

**Last Update:** June 28, 2022  
**Sumitomo Electric Industries, Ltd.**

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The corporate governance of Sumitomo Electric Industries, Ltd. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

#### Corporate Governance System

#### Basic Ideas Concerning Corporate Governance

Under our corporate philosophy of the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, our Group maintains its everlasting basic policy of contributing to society through our fair business activities. While adhering to this basic policy, in order to seek sustainable corporate growth and to increase our corporate value over the medium-to-long term, we believe it is critical to ensure transparency and fairness in our management activities through appropriate corporate governance, as well as to draw up and implement a growth strategy using our management resources to the utmost extent, with the key word of “innovation.” We are committed to further enhancing our corporate governance in accordance with the following basic ideas.

- (1) We will develop an environment in which shareholders can exercise their rights appropriately.
- (2) We will take the interests of stakeholders, including shareholders, into consideration, and will appropriately cooperate with stakeholders.
- (3) We will disclose corporate information appropriately and ensure transparency.
- (4) We will emphasize the Board of Directors’ functions to make decisions on basic policy, including strategies, as well as to supervise management. We will also focus on developing a system and operating the Board of Directors to ensure the effectiveness of such functions. In respect of the executive operations, we have introduced an Executive Officer System and a Business Unit System, for the purpose of clarifying authority and responsibilities, and of establishing a flexible system to execute operations in response to changes in the business environment. From the viewpoint of ensuring sound management, we commit to strengthening audits by audit & supervisory board members and adopting a supervisory system under which independent outside audit & supervisory board members and full-time audit & supervisory board members work with our internal audit department and accounting auditors to ensure lawful and proper management.
- (5) In order to contribute to sustainable growth and increase corporate value over the medium-to-long term, we will engage in constructive dialogue with shareholders to a reasonable extent.

For the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, please refer to the Company website. (<https://sumitomoelectric.com/company/vision>).

## Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company has implemented all principles of the Corporate Governance Code.

## Disclosure Based on the Principles of the Corporate Governance Code

The Company has established the Corporate Governance Guidelines setting forth its basic ideas and policy concerning corporate governance, and has disclosed them on its website. Please refer to them as well.

Corporate Governance Guidelines: <https://sumitomoelectric.com/company/governance>

<Principle 1.4: Disclosure of the Policy on Strategic Shareholding and the Standards for the Exercise of Voting Rights regarding Strategically-held Shares>

① From the standpoint of contributing to the enhancement of medium- and long-term value of the Company, the Company owns strategically held shares, taking into consideration their implications for and potential contributions to its ROE and ROIC, with the primary aim of building and strengthening long-term and stable relationships with customers and to facilitate business and technical alliances with them. Shares that have failed to meet the abovementioned purposes of strategic shareholding or failed to contribute to the enhancement of medium- and long-term value of the Company will be subject to a review with the aim of disposition. In FY2021, the adequacy of continued shareholding was verified at a meeting of the Board of Directors for individual strategically held shares, based on the abovementioned purposes of strategic shareholding and the underlying idea behind it, and in accordance with the business conditions of the customers at the time.

② In exercising the voting rights of strategically held shares, in light of the policy mentioned in ① above, the Company will determine whether to exercise its voting rights for or against each case, based on the premise that exercising the voting rights should result in enhancement of the value of the Company and its business partners as issuers of strategically held shares, taking into account the financial conditions and other matters of the companies in which it holds shares for strategic purposes. More specifically, in the event that the adoption of a resolution is likely to cause substantial damage to shareholder value or in the event of prolonged poor performance, the Company will determine whether it is for or against the case under a prescribed decision-making procedure after the responsible department has had consultations with the Accounting Dept. and the General Administration Dept.

<Principle 1.7: Establishment of Procedures for Related Party Transactions and Disclosure of Such Procedures>

Please refer to “(6) Transactions with Affiliated Parties” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company.

<Supplementary Principle 2.4 ①: Policies and Goals for Ensuring Diversity in the Promotion of Core Human Resources and the Status Thereof / Policies for Human Resource Development and Internal Environment Development to Ensure Diversity and the

Status Thereof>

The Sumitomo Electric Group has traditionally attached a high value to human resources based on the Sumitomo Spirit. To clarify the basic policies on human resources, the Company instituted the Sumitomo Electric Group Global Human Resource Management Policy (Global HRM Policy) in September 2011. This policy specifies the Group's commitment to the creation of an environment that helps employees realize growth and self-actualization through work, the provision of various career opportunities regardless of race, ethnicity, national origin, religion, age, gender, gender identity, sexual orientation, or disability, the promotion of diversity and inclusion, and the development of global leaders, in order to accelerate our global human resource recruitment and promotion. The Company has declared the policy in order to inform people in and outside of the Company about it.

For the promotion of diversity and inclusion, the Company defines "inclusion" as the fusion of "diversity of perspectives," "relationships of trust," and "demonstration of abilities" within the organization, to ensure that more than just the sum of the abilities of all employees can be shown. By promoting diversity and inclusion, the Company aims to devise better ways to solve problems, generate better ideas, and improve its creativity.

The human resource development policy for ensuring diversity is based on the Fundamental Principles of SEI University, and the internal environment improvement policy is based on the Occupational Safety & Health Guidelines, the Sumitomo Electric Group Policy on Human Rights, and the Sumitomo Electric Group Health Management Declaration.

For the details of each policy, please check the Company website.

Global Human Resource Management (HRM) Policy: <https://sumitomoelectric.com/sustainability/csr/sociality/diversity>

Fundamental Principles of SEI University: <https://sumitomoelectric.com/sustainability/csr/sociality/hr>

Occupational Safety & Health Guidelines: <https://sumitomoelectric.com/sustainability/csr/sociality/safety>

The Sumitomo Electric Group Policy on Human Rights: <https://sumitomoelectric.com/sustainability/csr/sociality/office>

Sumitomo Electric Group Health Management Declaration: <https://sumitomoelectric.com/sustainability/csr/health>

(Foreign nationals)

The Company currently operates in more than 40 countries and regions around the world, and most of the employees responsible for the business operations of the Group are foreign employees. At overseas Group companies, the Company promotes the appointment of foreign employees as officers and executives. Although the localization rate of managers has reached approximately 80%, the Company plans to further increase it in the future.

In addition, more than 40 foreign executives of overseas Group companies are recognized as Group Global Executives (hereinafter referred to as "GGEs"), and are provided with various career opportunities to be responsible for group business management beyond individual companies as global leaders.

Specifically, the Company has set up four Area Committees in the regions of the Americas, Europe, Southeast Asia/Australia, and Greater China, to allow GGEs to participate in business management beyond the borders of the individual companies. With the aim of (1) enhancing the presence of each business/base in consideration of the regional characteristics, (2) making use of the knowledge and experience of the GGEs, and (3) establishing a network of executives around the world, they are committed to a wide range of subjects, such as human resource development and strengthening of manufacturing abilities in their respective regions. Through Area Committee activities, the Company will share the principles common to the Group and reflect various

perspectives in its business strategy to further develop its global business.

Please see pages 37 and 67 of the CSR Report 2021 (<https://sumitomoelectric.com/csr-reports/108>) for the current status.

(Women)

The Company recognizes that women's empowerment is one of the driving forces behind promoting diversity. The Company believes that the development of an environment where women can fully demonstrate their skills and continue to play important roles will also lead to the cultivation of culture that helps each employee work more actively. This is therefore a significant initiative in the future growth and development of the Company.

In accordance with the Act on the Promotion of Women's Participation and Advancement in the Workplace, the Company set targets on the recruitment of women and the appointment of women and formulated an action plan in April 2016. The Company works on the active recruitment of women and the active promotion and training of female employees.

Please check the Company website for details of its initiatives, action plan (targets), and results.  
<https://sumitomoelectric.com/sustainability/csr/sociality/diversity>

(Mid-career recruitment)

The Company has promising growth businesses, such as automotive, energy, and info-communications. Considering social changes, such as green and digital transformation, as big business opportunities, the Company conducts mid-career recruitment (career recruitment) to secure diverse human resources. After mid-career people join the Company, the Company trains them according to their experience, skills, and knowledge so that they can play an active role as early as possible. The Company will continue to actively hire mid-career employees. Please check the Company website for the results of mid-career recruitment.  
<https://sei.co.jp/career/career/career.html> (in Japanese)

<Principle 2.6. Roles of Corporate Pension Funds as Asset Owners>

In order for the Sumitomo Electric Industries Corporate Pension Fund to play the role expected as an asset owner, the Company assigns personnel who have been engaged in the finance department and have the qualities to properly manage assets to the secretariat of the fund. It also provides support so that the fund can continuously improve the expertise of the secretariat by obtaining advice from independent external advisors with highly specialized knowledge on a daily basis.

The fund has an Asset Management Committee as an advisory body, which is composed of executive officers in charge of human resources and finance and specialists in the accounting and finance department, who are assigned by the Company, as well as executives of the workers' union as beneficiary representatives. Decision-making in the Fund and the monitoring of asset management institutions are conducted based on the advice of the Asset Management Committee, and the Company confirms through deliberation by the Committee that the Fund is properly managing the assets.

<Principle 3.1: Full Disclosure (i) Business principles, business strategies and business plans>

The Company has honored the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles as its basic philosophy. Based on the philosophy, the Company has established the Sumitomo Electric Group Charter of Corporate Behavior, which should guide the actions of its directors, officers, and employees. The Company has also formulated a long-term vision "Sumitomo

Electric Group 2030 VISION” and a medium-term management plan “VISION 2022.” Please refer to the Company website for details.

- Sumitomo Spirit/Sumitomo Electric Group Corporate Principles/Sumitomo Electric Group Charter of Corporate Behavior:  
<https://sumitomoelectric.com/company/vision>

- Long-term vision “Sumitomo Electric Group 2030 VISION”: <https://sumitomoelectric.com/company/segvision2030>

- Medium-term management plan “VISION 2022”: <https://sumitomoelectric.com/company/vision2022>

<Principle 3.1: Full Disclosure (ii) Basic views and guidelines on corporate governance>

Please refer to the Corporate Governance Guidelines of the Company.

<Principle 3.1: Full Disclosure (iii) Board policies and procedures in determining the remuneration for the senior management and directors>

Please refer to “(9) Policy and Procedure to Decide the Compensation of Directors” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company.

<Principle 3.1: Full Disclosure (iv) Board policies and procedures in the nomination of director and audit & supervisory board member candidates>

Please refer to “(8) Policy and Procedure to Nominate Candidates for Director and Corporate Auditor” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company.

<Principle 3.1: Full Disclosure (v) Explanations with respect to the individual appointments and nominations of director and audit & supervisory board member candidates>

The reasons for appointing candidates for directors and audit & supervisory board members are described in the reference documents of the Convocation Notice of the Ordinary General Meeting of Shareholders.

<Supplementary Principle 3.1 ③: Disclosure of sustainability initiatives, investment in human capital and intellectual property, and climate change-related information

(1) Sustainability Initiatives

In April 2022, the Company established the “Fundamental Policy for Sustainability Management.” The Company recognizes that addressing issues related to sustainability is vital for the Group to continuously enhance its corporate value as a going concern. Based on this view, the Company has defined its purpose as “contributing to building a better society by pursuing Top Technology and innovation on a global scale, using the integrated capabilities of Sumitomo Electric Group,” and is committed to achieving a safer, more comfortable, and green, environmentally friendly society. The Company will communicate its initiatives internally and externally, and reflect feedback from its stakeholders in its further activities so as to realize the vision.

This basic policy is available on the Company’s website at <https://sumitomoelectric.com/sustainability/policy>

For more information on the Company's sustainability initiatives, please refer to its website, Integrated Report, and CSR Report.

• Company website: <https://sumitomoelectric.com/sustainability>

- Integrated Report: <https://sumitomoelectric.com/sustainability/integrated>
- CSR Report: <https://sumitomoelectric.com/sustainability/csr>

## (2) Disclosure of information on investments in human capital and intellectual properties

### ① Investment in human capital

Discovering and nurturing superior human resources has always been the most important objective for managers, and the Sumitomo tradition that “people make the enterprise” remains in full force to this day. Based on this idea, the Company will focus on building human resources and organizational foundations with the aim of becoming a company where all employees of the Group can grow both personally and professionally through work, achieve self-actualization, and contribute to society by promoting diversity and inclusion. To this end, the Company is proceeding with various measures.

For specific initiative, please refer to pages 57–60 of the Integrated Report 2021 at <https://sumitomoelectric.com/company/integrated>.

For the number of Group global personnel and training results, please refer to pages 66–67 of the CSR Report 2021 at <https://sumitomoelectric.com/csr-reports/108>.

### ② Investing resources in intellectual property

Sumitomo Electric considers its intellectual property – the unique technologies that it has invented through its research and development activities – is one of the most important management resources for the continued success and growth of its business. The Company has diversified into Mobility, Energy, Communication, and Industrial Materials business segments by nurturing its “Technology Tree” based on its foundation in cable and wire technology and branched into material, device, process, and system technology fields.

Aiming to contribute to achieving “a safe and comfortable life in our green planet,” Sumitomo Electric will further develop and reinforce technologies that connect and support the society. The Company will continue its growth by creating new intellectual properties through research, development, and improvement efforts.

The Company establishes a global portfolio of intellectual property rights in Japan and other countries and regions according to its business strategies. In recent years, it has placed more attention on qualitative rather than quantitative aspects in maintaining its intellectual property portfolio in line with the Company’s focus on effective and efficient management and utilization of its assets.

For more information, please refer to pages 51 through 53 of the Integrated Report 2021 at <https://sumitomoelectric.com/sustainability/integrated>.

[R&D Investment] 600 billion yen over 5 years (VISION 2022 target), 123.1 billion yen (actual investment in FY2021)

[Number of rights held] 23,170 (10,630 in Japan, 12,540 overseas, as of the end of FY2021)

## (3) Disclosure of Climate Change-related Information

In May 2021, Sumitomo Electric expressed its support for the recommendations (disclosure of information on risks and opportunities posed by climate change) compiled by the Task Force on Climate-related Financial Disclosure (TCFD), which was established by the Financial Stability Board. In May 2022, in line with the TCFD recommendations, the Company disclosed information on four climate change-related topics: governance, strategy, risk management, and metrics and targets, as well as

scenario analysis.

For specific details of the disclosures, please refer to the Company's website at <https://sumitomoelectric.com/sustainability/tcfd>. The Company will continue its efforts to proactively disclose and enhance information on the impacts of climate change and its response to climate change.

<Supplementary Principle 4.1 ①: Disclosure of the Scope of the Matters Delegated by the Board of Directors to the Management>

Please refer to “(2) Scope of Delegation to the Representative Director, etc.” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company.

<Principle 4.8: Appointment of Multiple Independent Outside Directors>

Please refer to “(4) Composition of the Board of Directors” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company and “2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)” under “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management” in this report.

<Principle 4.9: Disclosure of Independence Standards and Qualification for Independent Outside Directors>

Please refer to “(10) Determining Criteria on the Independence of Independent Outside Directors and Independent Outside Corporate Auditors” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company.

<Supplementary Principle 4.10①: Nomination Committee and Remuneration Committee>

Please refer to “(7) Nominating Advisory Committee and Compensation Advisory Committee” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company and the sections “Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)” and “Supplementary Explanation” under “1. Organizational Composition and Operation” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management” in this report.

<Supplementary Principle 4.11①: Composition of the Board of Directors and Nomination Policy, etc.>

Please refer to “(4) Composition of the Board of Directors” and “(8) Policy and Procedure to Nominate Candidates for Director and Corporate Auditor” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company and Skills Matrix described in the reference documents of Convocation Notice of the 152nd Ordinary General Meeting of Shareholders.

<Supplementary Principle 4.11②: Disclosure of Concurrent Positions of Directors and Audit & Supervisory Board Members>

Please refer to the Convocation Notice of the Ordinary General Meeting of Shareholders (Business Report) (posted at <https://sumitomoelectric.com/ir/meeting> on the Company website).

<Supplementary Principle 4.11③: Analysis and Evaluation of the Effectiveness of the Board of Directors and Disclosure of the Summary of Results>

Regarding the analysis and evaluation of the effectiveness of the Board of Directors in FY2020, the Board conducted a questionnaire survey of all directors and audit & supervisory board members, including outside officers, in March 2021. Based on the results of the questionnaire, discussions were held at the Board of Directors' meeting held in May the same year. The analysis and evaluation results and an outline of future initiatives are as follows.

(1) Overall analysis/evaluation results

Continuous improvements are being made in terms of operation, composition and roles, and effectiveness is being properly ensured. Regarding the analysis and evaluation results, dialogues have been held between outside directors/outside audit & supervisory board members and internal directors since 2019. Discussions are held this year as well to proceed with measures to further enhance the effectiveness of the Board of Directors.

(2) Analysis/evaluation results by item

① Operation of the Board of Directors as well as the Nominating Advisory Committee and the Compensation Advisory Committee for the Senior Management, Directors, etc.

Regarding the operation of the Board of Directors, extensive deliberation can be conducted through the free and open exchange of opinions incorporating the perspective of outside officers. Moreover, it was confirmed that greater operational improvement had been obtained than before. Specifically, as a result of the review of the Board of Directors' meeting agenda criteria and operational rules conducted in February 2021, the number of agenda items related to individual business execution was reduced, and the environment was improved for the discussion of highly important themes. With respect to outside officers, in addition to the existing support measures, such as the provision of various types of information, the Company is taking appropriate measures to ensure that outside officers exercise their functions, including exchanging opinions on medium- to long-term management issues between outside directors and the executive officers. Going forward, the Company will work to appropriately operate the new Board of Directors' meeting agenda criteria and operational rules, and expand the support system in consideration of an increase in the number of outside directors. It was also confirmed that Nominating Advisory Committee and Compensation Advisory Committee meetings were held five times each in FY2020, and that their operation, deliberations, and reports to the Board of Directors etc., were properly conducted.

② Composition of the Board of Directors

It was confirmed that the composition of the Board of Directors was appropriate from the perspective of overall balance in terms of the number of members and their knowledge and experience etc., including the system for executive directors at the Company, which operates a wide range of businesses, and that multifaceted and active discussions were taking place thanks to an increase in



the number of outside directors.

③ Role of the Board of Directors

It was confirmed that the Board of Directors of the Company was properly fulfilling its role of “deliberating and deciding on basic management policies and other important issues of the Company” and “monitoring the execution of duties by each director” through active discussions in the deliberations on decisions on important matters, quarterly performance reports, and reports on the status of the internal control system. Meanwhile, the Company recognizes that it is necessary to further expand opportunities to deliberate on particularly important issues, such as the establishment of a long-term vision and a medium-term management plan, as future initiatives.

<Supplementary Principle 4.14②: Disclosure of Training Policy for Directors and Audit & Supervisory Board Members>

Please refer to “(14) Training for Directors and Corporate Auditors” under “5. Responsibilities of the Board of Directors, etc.” of the Corporate Governance Guidelines of the Company.

<Principle 5.1: Disclosure of Policy Concerning the Development of a System and Measures to Promote Constructive Dialogue with Shareholders>

Please refer to “6. Dialogue with Shareholders” in the Corporate Governance Guidelines of the Company.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	136,573,100	17.51
Custody Bank of Japan, Ltd. (Trust Account)	62,192,300	7.97
Nippon Life Insurance Company	24,703,727	3.17
Sumitomo Life Insurance Company	15,556,500	1.99
STATE STREET BANK WEST CLIENT — TREATY 505234	12,655,580	1.62
The Master Trust Bank of Japan, Ltd. (Trust Account J)	12,590,000	1.61
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	11,979,000	1.54
Kochi Shinkin Bank	11,103,000	1.42
JP MORGAN CHASE BANK 385781	9,785,979	1.25
Custody Bank of Japan, Ltd. (Trust Account 4)	9,653,700	1.24

Name of Controlling Shareholder, if applicable	——
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(excluding Parent Company)	
Name of Parent Company, if applicable	None

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Supplementary Explanation

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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange; Premier Market, Nagoya Stock Exchange; Main Board, Fukuoka Stock Exchange
Fiscal Year-End	March
Business Sector	Non-ferrous metal
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	1 trillion yen or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	300 or more

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which May have Material Impact on Corporate Governance

Under the medium-term management plan “VISION 2022” established in May 2018, the Company aims to strengthen and expand its five business segments to realize the concept of “Contributing to a better society by leveraging its expertise in connectivity and transmission technologies through concerted efforts of the entire Group,” which it has nurtured for 120 years since its foundation. Specifically, the Company seeks to develop the business domains of mobility, energy and communications and a diversity of materials, products and solutions that support these domains, and to achieve a balanced business portfolio while strengthening its revenue base and improving its capital efficiency.

The market environment surrounding the Company is about to change significantly due to various changes, such as the revolution of automobiles, the spread of renewable energy, and the use of big data. For the newly growing market, the Company will provide new technologies, products, and services through innovation with the concerted efforts of the entire Group, using its diversity in businesses and technologies that it has cultivated thus far as its strengths, in order to achieve further growth.

Under the Business Unit System, which is an organizational structure to promote this growth strategy, the Company clarifies the business responsibility of each business unit and enhances its agility. While operating a wide range of businesses, each business unit clarifies the responsibilities of each business function, such as production and sales, and specializes in certain business functions to reduce costs. In addition, to operate business more flexibility, taking advantage of technological and sales capabilities

in specific fields, the Company has affiliated companies perform part of the functions of each business or the entire business in a specific field. The Corporate Staff Group is also involved in business operation by the business units, including affiliated companies, in a cross-sectoral manner to provide support to them.

Of the affiliated companies, the following four listed subsidiaries are owned by the Company. All of them have a long history and ensure the autonomy of management, which is considered necessary for the sustainable development of each company, while building business relationships with the Company. Under the current capital relationship, they work to create synergies with the Company while demonstrating their unique advantages in technologies and customer relationships, which they have accumulated over the years, gaining and maintaining social recognition and credit, maintaining and improving the morale of the management and employees, taking advantage of recruitment in the areas where each company is based, and ensuring the means of raising funds from the capital market. The specific significance of owning each subsidiary is as follows.

- Nissin Electric Co., Ltd.

The main business purpose of the company is to manufacture and sell electricity distribution equipment, solar/wind power generation-related equipment, and semiconductor flat panel display manufacturing equipment. In particular, with the aim of expanding renewable energy and smart grid-related businesses, which are expected to grow in the future, the company collaborates with the environment and energy business unit of the Company in the field of the company's large-scale wind power generation business and other fields, thereby demonstrating synergies, including proposing solutions to customers, using the comprehensive strengths of the Group.

- Sumitomo Densetsu Co., Ltd.

The company is mainly engaged in the equipment work business centered on electrical equipment work. When selling products developed and manufactured by the Company in the field of the environment and energy business, in particular the power business and the industrial wire and cable business, the Company conducts business in collaboration with the company, which has high technological capabilities in engineering, thereby mutually expanding their business opportunities.

- Sumitomo Riko Co., Ltd.

The main business purpose of the company is to manufacture and sell anti-vibration rubber and hoses for automobiles. By collaborating with the company, which expands sales globally and develops new products for next-generation automobiles, the Company enhances the product lineup of the entire Group and further expands its business in anticipation of the spread of electric vehicles, autonomous driving, and connected cars.

- Techno Associe Co., Ltd.

The main business purpose of the company is to sell fasteners, processed products, metal materials, electric materials, chemical products, and industrial equipment. Through collaboration with the company, which has been noted for the development and proposal of products with the use of technology and knowledge on products, the Company strengthens its marketing functions, such as the creation of markets and the development of its customer base, and promotes the creation of innovation, which is one

of the pillars of the growth strategy in the medium-term management plan “VISION 2022.”

The Company recognizes that it is important for individual listed subsidiaries to ensure management independence so that both the Company, which is their parent company, and individual listed subsidiaries will achieve sustainable growth and increase their corporate value. Based on that premise, the Company places great importance on the establishment of an effective governance system that enables listed subsidiaries to ensure independent decision-making.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	15
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroshi Sato	From another company									△		
Michihiro Tsuchiya	From another company											
Christina L. Ahmadjian	Academic expert											
Katsuaki Watanabe	From another company											
Atsushi Horiba	From another company								○			

\*Categories for “Relationship with the Company”.

(Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary

- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hiroshi Sato	○	Mr. Hiroshi Sato was Chairman of Kobe Steel, Ltd. until April 1, 2016. While the Company has a business relationship with Kobe Steel, Ltd., involving matters such as the purchase and sale of products, the value of each transaction is less than 1% of the total sales of the Company and Kobe Steel, Ltd. respectively. Therefore, that fact above does not influence his independence. In light of the scale of the transaction, this transaction does not influence the independence of Mr. Hiroshi Sato.	Mr. Hiroshi Sato does not conflict with the independence standards set forth by the Stock Exchange. He has abundant experience and great insight into overall business management, through being involved in the management of a company conducting a wide range of business, such as materials, machinery, and energy, with a central focus on iron and steel. In the Board of Directors' meetings etc., he has thus far provided objective and useful opinions and suggestions regarding general management, such as management policies and strategies and internal control, from a position independent from the Company. The Company believes that he can properly perform his duties as an outside director. Having determined that there is no risk of conflicts of interest between him and general shareholders, the Company has designated him as an independent officer.
Michihiro Tsuchiya	○	-----	Mr. Michihiro Tsuchiya does not conflict with the independence standards set forth by the Stock Exchange. He has abundant experience and great insight into overall

			<p>business management, through being involved in the management of the companies developing global business activities. In the Board of Directors' meetings etc., he has thus far provided objective and useful opinions and suggestions regarding general management, such as management policies and strategies and internal control, from a position independent from the Company. The Company believes that he can properly perform his duties as an outside director. Having determined that there is no risk of conflicts of interest between him and general shareholders, the Company has designated him as an independent officer.</p>
Christina L. Ahmadjian	○	-----	<p>Ms. Christina L. Ahmadjian does not conflict with the independence standards set forth by the Stock Exchange. She has great insight and a global perspective as a university professor mainly studying in the fields of business management and corporate governance. In the Board of Directors' meetings etc., she has thus far provided objective and useful opinions and suggestions regarding general management, such as management policies and strategies and internal control, from a position independent from the Company. The Company believes that she can properly perform her duties as an outside director. Having determined that there is no risk of conflicts of interest between her and general shareholders, the Company has designated her as an independent officer.</p>
Katsuaki	○	-----	<p>Mr. Katsuaki Watanabe does not conflict</p>

Watanabe			<p>with the independence standards set forth by the Stock Exchange. He has been involved in the management of the company, which has operations on a global scale, for many years, and has abundant experience and a high level of insight in general corporate management. In the Board of Directors' meetings etc., he has thus far provided objective and useful opinions and suggestions regarding general management, such as management policies and strategies and internal control from a position independent from the Company. The Company believes that he can properly perform his duties as an outside director. Having determined that there is no risk of conflicts of interest between him and general shareholders, the Company has designated him as an independent officer.</p>
Atsushi Horiba	○	<p>Mr. Atsushi Horiba is Chairman and Group CEO of HORIBA, Ltd. and Chairman of HORIBA STEC, Co., Ltd. While the Company has a business relationship with HORIBA, Ltd., involving matters such as the purchase of equipment, the value of each transaction is less than 1% of the total sales of the Company and HORIBA, Ltd. respectively. In addition, while the Company has a business relationship with HORIBA STEC, Co., Ltd., involving matters such as the purchase of equipment, the value of each transaction is less than 1% of the total sales of the Company and HORIBA STEC, Co., Ltd.</p>	<p>Mr. Atsushi Horiba does not conflict with the independence standards set forth by the Stock Exchange. He has been involved in the management of the companies, which have operations on a global scale, for many years, and has abundant experience and a high level of insight in general corporate management. In the Board of Directors' meetings etc., he has thus far provided objective and useful opinions and suggestions regarding general management, such as management policies and strategies and internal control, from a position independent from the Company. The Company believes that he can properly perform his duties as an outside director independent from the Company. Having determined that there is no risk of</p>

		respectively. In light of the scale of the transaction with each company, these transactions do not influence the independence of Mr. Atsushi Horiba.	conflicts of interest between him and general shareholders, the Company has designated him as an independent officer.
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating Advisory Committee	6	0	2	4	0	0	Outside director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Advisory Committee	6	0	2	4	0	0	Outside director

Supplementary Explanation

In order to secure transparency and fairness in nominating candidates for directors and corporate auditors and in determining compensation for directors, the Company has established the Nominating Advisory Committee and the Compensation Advisory Committee, which include outside directors as an advisory body for the Board of Directors. The committee will deliberate on the following matters upon request from the Board of Directors, and report to the Board of Directors.

(Nominating Advisory Committee)

1. Proposal for nominees for directors and corporate auditors
2. Skills that the Board of Directors should have in light of management strategies, etc. (including succession plans)
3. Proposal for the establishment, amendment, or abolition of the Company's important rules, etc., related to each of the preceding items, as well as proposal for contents of important documents announced to the public
4. Other matters requested by the Board of Directors.

(Compensation Advisory Committee)

1. Proposal for policy concerning the determination of the content of individual compensation, etc., for directors and executive officers.
2. Proposal for a compensation system for directors and executive officers



3. Proposal for the amount of compensation for each individual director and executive officer
4. Proposal for the establishment, amendment, or abolition of the Company's important rules, etc., related to each of the preceding items, as well as proposal for contents of important documents announced to the public
5. Other matters requested by the Board of Directors.

The members of each committee are selected by a resolution of the Board of Directors. The current members and the status of attendance at advisory committee meetings during one year after the Ordinary General Meeting of Shareholders held in June 2021 (hereinafter referred to as "Nominating Advisory Committee in FY2021 / Compensation Advisory Committee in FY2021") are shown in (\*1) Members and Status of Attendance at Nominating Advisory Committee in FY2021 / Compensation Advisory Committee in FY2021.

The executive officer in charge of human resources attend the deliberations of the committees as the secretariat to support the operation of the committees, including preparing the minutes, and may have an assistant attend as necessary. The Compensation Advisory Committee of the Company has appointed Willis Towers Watson PLC, an external compensation consultant, as an advisor, and conducts appropriate deliberations based on the objective and sufficient information provided by the company. The role of the company is limited to proceeding with effective deliberation and providing indirect support for consensus building in the Compensation Advisory Committee, and the content of proposals to the Board of Directors is determined by the Compensation Advisory Committee.

(\*1) Members and Status of Attendance at Nominating Advisory Committee in FY2021 / Compensation Advisory Committee in FY2021

(Nominating Advisory Committee)

Hiroshi Sato (Outside Director) * Chairperson in FY2021	Attended all five meetings
Masayoshi Matsumoto	Attended all five meetings
Osamu Inoue	Attended all five meetings
Michihiro Tsuchiya (Outside Director)	Attended all five meetings
Christina L. Ahmadjian (Outside Director)	Attended all five meetings
Katsuaki Watanabe (Outside Director)	Attended all five meetings

(Compensation Advisory Committee)

Hiroshi Sato (Outside Director) * Chairperson in FY2021	Attended all five meetings
Masayoshi Matsumoto	Attended all five meetings
Osamu Inoue	Attended all five meetings
Michihiro Tsuchiya (Outside Director)	Attended all five meetings
Christina L. Ahmadjian (Outside Director)	Attended all five meetings
Katsuaki Watanabe (Outside Director)	Attended all five meetings

Regarding the status of committee activities, Nominating Advisory Committee meetings in FY2021 and Compensation Advisory Committee meetings in FY2021 were held a total of five times each. For specific agenda items, please refer to (\*2) Content of Deliberations in Nominating Advisory Committee in FY2021 and Compensation Advisory Committee in FY2021 as described below.

The Nominating Advisory Committee was consulted by the Board of Directors on September 28, 2021 regarding the adequacy of the composition of the Board of Directors, the selection of nominees, and the adequacy of succession planning. In response, the Committee, at its meetings held from October 2021 to June 2022, deliberated on the structures of the Board of Directors and executive officers, the proposed nominees, the succession planning, and revisions to important regulations and external disclosure materials, based on the revised Corporate Governance Code, trends among other companies, shareholders, and other stakeholders, etc. and reported to the Board of Directors. Based on this report, the Board of Directors approved the partial revision of the Corporate Governance Guidelines at its meeting on December 2, 2021, and the proposed nominees for the Company's Board of Directors at its meeting on May 11, 2022. Regarding the proposal for nominees for audit & supervisory board members, the selection of nominees for audit & supervisory board members was referred to the Nominating Advisory Committee for deliberation based on the inquiry about the selection of nominees from the Audit & Supervisory Board.

The Nominating Advisory Committee deliberated on the proposal for nominees for audit & supervisory board members of the Company in the meetings in February and April 2022, and reported to the Board of Directors.

Regarding the Compensation Advisory Committee, the framework of monthly remuneration and bonuses for officers, the policy for determination of the calculation method, and the specific amount of remuneration for officers were referred to the Compensation Advisory Committee for deliberation in the Board of Directors' meeting on September 28, 2021. Based on the revised Japan's Corporate Governance Code and the benchmark results The Compensation Advisory Committee deliberated on the framework of remuneration, the determination policy, the total amount of bonuses for the year, the bonus amount for each officer, the appropriateness of the amount of remuneration after July, and the Company's ideal remuneration system for officers based on social trends in the meetings between October 2021 and June 2022, and reported to the Board of Directors. In response to the reports, the Board of Directors resolved the policy and calculation method of monthly remuneration and bonuses for each director in the meeting on June 24, 2022.

(\*2) Content of Deliberations in Nominating Advisory Committee Meetings in FY2021 and Compensation Advisory Committee Meetings in FY2021

(Nominating Advisory Committee)

October 15, 2021 Research on the revised Japan's Corporate Governance Code and public trends on governance structures, review of the Company's rules and regulations, review of the executive structure, etc.

December 6, 2021 Review of the executive structure, deliberation on the Company's disclosed materials (Corporate Governance Guidelines, Skills Matrix, etc.), report on the summary of the Company-wide human resources meeting (succession planning and training status ), etc.

February 3, 2022 Deliberation on the ideal executive structure (the Board of Directors, the executive structure, etc.),

deliberation on the new executive structure, deliberation on the proposal of nominees for audit & supervisory board members, etc.

April 6, 2022 Report on the dialogue with shareholders, deliberation on the new executive structure, deliberation on the handling of the expiration of the term of office of outside audit & supervisory board members, deliberation on treatment of retired officers, deliberation on the composition of the Company's Board of Directors, deliberation on content of external disclosure (Skills Matrix), etc.

June 6, 2022 Deliberation on the new executive structure and new business unit structure, etc.

(Compensation Advisory Committee)

October 15, 2021 Research on public trends in and benchmark analyses of executive remuneration, etc.

December 6, 2021 Benchmark analyses of remuneration for managerial positions, etc.

February 3, 2022 Deliberation on the stock-based compensation system and the structure of the remuneration of officers, confirmation of the Company's policy and stance on officers' bonuses, etc.

April 6, 2022 Review of the total amount of bonuses to be paid to officers, confirmation of the policy for assessing bonuses for officers, deliberation on the details of disclosure of officers' remuneration, etc.

June 6, 2022 Confirmation of the Company's approach to assessing bonuses for officers, deliberation on the amount of bonuses, monthly remuneration for individual officers, etc.

### Audit and Supervisory Board Member

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	No upper limit
Number of Audit and Supervisory Board Members	5

#### Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Regarding cooperation between audit & supervisory board members and accounting auditors, they discuss an audit plan at the beginning of the fiscal year, receive reports on the implementation status of the interim audit and points to note for the final audit, exchange opinions during the fiscal year, and receive explanation of the audit results and exchange opinions at the stage of preparing an audit report. Moreover, they report and exchange opinions as necessary.

Regarding cooperation between audit & supervisory board members and the Internal Auditing Department, they exchange opinions on how to proceed with audits at the stage of preparing an internal audit plan, during the interim period, and as necessary. The results of internal audits are reported after each audit.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3

Number of Independent Audit and Supervisory Board Members

3

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Michiko Uehara	Attorney at law														
Ikuo Yoshikawa	Certified public accountant													○	
Tatsuo Kijima	From another company												△		

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Michiko Uehara	○	-----	Ms. Michiko Uehara does not conflict with the independence standards set forth by the Stock Exchange. She has been involved in the judiciary as a judge and an attorney-at-law. Based on her high level of insight and abundant experience regarding corporate legal affairs, including compliance, she has provided opinions and suggestions mainly on business management, including risk management, measures based on changes in global regulations and the misconduct of other companies, and points to note on corporate governance from a position independent from the Company. Having determined that there is no risk of conflicts of interest between her and general shareholders, the

			Company has designated her as an independent officer.
Ikuo Yoshikawa	○	<p>Mr. Ikuo Yoshikawa is a visiting professor at the Professional Graduate School of Kwansei Gakuin University. As part of its social contribution activities, the Company has donated to the junior and senior high school that was integrated by the Kwansei Gakuin Educational Foundation, the operator of Kwansei Gakuin University, since before the integration in April 2010 and has also paid a membership fee to the Research Consortium of the university. However, there are no business transactions between the Company and the said foundation and no other donations from the Company. In light of the amount and nature of such donation, this does not influence the independence of Mr. Ikuo Yoshikawa.</p>	<p>Mr. Ikuo Yoshikawa does not conflict with the independence standards set forth by the Stock Exchange. He has many years of abundant experience as a certified public accountant and a high level of insight in the accounting field as a result of engaging in research mainly on accounting as a university professor. He has provided opinions and suggestions mainly on business management, including risk management, measures based on changes in global regulations and the misconduct of other companies, and points to note on corporate governance from a position independent from the Company. Having determined that there is no risk of conflicts of interest between him and general shareholders, the Company has designated him as an independent officer.</p>
Tatsuo Kijima	○	<p>Mr. Tatsuo Kijima was Vice Chairman and Director of West Japan Railway Company until June 23, 2021. While the Company has a business relationship with West Japan Railway Company, involving matters such as the sale of products, the value of each transaction is less than 1% of the total sales of the Company and West Japan Railway Company respectively. In light of the scale of the transaction, this transaction does not influence the independence of Mr. Tatsuo Kijima.</p>	<p>Mr. Tatsuo Kijima does not conflict with the independence standards set forth by the Stock Exchange. He has been involved in the management of the company, which has supported transportation and other social infrastructure, for many years, and has abundant experience and a high level of insight in overall corporate management. He has provided opinions and suggestions mainly on the effective management of the entire Group, measures based on changes in global regulations and the misconduct of other companies, and points to note on corporate governance from a position independent from the</p>

			Company. Having determined that there is no risk of conflicts of interest between him and general shareholders, the Company has designated him as an independent officer.
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### Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	8
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#### Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company has designated all outside directors and outside audit & supervisory board members as independent officers in accordance with the provisions of the Tokyo Stock Exchange.

### Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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#### Supplementary Explanation for Applicable Items

Directors' bonuses shall be performance-based, and the total amount shall be determined by the resolution of the annual shareholders' meeting after comprehensively considering the Company's performance for each fiscal year, particularly dividend levels, in addition to net sales, operating income, ROIC, and profit for the year, which the Company places importance on in its management strategy, and ensuring objectivity in the level of remuneration by utilizing third party analysis of remuneration for directors of companies similar to the Company in areas such as the business contents and scale. Allocations for each director are set at a level that provides incentives to each director from a mid- and long-term perspective, taking into account the position, level of responsibility, achievement of major targets (sales, each profit index, ROIC, etc.) in the department or division for which they are responsible, contribution to the Company's performance in each fiscal year, and qualitative factors such as qualifications necessary to achieve them.

Persons Eligible for Stock Options	
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#### Supplementary Explanation for Applicable Items

### Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	Disclosure for Selected Directors
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## Supplementary Explanation for Applicable Items

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1. Total amount of remuneration, etc. in FY2021 by officer category and by type of remuneration, and number of eligible officers

Total amount of remuneration, etc. for 11 directors (excluding outside directors): 769,600,000 yen (Basic remuneration: 579,600,000 yen; Bonus: 190,000,000 yen)

Total amount of remuneration, etc. for two audit & supervisory board members (excluding outside audit & supervisory board members): 66,000,000 yen (Basic remuneration: 66,000,000 yen)

Total amount of remuneration, etc. for 8 outside officers: 136,200,000 yen (Basic remuneration: 136,200,000 yen)

2. Total amount of remuneration, etc. in FY2021 for officers whose total remuneration exceeds 100 million yen

Total amount of remuneration, etc. for Masayoshi Matsumoto (Chairman & CEO): 165,200,000 yen (Basic remuneration: 120,000,000 yen; Bonus: 45,200,000 yen)

Total amount of remuneration, etc. for Osamu Inoue (President & COO): 135,200,000 yen (Basic remuneration: 108,000,000 yen; Bonus: 27,200,000 yen)

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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## Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

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The Company has established a policy for determining the remuneration for individual directors. The details of remuneration are deliberated on by the Compensation Advisory Committee, which is chaired by an independent outside director and is composed, in the majority, of independent outside directors, and are resolved by the Board of Directors based on the report from the Compensation Advisory Committee. The specific content of the policy is as follows.

For determining the remuneration for directors, based on the Sumitomo Spirit and the Sumitomo Electric Corporate Principles, the Company maintains a firm stance in its universal basic policy of contributing to society through fair business activities, and has designed a remuneration structure whereby it provides incentives for directors to make the Group grow sustainably and improve its corporate value in the medium- and long-term.

### ① Composition of Remuneration for Directors

Remuneration for directors is composed of monthly remuneration and bonus.

### ② Policy for Determining Monthly Remuneration

Regarding monthly remuneration, a monthly remuneration table for each post is set based on each post's role and degree of responsibility as well as on the extent of the person's contribution to the Company's performance, after ensuring objectivity of the standards of remuneration by using third party analysis of officers' remuneration covering corporations similar to the Company in areas such as the business contents and scale. The amount in the table adopted for each person is determined upon consideration

of the director's role, degree of responsibility, scale, complexity and difficulty of the area of which the director is in charge as well as on the extent of their contribution to the Company's performance also with a medium- and long-term perspective. The total amount of monthly remuneration for directors is determined within the framework of the remuneration amount resolved at the shareholders' meeting.

### ③ Policy for Determining Bonuses and Content of Performance Indices

The Directors' bonuses shall be performance-based bonuses, and their total amount is subject to the annual shareholders' meeting resolution and determined comprehensively considering the Company's performance in each fiscal year, particularly items such as dividend levels, in addition to net sales, operating income, ROIC, and the profit for the year, which are taken seriously by the Company in its management strategy, after ensuring the objectivity of the standards of remuneration by utilizing third party analysis of officers' remuneration covering corporations similar to the Company in areas such as the business contents and scale. The allocation for each Director is set at a standard that provides incentives for each Director and in consideration of a mid- and long-term perspective and taking into account the Director's post, degree of responsibility, achievement of the main goals in the department or division for which they are responsible (items such as net sales, each profit index, and ROIC), their contribution to the Company's performance each fiscal year, and qualitative factors such as qualifications necessary to achieve them. The Company does not pay bonuses to outside directors from the viewpoint of ensuring their independence.

[Indices, Targets, Results, etc. Related to Performance-Based Bonuses]

The targets and results of the indices related to performance-based bonuses for this fiscal year are as shown in the following table.

(Amount: one million yen)

#### (1) Targets (at the beginning of the year)

Net sales: 3,350,000; operating income: 175,000; operating income margin: 5.2%; ordinary income: 188,000; profit attributable to owners of the parent: 110,000; ROIC: 6.8%; ROE: 6.7%

#### (2) Targets (in interim)

Net sales: 3,300,000; operating income: 145,000; operating income margin: 4.4%; ordinary income: 160,000; profit attributable to owners of the parent: 95,000; ROIC: 5.6%; ROE: 5.8%

#### (3) Results

Net sales: 3,367,000; operating income: 122,195; operating income margin: 3.6%; ordinary income: 138,160; profit attributable to owners of the parent: 96,306; ROIC: 4.5%; ROE: 5.7%

(Note) Regarding the target figures, those (at the beginning of the year) are the consolidated performance forecasts at the time of announcement of the financial results for the fiscal year ended in March 2021, and those (in interim) are the consolidated performance forecasts revised at the time of the announcement of the financial results for the second quarter of the fiscal year ended in March 2022.

### ④ Policy for Determining the Ratio of Monthly Remuneration and Bonuses

The ratio of monthly remuneration and bonuses is not established, and changes due to performance targets, individual evaluation,



etc. as set forth in the preceding paragraph. However, the payment ratio of monthly remuneration and bonuses has been approximately 1: 0.24–0.5 in the results for the past few years.

#### ⑤ Procedure for Determining Remuneration

Regarding the procedure for determining monthly remuneration and bonuses, important matters, such as the policy for determination thereof, the establishment, revision or abolition of related internal rules, and the specific amount of individual monthly remuneration and bonuses based on performance evaluations, are discussed at the Compensation Advisory Committee from an objective perspective. The Board of Directors discusses and determines the policy for determination thereof and the establishment, revision, or abolition of related internal rules based on the report from the Compensation Advisory Committee, and determines the agenda items for the total amount of bonuses and monthly remuneration for each fiscal year to be proposed in the shareholders' meeting if the cap on their total amount is reconsidered. The specific amount of monthly remuneration and bonuses for individual directors and the timing and method of payment thereof are determined by the President, as delegated by the Board of Directors, based on the content reported by the Compensation Advisory Committee. Remuneration for audit & supervisory board members is determined through discussion among audit & supervisory board members within the framework of the remuneration amount resolved at the shareholders' meeting.

#### - Matters Concerning Delegation Related to Determining Directors' Individual Remuneration, etc.

The approach and method of calculation of directors' monthly remuneration and bonuses and proposed individual amounts based thereon are discussed by the Compensation Advisory Committee. Based on this report, the Board of Directors approves the approach and method of calculation of monthly remuneration and bonuses, and adopts resolutions that the specific amounts, timing, and method of payment would be delegated to the President (Osamu Inoue), who receives an overview of the performance of the Company as a whole and evaluates each executive director. The President decides the amounts of individual monthly remuneration and bonuses in line with the proposal reported by the Compensation Advisory Committee and based on the content discussed by the Board of Directors.

#### - Reasons Why the Board of Directors Determined that the Content of Remuneration, etc. for Individual Directors for This Fiscal Year Is in Line with the Policy for the Determination

The amount of monthly remuneration and bonus for each individual director are determined based on the policy for determine directors' remuneration after discussions by the Compensation Advisory Committee based on an objective perspective, and the Board of Directors determines that such amounts are in line with the policy for the determination.

#### - Shareholders' Meeting Resolution Regarding Remuneration, etc. for Officers

The monthly remuneration was resolved at the shareholders' meeting held on June 25, 2021 to be no more than 70 million yen per month for directors (and no more than 10 million yen per month for outside directors). At that time, the Company had 15 directors (including five outside directors). In addition, with respect to directors' bonuses, 130 million yen will be paid in total for nine directors (excluding three outside directors) as resolved at the shareholders' meeting held on June 25, 2021. With respect to the total amount of monthly remuneration for audit & supervisory board members, the amount of remuneration for five audit &

supervisory board members is no more than 12 million yen per month as resolved at the shareholders' meeting held on June 25, 2021.

⑥ Holding of Company's Shares

In order to further raise motivation and morale to improve the Company's performance and to promote management that takes shareholder value seriously, the Company has set a certain target level and encourages inside directors to hold Company's shares through the officer shareholding association, and inside directors should continue to hold the Company's shares during their term of office.

**Support System for Outside Directors and/or Outside Audit and Supervisory Board Members**

The secretariat (Administration Division) and the secretary of the Board of Directors play a central role in supporting outside directors, offering information on management in cooperation with each department, and providing explanations in advance on the content of matters to be submitted for deliberation by the Board of Directors.

Full-time audit & supervisory board members provide necessary information to outside audit & supervisory board members, including prior explanations related to the Board of Directors. The Company has also established the Office of Audit & Supervisory Board Members, and its staff members support the activities of outside audit & supervisory board members. In addition, a secretary has been assigned to manage their schedules.

**Statuses of Persons Who Have Retired as Representative Director and President, etc.**

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Noritaka Kurauchi	Honorary advisor	Economic group activities, social contribution activities, etc.	Part-time without remuneration	June 27, 2003	None

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) After Retiring as Representative Director and President, etc.

1

Other Related Matters

- A person with experience serving as company Chairman or President may be appointed as a senior executive advisor due to the need to engage in external activities.
- Although the term of office of a senior executive advisor is up to 80 years old, he/she may become an honorary advisor (with no fixed term) after the term of office expires.
- The Company has no senior executive advisor as of the last update date of this report.

- Although an honorary advisor receives no remuneration, in principle, he/she may be paid according to the duties he/she is engaged in.
- A senior executive advisor and an honorary advisor are not involved in any decision-making in management and do not receive regular reports from the management.
- The Company has no consultant system.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

In order to ensure our sustainable growth, an increase in corporate value over the mid-to-long term and to improve profitability, capital efficiency, etc., the main functions of the Board of Directors will be to deliberate and determine the basic management policy and other important corporate issues, and to supervise the execution of the duties of each director. In order to properly fulfill these roles, the Board of Directors limits deliberations on individual matters, such as investments, to those of high importance, and focuses on deliberations on the medium-term management plan and annual plans based on the plan and on tracing these plans quarterly. The Company selects independent outside directors to ensure that the Board of Directors conducts multifaceted and thorough discussion. The Company also offers opportunities for independent outside audit & supervisory board members to actively provide opinions. Regarding the supervisory function of the Board of Directors, in order to ensure its independence and objectivity, the Company respects the opinions of independent outside officers, especially independent outside directors. In addition, one third or more of the Board of Directors elected are independent outside directors. The Company will strengthen the support system for independent outside directors and the cooperation system with audit & supervisory board members, including independent outside audit & supervisory board members, accounting auditors, and the Internal Auditing Department.

The Board of Directors meets regularly once a month and on a temporary basis as needed. Chaired by the Chairman & CEO, the Board of Directors deliberates on and determines the matters described above, decides the basic policy of the internal control system, and supervises the maintenance and operation of the system. The following is the status of attendance by directors and audit & supervisory board members at FY2021 Board of Directors' meetings held after June 24, 2022, when the 152nd Ordinary General Meeting of Shareholders was held.

Name	Attendance status
Chairman & CEO	Masayoshi Matsumoto (Chairperson) Attended 13 out of the 13 meetings held
President & COO	Osamu Inoue Attended 13 out of the 13 meetings held
Executive Vice President	Mitsuo Nishida Attended 13 out of the 13 meetings held
Senior Managing Director	Akira Nishimura Attended 13 out of the 13 meetings held
Senior Managing Director	Hideo Hato Attended 13 out of the 13 meetings held
Managing Director	Masaki Shirayama Attended 13 out of the 13 meetings held
Managing Director	Nobuyuki Kobayashi Attended 13 out of the 13 meetings held

Managing Director	Yasuhiro Miyata	Attended 10 out of the 10 meetings held
Managing Director	Toshiyuki Sahashi	Attended 10 out of the 10 meetings held
Outside Director	Hiroshi Sato	Attended 13 out of the 13 meetings held
Outside Director	Michihiro Tsuchiya	Attended 13 out of the 13 meetings held
Outside Director	Christina L. Ahmadjian	Attended 13 out of the 13 meetings held
Outside Director	Katsuaki Watanabe	Attended 13 out of the 13 meetings held
Outside Director	Atsushi Horiba	Attended 8 out of the 10 meetings held
Audit & Supervisory Board Member (Standing Member)	Yoshitomo Kasui	Attended 13 out of the 13 meetings held
Audit & Supervisory Board Member (Standing Member)	Akira Hayashi	Attended 13 out of the 13 meetings held
Outside Audit & Supervisory Board Member	Katsuaki Watanabe	Attended 13 out of the 13 meetings held
Outside Audit & Supervisory Board Member	Michiko Uehara	Attended 13 out of the 13 meetings held
Outside Audit & Supervisory Board Member	Ikuo Yoshikawa	Attended 13 out of the 13 meetings held
Outside Audit & Supervisory Board Member	Tatsuo Kijima	Attended 9 out of the 10 meetings held

With the aim of ensuring transparency and fairness in the nomination of candidates for directors and audit & supervisory board members and in the determination of directors' remuneration, the Company has established the Nominating Advisory Committee and the Compensation Advisory Committee for the senior management, directors and other officers, which are chaired by an independent outside director and are composed, in the majority, of independent outside directors. The Nominating Advisory Committee mainly deliberates on the proposed candidates for directors and audit & supervisory board members, and the Compensation Advisory Committee mainly deliberates on the proposed remuneration system for directors and executive officers and the proposed amount of remuneration for each person. The content of the resolutions made by both committees is reported to the Board of Directors.

To clarify authority and responsibility in the business execution system and establish a flexible system that can respond to changes in the business environment, the Company has adopted the Executive Officer System and the Business Unit System. Authority to execute business operations has been transferred to business units while their responsibility has been clarified, and to establish an internal check function, its corporate regulations specify the scope of authority of each of the business units, including the Corporate Staff Group, responsible personnel for the execution, and appropriate business procedures.

As to audit & supervisory board members and the Audit & Supervisory Board, the majority of the audit & supervisory board members are independent outside audit & supervisory board members with various expertise and multifaceted perspectives. These members of the board, along with full-time audit & supervisory board members and dedicated staff, are in charge of monitoring in cooperation with the Internal Auditing Department and accounting auditors to ensure lawful and proper corporate management. In accordance with the auditing standards, the audit policy, the audit implementation plan, and the assignment of audit duties, determined by the Audit & Supervisory Board, each audit & supervisory board member attends Board of Directors' meetings and other important meetings; engages in interviews with directors, the Internal Auditing Department, and other employees with respect to the execution of their duties and the maintenance and operation of the internal control system; has access to important

approval documents; and exchanges information with accounting auditors as needed. In addition, mainly full-time audit & supervisory board members conduct on-site surveys of major business establishments.

Mr. Akira Hayashi, a full-time audit & supervisory board member, has many years of experience in the accounting and finance departments of the Company and has considerable knowledge of finance and accounting matters. Mr. Ikuo Yoshikawa, an outside audit & supervisory board member, has been involved in auditing practice for many years as a certified public accountant belonging to an audit corporation and also has experience as a university professor specializing in accounting. Accordingly, he has considerable knowledge of finance and accounting matters.

The section in charge of internal audits is the Internal Auditing Department (Number of members as of March 31, 2022: 44). The Internal Auditing Department surveys any problems and makes proposals on improvement to ensure proper and efficient business performance through audits, including on-site surveys, of our Group companies and other establishments. The department also collaborates with audit & supervisory board members and accounting auditors on an as-needed basis in the audits.

Accounting audits and internal control audits to be conducted by accounting auditors are outsourced to KPMG AZSA LLC. The members in charge of audits of the Company are Mr. Daisuke Harada, Mr. Toshiyuki Maeda, and Mr. Mitsuhiro Matsumoto, who are audit engagement partners, 19 certified public accountants as assistants in audit work, and 20 other members. The consecutive audit period is 53 years (\*).

(\* ) The period stated above denotes the consecutive audit period after Asahi & Co., one of the predecessors of KPMG AZSA, which is the current accounting auditor of the Company, was incorporated as an audit corporation because it was extremely difficult to investigate the period before the abovementioned period. The actual consecutive audit period may exceed this period.

Business relationships that have arisen since FY2021 between the Company and other companies where our outside directors and outside audit & supervisory board members currently serve as executives or served as executives within the past 10 years are as described in “Supplementary Explanation of the Applicable Relationship” for independent officers. None of them has any special interest relationship with the Company that may affect the performance of their duties.

Mutual cooperation between supervision/audits by outside directors/outside audit & supervisory board members and internal audits, audits by audit & supervisory board members, and accounting audits as well as relationships with the Internal Control Department are as described above.

The Company has provisions with regard to the limited liability agreement with outside directors and outside audit & supervisory board members in the Articles of Incorporation. Below is an outline of the limited liability agreement that the Company has concluded with all outside directors and outside audit & supervisory board members based on the provisions of the Articles of Incorporation.

- After concluding the limited liability agreement, outside directors or outside audit & supervisory board members shall, with respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, be liable for damages up to 10 million yen or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher, on the condition that they perform their duties in good faith and without gross negligence.

### 3. Reasons for Adoption of Current Corporate Governance System

Since audit & supervisory board members and the Audit & Supervisory Board have played a certain role in ensuring the soundness of management, the Company employs the system with the audit & supervisory board. The Board of Directors, the business execution system, audit & supervisory board members, and the Audit & Supervisory Board are committed to fulfilling their respective duties in order to achieve sustainable growth and medium- and long-term increases in the corporate value based on the basic philosophy.

In addition, five outside directors are appointed to adopt an external perspective with the aim of further strengthening the supervising functions of the Board of Directors and enhancing the transparency and objectivity of the business management. The Company also selects three outside audit & supervisory board members with various specialized knowledge and multifaceted views so that outside audit & supervisory board members account for the majority of the audit & supervisory board members, with the aim of reinforcing the monitoring system for the purpose of ensuring lawful and proper management.

The details are as described in Section 2. Although the Company believes that its corporate governance functions properly under the above current system, it will continue to work to further enhance the system.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Since the Ordinary General Meeting of Shareholders held in June 2006, the Company has sent out a convocation notice one week prior to the legal deadline. Furthermore, the Company posts its convocation notice on its website before sending the notice to shareholders.
Scheduling of the General Shareholders Meeting During Non-Peak Days	Since the Ordinary General Meeting of Shareholders held in June 2006, the General Meeting of Shareholders has been held on a day other than the day on which meetings of many other companies are concentrated.
Electronic Exercise of Voting Rights	Since the Ordinary General Meeting of Shareholders held in June 2006, the General Meeting of Shareholders has been held on a day other than the day on which meetings of many other companies are concentrated.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since the Ordinary General Meeting of Shareholders held in June 2008, the Company has used the electronic voting platform for institutional investors.
Provision of Notice (or Summary of Notice) of	Since the Ordinary General Meeting of Shareholders held in June 2006, an

the General Shareholders Meeting in English	<p>English version of the convocation notice has been prepared and posted together with the Japanese version on the Company's website. In the past, only convention notices (in a narrow sense) and reference documents for the General Meeting of Shareholders were translated into English.</p> <p>However, since the Ordinary General Meeting of Shareholders held in June 2015, business reports and consolidated financial statements have also been translated into English.</p>
Other	<p>Since the Ordinary General Meeting of Shareholders held in June 2006, the Company has sent out a convocation notice one week prior to the legal deadline.</p> <p>Furthermore, the Company posts its convocation notice on its website before sending the notice to shareholders.</p>

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>The Policy was established in September 2006 and is posted on the Company's website at <a href="https://sumitomoelectric.com/sustainability/csr/disclosure">https://sumitomoelectric.com/sustainability/csr/disclosure</a></p>	
Regular Investor Briefings held for Individual Investors	<p>After the announcement of the year-end and interim financial results, the Company holds financial results briefings, where the President explains the summary of financial statements, management policies, and the progress of the mid-term management plan, etc. to institutional investors and financial analysts. In addition, individual meetings and interviews are also organized as needed. Through these activities, the Company strives to raise the understanding thereof among the parties concerned, while at the same time working to enhance communication by directly listening to objective opinions and questions regarding its business.</p>	Held
Online Disclosure of IR Information	<p>The Company has created a dedicated IR information page on its website that posts the following IR</p>	

	<p>materials: Financial Reports (Fact Books) and supplementary documents, Annual Securities Reports (available only in Japanese) and Quarterly Reports (available only in Japanese), Convocation Notice of the General Meeting of Shareholders, Integrated Reports, Financial Highlights, IR Calendars, financial briefing materials and videos.</p> <p>Japanese site: <a href="https://sumitomoelectric.com/jp/ir">https://sumitomoelectric.com/jp/ir</a></p> <p>English site: <a href="https://sumitomoelectric.com/ir">https://sumitomoelectric.com/ir</a></p>	
<p>Establishment of Department and/or Placement of a Manager in Charge of IR</p>	<p>The department in charge of IR is the IR Office, Accounting Division.</p>	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation	
<p>Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders</p>	<p>The Company's basic policy toward individual stakeholder groups is stipulated in the Sumitomo Electric Group Corporate Principles. Through training and other activities, the Company is working to ensure that the policy is shared across the entire Group including the Group companies.</p>	
<p>Implementation of Environmental Preservation Activities and CSR Activities, etc.</p>	<p>Setting a "Glorious Excellent Company" as its ideal future state, the Sumitomo Electric Group is striving to enhance its corporate value and contribute to the sustainability of the global environment and human society through its business activities. To further strengthen activities undertaken to that end, in January 2021 the Company established the Sustainability Promotion Committee chaired by the president, under which two committees--the Integrated Reporting Council and the CSR Promotion Committee--were set up as subordinate organizations in order to realize the Group's CSR policy.</p> <p>The Integrated Reporting Council formulates a value creation story, which embodies the Group's medium and long-term management strategy, and promotes business and CSR activities in a comprehensive manner. Information on these activities is disclosed in Integrated Reports, which provide a comprehensive summary of financial and non-financial information of the Group.</p> <p>Taking over the duties of the previous CSR Committee, the CSR Promotion Committee promotes various initiatives aimed at contributing to the</p>	



	<p>sustainability of society, including environmental preservation and CSR activities. Information on these activities is disclosed in CSR Reports, the Company’s website, etc.</p> <p>In addition, for themes related to environmental preservation, the Company has established the Corporate Environment Committee to promote activities. In April of this year, the Company obtained certification from the international Science Based Targets initiative (SBTi) for the greenhouse gas emission reduction targets set by the Sumitomo Electric Group toward 2030. In May, the Company also expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), established by the Financial Stability Board (FSB). Taking advantage of these initiatives, the Company will continue to promote activities and information disclosure in the field of climate change.</p>
<p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p>	<p>Article 10 of the Sumitomo Electric Group Charter of Corporate Behavior, which defines the basic action guidelines for all officers and employees in the Group, advocates the importance of “disclosure of relevant information and promotion of communication with society.” The Company strives to ensure, through training, etc., that the Charter is shared and complied with across the Group, including in Group companies.</p>
<p>Other</p>	<p>The Group has traditionally attached high value to human resources based on the Sumitomo Spirit. In September 2011, the Group established the Sumitomo Electric Group Global Human Resource Management Policy (Global HRM Policy) and publicly declared its commitment to the promotion of Group-wide global human resource development, the provision of various career opportunities regardless of race, ethnicity, national origin, age, gender, gender identity, sexual orientation, or disability, the promotion of diversity, and the development of global leaders. Recognizing diversity promotion as one of its most important management issues, the Group develops and implements specific measures in accordance with the Global HRM Policy. In June 2020, the Diversity &amp; Inclusion Department was newly established to further accelerate and deepen the Group’s diversity and inclusion initiatives, including women’s empowerment. Recognizing women’s empowerment as the first step toward creating an organization where employees with diverse attributes can feel rewarded and demonstrate their abilities to the fullest, the Diversity</p>

& Inclusion Department is implementing a variety of measures in cooperation with the Human Resources Division and the Human Resources Development Department, including strengthening their organizational capabilities and fostering a culture of human resource development. As of the end of March 2021, the ratio of female employees in the Group Global was about 53%. Under the belief that efforts to create an environment where women can fully demonstrate their abilities and continue to play an active role will lead to fostering an environment where every employee can thrive, the Company is striving to continue to grow and develop over the long term in the future. In Japan, to support its employees in balancing work and life in relation to the efforts for women's empowerment, the Company conducts both company-wide and division-specific initiatives to review work styles in order to promote the work style that achieves a proper balance between work and life and thereby improve work efficiency and productivity. In addition, the Company is also working to ensure appropriate working hours and prevent overwork. With regard to the appointment of women (Sumitomo Electric employees) to managerial positions, the Company has set targets to increase the ratios of women in managerial positions and in assistant manager or higher positions to at least 2.5% and to at least 10%, respectively, by the end of fiscal 2021. To achieve these targets, the Company is implementing measures to help female employees develop their careers and work in a flexible manner. As of the end of March 2022, the ratios of women in managerial positions and in assistant manager or higher positions were 2.8% and 10.7%, respectively. The Company has set new target to increase the ratios of women in managerial positions to more than 4.0% by the end of fiscal 2025. Since 2016, the Company has implemented various initiatives on a continuous basis, including the creation of a system to strengthen dialogue between female workers during pregnancy/child-rearing and their superiors, a training program for managers aimed at helping them manage female subordinates in a way to motivate them, and the formulation and monitoring of female manager development plans to continuously train and produce female executive candidates. Furthermore, in fiscal 2021, the Company initiated a "mentoring program" for female managers and assistant managers elected from each department and division, which aims to support the autonomous career development of female employees and

create an environment for human resource development that makes use of their individuality. The Company considers that certain effects were achieved under this program, and therefore, has started the second term with new members. In addition, since 2005, the Company has formulated an action plan to support raising next-generation children and has actively worked to develop child- and family-care related systems. The number of male employees taking childcare leave is increasing year by year, and employee awareness is gradually changing. For these efforts, the Company has been certified by the Ministry of Health, Labour and Welfare as an organization that supports raising next-generation children (so-called “*Kurumin* certification”) six times since 2007. In 2019, the Company obtained “Platinum *Kurumin*” certification, which is given to companies offering a higher standard of work-life balance programs. In fiscal 2021, following on from fiscal 2016 and fiscal 2018 and fiscal 2020, the Company was selected as one of the listed companies of the “Nadeshiko Brand”, which lists companies that excel in promoting the advancement of women. The Company will continue to actively promote the advancement of women as part of its efforts to utilize diverse human resources.

- In order to realize the Group’s sustainable development and growth, it is essential that every employee be fit and healthy. In 2015, we announced the Sumitomo Electric Group Health Management Declaration, based on which, various efforts have been implemented to promote health and productivity management. Since 2017, we have been implementing health maintenance and improvement activities under the title of “*Kenkatsu!*” with emphasis on the prevention and improvement of metabolic syndrome, the promotion of exercise habits, and mental healthcare. The Occupational Health and Safety Management Committee, which is chaired by the officer in charge of human resources, holds a meeting four times a year to discuss and decide the company-wide policy and relevant measures, which are then deployed across all the Company’s sites and Group companies in Japan. In recognition of these efforts, the Company was certified as a 2022 Health and Productivity Management Outstanding Organization “White 500” in the FY2021 Survey on Health and Productivity Management conducted by the Ministry of Economy, Trade and Industry of Japan. We will continue to promote Health and Productivity Management with the aim of becoming a company where all employees stay healthy and can work to their full

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

An outline of the development and operational status of the systems necessary to ensure the propriety of operations of a stock company (basic policies regarding the establishment of an internal control system), pursuant to Article 362, Paragraph 4, Item 6 of the Companies Act of Japan, and Article 100, Paragraphs 1 and 3 of the Regulations for Enforcement of the Companies Act, is as follows. The Company shall endeavor to further enhance its internal control system, and shall, if it intends to revise the basic policy on the internal control system, refer the matter to the Board of Directors.

#### 1-1. Basic Policy on Internal Control System

##### (1) Systems for Preservation and Management of Information Related to the Execution of Duties by Directors

The Company shall produce and keep the minutes of Board of Directors meetings, and shall record and appropriately manage information regarding the execution of duties and making of decisions by directors, such as an internal document for drafting proposals and making internal approvals, as set forth in the internal rules of information management, the internal rules of document handling, and the internal rules of papers preservation.

##### (2) Internal Rules and Other Systems for Managing Risk of Loss

Regarding major cross-Group risks such as those related to disaster, quality, safety, environment, credit extension, and export and import trade controls, risk management shall be conducted by each department or division. Each department or division shall assess the risks pertaining to implementation of the business it controls pursuant to the responsive measures and accident examples and preventive measures which are shared within the Group either by the Corporate Staff Group which is responsible for each risk or by the committees hosted by directors, etc. (meaning the “executive directors or executive officers”; hereinafter the same) who are in charge of the Corporate Staff Group.

Regarding pressing issues such as bribery prevention which is increasingly important in conjunction with global business expansion, as well as cyber security, measures relating to infectious diseases, management of confidential information and personal information, and legal, labor and tax issues, the Company intends to develop systems and reinforce its commitments through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee.

Further, regarding risks peculiar to a specific department or division, the relevant department or division shall decrease risks by, as deemed necessary, obtaining the assistance of the Corporate Staff Group having expertise and external experts.

The Risk Management Committee shall exercise control over these activities pursuant to the internal rules of risk management, and shall monitor them in cooperation with the audit & supervisory board members, the Internal Auditing Department and the Corporate Staff Group which is responsible for each risk.

Further, if any material risk becomes evident and countermeasures urgently need to be taken, the Risk Management Steering Committee shall, among other things, assess the severity of the crisis and establish a task force.

### (3) Systems for Ensuring the Efficiency of the Execution of Duties by Directors

In order to ensure efficient and appropriate execution of duties by directors, etc. and administrative members of the Company shall set forth, in the job classification system and the internal rules of operations, (i) the department or division in charge, (ii) the authority vested in each role, and (iii) the operations governed by each organization. Further, the Company shall adopt the Executive Officer System and the Business Unit System, and develop a system in which each business unit, sales unit, and R&D unit will do business flexibly under the supervision of each general manager of the unit depending on environmental changes and customer needs. Further, regarding the operational results, etc. of each unit, the Company will develop a mid-term plan and an annual plan designed to achieve the mid-term plan, and adopt a system under which the Accounting Division and the officer in charge of accounting shall track and analyze the progress toward achievement on a monthly basis, and shall report the results to the Executive Committee and the Board of Directors in order to examine what measures might need to be taken. The Company shall promote the use of video conference and computer and telecommunications systems, aiming to efficiently gather, analyze, utilize and share management information.

### (4) Systems for Ensuring That the Execution of Duties by Directors and Employees Is Compliant with Laws and the Articles of Incorporation

The Company shall endeavor to spread the Sumitomo Electric Group Charter of Corporate Behavior, which elaborates the Sumitomo Spirit and the Corporate Principles, and the Code of Conduct, which provides the Group's common rules on compliance. Further, the Company shall thoroughly implement the principle that compliance with laws and maintenance of corporate ethics constitute the foundation of management, through the statements and behavior of the top management. The Compliance Committee chaired by the President shall, among other things, do the following: identify and analyze cross-Group compliance risks; confirm the dissemination and firm establishment of the Code of Conduct; plan and perform training; investigate the cause of violations and formulate proposed measures to prevent their recurrence; disseminate and have the above items thoroughly implemented within the Group; and conduct monitoring of the compliance promotion activities. Meanwhile, each department and division shall identify and analyze compliance risks, including risks peculiar to the department or division, and take measures to prevent them; whereas the Compliance Committee, the Legal Department, the audit & supervisory board members and the Internal Auditing Department shall conduct their monitoring, in cooperation with one another. Regarding compliance with domestic and foreign competition laws, the Company shall continuously provide education regarding competition laws in order to eradicate any cartel or bid-rigging activities, including suspicious activities, within the Group. Further, under the Compliance Committee, the Compliance & Risk Management Office shall monitor the status of operation of, and compliance with, a set of rules and regulations to ensure compliance with competition laws and, further, plan and implement any other competition compliance measures, in cooperation with the respective dedicated organization of each unit or Compliance Liaison. Further, the Compliance Committee shall appropriately identify the circumstances pertaining to information provided to the consultation and reporting desk established inside and outside the Company, and shall take necessary measures.

### (5) Systems for Ensuring the Propriety of Financial Reporting

The Company shall establish the Financial Reporting Internal Control Committee, chaired by the President, and shall also build a promotion organization in the Corporate Staff Group. Pursuant to these policies, guidance and assistance, each department,

division and subsidiary shall proceed with the development and appropriate operation of the internal control system in accordance with the Financial Instruments and Exchange Act, as well as the assessment, audit standards and implementation standards set forth by the Financial Services Agency, in order to further enhance the Company's system for ensuring the propriety of financial reporting. The Internal Auditing Department shall assess the effectiveness of the internal control system of the whole Group for each fiscal year, and compile an internal control report to be submitted to the Financial Services Agency based on the results of such assessment and shall obtain the approval of the Financial Reporting Internal Control Committee and the Board of Directors.

(6) Systems for Ensuring the Propriety of the Operations Performed by the Corporate Group Comprised of the Company and the Subsidiaries

The Company shall also endeavor to spread the Charter of Corporate Behavior, which elaborates the Sumitomo Spirit and the Corporate Principles, to the Group companies, aiming to share with them the principles that should be respected and complied with in the course of business operations. Pursuant to the internal rules of affiliated companies management, the Company shall receive reports from subsidiaries or have subsidiaries consult with the Company as deemed necessary, regarding matters to be decided and accrued facts to be reported or referred to the Executive Committee and the Board of Directors meeting of the Company, and certain matters related to risk management and compliance, etc. In addition, the related persons of the governing Unit and the administrative members of the Accounting Division, among others, shall assume the offices of directors and audit & supervisory board members of the subsidiaries in order to track their management status. Furthermore, information regarding risk management and compliance systems, etc. shall be exchanged at the Audit & Supervisory Board of the Group, or through communication and exchanges between the Corporate Staff Group of the Company, such as the Human Resources Division, the Administration Division and the Accounting Division, on the one hand, and the relevant departments or divisions of the subsidiaries, on the other hand. In this regard, the major activities relating to risk management and compliance do not only cover the Company itself, but also its domestic and foreign subsidiaries, excluding listed companies and their subsidiaries. Regarding major cross-Group risks, each subsidiary shall practice risk management by assessing the risks pertaining to the implementation of its business, pursuant to the responsive measures and accident examples and preventive measures shared within the Group by each department or division of the Company in charge, among others. Further, each subsidiary shall minimize risks peculiar to itself, by obtaining the assistance of the Company. Regarding compliance risks, too, the Company has adopted a system under which each subsidiary takes measures, including those to cope with its peculiar risks, pursuant to the major compliance risks and measures to prevent their occurrence shared within the Group by the Compliance Committee and the Legal Department of the Company, among others. With respect to consultation and reporting desk for whistle-blowing, the Company guides each subsidiary to establish its own internal consultation desk, whereas the Company also maintains the Group's common external consultation desks, both in Japan and abroad. Under the current system, the business of each subsidiary is operated flexibly under the Business Unit System. Under this system, the business plan of each subsidiary is formulated as part of the medium-term plan and annual plan of each unit, and the operational results of each unit are reported to the Executive Committee and the Board of Directors on a monthly basis, in order to examine the measures required to be taken. Further, utilization of the Group's common infrastructure has also been promoted in regard to the utilization of computer and telecommunications systems, etc. at subsidiaries.

(7) Matters Related to the Employees to Provide Support to the Audit & Supervisory Board Members and Matters for Ensuring Their Independence from Directors and the Effectiveness of Instructions to Such Employees

The Company shall establish the Office of Audit & Supervisory Board Members as a dedicated office to provide support to the audit & supervisory board members and shall allocate employees to such tasks (the “staff of Office of Audit & Supervisory Board Members”), some of whom shall be dedicated staff members. Personnel transfer and personnel evaluation of the staff of Office of Audit & Supervisory Board Members shall be subject to prior consultation with the Audit & Supervisory Board or full-time audit & supervisory board members for their opinions, and the staff of Office of Audit & Supervisory Board Members shall follow the directions and commands of the audit & supervisory board members.

(8) Systems for Reporting by Directors and Employees of the Company, Directors and Employees of the Subsidiaries, or Persons Who Have Received Reports therefrom to the audit & supervisory board members of the Company and Other Systems for Reporting to the audit & supervisory board members of the Company

Audit & supervisory board members shall attend various important meetings which govern the operation of the entire Group, such as the Executive Committee, the Risk Management Committee and the Compliance Committee. Further, the Company shall adopt a system under which the directors, the general managers of the departments or divisions, the presidents of the subsidiaries and others shall report to the audit & supervisory board members, as deemed necessary, regarding matters which occur within the Group such as sudden and unexpected acts violating laws or the Articles of Incorporation, or material execution of business or change to internal control system (excluding minor ones).

(9) Systems for Ensuring That a Person Who Has Made a Report to the audit & supervisory board members Shall Not Be Unfavorably Treated on Account of Having Made Such a Report

The Company and each subsidiary shall refrain from unfavorably treating any person who has made a report to the audit & supervisory board members as set forth in paragraph (8) above on account of having made such a report, by taking such measures as setting forth in their internal rules for whistle-blowing desk system that they shall not dismiss or otherwise unfavorably treat a person on account of such person having provided information to the staff of Office of Audit & Supervisory Board Members.

(10) Matters Related to Policies Regarding Accounting for the Costs or Debts Incurred in Relation to Execution of Duties of the audit & supervisory board members

For each fiscal year, a necessary budget shall be set with the approval of the Audit & Supervisory Board in order to account for costs or debts incurred in relation to execution of duties of the audit & supervisory board members, and a prompt response shall be made if an audit & supervisory board member requests prepayment or reimbursement for costs having been disbursed, or repayment of debts having been borne, by such audit & supervisory board member. Further, costs incurred in the case where the audit & supervisory board members consult with external experts, such as lawyers and certified public accountants, in relation to execution of their duties shall be borne by the Company.

(11) Other Systems for Ensuring That the Audit & Supervisory Board Members Can Conduct Audits Effectively

The Company shall, as deemed necessary, secure opportunities for the audit & supervisory board members to interview directors and the general managers of the departments or divisions, and shall also periodically hold meetings for the audit & supervisory board members and outside directors to exchange opinions with, among others, the Chairman of the Board of Directors, the President and the Officers in charge of the Corporate Staff Group concerning important audit matters. Furthermore, the Internal Auditing Department shall act in cooperation with the audit & supervisory board members.

## 1-2. Outline of Operational Status

### (1) Systems for Preservation and Management of Information Related to the Execution of Duties by Directors

The minutes of Board of Directors meetings are produced each time a meeting is held, and the originals, to which the officers who attend the meeting affix their names and seals, are kept at the Administration Division. Each department or division manages the documents and electronic data regarding the execution of duties and making of decisions by directors, such as an internal document for drafting proposals and making internal approvals, as set forth in the internal rules of information management, the internal rules of document handling and the internal rules of papers preservation.

### (2) Internal Rules and Other Systems for Managing Risk of Loss

Meetings of the Risk Management Committee are held at the same time as meetings of the Executive Committee. Directors, etc. report matters such as the appearance of material risks in the department or division for which they are responsible, and discuss topics such as measures against those risks as necessary.

Major cross-Group risks are handled in accordance with the basic policies. Each department or division manages risks by reassessing the risks pertaining to implementation of the business it controls, following the responsive measures and accident examples and preventive measures which are shared within the Group either by the Corporate Staff Group which is responsible for each risk or by the committees hosted by directors, etc. who are in charge of the Corporate Staff Group. Further, regarding risks unique to a specific department or division, the relevant department or division decreases risks by, as deemed necessary, obtaining the assistance of the Corporate Staff Group and external experts. As for pressing issues, regarding personal information management, the Company is arranging a system corresponding to the legal system of protection of personal information including the EU General Data Protection Regulation in each country including Japan, and the Company strives to reinforce the development of cyber security through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee to deal with the increase and sophistication of cyber-attacks. In addition, the Company is working on the implementation of measures to prevent the spread of infections in response to the spread of COVID-19, as well as accurate identification of information including supply chains, and the promotion of measures that ensure business continuity, among other things. The Risk Management Committee and its secretariat, the Compliance & Risk Management Office, monitor these activities in cooperation with the audit & supervisory board members, the Internal Auditing Department, and the Corporate Staff Group, which is responsible for each risk.

### (3) Systems for Ensuring the Efficiency of the Execution of Duties by Directors

In order to ensure efficient and appropriate execution of duties by directors, etc. and administrative members, the Company



defines, in the job classification system and the internal rules of operations, (i) the department or division in charge, (ii) the authority vested in each role, and (iii) the operations governed by each organization. The Company appropriately revises the contents of the system and rules as necessary.

Further, regarding the operational results, etc. of each unit, the Company develops a mid-term plan and an annual plan designed to achieve the mid-term plan, and the Accounting Division and the officer in charge of accounting track and analyze the progress toward achievement on a monthly basis, and report the results to the Executive Committee and the Board of Directors in order to examine what measures might need to be taken. In order to gather and analyze management information, the Company has established and utilizes an accounting system that enables prompt and efficient gathering.

#### (4) Systems for Ensuring That the Execution of Duties by Directors and Employees Is Compliant with Laws and the Articles of Incorporation

The Company endeavors to spread the Sumitomo Spirit and the Charter of Corporate Behavior through measures such as distributing booklets explaining those ideas, and awareness about compliance by distributing the Code of Conduct and conducting training. Further, the President comments on the importance of the Sumitomo Spirit and that compliance with laws and maintenance of corporate ethics constitute the foundation of management, as opportunities to deliver messages within the Group, such as New Year's speeches and in-house newsletters, striving to spread awareness of these ideas.

In fiscal 2021, the Compliance Committee held four meetings and, among other things, undertook the following: identified and analyzed cross-Group compliance risks; planned and performed compliance training; and conducted monitoring of the compliance promotion activities of each department or division. Regarding compliance training, it was offered to officers, managers, those who were promoted, and new employees of the Company, and employees of the subsidiaries.

Regarding compliance with domestic and foreign competition laws, under the Global Antitrust and Competition Policy, the Company provides education regarding competition laws, within the Group, including domestic and foreign subsidiaries. Further, the Compliance & Risk Management Office monitors the status of operation of, and compliance with, a set of rules and regulations to ensure compliance with competition laws in cooperation with the respective dedicated organization of each unit or the Compliance Liaison.

Regarding prevention of bribery, the Company provides education within the Group, including domestic and foreign subsidiaries, and the Compliance Liaison in each department or division operates systems such as a pre-approval system to providing business entertainment, among others, pursuant to the internal rules on bribery prevention.

The Compliance Committee appropriately identifies the circumstances pertaining to information provided to the consultation and reporting desk established by the Company and domestic and foreign subsidiaries inside and outside (law firms and experts) the Company, and takes necessary measures.

#### (5) Systems for Ensuring the Propriety of Financial Reporting

Pursuant to the guidance and assistance of the Financial Reporting Internal Control Committee and the relevant Corporate Staff Group, each department, division, and subsidiary has developed and operated the internal control system. The Internal Auditing Department assesses the effectiveness of the internal control system of the whole Group, compiles an internal control report to be submitted to the Financial Services Agency based on the results of such assessment and obtains the approval of the Financial

Reporting Internal Control Committee and the Board of Directors.

(6) Systems for Ensuring the Propriety of the Operations Performed by the Corporate Group Comprised of the Company and the Subsidiaries

The Company also endeavors to spread the Sumitomo Spirit and the Charter of Corporate Behavior to each subsidiary, aiming to share with them the principles that should be respected and complied with in the course of business operations. Regarding specific matters pursuant to the internal rules of affiliated companies management, the responsible unit and relevant Corporate Staff Group of each subsidiary receive reports and consultation from the subsidiary, and as necessary, refer them to the Executive Committee and the Board of Directors meeting of the Company. The related persons of the governing unit and the administrative members of the Accounting Division, among others, are placed as directors or audit & supervisory board members of the subsidiaries in order to track their management status. The business plan of each subsidiary is formulated as part of the mid-term plan and annual plan of each unit, and the operational results of each unit are reported to the Executive Committee and the Board of Directors on a monthly basis, in order to examine measures required to be taken. Regarding commitments to risk management and compliance systems, such information is exchanged at the conference of audit & supervisory board members of the Group, or through meetings held by the Corporate Staff Group of the Company, such as the Human Resources Division, the Administration Division, and the Accounting Division, with the relevant departments or divisions of the subsidiaries, and guidance and support are conducted by the relevant Corporate Staff Group for each subsidiary. Also, the major activities relating to risk management and compliance do not only cover the Company itself, but also its domestic and foreign subsidiaries, excluding listed companies and their subsidiaries.

(7) Systems for Ensuring That the Audits & Supervisory Board Members Can Conduct Audits Effectively

The Company has established the Office of Audit & Supervisory Board Members as a dedicated office to provide support to the audit & supervisory board members and allocated employees consisting of one dedicated staff member and four members who hold posts concurrently elsewhere to such tasks (the “staff of Office of Audit & Supervisory Board Members”). The Office of Audit & Supervisory Board Members does not fall under the responsibility of any directors, etc. in terms of the organization, and the staff of Office of Audit & Supervisory Board Members must follow the instructions of the audit & supervisory board members. Regarding personnel transfer and personnel evaluation of the staff of Office of Audit & Supervisory Board Members, the Company hears the opinions of the Audit & Supervisory Board or full-time audit & supervisory board members. Audit & supervisory board members attend various important meetings, such as the Executive Committee, the Risk Management Committee and the Compliance Committee. The directors, etc. the general managers of the departments or divisions, the presidents of the subsidiaries and others report to the audit & supervisory board members, as deemed necessary, regarding material matters of the contents of the various important meetings that need supplementation.

A necessary budget is set with the approval of the Audit & Supervisory Board in order to account for costs or debts incurred in relation to execution of duties of the audit & supervisory board members, and a prompt response is made if an audit & supervisory board member makes requests such as prepayment or reimbursement for costs having been disbursed by such audit & supervisory board member. The directors and the general managers of the departments or divisions hold meetings upon request from the audit & supervisory board members and are interviewed about matters necessary for audits. In fiscal 2021, the Chairman

of the Board of Directors, the President and the officers in charge of Human Resources, Administration, and Accounting held a meeting twice with the audit & supervisory board members and outside directors to report and exchange opinions concerning management policies and tasks, etc. Furthermore, the Internal Auditing Department requests that the audit & supervisory board members attend report meetings regarding the results of audit in each division, department, etc. and hears the opinions of the audit & supervisory board members. It also acts in cooperation with the audit & supervisory board members through activities such as reporting and exchanging opinions concerning annual audit plans and their results.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Basic views on the elimination of antisocial forces and the status of development of the system therefor are as follows.

(1) Under the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, the Company unwaveringly upholds the basic policy of contributing to society through fair business activities. Furthermore, the Sumitomo Electric Group Charter of Corporate Behavior, which has been established as a code of conduct that specifically indicates how all officers and employees should act in order to realize these principles, stipulates that the Group will maintain a strong stand against any force that threatens public order and safety.

(2) The Company adopts a system under which the Administration Division, while striving to gather information from relevant administrative agencies, etc., works in collaboration with the relevant departments and divisions within the Company to eliminate antisocial forces. Further, the Company endeavors to ensure that all officers and employees fully understand and comply with the Charter through training and other means.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items
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### 2. Other Matters Concerning the Corporate Governance System

Outline of the Timely Disclosure System

The Company has defined the matters that all Group members should work on or comply with in any circumstances to realize the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles in the Sumitomo Electric Group Charter of Corporate Behavior, which declares, in its article “Disclosure of relevant information and promotion of communication with society,” that the Group will aim to disclose corporate information in a timely and appropriate manner and promote good communication with society. The Company is working to ensure that these policies are understood and followed by all officers and employees in the Group. Further, based on the Charter, the Company has established the Sumitomo Electric Group Disclosure Policy, which stipulates Sumitomo Electric Group’s basic attitudes and policies regarding information disclosure.

Based on the basic policies mentioned above, regarding insider information and material corporate information specified by the timely disclosure rules of the stock exchange, the Company has defined, in its internal rules on publicity, the procedures for

public announcement and information communication system, as described below, to ensure that relevant information is disclosed in a timely and appropriate manner in accordance with the laws/regulations and other relevant rules.

(1) The heads of the Corporate Staff Group, R&D Unit, Sales Units, and Business Units shall contact every officer in charge and communicate with the General Manager of the Public Relations Department, who is responsible for handling information, if reportable insider information or material corporate information, which is specified by the stock exchange, is deemed to possibly arise with regard to his/her own Group or Unit (including any equivalent departments or divisions, as well as subsidiaries under his/her jurisdiction).

(2) The General Manager of the Public Relations Department shall review and determine the need for an announcement, the timing for such announcement, the content to be announced, the announcement method and so forth through consultation with related departments and divisions, including the department/division concerned, the Legal Department, the Accounting Division, and the Finance Department.

(3) Pursuant to the above determinations, the General Manager of the Public Relations Department shall follow the necessary disclosure procedures as soon as possible, specifically, immediately after a relevant meeting of the Board of Directors for “decisions” and without delay for “facts that occurred” and “financial results information.” “Material information regarding subsidiaries” shall be handled in the same way as described above.

Specifically, in addition to establishing a separate information communication system for "decisions," "facts that occurred," and "financial results information," as shown in the attached schematic diagram, the Company works to disseminate the established systems and procedures to ensure timely disclosure of information. The Company thus makes sincere efforts to, from the standpoint of investors, promptly provide accurate and fair corporate information in a timely and appropriate manner. As for monitoring of the timely disclosure system, the audit & supervisory board members interview the Public Relations Department, which is in charge of information disclosure, and the Internal Audit Department conducts audits of the Public Relations Department as needed. The Company also strives to disclose corporate information in a timely and appropriate manner by providing internal training regarding timely disclosure to ensure that all relevant rules and regulations are observed.

END