Mid-career Recruits	18	111
Position-based Training	12	572
Optional Training	11	219
Compliance Training on Competition Law	1	593
Compliance Training for Preventing Bribery	7	1,034
Training on Fair Subcontract Transactions	6	1,105
Other	9	467
Total	68	4,368

## 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 2013, 20 cases were reported, investigated and appropriately addressed.

## 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.

We have distributed our CSR Guidelines for Suppliers, which clearly state our expectations and requests, to our main suppliers and have been keeping them informed.

## 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 April 2014 meeting, a total of 211 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 2013.

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

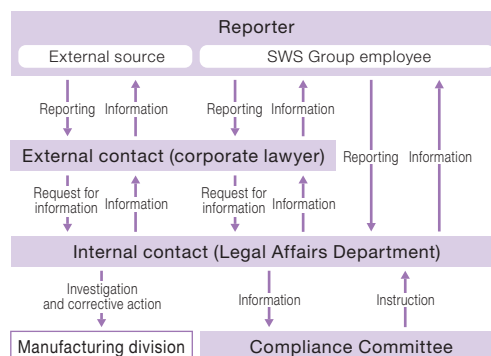
## Increasing Risk Awareness through Surveys

We are promoting disaster prevention measures at our suppliers to avoid disruptions in parts supply in the event they are affected by a disaster. In fiscal 2013, we conducted a survey of 120 major suppliers to share information about current issues and implement countermeasures.

## Compliance with the Subcontractor Act

In fiscal 2013, we sought to reinforce our compliance practices aligned with the Subcontractor Act, which continues to be a priority concern, by implementing a number of measures including messages from top management and internal monitoring. We also appointed 123 officers to be responsible for enforcing compliance with the Subcontractor Act in 113 divisions in an effort to ensure thorough understanding and to develop a system for raising individual awareness.

### ► 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



Global Suppliers Meeting

### VOICE



#### A Robust Risk Management System to Sustain Business and Fulfill Our Social Responsibility

**Gojiro Sanmiya**  
President  
Fineplas Co., Ltd.

Sumitomo Wiring Systems Co., Ltd. has been our largest business partner over the past 42 years.

The survey it conducted made us realize the shortcomings of our management system and prompted us to set up a Risk Management Office within the General Affairs Department. Since our company is in Toyama Prefecture, which has experienced few natural disasters and therefore provides only a small number of precedents for contingencies, we apply our CSR Guidelines for Suppliers company-wide to reinforce our risk management system. We intend to sustain our business and fulfill our social responsibility by ensuring the system meets goals based on our unifying corporate slogan "Complete work with honesty."



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

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

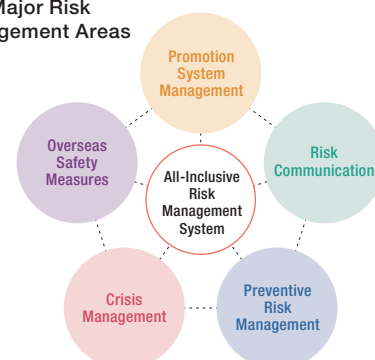


### Risk Management Basic Policies

Within the framework of the Sumitomo Wiring Systems Group Basic Principles, the Risk Management Basic Policies clearly stipulate corporate policies that require us to give priority to human life; to strive to improve quality, secure safety and ensure a stable supply of products; and to maintain good relationships with stakeholders, including customers and local communities.

We have identified five major areas where we will make comprehensive efforts under our corporate risk management system.

#### Five Major Risk Management Areas



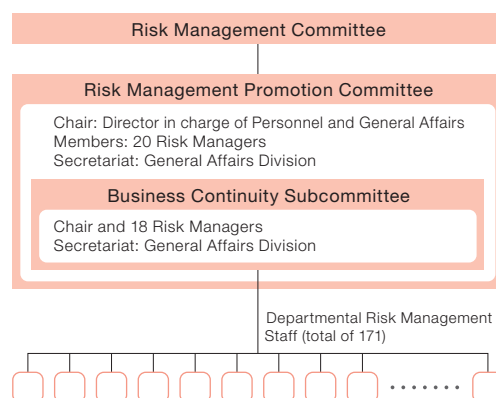
Promotion System Management	<ul style="list-style-type: none"> <li>Group-wide committees and individual committees</li> <li>Risk Manager in each division and each company</li> <li>Risk Management Staff in each department</li> </ul>
Risk Communication	<ul style="list-style-type: none"> <li>Sharing information (risk scenarios, priority response)</li> <li>Sharing information about issues associated with crisis situations (developing rules)</li> <li>Disseminating risk management policy throughout the SWS Group</li> <li>Gathering risk management information and accumulating related expertise</li> <li>Disseminating risk management information by clarifying responsible entities and staff</li> </ul>
Preventive Risk Management	<ul style="list-style-type: none"> <li>Reducing and preventing risk (proactive measures)</li> <li>Formulating risk manuals (emergency response plans)</li> <li>Strengthening the risk management perspective in daily decision making</li> </ul>
Crisis Management	<ul style="list-style-type: none"> <li>Strengthening response capabilities in crisis situations</li> <li>Holding simulated training events such as on-site emergency drills</li> <li>BCP formulation and actuation drills</li> <li>Operational drills for Countermeasures Headquarters</li> </ul>
Overseas Safety Measures	<ul style="list-style-type: none"> <li>Compiling overseas risk information and response expertise</li> <li>Strengthening the ability to transmit information overseas</li> <li>Strengthening emergency response capabilities (Overseas Safety Measures Committee)</li> </ul>

### 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.

In fiscal 2013, Risk Managers took the initiative to update the Risk Management Guidelines and reported on the implementation of risk control measures so the corporate BCP could be revised. After each division identified, analyzed and evaluated their risks, we were able to implement countermeasures for 153 risks.

#### Structure of Risk Management Promotion



### Risk Control Activities

Our main risk control initiative for fiscal 2013 was to strengthen the business continuity capability of the head office, which was relocated in May 2013. We established a risk management system for the new head office and conducted a drill for setting up the disaster countermeasure headquarters. Other actions included looking into providing a dedicated number and multiple means of communication for times of emergency, establishing a hub, and addressing the facility requirements of the alternative site for the head office.



Drill for setting up the disaster countermeasure headquarters

## Analysis and Countermeasures for Global Risks

Sumitomo Wiring System operates businesses in more than 30 countries around the world, which exposes the company to risks such as natural disasters and severe weather conditions, political risks such as social instability and public unrest, and labor risks such as strikes, requiring us to carefully consider a number of scenarios and countermeasures.

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.

In our wiring harness business we have developed our “Bridge Production System,” which enables us to simultaneously produce the same products at several different plants. Even if production is suspended at any of our overseas sites, 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.

## 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.

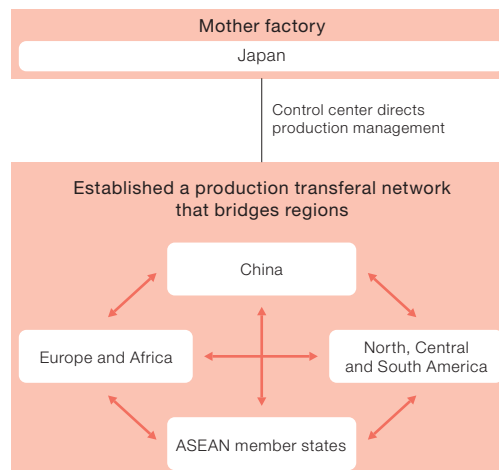
We have repeatedly conducted map exercises for various disaster scenarios to confirm we can take swift action based on procedures in the risk control manual and BCP. In view of inadequacies made apparent by the Great East Japan Earthquake, we place high priority on strengthening initial response actions, 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 2013, we conducted over 40 map exercises for disasters at our business sites and affiliates, which also collaborate in conducting drills to further enhance our responsiveness to risk.

## Toward Fiscal 2014

In fiscal 2013, we addressed issues such as establishing inter-company and cross-divisional collaborations, broadening the base of risk control activities and improving our first-response capacity, which had been shown to be lacking in our map exercises. In fiscal 2014, we will continue to strengthen our risk management exercises and BCP to establish a robust structure.

### ► Global “Bridge Production System” for Times of Disaster



### VOICE



#### Improving BCP Execution through More Effective Business Continuity

**Shigeru Suzuki**  
Senior Manager  
Specialty Harness Group  
Risk Manager, Head of Safety

We construct and maintain the BCP management systems of each division and continuously conduct BCP education and training. To ensure we are able to quickly resume operations after a disaster, we are developing a recovery manual and conduct ongoing training using our own damage scenarios involving critical conditions and identifying operations that are essential for business continuity.

Improving the effectiveness of the BCP requires maintaining the equipment and mechanisms related to daily operations; recovering organizational functions in the event of a disaster; and ensuring the safety of equipment, the organization and personnel under extreme conditions. Therefore, we are seeking to link daily operations and business continuity by establishing evacuation routes at each worksite (5S activity) and making sure equipment is securely in place. We will continue to enhance our capability to execute our BCP.

### ► Priority Tasks for Fiscal 2014

Priority Tasks	Activities
1. Strengthen the BCP	<ul style="list-style-type: none"> <li>• Achieve higher levels and ensure consistency by promoting inter-company and cross-divisional collaboration, including               <ul style="list-style-type: none"> <li>(1) Strengthen supply chain management</li> <li>(2) Set up earthquake and tsunami countermeasures for facilities; establish multiple means for communication</li> </ul> </li> </ul>
2. Education and Training	<ul style="list-style-type: none"> <li>• Periodically conduct map exercises centered on first-response recovery efforts</li> <li>• Improve information sharing through strengthened inter-company and cross-divisional communications</li> <li>• Reinforce basic knowledge through education</li> </ul>





## Health and Safety

### Commitment to the elimination of industrial accidents

We thoroughly comply with the “Safety is our top priority” philosophy and perform comprehensive health and safety 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 will strive to achieve zero accidents by following our Safety Activity Policy, shown at right.

## Strengthening the Global Health and Safety Management System

To achieve zero risks both in Japan and overseas, the SWS Group is implementing various measures in regard to systems, workplace environment, equipment and personnel. One major effort directed at our systems in fiscal 2013 was the reconstruction of the global safety management network to create a mechanism whereby safety information is promptly delivered to responsible staff on each manufacturing line. In regard to personnel, we used the behavioral mapping method to encourage approximately 12,600 Group company employees in Japan to increase their awareness of safety by recognizing characteristics of their hazard perception and risk-taking behavior. In addressing the workplace environment and equipment, we applied a number of ideas to develop model factories for zero accidents in Japan, which we plan to introduce at our overseas sites.

## Global Occupational Accident Statistics

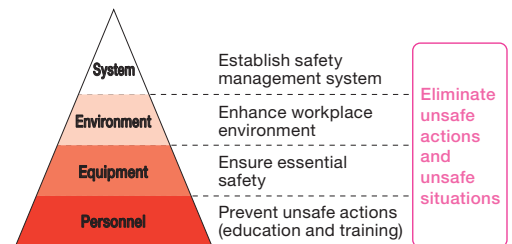
Since we started compiling global occupational accident statistics in 2005, we have been working to unify disparate national standards by standardizing commonly used injury level definitions in order to facilitate comparative analysis. In fiscal 2013, the number of occupational accidents increased overseas, exceeding last year's level. We will take further actions to address occupational accidents worldwide.

## Educational “No Smoking” Activity

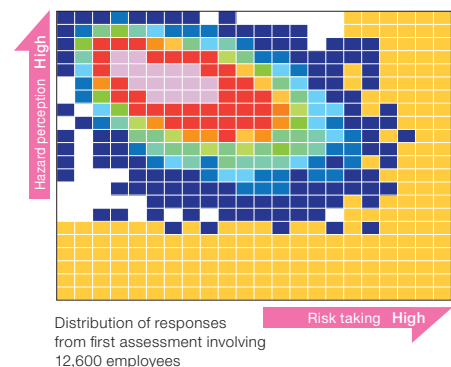
Cigarettes have negative effects on health and the habit of smoking is no longer simply a matter of individual preference but a health issue for non-smokers as well. SWS conducts an educational activity to discourage smoking, which is aimed at protecting employees from the risks of passive smoking, preventing and decreasing the incidence of untimely deaths and smoking-related diseases among employees, and reducing corporate loss associated with smoking. As part of this activity, we create opportunities to motivate employees to quit smoking by designating one day a month as “Stop Smoking Day,” displaying posters and holding events to coincide with World No-Tobacco Day.

### ► Safety Activity Policy

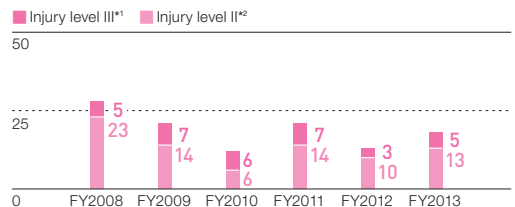
Establish “Zero Risks” → Achieve “Zero Accidents”



### ► Behavioral Mapping



### ► Number of Global Occupational Accidents



\*1 Accidents resulting in lost work time (Injuries involving partial or temporary functional decline and requiring ongoing medical treatment)

\*2 No-lost-work time accidents (Injuries requiring short-term medical treatment)



Promoting smoking cessation



Logo for Stop Smoking Day





## Quality Control

Achievement of globally uniform high quality

In light of our global production system encompassing more than 30 countries, we are continuously striving to ensure uniformity in the Group's quality control efforts.



## Quality Policies

### 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 operating procedures
- 3 Actively working to increase customer satisfaction – from satisfying customers to impressing them



### Fiscal 2014 Vision 2017: Establishing a "Zero Complaints" System

- 1 Developing designs, processes and mechanisms that preclude 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 operating procedures
- 3 Strengthen response to customer needs

## "Assurance of Each Process" Activities

In accordance with our Quality Policies for fiscal 2013, we have been prioritizing actions related to quality improvement in adherence to the policy of "achieving top quality in the world by addressing issues at the source." The Assurance of Each Process activity lies at the foundation of this effort. Its aim is to put into practice our commitment to the principle "The next processes are our customers" by 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.

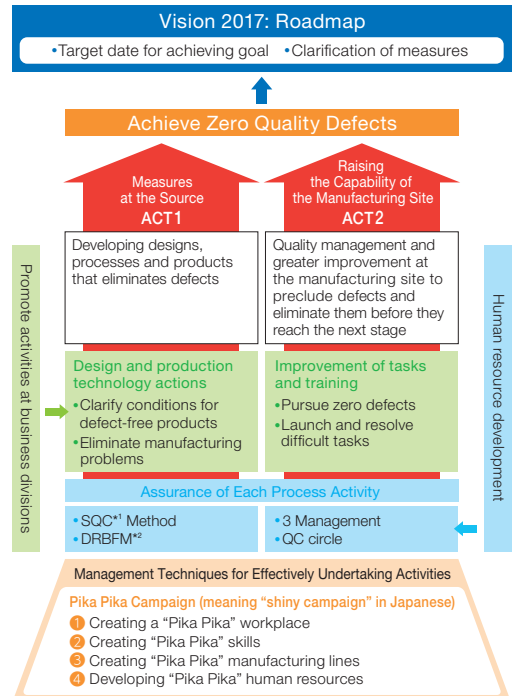
We are continuing these efforts in accordance with our Quality Policies for fiscal 2014 to achieve our goal of "zero complaints" from customers around the world.

## 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 33 awards for our products in 11 countries in fiscal 2013.

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.

### ► Priority Actions Related to Quality Improvement



\*1 SQC: Statistical Quality Control

\*2 DRBFM: Design Review Based on Failure Modes



## Training Personnel as the Backbone of the Pika Pika Campaign to Achieve Globally Common Best Quality

Applying the basic concept of “Developing Better Manufacturing by Developing Better People,” we are cultivating human resources as the backbone for achieving “Globally Common Best Quality.”

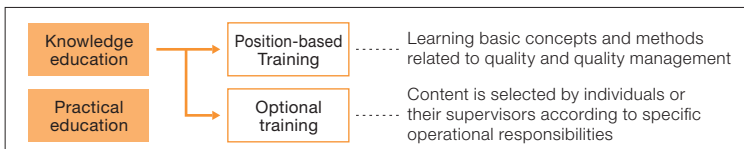
### Quality Education as the Foundation for Developing Better People

Our quality education system rests on the dual pillars of knowledge education for acquiring the necessary knowledge and practical education for cultivating specific skills for actual operations.

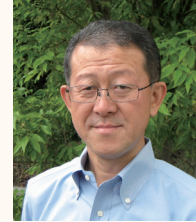
In fiscal 2014, meetings of the Quality Subcommittee, comprising education officers from each division, were held to discuss the common themes and frequency of knowledge education and to review our education system.

In our practical education program, we provided practical training on problem solving and developed a total of 24 practical training instructors, who will guide on-site education at major factories in Japan, thereby establishing a base for enabling each factory to conduct their own training programs. Looking ahead, we will seek to maintain and enhance the coaching skills of practical training instructors while respecting the local management authority of each site.

#### ► Quality Education System



#### VOICE



#### Practical Training to Improve Worksites and Cultivate Global Manufacturing Leaders

**Norio Suzuki**

Head of the Quality Education Office  
Quality Planning Division  
Quality Management Group

Practical training for worksite improvement focuses on “root-of-the-problem analysis” toward thoroughly understanding the underlying causes of problems at the manufacturing site, particularly related to quality concerns.

The training program enables promising candidates for frontline leaders in manufacturing to better understand how to identify and address root causes by closely following the “SWS Problem-Solving Steps (10 STEP).” The program is intended to enhance each worksite’s problem-solving capacity and is being implemented in collaboration with each division to cultivate human resources into global leaders. I intend to continue contributing to the development of human resources for our increasingly globalized company.

### Skill Olympic Games: Creating “Pika Pika” Manufacturing Skills

The exciting Skill Olympic Games sees representatives of the SWS Group’s manufacturing sites from around the world compete with world-class skills. The competitions, involving skills related to manufacturing and quality, are held to further enhance capabilities and foster awareness at each Group company and of each employee. The Wire Harness Division kicks off the Games every year in July, followed by the Electric Wire Division in September, the Harness Components Division in October and the Electronics Division in December. In fiscal 2014, overseas bases enthusiastically participated as well, with the event affording a lively opportunity for raising the skill level of the Group and facilitating a global communication exchange. We are committed to continuously improving the skills of individual employees in order to manufacture products with Globally Common Best Quality.

#### • Wire Harness Division



#### • Electric Wire Division



#### • Electronics Division



#### • Harness Components Division



Wire Harness Division



## Global Environmental Conservation

Sumitomo Wiring Systems recognizes its significant impact on the environment 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

A total of 67 sites fall under the control of our environmental management system (EMS) in Japan, which includes 36 sites that represent organizations certified under ISO 14001 and 31 small-scale logistics sites and sales offices that are not part of ISO 14001-certified organizations. The scope of our environmental activities overseas encompasses 55 companies\*. We are seeking to further develop environmental conservation activities at these sites and companies.

\* Manufacturing companies in which the SWS stake exceeds a certain level.

### Status of ISO 14001 Certification

Eight Group companies in Japan, which are Sumitomo Wiring Systems, Ltd. and seven subsidiaries, have obtained ISO 14001 certification. As a result of reviewing the scope of our survey with regard to overseas Group companies, 37 of the 55 companies have obtained ISO 14001 certification.

#### ► 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 has sought to cultivate stronger relationships with the global community toward reducing environmental impact at every stage of the product life cycle, from development to disposal.

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

### ► Action ECO-21: Fiscal 2013 Targets and Results, and Fiscal 2014 Targets

Action ECO-21 Phase V Targets (FY2013–2014, base year: FY2012)		FY2013			FY2014
		Targets	Results	Evaluation	Targets
Prevention of global warming (CO <sub>2</sub> reduction)	Save energy globally (reduce consumption per unit of sales*)	Reduce by 4%	Reduced by 10.8%	○	Reduce by 8%
	Save energy in offices (reduce consumption per unit of floor area*)	Reduce by 1%	Reduced by 2.8%	○	Reduce by 2%
	Reduce CO <sub>2</sub> emissions from logistics per unit of sales (in Japan)	Reduce by 1%	Reduced by 4.6%	○	Reduce by 2%
Promotion of resource saving and recycling	Promote zero emissions*3 (in Japan)	0.3% or less	0.06%	○	0.3% or less
	Reduce absolute volume of waste (in Japan)*4	Reduce by 1%	Increased 8.3%	×	Reduce by 2%
	Promote zero emissions (overseas)	5% or less	13.4%	×	5% or less
	Reduce water use per unit of sales*5 (in Japan and overseas)	Reduce by 1%	Reduced 14%	○	Reduce by 2%
Reduction of harmful substances	Reduce VOC emissions*6 (in Japan)	Reduce by 1%	Less than 17% (excluding Type 1 substances under PRTR*)	○	Reduce by 2%
	Reduce VOC emissions (overseas)	Reduce by 1%	Reduced 11%	○	Reduce by 2%
Management of harmful substances contained in products	Discontinue use of harmful substances (comply with RoHS and ELV Directives)*8	Discontinue use in products (maintain)	Discontinue use in products (maintain)	○	Discontinue use in products (regulatory compliance)
Expansion of environmentally conscious product range	"Eco Mind" registration ratio for new products	60%	42%	△	Register 100% of new products
	Increase ratio of eco-products (SWS = environmentally conscious products) in sales	More than 80%	69%	△	More than 80%
	(Reduce CO <sub>2</sub> emissions with products that produce less CO <sub>2</sub> emissions)	(2,000 t-CO <sub>2</sub> )	(7,300 t-CO <sub>2</sub> )	(○)	(4,000 t-CO <sub>2</sub> /year)

○: Target met △: Target unmet (improved from previous year) ×: Target unmet (declined from previous year)

\*1 Consumption per unit of sales = Crude oil equivalent of energy use / sales

\*2 Consumption per unit of floor area = Crude oil equivalent of energy use / floor area

\*3 Zero emission = (landfill + incineration) / Volume of waste (including valuable resources)

\*4 Waste (excluding valuable resources)

\*5 Consumption per unit of sales = Water use / sales

\*6 Volatile organic compounds

\*7 Pollutant Release and Transfer Register

\*8 Compliance with the RoHS Directive (restrictions on use of specified harmful substances in electric and electronic devices) and ELV Directive (directive on used vehicles)

## Environmental Audit

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

In the fiscal 2013 audits, the internal audit indicated four findings and the external environmental audit identified one. 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.	6	2	38	0	7
Suzuka Plant of Sumitomo Wiring Systems, Ltd.	6	2	44	0	10
Eastern area of Sumitomo Wiring Systems, Ltd.	12	0	14	1	17
Western area of Sumitomo Wiring Systems, Ltd.	9	0	35	0	15
Sumidenso Platech, Ltd.	3	0	1	0	5
Total	36	4	132	1	54

\* Implementing EMS activities under ISO 14001

## Environmental Education

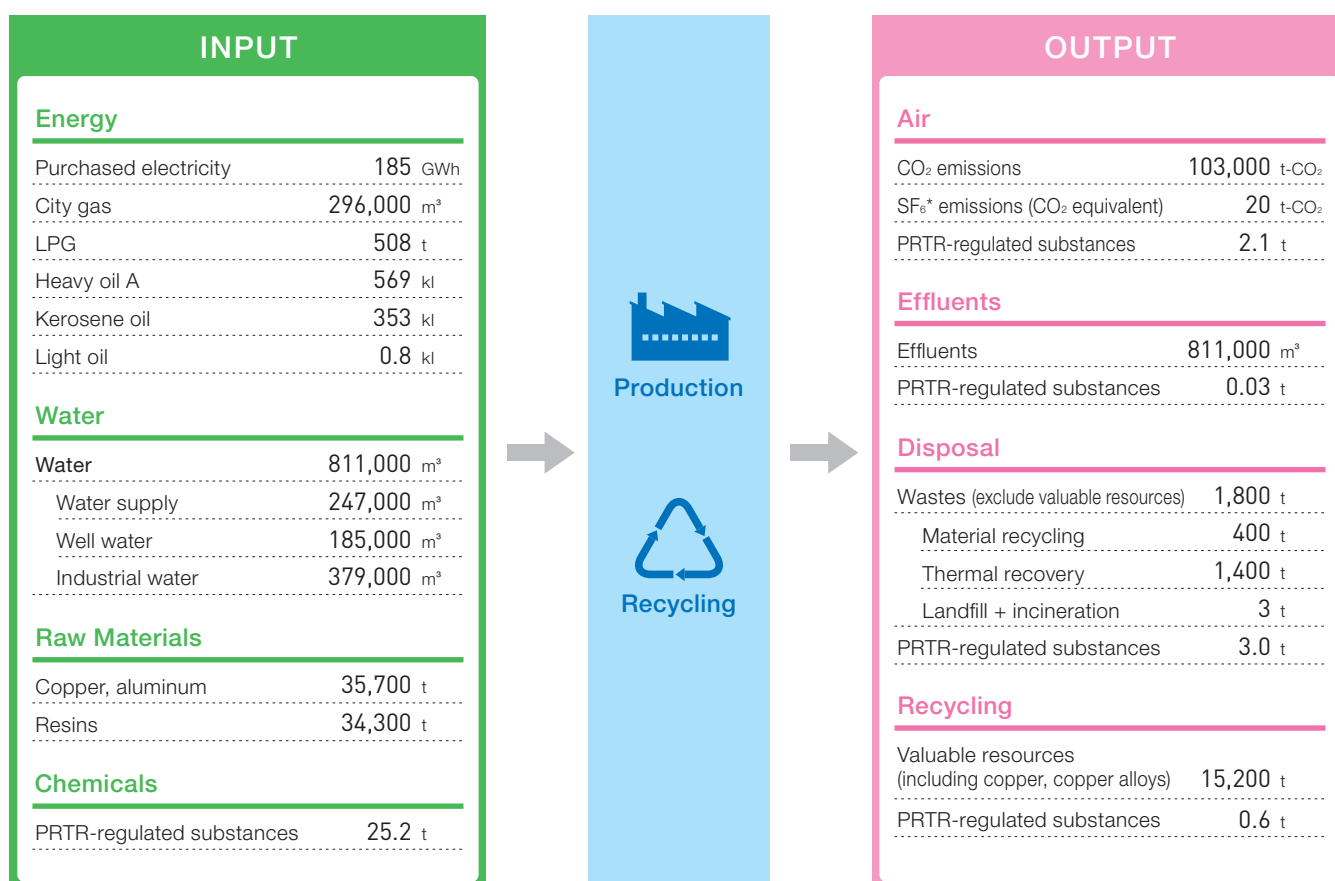
Position-based training programs are offered to help employees understand our environmental conservation activities and apply them in their work.

The table at right outlines the training provided in fiscal 2013 for a cumulative total of 10,595 participants.

### Environmental Training Program

Training Categories		Number of Participants
1. Introductory training	Training for new employees	825
2. Training for recently transferred employees	Training for employees transferred from other regions and mid-career workers	496
3. Refresher training	Training includes environmental fairs	8,326
4. Environmental management training	Staff in charge of the EMS	36
5. Environmental auditor training	Candidates for internal auditors	93
6. Special environmental training	Training for qualified persons	148
7. Training on significant environmental aspects	Applicable employees	399
8. Other training	Training on waste disposal Training on the Recycling Act	231 41
Total		10,595

## Material Balance (in Japan)



\* Sulfur hexafluoride

## Prevention of Global Warming

### SWS Group Greenhouse Gas Emissions (in Japan and Overseas)

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 2013, overall Group greenhouse gas emissions were 357,000 tonnes.

### Reduction in Per Unit Energy through Energy Saving (Manufacturing Companies in Japan and Overseas)

**FY2013 target** 4% reduction per unit sales from FY2012

**FY2013 result** 10.8% reduction per unit sales from FY2012

Consumption of per unit energy at our manufacturing companies in Japan fell 10.8% from fiscal 2012 as a result of energy saving, thereby meeting the target.

The Special Subcommittee for Energy Saving, comprising the large energy consumers among our business divisions in Japan, held three general meetings in 2013 to promote the exchange of information.

As they had done in previous years, each site in Japan participated in the Cool Biz and Warm Biz campaigns in fiscal 2013. EMS officers at each site continued to perform inspections to check temperature settings for air conditioning and make sure unnecessary lighting was being turned off. With regard to our overseas manufacturing operations, we began traceability activities for energy conservation at major sites with high electricity consumption.

### Reduction in Per Unit Energy through Energy Saving (Offices in Japan)

**FY2013 target** 1% reduction per floor area from FY2012

**FY2013 result** 2.8% reduction per floor area from FY2012

We reduced per unit energy at our offices in Japan by 2.8% from fiscal 2012 by saving energy, thereby meeting the target.

The target sites were the head office (operations began in May 2013) and the Yokkaichi Plant. At the new head office location, we developed a system for monitoring electricity consumption for air conditioning, lighting, and cooking in the corporate kitchen, all major areas of electricity use.

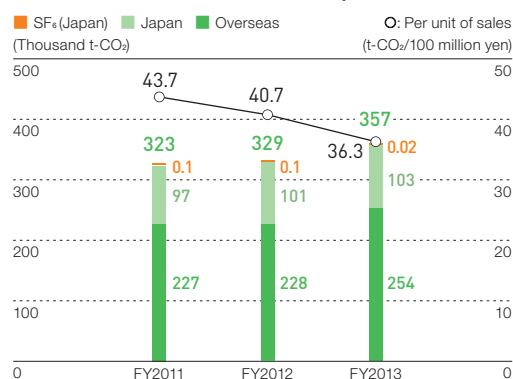
### Reduction of CO<sub>2</sub> Emissions from Logistics (in Japan)

**FY2013 target** 1% reduction per unit sales from FY2012

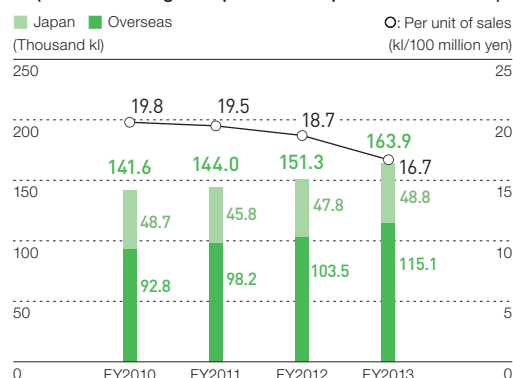
**FY2013 result** 4.6% reduction per unit sales from FY2012

Emissions of CO<sub>2</sub> from logistics in Japan were reduced by 4.6% per unit of sales from fiscal 2012, thereby meeting the target. Major efforts by the Special Subcommittee for Logistics in fiscal 2013 included improving logistics by optimizing transport routes and increasing the loading ratio, along with promoting modal shifts.

#### Greenhouse Gas Emissions in Japan and Overseas



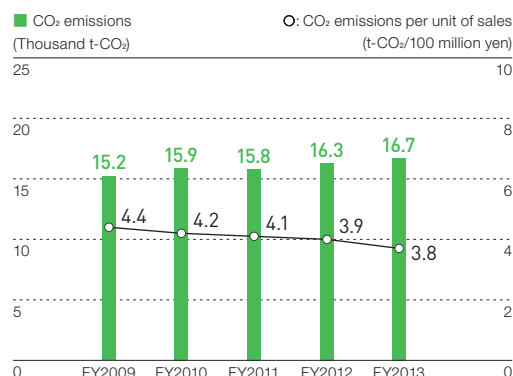
#### Reduction in Per Unit Energy through Energy Saving (Manufacturing Companies in Japan and Overseas)



#### Reduction in Per Unit Energy through Energy Saving (Offices in Japan)



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



## Resource Recycling and Control of Substances of Concern

### Reduction of Waste (in Japan)

**FY2013 target** Zero emission rate: below **0.3%**  
 Absolute volume of waste: **1%** reduction from FY2012

**FY2013 result** Zero emission rate: below **0.06%**  
 Absolute volume of waste: **8.3%** increase from FY2012

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 2013, the absolute volume of waste (excluding valuable resources) increased by 8.3% from fiscal 2012. This is because a portion of the previously valuable resources was categorized for use in thermal recovery. Nevertheless, we were able to meet our target by accomplishing a zero emissions rate of 0.06%.

We received the Minister of Economy, Trade and Industry's Prize in the 3R (Reduce, Reuse, and Recycle) promotion merit awards for fiscal 2013 in recognition of our recycling efforts, which included sorting valuable metals and resins.

### Promotion of Zero Emissions (Overseas)

**FY2013 target** Zero emission rate: below **5%**

**FY2013 result** Zero emission rate: **13.4%**

In fiscal 2013, the zero emission rate increased, as part of the previously valuable resources at some sites were disposed to landfill. In response, we have been exchanging more information with sites having high levels of landfill disposal.

### Control and Reduction of Substances of Concern

In fiscal 2012, we adopted a system by the Sumitomo Electric Industries Group to reduce substances of concern in the manufacturing process. We exceeded our targets for VOC emissions, with a 17% reduction in Japan and 11% reduction overseas. We will continue our efforts to reduce hazardous substances throughout the Group.

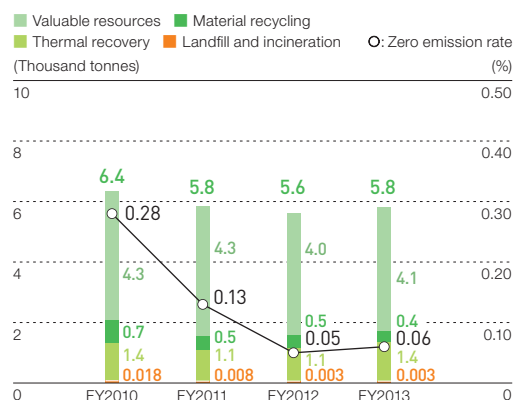
#### • PRTR (in Japan)

The transaction amount of PRTR-regulated substances increased by 13.5% compared to the previous year. Reports were mandated for five types of substances, including antimony and its compounds, methylanthralene and xylene.

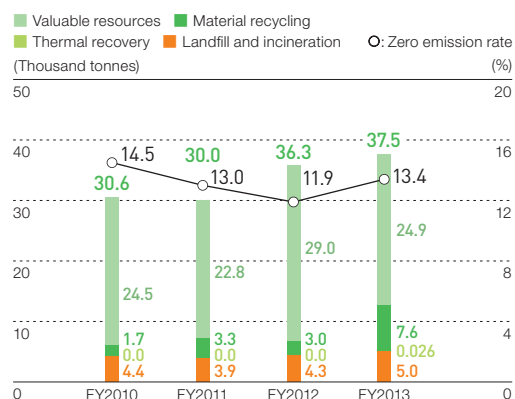
#### • PCB (in Japan)

In compliance with the Law Concerning Special Measures against PCB Waste, the SWS Group replaced all lighting equipment using PCB-containing stabilizers. We also store and strictly control the disposal of other PCB-containing devices, such as high-voltage capacitors, and issue legally required notifications.

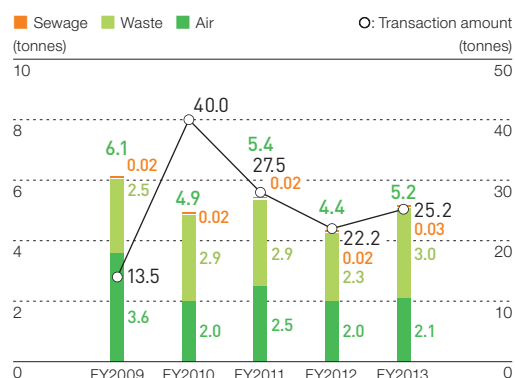
#### ► Volume of Waste Disposed in Japan (Includes Valuable Resources)



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



#### ► PRTR-regulated Substances by Year (in Japan)





## Environmentally Conscious Products

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

**FY2013 target** Registration rate as Eco Mind products: **60%**  
Increase in ratio of environmentally conscious products in sales: over **80%**

**FY2013 result** Registration rate as Eco Mind products: **42%**  
Increase in ratio of environmentally conscious products in sales: over **69%**

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 35 products have been certified as of the end of fiscal 2013. The Eco Symbol Mark Certification Committee, chaired by the Corporate Environmental Management Officer, is responsible for the certification. 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 four products were certified as environmentally conscious in fiscal 2013, the ratio of certified products to sales was 69%, falling short of our target. In fiscal 2014, 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.

Environmentally conscious products that contribute to society, particularly by reducing CO<sub>2</sub> emissions, are recognized as Anti-Global Warming Products of the Sumitomo Electric Industries Group, and we calculate their contribution to CO<sub>2</sub> reductions. In fiscal 2013, these products resulted in a 7,300 t-CO<sub>2</sub> reduction of CO<sub>2</sub> emissions.

#### • Eco Mind Products

We are collaborating with the design division on a system for conducting environmental assessments and registering the results when developing new products or undertaking major design changes. While the registration rate is currently at 42%, our goal is to raise the coverage to 100%.

#### • Environmentally Conscious Products

Eco Mind products with particularly excellent environmental features are screened under the Eco Symbol Mark certification system that complies with ISO 14021. Products that pass this screening process are certified as environmentally conscious products. We apply this system to promote the development of products that are friendly to the environmental and seek to expand their market share.

#### ► Products Certified as Environmentally Conscious in Fiscal 2013



No. 32 High-function light power distributor type III



No. 33 Thin insulated wire harness

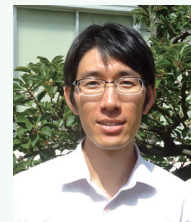


No. 34 Compact waterproof connector



No. 35 PVC insulated aluminum cable

#### VOICE



**Pursuing Product Development that Offers Greater Customer Satisfaction**

**Syuichi Anami**  
Head of System Development  
Electronic Business Group

In recent product development, we implemented measures such as reducing weight by combining several modules that constitute the power system for passenger vehicles. Producing a finished product while meeting customer performance requirements presented a significant challenge, but while working on the design in cooperation with my team I felt a great sense of accomplishment. I hope to use what I have learned through my discussions with customers and employees of other divisions as a springboard for developing excellent products with lower environmental impact.



## Creation of Vigorous and Lively Workplaces

We intend to become a robust global company by creating dynamic workplaces in which all employees can demonstrate mutual 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 working environments with due respect for human rights and free of any discrimination based on nationality, race, ideology, gender, age, social status or disability.

#### • Activities for Promoting the Development of Dynamic Workplaces

Since fiscal 2013, we have been promoting the development of dynamic workplaces to encourage active communication, increase operational efficiency, and strengthen compliance by raising employee awareness of human rights. Under the slogan "Let's create lively, dream-inspiring workplaces where we communicate actively and respect each other!" we strive to create vigorous, lively workplaces by assigning staff members to the role of encouraging the development of vigorous workplaces and launching dynamic workplace patrol activities.

### 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.

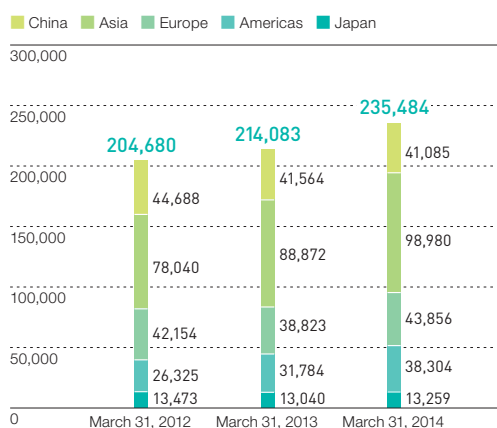
#### • Promoting Employment of Physically or Mentally Challenged Persons

To further promote the employment of physically or mentally challenged persons, 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.

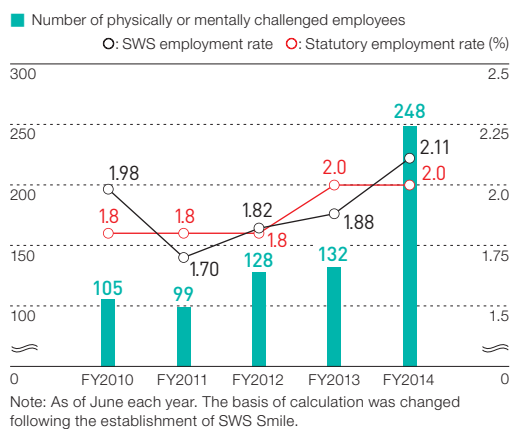
### Work-Life Balance

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. Under Japan's Act for Measures to Support the Development of the Next Generation, we have further improved various child care and nursing care initiatives, including child care leave and reduced working hour programs. Moreover, we have obtained "Kurumin" certification from the Ministry of Health, Labor and Welfare as an enterprise that supports the development of the next generation. Since 2011, 100% of employees with newborn children have taken child care leave. We launched our Fourth Action Plan on March 1, 2014, with the objective of providing more comfortable working conditions. 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, and volunteer activities.

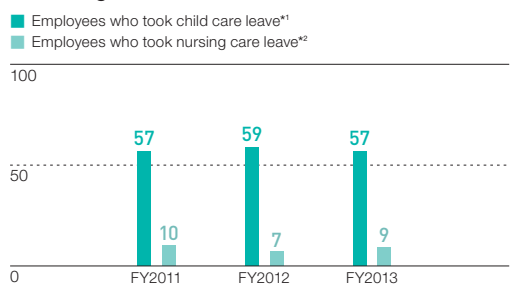
#### ► Global Personnel



#### ► Employment of Physically or Mentally Challenged Persons



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



Note: These employees were permitted to begin their child care or nursing care leave in the respective fiscal years.

\*1 Number of female employees who applied for and took child care leave

\*2 Includes employees using accumulated days off

## 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 is in accord with their eagerness to take on challenges.

### Personnel Policy

#### 1. We respect individual initiative.

The SWS Group supports individuals who aspire and strive to grow and encourages career development based on each employee's aptitude and ambitions.

#### 2. Our approach is based on performance.

The SWS Group ensures equitable treatment for individuals who recognize and fulfill their responsibilities by conducting fair, performance-based assessments to raise employee satisfaction and supporting individuals who pursue higher achievements without fear of making mistakes.

#### 3. We develop diverse human resources.

The SWS Group provides environments for refining expertise and skills and fosters environments that encourage the generation of ideas and action around the world.

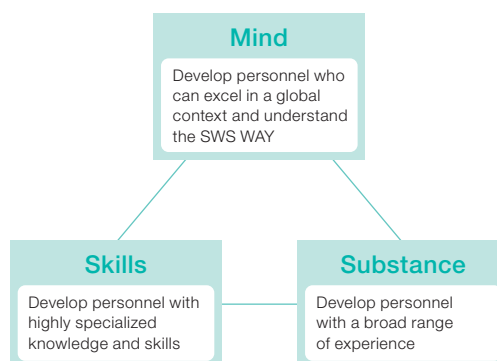
## New Personnel System

We introduced a new personnel system based on the values of the SWS WAY to clarify the personnel requirements of the Sumitomo harness business for each position and qualification. The new system is being applied in areas such as human resource development in the form of training, promotions and performance assessment.

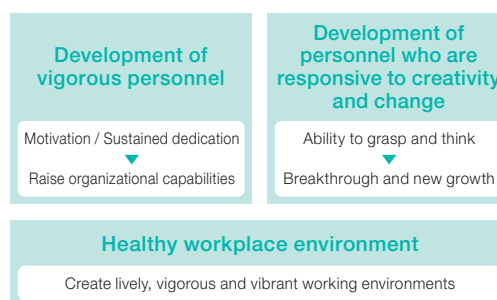
Recognizing that our corporate human resource strategy must revolve around the same core principles worldwide, we began expanding the system in fiscal 2014 to encompass global personnel requirements and bolster human resource development at our overseas Group companies.

We intend to apply these global personnel requirements to the personnel systems of overseas affiliates with the objective of accelerating human resource development across the world in accordance with commonly shared values.

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



### ► Priority Measures for Human Resource Development



## VOICE



### Acquiring Management Skills to Develop Global Competence

#### Risa Irie

Team Leader, Labor Administration  
Personnel and Labor  
Administration Group  
Personnel Department

The new personnel system has provided me an opportunity to grow as a team leader, and I currently oversee the operations and labor management of two team members. This has been my first management experience, and I have gradually acquired management skills with the support of my supervisor. These include exercising initiative in giving operational instructions that consider the growth of each team member and responding to requests for consultation on work. I plan to continue broadening the scope and perspective of my own operations while further strengthening my skills for motivating the performance and raising the capabilities of team members toward becoming an employee with global competence.

## Capacity Building Programs

SWS Group capacity building programs are grounded in our belief in the potential of each employee, and through them we acknowledge the spirit of challenge employees possess while encouraging capability building aligned with career goals. 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.

## 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.

We are also bolstering human resource development at our overseas Group companies by organizing training for executive candidates and management. These efforts are intended to cultivate global human resources throughout the Group.

### • Regional Managers Training

In fiscal 2012, we launched the Regional Managers Training program for managers based outside Japan and began by conducting training sessions in Europe. In fiscal 2013, 19 participants from nine countries participated. We plan to organize training sessions in the United States and Asia in accordance with specific regional characteristics and needs to mobilize local human capital in our global management.

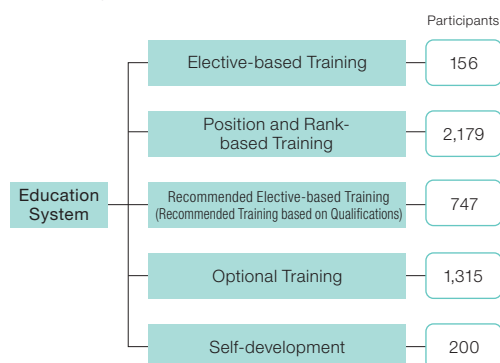
### • Invitation Training for Overseas Executive Candidates

The Global Leadership Development Program is held twice a year to train executive candidates at overseas Group companies. Training sessions include lectures by the president and executives to deepen understanding of the SWS WAY, quality management and safety management, as well as factory tours. In fiscal 2013, 25 participants from ten countries took part in this valuable opportunity.

### • 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 2013, the 14th year of the training session, 107 career-track employees who joined the company this year (including Group companies) were dispatched from Japan to four plants in Thailand, Vietnam and the Philippines for two weeks of training beginning in November and ending in December.

### ▶ Trainings Conducted in FY2013



### VOICE



**An Excellent Opportunity to Gain Insight and Skills that Cannot Be Attained through Daily Operations**

**Viktoriya Mykhalyk**  
Project Manager  
Administrative Subdivision  
SE Bordnetze-Ukraina, TOV.

The European Managers Training provided an excellent opportunity for gaining insight and skills that are difficult to attain through daily operations. I was able to get to know other executive candidates from SWS Group companies in various countries and learn about their approaches to work and efforts to develop effective processes, which for me was the most important part of the training. I also gained a deeper understanding of leading and management – how I should listen to my subordinates, support them and give them opportunities for self-development. I intend to continue improving these skills to become a better manager and leader.



Regional Managers Training



Invitation training for overseas executive candidates



New employee training at overseas plants





## Contributing to the Local Communities

In acknowledgement of our responsibility as a member of society, we contribute through global and local activities around the world.



### 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 make information available through our corporate intranet, which also serves as a forum for communicating and exchanging information on the social contribution activities of the SWS Group.

#### • CSR Activity Awards

Since fiscal 2011, the SWS Group has been recognizing affiliated companies around the world for their exemplary social contribution activities by presenting awards at Group conferences to encourage these efforts. During the ceremony, the activities are praised to communicate the importance of contributing to society through commendable efforts around the world.

In fiscal 2014, the fourth year of the awards, we recognized the activities of four Group companies in Japan and overseas (see page 30).



Corporate newsletters

#### 2014 Sumitomo Wire Harness



Representatives of award recipient companies

### Communicating with Local Communities

We have been communicating openly with residents around our head office in Mie Prefecture and in all other regions where we operate. We actively participate in disaster prevention activities, support annual events such as festivals and fireworks shows, and sponsor youth sports. Promoting local culture, our employees engage in preserving the tradition of "Yokkaichi Suwa Daiko Japanese Drums," a performing art of Yokkaichi.



Opening ceremony for an autumn youth baseball tournament in Sanshi

## Activities around the World (CSR Activity Award Recipients for Fiscal 2014)

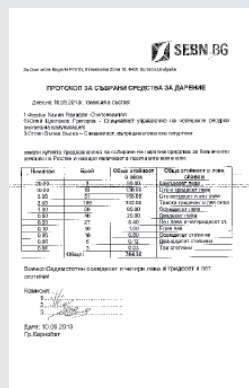


## Health, Civic Service and Environmental Activities Led by Employees

Bulgaria

## SEBN-BG (SE Bordnetze-Bulgaria EOOD)

SEBN-BG takes the initiative to support the community by gathering donations from employees for the operations and treatment of children suffering from intractable diseases and collecting used batteries in boxes placed throughout the company as an environmental conservation effort.



## Educational Support for Local Children

U.S.A.

## SEWS (Sumitomo Electric Wiring Systems, Inc.)

SEWS organizes a poster contest for children in elementary schools located near the company to raise awareness of environmental conservation. It also seeks to maintain good relationships with the community by introducing Japanese culture, such as doing the Bon Odori dance with visitors at events.



## Donations and Educational Activities for Children

Romania

## SEWS-R (SEWS Romania S.R.L.)

At SEWS-R employees bring Christmas presents to children living in underprivileged areas and foster homes. The company also invites students and teachers from local high schools to tour its facilities as an environmental education activity.



## Medical Support around the World and Whole-Staff Activities by Each Factory

Japan

## SWS West Japan, Ltd.

SWS West Japan collects used PET bottle caps as part of an effort to provide polio vaccines for underprivileged children around the world. All employees participate in beach cleanups organized by each factory.

