

Connect with the Best

SWS Group
Environmental Report 2007



Message from the President

Recently, a day scarcely goes by where we do not hear or see the phrases "environment" and "global warming" in the media. Distinguished experts throughout the world report that the destruction of the global environment is undoubtedly progressing steadily.

SWS Group recognizes that these situations are quite real, and implements PDCA (Plan, Do, Check, Action) and tracing to enforce our corporate policies, "Visualization," "Getting back to basics & implementation of groundwork," and "Implementation of benchmarking," so that we can develop environmental preservation activities on the individual level through daily production or office work.

Visualization

Considered to be major issues, we are working on

- (1) energy saving,
- (2) development of environment-conscious products,
- (3) reduction of total volume of waste, and (4) information disclosure in Environmental Reports, through data utilization and digitalization and specific classifications.

We have attained our corporate targets for each item above that should contribute to environmental preservation, yet we will seek greater effects by improving and continuing the "visualization" activities.



Fumikiyo Uchioke,
President and Chief Executive Officer

Getting Back to Basics & Implementation of Groundwork

By carrying out thorough enforcement of "Make/Obey/Improve/Obey the rules," (1) our 37 bases in Japan and 29 overseas group companies have already received Global ISO 14001 certification, (2) in terms of risk management, we are striving to control the use of harmful substances in products, waste produced by each base, and the soil at each base, (3) with regard to training and human resource development, we are concentrating efforts into fostering internal environmental auditors and the number of those qualified has reached approximately 460 employees in Japan. Overseas as well, we hold "Conferences of Overseas Environmental Administrators" annually in three blocks; the Americas, China, and Southeast Asia. These conferences are intended to raise the awareness of the administrators and promote mutual information exchange for enforcing the checks and guidance on compliance and risk management.

Environmental Benchmarking

We are proceeding with our environmental benchmarking activities using information collected from 37 bases in Japan, 12 overseas manufacturing subsidiaries, and other advanced companies. After stratifying data and then creating radar charts (or spiderweb charts) from it, we utilize these charts to uncover and reinforce any weakness in the overall SWS Group or each base.

Capturing the theme of "Environment" globally, obviously including harmonious coexistence with the Earth, we consider how we practice the preservation of living environments and the global environment as the SWS Group's challenge and responsibility.

As SWS's technical developments continue to advance, we are unrelenting in our active Earth preservation activities to preserve the beautiful and clean Earth.

We would appreciate it if you could read this Environmental Report 2007 and perhaps give us your opinions and advice.

Environmental Management

- Environmental Preservation Policy
- Environmental Management System
- Targets and Results of Environmental Action Plan

Environmental Preservation Policy

Since the establishment of our environmental preservation policy and environmental preservation action guidelines in 1995, at SWS we have been implementing our business activities in accordance with these.

Our main business is the manufacturing and sales of wiring harnesses for automobiles and appliances. Following our environmental preservation policy, "we shall implement business activities with full consideration to environmental preservation," we have proceeded with the development of environment-conscious products, restriction of the use of chemical substances, procurement from environment-conscious suppliers, reduction of energy consumption during manufacturing, compliance with laws and regulations, reduction of total volume of waste upon disposal, and facilitation of removal of wiring harnesses from discarded vehicles.

We also actively promote information disclosure through communication with local communities.

SWS Group's Fundamental Principles

In the spirit of "Connect with the Best," we will:

- Contribute to global communities through prosperity of our business,
- Satisfy our customers with high-quality activities,
- Open corporate future through creation and reform,
- Maintain the high level of corporate ethics based on honesty and trust, and
- Respect individuality and cultivate corporate culture to generate vigor and energy.

Environmental Preservation Policy

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

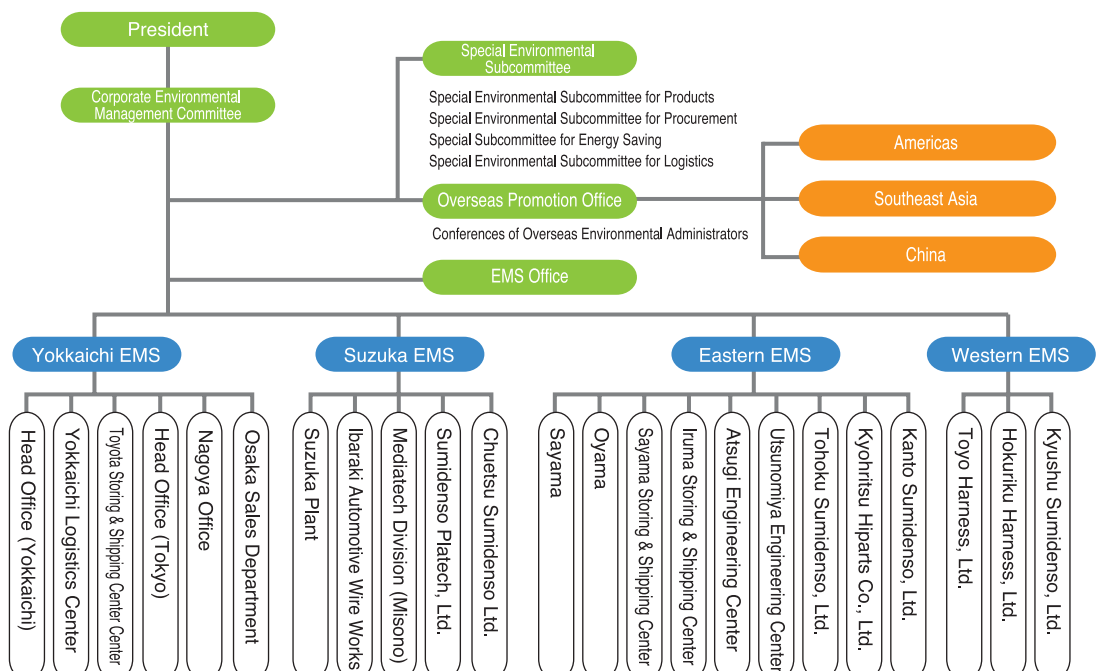
Action Guidelines

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 to influence on ecosystems and the protection of resources.
2. Determine self-imposed restraints to reduce the impact on the environment, in addition to observing environmental regulations by the government, local public bodies, and other organizations.
3. Conduct an environmental audit or similar to check the progress of environmental preservation plans and the health of job performance 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.

The above are basic rules effective from July 1, 1995.

Environmental Management System

In fiscal 2007, we will continue to develop our environmental preservation activities under the environmental management systems below. In respect to the increase and decrease of target sites, Chuetsu Sumidenso under Suzuka EMS has been added and Yuki under the Eastern EMS has been removed. Overseas, this system applies to manufacturing subsidiaries.



Environmental management system chart

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Editorial Policy

We release this report for everyone to understand SWS Group's environmental activities and thereby to promote our communication with, and earn the trust of, society. Since 2001, we have released Environmental Reports and always try wherever possible to make them easier to read and understand, based on the opinions we have received so far.

In the Fiscal 2006 version, we formulated our environmental action plan "Challenge-Eco 2010" and advanced our environmental activities. This report focuses on the results of these activities.

In order to improve the contents of future reports and of our activities, we would appreciate it if you could offer opinions or remarks in the questionnaire sheet attached.

Scope and period of target

- Target organization: Sumitomo Wiring Systems, Ltd. and its group companies in Japan (Refer to page 24)
- Target period: Fiscal 2006 (April 1, 2006 to May 31, 2007)
- Target field: Environmental information

Reference guidelines

- "Environmental Report Guidelines 2007" (Ministry of the Environment)
- "Environmental Accounting Guidelines 2005" (Ministry of the Environment)

Date of issue and release of next version

- Released in September 2007
- Next version scheduled to be released in September 2008

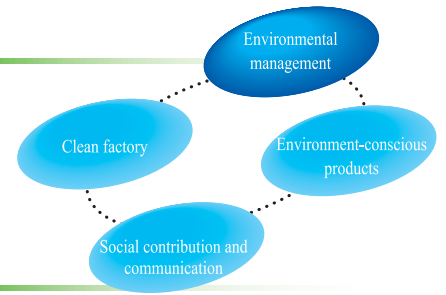
Website

- <http://www.sws.co.jp/>

Environment-related history of SWS

1993	Started Environmental Control Office.
1994	Completely eliminated use of trichloroethylene (Suzuka). Completely eliminated specific CFCs and trichloroethylene.
1995	Established Environmental Policy.
1997	Practical use of lead-free wires. Suzuka Plant acquired ISO 14001 certification.
1998	Developed halogen-free wires for automobiles.
1999	Built system for measuring quantities of waste. Headquarters and Yokkaichi area acquired ISO 14001 certification.
2000	Toyo Harness, Hokuriku Harness, Kyushu Sumidenso, Yuki, Sayama, Logistics Center, and Sumidenso Platech acquired ISO 14001 certification. Yokkaichi Logistics Center, Ibaraki Plant and Misono Plant acquired ISO 14001 integrated certification.
2001	Replaced all lighting equipment that uses PCB-containing stabilizers. Released Environmental Report (First). Presentation at MIE Environmental Fair 2001. Chugoku Harness, Yamagata Sumidenso, and Tohoku Sumidenso acquired ISO 14001 integrated certification.

2002	Support for Earth Project 21 (environmental NGO). Developed and commercialized wiring harnesses that use halogen-free wires.
2003	Kyohritsu Hiparts acquired ISO 14001 certification. Developed and commercialized easily removable wiring harnesses. Yamagata Sumidenso received "Environmental Preservation Promotion Award" from Yamagata Prefecture.
2004	Established Green Procurement Guidelines. Awarded "Kansai Recommended EcoOffice." Achieved "zero emission" at all sites.
2005	Held an environment conference with overseas group companies. Built an internal system for certifying environment-conscious products. Branches and sales bases acquired ISO 14001 integrated certification.
2006	Formulated SWS Group environmental action plan "Challenge-Eco 2010."



■SWS Group's Environmental Action Plan "Challenge-Eco 2010"

Activity items		Specific activities and targets					
		Targets for FY2006	Results of FY2006	Evaluation	Page	Targets for FY2007	Targets for FY2010
Enhancement of environmental management	Enhancement of group-wide activities	Setting and holding environmental meetings for each overseas region, and implementation of benchmarking	Holding environmental conferences (China and the Americas) Implementation of environmental benchmarking (China and all sites in Japan)		6 19	Setting and holding environmental conferences for each overseas region, and implementation of environmental benchmarking	Promotion of environmental preservation activities by sharing policies and guidelines among group companies in Japan and overseas, and acquisition of ISO 14001 certification by all main manufacturing bases
	Integration of environmental management systems	Standardization of basic documents for environmental management systems at group companies in Japan	Completion of basic documents for environmental manuals and standards; integration in progress		8	Standardization of the documents and operations of environmental management systems in group companies in Japan	Integration of environmental management systems at group companies in Japan
	Enrichment of environmental information system	Building environmental load information system for group companies in Japan and overseas	Completion of environmental data collection system for use in Japan; commence system review for use overseas		8	Building environmental load information system for group companies in Japan and overseas	Building integrated information system for environmental load and environmental accounting for group companies in Japan and overseas
Promotion of design and development of environmentally friendly products	Increase in number of certified environmentally friendly products	Certification of 1 product by each division (total 4 products)	Registration of two products in FY2006		12	Certification of one product by each division (total 4 products)	30% of sales are certified products
	Enhancement of product environmental assessment	Introduction of product environmental assessment to new design	Formulation and introduction of guidelines for assessment items and methods		9	Entrenchment of environmental assessment of products into new designs	Established use of product environmental assessment during new design
		Use of LCA as an environmental assessment item	Commence use of LCA as an environmental assessment item		10	Use of LCA as an environmental assessment item	
	Enhancement of cooperation with suppliers	Promotion of EMS activities performed by suppliers in Japan (all suppliers ranked B or higher in FY2007)	Increase of suppliers ranked B or higher to 90% of total suppliers		14	Promotion of EMS activities performed by suppliers in Japan (all suppliers ranked B or higher)	Promotion of external EMS certification to be acquired by suppliers in Japan and overseas (80% or more of suppliers ranked A)
	Control of substances of concern	Completion of change to substitute for hexavalent chromium	Completion of shift to substitute for hexavalent chromium used in procured parts and raw materials, within FY2006		—	Data preparation for start of EU recyclability certification (Dec. '08)	Promotion of lead-free solder (target: complete elimination)
Achievement of Clean Factories	Energy saving (CO ₂ reduction)	Japan: 2% reduction per basic unit for sales volume, compared to FY2005	CO ₂ emissions: 67,100 ton-CO ₂ 15% reduction (per basic unit for sales volume, compared to FY2005)		16	Japan: 4% reduction in CO ₂ emissions (per basic unit for sales volume, compared to FY2005)	Japan: 20% reduction in CO ₂ emissions (per basic unit for sales volume, compared to FY1990)
		Building overseas control system	Commence control of energy consumption and of basic unit for sales volume		19	Overseas: 2.5% reduction in energy consumption (per basic unit for sales volume, compared to FY2006)	Overseas: 10% reduction in energy consumption (per basic unit for sales volume, compared to FY2006)
	Promotion of logistics efficiency	Building control systems in Japan and overseas	Japan: Revision of conventional calculation standard and commence calculations of transport volume and CO ₂ emissions		18	Japan: 2.5% reduction in CO ₂ emissions (per basic unit for sales volume, compared to FY2006)	Japan and overseas: 10% reduction of CO ₂ emissions (per basic unit for sales volume, compared to FY2006)
			Overseas: Commence transport volume control in some areas		—	Overseas: Building control system	
	Reduction of total volume of waste	Japan: 10% reduction of total volume of waste, compared to FY2005	Japan: 3,264 tons of total volume of waste 13.2% reduction compared to FY2005		17	Japan: 30% reduction of volume of industrial waste produced during manufacturing (compared to FY2005)	Japan: Elimination of industrial waste produced during manufacturing that is discharged outside the company
			—	—	—	Overseas: 2.5% reduction of total volume of waste (per basic unit for sales volume, compared to FY2006)	Overseas: 10% reduction of total volume of waste (per basic unit for sales volume, compared to FY2006)
	Expansion and promotion of "zero emission"	Building overseas control system	Commence sorting and control of the target waste for entrenchment of landfill waste control		19	Overseas: Familiarization of the method and building control system	Overseas: Achievement of "zero emission" at 50% or more of manufacturing bases
	Control and reduction of substances of concern	Understanding and control of substances regulated in Japan by PRTR Law	69% reduction of DOP (dioctyl phthalate) frequently used, along with shift to substitutes		17	Japan: 2.5% reduction of volume of discharged substances regulated by PRTR Law (compared to FY2006)	Japan: 10% reduction in discharged or transferred substances regulated by PRTR Law (compared to FY2006)
		Building overseas control system	Commence understanding and control of the volume of chemical substances used		—	Building overseas control system	Thorough control and promotion of reduction at overseas bases
	Advancement of information disclosure	Enrichment of contents of Environmental Reports, and use of website to advance information disclosure	Release of Environmental Report 2006 and posting it on homepage		20	Enrichment of contents of Environmental Reports and use of homepage to improve information disclosure	Further information disclosure by group companies in Japan and overseas, and advancement of information disclosure
Contribution to communities, communication enrichment	Coexistence with communities	Enrichment of regional environmental preservation activities performed by group companies in Japan	Participation in environment fairs, holding environmental exhibitions intended to distribute information externally		22	Enrichment of regional environmental preservation activities performed by group companies in Japan	Expansion of regional environmental preservation activities to overseas group companies, and enrichment of these activities

Environmental Management

- Environmental Accounting
- Environmental Education
- Environmental Benchmarking

Global environmental preservation costs

- ① Cost for global warming prevention and energy saving
- ② Cost for prevention of ozone layer destruction
- ③ Cost for other global environmental preservation activities

Cost for upstream and downstream processes

- ① Cost difference between for regular procurement/purchase and for green purchasing
- ② Additional cost for supplying environment-related goods
- ③ Additional cost for reducing environmental load attributable to containers and packaging
- ④ Cost for withdrawing products and commercial articles, recycling, re-commercialization, and proper disposal

Environmental Accounting

At SWS we have categorized “environmental preservation costs” into “investment” and “cost” and have calculated these as environmental accounting since 2004, based on the Environmental Accounting Guidelines.

As an environmental management tool, we utilize the information on environmental efficiency, etc. obtained through environmental accounting.

● Environmental preservation costs: Results of FY2006 and budget for FY2007

Scope of calculation: SWS group companies in Japan
Target period: April 1, 2006 to March 31, 2007 (Unit: 1,000 yen)

Category	Results of FY2006		Budget for FY2007	
	Investment	Costs	Investment	Costs
(1) Costs incurred in operation areas	1,042,560	212,537	2,203,884	170,652
1 Pollution prevention cost	165,743	74,996	176,540	41,978
2 Global environmental preservation cost	574,162	33,318	1,415,956	56,255
3 Resource circulation cost	302,655	162,600	611,388	72,419
(2) Cost for upstream and downstream processes	105,587	6,350	14,400	150
(3) Management cost	26,397	322,646	97,600	327,424
(4) R & D cost	0	50,528	0	44,224
(5) Social activity cost	240	2,138	1,700	1,508
(6) Cost for environmental damage	0	0	0	0
Total	1,174,784	652,576	2,317,584	543,958

Results of environmental preservation costs for FY2006

Total environmental preservation costs were 1.827 billion yen, an increase of approximately 90 million yen over the previous year's, and making up 0.5% of sales.

Budget for environmental preservation costs of FY2007

For the budget for fiscal 2007, the total amount of capital investment is planned to be increased by approximately 1.2 billion yen over the previous year's.

As a specific global environmental preservation cost, investments in energy saving equipment and in facilities for manufacturing environment-conscious products will be made.

■ Environmental Efficiency

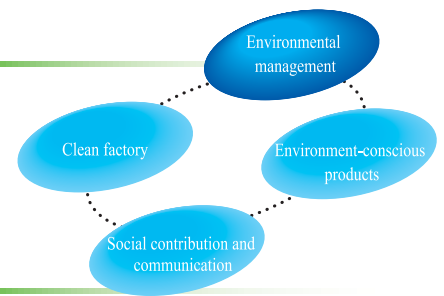
At SWS we selected the items shown in table on the right for environmental efficiency indicators and calculated the efficiency according to these items.

The values for fiscal 2005 and fiscal 2006 are expressed in indices, given that all values for fiscal 2004 are 100.

The results show that the total energy input has increased to 108 and the purchased power in the breakdown, at 112, significantly affected efficiency. Although the resource input has greatly increased due to an increase of production volume, the input of PRTR Class 1 designated chemical substances has been cut drastically.

In regard to the discharge, the amounts of waste and PRTR discharge have also been greatly reduced. CO₂ emissions has decreased slightly from the previous year's and CO₂ emissions per basic unit for sales volume has dropped to 81.

	2004	2005	2006
1 Energy input			
● Energy consumption (calorie basis)	100	108	108
● Electricity	100	108	108
Electricity purchased	100	109	112
Electricity generated	100	102	81
New energy resources	100	99	175
● Kerosene	100	117	80
● Heavy oil	100	101	83
● Town gas	100	114	108
● LPG	100	116	116
● Total water consumption	100	106	102
Water supply	100	106	105
Ground water	100	105	98
Water for industrial use	100	114	113
2 Resource input			
● Metallic materials	100	106	114
● Resin materials	100	112	117
● Class I designated chemical substances	100	120	37
3 Discharge			
● Total volume of waste	100	84	73
● PRTR discharge	100	126	56
● Total valuable assets sold	100	106	116
● CO ₂ emissions	100	107	105
Basic unit for sales volume	100	95	81
● Logistical CO ₂ emissions	100	109	113
Logistical transport volume	100	109	114



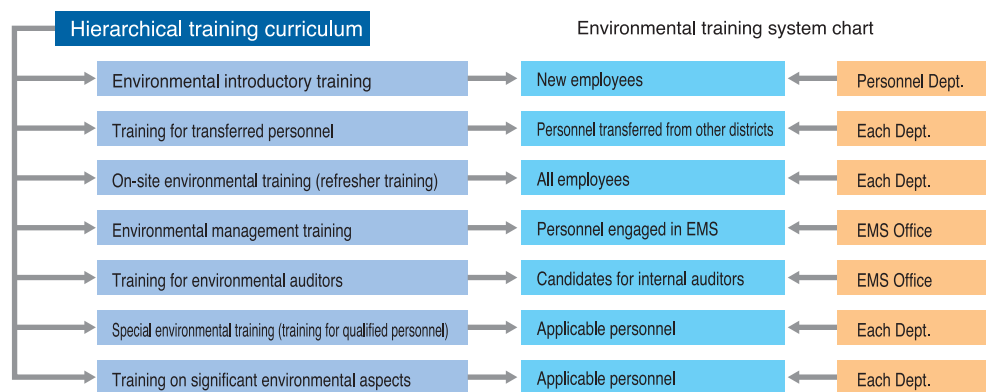
Environmental Education

At SWS, to encourage all employees to perform activities that instill environmental consciousness in daily operations, we employ a hierarchical training curriculum as shown below.

New and transferred employees are obliged to thoroughly understand our activities on environmental issues, and to receive refresher training to continuously

deepen their understanding. For promoted employees, we provide environmental training according to their posts.

The table below summarizes the number of trainees that received training held in various areas last fiscal year. The number for “Other training” includes training provided for external business partners as well.



Training contents		Number of trainees
Introductory training	Training for new employees	669
Training for transferred personnel	Personnel transferred from other districts and mid-career employees	175
Refresher training	Includes environmental exhibitions	3,340
Environmental management training	Personnel engaged in EMS	86
Training for environmental auditors	Candidates for internal auditors	44
Special environmental training	Training for qualified personnel	60
Training on significant environmental aspects	Applicable personnel	80
Other training	Training for external business partners	284

Environmental Benchmarking

Since 2005, aiming at the improvement and vitalization of our environmental preservation activities, we have carried out “environmental benchmarking” at all sites including group companies in Japan.

The radar chart (or spiderweb chart) on the right summarizes the results of average evaluation values at all sites, according to the indicators; system, performance, improvement, and communication. It shows that our activities in all items have improved, compared to fiscal 2005.

We will continue to carry out this benchmarking in the future.



Internal audit

An auditing function, in a position independent from other operational divisions, that investigates and evaluates the environmental activities from the aspects of “legality” and “reasonableness” and provides advice for improvement.

Environmental Management

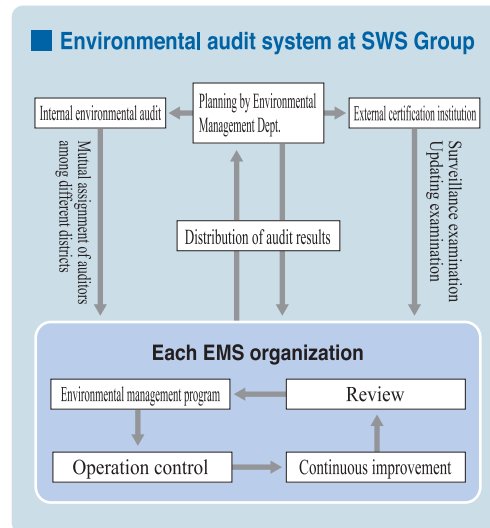
Environmental Audit Compliance with Laws and Regulations Risk Management

Environmental Audit

Environmental audits are carried out to check that our environmental management systems are operated and maintained in conformity with the manuals and standards created based on the ISO 14001 requirements.

There are two types of environmental audits; one by external examination institutions and the other by internal auditors.

With the former, updating examinations take place every three years and surveillance is performed annually during that span. With the latter, personnel qualified for in-house examination perform self-imposed audits more than once a year to check the operation status of the environmental management systems and point out and make corrections for any problems. As the result of the audits for fiscal 2006, three minor nonconformities were found in the external audits and five found in the internal audits, as shown in the table on the right, and appropriate measures have been completed for all cases.



Environmental audit system chart

Results of external examinations	Number of cases pointed out
Nonconformity	3
Annotation	10
Results of internal audits	Number of cases pointed out
Nonconformity	5
Annotation	55

Compliance with Laws and Regulations

At SWS, we are working on the compliance with laws and regulations, prevention of environmental accidents, soil pollution investigation, and control of harmful substances, to reduce the environmental load. In the past three years, there have been no violations of laws and regulations or environmental accidents.

■ Status of soil pollution investigation

We have again conducted a self-survey on soil at all land owned in Japan, including the land of group companies, in fiscal 2006. No site was suspected of being contaminated. During this survey, we investigated the land usage history prior to our purchase and confirmed that there are no possibilities of soil pollution, even including environmental load produced before our purchase.

■ PCB storage status

SWS and its group companies store appliances containing PCB under strict control as PCB waste and prepare for proper disposal. We have also completed reporting for this fiscal year as required by the law.

PCB

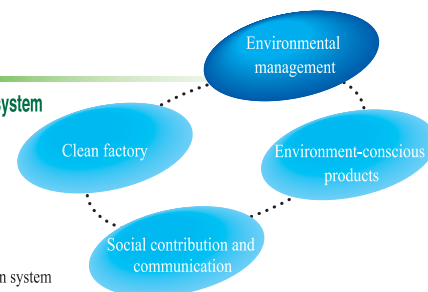
(Polychlorinated biphenyl)
A substance that is highly toxic to living organisms and easily accumulated in fat tissue. PCB is a carcinogenic and is also a known cause of skin lesions, visceral disorders, and hormone abnormalities.

Integration of Environmental Management Systems

- **Target for FY2006**
Integration of basic documents for environmental management systems
- **Result for FY2006**
Completion of creating basic documents; Integration in progress
- **Target for FY2007**
Standardization of documents and operations of environmental management systems

Enrichment of environmental management information system

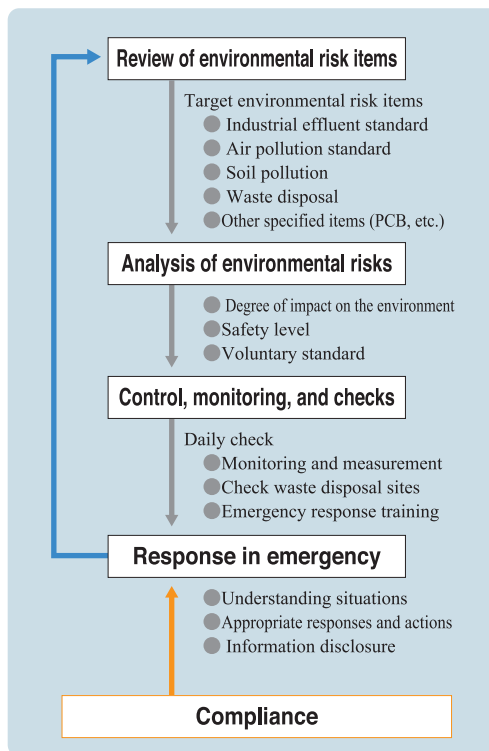
- **Target for FY2006**
Establishment of environmental load information system
- **Result for FY2006**
Completion of system introduction in Japan and commencement review overseas
- **Target for FY2007**
Establishment of overseas environmental load information system



Risk Management

A diverse range of environmental risks exist in offices and communities. We list these risks and analyze the degree of impact of each, and then determine the strategies for coping with these upon occurrence and contents of daily control. Using the flowchart on the right as well, we carry out risk management that ranges from reviewing the items of environmental risks to stipulating strategies for coping with an emergency.

When disasters, such as the Noto Peninsula Earthquake and Niigata-Chuetsu Earthquake, occurred, we performed inspections, in accordance with this flowchart, for any impact on significant environmental aspects and confirmed that there was no environmental impact that had flowed out.



Environmental risk management chart

Risk Management

Risk management is a process of methodically managing risks and avoiding or reducing hazards and losses. This is a management technique that makes it possible to effectively settle unanticipated losses caused by a variety of risks at minimum cost.

Integration of Environmental Management Systems

The environmental management systems at SWS Group in Japan are divided into four regions, and each system is operated on environmental manuals and standards that suit the respective region.

When considering the operation of systems in the future, we need to more evenly distribute the contents decided upon by the Corporate Environmental Management Committee. In light of this, we made it our aim to consolidate the basic documents for the environment management systems at SWS Group companies in Japan and operate the system as one, and we have concentrated efforts to do this since fiscal 2006. Although the creation of the basic documents progressed, the process has not reached the company-wide distribution level.

We will continue to work on this so that the system standardization is complete within fiscal 2007.

Enrichment of Environmental Management Information System

To proceed with the environment management system a little further and implement its activities as part of environmental management, it is very important to control a variety of environmental load information in a centralized manner.

At SWS, we are aiming at the establishment of an environmental load information collection system for the group companies, including overseas bases.

In fiscal 2006, we have reviewed the “ECO Data System” that had been used as the information integration system of our group companies in Japan and made corrections to improve the system further.

On the other hand, we were unable to accomplish the establishment of an environmental load information collection system for overseas group companies.

For this reason, information continues to be collected using e-mail, etc.

We are also working on the design of an environmental accounting information system for future formulation.

Products

Environmentally Friendly Design Enhancing Product Environmental Assessment LCA Activities by Special Environmental Subcommittee for Products

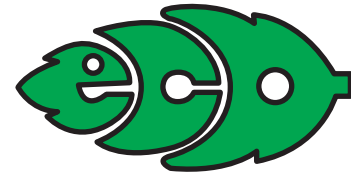
Enhancing product environmental assessment

- **Target for FY2006**
Introduction of product environmental assessment to new design
- **Result for FY2006**
Formulation and initial introduction of guidelines
- **Target for FY2007**
Establishment of product environmental assessment in new design

Environmentally Friendly Design

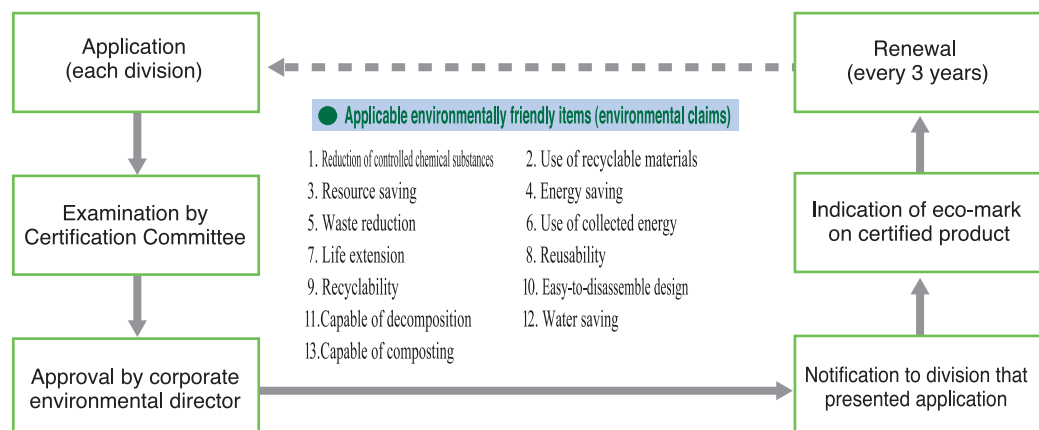
With the intention of contributing to preservation of the global environment through its products, the SWS Group has introduced a system for Design for Environment (DfE) and, in conjunction with this, began an "eco-marking certification system (certification system for environmentally friendly products)" to spur development of environmentally friendly products through the Special Environmental Subcommittee for Products.

We have selected 13 applicable items for Design for Environment as described below, based on ISO 14021 (JISQ 14021) "Environmental labels and declarations – Self-declared environmental claims (Type II environmental labeling)."



SWS Group's eco-mark
Three green leaves are used to express "eco."

● Flow for certifying environmentally friendly products



Enhancing Product Environmental Assessment

Environmental assessment

Defined as investigation of impact of business activities on surrounding areas, also called environmental impact assessment.

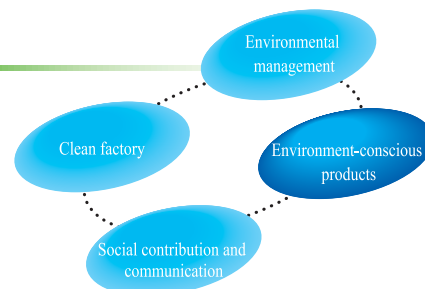
To reduce the environmental load resulting from products, it is important to assess any possible impact on the environment from the design stage. Since 2005 we have mandated environmental assessment of a product to certify the product as an environmentally friendly product, and we are currently promoting expansion of the scope of this so that all new designs undergo this assessment. In 2006 we drew up guidelines for this promotion through the Special Environmental Subcommittee for Products. Product environmental assessment has nine evaluation items, which are described on the right.

● Evaluation items in product environmental assessment

1. Resource saving
2. Restricted use of substances of concern
3. Life extension
4. Ease of reuse
5. Ease of recycling
6. Ease of disassembly
7. Reduction of environmental load during production
8. Reduction of environmental load during disassembly
9. Reduction of environmental load during disposal

Enhancing product environmental assessment

- **Target for FY2006**
Use as environmental assessment item of LCA
- **Result for FY2006**
Commencement of use as assessment item
- **Target for FY2007**
Use as environmental assessment item of LCA

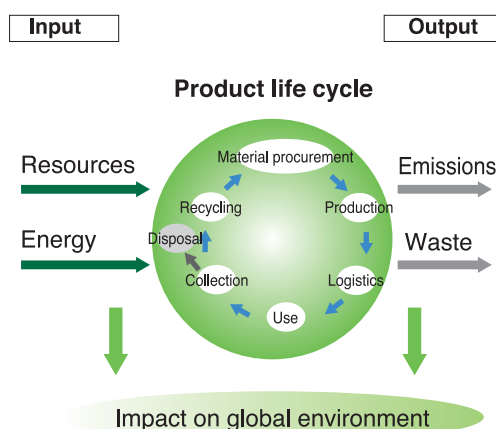


LCA

We have introduced LCA as an environmental assessment item for environmentally friendly products. In preparation for this, we increased our knowledge on LCA and organized related manuals through the Special Environmental Subcommittee for Products and LCA Study Group, to enable us to widely use LCA as a technique for product environmental assessment.

In addition, we are making efforts to enrich the database so that LCA can be practically used for selecting raw materials or components to be purchased and improving the efficiency of the manufacturing process or a logistics route.

■ LCA conceptual diagram



LCA

(Life Cycle Assessment)

Defined as a method of assessing the environment load resulting from a product throughout the product's life. This is an integrated assessment of any environmental load at all stages from manufacturing, transportation, sales, use, disposal and recycling. The life cycle of a product is often described with the phrase "from the cradle to the grave of the product."

Activities by Special Environmental Subcommittee for Products

This subcommittee, formed under the Corporate Environmental Management Committee in May 2005, consists of representatives from approximately 20 in-house organizations and is engaged in activities to promote development of environmen-

tally friendly products, enhance product environmental assessment, and acquire knowledge on Design for Environment (DfE) and LCA and distribute this knowledge to all in-house organizations.

Member's Column

Takao Nozaki

Member of Special Environmental Subcommittee for Products
General Manager, Development & Engineering Dept., HEV Div., Wiring Harness Manufacturing Gr.

Maintaining the four themes of "environmental responsiveness," "comfort," "safety," and "size & weight reduction," we are developing and manufacturing products for hybrid electric vehicles (HEV) and fuel cell electric vehicles (FCEV), based on a concept represented by the Japanese Kanji character "優" which means tenderness and excellence.

Our main target is high-voltage wiring harnesses (W/H) for HEVs, and for this we are developing and manufacturing power cables that connect the motor to an inverter, and W/Hs and connectors that connect the inverter to a battery. As elemental technology, we are working on high current/voltage compatibility and use of an electromagnetic shield, as well as challenging reduction in size, weight, and cost. With these activities, we are promoting resource and energy conservation, aiming to contribute to environmental preservation.



High-voltage W/H for Toyota ESTIMA



High-voltage W/H for Honda CIVIC



Products

- Environmentally Friendly Products
- Control of Chemical Substances

Increasing the number of certified environmentally friendly products

- **Target for FY2006**
Certification of four environmentally friendly products
- **Result for FY2006**
Registration of two products
- **Target for FY2007**
Certification of four environmentally friendly products

Halogen

Generally refers to a group of five elements: fluorine, chlorine, bromine, iodine, and astatine.

CHFUS

C: Compressed conductor
HF: Halogen-free material
US: Ultra-thin insulation

DOP

Di-2-ethylhexyl phthalate
(general-purpose plasticizer)

Increasing the Number of Environmentally Friendly Products

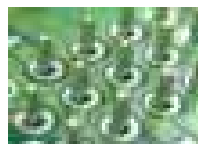
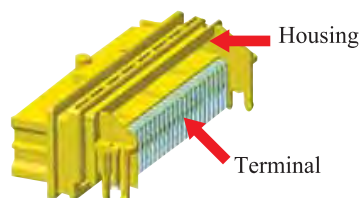
In fiscal 2006, a "press-fit PCB connector" and "0.13 mm² CHFUS wire" were certified as environmentally friendly products.

This resulted in a total of five certified products, in

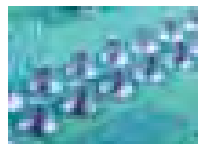
addition to three products certified in fiscal 2005: the "ISO halogen-free wire," "easy-disassembly grounding terminal," and "flat wiring harness (laminated type)."

■ Press-fit PCB connector

Although conventional connectors are connected to PCBs by soldering, press-fit connectors can easily be connected to PCBs by simultaneous press-fitting using a press, making it possible to simplify the process where the units are manufactured. In addition, not using solder eliminates lead from products and this can contribute to reduction of the environmental load.



Press-fit connection

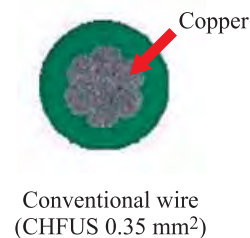


Conventional connection (soldering)

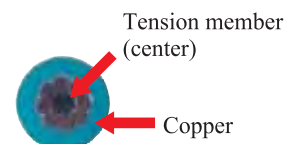
Product name: Press-fit PCB connector
Environmental claim: Reduction of controlled chemical substances
(Elimination of solder (lead))

■ 0.13 mm² CHFUS wire

We succeeded in developing a new 0.13 mm² automotive wire much thinner than the previous minimum size of 0.35 mm², and we have successfully mounted this new wire on a vehicle. This new wire conforms to ISO 6722 and uses halogen-free material for insulation. Although the smaller diameter lowers the strength of the wire, a tension member is employed to improve this strength and greatly contributes to reduction in wire diameter and weight.



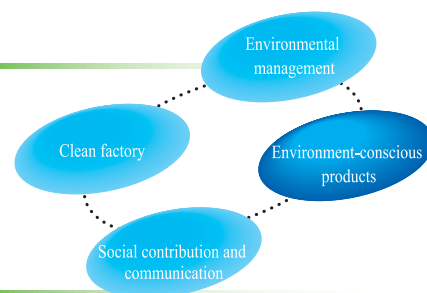
Weight reduced by 51%
Diameter reduced by 22%



Product name: CHFUS 0.13 mm² wire
Environmental claim: Resource conservation
(0.13 mm² conductor, thin wire),
reduction of controlled chemical substances
(elimination of halogen, lead, and DOP)

Control of substances of concern

- **Target for FY2006**
Change of hexavalent chromium to alternate material
- **Result for FY2006**
Completion of change
- **Target for FY2007**
Data arrangement for commencement of recycling certification in Europe (Dec. '08)



Control of Chemical Substances

As degradation of the global environment is seen as a critical issue, stringent regulations have been enforced to control the inclusion in products of chemical substances that may adversely affect the human body and/or the global environment (such chemical substances are called substances of concern).

To establish and organize our control system, we have prepared standards, clarified the roles of in-house divisions and group companies, and checked and improved

the control system using a check sheet.

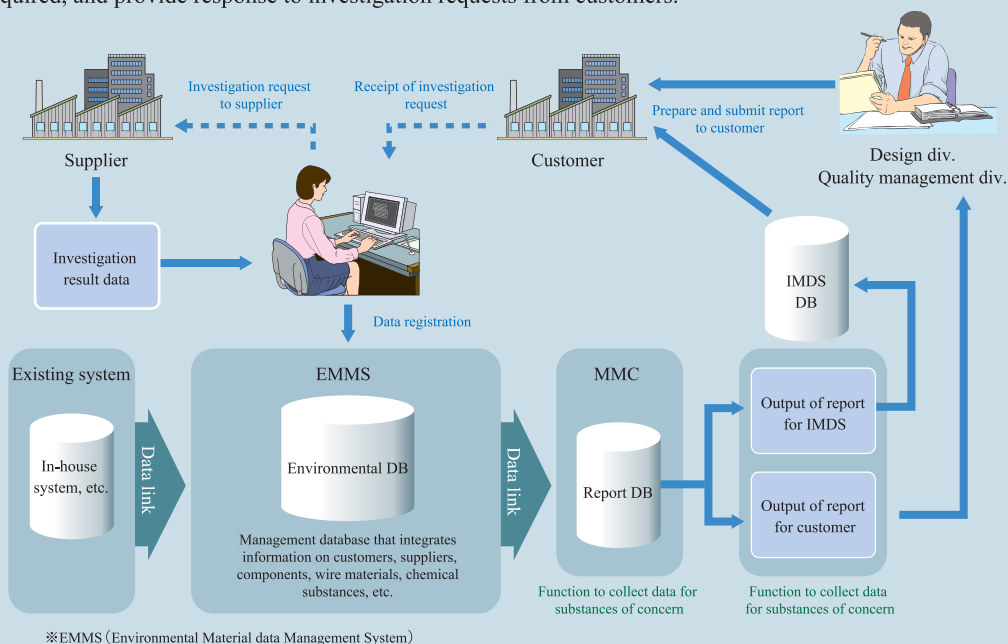
In addition, we created an Environment Material Data Management System. This system is used to unify the management of data for substances of concern contained in products and data for constituents in products, to share this data within the SWS Group, enable registration in IMDS and IMPACT III, and provide customers with documented evidence that products do not contain substances of concern.

IMDS

Abbreviation of International Material Data System
This is a system for collecting information on hazardous substances.

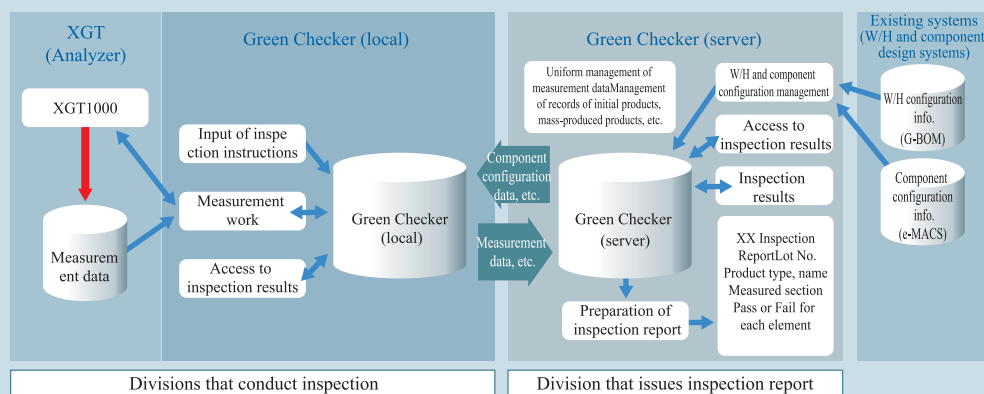
■ Environmental Material Data Management System (EMMS)

Used to collect and confirm "data of constituents" in products, perform corrective measures where required, and provide response to investigation requests from customers.



■ Green Checker

Used to collect and confirm "measurement data" of controlled substances in products, perform corrective measures where required, and provide response to investigation requests from customers.



Products

- Green Procurement
- Green Purchasing
- Member of Special Environmental Subcommittee

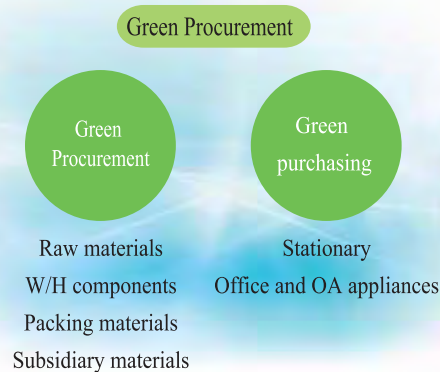
Green procurement

Defined as selecting a supplier or material based on procurement criteria based not only on prices, quality, and delivery period, but also on "consideration to the environment." This enables environmental preservation to be promoted with suppliers involved, and is also effective in reducing the environmental load at the procurement stage in a product's life cycle.

Green Procurement

In August 2004, we presented our "Green Procurement Guidelines" to suppliers to progress with environmental preservation action. In April 2007, we issued a revised version (second edition) of these guidelines, which requires efforts to acquire external certification for an environmental management system. We will proceed with preferential purchasing from suppliers that have successfully implemented environmental management systems, compliance with laws, and control of substances of concern.

Basic requirements in "Green Procurement Guidelines"



- ① Requirement for environmental preservation activities
One of the following should be satisfied:
 - 1) External certification for the environmental management system, such as ISO 14001, has been acquired,
 - 2) Acquisition of external certification, such as ISO 14001, is being promoted, or
 - 3) Voluntary efforts to build an environmental management system are being made in preparation for acquiring external certification, such as ISO 14001.
- ② Requirement for supplied products
 - Control of substances of concern

Basic Policy

In the basic spirit of "Connect with the Best," we are engaging in procurement activities according to the five policies described below.

Five Policies

1. Fundamental principles based on mutual understanding, mutual trust, and mutual enlightenment

We have defined that the most fundamental policy for suppliers is composed of "mutual understanding" - knowing each other well, "mutual trust" - respecting each other, and "mutual enlightenment" - improving each other.

2. Provision of open, fair opportunities

We provide suppliers with open opportunities to deal with us, regardless of nationality, scale of operation, and past experiences. When selecting a supplier, we fairly evaluate candidates based on the principle of competition, with comprehensive consideration given to quality, prices, delivery period, operation reliability, engineering development capacity, etc.

3. Global partnership

We are developing business on a global scale, establishing our bases in various regions of the world. We therefore hope to maintain productive partnerships with suppliers so that we can constantly produce quality, competitive products.

4. Compliance with laws

We respect the spirit of laws related to business agreements, and perform procurement activities in accordance with applicable laws and regulations.

5. Green procurement

Aiming to achieve an affluent society, we are implementing business activities trying to preserve the environment, and are actively striving to procure environmentally friendly products.

Enhancing alliance with suppliers

□ Target for FY2006

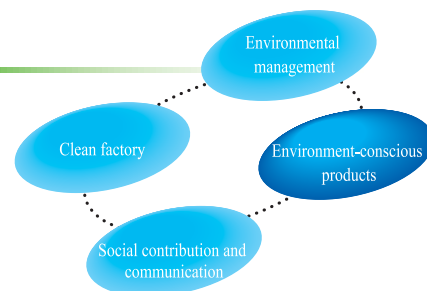
Promotion of EMS activities of suppliers in Japan (rank B or higher in '07)

□ Result for FY2006

Rank B or higher 90%

□ Target for FY2007

Promotion of EMS activities of suppliers in Japan



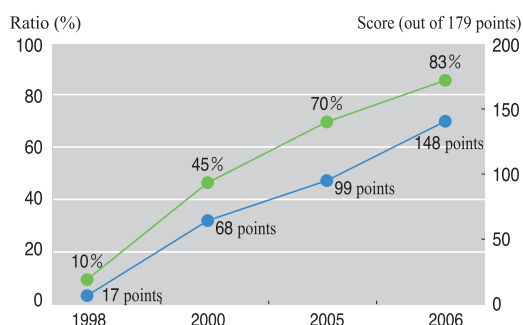
Green Purchasing

We established rules for purchasing stationary and office appliances for use in general operation (in 1999), and have implemented preferential purchasing of goods with the eco-mark, Energy Star logo, or similar.

Starting with stationary, such as copy paper, we gradually expanded the target to include personal computers and copiers, and then further expand this to office furniture.

A list of purchased goods was standardized in fiscal 2006, resulting in the introduction of eco-goods to 100% of copy paper and office appliances and to 148 items (83%) of general stationary (excluding copy paper) (see the graph).

■ Transition of stationary change to eco-goods (Based on number of items)



Activities by Special Environmental Subcommittee for Procurement

To promote the purchase of environmentally friendly products, this subcommittee was launched in May 2005 with relevant members from the procurement divisions. Since then, this subcommittee has examined strategies for effective purchase of environmentally friendly goods (instructions and support for suppliers, list of green goods to be purchased, and price analysis). Future efforts in green procurement will be made to:

① Enhance alliance with suppliers so that all suppliers are ranked B or higher. ※1

② Begin collecting data for CO₂ emissions from main suppliers, and continue activities for green purchasing.

※1 Since May 2005, we have evaluated our all suppliers from both the "environment management system" and "environmental efforts" viewpoints to classify these suppliers into five grades; S, A, B, C, and D.

Eco-mark

Mark to indicate a product with less environment load and beneficial to environmental preservation. This mark represents one of the environmental labeling systems and is registered by the Japan Environment Association.

Energy Star logo

This logo represents an international labeling system under the international Energy Star program, intending to conserve energy used for OA appliances.

Member's Column

Member of Special Environmental Subcommittee for Procurement

Group Manager, Procurement Planning Dept.,

Kunihiro Kato

The attention of society on substances of concern is increasing year after year, and the automobile industry is facing an urgent need to establish and enhance a system for green product purchasing.

In this situation, the Procurement Group set up the "Green Procurement Guidelines" in 2004 and has promoted activities for environmental preservation related to procurement in cooperation with our suppliers. To follow global movements toward tighter regulations, we have worked over two years on preparing a second edition of these guidelines and began applying them.

We will pursue procurement activities according to the guidelines, hoping to contribute to environmental preservation on a global scale.



Production

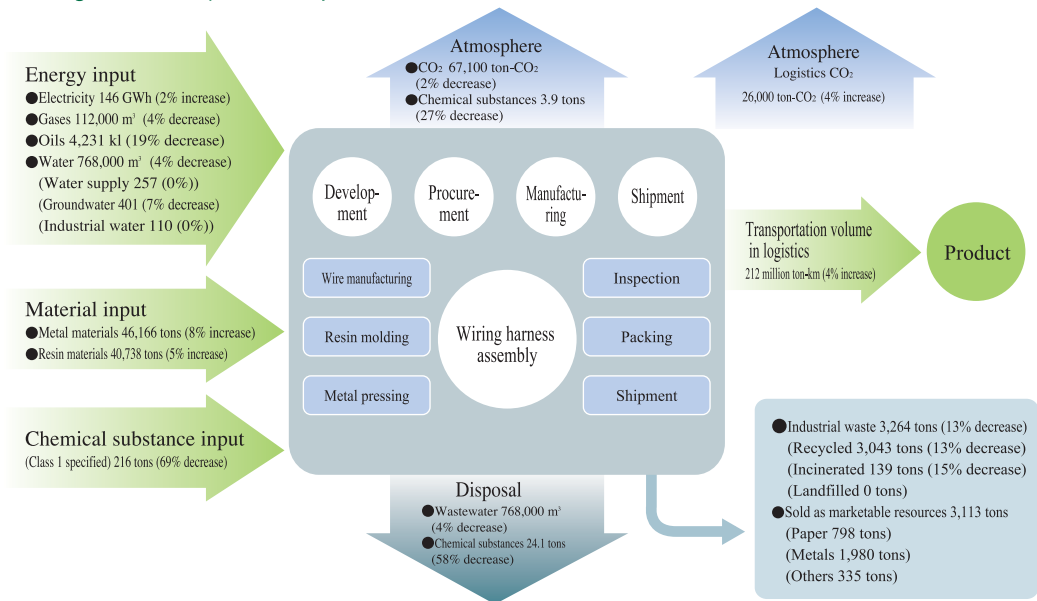
- Material Balance
- Aiming to Achieve a Clean Factory
- Efforts to Address Global Warming
- Special Environmental Subcommittees for Energy Saving

Material Balance

The figure below shows the input of energy and resources and the emission of substances of concern by SWS bases and group companies in Japan in

fiscal 2006. Values (%) in parentheses indicate the ratio of increase/decrease compared to the results of fiscal 2005.

Input of resources and emission of substances of concern by production/logistics processes for wiring harnesses (fiscal 2006)



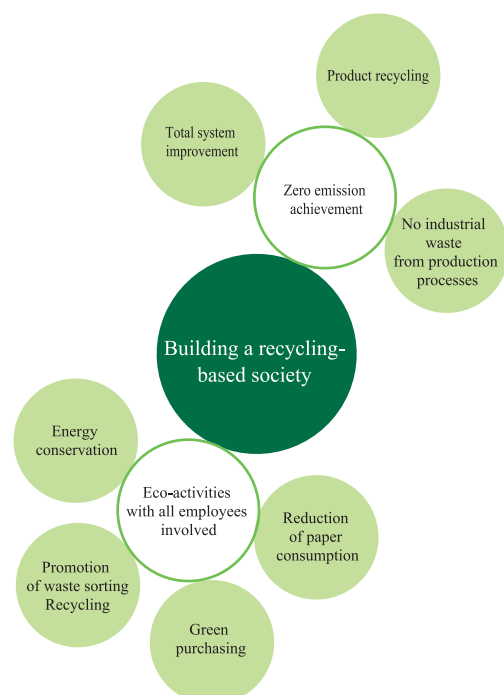
Material flowchart

Aiming to Achieve a Clean Factory

In modern society, corporate social responsibility is put to the test and SWS is pursuing corporate activities on a global scale. Aiming to form a sustainable society, we are making efforts to achieve the Clean Factory ideal, based on the concepts shown on the right.

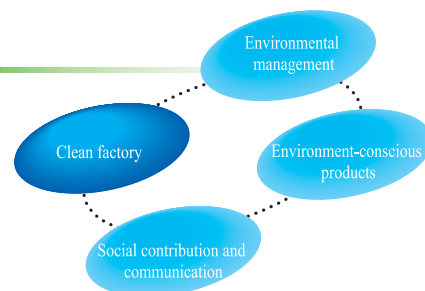
Through eco-activities with all employees involved, we have promoted energy conservation, recycling, green purchasing, and paper consumption reduction, and we have also endeavored to recycle products and eliminate waste from the production processes to achieve zero emission. These activities, intended to improve the total system, have been implemented on a global scale, contributing to building a recycling-based society.

Also under the environmental activity program "Challenge-Eco 2010," we maintain several themes aimed to achieve the Clean Factory ideal: promotion of energy conservation, improvement of logistics efficiency, reduction of total waste emissions, expansion and promotion of zero emission, and control and reduction of substances of concern. With these themes, we began activities aimed at attaining the targets set for 2010.



Energy conservation (CO2 reduction)

- **Target for FY2006**
2% reduction of CO2 emissions compared to previous year
- **Result for FY2006**
Approximately 15% reduction
- **Target for FY2007**
4% reduction of CO2 emissions



Efforts to Address Global Warming

At SWS, we strived to reduce CO2 emissions in fiscal 2006, with a target of a 2% reduction (per basic unit for sales) compared to the result of the previous year.

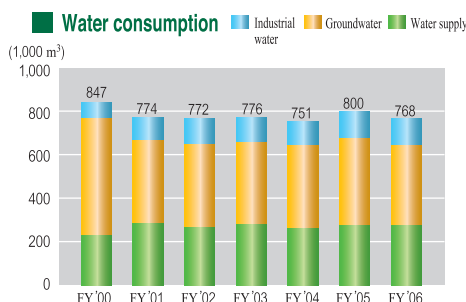
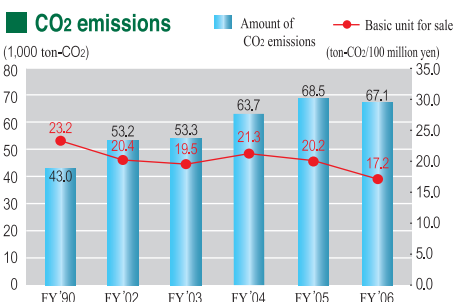
Although the production volume increased, we were able to achieve a 2% reduction in CO2 emissions and an approximately 15% reduction per ba-

sic unit for sales, compared to the previous year, thanks to energy conservation measures implemented at the initiative of the Special Environmental Subcommittees.

In addition, water consumption decreased by 4% compared to the previous year, as shown in the graph below.

■ Use of alternate energy

Electricity generated by solar energy 27 MWh



Special Environmental Subcommittees for Energy Saving

By starting a new organization last year, this subcommittee has implemented energy conservation activities for targets narrowed down to divisions that consume a large amount of energy.

An annual reduction of approximately 1,200 ton-CO2 was achieved due to improved efficiency of production equipment, use of heat insulated or gen-

erated from molding machines, and prevention of compressed air leakage.

This fiscal year, this subcommittee will investigate measures for improving production equipment to accomplish further reduction, and will promote activities for this.

■ Member's Column

Tatsuo Inoue

Member of Special Environmental Subcommittee for Energy Saving
Deputy Senior General Manager, Electric Wire & Cable Gr.

The Electric Wire & Cable Group consumes much more energy than that consumed by other SWS divisions, and we have therefore aggressively implemented energy conservation measures. In addition to conventional measures for pneumatic, lighting, and other utility equipment, other measures in recent years include development and introduction of highly efficient production equipment, productivity improvement by implementing the TPS activity to reduce electricity used for setup, adoption of a cogeneration system at the Ibaraki Automotive Wire Works for air conditioning within the plant, and introduction of a power monitoring system for equipment.

Mass production of new thin, lightweight wires can reduce resource consumption and greatly conserve energy used for production equipment, and future increases in production volume is expected to contribute to the effect per basic unit for wire length produced. This fiscal year, aiming to achieve the Clean Factory ideal, we have organized an energy conservation project team consisting mainly of persons from production engineering divisions within the Electric Wire & Cable Group, to promote activities to reduce electricity used for the large number of wire bunching machines, and to introduce a root blower for removing water drops from extruded wires.



Calculation of CO2 emissions

Reasons for difference from previous year's data: Data from Kanto Sumidenso, Ltd. has been included since fiscal 2005. The CO2 conversion factors were revised to the values below.

CO2 conversion factors

- Electricity
0.378 CO2-ton / MWh
- City gas (13 A)
2.08 CO2-ton / 1,000 Nm³
- LPG
6.21 CO2-ton / 1,000 Nm³
- Kerosene
2.49 CO2-ton / kl
- Heavy oil
2.71 CO2-ton / kl

TPS activity

Total Production System activity

Cogeneration

New energy that uses waste heat generated by internal or external combustion or similar to produce electrical and thermal energy to enhance overall energy efficiency

Production

- Efforts for Waste Reduction
- Recycling
- PRTR

Reduction of total waste

- Target for FY2006
10% reduction of total waste compared to previous year
- Result for FY2006
13% reduction compared to previous year
- Target for FY2007
30% reduction of industrial waste from manufacturing process

Zero emission

Concept of reducing the amount of waste to "zero" by reusing all waste and by-products generated during production activities as resources. The United Nations University advocated this concept in 1994. "Zero emission" at SWS is defined as reducing the ratio of landfill waste in total waste to less than 0.5%.

Marketable resources

"Resources" and "recyclable materials" that can be sold to other companies are separated from conventional waste, and sold to these companies.

3Rs

Acronym for Reduce, Reuse, and Recycle. This represents a recommended order of priority in waste measures: 1. Reduce (curb waste production), 2. Reuse (reuse waste), and 3. Recycle (recycle waste).

PRTR

(Pollutant Release & Transfer Register). This is a law that requires a company to measure the amounts of chemical substances, which may be harmful to health or the ecosystem, released or transferred by this company and report to the administrative agency. The formal name is the "Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management."

Efforts for Waste Reduction

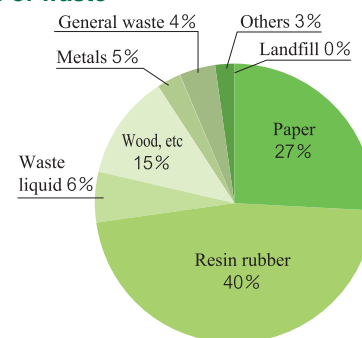
SWS moved early to work on the elimination of landfill waste, and have achieved zero emission of landfill waste at all sites in Japan.

Currently, we are promoting material recycling through establishment of the 3R Center and enhancement of waste sorting for recycling into marketable resources.

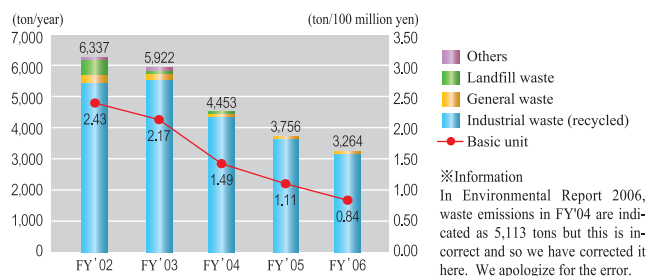
Total emissions in fiscal 2006 were 3,264 tons, reduced by 13% compared to the result of the previous year.

This is mainly due to the advancement in recycling resulting from waste sorting and collection performed by the group companies.

Ratios of waste



Transition of waste emissions



Recycling

The 3R Center was established in the Yokkaichi Head Office to recycle waste, such as waste plastics. Although recycling of waste with metal and resin mixed was limited to thermal recycling that produces fuel material, disassembling this waste by hand enables recycling of materials, which can then be sold as marketable resources.

Since the 3R Center is a fledgling facility, it can

only handle small amounts yet, but efforts will be made to enhance the efficiency of operation.

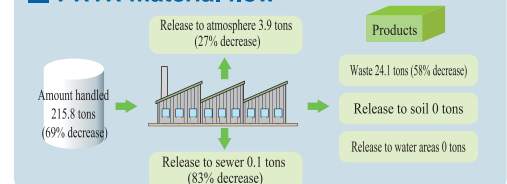


PRTR

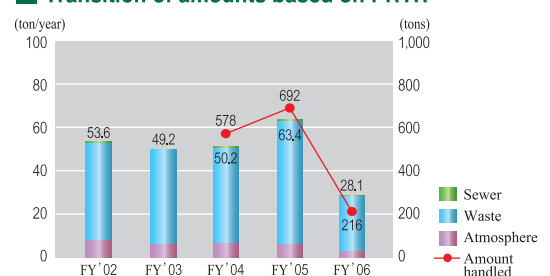
The illustration on the right shows the amounts released and transferred in fiscal 2006 by the SWS Group in Japan, based on the "Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management."

We were able to achieve great results with a 69% decrease in the amount handled and a 56% decrease in emissions compared to fiscal 2005. A major factor of this was progress in changing the wire manufacturing material from di-2-ethylhexyl phthalate to an alternate material. This resulted in a dramatic decrease in waste emissions.

PRTR material flow



Transition of amounts based on PRTR

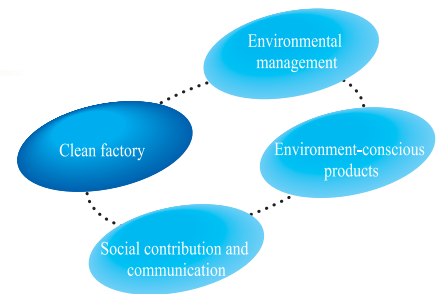


Transportation

○ Logistics Measures ○ Activities by Special Environmental Subcommittee for Logistics

Promoting improvement of logistics efficiency

- Target for FY2006
Building a logistics CO₂ management system
- Result for FY2006
Calculation of revised transportation volume and CO₂ emissions
- Target for FY2007
2.5% reduction of CO₂ emissions



Logistics Measures

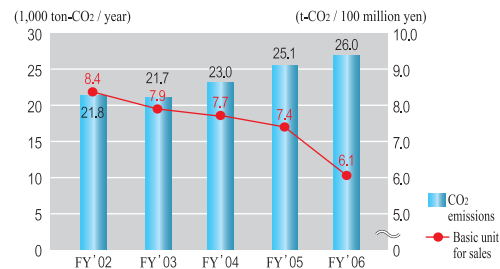
At SWS, we set up the Special Environmental Subcommittee for Logistics in 2006 to take action for reducing CO₂ emissions, improving logistics efficiency, and employing returnable packing materials.

For transportation by truck in Japan, we have installed digital tachometers since 2004 and developed a "clear-at-a-glance" system to improve transportation efficiency. An eco-drive system we introduced last year facilitated further improvement of fuel efficiency.

In a modal shift, since 1998 we have promoted transportation by rail or ship for trips between Mie Prefecture and the Tohoku or Kyushu region, but there have been no further advancements in modal shifts due to product lead time.

Method for calculating CO₂ emissions was changed from the conventional method of calculation using fuel consumption to a combination of this method and an advanced method of calculation using ton-kilometer. This change was made to achieve more accurate calculation because there are two types of transportation: mixed-load transportation and chartered transportation.

Logistics CO₂ emissions



Transition of transportation volumes

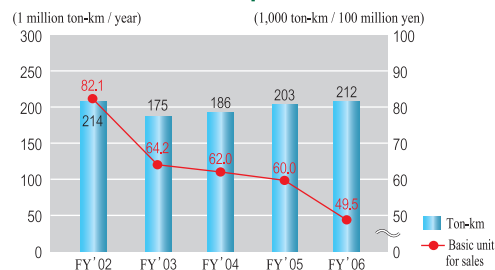
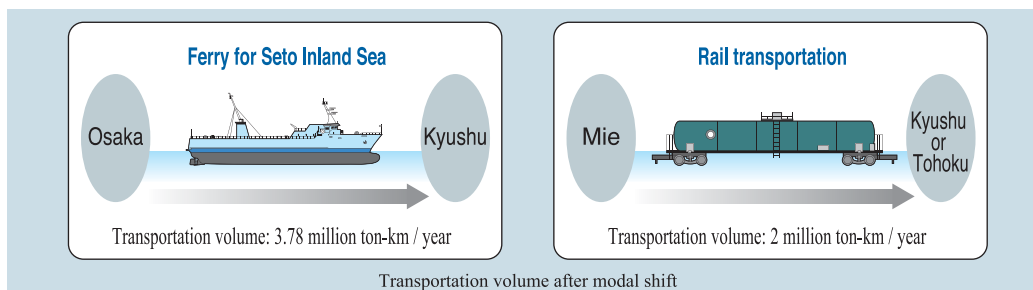


Fig. 13 Transitions of CO₂ emissions and transportation volumes



Activities by Special Environmental Subcommittee for Logistics

This subcommittee consists of relevant members from the logistics divisions and holds a meeting every month.

It has made efforts for the items on the right to achieve the targets for fiscal 2006.

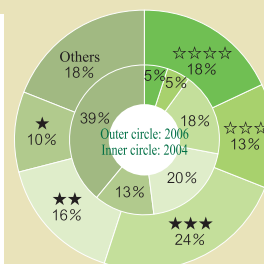
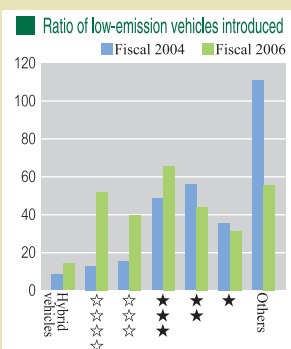
- (1) Arrangement of in-house structure in preparation for regulations to be applied from this fiscal year
- (2) Installation of eco-drive system to enhance energy conservation

Introduction of low-emission vehicles

When purchasing vehicles for company use, we give priority to models that place less load on the environment.

In 2005 the ratio of emission-free vehicles in our fleet increased by 21% over the ratio in 2004, and the ratio of hybrid vehicles also increased by 50%.

In order to draw attention to the environment when driving, we drafted a 10-article eco-drive proposal and this has helped increase the awareness of employees.



Note:
★ mark indicates rating in 2005.
★ mark indicates rating in 2000.

Eco-drive system

System to analyze vehicle performance and driving environment of a moving vehicle to provide the driver with real-time advice to operate the vehicle in an energy-efficient way

Modal shift

Defined as shifting the mode of cargo transportation from transportation by truck to transportation by rail or ship with less environmental load, as a measure to improve efficiency during transportation and reduce the environmental load.

Method of calculation using fuel consumption

Energy consumption is calculated from the transportation distance and fuel consumption.

Advanced method of calculation using ton-kilometer

Energy consumption is calculated from the loading ratio, fuel type for a vehicle, and the transportation volume in ton-kilometers specified according to the maximum loading capacity.

Low-emission vehicle

Defined as vehicles that only emit a small amount of air pollutants and so place less load on the environment. In a specific sense, this term indicates electric vehicles, methanol vehicles, compressed natural gas (CNG) vehicles, and hybrid vehicles (HV) (collectively called the Four Low-Emission Vehicle Brothers).

Overseas Environmental Activities

- Aiming to Improve Environmental Preservation Activities
- Results of Energy Consumption and Waste Emissions

Enhancing SWS group activities

- **Target for FY2006**
Implementation of environmental benchmarking, setting and running regional environmental conferences
- **Result for FY2006**
Benchmarking (China), environmental conferences (Americas, China)
- **Target for FY2007**
Implementation of environmental benchmarking, setting and running regional environmental conferences

Benchmarking

Defined as continuous monitoring of products, service, processes, and practices to compare the results of measurement to performance of superior competitors or other high-standing companies.

Aiming to Improve Environmental Preservation Activities

■ Environmental benchmarking

We have conducted environmental benchmarking for sites and group companies in Japan, and since 2006 we have expanded this target to include overseas group companies.

Benchmarking is used to confirm the levels of implementation for a variety of targets, especially the levels of developing and implementing the "Challenge-Eco 2010" program and the level of compliance with laws, and is also used to provide appropriate advice on an activity. This can enhance the effectiveness of environmental preservation activities.

■ Conference of Overseas Environmental Administrators

SWS's overseas production subsidiaries are divided into three areas: the China, Asia, and Americas areas. Since fiscal 2005 we have held the Conference of Overseas Environmental Administrators in these areas, aiming to further improve environmental preservation activities. Dur-

ing these conferences, we explain our policies for developing SWS's long-term plan and participating companies report their environmental preservation activities to facilitate information sharing and improvement transfer. In addition, we tour a waste disposal or wastewater treatment site in the area the conference is held to inspect the state of compliance with regulations to stimulate awareness of the importance of it.



Conference of Overseas Environmental Administrators at CONTEC (Mexico)

Results of Energy Consumption and Waste Emissions

Energy conversion factors

■ List of conversion factors

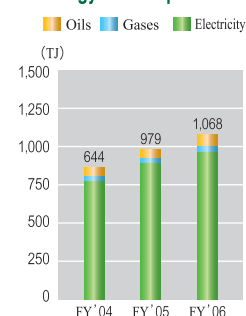
Electricity	9.83	GJ/MWh
LPG	50.2	GJ/ton
City gas	41.1	GJ/1000m ³
Heavy oil A	39.1	GJ/K1
Light oil	38.2	GJ/K1

Overseas group companies are heavily involved in energy conservation activities. They are implementing thorough measures to conserve lighting energy, including reducing the number of lights for plant passages and turning the lights off during break times and wherever possible according to specified luminance. In addition, temperature settings of air conditioners are controlled by persons assigned to this duty.

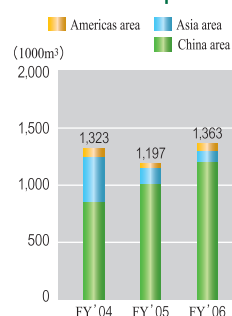
Since the bonded system is applied to imported products in most regions, we control the weight of waste from the sites. While such waste is sold for recycling and so is not included in the waste specified by the Wastes Disposal and Public Cleaning Law in Japan, we handle all materials other than products released from the sites as waste.

We will promote the zero emission activity to eliminate landfill waste.

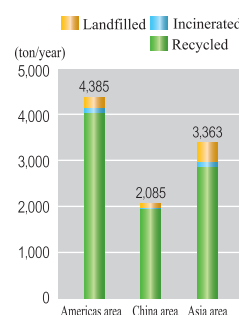
■ Energy consumption



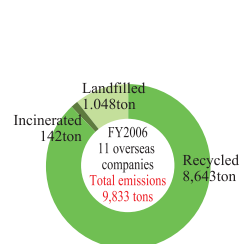
■ Water consumption



■ Waste emissions



■ Breakdown of waste emissions



■ Target overseas group companies

Environmental data was collected from manufacturing companies with a ratio of shares held by SWS of over 50% (total of 11 companies consisting of three in China, two in the Philippines, one in Vietnam, one in India, one in Indonesia, two in Mexico, and one in Brazil).

Coexistence with Community

- **Communication**
- **Information Release**
- **Activities to Contribute to Communities**

Coexistence with local community

- **Target for FY2006**
Enrichment of local environmental preservation activities for group companies in Japan
- **Result for FY2006**
Participation in Environmental Fairs, holding environmental exhibitions (information release to public)
- **Target for FY2007**
Enrichment of local environmental preservation activities for group companies in Japan

Communication

We hope more people will understand our activity policies and details of activities to facilitate enriching mutual communication.

To achieve this, we release our information to the public at community-based environment fairs, exhibitions, and other occasions, and we sincerely respond to any opinions we receive and apply these to future activities.

The SWS website provides access to our Environmental Reports in both Japanese and English from the 2002 version.

In addition, Advisor T. Shimokawa (former President) appeared on the Tokai TV weekly program "Yoriko's music for encounter / Lovely talk III -- Symphony for environment-oriented nation" for three successive weeks, and talked about our environmental activities in this program.

[Other main communication activities]

- Corporate Network "Mie"
- Environmental Partnership Organizing Club (EPOC)



Information Release

SWS releases information related to its environmental preservation activities, through the following:

1. Environmental Reports
2. Own website
3. Presentations at Environmental Fairs
4. Company journal "People"



Activities to Contribute to Communities

In an effort to form a sustainable society, SWS is working on activities to contribute to communities in Japan and overseas.

- Offering waste sorting/collection boxes for recycling, at stations along the Kintetsu Railway line
- Asechi River purification association
- Clean-up activity for roads around company's premises
- Participation in a variety of activities hosted by prefectural or other bodies
- Corporate Environmental Network "Mie" (Mie Prefecture)



Asechi River purification association

Relationship with Employees

- Eco-club Activities
- Presenting Examples of Environmental Preservation Activities
- Environmental Fairs
- Holding Environmental Exhibitions

Eco-club Activities

Under the catchphrase "eco-activities by all employees," eco-activities at SWS are performed so that every employee will always behave in an environmentally friendly way during daily operations.

Members of the Eco-club in each area gather to patrol and check waste sorting conditions at each workplace and perform witnessed checks at sorting stations using a classification sheet, to provide thorough instructions for correct sorting.

To increase the awareness of members, study tours to other companies are organized regularly, with points learned to be reflected in their daily activities.

The Eco-clubs introduce their own daily activities and at-home eco-activities at environmental exhibitions held as part of in-house environmental education.



Eco-club members patrolling workplace



Eco-club members witnessing waste sorting

Presenting Examples of Environmental Preservation Activities

June is environmental month in Japan and includes World Environment Day, June 5. Since June 2005, we have held the "SWS Group Environmental Preservation Activity Presentation Meeting" at the Yokkaichi Head Office to inform more employees of environmental preservation activities performed by SWS group companies.

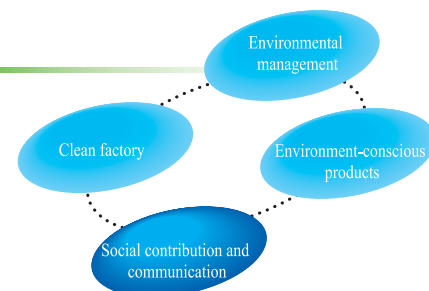
A room at the Head Office and approximately 30 rooms in bases including group companies are connected for a teleconference, enabling participation by approximately 300 persons.

In addition to examples in Japan, examples from overseas are also presented.



World Environment Day

Co-sponsored by Japan and Senegal, and established at the U.N. General Assembly in December 15, 1972.



Environmental Fairs

To become a company trusted in the local community, we actively join a variety of events so that our environmental activities are fully understood and draw interest of the public, including children. With this, we hope to expand the wave of activities for environmental perseverance.

We participated in the following major environmental fairs in fiscal 2006:

1. Presentation at "Children's Environment Experience Fair"
2. Presentation at "Leading Industry Exhibition in Mie"
3. Presentation at "Suzuka River Basin Environmental Fair"



Children's Environment Experience Fair



Suzuka River Basin Environmental Fair

Holding Environmental Exhibitions

As part of employee education, we hold environmental exhibitions in various locations in Japan to provide a variety of information so that all employees can comprehend SWS's environmental actions and commit themselves to also perform environmentally friendly activities in daily operations.

Since regional characteristics are reflected in exhibitions, our business partners and residents in neighboring areas, in addition to our employees, visited the exhibition location to gain understanding of our activities.

The table below describes data on our exhibitions held in fiscal 2006, showing many people coming from outside the company.

At last year's environmental exhibition at the Yokkaichi Head Office, we invited Mr. Tokizo Hayashiya, a professional Rakugo (comic story) performer, who per-

formed environmental Rakugo that stimulated many people to become intrigued in environmental concerns.



Scene of environmental Rakugo at Yokkaichi Head Office

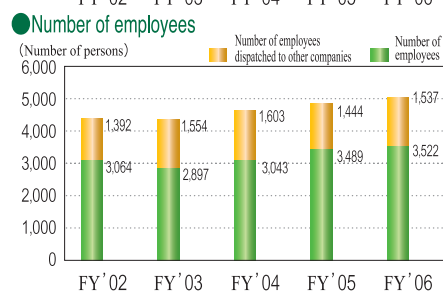
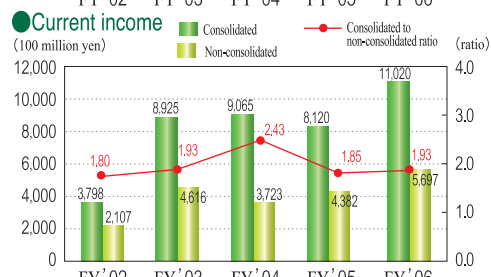
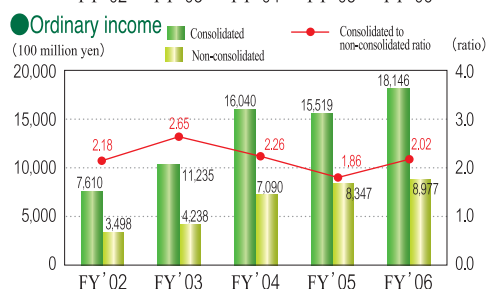
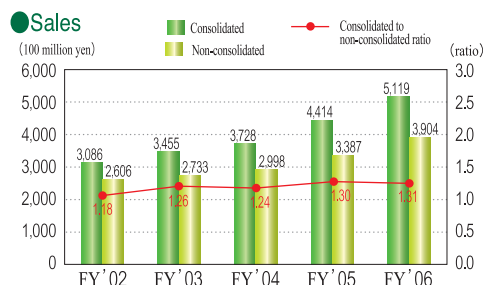
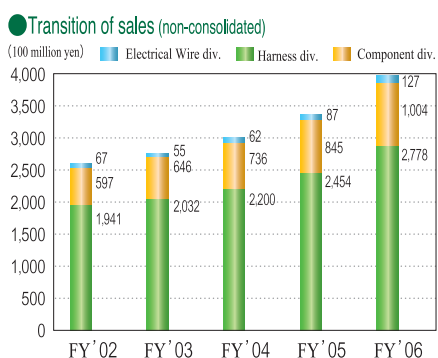
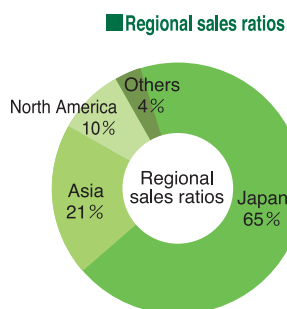
Data on in-house environmental exhibitions

Area	Time	Period	In-house participants	Outside participants	Lecture, event
Yokkaichi Head Office	Nov. '06	2 days	1,555	53	Environmental Rakugo (by Mr. Tokizo Hayashiya)
Yokkaichi Logistics Center	Dec. '06	1 day	377	3	—
Suzuka Plant	Nov. '06	2 days	1,298	64	Mr. Seizo Kato, Professor of Mie University
Kyushu Sumidenso (Kumamoto)	Sept. '06	2 days	476	128	—
Tohoku Sumidenso (Ohasama)	Sept. '06	2 days	202	728	External facility (Mr. Kumada, Honda)
Toyo Harness (Ueno)	June '06	1 day	53	93	—
Sumidenso Platech	Mar. '07	2 days	417	—	—

Outlook of Company

Company Overview

Official trading name	Sumitomo Wiring Systems, Ltd.
Established	December 1917
Capital	7,541,516,662 yen (as of March 31, 2007)
Number of employees	3,522 (as of March 31, 2007) Note: The above figure excludes employees on loan to other companies (1,537 employees).
Head Office (Yokkaichi)	1-14 Nishisuehiro-cho, Yokkaichi, Mie 510-8503
Head Office(Tokyo)	Akasaka Center Bldg. 2, 1-3-12 Motoakasaka, Minato-ku, Tokyo 107-0051
Business activities	Manufacture and sales of wiring harnesses for automobiles and appliances, manufacture and sales of components for wiring harnesses and electrical appliances, manufacture and sales of electrical wires for automobiles
Operation divisions	<p>Wiring harness division Wiring harnesses for automobiles and appliances, engine cables</p> <p>Wiring harness component division Connectors, functional components, exterior parts</p> <p>Electrical wire division Electrical wires for automobiles and appliances</p>



Wiring harnesses



Flat cable



HEV pipe shield



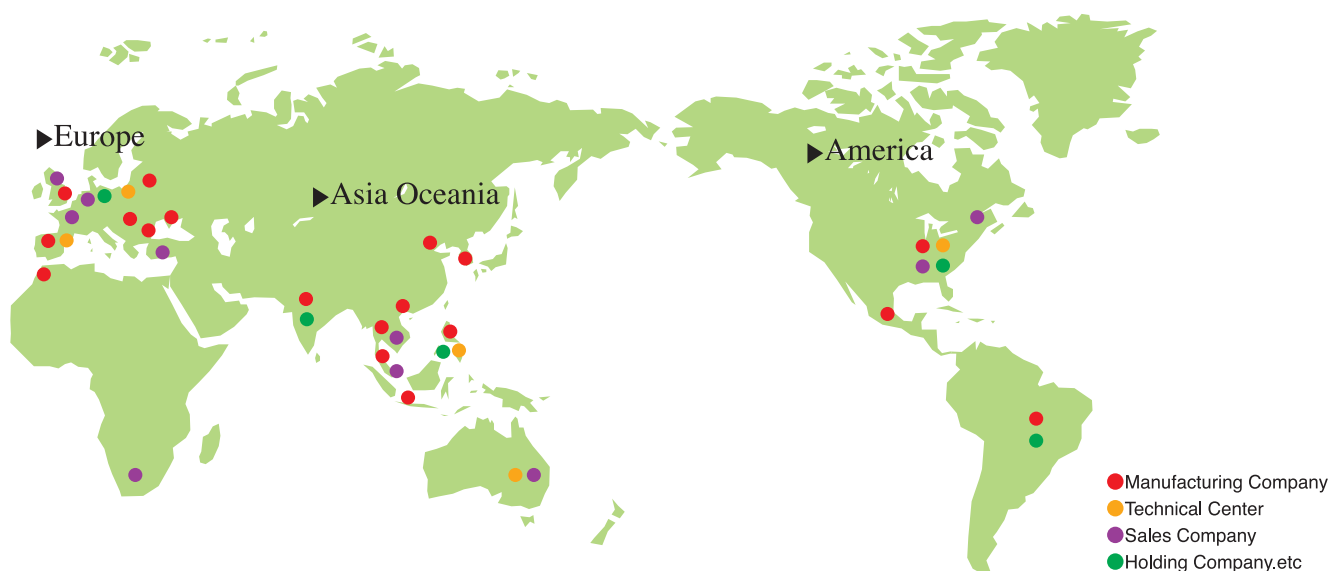
Center cluster



JB



Halogen-free wire



Europe (28 companies)	ISO 14001 certification acquired by
Manufacturing subsidiary: 0 companies	—
Non-manufacturing subsidiary: 3 companies	—
Manufacturing companies in SWS Group: 21 companies	7companies
Non-manufacturing companies in SWS Group: 4 companies	1companies

China (21 companies)	ISO 14001 certification acquired by
Manufacturing subsidiary: 4 companies	3companies
Non-manufacturing subsidiary: 5 companies	1companies
Manufacturing companies in SWS Group: 11 companies	1companies
Non-manufacturing companies in SWS Group: 1 companies	—

Australia and Asia (28 companies)	ISO 14001 certification acquired by
Manufacturing subsidiary: 6 companies	4companies
Non-manufacturing subsidiary: 8 companies	—
Manufacturing companies in SWS Group: 10 companies	6companies
Non-manufacturing companies in SWS Group: 4 companies	1companies

Americas (16 companies)	ISO 14001 certification acquired by
Manufacturing subsidiary: 4 companies	3companies
Non-manufacturing subsidiary: 6 companies	1companies
Manufacturing companies in SWS Group: 3 companies	1companies
Non-manufacturing companies in SWS Group: 3 companies	—

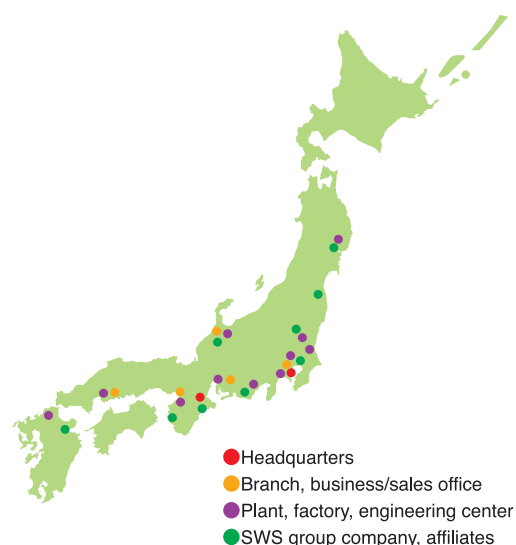
● Target overseas group companies

Environmental data on energy and waste was collected from manufacturing companies with a ratio of shares held by SWS of over 50%.

- China area SDM-S/SDM-HZ/HZR
- Asia area IWSP/PKI (Philippines), SDVN (Vietnam), SMIEL (India), SBI (Indonesia)
- Americas area CONTEC/ATR (Mexico), SDB (Brazil)

● The SWS Group has 12 Sites and seven affiliates in Japan, all of which have acquired ISO 14001 certification.

Division	Bases and group companies in Japan	Environmental accounting	Material flow	Energy saving	Resource saving & recycling	PRTR	Observation of regulations	Acquired ISO 14001 certification	Manufacturing
SWS sites	Head Office (Yokkaichi)	●	●	●	●	●	●	●	●
	Yokkaichi Logistics Center	●	●	●	●	●	●	●	●
	Toyota Logistics Center	●	●	●	●	●	●	●	●
	Suzuka Plant	●	●	●	●	●	●	●	●
	Misono	●	●	●	●	●	●	●	●
	Ibaraki Automotive Wire Works	●	●	●	●	●	●	●	●
	Sayama	●	●	●	●	●	●	●	●
	Sayama Logistics Center	●	●	●	●	●	●	●	●
	Iruma Logistics Center	●	●	●	●	●	●	●	●
	Utsunomiya Engineering Center	●	●	●	●	●	●	●	●
	Atsugi Engineering Center	●	●	●	●	●	●	●	●
	Head Office (Tokyo), Nagoya Office, Osaka Office	●	●	●	●	●	●	●	●
Group companies in Japan	Tohoku Sumidenso, Ltd.	●	●	●	●	●	●	●	●
	Kanto Sumidenso, Ltd.	●	●	●	●	●	●	●	●
	Chuetsu Sumidenso, Ltd.	●	●	●	●	●	●	●	●
	Hokuriku Harness, Ltd.	●	●	●	●	●	●	●	●
	Toyo Harness, Ltd.	●	●	●	●	●	●	●	●
	Kyusyu Sumidenso, Ltd.	●	●	●	●	●	●	●	●
	Kyohritsu Hiparts Co., Ltd.	●	●	●	●	●	●	●	●
	Sumidenso Plotech, Ltd.	●	●	●	●	●	●	●	●



● This Environmental Report was prepared based on our activities from April 1, 2005 through March 31, 2006 (including some activities from fiscal 2006).

● This Report covers our headquarters, factories, plants, centers, and group companies in Japan*1), as listed in the following table, including affiliate companies of these site and group companies*2).

Notes*1) Group company in Japan: Defined as an unlisted company engaging in production, with 50% or more shares held by us.

*2) AutoNetworks Technologies, Ltd.	Sumitomo Wiring Computer Systems, Ltd.	S D Engineering Co., Ltd.
Sumidenso Logistics Network Co., Ltd.	Sumidenso Service, Ltd.	SWS Management Support, Ltd.
SY Travel Co., Ltd.	Sumiden Electronics, Ltd.	Sumitomo Wiring Systems Mediatech, Ltd.
SumiDenso Precision Co., Ltd.		

Third-party Opinion



Honorary Assistant
President
Mie University

Seizo Kato

Doctor of Engineering, Honorary Professor of Graduate School

Representative from "Eco-Pro-Net: network for supporting development of products with environmental value" (Ministry of Economy, Trade and Industry), engaged in research on industrial product LCA, DfE, eco-design, system design, thermal-fluid/environmental engineering, etc.

Fiscal 2006 was a time where the true value of the "Challenge-Eco 2010," which began one year earlier than planned in fiscal 2005, was put to the test. In fiscal 2006, SWS has achieved the targets for all four activity items: "enhancing environmental management," "promoting design and development of environmentally friendly products," "achieving the Clean Factory ideal," and "contribution to community and enriching communication." Considering a production increase in proportion to sales increase of 15%, I was surprised at how thoroughly they implemented all possible improvements, as if wringing out a dry cloth that has been wet and already fully wrung. Japan is proud of its outstanding "level of eco-manufacturing" in the world, because CO₂ emissions (per GDP) in Japan are approximately half of those in Europe and America and approximately one 10th of those in China. SWS has even gone beyond Japan's high level, so I wonder what supports SWS's eco-manufacturing technology. However, after reading through this Environmental Report and forming conjecture on their every effort between the lines, I understand their achievement was a natural consequence of their efforts. This Report tells me their achievement is the result of collective steady effort made on a company-wide scale. I offer my respect for this and, in addition, I now realize there is actually no other way.

Regarding the above four items, I focused on "promoting eco-design/eco-product" and "achieving the Clean Factory ideal" for which target values are easy to specify, and the following are points I am concerned about:

- (1) Only two products were certified as eco-marked products in fiscal 2006, and penetration and marketing of certified products are at a low level. Such new products with environmental value should be a trigger to creating a new market.
- (2) Although a CO₂ emission reduction of 1,200 ton-CO₂ due to energy conservation has fully achieved the target per basic unit, the absolute reduction is relatively small and thus there may still be thermal related items from which emissions can be reduced. If possible, the current level should be improved to the CDM credit acquisition level.
- (3) Promotion and effect of waste reduction and zero emission activities can be highly evaluated, but I was not able to find any activity with "Reduce" as the top priority. "Reduce" should be the first factor in a resource recycling system.
- (4) LCA introduction is being promoted, but LCA is not fully incorporated in design and development of products and the manufacturing line. This should be achieved and the PDCA cycle should begin working.
- (5) Changing to alternate material according to PRTR led to a great reduction in substances of concern. To take this one step further, develop and commercialize products with the highest environmental level on the market, while bearing RoHS/REACH in mind.
- (6) Management of, and alliance with, overseas production bases and suppliers have been enhanced as planned, but it is vital to foster eco-designers capable of identifying causes or origins rather than phenomena.

While knowing that it is impossible to challenge and difficult to solve every item presented above, I have dared to present my opinions straight from the hip. This is because I can expect SWS to raise their eco-manufacturing potential to the level where new approaches are based on previously unthinkable ideas, not simply drift in the current direction. Over the next year, I will also pay particular attention to their achievements in terms of corporate social responsibility, in addition to environmental consciousness.



Issued by:

Kazuo Sawada, General Manager, Environmental Control Dept., Sumitomo Wiring Systems, Ltd.

Contact:

Comments or questions about this Environmental Report should be submitted to the Environmental Control Dept. Of Sumitomo Wiring Systems, Ltd.

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This Report can also be read on our home page (<http://www.sws.co.jp/>).

Cover design

The images on the cover represent our intention to emphasize environmental preservation activities so that we can hand down our rich nature to coming generations.

"Ate trees, or aomorihiba (Thujopsis dolabrata)" on the back cover are generally referred to as "the tree of growing hope" or "the tree exerting itself to grow further the next day."

We believe that the efforts that every one of us makes with a hope will connect to the future.



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