

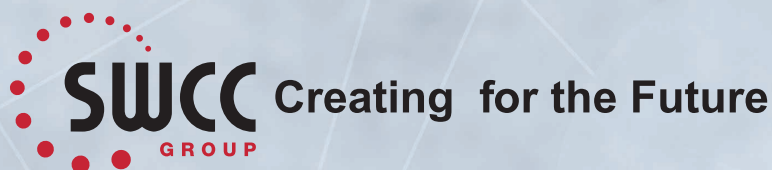
SWCC Group Report

Integrated Report

2021



All for the Trust



Management Philosophy

“The SWCC Group strives to be trusted”

- The SWCC Group will strive to earn the “trust” of our customers through high technology and high quality products and services.
- The SWCC Group will, through healthy business activities, create corporate values that will earn the “trust” of the employees, customers, shareholders and the local community.
- The SWCC Group will, by complying with all applicable rules and regulations and through the prioritization of safety and the regional environment, conduct “trustworthy” activities.

Mission Statement

“Creating for the Future”

The SWCC Group will create new value for a better future.

- We will create products and services that will earn the trust of our customers.
- We will create earth environmentally friendly products.
- We will create corporate values that will earn trust through healthy business activities.

SWCC Group Management Policy

The SWCC Group has established and worked on the following management policies to achieve our management philosophy, “The SWCC Group strives to be trusted.”

1. The SWCC Group shall give top priority to its customers and develop and provide them with products, technology, and services that are beneficial for society, environmentally friendly, good quality, and safety conscious, and contribute to the development of society.
2. The SWCC Group shall comply with all applicable domestic and foreign laws and regulations and act in accordance with social norms based on ethics.
3. The SWCC Group shall create a bright and pleasant working environment and enhance the autonomy and willingness of employees based on respect for human dignity.
4. The SWCC Group shall conduct corporate activities based on fair, transparent, and free competition, and secure appropriate profits.
5. The SWCC Group shall maintain sound and normal relations with politics, government, and the local community.
6. The SWCC Group shall disclose corporate information in a timely and appropriate manner to conduct public relations activities for its shareholders as well as for the public at large, while strictly managing the acquisition, use, and disclosure of information.
7. The SWCC Group shall recognize that working on environmental issues is an essential requirement for corporate activities, and strive to create an affluent and healthy environment.
8. The SWCC Group shall conduct corporate activities in a sensible manner and respond to anti-social forces and organizations with a resolute attitude.
9. The SWCC Group shall, as a member of the international community, strive to conduct corporate activities and contribute to society, while respecting local cultures and practices.



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Editorial policy

This is a report to stakeholders on the medium- and long-term value that the SWCC Group provides through its business activities toward the realization of an enriched human society.

- In business activities, representative products and new technology development are introduced for each of the four segments (Energy and Infrastructure Business, Communication and Industrial Devices Business, Electrical Equipment and Components Business, New Business) of the SWCC Group. In each segment, environmentally friendly products are also introduced.
- CSR efforts are reported from the angles of E (Environment), S (Social), and G (Governance), based on the framework of seven core subjects that companies should address as social responsibility according to JIS Z 26000. In addition, the relationship between these initiatives and SDGs (Sustainable Development Goals) is explained.

■ Period of the Integrated Report

April 1, 2020-March 31, 2021 (FY2020)

However, past and recent activities are included in some cases.

■ Scope of the Integrated Report

SWCC Showa Holdings Co., Ltd., its consolidated subsidiaries (13 domestic* companies, 7 overseas companies), and equity method affiliates (4 overseas companies)

*Including 2 companies eliminated in FY2021 due to liquidation or merger

■ Referenced guidelines

- IIRC (International Integrated Reporting Council), "International Integrated Reporting Framework"
- GRI (Global Reporting Initiative), sustainability reporting standards
- Japanese Standards Association, "JIS Z 26000: 2012 Guidance on social responsibility"

■ Month/Year published

September 2021 (next scheduled publishing date: September 2022)

■ Other

The company brochure, annual securities report, and other company information are available on the SWCC Group's website.

SUSTAINABLE DEVELOPMENT GOALS



The SWCC Group is engaged in activities to support the Sustainable Development Goals (SDGs).

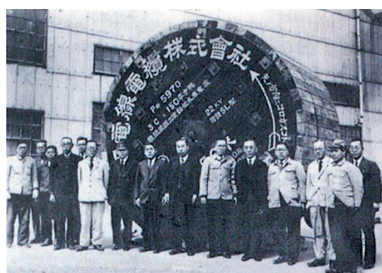
History of the SWCC Group

Diverse technologies and products cultivated since our establishment The SWCC Group will continue to face changes and challenges

Under the management philosophy of “The SWCC Group strives to be trusted,” we have been providing the world with products centered on electric wires and cables since our establishment in 1936.

Through the design and development of materials mainly including rubber, plastic and metals, and parts that control electricity, vibration and heat, cultivated throughout this development, we have produced many different products in various fields, including infrastructure, communications, and seismic isolation, which are used in various places throughout society.

Leveraging this technology, the SWCC Group will make great progress into a new era, with the goal of developing as a corporate group that contributes to a sustainable society through our business activities.



1938
Production and sale of power and communication cables commences



1969
Production of copper wire rods using a dip forming system commences



1979
Production and sale of heat rollers for electronic copier commences

1936

SHOWA ELECTRIC WIRE AND CABLE CO., LTD. is established (Spin off from Tokyo Electric Company: the current TOSHIBA CORPORATION)



1937

Operations commence in Kawasaki City, Kanagawa Prefecture (production and sale of bare copper wire commences)

English trademark is registered (establishment of SWCC brand)

1938

Production and sale of power and communication cables commences

1947

Production and sale of vibration-isolation rubber mount commences

1949

Listed on the Tokyo Stock Exchange

Success is achieved in the industrialization of SHOMEX formal enameled wire

1951

Technical Assistance Agreement is concluded with General Electric Company (GE), USA (polyvinyl formal enameled wires and power cables)

1959

Elephant terminal box for 400 kV class OF cables is developed in collaboration with Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)

1961

Operations at the Sagami-hara Plant commence (production of communication cables commences)



1967

Production and sale of CATV coaxial cables commences

1968

Operations at the Mie Plant commence (production of magnet wire commences)



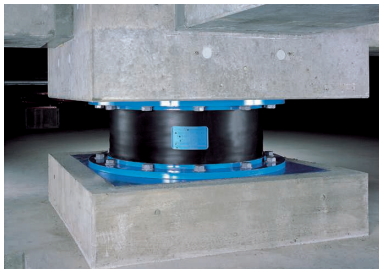
1969

Production of copper wire rods using a dip forming system commences

1971

Completion of 75m high VCV tower at the Kawasaki Plant

History of the SWCC Group



1986
First delivery of seismic isolation devices



2006
Compact electric power equipment products are integrated under the SICONEX® brand



2017
Sale of high-performance oxygen-free copper wire commences under the MIDIP® brand

1976

Superconducting wires are delivered for Japanese National Railways' magnetic levitation vehicles

1979

Production and sale of heat rollers for electronic copier commences

1986

First delivery of seismic isolation devices

1987

Installation of AC 2000 kV airtight transformer for testing (registered in 2010 as Essential Historical Materials for Science and Technology)

1990

Completion of the Ebina Factory (production of heat rollers)

1995

Operations at the Aichi Factory commence (production of power cables commences)

1996

JIAXING SHOWA INTERCONNECT PRODUCTS CO., LTD. is established as a joint venture in Zhejiang Province, China

1997

ISO 9001 certification granted (company-wide)

1998

The entire production division of the Kawasaki Office is transferred

1999

ISO 14001 certification granted (at all production sites)

2000

FUQING SHOWA CHENGHONG ELECTRONICS CO., LTD. (currently FUQING SHOWA PRECISION ELECTRONICS CO., LTD.) is established in Fujian Province, China

2001

UNIMAC, LTD. is established as a joint venture

SWCC SHOWA (SHANGHAI) CO., LTD. is established in Shanghai, China

2005

SWCC SHOWA (VIETNAM) CO., LTD. (SVC) is established in Hanoi, Vietnam

2006

Corporate separation
Shift to a holding company structure

The company is renamed from SHOWA ELECTRIC WIRE AND CABLE CO., LTD. to SWCC SHOWA HOLDINGS CO., LTD.



Compact electric power equipment products are integrated under the SICONEX® brand

2009

Joint venture in Shandong Province, China
SHOWA-TBEA (SHANDONG) CABLE ACCESSORIES CO., LTD. is established in Shandong, China

2011

A business and capital partnership agreement is concluded with FUTONG GROUP CO., LTD. China



FUTONG-SHOWA ELECTRIC WIRE & CABLE (TIANJIN) CO., LTD. is established as a joint venture in Tianjin, China

FUTONG SHOWA WIRE & CABLE (HANGZHOU) CO., LTD. is established as a joint venture in Zhejiang Province, China

2017

Changed head office location to Kawasaki-ku, Kawasaki City

Sale of high-performance oxygen-free copper wire commences under the MIDIP® brand



2019

The SWCC Group changes its status from "a company with a board of statutory auditors" to "a company with an audit and supervisory committee"

Business segments are reviewed and group governance is strengthened

Showa Furukawa Cable Co., Ltd. is established as a joint venture

Four Business Fields

Supporting domestic and overseas infrastructure

The SWCC Group will strengthen governance and promote business restructuring, growth and new business expansion, and portfolio review.

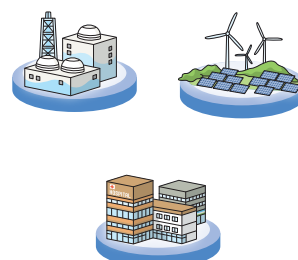
Energy and Infrastructure Business

Extra-high voltage power cables, electric power equipment accessories (SICONEX®), overhead transmission lines, industrial wires and cables, fire-resistant cables, electrical equipment materials, seismic isolation/vibration control/vibration isolation devices

Core business of the SWCC Group.

We will pass on the DNA of our core technologies and promote the creation of a richer social base.

This is the core business of the SWCC Group, and since the establishment of the company, it has been providing the world with products centered on electric wires and cables and supporting global infrastructure. We will work to expand our existing business and create value for the next generation. This is the mission of the Energy and Infrastructure Business. We will continue to realize innovations that satisfy various business challenges with our unique technologies and competitive products, contributing to society through “making.”

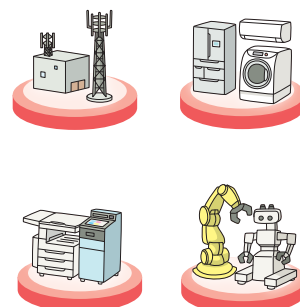


Communication and Industrial Devices Business

Optical fiber cables, metal communication cables, LAN cables, wire harnesses, copier rollers and belts

We lead this era of high-speed, high-capacity communication with a wide array of device solutions.

In the rapidly changing world of information and communication, we will work to create new value in communication. The mission of the Communication and Industrial Devices Business is to fulfill needs in the information and communication field, which is advancing toward higher speeds and greater capacity. This is an era in which people and people, people and things, and things and things are connected everywhere. We will use our extensive technologies and experience to give higher quality and high added value to our wide array of device solutions to support the advancement of society.

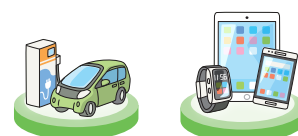


Electrical Equipment and Components Business

High-performance oxygen-free copper (MiDIP®), copper alloys, magnet wires, Litz wires

We will use the strong superiority of our unique technologies to speed up global advancement.

We will work to establish a dominant position in growth markets centered around material technology with high quality performance. This is the mission of the Electrical Equipment and Components Business. We will become deeply involved in the expanding automobile and medical fields and broaden our outlook to include overseas markets in addition to domestic markets to strengthen our product competitiveness. We will fulfill the expectations and needs of our customers while innovating quality, cost, and speed through collaboration among group companies.



Four Business Fields



New Business

Wireless power transfer coils, automotive aluminum cables, robot cables, superconductivity products, medical materials

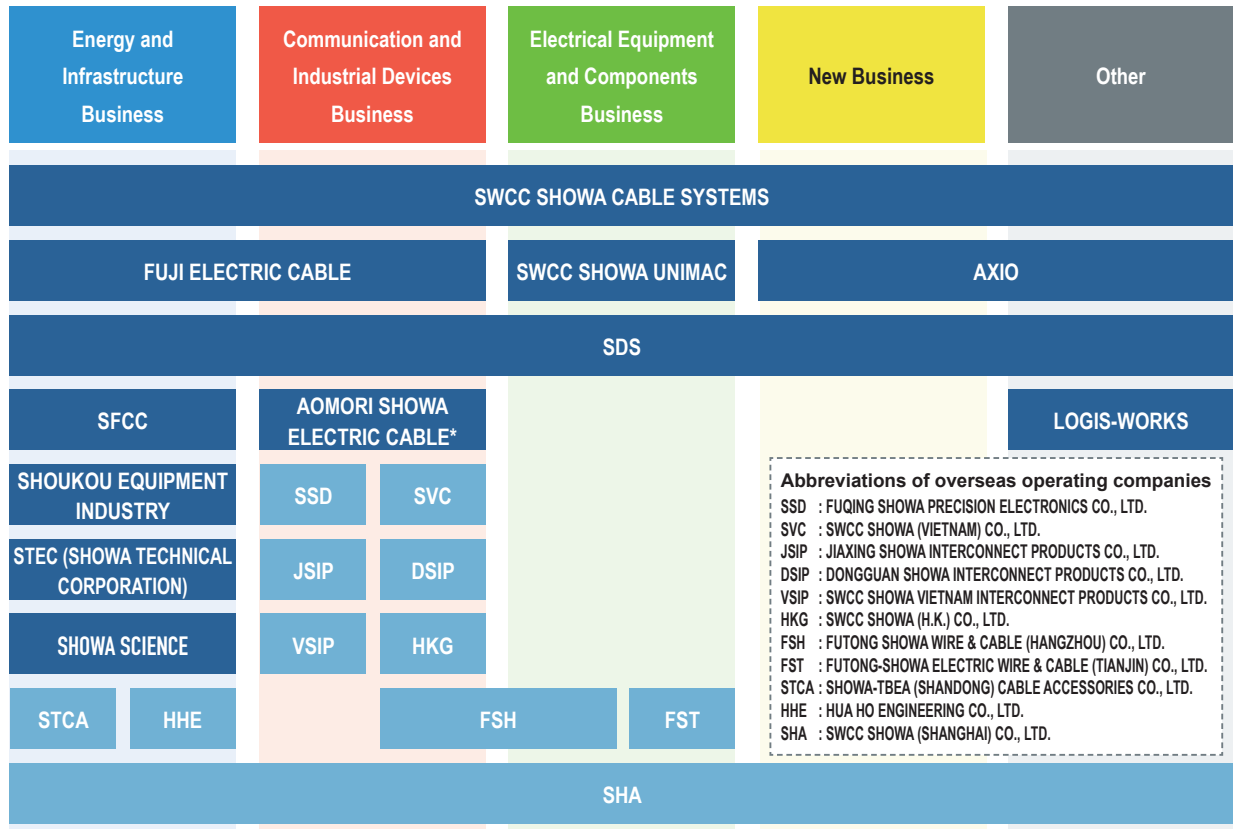
We will strongly support social innovation, targeting growth markets.

Based on our understanding of social change, we will work to promote the development of new business models in existing businesses and the development of novel products and technologies to create new value. We will pursue initiatives to expand products for next-generation bullet trains and commercialize superconductivity products, and, in collaboration with other business segments, develop high added-value products and solutions not bound by existing frameworks and customs, and create new possibilities for the SWCC Group.



Scope of businesses in the SWCC Group

■ Domestic operating companies
■ Overseas operating companies



*To be dissolved in December 2021

Greetings



Takayo Hasegawa

President and Group CEO
SWCC Showa Holdings Co., Ltd.

Shifting towards a growth trajectory to create further social value.

While the market is being overshadowed by the impact of COVID-19, the SWCC Group continues to steadily move forward, demonstrating the benefits of structural reforms. An update on the progress of the mid-term management plan and the direction targeted in the new growth strategy are explained in this interview.

<<Maintenance of steadiness and stability, and challenge toward evolution>>

Reaffirming connections with society during the COVID-19 pandemic

The SWCC Group recognizes the need to maintain our unyielding convictions and sense of values as a company that considers everyone who uses electric wires and cables and the entire society to be customers, and continue to exist steadily and stably.

At the same time, while we should maintain our business of supporting the social infrastructure as a pillar of the company, we also need to make the leap and take on the challenge of evolving towards a better future instead of staying in the same place. The idea is embodied in our mission statement, "Creating for the Future." By creating new value through products that contribute to the safer, more secure and comfortable lives of our customers and the conservation of the global environment, we intend to enhance our corporate value and share a prosperous future. This statement clarifies our stance towards such change.

We would like all of our stakeholders to look at the changes in the SWCC Group as we approach the 85th anniversary of the company's founding, which coincides with this fourth year of the five year mid-term management plan.

We recognize the need for change in these times from what have been some rigid aspects such as employee work styles and the personnel system. In fiscal 2020, we introduced a new personnel system for executives, changing to an organization based on capabilities and roles rather than on a seniority system, and we extended this to all managerial track employee in fiscal 2021. We also expanded the opportunities for senior personnel to play an active role and introduced a support system to deploy capabilities within the company and at new employers. Although employees' thinking may not change immediately, we are creating a new corporate culture through these system reforms while valuing what has been inherited from the past.

Our education and training includes the "SD Seminar," which is mainly targeted at employees in their 30s. Instead of portioning employees by Group company, we gather employees of the same generation, and attendees find and explore their own themes to make proposals to management. This has led to many great proposals and generated internal energy. In the class above this, we have development courses for future leaders and management called the "Next Leaders," as well as courses for next-generation executives. We are gradually building depth within these personnel groups, encouraging them to cast

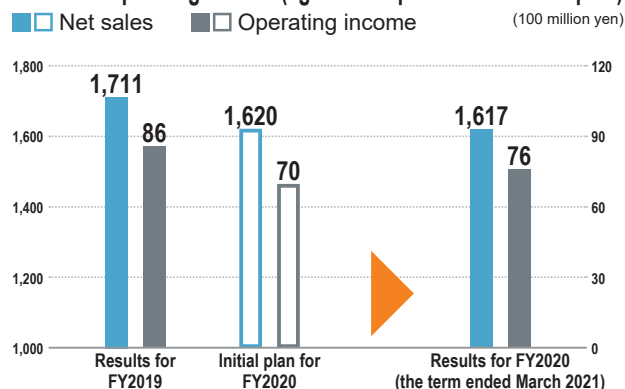
opinions against the company openly, and actively creating management related opportunities.

However, issues concerning internal reforms still persist. In our satisfaction survey of all domestic Group employees conducted in April 2021, many indicated dissatisfaction, etc. with the work place, superiors and the company. Even when I visit regional offices, I feel that management views have not been conveyed very well. We will move forward one step at a time, continuing direct dialogue with employees and creating opportunities for questions and answers.

On the other hand, in regard to the fiscal 2020 business status, the year was one in which the SWCC Group's connections with society were once again recognized amid the impact of COVID-19.

When State of Emergency Declarations and COVID-19 priority preventive measures have been issued or adopted, we responded by reducing the number of staff in the office to approximately 30% and we have been very much concerned about how the situation would impact earnings. Ultimately, we have recorded lower revenues and lower profit than the previous term, but profit has exceeded initial forecasts. I believe this proves the fact that the SWCC Group's products are essential for maintaining infrastructure, and can be used in all types of environments. There has been particularly strong demand for electric power infrastructure in the energy and infrastructure business, which has underpinned profit. We appreciate that customers are recognizing the value we provide.

Net Sales/Operating Income (against the previous term and plan)



<<FY2020 Business Overview and Future Outlook>>

Benefits of structural reforms outweigh the impact of COVID-19

Reflecting on the fiscal 2020 business overview, overall revenues were lower for major segments due to the impact of COVID-19, but the results were mixed.

In the Energy and Infrastructure Business the benefits were evident from the change in the business model from what had been a focus on long-distance electricity transmission to the expansion of total solutions focused on substations, and the construction remained very busy and active. In the electric power infrastructure field, there has been considerable demand to update aging infrastructure, but there is also increased demand related to the keyword of “decarbonization” with the emergence of new markets even in Japan such as renewable energy, offshore wind power generation and electric power liberalization. However, there appears to have been restraint on purchases by customers in the construction wires field, amid the higher price of copper, and results were poor.

In the Communication and Industrial Devices Business, there was increased demand for communication cables due to factors such as 5G and remote classrooms. Industrial devices showed recovery, particularly in the Chinese market.

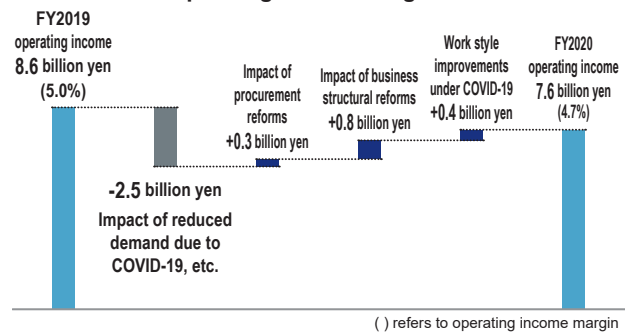
In the Electrical Equipment and Components Business, in addition to the ongoing sluggish demand for heavy electrical machinery, there were major challenges in the automotive business in the first half of the year due to temporary suspension of operations at automobile manufacturers’ plants. However, a V-shaped recovery in the second half meant we were able to record increased profit for the full year. Within the Group, we undertook work in preparation for a recovery such as facilities maintenance when operation levels were low in the first half of the year, which led to improved efficiency.

We initially forecast a substantial decline in profits due to COVID-19 and projected operating income of 6 billion yen (down approx. 2.6 billion yen year on year), but secured the actual result of approximately 7.6 billion yen. We attribute this to the impact of structural reforms conducted in recent years, the shift to group management by business segment and success in group procurement. The Chiefs of each business segment conducted a solid management of the overall business and have also improved efficiency through leveling action such as with the ad hoc allocation of

personnel to departments with high utilization rates during off periods. Employees have cooperated beyond the boundaries of individual companies and organizations, which has outweighed the drop in earnings.

Reasons for change in operating income

Despite the impact of COVID-19, there have also been benefits from procurement reforms and business structural reforms. The fiscal 2020 operating income margin came at 4.7%.

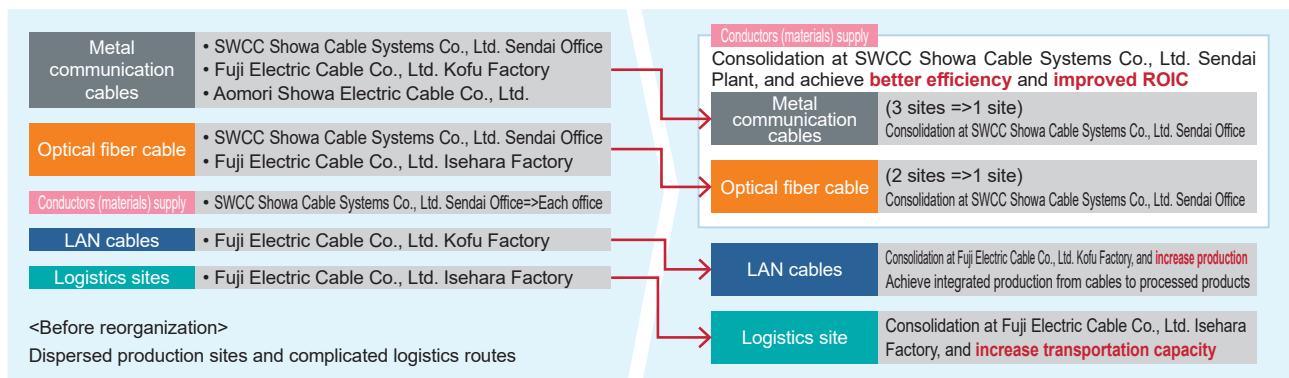


We are progressing new structural reforms needed to create ongoing benefits from fiscal 2021 and beyond.

In the Communication and Industrial Devices Business Segment, we decided to reorganize domestic sites in the communication cables business. We aim to consolidate and organize the development and production structure and strengthen profitability by the end of March 2022. Optical fiber cables and metal communication cables will be consolidated at SWCC Showa Cable Systems Co., Ltd. Sendai Office and Fuji Electric Cable Co., Ltd. Kofu Factory will specialize in LAN cables. We will also implement reinforcement measures at these offices to coincide with these transfers. On the other hand, in the wire harness business and precision devices business, we are enhancing the production of overseas subsidiaries in China and Vietnam to align with the production structures of corporate customers.

Reorganization of Domestic Sites of the Communication Cables Business (November 4, 2020 Press Release)

Consolidating and reorganizing the domestic offices and production sites for communication cables from four sites to three with total investment of 1.4 billion yen. We aim to improve the efficiency of the development and production structure and improve service in preparation for the forthcoming digital society.



Greetings

In the Energy and Infrastructure Business Segment, we are aiming to streamline and reinforce the production line with a construction completion target of April 2023 in preparation for increased production of SICONEX®, connectors for high-voltage power cables that are core products in the electric power infrastructure business. In addition, we are developing the connection works system that uses SICONEX® as the brand SICOPLUS™ and have commenced initiatives to provide personnel training programs for personnel involved in connection works.

The markets for core business have been on a recovery trajectory from the second half of fiscal 2020, and we forecast an increase in revenue and profits in fiscal 2021

based on the assumption that these markets have been pulled out from a large slump. In addition to the return of demand, we are engaging in initiatives to take in new demand associated with the key word “decarbonization,” and are planning to secure net sales of 180 billion yen and recover operating income to fiscal 2019 levels of 8.6 billion yen. Also from an ROIC management perspective, the initiatives taken in fiscal 2020 will bear fruit from the second half of the current period and we forecast that ROIC levels will also return to former levels if there is an increase in operating income. Then, we hope to surpass fiscal 2019 in the current period, which should lead to achieving the targets in the mid-term management plan that ends in fiscal 2022.

Structural reforms of core business based on ROIC management

Accelerate structural reforms to improve efficiency and increase profitability

Reorganization of corporate structure (mergers and splits)	LOGIS-WORKS to takeover SHOWA RECYCLE (Scheduled for July 2021)	Strengthen profitability in the circulating business through transport, recovery and recycling of electric wires	ROIC ↑ Operating income margin ↑
Sites reorganization and manufacturing reforms	Communication Cables Business Structural reforms through sites reorganization (Scheduled for March 2022)	Improve efficiency and strengthen profitability through consolidation of production and development sites	ROIC ↑ Operating income margin ↑
	Investment in production increase of SICONEX® (Completion scheduled for April 2023)	Bringing forward investment to increase production in light of increased electric power demand	ROIC ↑ Operating income margin ↑
	Digital transformation of coated wire business (Scheduled for April 2023)	Introduction of IoT covering all processes from receipt of orders to sales Digitalize business processes, improve efficiency and strengthen profitability	ROIC ↑ Operating income margin ↑

<<Progress update and Revision of the mid-term management plan>>

Revising the growth strategy in line with change in society

We achieved the initial profit target set in the “Change SWCC2022” mid-term management plan ahead of the schedule in fiscal 2018, the first year of the plan. We then reformulated the plan with a starting point of fiscal 2019, when we shifted to a new business segment structure. The plan states three basic policies: “strengthen profitability of core businesses,” “create new businesses” and “new development of overseas business.” By implementing these policies, we aim to achieve net sales of 200 billion yen, operating income of 10 billion yen, operating income margin of 5% or over, and ROE of 10% or over in consolidated operating results for fiscal 2022, which is the fifth year of the plan.

Considering the progress in the three years to date, we evaluate that the results have so far been in line with the anticipated levels for the numerical targets. The operating income margin was 4.7% in fiscal 2020 compared to the final target of 5% or over, and we target a further increase for fiscal 2021, the fourth year of the plan. Other indicators are also considered to be generally trending well. In fiscal 2021, we will certainly make progress on the initiatives decided in fiscal 2020 regarding the structural reform, with the aim to generate outcomes in fiscal 2022.

Contribute to sustainable development of society through supporting public infrastructures

Mid-Term Management Plan “Change SWCC2022” FY2022 Target

Net sales	Operating income	Operating income margin	ROE
200 billion yen	10 billion yen	5% or over	10% or over

Mid-Term Management Plan Numerical Target (KPI)

(100 million yen)

	FY2020 Results	FY2021 Plan (Before applying revenue recognition standard)	FY2021 Plan (After applying revenue recognition standard)	FY2022 Mid-Term Management Plan (Before applying revenue recognition standard)	VISION 2026 (Before applying revenue recognition standard)
Net sales	1,617	2,000	1,800	2,000	2,100
Operating income	76	86	86	100	150
Ordinary income	78	83	83	95	150
Net income attributable to owners of parent	50	68	68	66	100
Operating income margin	4.7%	4.3%	4.8%	5% or over	7% or over
Dividend/ Payout ratio	20 yen (12%)	40 yen (18%)	40 yen (18%)	50 yen or over (Approx. 20%)	120 yen or over (Approx. 35%)
Interest-bearing debt	377	390	390	380 or under	300 or under
DE ratio	79%	73%	73%	70% or under	40% or under
Net assets	482	543	543	550 or over	800 or over
Equity ratio	36.7%	38.4%	38.4%	38% or over	50% or over
ROE	11.4%	13.5%	13.5%	10% or over	10% or over
ROIC	6.3%	6.7%	6.7%	7% or over	9% or over

* Due to the application of “Accounting Standard for Revenue Recognition,” the SWCC Group’s consolidated earnings forecasts for fiscal 2021 after applying this standard are presented as FY2021 Plan (After applying revenue recognition standard).

* Debt-to-equity ratio is calculated based on shareholders’ equity.

We plan to increase capital expenditure from 4.0 billion yen in fiscal 2020 to 7.8 billion yen in fiscal 2021. Investment will be into areas such as strengthening new products, the aforementioned reorganization and consolidation of domestic sites, and the expansion and relocation of the plants in China. Adequate investment for growth was not achieved during past periods of deteriorating revenues, but now that this is under control and we have financial stability, we are making such investment as proactive investment as a means to find the next foothold.

In regard to new development of overseas business, we are progressing with the enhancement of the Chinese production in the wire harness business. In China, there is a growing market in wire harnesses for home appliances, where our strengths lie. In light of such trend, we have a policy to strengthen “manufacture overseas – sell overseas.”

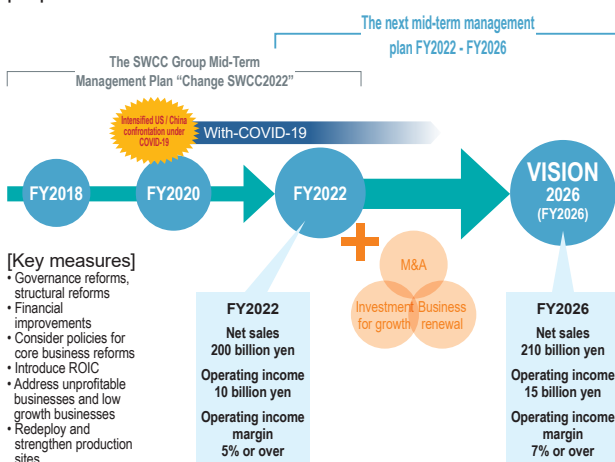
In the New Business, we are engaged in the development of medical materials, and in-vehicle products and products for industrial equipment, as well as certification and security-related IT products of our subsidiary AXIO Corporation, but no substantial growth has yet been made in these new business operations. We will cultivate these businesses from a longer-term perspective to make them big businesses in 2026.

As noted above, we commenced the current 5-year mid-term management plan in fiscal 2018 and revised it in fiscal 2019. However, there have subsequently been major changes to society due to the spread of COVID-19, as well as the trend toward “decarbonization,” so we have decided to put forward a growth strategy that aligns with the current world. Specifically, instead of waiting until the end of the current plan, we will commence a new 5-year mid-term management plan from fiscal 2022, and promote it toward fiscal 2026, the final year of the long-term growth strategy “SWCC VISION 2026.” We plan to announce this new mid-term management plan in November 2021.

We will finalize the details of the plan in future, but the direction of the growth strategy will be framed by the key phrases of “decarbonization,” “greening,” “digitalization,” and “shift from products to value.” We aim for business methods that help solve social issues, having products at the core but expanding our reach, shifting away from the previous provision of value to customers and society through the creation of products to the provision of values that are more proposal-oriented, solution-oriented and service-oriented.

Formulation of the next mid-term management plan

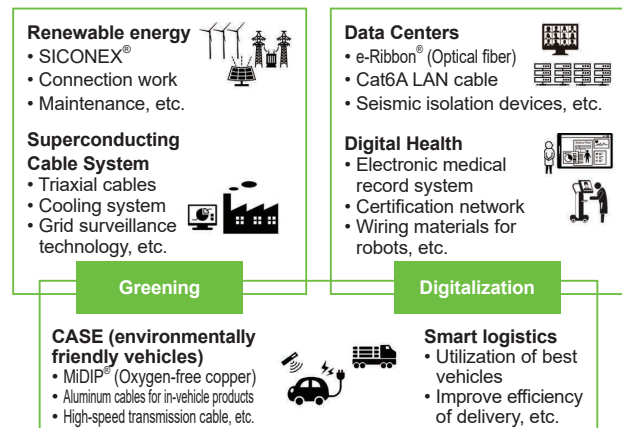
We are formulating the next mid-term management plan in preparation for its release in November 2021



The structural reforms to date have strengthened the business structure of each segment and achieved efficiency improvements. However, in regard to the social issues indicated by the aforementioned key phrases, we will be unable to create and provide the required solutions unless we advance initiatives across the entire Group and not just at individual segments. Taking “decarbonization” as an example, there is complex involvement of various factors in the electric power field, communication field and automotive field, etc. Future growth requires a structure where the Group as a whole can create and provide value. This is one pillar of the mid-term management plan revision.

SWCC Group’s contribution to greening and digitalization

SWCC Group’s products and technologies will contribute to the future of the world.



The promotion of digital innovation is also important in the new mid-term management plan. At present, we are promoting DX on a piece-meal basis amid the shift to smart factories and digitalization, as well as countermeasures against COVID-19, but there is no straight line implementation by the Group as a whole. We need to consider the extent to which we can introduce DX and the level of improvement in efficiency that can be achieved in the company’s operations. This is also a pillar.

<<Toward the realization of a sustainable society>>

Further promotion and strengthening of ESG/CSR management

In terms of the implementation of ESG/CSR management and responses to SDGs theme, we have advanced initiatives aiming for promotion throughout the company, with the CSR Promotion Department, which we established in 2019, playing a central role. However, we feel that the SWCC Group’s materiality has not been sufficiently conveyed to all of our stakeholders, particularly in relation to internal promotion. To what extent can the SWCC Group’s businesses contribute to social issues? This is the opening for our future growth strategy, but some of our employees still appear to have gaps in perception between social issues

and business. As management, we need to clearly indicate ways to solve social issues through business.

We need to include initiatives that consider the promotion of environment-related social issues such as “decarbonization” and “greening” in our own activities. The SWCC Group has steadily promoted environmentally friendly activities, but the government’s targets have also tightened and we must undertake further reforms.

We formulated the seventh voluntary environmental action plan (from FY2021 to FY2025) in March 2021, in light of our environmental plan “Green Plan 2050,” which targets zero environmental impact in 2050. This plan includes aims to reduce CO₂ emissions, reduce industrial waste and make effective use of water resources as environmental targets. In regard to the zero environmental impact, the focus is on reducing CO₂ emissions, but another major theme is reducing industrial waste such as plastic and rubber in the SWCC Group’s production activities, and we are engaged in efforts to reduce the use of such materials and to recycle and reuse waste materials. However, we believe achieving zero environmental impact from industrial waste will be impossible without technological breakthroughs in our own development or through open innovation.

On the other hand, in regard to human resources development, apart from the initiatives with the new personnel system noted at the beginning, we are also improving systems to promote working from home as part of work style reforms, and schemes to create a better working environment such as creation of a managerial track employee position that does not require relocation and childcare and nursing care leaves that are also applied to men.

We have also newly launched the Female Empowerment Project. Female employees have various views within the company, and we are investigating such views while accelerating initiatives such as system reforms and education and training. The female employee ratio at the SWCC Group remains low at 11 to 12%, but we plan to engage in efforts towards a target of 10% for the female executive ratio by 2026, the focus of the mid-term management plan.

In regard to corporate governance, we transitioned to a company with an audit and supervisory committee in fiscal 2019 and have subsequently continued with initiatives to enhance governance. From fiscal 2020, three of the seven directors are independent outside directors and they have all been appointed Audit and Supervisory Committee members with the aim of strengthening the supervisory function against the management. The Board of Directors also includes the three independent outside directors and we have achieved a composition in the skill matrix with a balanced coverage of each field of sales, finance and technology. We will continue to be ever mindful of the suitability of the corporate governance structure for the SWCC Group and strive to improve its effectiveness.

<<Toward thorough compliance>>

Establishment of the “Safety, Environment, and Quality Oversight Office”

As announced on July 21 this year, we discovered inconsistencies in testing with the methods determined with



our customers for some products previously sold by the SWCC Group. We sincerely apologize for any concerns this has caused our customers, who are supporting our company which has relied on products that supports social infrastructure as a pillar of its business, and all of our stakeholders. The reported inconsistencies in testing method had already been corrected by September 2018 and the absence of problems in the soundness of quality has been verified by a third-party institution and reported to customers. Furthermore, to prevent any such reoccurrence, we established a Special Investigation Committee, which is thoroughly investigating all the facts and the cause.

We intend to take firm measures in relation to the issues identified through this investigation to ensure corrections and prevention of such reoccurrence. We established a new “Safety, Environment, and Quality Oversight Office” in the current fiscal year as a body under the direct supervision of the President, and we will continue in our efforts for thorough compliance.

<<Building relationships with stakeholders>>

To our stakeholders

In my fourth year since becoming President, we have finally made some progress with structural reforms. To a certain extent, we have been able to work on matters that require renewal, matters that need to be abandoned, and matters that require reform. We have also produced outcomes. However, I believe that we have not yet been able to adequately convey the SWCC Group’s vision and target direction to our stakeholders, and that there may still be a lack of understanding.

In addition, although we have reached a situation where we can return profits through dividends to our shareholders and investors, we recognize that this does not adequately meet the levels of expectations.

The SWCC Group has aimed to eliminate waste, increase business efficiency and stabilize management through reforms. In future, we will shift towards a growth trajectory mindful of there being sustained development of the company and ongoing creation of social value.

I hope that all of our stakeholders will look forward to the further growth of the SWCC Group and will continue to support us for many years to come.

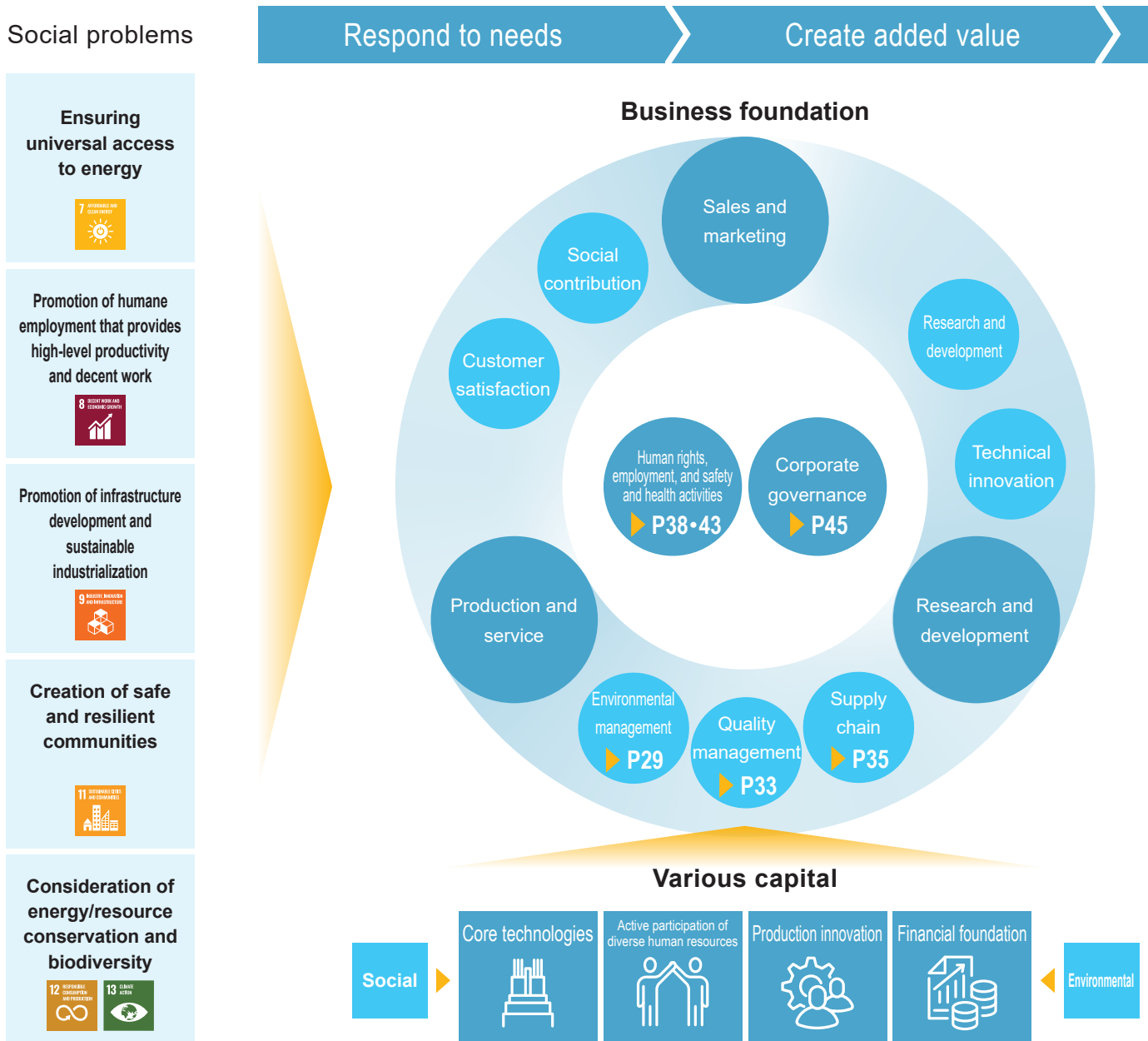
Value Creation Process

Value Creation Model

We will contribute to the achievement of a rich human society.

Through initiatives such as “outstanding technology and highly reliable products and services,” “safe and stable business activities,” and “solutions to management issues,” the SWCC Group will contribute to the realization of a rich human society by providing various value to customers and solving social, environmental, and industry issues.

In addition, we will continue to invest in further improvement of corporate value and sustained growth, as well as pay stable continuous dividends to our shareholders and investors through income growth.





Creating for the Future

We also respond to environmental and social problems through our business activities

Safety and quality	Global warming prevention	Resource recycling	Employment	Diversity
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Contribute to a sustainable society

Business strategy and output

Energy and Infrastructure Business
▶ P17

Communication and Industrial Devices Business
▶ P19

Electrical Equipment and Components Business
▶ P21



New Business
▶ P23

Value provided (outcomes)



Enriching people's lives



- "Electric wires and cables" are used to distribute the electrical energy everywhere, which is essential for the development of the society.
- "Vibration control devices" are used to reduce vibration and noise and provide a comfortable living space
- "Optical fiber cables" support our information-oriented society in this large capacity age
- "Litz wires" are used in products such as wireless power supply devices and provide automation technology



Protecting cities from disasters



- "Seismic isolation devices" reduce seismic vibration and protect buildings
- "Direct molds" prevent collapse and fire and protect substation equipment from earthquakes
- "Fire-fighting cables" and "leaky coaxial cables" quickly convey emergency warnings and information



Protecting the global environment

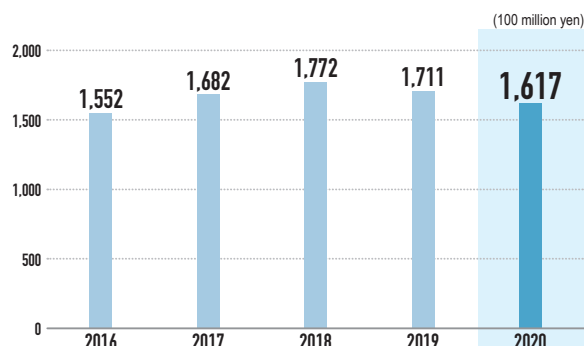


- "High-performance oxygen-free copper MiDIP[®]" contributes to global warming prevention through the spread of electric vehicles and so forth
- "Compact type electric power connectors (SICONEX[®] series)" are environmentally friendly products that do not use oil or harmful gases

Financial Highlights

Scope of data: SWCC Showa Holdings Co., Ltd. and its consolidated subsidiaries

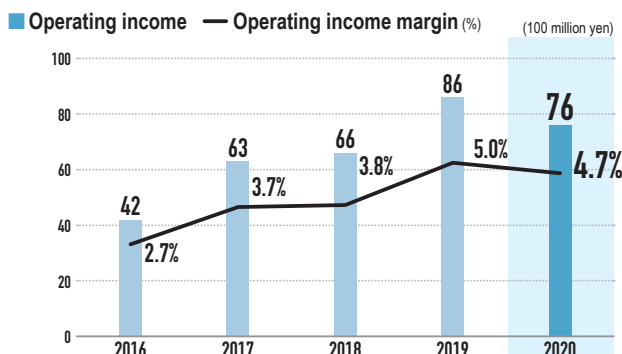
Net sales



Net sales decreased in the first quarter due to the impact of the COVID-19 pandemic, but have turned toward a recovery since the second quarter. As a result, net sales for the full fiscal year decreased 5.5% year on year to 161.7 billion yen.

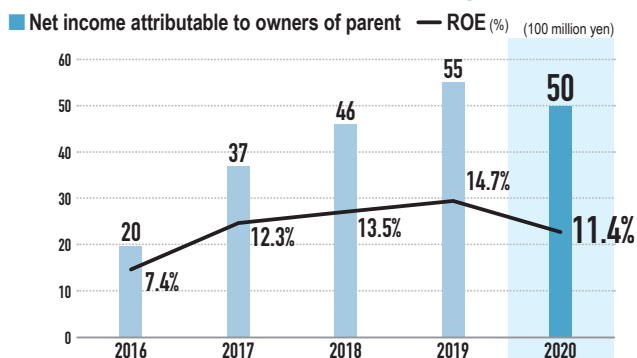
Scope of data: SWCC Showa Holdings Co., Ltd. and its consolidated subsidiaries

Operating income/Operating income margin



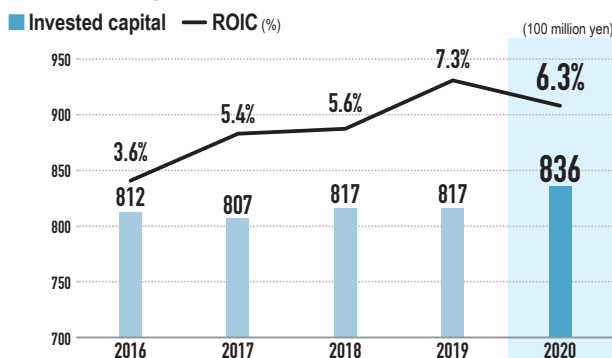
Operating income decreased 11.8% year on year to 7.6 billion yen. While net sales decreased, we maintained a profit level above fiscal 2018 for the full fiscal year, by implementing the measures such as flexible production adjustment and cutting unnecessary expenses.

Net income attributable to owners of parent/ROE



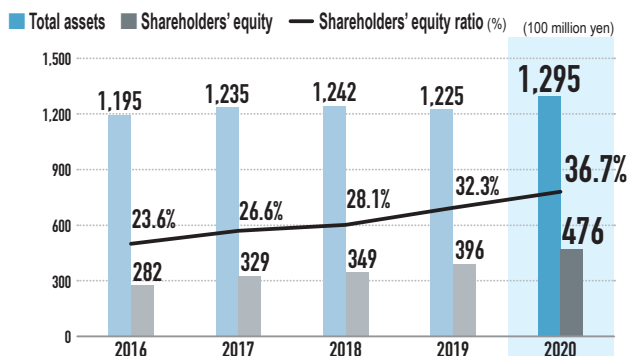
Loss on impairment of fixed assets increased year on year. On the ordinary income level, however, in addition to the recording of reversal of allowance for doubtful accounts as well as subsidies for employment adjustment, interest expenses decreased and equity in earnings (loss) on equity-method improved. As a result, on the bottom line level, net income remained at a decrease of approximately 0.5 billion yen year on year.

Invested capital/ROIC



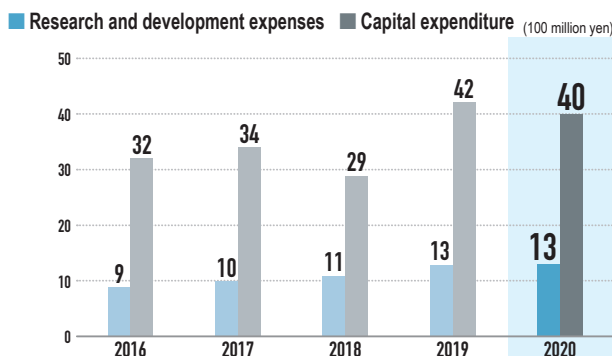
ROIC decreased approximately 1% year on year due to decreased operating income as well as an increase in invested capital.

Total assets/Shareholders' equity/ Shareholders' equity ratio



Total assets increased mainly due to increases in "trade notes and accounts receivable" and "net defined benefit asset." Shareholders' equity increased mainly due to the recording of net income attributable to owners of parent of approximately 5.0 billion yen and an increase in defined benefit plan assets associated with a recovery of the stock market. As a result, the shareholders' equity ratio also improved year on year.

Research and development expenses/ Capital expenditure

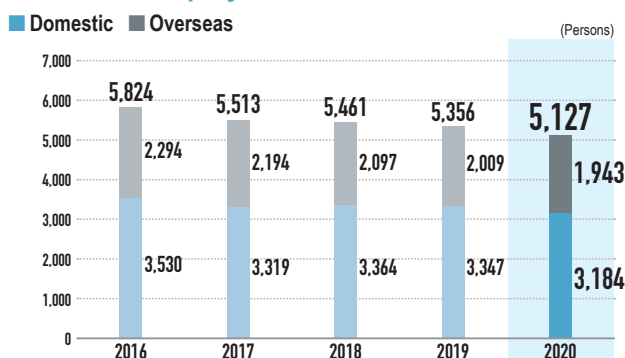


Research and development expenses and capital expenditure were on the same level as in the previous fiscal year.

Scope of data: SWCC Showa Cable Systems Co., Ltd.

Non-financial Highlight

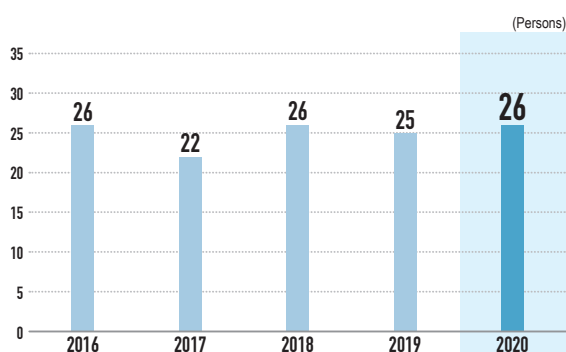
Number of employees



Number of employees of the Group decreased, mainly due to dissolution and liquidation of Daiji Co., Ltd., a consolidated subsidiary, for the purpose of changing the organizational structure to enhance the wire harness business. We will continue to strive to maintain appropriate numbers of employees both in Japan and overseas.

Scope of data: SWCC Showa Holdings Co., Ltd. and its consolidated subsidiaries

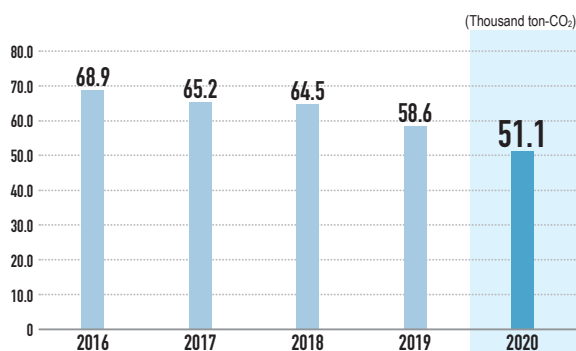
Number of non-Japanese employees (domestic)



We have been recruiting non-Japanese employees to bring diverse viewpoints and values, such as culture, religion and language, into our companies. We are committed to hire talented personnel to more strongly advance the new development of overseas business, which is stated in the Group's mid-term management plan, as well.

Scope of data: SWCC Showa Holdings Co., Ltd. and SWCC Showa Cable Systems Co., Ltd.

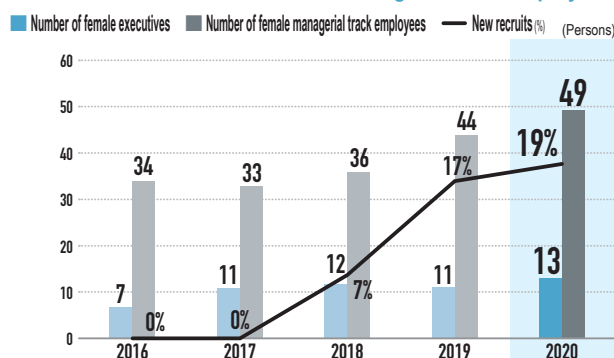
Greenhouse gas emissions



CO₂ emissions decreased approximately 12% year on year to 51.1 thousand ton. The reduction was mainly due to the lower production volume owing to the impact of COVID-19, as well as decreased energy consumption resulting from the energy-saving measures such as updating to energy-saving equipment and improving production efficiency.

Scope of data: Production sites of domestic Group companies

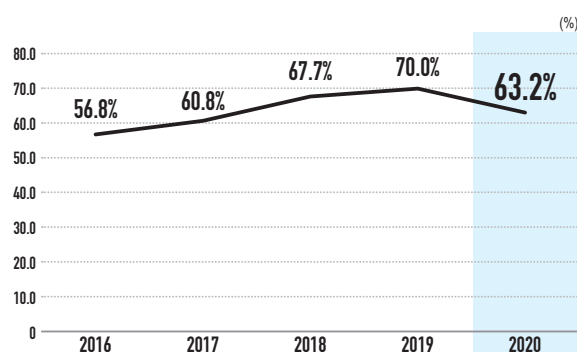
Number of female executives and managerial track employees



We have been recruiting female employees as managerial track employees steadily every year, regardless of in hiring new graduates or in hiring immediately effective personnel in the mid-career recruitment. As we strive to improve the retention of these female employees, the number of female employees has been gradually increasing. We will continue to work on recruiting and fostering female employees.

Scope of data: SWCC Showa Holdings Co., Ltd. and SWCC Showa Cable Systems Co., Ltd.

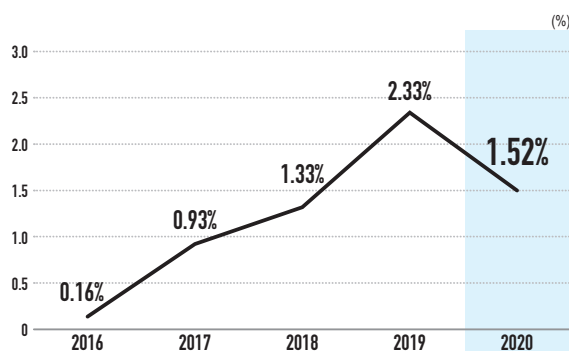
Percentage of annual paid leave taken



It is reported that the percentage of annual paid leaves taken was at a low level worldwide in fiscal 2020 mainly due to the impact of COVID-19. This was the same for the company. We believe that this was due to the impacts of decreased circumstances in which the annual paid leaves should be used, as well as implementing the special leave system which was newly established during the COVID-19 pandemic.

Scope of data: SWCC Showa Holdings Co., Ltd. and SWCC Showa Cable Systems Co., Ltd.

Industrial waste landfill rate



Since fiscal 2018, the landfill amount in Japan has increased as a result of restrictions on the import of waste imposed by Asian countries such as China. However, the conditions are improving due to initiatives to reduce the landfill amount, such as promoting the waste plastic heat recovery.

Scope of data: Production sites of domestic Group companies

SWCC Group's Growth Strategy

Energy and Infrastructure Business Segment



This business segment aims to be No. 1 for total service in the domestic infrastructure business by strengthening our SICONEX® power cable connector manufacturing capacity, expanding our electric power infrastructure business through the SICOPLUS™ personnel training program for connection technology, and strengthening business involving construction wires and seismic isolation/vibration control devices for disaster prevention/mitigation demands.

Yukio Kawase,
Executive Officer and Chief of Energy and Infrastructure Business Segment

Business Overview

Electric power infrastructure field

We will contribute to a stable supply of energy by providing total solutions for electric power infrastructure system networks, from generation to transmission and distribution of electricity, including power cables and equipment, as well as their installation and maintenance.

Construction wires field

We will contribute to maintaining a rich living environment for people by offering a wide variety of wires and electrical products for construction, from low-voltage general-purpose wires that are essential for electrical wiring inside buildings to fire-resistant cables that supply power to fire prevention equipment in the event of a fire.

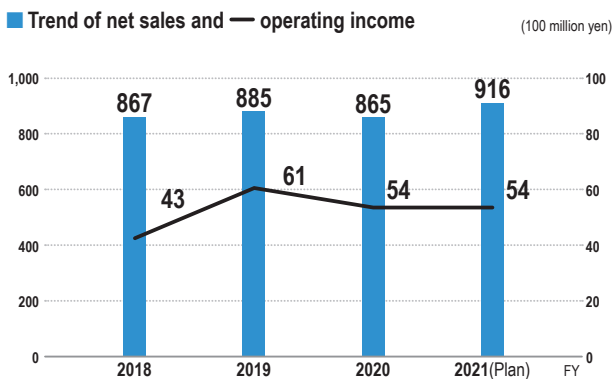
Seismic isolation and vibration control field

We will contribute to improving urban resilience by providing seismic isolation devices and vibration control products that are necessary to ensure people's safety and minimize damage to buildings and infrastructure networks at large sites in Japan, including skyscrapers, hospitals, and distribution warehouses, in the event of an earthquake.

Basic Strategies

- Electric power infrastructure field: strengthen SICONEX® manufacturing capacity in anticipation of increased demand for electric power in fields such as renewable energy, and develop solutions business for connection work by launching SICOPLUS™
- Construction wires field: increase competitiveness by using DX to streamline business and reduce costs
- Seismic isolation field: increase competitiveness and contribute to a sustainable society by strengthening partnerships
- Vibration and noise control field: strengthen technological development, manufacturing, and sales capabilities by concentrating businesses to SHOWA SCIENCE Co., Ltd.

FY2020 operating results



Operating Results

In fiscal 2020, demand for domestic electric power infrastructure was affected by the suspension of construction for the Tokyo Olympics and Paralympics. Construction-related demand recovered gradually from the second quarter, but did not reach the level of the previous fiscal year, leading to decreases in both sales and income.

In fiscal 2021, demand for equipment updates due to the shift to renewable energy and the aging of electric power infrastructure, as well as for seismic isolation devices at distribution warehouses, data centers, and so forth is expected to be robust, but demand in the construction market is expected to decrease due to a decline in the number of new large-scale projects, and income is projected to be flat with the previous fiscal year.

Contributing to society through business

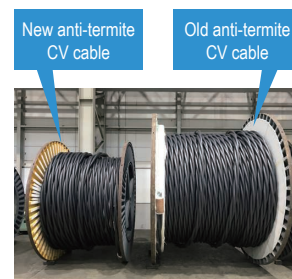
Protect electric power infrastructure from an increase in infestations by termites due to global warming:

“New anti-termite CV cable”

We developed a new, small-diameter, anti-termite electric power CV cable that has excellent workability during installation and protects cables from infestations by termites, which are feared will increase due to global warming. We began delivering this in September 2020 to electric companies asking for anti-termite cable mainly in areas of western Japan where termite infestations occur.

Termites make underground nests in warm areas mainly near the coastline, but in recent years, due to the effects of global warming, the termites' habitat has gradually been expanding. When termites damage the cables, additional work that requires replacing costs and power outages becomes necessary. Unlike conventional anti-termite CV cables, which were designed with an exterior anti-termite layer made of a hard material such as nylon that termites could not chew through, the new anti-termite CV cables prevent infestations by using vinyl wire coating containing an anti-termite insecticide. In addition, by eliminating the anti-termite layer on the exterior, the same flexibility and small diameter as ordinary CV cables can be achieved, which contributes to labor savings during installation. Further, due to the small diameter of the cables, the drum packing can be made significantly smaller and lighter, which is expected to reduce transportation costs and CO₂ emissions during transport.

Leaching tests have been conducted and it has been confirmed that there are no problems regarding the environmental effects of the insecticide contained in the new anti-termite CV cables.



Comparison of drum packing (image comparison)

Contribute to east-west power sharing during natural disasters:

154 kV smart type sealing end (SICONEX® series)

In recent years, constructions to update and enhance electric power equipment at power plants and substations have been planned to make the electric power system more resilient. In particular, the TEPCO Power Grid, Inc.'s Shin-Shinano Substation, which began operations in March 2021, is an important facility that converts between 50 Hz frequency in eastern Japan and 60 Hz in western Japan, enabling electric power to be shared if there is a regional power supply shortage due to natural disaster or other cause. High-voltage, large-capacity electric power equipment is used extensively here, and there are also many special high-voltage 154 kV sealing ends that connect electric equipment, so it was strongly desired in order to shorten the time required for connection works.

SWCC Showa Cable Systems Co., Ltd. delivered 154 kV smart type sealing ends with a plug-in structure to the Shin-Shinano Substation and made it unnecessary to open equipment cases on site, which significantly shortened the time needed for cable connection works and contributed greatly to saving labor and simplifying work.

Smart type sealing ends have been sold since 2000 in 66/77 kV, 110 kV, and 154 kV types, and the 275 kV type was added to the line-up in 2019. By making sealing ends lighter and smaller, saving on labor and simplifying connection work, project time has been shortened by approximately 30%, including labor savings on cable pit civil engineering work.



Smart type sealing ends

Handling prolonged fire extinguishing activity and evacuation guidance due to taller buildings and aging of population:

“One-hour low-voltage fire-proof cables”

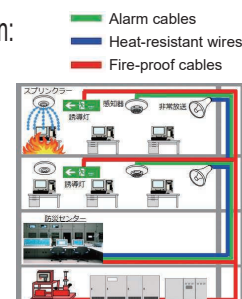
We developed one-hour low-voltage fire-proof cables that enable electric power to be supplied to firefighting equipment in longer and hotter fire environments (30 minutes/840°C → 60 minutes/925°C), and started to sell them in January 2021.

One-hour low-voltage fire-proof cables help solve the social problem of prolonged fire extinguishing activity and evacuation guidance due to taller buildings and aging of population. In addition, in consideration of the environment, these are designed as eco cables made of low-smoke zero-halogen materials.

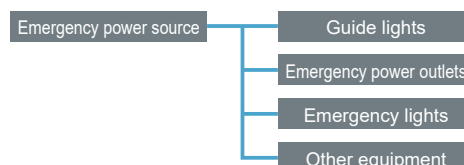
These are expected to be used in wiring (emergency power source circuit) for firefighting equipment, such as guide lights and emergency lights in skyscrapers, long-distance tunnels, shopping centers, elderly facilities, and other buildings believed to require 30 minutes or longer to evacuate in case of fire.



Low-voltage fire-proof cables



Use case of cables in a building



Example of fire-proof cable wiring system

Communication and Industrial Devices Business Segment



This business segment offers solutions through diverse products and technologies from cables to processing/ devices cultivated in many years of global operations in the information and communication market, which will continue to grow globally due to advancements in Society 5.0 and 5G, and contributes to updating and developing resilient and sustainable communication infrastructure and the realization of safe and comfortable lives for people in the new normal.

Yoshinao Kodama,

Executive Officer and Chief of Communication and Industrial Devices Business Segment

Business Overview

■ Communication cables field

We provide communication cables and other manufactured products that are indispensable in the information and communication field, where technological innovation is rapidly advancing toward higher speeds and greater capacity. We support the information society that evolves day by day by offering a wide range of products for information and communication networks, from optical cables for long-distance communication to LAN cables for short-distance communication.

■ Wire harnesses field

We provide wire harnesses and electronic wires used in the internal wiring for home appliances and other products. We are expanding our business in the home appliances and electronic equipment markets in China and Southeast Asia, where demand is expected to grow in the future, through joint creation with our customers.

■ Precision devices field

We mainly offer roller products that are installed in the image fixation unit of office equipment including copiers and printers. We are expanding our business globally together with our partners at domestic and overseas manufacturing sites by utilizing our new product development capabilities that make full use of the precise processing technology and rubber technology we have cultivated over the years.

Basic Strategies

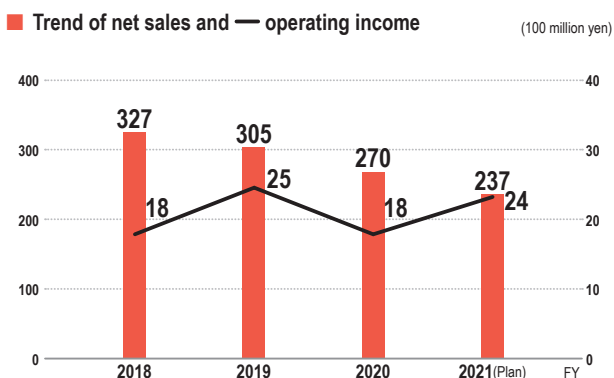
Strengthen Profitability of Core Businesses

- Optimizing our domestic telecommunication cable manufacturing sites and developing and expanding sales of high value-added products
- Improving the efficiency of sites in the wire harnesses field within the Group

New Developments of Overseas Business

- Expanding manufacturing sites for wire harnesses and precision devices (China and Vietnam)
- Establishing a development site in the wire harnesses field
- Strengthening cooperation with partner companies in the precision devices field

FY2020 operating results



Operating Results

In fiscal 2020, the effects of the slump in construction related business were felt in the first quarter, but demand recovered from the second quarter mainly for communication cables in the GIGA School Program, 5G service, and other projects, and for industrial devices in the Chinese market. However, overall demand did not reach the level of the previous fiscal year, which led to decreases in both sales and income.

In fiscal 2021, we will work to capture 5G related demand, which is expected to grow. The wire harness business will reinforce overseas sites and further expand sales to China and Southeast Asia. The precision devices business will promote the optimization of the production and development sites to further strengthen strategic partnerships with customers.

Contributing to society through business

Contributing to automated driving technology: “In-vehicle twisted pair cables”

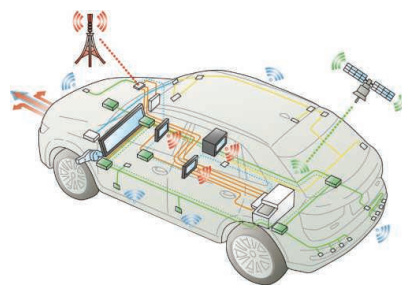
For vehicles, various parts are controlled by an ECU (Electronic Control Unit), and many sensors are equipped in them. As driving systems become more sophisticated, the volume of data communication between ECUs and sensors is expected to dramatically increase, so the networks that transmit this data need to be high-speed.

SWCC Showa Cable Systems Co., Ltd. developed a novel in-vehicle twisted pair cable that is compliant with the latest automotive Ethernet standard*1. This realized transmission performance, lower skewing with very small discrepancies in inter-signal arrivals, and noise resistance that can accommodate high frequency band, which enabled high-speed, large-capacity transmission of the information data required for the high functionality of automated driving. It is expected to help solve various problems such as occurrence of automobile accidents and other serious accidents, labor shortages in the logistics industry, and transportation for senior citizens after giving up their drivers' licenses. Mass production is aimed to begin in fiscal 2022.

*1 Automotive Ethernet standard: IEEE 802.3ch Multi-Gig Automotive Ethernet PHY 10GBASE-T1 formulated in 2020 (hereinafter “Multi-Gig Ethernet”)



In-vehicle twisted pair cable



Contributing to a comfortable living environment:

“Investment in the construction of a new plant for Jiaxing Showa Interconnect Products Co., Ltd.”

We are building a new plant for Jiaxing Showa Interconnect Products Co., Ltd., an overseas subsidiary in China, with the aim of expanding our wire harness business globally. For a total investment of approximately 1.6 billion yen, the current plant will be moved to land acquired in Jiaxing City, Zhejiang Province. Our goal is to increase production capacity by 2.5 times and achieve net sales of 10 billion yen in fiscal 2022. This investment is expected to increase production capacity through process automation, corresponding to an increase in demand for wire harnesses, which are key parts in various up-and-coming home appliances and industrial equipment that make living spaces and the environment more comfortable, and achieve greater efficiency and reduced manpower through automation of manufacturing process. A groundbreaking ceremony was held on the site in September 2020, and operations are scheduled to begin in December 2021.



Groundbreaking ceremony for the new plant



Conceptual drawing of the plant at completion

Contributing to increasing data communication throughout the Group:

Reorganization of the Group's domestic manufacturing sites

As demand increases due to the spread of 5G service, data center build-up, and the like, we are reorganizing our development and production sites across the Group. The SWCC Showa Cable Systems Co., Ltd. Sendai Office will be positioned as the main site, and it is aimed to be completed by the end of March 2022. To date, there have been four communication cable business sites, namely, SWCC Showa Cable Systems Co., Ltd. Sendai Office, Fuji Electric Cable Co., Ltd. Isehara Factory and Kofu Factory, and Aomori Showa Electric Cable Co., Ltd. (to be dissolved at the end of December 2021), which have developed and manufactured optical fiber cables and metal communication cables. By concentrating these four sites into three sites, we will endeavor to increase efficiency, improve service, and further strengthen profitability.

Electrical Equipment and Components Business Segment



In this business segment, by using the properties of high-performance oxygen-free copper MiDIP®, we will increase the sales volume percentage from 30% to 50% for automotive magnet wire that requires high performance, such as high-voltage and high heat resistance.

In conjunction with advancements not only in automotive but also in various mobility cases, we will expand the heater wire business globally using ultra-fine flat wire and copper-silver alloys for electronic parts.

Takashi Yamamura,

Executive Officer and Chief of Electrical Equipment and Components Business Segment

Business Overview

Bare wires field

We manufacture conductors used in wires and cables for the infrastructure market and core wires for magnet wires used in automotive parts and electronic devices. We also have the technology to produce copper-silver alloy wires, as well as the technology to process these into ultra-fine sized wires. Copper-silver alloy wires combine the advantages of both silver and copper in terms of high electrical conductivity. These wires have high strength, high electrical conductivity, and high flexibility, and we are expanding our business in the markets of the automotive and medical care fields with these wires.

Magnet wires field

SWCC Showa Unimac Ltd. is expanding its business as the only comprehensive manufacturer of magnet wires in Japan that offers fine to thick sized wires, and supplies products to a wide range of markets including the heavy electrical market, in-vehicle market, and electronic devices market.

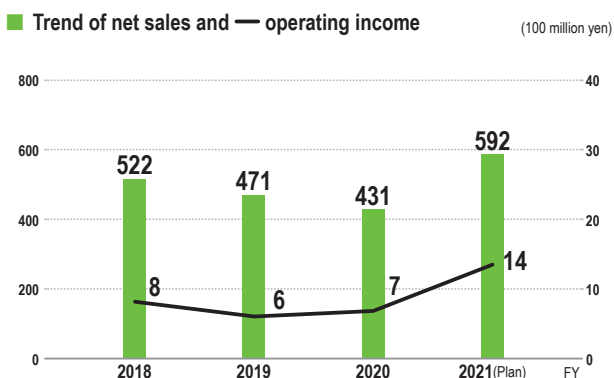
The automotive market is expected to experience a rapid shift to environmentally friendly vehicles (hybrids and electric vehicles). Given this backdrop, there is a growing demand for electrification and electronification. In this field, we are working to develop materials that improve heat resistance and to improve quality stabilization manufacturing technology to meet the demand for high-efficiency and high-reliability magnet wires in the in-vehicle market.

Basic Strategies

Strengthen Profitability of Core Businesses

- Improve efficiency by restructuring the domestic magnet wire business
- Increase earnings by increasing production of high-grade wire rods and developing high-performance magnet wires to meet the growing in-vehicle demand
- Proactive use of open innovation to develop the downstream strategy of adding processing technology to the high-performance oxygen-free copper MiDIP® and copper alloy wires, and develop overseas business
- Global development through cooperation with overseas partners
- Commercialization of fine magnet wire using high-grade wire rods (oxygen-free copper and copper alloy wires) as semiconductor materials

FY2020 operating results



Operating Results

In fiscal 2020, orders in the automotive field declined significantly in the first half due to the COVID-19 pandemic, but income increased for the entire year in spite of reduced sales, due to the recovery of the automobile field, an increase in game console demand, measures such as withdrawal from unprofitable products mainly in the heavy electrical field, and expense reduction in the second half.

In fiscal 2021, despite adjustments in automobile production due to the global semiconductor shortage, in the second half, a rapid recovery in the automobile field and the resumption of business activity are expected to result in an increase in order volume, leading to increases in sales and income.

Contributing to society through business

Contributing to the accelerated shift to EV: “High-performance oxygen-free copper MiDIP®” for functionality

Environmentally friendly vehicles run on motors instead of engines, but in order to save energy consumption and extend the distance to empty, a lightweight, high-output motor and materials are required.

High-performance oxygen-free copper MiDIP® is manufactured using Japan’s only “dip forming system” and is high-grade oxygen-free copper wire with copper purity of 99.99% (4N) or higher and oxygen content of less than 10 ppm. Highly conductive and resistant to hydrogen embrittlement, it is used as a material for magnet wires in motors.

In addition, we have introduced a new conform manufacturing method for soft rectangular copper wire. By using MiDIP® as a material, it is possible to manufacture high-grade rectangular copper wire. The conform manufacturing method contributes to energy savings measures by consuming 30% less energy than conventional manufacturing methods.



High-performance oxygen-free copper MiDIP®

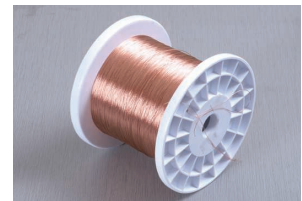


Conform products

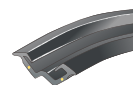
Copper-silver alloy wires for comfort

Environmentally friendly vehicles without engines do not have a heat source, so a heater for the vehicle’s interior must be installed separately. Seat heaters, steering wheel heaters, and other features that make the driving environment comfortable, battery heaters to improve battery efficiency, and other heaters are incorporated.

While these heaters are manufactured using fine wires called heater wires, the copper-silver alloy wires made by SWCC Showa Cable Systems Co., Ltd. make a strong showing for these heater wires. Copper-silver alloy wires have both high strength (1,700 MPa) and high conductivity (70%) at the world’s top level, as well as excellent flexibility and good solderability. They are also recyclable and do not contain harmful substances, making them environmentally friendly. Copper-silver alloy wires also contribute to an increasingly wider range of fields in addition to heater wires, including smaller and lighter automotive electrical components, and advanced medical devices.



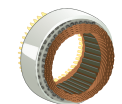
Copper-silver alloy wires



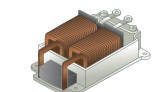
Molding material



Heater devices



Drive motors, generators, ISG



Inverters and converters



EPS

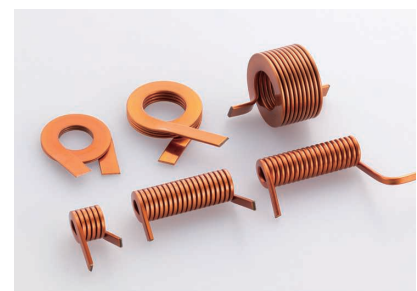


Contactless power supply

Contributing to an information-oriented society: “Fine flat magnet wire”

It has been long since digital devices have become daily necessities, and with increased home-centered demand due to the COVID-19 pandemic, products that are both high-performance and compact are being developed one after another. These electronic devices contain multiple inductors and so forth, but in order to make digital devices high-performance and lightweight, parts must be compact, and this segment is contributing with its magnet wire used in these parts.

We are developing a type of magnet wire, which is known as fine flat magnet wire, that responds to customer needs for compact, lightweight, and high efficiency devices in the electronics field including PCs, smartphones, game consoles, and so forth. By processing this into small diameter and flat conductors, we will reduce the coil space factor and achieve space savings, high current, and high density.



Fine flat magnet wire

New Business Segment



In this business segment, we will contribute to society by using core technologies to provide products that support a smart society in fields other than electric power and communications. In research and development, we pursue activities focused on using data for the realization of Society 5.0 coming in the information and communication (ICT) business field, with the aim of commercializing new technologies.

Yoshiaki Higuchi,
Executive Officer and Chief of New Business Segment

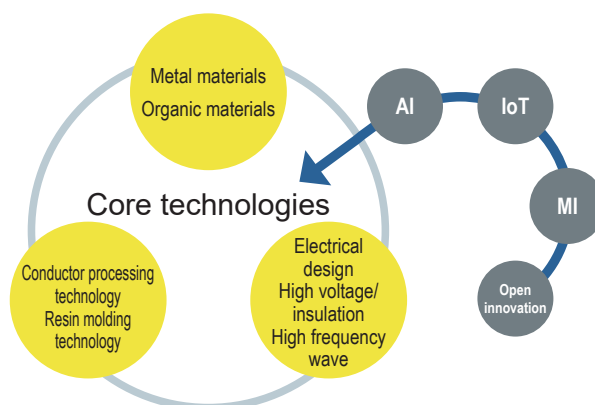
Basic Strategies

Information and communications technology (ICT) business

In the context of promoting the use of ICT and realizing a digital society, the growth strategies for fiscal 2021 in this business segment are (1) activities in new business areas in the ICT field, and (2) shift to technology expected to be in demand. The use of Cloud services is expanding, and data aggregation in every situation and corporate usage are expected to increase. Security measures and corporate governance will also be issues in the future. We also think that the technological innovations and challenges in each field of the SWCC Group represent a shift to further digitalization. We aim to realize a smart society through new services that combine AI and IoT technologies, not to mention the core technologies we have cultivated over many years.

Research and development business

Since its establishment, the SWCC Group has cultivated core technologies, focusing on the electric wire and cable business, including the materials technologies and metal and resin processing technologies used in that business, and the design and evaluation technologies required for electric power and telecommunications infrastructure. In addition, we have consistently engaged in the research and development of superconductivity technology which is already in practical use in medical MRIs and other applications. At the moment, with the practical application of 5G communications and the widespread use of compact and high-performance sensors, the mobility field, including automobiles, the smart industry field with a focus on factory automation, and the smart infrastructure field are entering a period of major transformation. We will capture the needs for these technological innovations and speedily propose solutions to support a more comfortable, safe, and secure lifestyle by utilizing recently developed AI and IoT technologies. At the same time, we will further develop the core competencies of the SWCC Group through these activities.



FY2020 Results

Operating Results

Over the past three years in this business segment, net sales and operating income both have remained flat. Toward the expansion of highly profitable new businesses, in fiscal 2021, we will focus on new activities in ICT business and pursue quick monetization, market recognition, collaboration with business partners, and vitalization. With AI- and IoT-related technologies that are expected to be in demand, we will aim to expand sales primarily in relation to construction of smart buildings which are coming into actual use.

Contributing to society through business (Information and Communication Technology (ICT) Business)

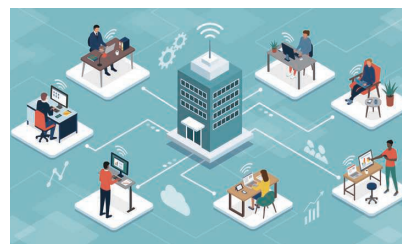
Accelerating DX - Responding to a new work style:

ICT Business's contribution leveraging the strengths in system design and development capability

COVID-19 has changed work styles to incorporate telework, satellite offices, and the like at companies. Meetings and business talks are held in the Cloud and are shifting to a system that allows work to proceed even though it is not in person. Paper-based information is quickly moving to digital data and will be accumulated in systems.

We regard such DX as a new business opportunity. With the need for security and compliance measures at a higher level than before, the biggest mission is to build a system that can reference, analyze, and use various data safely and quickly.

In our ICT business, we propose DX solutions leveraging our strengths in system design and development capability.



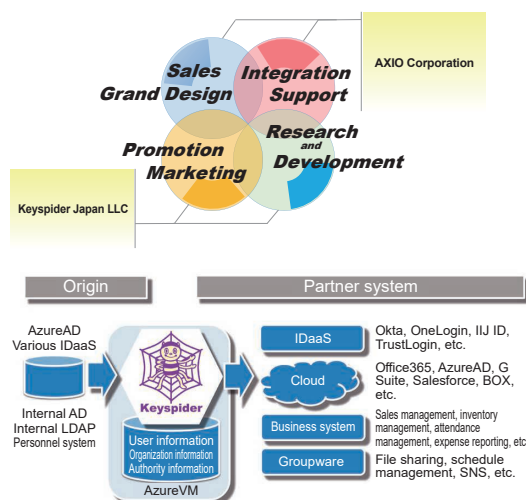
Security in the DX age:

“Promoting Zero Trust business”

AXIO Corporation and Keyspider Corporation (“Keyspider”) entered into a business partnership for Cloud ID management services in April 2021. Based on close cooperation through a business partnership with Keyspider, zero-trust business and Keyspider service products will be sold and developed.

As Cloud services spread due to telework and so forth, data protected by companies has become scattered in many places, and sufficient risk aversion and systems management have become difficult with existing safety measures alone. Against this backdrop, attention has been drawn to Zero Trust, which fundamentally reviews the way systems should be and safety measures.

The most important concept in understanding Zero Trust is that execute authority should only be granted to trusted individuals. This enables complex account management, such as who can execute what system operations (authority) and who gave permission (approval), as well as reflection to multiple systems and automated operation. Particularly now when business is shifting primarily to the Cloud, AXIO focuses on developing our specialty services centered around Cloud ID management service. In order to promote this business, a new Zero Trust Business Headquarters was established. “Keyspider” (a product) and related products will respond to the demands to achieve a safe Cloud environment.



Providing comfortable, energy efficient building and home systems:

“New network technology in smart buildings”

With the development of 5G, AI, and IoT technology, new networks, such as factory automation and smart city initiatives, have been implemented in society. Demand is particularly expected to increase in relation to social infrastructure development to provide energy efficient building and home systems that are comfortable for workers and residents, generally known as “smart buildings.” Against this backdrop, in this segment, network related business remained strong despite the COVID-19 pandemic in fiscal 2020. In smart building construction, the latest IoT, sensor technology, wireless technology, control application link technology are used, and construction technology to connect various building systems and learning new technology are essential. In this segment, we will use technologies and construction experience cultivated over many years as a cable manufacturer, while also integrating new communication technologies and responding to the needs of society.



Contributing to society through business (Research and Development Business)

Innovation in science and technology:

Adopting an AI-driven development process (material informatics)

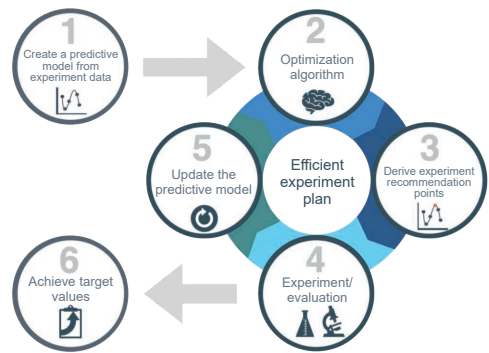
Due to remarkable progress in the IT field, new technologies called AI and machine learning are increasingly used in our daily lives, such as smart phones and other digital assistants, IoT-based smart home appliances, and medical imaging diagnostics. Likewise, in the world of science and technology, AI has been used on a full scale in an attempt to quickly obtain new knowledge. One example of this is Materials Informatics (“MI”).

With MI, by expressing various data that characterize a substance as computable descriptors and using machine learning, the structure of new substances with the target properties can be inductively estimated. This approach is also called the “fourth science,” and it is a promising method of dramatically increasing the speed of technological development.

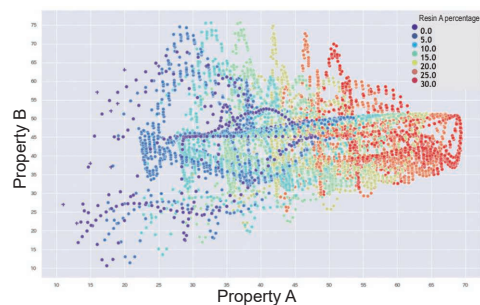
The SWCC Group has accumulated extensive data on conductor and wire coating materials in the course of developing wires and cables. By combining these data and MI, we are engaging in reducing development time and developing innovative materials that would have been difficult to achieve with empirical knowledge alone.

For example, in the development of plastic materials for extrusion, exploration must be done to find the optimum combination of multiple polymers and compounding agent types and quantities. Even expert developers often need a long development time for this. However, in a certain study theme, by applying MI, it was possible to obtain a combination satisfying the target properties from only several experiments and MI analysis. In the development of organic materials for other applications, by applying MI, the potential of an innovative rubber composite material was found, which would have been difficult to achieve with the experience of the developer.

This segment will continue making efforts to bring high added-value products to the market faster by aggressively using MI.



Data-driven development process using MI*



Example of MI-based material exploration (exploration of a target area that satisfies the target values of both Property A and Property B)*

*Data provided by MI-6 Ltd. (all rights reserved)

Reducing cable transmission loss by 95% or more and promoting a decarbonized society through advanced technology:

“Efforts toward the practical use of superconductivity technology”

In order to reduce greenhouse gas emissions, it will be important to use generated electric energy efficiently.

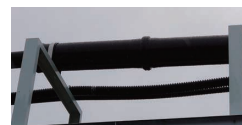
SWCC Showa Cable Systems Co., Ltd. has worked to develop triaxial superconducting cables with a compact shape that use only about one-third of the amount of liquid nitrogen compared with conventional superconducting cables. If these are applied in plants that use large-scale power of 30 megawatts or more, this can reduce cable transmission loss by 95% or more compared with conventional electric power cables.

This superconducting cable system has been developed since fiscal 2017 as a business subsidized by the New Energy and Industrial Technology Development Organization (NEDO), and a proof of concept began with one line provided at the BASF Japan Ltd.’s plant in Yokohama in 2019. The proof of concept test is scheduled to end in September 2021 after going through three seasons, including a cold winter, temperate spring, and hot summer. This is the world’s first proof of concept experiment introducing triaxial superconducting cables to an actual system in a privately owned factory.

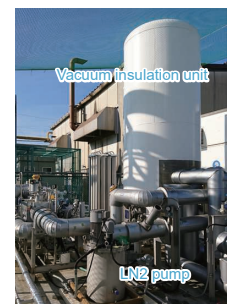
As the need to achieve a decarbonized society increases due to frequent abnormal weather, we will make efforts to put into practical use this triaxial superconducting cable system, which can contribute to the efficient use of generated electric power.



Terminal for triaxial superconducting cables



Intermediate joint



Subcooler cooling unit and liquid nitrogen pump



New Brand: SICOPLUS™



Initiative to expand the electric power business through connection work system (Energy and Infrastructure Business Segment)

OUR VISION

SWCC Showa Cable Systems Co., Ltd. has been providing a connection work system including cables, device components, construction, and maintenance primarily to substations, centered around our strategic products, SICONEX® connectors for high-voltage power cables. This connection work system will be sold under a new brand called SICOPLUS™, which will add efficiency, labor savings and sustainable personnel training programs to connection technology. We will evolve this as a new connection work system and further accelerate the expansion of the solutions business to connection work in the electric power market, which is expected to grow in the future.



Hitoshi Shintate,
Head of Construction Personnel Development Center, Power System Department, SWCC Showa Cable Systems Co., Ltd.

Background of introducing a new brand strategy

In an electric power market that is growing due to factors such as policies for electric power resilience and a decarbonized society, demand for SICONEX® high-voltage power cable connectors made by SWCC Showa Cable Systems Co., Ltd. is robust, as these ① shorten work time, ② improve efficiency, and ③ have excellent seismic resistance, all of which are required in high-voltage power cable connection work by power plants and substations. Demand is expected to continue growing in this active market environment, so in February 2021, we decided to invest to increase SICONEX® production capacity by 1.5 times and established a plan through fiscal 2025 that expands sales by 1.5 times compared to fiscal 2017.

Meanwhile, in high-voltage power cable connection work, maintaining and strengthening construction capacity despite the aging of skilled workers and the decreasing population of young workers is an urgent issue.

Therefore, we decided to address this issue by introducing a new brand strategy that will add streamlined connection work technology, labor saving, and a sustainable personnel training program to conventional connection work system and further advance it.

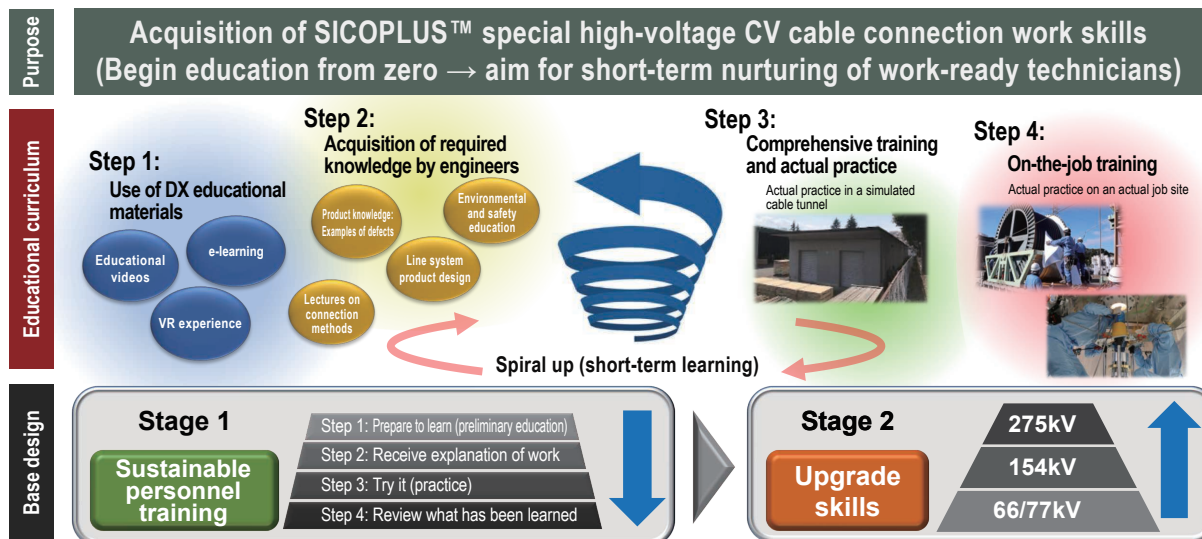
Establishment of the Construction Personnel Development Center, a training program for SICOPLUS™ connection technicians

By adding value to our strategic SICONEX® products, SICOPLUS™ addresses the electric power market's need to maintain and strengthen construction capacity despite the aging of skilled workers and the decreasing population of young workers.

With SICOPLUS™ connection technician training programs, by introducing a 4-step curriculum using DX educational materials instead of on-the-job training programs that predominated in the past, we can train talented construction personnel with basic academic skills in a short period of time. This cuts in half the training time before workers are able to engage in on-site connection work.

In July 2021, we established the Construction Personnel Development Center as an organization to promote the new SICOPLUS™ brand. This Center not only solves the social challenge of passing on skills to the next generation, but also plays a role in promoting increased construction capacity for the future.

The electric power market is expected to continue expanding and will demand maintained and increased construction capacity. The SWCC Group will continue to address these social challenges in the electric power market through its new SICOPLUS™ brand strategy.



Efforts to Build a Business Foundation

SWCC Group's CSR Efforts

CSR Basic Policy

On the axis of “trust” stated in our management philosophy, we aim to realize a sustainable society and improve corporate value based on our accumulated technologies and experience in the business.

Solutions for Social Problems

We at the SWCC Group state as the first item of the management policy, “The SWCC Group shall give top priority to its customers and provide them with products that are beneficial for society, environmentally friendly, good quality, and safety conscious, and contribute to the development of society.” Accordingly, we are contributing to solving social challenges through our business activities to boldly achieve our social mission.

ESG	7 Core Subjects of ISO 26000	CSR Basic Policy (Priorities)	Relevance to SDGs
E (Environment)	Environment	Contribution to environmental protection and sustainable social development through business activities	
		Reduction of CO ₂ and VOC emissions	
		Effective utilization of resources	
		Promotion of environmentally friendly product development and commercialization	
		Action for biodiversity	
S (Social)	Human rights		
	Labor practices	Promotion of employee work-life balance and creation of a comfortable working environment	
		Promotion of safety and health activities	
	Consumer issues	Continuous improvement of the effectiveness of the quality management system	
	Community involvement and development	Contribution to environmental protection and sustainable social development through business activities	
	Fair operating practices	Maintenance of and emphasis on good communication with stakeholders	
G (Governance)	Organizational governance	Thorough compliance	
		Strengthening of cyber security measures	
		Management and reduction of critical risks in business activities	
		Improvement in transparency through information disclosure	

Currently, the Paris Agreement, an international framework to limit climate change, sustainable development goals (SDGs) proposed by the United Nations, and other global efforts are underway to address serious global-scale problems such as environmental pollution and climate change. The SWCC Group links the CSR policy to the 17 SDGs and rolls out a variety of initiatives to contribute to sustainable development of the environment and society through business activities.

<Level of achievement> ○ : Achieved △ : Partially achieved

CSR Policy in the Mid-Term Management Plan	FY2020 activities	Level of achievement in FY2020
Achievement of targets based on the Group's voluntary environmental action plan		○
	→ p. 30 Efforts to Conserve the Environment (Voluntary Environmental Action Plan)	○
Expansion of environmentally friendly products and contribution to society through products		△
Expansion of action for biodiversity		○
Promoting diversity to incorporate various perspectives		○
Enhancing the mental and physical health of employees and promoting a work-life balance	→ p. 38 Employee Relations (Human Rights, Employment)	○
Creating a comfortable working environment by offering a wide range of working styles		○
Continuously improve productivity by automating operations and saving labor	→ p. 39 Continuous Efforts to Improve Productivity by Automating Operations and Saving Labor	○
Promotion of proactive safety measures and elimination of occupational accidents	→ p. 43 Employee Relations (Safety and Health Activities)	△
Continuous customer satisfaction surveys and feedback on our response		○
Continuous efforts to improve quality and achievement of quality cost targets	→ p. 33 Customer Relations (Quality Management)	○
To strengthen monitoring of the quality status of each Group company		○
Continuation and expansion of activities to actively engage with local communities and become a reliable manufacturer	→ p. 44 Community Relations(Social Contribution Activities)	○
Communication with clients through CSR Procurement Guidelines	→ p. 35 Supplier Relations (Supply Chain)	○
Appropriate disclosure of financial information and enhancement of disclosure of non-financial information	→ p. 15 Financial/Non-financial Highlights	○
Thorough legal compliance and strengthening of monitoring functions	→ p. 51 Risk Management (Compliance)	○
Establishment and operation of a cyber security system	→ p. 50 Risk Management (Information Security)	○
Risk reduction activities and improving effectiveness through business continuity management (BCM)	→ p. 51 Risk Management (BCM)	○
Continued compliance with the Corporate Governance Code and improvement of its effectiveness	→ p. 45 Corporate Governance	○
Establishment of Information Disclosure Guidelines and information disclosure	→ p. 37 Shareholder and Investor Relations	○

Efforts to Build a Business Foundation

Efforts to Conserve the Environment

Environmental Management

Basic Idea

Based on its management philosophy to comply with all applicable rules and regulations, consider safety and the global environment, and expand its activities to earn trust, the SWCC Group establishes its environmental philosophy, as well as annual environmental policy and priority topics, and makes a group-wide effort to engage in environmental conservation activities.

Environmental Philosophy

The SWCC Group recognizes that it is a mission for the Group as a corporate citizen to pass on our precious Earth to the next generation in a healthy state, strives to conserve the environment through all business activities, and contributes to building a society capable of achieving sustainable development.

FY2020 Environmental Policy

1. We comply with laws, regulations and other requirements.
2. We will endeavor to continuously improve environmental management systems and environmental performance.
3. We enhance education and awareness building to raise the environmental awareness of each employee.

FY2020 Priority Topics for Environmental Activities

1. Environmental conservation based on compliance with laws, regulations, ordinances, and other requirements, and stricter voluntary management standards
2. Achieving the targets of the 6th SWCC Group voluntary environmental action plan and initiatives addressing medium- to long-term environmental targets
3. Enhancement and promotion of environmental education

Organizational Structure for Promotion of Environmental Management

Environmental management of the SWCC Group is promoted under the Group management council, and our Safety, Environment, and Quality Oversight Office, which serves as the environmental supervision department, rolls out to each Group company through the Environmental Management Working Group.

The Group's environmental policy is developed by the Safety, Environment, and Quality Oversight Office, deliberated by the Environmental Management Working Group, and decided by the Group management council. The Safety, Environment, and Quality Oversight Office periodically reviews the Group's environmental management activities, sustains and improves the entire Group's environmental management, and drives forward environmental management activities in accordance with business areas of each Group company and regional characteristics of each site.



ISO 14001 certification

	Group company name	Year and month of certification
Domestic	SWCC SHOWA Head Office, Sagamihara Plant, Ibaraki Factory, Ebina Factory	Nov. 1997
	CABLE SYSTEMS Sendai Office	Sep. 1998
	CO., LTD. Mie Office	Nov. 1998
	Aichi Factory	Sep. 1999
	FUJI ELECTRIC CABLE CO., LTD.	Dec. 1999
	SWCC SHOWA UNIMAC LTD. SENDAI FACTORY	Mar. 2001
Overseas	SWCC SHOWA (VIETNAM) CO., LTD. (SVC)	Mar. 2008
	JIAXING SHOWA INTERCONNECT PRODUCTS CO., LTD. (JSIP)	Oct. 2004
	DONGGUAN SHOWA INTERCONNECT PRODUCTS CO., LTD. (DSIP)	Jan. 2009
	FUQING SHOWA PRECISION ELECTRONICS CO., LTD. (SSD)	May 2008
	SWCC SHOWA VIETNAM INTERCONNECT PRODUCTS CO., LTD. (VSIP)	Dec. 2019
	FUTONG SHOWA WIRE & CABLE (HANGZHOU) CO., LTD. (FSH)	May 2013
	SHOWA-TBEA (SHANDONG) CABLE ACCESSORIES CO., LTD. (STCA)	Dec. 2010

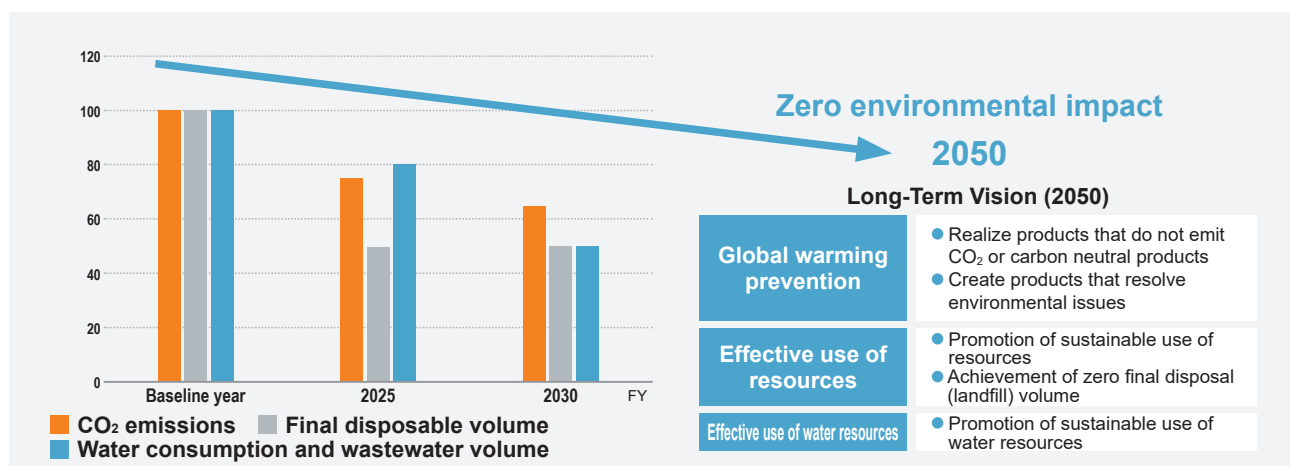
Eco Action 21 certification

Group company name	Year and month of certification
AOMORI SHOWA ELECTRIC CABLE CO., LTD.	Oct. 2006
STEC (SHOWA TECHNICAL CORPORATION)	May 2005

Voluntary Environmental Action Plan

■ Medium- and Long-Term Environmental Plan “Green Plan 2050”

The company aims to create a sustainable society, for example, by supporting the Paris Agreement and contributing to SDGs. We have established a long-term vision and set 2030 targets based on the key concept of zero environmental impact in 2050. In order to realize this vision, we set specific targets for each goal in the voluntary environmental action plan. For the achievement of these 2030 targets and the realization of this long-term vision, we are promoting innovation in our internal infrastructure from various perspectives, and we are pursuing studies that consider both the environment and economic viability. Specifically, we will divide them into three categories, namely, further promotion of the reduction of CO₂ emissions and energy conservation (low fuel consumption, power saving) in manufacturing processes including the development of new technologies, as well as energy conversion at plants, and we will address issues through Group-wide projects.



■ 6th Voluntary Environmental Action Plan (FY2016-FY2020)

The SWCC Group established the 6th Voluntary Environmental Action Plan in fiscal 2016 and made efforts to improve the Group's environmental performance in a 5-year initiative through fiscal 2020. The targets of the 6th Voluntary Environmental Action Plan and their level of achievement are as follows:

Environmental goal	Category	Attainment target	Result	Assessment
Global warming prevention	Energy savings (CO ₂ reduction)	Reduce specific energy consumption by at least 5% by FY2020, compared to the reference value* ¹	8.9%	○
Effective use of resources	Reduction of waste discharged	Reduce waste discharge per unit of production by at least 5% by FY2020, compared to the reference value* ¹	8.8%	○
	Promotion of zero emissions	Maintain zero emissions at all production sites	Achieved at 7 sites	△
Enhanced management of chemical substances	Reduction of VOCs* ² released into the atmosphere	Reduce the amount of VOCs released into the atmosphere by at least 14% by FY2020, compared to the reference value* ¹	44%	○
	Reduction of VOC* ² atmospheric release rate	Reduce the VOC atmospheric release rate to 5% or less by FY2020	6.1%	—* ³
Expansion of environmental contribution products	Expansion of environmental contribution products	Work to expand registration of environmental contribution products	61 registered products (5 years)	○
Conservation of biodiversity	Conservation of biodiversity	Promote green conservation and greening to promote efforts that reduce the load on the ecosystem	Promotion of regional symbiosis and ecosystem protection activities	○

*¹ Reference value: Average of results from FY2010 to FY2014 *² VOC: Abbreviation for Volatile Organic Compounds

*³ Included in the targeted amount released into the atmosphere

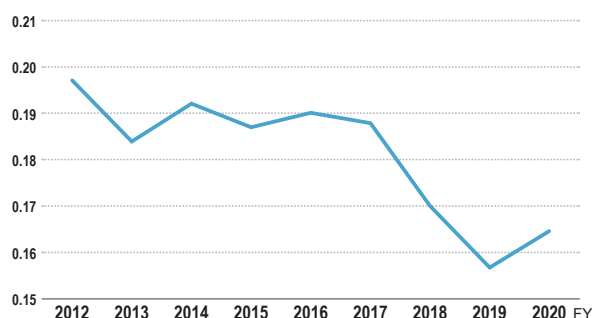
With regard to the promotion of zero emissions, since fiscal 2018, due to restrictions on the import of waste imposed by Asian countries such as China, the final disposal (landfill) volume of industrial waste increased at some sites, and the target was not achieved, but plastic waste heat recovery progressed, and the landfill rate improved in FY2020.

➔ See p. 16 Non-financial Highlights ▶ Industrial waste landfill rate

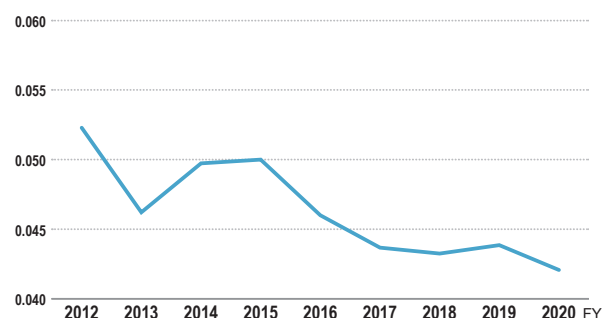
Efforts to Build a Business Foundation

The following graphs show specific energy consumption and waste discharge volume per unit of production, which are important indicators. Specific energy consumption had been on a declining trend since fiscal 2018 due to updating to energy-saving equipment and increased production efficiency, but in fiscal 2020, it increased due to lower production volume caused by the COVID-19 pandemic. In addition, waste discharge volume per unit of production had remained rather flat since 2017, but in fiscal 2020, it decreased due to lower production volume and more effective use of materials owing to improved production efficiency.

● Trend of specific energy consumption



● Trend of waste discharge volume per unit of production








7th Voluntary Environmental Action Plan (FY2021-FY2025)

The SWCC Group established a new 7th Voluntary Environmental Action Plan and started a 5-year initiative from fiscal 2021. Based on this plan, we will pursue business and environmental activities that give higher consideration to SDGs, as well as address social issues.

This new 7th Voluntary Environmental Action Plan is based on past results, but also looks forward to the Green Plan 2050, a medium- to long-term environmental plan aiming for zero environmental impact in 2050.

The 7th Voluntary Environmental Action Plan, which applies to all of the Group's business locations in Japan, classifies goals into the categories of global warming prevention, effective use of resources, effective use of water resources, and other, and for each category, it outlines management items and attainment targets or indices for the final fiscal year.

Environmental goal	Activity	Attainment targets or indices
Global warming prevention  	Energy savings (CO ₂ reduction)	Reduce CO ₂ emissions (Scope 1 + Scope 2) by 25% by FY2025, using FY2013 results as a reference.
Effective use of resources 	Reduction of waste discharged	Reduce the amount of waste discharged at all sites by 5% by FY2025, using FY2018 results as a reference.
	Promotion of recycling of resources	Reduce the final waste disposal (landfill) volume at all 10 production sites by 50% by FY2025, using FY2018 results as a reference.
	Reduction of plastic usage	Based on "Plastic Usage Guidelines."
Effective use of water resources  	Reduction of water usage	Reduce the amount of water usage by 20% by FY2025, using FY2018 results as a reference.
Other	Reduction of the use of hazardous chemicals	Based on "Green Procurement Guidelines."
	Expansion of environmental contribution products	Based on "Environmental Contribution Product Guidelines."
	Contribution to biodiversity	Based on "Biodiversity Conservation Guidelines."

● **Environmental goal: Global warming prevention**

We will work to reduce CO₂ emissions through energy conservation. We will improve/update aging equipment and use electricity generated with renewable energy in an effort to reduce CO₂ emissions.

● **Environmental goal: Effective use of resources**

We will work to promote resource recycling by reducing waste discharge volume and reducing final waste disposal (landfill) volume. In addition, in the Action Plan, we have established an index of the reduction of plastic usage by Plastic Usage Guidelines. The SWCC Group uses many plastics in materials constituting wires, cables, and accessories and in packaging to protect products. In order to reduce plastic usage, we believe it is important to minimize usage at all stages from design to manufacturing and packaging to minimize final disposal (landfill) volume. We will inform the entire Group about this belief, work on measures in each operating department, and endeavor to use resources effectively.

● **Environmental goal: Effective use of water resources**

Under the 7th Voluntary Environmental Action Plan, we will newly look at water resources and work toward sustainable water usage. As a measure for this, we will promote the circulation of cooling water and wash water, and make an effort to use water resources effectively.

● **Environmental goal: Other**

As other goals, we will address reduction of the use of hazardous chemicals, expansion of environmental contribution products, and contribution to biodiversity.

In terms of reducing the use of hazardous chemicals, we will advance the monitoring of VOC emissions which we have been conducting and make an effort to reduce them, and stringently manage the controlled chemicals listed in our Green Procurement Guidelines (see <https://www.swcc.co.jp/hd/company/material.html>).

In terms of expanding environmental contribution, we will promote the development of products that satisfy the definitions in the Environmental Contribution Product Guidelines. An environmental contribution product is a product that satisfies at least a certain number of environmental considerations and is internally certified after determining, during a product environmental assessment, that it is able to reduce the load on the environment at every product stage, including raw materials, manufacturing, use, recovery, dismantling, and waste.

In terms of contributing to biodiversity, we will promote environmental activities in accordance with the Biodiversity Conservation Guidelines. The guidelines are as follows:

Biodiversity Conservation Guidelines

- ① We will promote efforts to minimize the effects that water discharge, exhaust air, emissions, and so forth produced in business activities have on the ecosystem.
- ② We will endeavor to effectively use and reuse limited resources.
- ③ We will promote efforts to collaborate with external organizations such as local public entities and private sector groups on conserving biodiversity.
- ④ We will promote green conservation by offices, plants, communities, and households.

TOPICS Obtained Highest Rating in the DBJ Environmentally Rated Loan Program from the Development Bank of Japan for Second Straight Year

The SWCC Group obtained the highest rating in the DBJ Environmentally Rated Loan Program offered by Development Bank of Japan Inc. as a company “with exceptionally advanced environmental initiatives.” This is the second straight year that the Group obtained this rating.

In this rating, following initiatives were highly evaluated.

1. The Group as a whole has created an environmental management system, and through consistent improvement activities using environmental impact and monitoring, we are implementing sound environmental management based on the Voluntary Action Plan, including reduction of environmental impact and increases in productivity, and expansion of environmental contribution products that meet certain conditions such as SICONEX® high-performance electric power parts
2. We created a new organizational structure for promotion of CSR, which is centered around the CSR Promotion Department under the management level, and we are furthering CSR management, for example, by issuing an integrated report starting in fiscal 2020 and informing a wide range of stakeholders about our efforts to resolve social challenges through business
3. In addition to introducing the sustainability viewpoint to our evaluation standards for improvement activities, we are steadily promoting efforts to increase CSR awareness among individual employees, such as setting opportunities for CSR Promotion Department to explain the integrated report to employees



Relations with Society

Customer Relations (Quality Management)

Basic Idea

Based on its management philosophy to deepen the relationship of trust with customers through offering superior technology and high-quality products and services, the SWCC Group establishes a quality policy and priority topics annually, and makes group-wide efforts to improve quality.

FY2020 Quality Policy

1. **Thoroughly comply with laws and regulatory requirements.**
2. **Achieve rapid technological development, services and manufacturing that put the customer first.**
 - Fully demonstrate the Group’s sales capabilities, share customer needs throughout the Group without fail, and propose new services based on a collaboration between sales, engineering, and manufacturing divisions.
 - Achieve manufacturing that prioritizes quality customers can trust.
3. **Carry out quality assurance activities to ensure all stakeholders are satisfied, including customers, employees, and the local community.**

FY2020 Priority Topics in Quality Assurance Activities

1. **Maintain and improve our quality management system that is trusted by customers.**
(Implement a PDCA cycle based on efforts to address risks and opportunities.)
2. **Continue and strengthen initiatives to mitigate failure costs from the previous fiscal year.**
(Make effective improvements in processes to reduce external complaints and in-process nonconformities.)
3. **Achieve manufacturing with stable quality in all processes from the inquiry and order stage to delivery.**
(Achieve manufacturing and services that utilize cutting-edge technology and combine AI, IoT, and TOC (Theory of Constraints).)
4. **Carry out talent development to pass on and advance high-quality manufacturing expertise.**

Organizational Structure for Promotion of Quality Management

Quality management of the SWCC Group is promoted under the Group management council, and our Safety, Environment, and Quality Oversight Office, which serves as the quality supervision department, rolls out to each Group company through the Quality Control Working Group.

The Group’s quality policy is developed by the Safety, Environment, and Quality Oversight Office, deliberated by the Quality Control Working Group, and decided by the Group management council. The Safety, Environmental, and Quality Oversight Office periodically reviews the Group’s quality management activities, sustains and improves the entire Group’s quality management, and drives forward quality management activities in accordance with the business areas of each Group company.



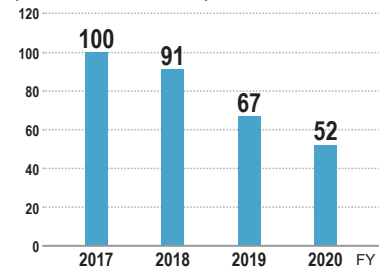
■ Initiatives to Mitigate Failure Costs

The SWCC Group implemented a quality cost approach in fiscal 2018 and has been carrying out quality improvement initiatives ever since. “Quality cost” consists of preventative costs to prevent nonconformities, assessment costs to evaluate conformity, and failure costs that incur when there are quality problems (i.e., nonconformities) in products and services that do not meet requirements. The approach aims to optimize the structure of costs that have incurred and improve quality.

In fiscal 2020 we carried out activities with the aim of reducing failure costs by 10% compared to fiscal 2019, and achieved a 22% reduction. Looking at the break down of failure costs, external failure costs were 15% higher than in fiscal 2019 due to the impact of customer complaints that occurred outside the company, but thanks to thorough measures to prevent the recurrence of internal nonconformities, we reduced internal failure costs caused by in-process nonconformities that occurred internally by 29% compared to fiscal 2019.

In fiscal 2021 we will strengthen efforts to eradicate external complaints in order to reduce external failure costs caused by external complaints. Specific measures consist of “strengthening efforts to eradicate complaints (by carrying out and reviewing FMEA on products that have received complaints),” “developing talent to pass on high-quality manufacturing expertise,” and “improving the effectiveness of the quality system.” And we will strive to reduce internal failure costs caused by in-process nonconformities even further by continuing and strengthening current measures to reduce failure costs.

● Failure costs of domestic Group companies (with FY2017 as 100%)



■ Quality Compliance Initiatives

On April 1, 2021, the company established the Safety, Environment, and Quality Oversight Office – an organization that deals in safety, environment, and quality under the direct control of the President. The organization has a function to facilitate quick decision-making and actions to enhance, maintain, and improve monitoring functions and cooperation between the top management and operating departments.

Regular internal audits are carried out under the Safety, Environment, and Quality Oversight Office to ensure quality compliance. The audit team is composed of independent auditors appointed from operating departments. It continuously and exhaustively audits Group companies and operating departments within and outside Japan. As part of the measures to prevent the spread of COVID-19, the audit for the fiscal 2020 was carried out based on a written survey as a follow-up for the audit that had been carried out up to the previous fiscal year, but in fiscal 2021, in response to the inconsistencies in quality testing that have been revealed, we will improve the accuracy of audits and carry out the audit in combination with on-site surveys.

■ Showa Improvement Activity Presentation

The SWCC Group has been engaging in manufacturing and talent development as part of Showa Production System (SPS) activities since 2007. Leveraging the stable foundation that we have built through these activities, we are moving forward, utilizing TOC, to improve and transform operations. The activities are carried out with a top-down approach with a focus on talent development. And we are tackling major topics by continuing staff-led, cross-organization Showa Innovation (SI) Project activities.

In order to help improve quality and increase productivity of the SWCC Group, boost employees’ awareness, and increase the sophistication of activities, twice per year we hold an event to present the achievements of activities by workplace circles and improvement projects selected from our overseas and domestic sites. The best achievements are reported at companywide conferences and implemented in other areas.

The Showa Improvement Activity Presentation in fiscal 2020 was held online to prevent the spread of COVID-19. In the second online presentation of the year, which was held in the second half, two teams from outside Japan and 10 teams from Japan participated after taking part in a global preliminary competition.

The teams’ presentations were judged by a qualified panel of judges and awarded a Grand Prize, Transformation Prize, and Business Management Prize. At the last presentation, the team from SWCC Showa Cable Systems’ Ibaraki Factory won the Grand Prize, and the team from SWCC Showa (Vietnam) won both the Transformation Prize and Business Management Prize.



Award-winning team at the 2nd Half FY2020 Showa Improvement Activity Presentation: SWCC SHOWA (VIETNAM) CO., LTD.

Supplier Relations (Supply Chain)

Basic Idea

The SWCC Group develops its Procurement Policy and endeavors to establish a good cooperative relationship with suppliers to provide a stable supply of value-added products.

SWCC Group Procurement Policy The SWCC Group shall

1. Comply with all applicable laws and regulations along with appropriate social practices, as well as engage in fair and equitable transactions.
2. Give top priority to mutual trust with its suppliers and establish a relationship where each is the best partner for the other.
3. Appreciate stable quality and delivery times, with continued efforts to reduce costs and a constant capacity for technological development.
4. Procure earth conscious materials.
5. Never accept any inappropriate favors from suppliers.

CSR Questionnaire

Based on societal demand, we put together the basic idea of social responsibility that should be fulfilled together with suppliers and our requests as the CSR Guidelines for Supply Chain.

The SWCC Group conducts a survey on major suppliers regarding their level of compliance with the guidelines. The survey consists of distributing questionnaires with a total of 53 questions evaluated on a 5-point scale on suppliers' level of compliance with the CSR Guidelines for Supply Chain and their efforts toward their raw material sources.

CSR Questionnaire Results

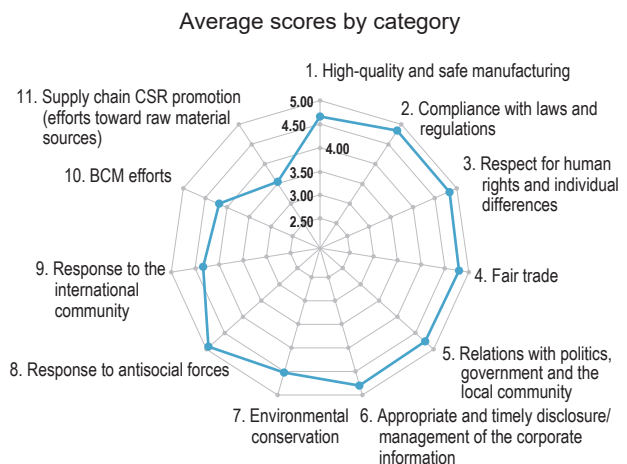
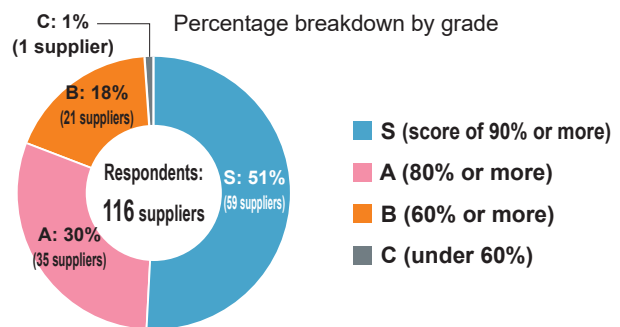
Duration of survey	May - June 2021
Target	123 suppliers
Return rate	94% (116 suppliers)
No. of questions	53
Average score (on a 5-point scale)	4.42 pts

Analysis of the questionnaire revealed that 81% of suppliers are of the level sought by the SWCC Group (i.e., have a grade of A or higher) in the overall evaluation.

When analyzing by individual questions, "Response to antisocial forces" scored highest, with all suppliers attaining close to the top score. However, challenges remain in "response to the international community," "BCM initiatives," and "supply chain CSR promotion (suppliers' efforts toward raw material sources)."

Next, we will examine the results of the survey in more detail, and then give feedbacks to suppliers on the results and conduct interviews with them to gain a more precise understanding of their circumstances. Especially with those suppliers with B and C grades, we will provide support for improvement, and have them establish a PDCA cycle, and thereby instill our CSR procurement policy and improve their level in cooperation with such suppliers.

The SWCC Group will continue conducting the CSR survey and engaging in efforts to build a sustainable supply chain, which includes addressing the above-mentioned challenges.



■ Green procurement

Recognizing that it is a fundamental duty of humans living today to pass on our precious Earth to the next generation in a healthy state, we do our best to make purchases that pay due consideration to this need in our material procurement activities, and have formulated and released Green Procurement Guidelines to prioritize purchasing products with the smallest impact on the environment as possible. Furthermore, through our website we put out an open call for proposals for environmentally friendly products as follows:

1. Products and packaging that consider the following throughout the entire product lifecycle (from resource extraction to disposal).
 - Reduction of environmental pollutants
 - Conservation of resources and energy
 - Reusability
 - Recyclability
 - Use of recycled materials
 - Ease of disposal
2. Dissemination of information
 - New environmental technology
 - Presentation of specific efforts

■ BCP Measures in Procurement

Factors such as worldwide disruptions in logistics due to the recent COVID-19 pandemic and natural disasters throughout Japan have changed the environment surrounding materials procurement, but we are accumulating knowledge by addressing these changes and striving to achieve more stable procurement and logistics.

One example is creating a “procurement map” that shows suppliers’ production sites. It helps us respond quickly and consider alternative materials to procure when a disaster occurs. We work with manufacturing and sales departments to identify “key products,” and every few years we revise the supply system to ensure materials used in those products can be purchased from multiple regions.

■ Optimization of Logistics

The SWCC Group is moving forward with initiatives to mitigate environmental impacts in logistics. Leveraging our strengths of having a company that specializes in logistics within the Group, we consider the optimal logistics methods. Examples include utilization of empty runs going to pick up materials at suppliers’ warehouses and empty return runs, and transporting bulk cargo by rail when shipping to distant locations to minimize the impact on the environment.



Logistics optimization example

Shareholder and Investor Relations

■ Information Disclosure Policy

To be a company correctly understood, evaluated, trusted, and sympathized with by all stakeholders, including shareholders and investors, the SWCC Group has developed the Disclosure Policy to actively disclose information.

The Group discloses information in accordance with the Financial Instruments and Exchange Act, as well as the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (hereinafter referred to as the “Timely Disclosure Rules”) established by the Tokyo Stock Exchange. In addition, information that affects investment decisions by shareholders and investors is actively disclosed on a constant basis in accordance with the Group’s “SWCC Group Rules on Information Disclosure,” even if the information is not subject to the Timely Disclosure Rules. We strive for fair and timely information disclosure by avoiding selective disclosure of unpublished important information to a specific institution or individual.

■ Organizational Structure for IR

In the SWCC Group, the executive officer responsible for the management strategy and planning department also serves as the executive officer in charge of IR.

Led by the executive officer in charge of IR, dedicated IR staff in the management strategy and planning department serve as the contact personnel and exchange information and routinely cooperate with finance and accounting, legal, and CSR departments as necessary. The Group thus strives to enhance dialogue with shareholders and investors.

■ Dialogue with Shareholders and Investors

The company convenes the Ordinary General Meeting of Shareholders in June and hears shareholders’ opinions. The Group also strives to distribute financial information and press releases through newsletters for shareholders and the website.

For investors, briefing sessions for analysts are held and videos are distributed twice a year (at the end of the second quarter and fiscal year). In addition, the Group strives to facilitate communication between a larger number of investors and our management by holding small meetings four times a year (every quarter).



The 125th Ordinary General Meeting of Shareholders



Briefing session for analysts

Employee Relations (Human Rights, Employment)

Efforts to Support the Development of the Next Generation

The Group has developed several programs for employees with or expecting children to create an environment that makes it easy for them to balance work and parenting to enable them to demonstrate their full potential.

Among the companies that formulated an action plan for business owners in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, those that have achieved the targets in the plan and fulfilled certain standards will obtain the “Kurumin” mark, a certification from the Minister of Health, Labour and Welfare, as a company that supports the raising of children. Following the acquisition of the “Kurumin” mark by our Group company AXIO Corporation in 2018, SWCC Showa Cable Systems Co., Ltd. also obtained the mark in 2020.

The company’s action plan for business owners is as follows.

● The 8th Action Plan for Business Owners (for FY2021, FY2022)

- * Adopt a flextime system for short-hour workers raising children or providing nursing care for a family member
 - * Extend the period restricting working nights for employees raising children
 - * Increase the maximum number of days to take leave to care for a sick child or provide nursing care for another family member
- In addition, we will continue to hold time management committee meetings and encourage employees to take planned annual paid leave to reduce overtime work.



Efforts for Health and Productivity Management

Health and productivity management is a new management initiative that aims to improve corporate value and business performance by giving consideration to the health of employees. The concept of the initiative is to consider health management from a management perspective and strategically put it into practice.

Maintaining and improving the mental and physical health of employees can lead to enhancement of the company’s competitive strength through improvement in labor productivity and in employee’s creativity by securing a healthy and stable workforce. Thus, in April 2019, we formulated the SWCC Group health management declaration and disclosed it publicly on our website. The SWCC Group actively engages in activities to support health as the foundation to creating an environment that enables every employee to have rewarding jobs and work energetically with healthy minds and bodies.

Specifically, we are engaging in health and productivity management efforts by strengthening cooperation with the SWCC health insurance association and establishing a group-wide health management organization system that is led by the President. We have identified issues such as health guidance, passive smoking, infectious disease prevention, overworking, and mental health, and are moving forward with a wide range of activities to support the health of employees in collaboration with industrial physicians and public health nurses. In recognition of these efforts, SWCC Showa Holdings Co., Ltd. and SWCC Showa Cable Systems Co., Ltd. have been certified as a Health & Productivity Management Outstanding Organization 2021 (large enterprise category) jointly selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

This certification is to honor corporations that are practicing particularly good health management by “visualizing” good corporations engaging in health and productivity management, with the purpose of creating an environment where corporations are recognized socially by employees, job applicants, related companies, financial institutions, and others.

● SWCC Group’s Organizational Structure for Promotion of Health and Productivity Management



Efforts to Build a Business Foundation

Fiscal 2020 was also a year of taking measures against COVID-19. Based on the SWCC Group Emergency Measure Rules and the Novel Influenza Prevention Manual, we implement exhaustive COVID-19 prevention measures while taking into consideration policies of the Group CEO-led Response Center, announcements about characteristics of the novel coronavirus, information from other countries, and instructions from the national and local governments in Japan. In order to ensure we can continue business as a company that is involved in maintaining the social infrastructure, we are working to prevent COVID-19 clusters at the workplace by actively carrying out infection prevention measures to the extent possible. Specifically, we practice self-imposed curfew when a state of emergency is declared, proactively hold online meetings, expanded eligibility for staggered working hours and teleworking at the head office, branches, and sales offices, and strive to eliminate the 3Cs (Closed spaces, Crowded places, Close-contact settings) on the manufacturing floor.

The SWCC Group's FY2020 initiatives are as follows.

[Efforts on work style reforms]

We have been driving efforts to improve the operational efficiency of each department in line with reforms to the personnel system, and working to achieve work-life balance for employees and improve productivity of the company.

[Change in awareness to improve health]

We have expanded health services to raise the health awareness of everyone, support healthy activities, and created an environment that enables everyone to work healthily and with peace of mind.

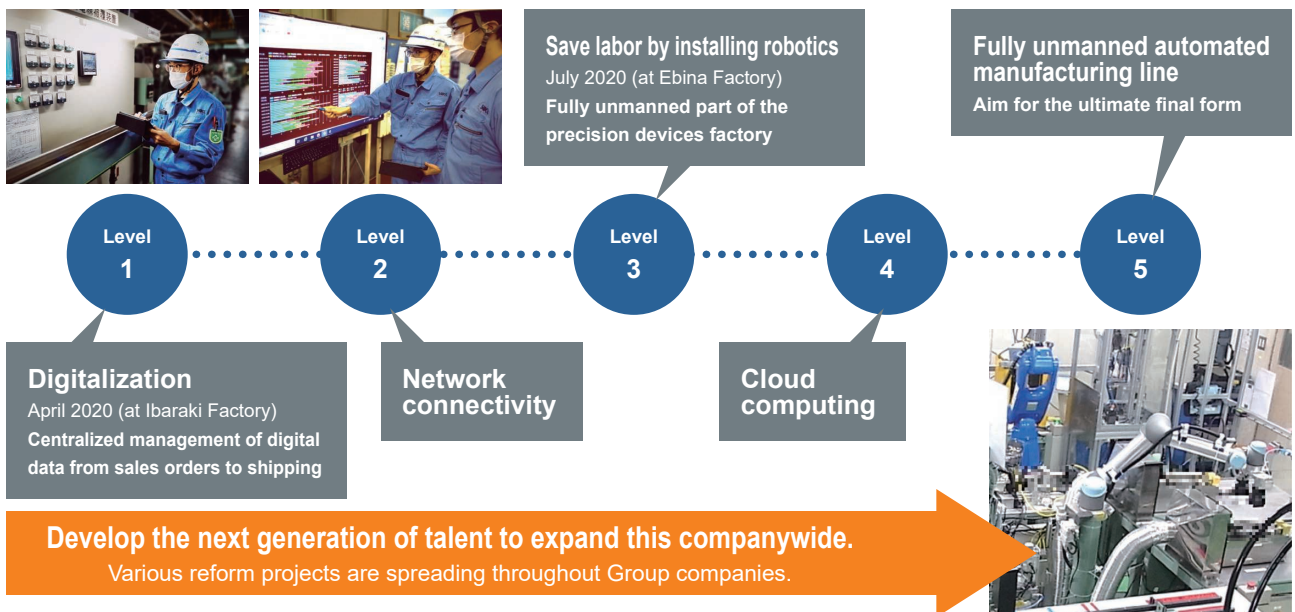
[Promoting provision of health guidance]

We have tried to improve our employees' health through measures including provision of health guidance, based on the results of reexaminations and close examinations after regular health checks.

Continuous Efforts to Improve Productivity by Automating Operations and Saving Labor

The SWCC Group is moving forward with efforts to lighten workloads and improve productivity by automating operations and saving labor in order to accommodate the decrease of the workforce and work style reforms.

In October 2019 we launched the IoDBR project with the aim of building a smart factory that combines AI, IoT, and TOC (Theory of Constraints). We had already been working to convert manufacturing floors into smart factories, but after considering our current state in terms of what is best for the entire Group, we realized it would be more effective to roll out three Group-wide measures that encompass everything from sales to logistics: staff minimization, network connectivity, and digitalization. In fiscal 2020, we moved forward with centralizing information for everything from sales to logistics departments, deliberating on improving operational efficiency by accumulating and utilizing digital data, utilizing AI, digitalizing records of manufacturing floor work, and robotizing assembly. In fiscal 2021, we will discontinue the IoDBR project to drive activities, and evolve it into the next step by launching the Digital Innovation Promotion Office and kicking off a project to digitally transform our coated wire business to further automate operations and save labor.



Diversity Management

The SWCC Group aims to be an organization that flexibly accepts and capitalizes on diverse personalities of employees such as different attributes and working conditions. We recruit diverse human resources with different backgrounds.

As the labor shortage is expected to worsen due to the decline in the workforce, we will further work on measures to strengthen our organizational capabilities while taking advantage of our diversity.

● Programs for Senior Employees

While Japan's birthrate is declining and its population aging, we operate our senior employment program to provide workplaces for those who are willing to keep working after retirement. Recognizing the need to maintain and improve motivation to lead to more active participation, in fiscal 2021 we increased career patterns and expanded options to accommodate diverse work styles by creating multiple career patterns that take into account roles and duties besides the existing senior employment program.

Career patterns

① Standard Senior Program (for managerial track employees, skilled workers, and clerical staff):

Standard course for employees who wish to be reemployed after reaching the retirement age of 60, upon agreement between the company and employee

② Specialist Program (senior management and senior experts; for managerial track employees, management, and equivalent): ... New program

Course for professionals with outstanding managerial capabilities and/or specialized knowledge and experience

③ Short-time work, for which second job is permitted (for managerial track employees, skilled workers, and clerical staff): ... New program

Course with reduced working hours that permits employees to take a second job for those who wish to broaden their horizons

④ Career Change Support Program (for managerial track employees): ... New program

Course that provides support to establish a life plan for employees who choose to retire and start a second life, such as starting their own business or becoming reemployed

● Female Empowerment

In line with the basic principles of the Basic Act for Gender Equal Society and the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we launched the Female Empowerment Project in fiscal 2021. Directly under the control of the President, the purpose of the project is to drive initiatives to ensure that female employees can fully demonstrate their individuality and capabilities, and participate even more actively in the workplace.

As part of the project, we distributed a questionnaire to female employees in Group companies to hear how they really feel. Based on the results, we will deliberate on changing the mindset of female employees and on facilitating initiatives to achieve the desired participation of women in the workplace.

(Female Empowerment Target)

By FY2026, achieve:

- 8% women in management positions, and
- 10% women in section leader level and higher positions



HereWeGo203030



Interview with the Female Empowerment Project Manager

Rie Inuki, Female Empowerment Project Manager, SWCC Showa Holdings, Co., Ltd.

I was appointed leader of the Female Empowerment Project which launched in April 2021. I am committed to both my job as accounting section leader of SWCC Showa Cable Systems Co., Ltd., and my role as a mother of two.

The empowerment of women is an important issue in diversity and inclusion, which the SWCC Group needs in order to incorporate a variety of views and evolve. I will promote women's empowerment with the cooperation of other project members and relevant departments.





Initiatives in Talent Development — Next Generation Business Leader Succession Plan

In this age of VUCA (Volatility, Uncertainty, Complexity, Ambiguity), changes are occurring in the environment surrounding everything including society, the business environment, the market, organizations and individuals, and it is difficult to foresee the future. Based on the idea that the power of employees is the power of the company, the SWCC Group operates education and training programs with the aim of developing talent that can respond flexibly and solve problems, and above all is trusted by stakeholders, in such times.

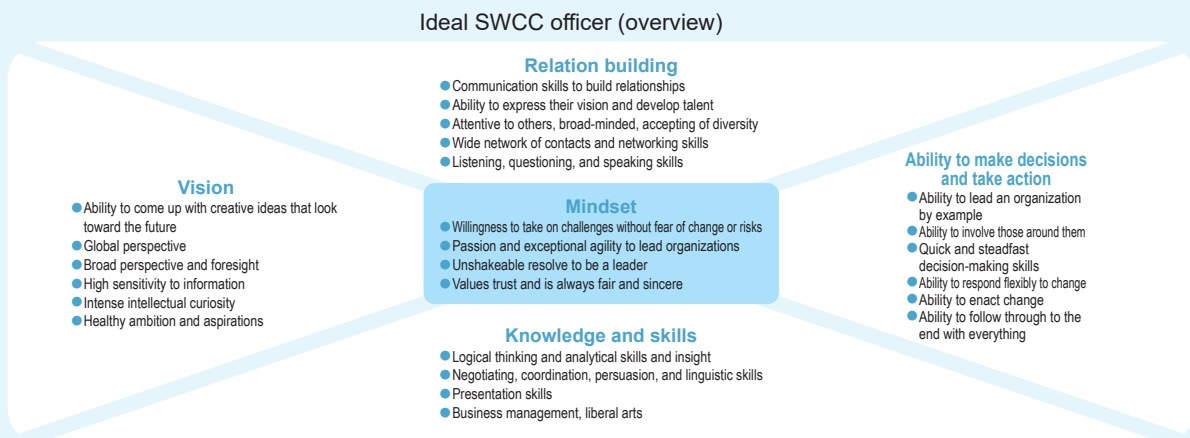
We believe that in this VUCA era it is important to have leaders that take initiative. Therefore, we have formulated the SWCC Next Generation Business Leader Succession Plan to ensure the sustainable growth of the SWCC Group and maintain and build a solid management structure that looks toward the medium to long term.

■ SWCC Next Generation Business Leader Succession Plan

The SWCC Next Generation Business Leader Succession Plan is composed of the following three parts.

1 Ideal SWCC officer

Taking into account our management philosophy, management strategy, and current trends, the ideal SWCC officer is as follows.



2 Next generation business leader selection process

The process applies to two types of candidates: “next generation business leaders” and “future leaders.” Next generation business leader candidates represent a pool of talent that shows promise to be entrusted to run a Group company now. Future leaders represent a pool of talent that show promise to be selected to be next generation business leader candidates in the next five years or so.

Candidates for the next fiscal year are nominated by the Group CEO by the end of the current fiscal year and chosen by the Nominating Committee.

3 Next generation business leader development process

The following training programs are offered to develop next generation business leaders.

- 1 SD Seminar (Showa Director's Seminar, a business management seminar taught by directors)
- 2 Future Leader Training
- 3 Next Generation Business Leader Training
- 4 Cross-industry Networking Training

Since 2017 the SD Seminar has been held for select young employees who have been nominated by the business segment chief and approved by the Group CEO. It is a hands-on training program by a cross-sectional team with members from different Group companies and organizations as a place for reforming the Group's corporate culture, fostering a sense of belonging to the Group, and strengthening individual capabilities. Since it has been difficult to hold in-person training sessions due to COVID-19 prevention measures, workshops are being held online.

The other programs are taught by internal instructors while also actively incorporating outside perspectives.



SD Seminar

■ Training Programs

The concept of diversity—to utilize people with a diverse range of values and backgrounds—is important in the age of VUCA. We believe that gathering diverse people in an organization and fostering a culture where people accept diverse values enables the organization to respond to Volatility, Uncertainty, Complexity, and Ambiguity and easily bring about change. Therefore, we hold training programs by a cross-functional team with members from across the Group.

SWCC Group training programs are divided into three areas and implemented across all departments. The programs are designed based on the Theory of Constraints management philosophy of overall optimization to foster the ability to think logically, solve problems, and achieve tasks.

● Rank-based training

The rank-based training is provided for new employees, mid-level employees, chiefs, and supervisors. It instills the knowledge, attitudes, and skills needed for new employees, mid-level employees, and chiefs to move on the next level while considering how to increase effectiveness.

For those in the rank of supervisors, training is provided for them to enhance their knowledge and skills related to organizational and human resources management.

● Selective training

In addition to the Next Generation Business Leader Succession Plan, we provide other selective training programs to grow the organization and individuals such as Management Game (MG) Training and the Business English Improvement Program.

● Liberal arts training

It is also important to raise the level of the Group as a whole through the training of individual employees, and we attach importance to training for the betterment of each individual as well.

Specifically, we provide employees with opportunities to participate in externally held sales training courses mainly for young sales representatives and offer specialized knowledge acquisition courses to pass on skills related to electricity, production technology, and materials. Former employees of the SWCC Group are invited to teach the course. It is the second year to be offered, including the training of instructors. Offering the course online has enabled employees to take it without having to travel to different offices and increased the number of participants.



Comments from a SWCC Next Generation Business Leader Succession Plan participant

Kazuhiko Inoue, Director, SWCC Showa Cable Systems Co., Ltd.

I think that participating in the Next Generation Business Leader Succession Plan training program was a major turning point and jumping-off point in my business career to become aware of the frame of mind, responsibility, and mission required of a business leader. Under the guidance of the instructor, I learned how to create frameworks for corporate management strategies, build logical structures, and improve presentation skills. And it was a great opportunity to form a team with other participants and give suggestions to management on formulating the next mid-term management plan.

Our team verified optimization of the portfolio balance and we focused on achieving a decarbonized society and promoting DX as a new business to grow the Group even further. The advice I received from the instructor and discussions with the instructor, and the opinions and suggestions I received from the officers, executive officers, and other participants on my reports over the six month period will be a huge help for my future career.

The pandemic has caused dramatic changes to occur in the market that surrounds our company, and the pace of those changes are accelerating. Although it is true there are rough seas ahead, I think that it is important to ascertain market trends with a clear head in order to navigate accurately at the right timing, and want to make the most of what I learned in the training program. The program was a starting point to transform my mindset and I am grateful for the opportunity to participate. I will enthusiastically convey the assets I gained there to the next generation who will support and lead the SWCC Group in the future.



Employee Relations (Safety and Health Activities)

Basic Idea

Based on its management philosophy to comply with laws and regulations, prioritize consideration for safety and the global environment, and expand its activities to earn trust, the SWCC Group establishes its annual safety and health policy based on the premise that “safety takes precedence over all” and priority topics, and makes a group-wide effort to engage in safety and health activities.

FY2020 Safety and Health Activities Policy

1. Take proactive measures to prevent accidents.
2. Ensure compliance with laws and regulations, and internal rules such as work standards and work procedures.
3. Raise awareness on safety through education and training.
4. Promote health of both mind and body.

FY2020 Priority Topics for Safety and Health Activities

1. Accident Prevention (efforts to mitigate risks)
 - ① Carry out risk assessments, etc.
 - ② Conduct patrols based on a check list and make improvements accordingly.
 - ③ Enhance safety management through supervisors (e.g., patrol, make rounds of workplaces, deliver safety talks at morning meetings, give warnings).
2. Confirm laws and rules such as work standards and procedures, and check level of compliance.
3. Holding a variety of training programs such as rank-based training, skill training, and risk prediction training.
4. Promote healthy minds and bodies in accordance with the Work Style Reforms and Health Management Activity Policy.

Organizational Structure for Promotion of Safety and Health Management

Safety and health management of the SWCC Group is promoted under the Group management council, and our Safety, Environment, and Quality Oversight Office, which serves as the safety and health supervision department, rolls out to each Group company through the Safety and Health Working Group.

The Group’s safety and health activity policy is developed by the Safety, Environment, and Quality Oversight Office, deliberated by the Safety and Health Working Group, and decided by the Group management council. The Safety, Environment, and Quality Oversight Office regularly reviews the safety and health activities of each Group company, and facilitates problem-solving and accident and disease prevention. Furthermore, each Group company establishes safety and health management systems based on the Industrial Safety and Health Act and other relevant laws, and carries out safety and health activities in accordance with their business areas.



Current State of Industrial Accidents in FY2020 and Next Steps

The number of industrial accidents in the SWCC Group in fiscal 2020 was as follows: 26 in Japan, including five requiring leaves of absence, and two requiring leaves of absence abroad. This is a decrease from the previous fiscal year. The characteristics of industrial accidents in fiscal 2020 showed a marked trend: 46% involved people 29 years old and under, and 62% involved those with five years of experience or less.

Considering this, SWCC Showa Cable Systems Co., Ltd. divided its sites in Japan into east and west regions, and established a Safety and Health Promotion Office in each one. Furthermore, the company is working to strengthen the prevention of industrial accidents through efforts such as workplace inspections by safety consultants and holding classes for supervisors.



Safety patrol

Community Relations (Social Contribution Activities)

Basic Idea

The SWCC Group has formulated a Social Contribution Activity Policy as the basis to widely carry out activities that contribute to society. Based on this policy, we are gradually developing an internal foundation for initiatives such as a social contribution support system, in order to become a company that earns the trust of and inspires stakeholders.

SWCC Group Social Contribution Activity Policy

The SWCC Group strives to instill a high awareness of social contribution among employees, and carries out a wide range of worthwhile activities through its products and services and actions of its employees to achieve a sustainable society.

Thank You Letter from the Central Community Chest of Japan

The SWCC Group made a donation through the Central Community Chest of Japan to help it carry out activities to support children and parents coping with temporary school closures across Japan due to the COVID-19 pandemic in March 2020.

We will continue to actively drive activities to address a variety of social issues.

Red Feather “Emergency Support to Help Children and Families While Schools are Temporarily Closed”



Red Feather Central Community Chest of Japan



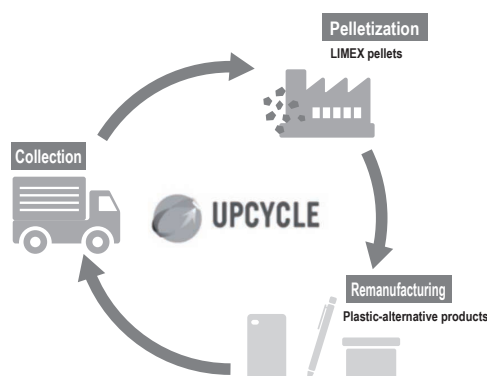
Participation in the KANAGAWA Upcycle Consortium

Since 2019, SDS Corporation has been a member of the Kanagawa Upcycle Consortium, one of Kanagawa Prefecture’s SDG initiatives. The consortium promotes the creation of upcycle systems using LIMEX, an alternative material to paper and plastic made mainly with limestone. It aims to build a model for upcycling from Kanagawa Prefecture in partnership with the government, schools, and a wide range of other organizations.

As an initiative for 2020, SDS Corporation and LOGIS-WORKS Co., Ltd. proposed a regular collection scheme for collecting LIMEX cups used at an outlet mall in the prefecture and played a part in collection operations.



LIMEX cup



Corporate Governance

Basic Idea

Based on our management philosophy, in which the keyword is “trust”, our basic policy for corporate governance is to conduct activities with the recognition that speeding up and streamlining management as well as enhancing relevant monitoring functions are universal challenges for all companies.

The SWCC Group is committed to actively developing a system required to ensure appropriate operations of the Group while fulfilling its corporate social responsibility (CSR).

Changes in Governance

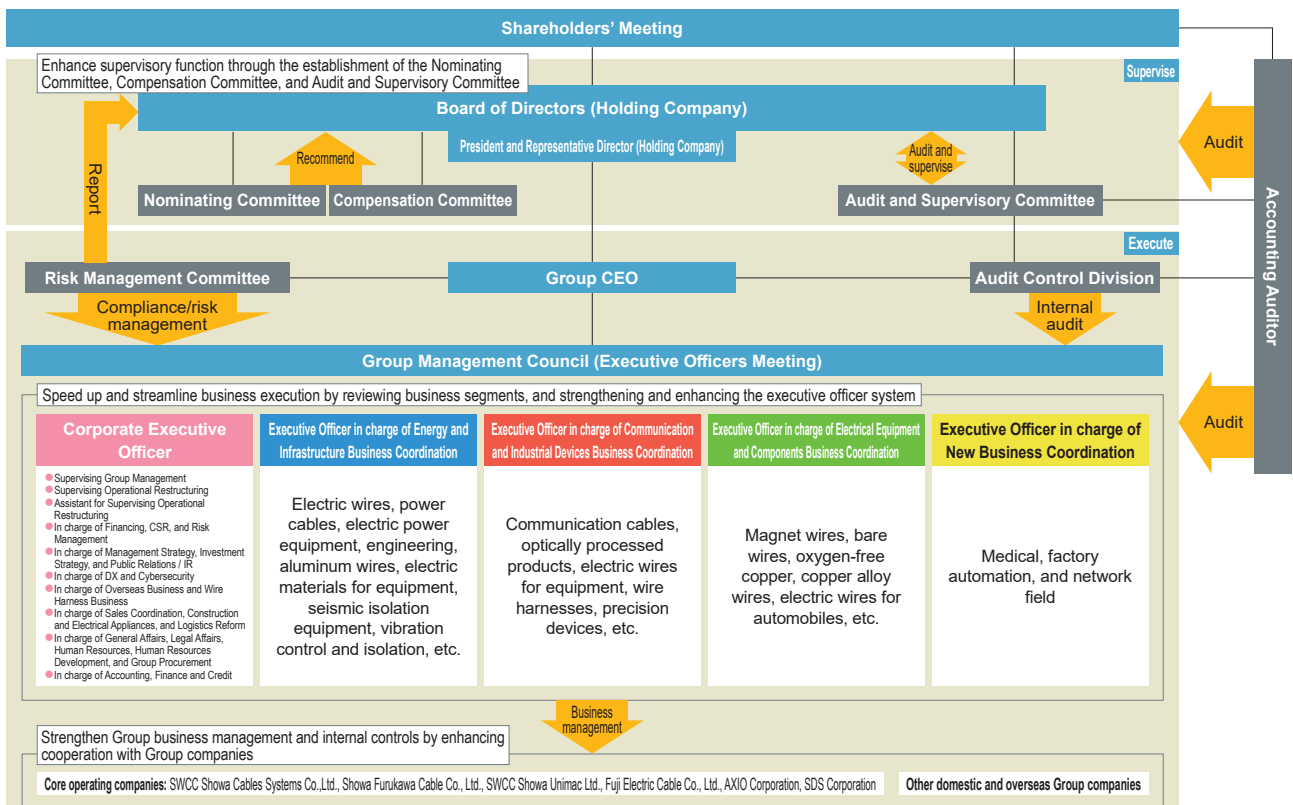
Year	2006	2016	2018	2019	2020	2021
Organizational design	Company with a board of statutory auditors (to June 2019)			Company with an audit and supervisory committee (from June 2019)		
Total number of officers	13	14	10	7	7	7
Directors	9	10	7	7	7	7
Outside directors	0	2	2	3	3	3
Auditors	4	4	3	—	—	—
Outside auditors	3	3	2	—	—	—
Topics	• Changes to holding company	• Appoints outside directors	• Establishes Nominating Committee (December 2018) • Establishes Compensation Committee (December 2018) • Starts evaluating effectiveness of the Board of Directors	• Strengthens authority of executive officers (April 2019) • Establishes Group CEO (June 2019) • Abolishes position of director • Abolishes advisor system	• Establishes Chairman of the Board of Directors (April 2020) • Implements restricted share-based remuneration plan	

Current System



We adopt the system of a company with an audit and supervisory committee as part of our organizational design. The purpose of this adoption is as follows.

- 1 By delegating substantial decision-making authority for the execution of business operations to the executive officers, we aim to increase the efficiency and speed of business execution.
- 2 Based on the above 1, at the meetings of the Board of Directors, we will further enhance the deliberations on important themes such as management strategy.
- 3 The Audit and Supervisory Committee will play a central role in strengthening the auditing and supervisory functions.


Corporate Governance System Diagram




Board of Directors FY2020 Held 20 times


Purpose and authority	Composition
To deliberate and decide on matters regarding the management policies and business execution of the company and its Group companies, and supervise to ensure that the execution of directors' duties is duly and efficiently conducted.	3 directors  4 directors who are Audit and Supervisory Committee members 


Audit and Supervisory Committee FY2020 Held 17 times

Purpose and authority	Composition
To audit and supervise the execution of directors' duties through monitoring and verification of the internal control system and effective cooperation with an accounting auditor, the internal audit department, and other departments, in accordance with the audit policy and plans set forth by the Audit and Supervisory Committee.	4 directors 


Nominating Committee FY2020 Held 16 times

Purpose and authority	Composition
To deliberate the nomination of candidates for directors, executive officers, and others, and succession planning and other plans, and return a report based on consultation with the Board of Directors.	3 directors 

Compensation Committee FY2020 Held 9 times

Purpose and authority	Composition
To deliberate the determination of the remuneration system and program and individual remuneration amounts for directors, executive officers, and others, and return a report based on consultation with the Board of Directors.	4 directors 

Risk Management Committee FY2020 Held 3 times

Purpose and authority	Composition
To further enhance the SWCC Group's corporate governance system by supervising compliance and risk management of the entire Group and continuing to identify and correct issues thereof.	1 chairperson  14 committee members

Policy on the Structure of the Board of Directors

Based on our management philosophy, in which the keyword is "trust", our basic policy for corporate governance is to conduct activities with the recognition that speeding up and streamlining management as well as enhancing relevant monitoring functions are universal challenges for all companies.

In accordance with this policy, we appoint people as directors who exhibit excellent character and insight, and can supervise and manage the company. And in order to strengthen the monitoring function, we require directors who are members of the Audit and Supervisory Committee to have experience running a company, and appoint people with extensive knowledge and experience in a wide range of different fields including sales, finance, and manufacturing to ensure a well-balanced team.

● Directors' Skill Matrix

Name	Essential skill	ESG	Industrial insight	Overseas business	Sales	Accounting & Finance	Research	Manufacturing
	Corporate management							
Takayo Hasegawa	●	●	●				●	
Dongcheng Zhang	●	●	●	●	●			
Guoqiang Hu	●	●	●	●		●		
Kiyoshi Togawa	●	●		●	●			
Yuji Sakakura	●	●		●		●		
Seiichiro Ichikawa	●	●						●
Takashi Togawa	●	●	●			●		

Evaluation of the Effectiveness of the Board of Directors

We conduct analysis and evaluation of the effectiveness of the Board of Directors each fiscal year to verify that Board functions properly. Specifically, based on the answers to the questionnaire for all directors, the Board of Directors share the results of the evaluation and issues found, and holds a constructive discussion on the ideal state of the Board going forward.

To summarize the results of evaluation for this year, it was determined that the operation of the Board of Directors is being conducted appropriately by the Chairman of the Board of Directors and deliberations are being held largely appropriately in an atmosphere of candor and openness, and therefore the effectiveness of the Board of Directors of the Company has been broadly ensured. Regarding many of the questions that had been raised previously with regard to items for deliberation, such as insufficient examination and deliberation regarding risk management and internal control, an increase in responses indicating that the situation has improved since the previous questionnaire is considered to show that various measures aimed at improving these issues were effective. On the other hand, we also recognize that further examination is needed. For operation of the Board of Directors, we need to further examine improvements to the selection of agenda items for achieving efficient operation while enhancing deliberation of matters related to the broader direction of the company, such as management strategy, etc. We also need to further examine matters for deliberation, such as revisions of the performance-linked remuneration and the evaluation of the effectiveness of the Board of Directors. We will continue working to make improvements.

Officers' Remuneration

SWCC Showa Holdings passed a resolution on the decision-making policy regarding matters such as directors' individual remuneration at the Board of Directors meeting in February 2021. Before the resolution was passed, the Compensation Committee provided a report after being consulted on the details of the item.

Furthermore, the Board of Directors determined that directors' individual remuneration for the current fiscal year was in line with the decision-making policy due to confirming that the method for determining remuneration details and the decided remuneration details were consistent with said decision-making policy and recognizing the report from the Compensation Committee.

The details of the decision-making policy related to matters such as directors' individual remuneration are as follows.

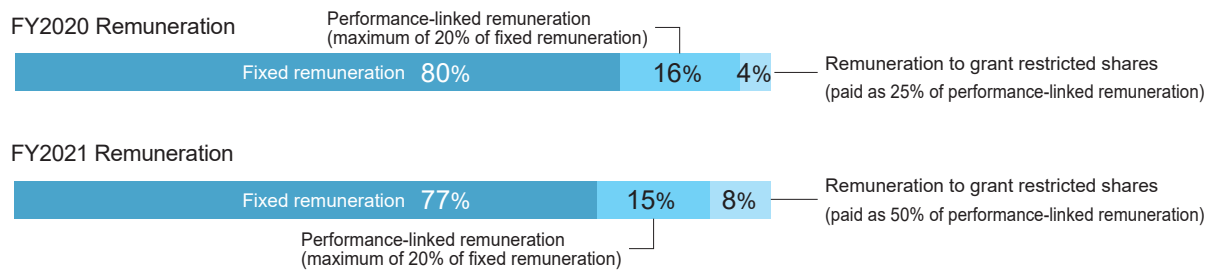
● Composition of Remuneration

The remuneration for directors (excluding directors who are Audit and Supervisory Committee members) is comprised of a fixed remuneration and performance-linked remuneration.

Type	Category	Details
Fixed remuneration		This consists of a basic remuneration and additional job-based remuneration that is dependent on the director's duties and responsibilities.
Performance-linked remuneration		<p>This is calculated uniformly based on the following indicators and formula taking into account the balance of short- and mid-term target incentives, the maximum amount of which is equal to a certain percentage of the fixed remuneration. Directors who do not perform executive duties (including directors who are Audit and Supervisory Committee members) are not paid performance-linked remuneration.</p> <p>(1) Indicators:</p> <ul style="list-style-type: none"> • Operating income achievement ratio (A) = (current operating income outlook ÷ current operating income target) x 100% • Mid-term operating income achievement ratio (B) = {(operating income 2 years prior + operating income 1 year prior) ÷ (operating income target 2 years prior + operating income target 1 year prior)} x 100% • ROIC achievement ratio (C) = (current ROIC outlook ÷ current ROIC target) x 100% <p>(2) Reasons for selecting indicators: The operating income achievement ratio and mid-term operating income achievement ratio have been set as indicators of profitability, and the ROIC achievement ratio has been set as an indicator of capital efficiency. It has been determined that providing incentive to achieve these targets will lead to improving mid- to long-term corporate value.</p> <p>(3) Performance regarding indicators: For this fiscal year, each target set for each indicator has been achieved.</p> <p>(4) Formula Performance-linked remuneration = Maximum performance-linked remuneration amount × (A × 40% + B × 30% + C × 30%)</p>
Remuneration to grant restricted shares		Remuneration to grant restricted shares is paid in order to accelerate value sharing between directors and shareholders. A certain percentage of the performance-linked remuneration is uniformly paid in the form of remuneration to grant restricted shares. Directors who do not perform executive duties (including directors who are Audit and Supervisory Committee members) are not paid the remuneration to grant restricted shares.

● Percentage Breakdown of Remuneration

The percentage of fixed remuneration, performance-linked remuneration, and remuneration to grant restricted shares that make up total remuneration are reevaluated by the Compensation Committee each time. Furthermore, the total amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) shall not exceed ¥300 million per year. Remuneration for fiscal 2021 shall be paid as follows: performance-linked remuneration shall be paid up to a maximum of 20% of fixed remuneration, and an amount equivalent to 50% of said performance-linked remuneration shall be paid as remuneration to grant restricted shares.



● Payment Schedule

Monetary remuneration combining fixed and performance-linked remuneration for the fiscal year shall be paid in equal amounts each month starting the first month of the fiscal year. Remuneration to grant restricted shares shall be paid by the month following the Shareholders' Meeting of that fiscal year, under the condition that the director has been appointed or reappointed at said meeting.

● Process to Decide Remuneration

The amount of individual remuneration for directors (excluding directors who are Audit and Supervisory Committee members; the same applies hereinafter in this section) is decided by the President and Representative Director of the company, who was entrusted by the Board of Directors meeting held in June 2020, within the total amount of directors' remuneration established at the Shareholders' Meeting, under the condition of considering factors such as the report by the Compensation Committee, policy for deciding remuneration of directors and others established by the company, and the assessment results based on the performance reviews of directors.

Objectivity and transparency in the process to decide the remuneration is ensured by the following and measures are taken to ensure authority is exercised properly without arbitrary decision-making: issuance of the report from the voluntary Compensation Committee that includes independent outside directors, compliance with the policy on deciding remuneration of directors and others established by the company, and deliberations by the voluntary Nominating Committee, majority of which comprises independent outside directors, on the assessment results based on the performance reviews of directors conducted mainly by directors who do not perform executive duties.

The reason the President and Representative Director was delegated is that it was determined that said person has thorough knowledge of matters such as the environment that surrounds the company and its business conditions, and is suitable for making assessments that take into account the directors' duties and abilities.

The remuneration for directors who are Audit and Supervisory Committee members is decided based on discussion among directors who are Audit and Supervisory Committee members, within the maximum amount established at the Shareholders' Meeting, in accordance with Paragraph 3, Article 361 of the Companies Act of Japan.

Risk Management

Risk Management

As the environment surrounding corporate management undergoes dramatic changes, accurately identifying and assessing increasingly complex and diverse risks, and preparing solutions, are crucial elements in managing a company. We believe that building a sound risk management system and creating and seizing business opportunities by taking appropriate risks will lead to sustainable growth for the Group. The SWCC Group carries out group-wide risk management based on three lines of defense: operating departments (first line), administration departments (second line), and audit departments (third line). Specific activities are carried out through the Risk Management Committee, in which the Group CEO serves as chairperson, and directors and executive officers of the company and presidents of major operating companies serve as members. Examples of the committee's activities include assessing risks, developing risk management plans and solutions, and tracking progress of risk measures throughout the year. The committee's proceedings are reported to the Board of Directors in a timely manner.



Furthermore, we are striving to strengthen our group-wide risk management system, which is essential for the continued development of our businesses. We established the Risk Management Office within the Business Management Coordination Department as a risk control department. The office supervises risk management of the entire Group, which includes handling administrative operations of the Risk Management Committee, formulating rules and guidelines, providing training, and monitoring risks.

Risk Management Training

In October 2020 we provided risk management training for Group officers and line managers. Mr. Hiroyuki Kobayashi, an Aviation critic and former captain of Japan Airlines Co., Ltd., was invited as the instructor. He gave a lecture on the theme of risk management on the front lines. Many participants said that it raised their awareness on risks and safety. "I could easily apply it to my situation and understand from front line perspective" and "I gained new insight on how to deal with risks," commented some. We will continue to provide regular training courses on risks and compliance, and strive to increase employee knowledge and awareness of risks.



Risk Management Training

Major Identified Risks

Whether or not any risk falls under a major risk that could have significant impact on investors' decisions is determined by the Risk Management Committee through identification, analysis, and evaluation of risks. Specifically, the Committee quantifies risks listed by Group companies in accordance with their level of impact and probability of occurring. Based on this, the Group assesses any risk that could have significant impact as a major risk and takes measures against it. The following have been assessed as major risks.

FY2020 Major Risks

Risk category	Details of identified risks	Major initiatives	Remaining risks
Natural disasters	<ul style="list-style-type: none"> ○ Suspension of operations, shutdown of logistics functions, and other problems at manufacturing sites caused by the following disasters: <ul style="list-style-type: none"> • Natural disasters such as massive earthquake, typhoon, and flooding • Accidents such as fire 	<ul style="list-style-type: none"> • Formulated Business Continuity Plan (BCP) that includes the supply chain to ensure smooth initial response against anticipated risks • Made systematic investments to strengthen infrastructure equipment at manufacturing sites 	<ul style="list-style-type: none"> • If substantial restrictions in planned production activities occur, such as prolonged deterioration of social infrastructure functions caused by power shortages, logistics delays, and other problems, it would have a huge impact on performance.

Risk category	Details of identified risks	Major initiatives	Remaining risks
Raw material prices	<ul style="list-style-type: none"> ○ Changes in prices of copper, which is the key raw material ○ Changes in prices of petrochemical products such as polyethylene 	<ul style="list-style-type: none"> • Enhanced management via organization that oversees group procurement • Reduced inventory through planned, stable procurement • Shifted costs to product prices • Hedged risk of copper price fluctuation by utilizing futures trading, etc. 	<ul style="list-style-type: none"> • If shifting costs to product prices is difficult or loss occurs due to a dramatic drop in market prices, it would have a significant impact on our performance.
Pandemic	<ul style="list-style-type: none"> ○ Impact of COVID-19 	<ul style="list-style-type: none"> • Actions taken by the COVID-19 Emergency Response Center (confirm safety of employees, prevent infection within and outside the company, etc.) • Built a business continuity system that uses online tools, etc. 	<ul style="list-style-type: none"> • Shrinkage of the market, disruptions in the supply chain, and constraints in business activities caused by the continuing pandemic will have a significant impact on our financial position and results of operations.
Foreign exchange fluctuations	<ul style="list-style-type: none"> ○ Foreign exchange risk related to overseas sales (9.2% of total) ○ Impact of foreign exchange valuation loss of overseas subsidiaries, and conversion to yen in consolidated financial statements 	<ul style="list-style-type: none"> • Balanced assets and liabilities • Hedging transaction of forward exchange contracts, etc. 	<ul style="list-style-type: none"> • Risk of sharp foreign exchange fluctuations will have a significant impact on our performance.

Information Security

The SWCC Group established its Information Security Policy in 2006. Since then, we have taken measures against information leakage and cyber-attacks as well as provided relevant training for employees.

The SWCC Group recognizes the investment in security as a key management issue and is making proactive efforts on security.

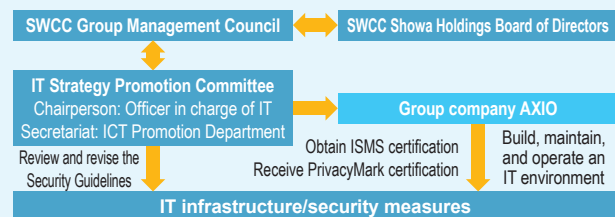
Information Security Policy

We recognize that information handled within the company includes important information on business activities, such as customer information, management information, technical and production information, and employees' personal information. Thus, we strive to comply with laws and regulations and to improve the system and IT environment that enable appropriate management.

In addition, we have formulated Information Security Guidelines and prepared an IT environment with greater reliability so that confidentiality, integrity, and availability are ensured to help customers and employees use information assets securely. We will continue to maintain these guidelines and this environment at all Group companies.

Information Security System

The IT Strategy Committee is a committee organization consisting of IT administrators of operating companies under the Group's direct supervision, and develops IT security measures, plans and implements training on security, and proposes investments in security measures. AXIO Corporation, an operating company under the Group's direct supervision, operates the Committee, assuming responsibility for the building, maintenance, and operation of IT infrastructure.



FY2020 Initiative Results

We provided training on information security to all employees in the Group, including officers, from December 2020 to February 2021. In September 2020 we conducted an email drill on all Group companies in Japan (fake spam was sent to randomly chosen employees to determine whether they were able to take the correct action) as a cybersecurity measure against targeted email attacks that have become more sophisticated in recent years. We strengthened security measures, rebuilt the internet connection environment, and created an infrastructure to accommodate cloud services and teleworking.

FY2021 Initiative Plan

In fiscal 2021 we plan to provide information security training and conduct two email drills. We plan to revise the Information Security Guidelines in accordance with changes in the IT environment to accommodate teleworking and utilization of external environments such as cloud services. Furthermore, we will start preparations to implement "zero trust" (ID management on a cloud system) to address increased teleworking and usage of cloud services.

■ BCM (Business Continuity Management)

The SWCC Group must fulfill its social responsibilities, including the responsibility to continue supplying in emergencies by overcoming unexpected situations such as disasters that may occur during business activities. We must similarly restore operations in a quick and planned manner to continue business. For that reason, during non-emergency times, we steadily work on BCM (Business Continuity Management), which is intended to maintain and improve capacity to continue organizational business.

We launched the BCM Development Promotion Committee in fiscal 2016. The committee has reviewed the disaster prevention system at each site of the SWCC Group, selected priority business operations within the Group in time of emergency, and examined strategies and measures to continue business and restore it quickly.

In fiscal 2020, based on the BCM system previously established at each of our sites in Japan, we conducted facility inspections in accordance with the plan, took precautionary measures, verified their effects through regular drills, and reviewed the BCP manual to ensure that it was appropriate for the current situation. We also expanded deliberations on applicable natural disasters to include typhoons and torrential rains in addition to earthquakes and tsunamis while referring to local hazard maps, and carried out activities to enable each site to operate more independently in line with its location. Furthermore, in order to combat the spread of COVID-19, we established the SWCC Group Emergency Response Center and centralized the Group's communication system related to COVID-19. In addition, as a company involved in infrastructure, we facilitated teleworking and staggered working hours at sales locations and offices, while our manufacturing, logistics, and construction business sites continued business activities by carrying out exhaustive infection prevention measures. We also put a teleworking environment in place, which includes switching to mobile computers, expanding Wi-Fi, facilitating online meeting systems, utilizing satellite offices, and implementing workflows. And we formulated and continue to carry out the New Business Practice Guidelines to enable business to continue during the pandemic.

In fiscal 2021 we will continue to carry out exhaustive measures to prevent the spread of COVID-19 and strive to promote diverse work styles and improve operational efficiency even further with a focus on emergency response. Examples include using smartphones for the internal phone system and converting the head office to a non-territorial office (where employees work in shared spaces within each area instead of at assigned desks).

■ Compliance

The SWCC Group considers compliance to be one of its most important management issues and takes various measures internally to comply with laws and regulations. Specific measures are planned and formulated mainly at the Risk Management Committee, and then implemented by the Corporate Legal Services Division.

Compliance with antitrust laws is an especially critical and high-priority issue for the SWCC Group. We conduct internal audits focused on antitrust laws as well as hold sessions for personnel in charge of sales on a regular basis each year. In addition, we implement compliance training programs during the sessions and rank-based programs (e.g. training programs for new employees and executives) on laws and regulations related to the SWCC Group's business, such as subcontracting and construction industry laws, to promote compliance widely.

The SWCC Group operates a Group-wide internal reporting system (Compliance Hotline) by establishing contact offices internally and externally (an attorney's office). We prepare a system to prevent compliance violations and detect any that occur.

In fiscal 2020 we worked to boost compliance awareness further by addressing the issues learned from a compliance questionnaire survey conducted after the previous fiscal year's sessions and reflecting them to this fiscal year's sessions and training.

The SWCC Group is committed to enhancing and ensuring compliance through continuation of these initiatives.



Compliance Session

Outside Director's Message

Since its foundation in 1936, the company has contributed to industry and the lives of citizens as an infrastructure company, mainly in the business of manufacture and sales of electric wires and cables that support the supply of electricity.

My background has been in finance division of a general trading company and CFO of an M&A advisory company, as well as being an outside director and audit & supervisory board member of multiple companies in the retail sector and for a specialist trading company, so when I was appointed an outside director of the company, I was very much interested in being involved in a traditional manufacturer and felt that my experience and insights would definitely contribute to increasing its corporate value.

On the other hand, as I observed the company's management situation since the beginning of this century, while recognizing that business relied on infrastructure investment for society as a whole, I felt there may have been some weaknesses in initiatives for structural reform amid the deflationary economy that has persisted since the bubble burst.

As a result, despite recording repeated impairment losses, the company had been unable to achieve a V-shaped recovery and there were challenging periods when the company was unable to declare a dividend during successive years.

The role of the CEO is extremely important in modern day corporate management. I think it is no exaggeration to state that 90% of the fate of a company is tied up in its CEO. My first opportunity to talk with the President prior to being appointed an outside director was in the autumn of 2019, when excitement was growing about the rapid progress of the Japanese team in the Rugby World Cup.

Her attributes – a female president at a traditional manufacturer who holds a Doctor of Engineering and joined the company as a new graduate – felt fresh to me, and the remarkable improvement in earnings since her appointment in 2018 and her management approach caught my attention. The management policy she explained to me was extremely clear; the management policy is embodied in the mid-term management plan “Change SWCC 2022,” which is most certain to be achieved despite COVID-19.



Yuji Sakakura,

Outside Director, Audit and Supervisory Committee Member

- ✔ Business structural reforms through ROIC management from a shareholder perspective
- ✔ Strengthen the financial foundation
- ✔ Strengthen profitability of core business and create new businesses

Three of the seven directors on the company's Board of Directors are outside directors. Outside directors naturally have a responsibility to conduct highly effective supervision of management from an independent and objective standpoint. By participating in the Management Council and the Executive Officers Meeting, we are blessed with opportunities for active involvement in considering the direction of the corporate strategy and structural reforms. The presence of outside directors at these meetings brings in a new style to the execution side based on each person's experience and insights and has also been stimulating, leading to the company's sustained growth and improvement in medium to long-term corporate value. Not limited to a “monitoring model” of monitoring the execution by management, I believe it is close to a model referred to as “Board 3.0,” which goes one step further.

In July we established a Special Investigation Committee to investigate the cause of the past problem of inconsistencies in quality testing. This is considered a material incident that could also rock the management philosophy of “strives to be trusted” and I will do my utmost as an outside director to prevent reoccurrence and verify the governance structure. I will further strengthen supervision of the management execution structure needed to build the “trust” of our shareholders, customers and all stakeholders.

We have launched the “SWCC VISION 2026,” looking towards our 90th anniversary in 2026, and aim to realize a new SWCC under President Hasegawa's strong leadership. It is said that the speed in adapting to the next generation such as digitalization, which is accelerating under COVID-19 pandemic, determines future winners and losers.

I believe we will meet the expectations of shareholders and all other stakeholders by accelerating the increase in corporate value and become a “continuously growing company” by aiming to strengthen the core business through technologies inherited from our predecessors, while developing new businesses in areas such as the EV and medical fields and through digital transformation of production sites and logistics.

Management Team (Introduction of Officers)

Directors and Audit and Supervisory Committee Members (as of June 25, 2021)



President and Representative Director,
Chairman of the Board of Directors
Group CEO

Takayo Hasegawa

Supervising Group Management, Supervising
Operational Restructuring

Career summary

Apr. 1984 Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
June 2013 Director of the Company
June 2018 President and Director of the Company
Apr. 2020 President and Representative Director, Chairman of the Board of Directors
Group CEO of the Company (to present)



Representative Director
Senior Executive Officer

Dongcheng Zhang

Assistant to President
Assistant for Supervising Operational
Restructuring

Career summary

Apr. 1993 Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
June 2015 Director of the Company
June 2017 Executive Managing Director of the Company
Apr. 2019 Director, Senior Executive Officer of the Company
Apr. 2020 Representative Director, Senior Executive Officer of the Company
(to present)



Director

Guoqiang Hu

Career summary

Oct. 1995 Joined FUTONG SHOWA WIRE & CABLE (HANGZHOU) CO., LTD.
May 2008 Director of FUTONG GROUP CO., LTD. (to present)
June 2018 Outside Director of the Company
June 2020 Director of the Company (to present)



Outside Director
Chairman of the Audit and Supervisory
Committee

Kiyoshi Togawa

Career summary

Apr. 1971 Joined Hitachi Chemical Co., Ltd. (current Showa Denko Materials Co.,
Ltd.)
Apr. 2007 Senior Vice President and Executive Officer of Hitachi Chemical Co., Ltd.
June 2015 Outside Director of the Company
June 2018 Outside Director (Audit and Supervisory Committee Member) of UKC
Holdings Corporation (current Restar Holdings Corporation) (to present)
June 2019 Outside Director (Audit and Supervisory Committee Member) of the
Company (to present)

Executive Officers (as of June 25, 2021)

Managing Executive Officer

Futoshi Yamaguchi

In charge of Financing, CSR, and Risk Management
General Manager of Business Management
Coordination Department, and General Manager of
Export Control Office, Business Management
Coordination Department

Managing Executive Officer

Tetsuo Komata

In charge of Management Strategy, Investment Strategy,
and Public Relations / IR
General Manager of Management Strategy and
Planning Department

Executive Officer

Yukio Kawase

In charge of Energy and Infrastructure Business
Coordination
Chief of Energy and Infrastructure Business Segment
President and Representative Director of SWCC
SHOWA CABLE SYSTEMS CO., LTD.

Executive Officer

Yoshinao Kodama

In charge of Communication and Industrial Devices
Business Coordination
Chief of Communication and Industrial Devices
Business Segment
President and Representative Director of FUJI
ELECTRIC CABLE CO., LTD.

Executive Officer

Takashi Yamamura

In charge of Electrical Equipment and Components
Business Coordination
Chief of Electrical Equipment and Components Business
Segment
President and Representative Director of SWCC
SHOWA UNIMAC LTD.

Executive Officer

Yoshiaki Higuchi

In charge of New Business Segment and DX /
Cybersecurity
Chief of New Business Segment and General Manager
of DX and System Planning Office



Outside Director
Audit and Supervisory Committee
Member

Yuji Sakakura

Career summary

Apr. 1974 Joined Nissho Iwai Corporation (current Sojitz Corporation)
June 1999 President and Representative Director of Nissho Iwai Securities Co., Ltd.
June 2020 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)



Outside Director
Audit and Supervisory Committee
Member

Seiichiro Ichikawa

Career summary

Apr. 1976 Joined Sapporo Breweries Limited
Mar. 2013 Director (Member of the Board) and Senior Managing Executive Officer of Sapporo Breweries Limited
June 2016 Outside Director of Nissan Shatai Co., Ltd. (to present)
June 2021 Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

(Note) "The Company" in the career summary stands for SWCC SHOWA HOLDINGS CO., LTD.



Director
Full-time Audit and Supervisory
Committee Member

Takashi Togawa

Career summary

Apr. 1980 Joined Tokyo Shibaura Electric Co., Ltd. (current Toshiba Corporation)
June 2011 Director of the Company
June 2014 Executive Managing Director of the Company
June 2020 Director (Full-time Audit and Supervisory Committee Member) of the Company (to present)

Executive Officer

Kiyoshi Otake

In charge of Overseas Business and Wire Harness Business
General Manager of Overseas Business Department, and General Manager of Global Management Office, Overseas Business Department
Chairman of SWCC SHOWA (SHANGHAI) CO., LTD.
Chairman of SWCC SHOWA (H.K.) CO., LTD.
Chairman of JIAXING SHOWA INTERCONNECT PRODUCTS CO., LTD.
Chairman of DONGGUAN SHOWA INTERCONNECT PRODUCTS CO., LTD.

Executive Officer

Mitsuaki Kurosu

In charge of Sales Coordination, Construction and Electrical Appliances, and Logistics Reform
General Manager of Group Sales Coordination Office
President and Representative Director of SHOWA FURUKAWA CABLE CO., LTD.

Executive Officer

Nobutaka Imai

In charge of Accounting, Finance and Credit
General Manager of Accounting and Finance Coordination Department

Executive Officer

Mikio Sugai

In charge of General Affairs, Legal Affairs, Human Resources, Human Resources Development, and Group Procurement
General Manager of Human Resources and General Affairs Coordination Department, and General Manager of Group Procurement Division

Results of Operations and Financial Analysis

Key Financial Data for the Past 10 Years

	Fiscal year	FY2011	FY2012	FY2013
Consolidated Results of Operations (millions of yen)				
Net sales		171,780	169,798	183,289
Gross profit		19,261	18,503	19,561
Selling, general and administrative expenses		(17,315)	(17,376)	(17,009)
Operating income		1,945	1,126	2,552
Interest expense		(1,103)	(1,042)	(1,090)
Equity in earnings (loss) on equity-method		(63)	(184)	(271)
Foreign exchange gain (loss)		(219)	44	11
Ordinary income		693	(847)	1,236
Net income attributable to owners of parent		162	(6,365)	195
Comprehensive income		(201)	(5,866)	1,600
Depreciation		3,279	3,169	2,947
Capital expenditure		2,883	3,812	4,460
Research and development expenses		1,248	1,247	1,097
Information on Consolidated Cash Flows (millions of yen)				
Cash flows from operating activities		111	5,385	(1,208)
Cash flows from investing activities		(4,299)	(3,913)	(4,567)
Cash flows from financing activities		557	(718)	4,734
Cash and cash equivalents at end of year		7,205	8,223	7,604
Consolidated Financial Position (millions of yen)				
Total assets		143,498	136,890	140,371
Net assets		41,778	35,349	33,578
Interest-bearing debt		58,454	57,177	62,105
Shareholders' equity		40,692	35,057	33,281
Per Share Information (consolidated basis) (yen)				
Net income		5.73	(206.55)	6.33
Net assets		1,320.48	1,137.62	1,080.04
Dividend		10.00	0.00	0.00
Dividend payout ratio (consolidated basis)		174.4%	—	—
Key Financial Indicators (consolidated basis)				
Operating income margin		1.1%	0.7%	1.4%
ROA (Return on assets)		0.5%	-0.6%	0.9%
ROE (Return on equity)		0.4%	-16.8%	0.6%
Shareholders' equity ratio		28.4%	25.6%	23.7%
DE ratio		144%	163%	187%
Overseas sales ratio		11.2%	12.2%	13.2%

Notes:

- Effective October 1, 2017, the company carried out a 10-to-1 share consolidation of its common stock. Accordingly, net income, net assets and dividend per share are calculated assuming that the share consolidation was carried out at the beginning of fiscal 2011.
- The company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) since the beginning of fiscal 2018. Figures for fiscal 2017 are ones after this accounting standard has been applied retrospectively.

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
181,693	169,712	155,232	168,186	177,174	171,142	161,697
18,161	17,728	20,099	21,646	21,718	23,733	21,759
(16,925)	(16,778)	(15,865)	(15,370)	(15,077)	(15,123)	(14,168)
1,236	949	4,234	6,276	6,640	8,609	7,590
(1,060)	(965)	(852)	(841)	(805)	(669)	(398)
(208)	(644)	(83)	(415)	(476)	(2)	248
260	(304)	(202)	36	(75)	(36)	19
384	(1,461)	2,446	4,892	5,603	7,864	7,765
228	(9,151)	1,976	3,737	4,569	5,465	4,966
3,213	(11,196)	2,938	5,722	2,314	4,584	8,628
3,489	3,699	2,928	2,877	3,011	3,099	3,183
4,998	3,983	3,244	3,391	2,944	4,186	3,969
1,238	1,045	927	1,046	1,119	1,255	1,276
5,624	4,545	7,842	6,804	6,901	8,696	8,882
(2,027)	(3,846)	(2,218)	(4,051)	(3,552)	(4,144)	(3,358)
(3,493)	(2,289)	(6,506)	(3,295)	(2,970)	(4,879)	(5,661)
7,968	6,282	5,192	4,603	4,721	4,225	4,086
138,023	123,069	119,528	123,518	124,165	122,521	129,460
36,921	25,724	28,655	33,477	35,628	39,981	48,169
58,963	57,482	51,419	48,994	46,657	42,303	37,689
36,616	25,371	28,150	32,857	34,943	39,576	47,568
7.43	(296.98)	64.14	123.93	153.22	183.27	166.49
1,188.29	823.37	913.60	1,101.71	1,171.66	1,327.04	1,594.63
0.00	0.00	0.00	5.00	7.00	15.00	20.00
—	—	—	4.0%	4.6%	8.2%	12.0%
0.7%	0.6%	2.7%	3.7%	3.8%	5.0%	4.7%
0.3%	-1.1%	2.0%	4.0%	4.5%	6.4%	6.2%
0.7%	-29.5%	7.4%	12.3%	13.5%	14.7%	11.4%
26.5%	20.6%	23.6%	26.6%	28.1%	32.3%	36.7%
161%	227%	183%	149%	134%	107%	79%
13.4%	11.2%	11.5%	11.8%	9.7%	8.2%	9.2%

Consolidated Financial Statements

Consolidated Balance Sheet			(Millions of yen)		
	FY2019	FY2020		FY2019	FY2020
ASSETS			LIABILITIES		
Current Assets:			Current liabilities:		
Cash and time deposits	4,304	4,165	Trade notes and accounts payable	18,614	22,368
Trade notes and accounts receivable	41,207	43,859	Current portion of bonds payable	60	60
Merchandise and finished goods	9,365	9,889	Short-term debt	29,469	24,611
Work in process	7,322	7,130	Other accounts payable	8,760	9,144
Raw materials and supplies	5,038	4,522	Accrued income taxes	1,480	624
Other	4,515	5,716	Provision for loss on construction contracts	75	69
Allowance for doubtful accounts	(12)	(13)	Provision for business structure improvement expenses	234	234
Total current assets	71,741	75,269	Provision for product repair costs	404	289
Fixed assets:			Other		
Property, plant and equipment:			Total current liabilities	63,838	62,939
Buildings and structures	7,243	6,909	Long-term liabilities:		
Machinery, equipment and tools	5,930	5,982	Bonds payable	210	150
Tools, furniture and fixtures (net)	1,236	1,145	Long-term debt	11,660	11,939
Land	23,659	23,159	Deferred tax liabilities	80	114
Other	1,834	2,500	Deferred tax liabilities related to land revaluation	4,188	4,157
Total property, plant and equipment	39,905	39,697	Net defined benefit liability	702	732
Intangible assets	1,442	1,357	Other	1,859	1,257
Investments and other assets:			Total long-term liabilities	18,701	18,351
Investment securities	5,997	6,584	Total liabilities	82,539	81,290
Deferred tax assets	1,071	1,125	NET ASSETS		
Net defined benefit asset	1,298	4,256	Shareholders' equity:		
Other	2,047	1,303	Common stock	24,221	24,221
Allowance for doubtful accounts	(982)	(133)	Capital surplus	5,698	5,700
Total investments and other assets:	9,432	13,135	Retained earnings	6,222	10,563
Total fixed assets	50,780	54,190	Treasury stock	(917)	(910)
Total assets	122,521	129,460	Total shareholders' equity	35,225	39,575
			Accumulated other comprehensive income:		
			Unrealized holding gains on other securities	555	637
			Variance of land revaluation	5,581	5,784
			Foreign currency translation adjustments	1,003	1,022
			Remeasurements of defined benefit plans	(2,791)	548
			Total accumulated other comprehensive income	4,350	7,993
			Non-controlling interests	405	600
			Total net assets	39,981	48,169
			Total liabilities and net assets	122,521	129,460

Consolidated Statement of Operations		
	(Millions of yen)	
	FY2019	FY2020
Net sales	171,142	161,697
Cost of sales	147,409	139,937
Gross profit	23,733	21,759
Selling, general and administrative expenses	15,123	14,168
Operating income	8,609	7,590
Other income:		
Interest income	163	103
Dividend income	93	61
Equity in gain of affiliates	—	248
Foreign exchange gain	—	19
Other	150	698
Total other income	407	1,129
Other expenses:		
Interest expense	669	398
Equity in losses of affiliates	2	—
Foreign exchange loss	36	—
Other	445	556
Total other expenses	1,153	954
Ordinary income	7,864	7,765
Extraordinary income:		
Gain on sales of fixed assets	—	51
Gain on sales of investment securities	78	24
Gain on liquidation of subsidiaries and associates	22	—
Total extraordinary income	101	75
Extraordinary losses:		
Loss on impairment of fixed assets	138	725
Extra retirement payments	184	291
Business structure improvement expenses	234	93
Loss on liquidation of subsidiaries and associates	6	—
Other	5	—
Total extraordinary losses	569	1,110
Income before income taxes and non-controlling interests	7,395	6,730
Income taxes - current	1,898	1,756
Income taxes - deferred	125	(187)
Total income taxes	2,023	1,569
Net income	5,372	5,161
Net income attributable to non-controlling interests	(93)	195
Net income attributable to owners of parent	5,465	4,966

Consolidated Statement of Comprehensive Income		
	(Millions of yen)	
	FY2019	FY2020
Net income	5,372	5,161
Other comprehensive income:		
Unrealized holding gains on other securities	(363)	83
Variance of land revaluation	—	24
Foreign currency translation adjustments	(138)	(31)
Remeasurements of defined benefit plans	(212)	3,339
Share of other comprehensive income of affiliates in equity method	(72)	51
Total other comprehensive income	(787)	3,466
Comprehensive income	4,584	8,628
Comprehensive income attributable to Owners of parent	4,680	8,431
Non-controlling interests	(95)	196

Consolidated Statement of Cash Flows		
	(Millions of yen)	
	FY2019	FY2020
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	7,395	6,730
Depreciation and amortization	3,099	3,183
Loss on impairment of fixed assets	138	725
Gain on sales of investment securities	(78)	(24)
Increase (decrease) in allowance for doubtful accounts	(35)	(260)
Increase (decrease) in reserve for construction loss	22	(5)
Increase (decrease) in provision for product repair costs	(450)	(114)
Increase (decrease) in provision for net defined benefit liability	65	29
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(59)	—
Extra retirement payments	184	291
Interest and dividend income	(257)	(164)
Interest expense	669	398
Foreign exchange (gain) loss	(19)	52
Business structure improvement expenses	234	93
Subsidies for employment adjustment	—	(211)
Loss (gain) on liquidation of subsidiaries and associates	(15)	—
Equity in losses (gain) of affiliates	2	(248)
(Increase) decrease in trade notes and accounts receivable	2,230	(2,651)
(Increase) decrease in inventories	(461)	183
Increase (decrease) in trade notes and accounts payable	(2,837)	3,857
(Increase) decrease in other current assets	(26)	(795)
Increase (decrease) in other current liabilities	178	783
Other	248	457
Sub-total	10,227	12,311
Interest and dividends received	251	186
Interest paid	(674)	(400)
Business structure improvement expenses paid	(5)	(93)
Extra retirement payments	—	(184)
Proceeds of subsidies for employment adjustment	—	203
Income taxes paid	(1,102)	(3,140)
Net cash provided by (used in) operating activities	8,696	8,882
Cash flows from investing activities:		
Purchases of investment securities	(60)	(254)
Proceeds from sales of investment securities	180	86
Purchase of property, plant and equipment	(3,058)	(3,253)
Proceeds from sales of property, plant and equipment	108	316
Purchases of intangible assets	(599)	(263)
Expenditures for acquisition of investments in an affiliate	(1,153)	—
(Increase) decrease in short-term loans receivable	(0)	(1)
Other	437	10
Net cash provided by (used in) investing activities	(4,144)	(3,358)
Cash flows from financing activities:		
Increase (decrease) in short-term bank borrowings	(3,141)	(4,685)
Proceeds from long-term debt	6,650	6,890
Repayment of long-term debt	(7,811)	(6,880)
Proceeds from issuance of bonds	300	—
Redemption of bonds	(30)	(60)
Purchase of treasury stocks	(0)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(216)	—
Proceeds from share issuance to non-controlling shareholders	196	—
Cash dividends paid	(208)	(447)
Other	(617)	(476)
Net cash provided by (used in) financing activities	(4,879)	(5,661)
Effect of exchange rate changes on cash and cash equivalents	(167)	(1)
Net increase (decrease) in cash and cash equivalents	(495)	(139)
Cash and cash equivalents at beginning of year	4,721	4,225
Cash and cash equivalents at end of year	4,225	4,086

Company Information (as of March 31, 2021)

Company Profile

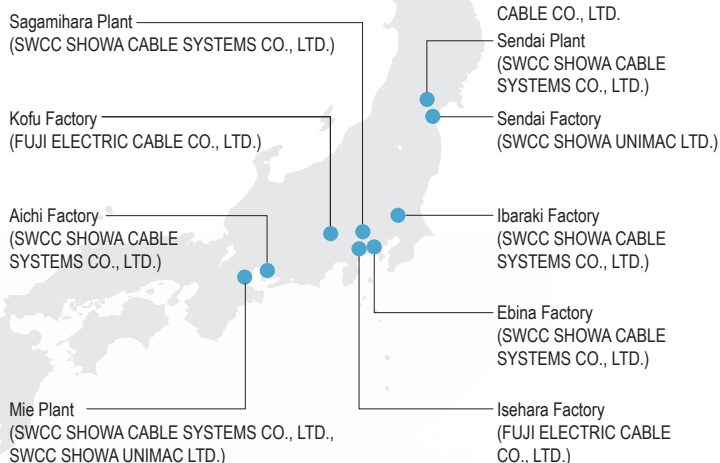
Corporate Name	SWCC SHOWA HOLDINGS CO., LTD.
Date of Establishment	May 26, 1936
Paid-in Capital	24,221 million yen
Head Office	Cube Kawasaki Building, 1-14, Nissin-cho, Kawasaki-ku, Kawasaki-city, Kanagawa 210-0024, Japan +81-44-223-0520
Number of Employees (consolidated basis)	4,319
Stock Exchange Listing	Tokyo Stock Exchange, Inc. (TSE First Section) "SWCC SHOWA HOLDINGS CO., LTD. (5805.T)"
Line of Business	Holding company
Fiscal Year End	March 31, every year

Principal Group Companies (as of October 1, 2021, planned)

Domestic

- SWCC SHOWA CABLE SYSTEMS CO., LTD.
- SHOWA FURUKAWA CABLE CO., LTD.
- SWCC SHOWA UNIMAC LTD.
- FUJI ELECTRIC CABLE CO., LTD.
- AXIO Corporation
- SDS Corporation
- LOGIS-WORKS CO., LTD.
- AOMORI SHOWA ELECTRIC CABLE CO., LTD.
- SHOUKOU EQUIPMENT INDUSTRY CO., LTD.
- SHOWA SCIENCE CO., LTD.
- STEC (SHOWA TECHNICAL CORPORATION)

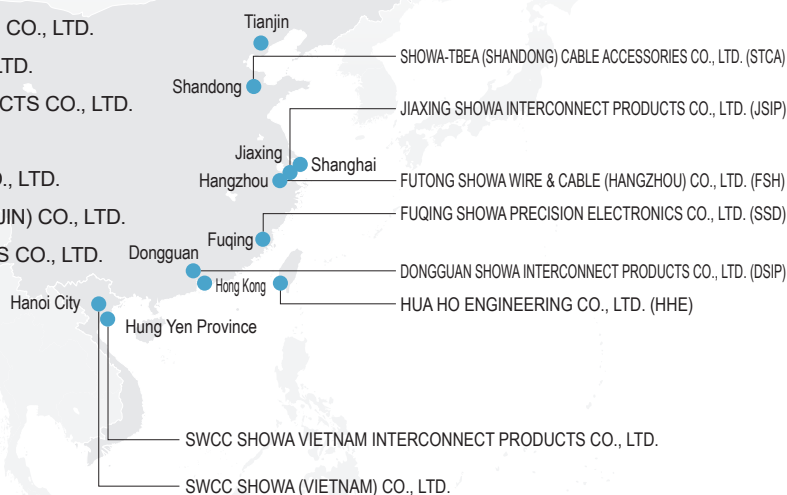
Production Sites in Japan



Overseas

- SWCC SHOWA (H.K.) CO., LTD.
- SWCC SHOWA (SHANGHAI) CO., LTD.
- SWCC SHOWA (VIETNAM) CO., LTD.
- JIAXING SHOWA INTERCONNECT PRODUCTS CO., LTD.
- DONGGUAN SHOWA INTERCONNECT PRODUCTS CO., LTD.
- FUQING SHOWA PRECISION ELECTRONICS CO., LTD.
- SWCC SHOWA VIETNAM INTERCONNECT PRODUCTS CO., LTD.
- AXIO (SHANGHAI) Corporation
- FUTONG SHOWA WIRE & CABLE (HANGZHOU) CO., LTD.
- FUTONG-SHOWA ELECTRIC WIRE & CABLE (TIANJIN) CO., LTD.
- SHOWA-TBEA (SHANDONG) CABLE ACCESSORIES CO., LTD.
- HUA HO ENGINEERING CO., LTD.

Overseas Production Sites



Stock and Investor Information (as of March 31, 2021)

Status of Stock

Total Number of Authorized Shares	70,000,000 shares
Total Number of Issued Shares	30,826,861 shares
Number of Shareholders	12,171

Principal Shareholders (Top 10)

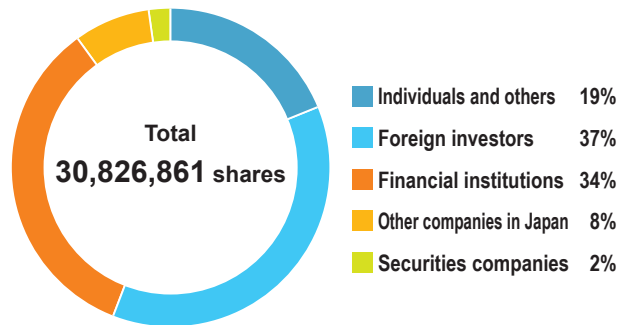
Name of shareholders	Number of shares held (Thousand shares)	Percentage of shareholding (%)
BANK OF CHINA (HK) LIMITED-CUSTODY ACCOUNT	5,714	19.1
Custody Bank of Japan, Ltd. (trust account)	4,653	15.6
The Master Trust Bank of Japan, Ltd. (trust account)	2,875	9.6
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	1,170	3.9
ENEOS Holdings, Inc.	979	3.2
Fukoku Mutual Life Insurance Company	772	2.5
FT Corporation	578	1.9
INTERNATIONAL CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	329	1.1
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	297	0.9
Custody Bank of Japan, Ltd. (trust account 5)	293	0.9

*Besides the above, there are 996,224 shares of treasury stock held by the Company.

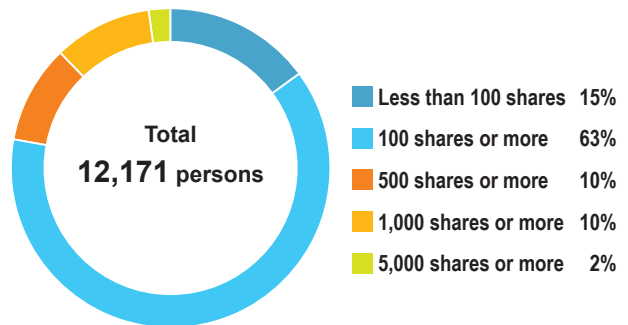
*The percentage of shareholding is calculated after deducting the number of treasury stock from the total number of issued shares.

Distribution of Shares

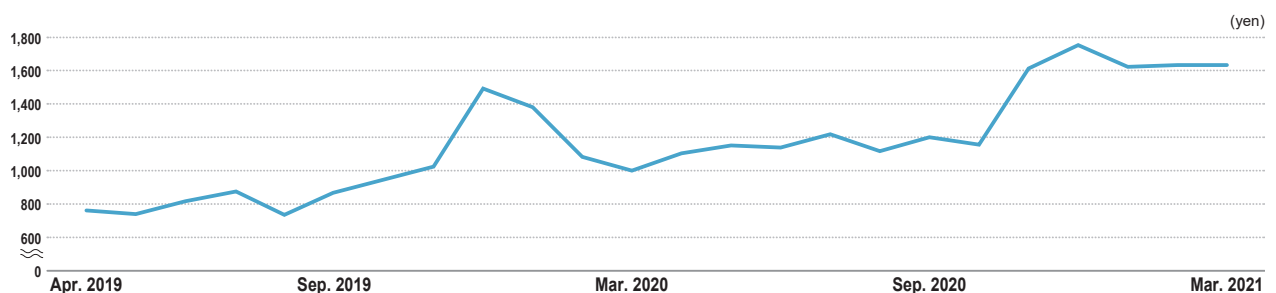
Distribution of Shares by Type of Ownership



Distribution of Shareholders by Number of Shares Held



Stock Price Movements



From the publisher on issuance of the "SWCC Group Report, Integrated Report 2021"

Thank you for reading the "Integrated Report 2021."

This is the second year to issue our integrated report. We have made some improvements on this report, reflecting your suggestions received on the first year's report. While our contributions are not enough yet, there are still more areas where the SWCC Group can contribute to solving social challenges mainly including environmental issues. Continuing down-to-earth business activities, we strive to issue the reports with more substantial contents.

We sincerely hope this integrated report to be useful to you all.

September 2021

Futoshi Yamaguchi

Managing Executive Officer, General Manager of Business Management Coordination Department
SWCC SHOWA HOLDINGS CO., LTD.

SWCC SHOWA HOLDINGS CO., LTD.

CSR Promotion Office, Administrative Management Division

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