

**CONVOCAATION NOTICE OF  
THE 151ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

June 3, 2021  
Sumitomo Electric Industries, Ltd.

On June 3, 2021, Sumitomo Electric Industries, Ltd. (the "Company") has sent a notice convening the 151st Ordinary General Meeting of Shareholders (the "Notice") to its shareholders on record as of March 31, 2021. This document only provides translations of information contained in the Japanese original text of the Notice (except non-consolidated financial statements, independent auditor's reports, the report of Audit & Supervisory Board, instructions on exercise of voting rights and map) and of the notes to consolidated financial statements (the "Notes") disclosed on the internet in relation to the Convocation notice of the 151st Ordinary General Meeting of Shareholders, solely for the purpose of identifying the items of information contained in the Notice and the Notes for reference. The Company does not represent or warrant that the information provided on this document (the "Information") constitutes a summary of the Notice and the Notes or provides a complete and accurate record of the material information in the Notice and the Notes. No warranty is given to any user of the Information as to its accuracy or completeness or timeliness. In the event of a dispute or difference as to meaning or intent of the Information and the Japanese original text of the Notice and the Notes, the Japanese original text of the Notice and the Notes shall prevail. In order to accurately and completely understand the information contained in the Notice and the Notes, it is necessary to read the complete Japanese original text thereof. The shareholders of the Company are therefore requested to refer to the complete text of the Notice. The original Japanese text of the Notice and the Notes should be available on our Japanese Web site (<https://sei.co.jp/ir/meeting/>).

Neither the provision of the Information nor any part of the Information shall be deemed to be an offer to purchase or sell, or a solicitation of an offer to purchase or sell, any securities, nor shall it be deemed a recommendation for or an endorsement of investment by the Company. Neither the Company nor any of its directors, officers, employees, agents, affiliates and assigns shall be liable to any person for any losses, damages, costs or expenses of whatever nature arising out of, or in any way related to, any errors to, delays in, ambiguities of, omissions from or alterations to, the Information or for any reliance by such person on any part of the Information.

(Translation)

Securities Code: 5802

June 3, 2021

To the Shareholders

Sumitomo Electric Industries, Ltd.  
5-33, Kitahama 4-chome  
Chuo-ku, Osaka City  
Represented by: Osamu Inoue  
President

**CONVOCAION NOTICE OF  
THE 151ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to hereby inform you that the 151st Ordinary General Meeting of Shareholders (the "Meeting") will be held as set forth below.

In addition to attending the Meeting, you have an option to exercise your voting rights in writing or by electromagnetic means (the Internet, etc.). We cordially request that you exercise your voting rights (in doing so, please follow the "Instructions Regarding Voting" set forth on page 3 [of the Japanese original text]) by 5:15 p.m. of June 24, 2021 (Thursday), after examining the Reference Documents regarding the Ordinary General Meeting of Shareholders set out below.

1. **Date:** June 25, 2021 (Friday) at 10:00 a.m.
2. **Place:** "The Grand Ballroom" 2nd floor  
The Ritz-Carlton, Osaka  
5-25, Umeda 2-chome, Kita-ku, Osaka City
3. **Purposes of the Meeting:**

Matters to be reported

1. Reporting on the Business Report, the Consolidated Financial Statements and the results of the examination of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 151st fiscal year (from April 1, 2020 to March 31, 2021)
2. Reporting on the Non-Consolidated Financial Statements for the 151st fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved

- First item: Disposition of surplus
- Second item: Appointment of fifteen (15) Directors due to the expiration of the term of office of all of the current Directors
- Third item: Appointment of one (1) Audit & Supervisory Board Member

- Fourth item: Payment of bonuses to the Directors
- Fifth item: Revision of the amount of remuneration of Directors
- Sixth item: Revision of the amount of remuneration of Audit & Supervisory Board Members
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- \* Substitutions are allowed only when the proxy is the Company's shareholder with voting rights, and one person for each shareholder. (The proxy must bring not only the "Voting Instruction Form" of the shareholder but also a certification for his or her authority.)
- \* The notes to the consolidated financial statements and the notes to non-consolidated financial statements, which are a part of the documents that should be provided together with this Notice, are disclosed through postings on our website (<https://sei.co.jp/ir/>) pursuant to laws and regulations and the provision of Article 15 of the Articles of Incorporation, and are therefore not described in the attachment to this Notice. Accordingly, the consolidated financial statements and the non-consolidated financial statements attached to this Notice are part of the consolidated financial statements and the non-consolidated financial statements that were subject to audit by the Audit & Supervisory Board Members for the purpose of an auditors' report, as well as an audit by the Accounting Auditor for the purpose of an accounting auditor's report.
- \* When the reference documents regarding the ordinary general meeting of shareholders, the business report, the consolidated financial statements or the non-consolidated financial statements need modification by the day before the Meeting, we will notify the shareholders in writing by mail or by notice on our website (<https://sei.co.jp/ir/>).

(Translation)

**REFERENCE DOCUMENTS  
REGARDING THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Agendas and Reference Information

**First item: Disposition of surplus**

Based on maintenance of stable dividends, the Company has the basic policy of making distribution of profits to shareholders after taking into consideration the consolidated business results, the dividend payout ratio, the accumulation level of the retained earnings and other matters.

As for the year-end dividend for the 151st fiscal year, in consideration of the business results for this fiscal year and other matters, the Company proposes to distribute in the amount of sixteen yen (¥16) per share, which is the same as the interim dividend for this fiscal year. As a result, the dividend for this fiscal year, including the interim dividend (sixteen yen (¥16)), is thirty two yen (¥32) per share, which is eight yen (¥8) per share less than that of the preceding fiscal year.

1. Matters concerning the year-end dividend
  - (1) Type of properties to be distributed:

Cash
  - (2) Matter concerning the allocation of properties to be distributed and the total amount thereof:

Sixteen yen (¥16) per ordinary share of the Company  
Total amount of dividends: 12,481,269,952 yen
  - (3) Effective date of distribution of surplus:

June 28, 2021
2. Other matters concerning the disposition of surplus

Not applicable.

**Second item: Appointment of fifteen (15) Directors due to the expiration of the term of office of all of the current Directors**

The term of office of all twelve (12) current Directors will expire upon the closing of this Meeting. In order to aim to further strengthen the management system mainly through the increase of the number of Outside Directors, approval is hereby requested for the appointment of fifteen (15) Directors.

The nominees for the offices of Directors are as stated on pages 7 to 22.

[Reference Information] List of Nominees for Directors

<b>Nominee Number</b>	<b>Name</b>		<b>Position and Areas of Responsibility in the Company (as of June 3, 2021)</b>	<b>Number of Times Attending Board of Directors Meetings (FY2020)</b>
1	Masayoshi Matsumoto	Reappt.	Chairman of the Board of Directors	15/15
2	Osamu Inoue	Reappt.	President	15/15
3	Mitsuo Nishida	Reappt.	Executive Vice President General Manager, Automotive Business Unit	15/15
4	Yoshitomo Kasui	Reappt.	Senior Managing Director Corporate Staff Group (Compliance & Risk Management, Administration, Tokyo Administration, Secretary, Human Resources, Human Resources Development, Internal Auditing)	15/15
5	Akira Nishimura	Reappt.	Senior Managing Director General Manager, R&D Unit Electronics Group (Flexible Printed Circuits Division)	15/15
6	Hideo Hato	Reappt.	Senior Managing Director General Manager, New Business Development Unit Deputy General Manager, Automotive Business Unit (Systems & Electronics Division) Corporate Staff Group (Legal, Public Relations, Corporate Planning, Intellectual Property, Security Trade Control) Environment and Energy Group (Energy System Division)	15/15
7	Masaki Shirayama	Reappt.	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit	15/15
8	Nobuyuki Kobayashi	Reappt.	Managing Director Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)	15/15

Nominee Number	Name		Position and Areas of Responsibility in the Company (as of June 3, 2021)	Number of Times Attending Board of Directors Meetings (FY2020)
9	Hiroshi Sato	Reappt.	Outside Director O/S Ind. Officer	15/15
10	Michihiro Tsuchiya	Reappt.	Outside Director O/S Ind. Officer	15/15
11	Christina Ahmadjian	Reappt.	Outside Director O/S Ind. Officer	15/15
12	Yasuhiro Miyata	New appt.	Managing Executive Officer General Manager, Electronics Sales Unit	-
13	Toshiyuki Sahashi	New appt.	Managing Executive Officer Deputy General Manager, Advanced Materials Business Unit	-
14	Katsuaki Watanabe	New appt.	Outside Audit & Supervisory Board Member O/S Ind. Officer	-
15	Atsushi Horiba	New appt.	O/S Ind. Officer	-
<p>“Reappt.” means a reappointed nominee; “New appt.” means a newly appointed nominee; “O/S” means a nominee for Outside Director; and “Ind. Officer” means a nominee for Independent Officer as defined by Tokyo Stock Exchange, Inc., etc.</p>				

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
1	Masayoshi Matsumoto (September 18, 1944)	65,200 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	<p>Apr. 1967      Joined the Company</p> <p>Jun. 1997      Director</p> <p>Jun. 1999      Managing Director</p> <p>Jun. 2003      Senior Managing Director</p> <p>Jun. 2004      President</p> <p>Jun. 2017      Chairman of the Board of Directors</p> <p>(currently maintained)</p> <p>Important Concurrent Posts</p> <p>Chairman, Kansai Economic Federation</p>	
	<b>Reasons Why the Company Nominates the Nominee as a Director</b>	
	<p>The Company has selected him as a nominee for the office of Director because he has been, as a President since June 2004, and as a Chairman of the Board of Directors since June 2017, one of the core members of the Company's management and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p>	

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
2	Osamu Inoue (August 25, 1952)	39,210 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	Apr. 1975	Joined the Company
	Jun. 2004	Executive Officer Deputy General Manager, Automotive Business Unit
	Jan. 2006	Executive Officer, Sumitomo Wiring Systems, Ltd.
Jun. 2006	Director, Managing Executive Officer, Sumitomo Wiring Systems, Ltd.	
Jun. 2007	Director, Senior Managing Executive Officer, Sumitomo Wiring Systems, Ltd.	
Jun. 2008	Managing Director, General Manager, Automotive Business Unit of the Company	
Apr. 2009	Director of the Company President, Sumitomo Electric Bordnetze GmbH (now known as Sumitomo Electric Bordnetze SE)	
Jun. 2012	Deputy General Manager, Automotive Business Unit of the Company Director, President, Sumitomo Wiring Systems, Ltd.	
Apr. 2017	Managing Executive Officer of the Company Director, Sumitomo Wiring Systems, Ltd.	
Jun. 2017	President of the Company	
(currently maintained)		
<b>Reasons Why the Company Nominates the Nominee as a Director</b>		
The Company has selected him as a nominee for the office of Director because he has been, as a President, one of the core members of the Company's management since June 2017 and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
3	Mitsuo Nishida (February 11, 1948)	22,890 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	<p>Apr. 1972      Joined the Company</p> <p>Jun. 2005      Director, Senior Managing Executive Officer, Sumitomo Wiring Systems, Ltd.</p> <p>Jun. 2007      Managing Executive Officer, Deputy General Manager, Automotive Business Unit of the Company</p> <p>Apr. 2009      Managing Executive Officer General Manager, Automotive Business Unit</p> <p>Jun. 2009      Managing Director General Manager, Automotive Business Unit</p> <p>Jun. 2010      Senior Managing Director General Manager, Automotive Business Unit</p> <p>Jun. 2014      Executive Vice President General Manager, Automotive Business Unit</p> <p>Apr. 2017      Ditto General Manager, Manufacturing Management &amp; Engineering Unit</p> <p>Jun. 2020      Executive Vice President General Manager, Automotive Business Unit</p>	
	<p>(currently maintained)</p> <p>Areas of Responsibility: General Manager, Automotive Business Unit</p> <p>Important Concurrent Posts: Chairman of Board of Directors, Sumitomo Wiring Systems, Ltd. Chairman of the Board, Sumitomo Electric Wiring Systems, Inc. Joint Representative Director, Kyungshin Co., Ltd.</p>	
	<b>Reasons Why the Company Nominates the Nominee as a Director</b>	
<p>The Company has selected him as a nominee for the office of Director because he has been, as an Executive Vice President, one of the core members of the Company's management since June 2014 and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p>		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
4	Yoshitomo Kasui (May 15, 1959)	26,900 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	Apr. 1983	Joined the Company
	Jun. 2012	Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit
	Jun. 2013	Managing Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit
Jun. 2014	Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit	
Jun. 2018	Senior Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit	
Jun. 2020	Senior Managing Director	
(currently maintained)		
Areas of Responsibility:		
Corporate Staff Group (Compliance & Risk Management, Administration, Tokyo Administration, Secretary, Human Resources, Human Resources Development, Internal Auditing)		
<b>Reasons Why the Company Nominates the Nominee as a Director</b>		
He has abundant business experience at the Administration and Human Resource Division. The Company has selected him as a nominee for the office of Director because he has served as Senior Managing Director and supervised the Corporate Staff Group including the Administration and Human Resource Division since June 2018, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
5	Akira Nishimura (April 7, 1958)	18,000 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	Apr. 1984	Joined the Company
	Jun. 2013	Executive Officer Deputy General Manager, Infocommunications Business Unit
	Jun. 2015	Managing Executive Officer Deputy General Manager, Infocommunications Business Unit
	Jun. 2016	Managing Director General Manager, Infocommunications Business Unit
Jun. 2019	Senior Managing Director General Manager, Infocommunications Business Unit	
Jun. 2020	Senior Managing Director General Manager, R&D Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, R&D Unit Electronics Group (Flexible Printed Circuits Division)		
<b>Reasons Why the Company Nominates the Nominee as a Director</b>		
He has abundant business experience at the Infocommunications Group and great insight into technical development. The Company has selected him as a nominee for the office of Director because he has served as Senior Managing Director since June 2019 and has served as General Manager of the R&D Group since June 2020, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
6	Hideo Hato (September 3, 1957)	12,700 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	Apr. 1981	Joined the Ministry of International Trade and Industry
	Jun. 2013	Commissioner, Patent Office
	Jul. 2014	Retired from office
Jun. 2016	Joined the Company Managing Executive Officer	
Jun. 2017	Managing Director	
Apr. 2018	Ditto Deputy General Manager, Automotive Business Unit	
Jun. 2018	Ditto General Manager, New Business Development Unit	
Jun. 2019	Senior Managing Director General Manager, New Business Development Unit Deputy General Manager, Automotive Business Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, New Business Development Unit		
Deputy General Manager, Automotive Business Unit (Systems & Electronics Division)		
Corporate Staff Group (Legal, Public Relations, Corporate Planning, Intellectual Property, Security Trade Control)		
Environment and Energy Group (Energy System Division)		
<b>Reasons Why the Company Nominates the Nominee as a Director</b>		
He held important posts including as the Commissioner of the Patent Office and has abundant experience. The Company has selected him as a nominee for the office of Director because he has served as Senior Managing Director and General Manager of the New Business Development Unit of the Company since June 2019, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
7	Masaki Shirayama (November 29, 1961)	17,800 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	Apr. 1985	Joined the Company
	Jun. 2012	General Manager, Business Development Division
	Jun. 2013	Executive Officer Deputy General Manager, Network Products Sales & Marketing Unit General Manager, New Business Marketing and Promotion Division General Manager, Marketing & Promotion Department, New Business Development Unit
Jun. 2014	Managing Executive Officer General Manager, Social Infrastructure Sales & Marketing Unit	
Jun. 2017	Managing Director General Manager, Social Infrastructure Sales & Marketing Unit	
Jun. 2018	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Electric Wire & Cable, Energy Business Unit		
<b>Reasons Why the Company Nominates the Nominee as a Director</b>		
He has abundant business experience in the sales departments of infrastructure businesses. The Company has selected him as a nominee for the office of Director because he assumed the office of Managing Director in June 2017 and has served as General Manager of the Environment and Energy Group since June 2018, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
8	Nobuyuki Kobayashi (May 31, 1961)	10,200 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	<p>Apr. 1985      Joined the Company</p> <p>Jan. 2016      General Manager, Accounting Division</p> <p>Jun. 2016      Executive Officer Ditto</p> <p>Jun. 2019      Managing Director</p> <p>(currently maintained)</p> <p>Areas of Responsibility: Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)</p> <p>Important Concurrent Posts: Director, Sumitomo Rubber Industries, Ltd.</p>	
	<b>Reasons Why the Company Nominates the Nominee as a Director</b>	
	<p>He has abundant business experience in the Accounting and Finance Divisions, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Director and supervised the Corporate Staff Group including the Accounting and Finance Divisions since June 2019, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p>	

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
9	<p style="text-align: center;"><b>Hiroshi Sato</b> (September 25, 1945)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	8,700 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	<p>Apr. 1970      Joined Kobe Steel, Ltd.</p> <p>Jun. 1996      Director, Kobe Steel, Ltd.</p> <p>Apr. 1999      Ditto, Executive Officer, Kobe Steel, Ltd.</p> <p>Jun. 1999      Managing Executive Officer, Kobe Steel, Ltd.</p> <p>Jun. 2000      Director, Kobe Steel, Ltd., Ditto</p> <p>Jun. 2002      Director, Senior Managing Executive Officer, Kobe Steel, Ltd.</p> <p>Jun. 2003      Senior Managing Director, Kobe Steel, Ltd.</p> <p>Apr. 2004      Executive Vice President and Director, Kobe Steel, Ltd.</p> <p>Apr. 2009      President and Director, Kobe Steel, Ltd.</p> <p>Apr. 2013      Chairman of the Board and Director, Kobe Steel, Ltd.</p> <p>Apr. 2016      Senior Advisor and Director, Kobe Steel, Ltd.</p> <p>Jun. 2016      Senior Advisor, Kobe Steel, Ltd. Director of the Company (Outside Director)</p> <p>Apr. 2018      Advisor, Kobe Steel Ltd. Director of the Company (Outside Director)</p> <p>(currently maintained)</p> <p>Important Concurrent Posts:</p> <p style="padding-left: 20px;">Advisor, Kobe Steel, Ltd. President &amp; Representative Director, The Kobe International House Inc.</p>	
	<b>Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.</b>	
	<p>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. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in the consideration of Officers' personnel affairs and remuneration, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc." While the Company has a business relationship with Kobe Steel, Ltd., where he previously served as an executive, involving matters such as the purchase and sale of the 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. The Company has no transactions with The Kobe International House Inc., where he currently holds office as a President &amp; Representative Director.</p>	

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
10	<p style="text-align: center;">Michihiro Tsuchiya (July 12, 1947)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	5,700 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	<p>Apr. 1976      Joined Tanabe Seiyaku Co., Ltd. (now known as Mitsubishi Tanabe Pharma Corporation)</p> <p>Jun. 2001      Board Director, Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2003      Managing Board Director, Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2005      Board Director, Managing Executive Officer, Tanabe Seiyaku Co., Ltd.</p> <p>Jun. 2006      Representative Director, Senior Managing Executive Officer, Tanabe Seiyaku Co., Ltd.</p> <p>Oct. 2007      Board Director, Vice President, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun. 2008      Ditto Director, Mitsubishi Chemical Holdings Corporation</p> <p>Jun. 2009      President &amp; Representative Director, Chief Executive Officer, Mitsubishi Tanabe Pharma Corporation Director, Mitsubishi Chemical Holdings Corporation</p> <p>Jun. 2014      Chairman of the Board &amp; Representative Director, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun. 2016      Chairman of the Board, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun. 2017      Senior Advisor, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun. 2018      Ditto Director of the Company (Outside Director)</p> <p>Jun. 2019      Director of the Company (Outside Director)</p> <p>(currently maintained)</p> <p>Important Concurrent Posts: Director, RaQualia Pharma Inc. (Outside Director)</p>	
<b>Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.</b>		
<p>He has abundant experience and great insight into overall business management, through being involved in the management of the companies developing global business activities. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in the consideration of Officers' personnel affairs and remuneration, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc." The Company has no transactions with Mitsubishi Tanabe Pharma Corporation, where he previously served as an executive.</p>		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned														
11	<p style="text-align: center;">Christina Ahmadjian (March 5, 1959)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	4,100 shares														
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>															
	<table border="0"> <tr> <td style="vertical-align: top; padding-right: 20px;">Jan. 1995</td> <td>Assistant Professor, Graduate School of Business, Columbia University,</td> </tr> <tr> <td style="vertical-align: top; padding-right: 20px;">Oct. 2001</td> <td>Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top; padding-right: 20px;">Jan. 2004</td> <td>Professor, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top; padding-right: 20px;">Apr. 2010</td> <td>Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top; padding-right: 20px;">Apr. 2012</td> <td>Professor, Graduate School of Commerce and Management, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top; padding-right: 20px;">Apr. 2018</td> <td>Professor, Graduate School of Business Administration, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top; padding-right: 20px;">Jun. 2018</td> <td>Ditto Director of the Company (Outside Director)</td> </tr> </table> <p>(currently maintained)</p> <p><b>Important Concurrent Posts:</b></p> <p>Professor, Graduate School of Business Administration, Hitotsubashi University  Director, Japan Exchange Group, Inc. (Outside Director)  Director, Mitsubishi Heavy Industries, Ltd. (Outside Director)  Director, Asahi Group Holdings, Ltd. (Outside Director)</p>		Jan. 1995	Assistant Professor, Graduate School of Business, Columbia University,	Oct. 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Jan. 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Apr. 2010	Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University	Apr. 2012	Professor, Graduate School of Commerce and Management, Hitotsubashi University	Apr. 2018	Professor, Graduate School of Business Administration, Hitotsubashi University	Jun. 2018	Ditto Director of the Company (Outside Director)
	Jan. 1995	Assistant Professor, Graduate School of Business, Columbia University,														
	Oct. 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University														
Jan. 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University															
Apr. 2010	Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University															
Apr. 2012	Professor, Graduate School of Commerce and Management, Hitotsubashi University															
Apr. 2018	Professor, Graduate School of Business Administration, Hitotsubashi University															
Jun. 2018	Ditto Director of the Company (Outside Director)															
<b>Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, and Reasons Why the Company Has Determined that the Nominee is Capable of Conducting the Duties Appropriately as an Outside Director</b>																
<p>She has great insight and a global perspective as a university professor mainly studying in the fields of business management and corporate governance. Based on the foregoing, the Company has selected her as a nominee for the office of Outside Director because the Company expects that she will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in the consideration of Officers' personnel affairs and remuneration, and the Company considers her to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc." She has no experience concerning company management other than acting as an Outside Director; however, the Company has determined that she is capable of conducting the duties appropriately as an Outside Director because of the reasons above. The Company has no transactions with and has made no donations to Hitotsubashi University, where she serves as a professor.</p>																

Nominee Number	Name (Birth Date)	Number of Company Shares Owned										
12	<p style="text-align: center;">Yasuhiro Miyata (April 12, 1961)</p> <div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Newly appointed</div>	4,600 shares										
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>											
	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Apr. 1984</td> <td>Joined the Company</td> </tr> <tr> <td>Jun. 2006</td> <td>General Manager, Flexible Printed Circuits &amp; Components Sales Division</td> </tr> <tr> <td>Dec. 2011</td> <td>President, Sumitomo Electric Interconnect Products (Hong Kong), Ltd.</td> </tr> <tr> <td>Jun. 2013</td> <td>Executive Officer Deputy General Manager, Electronics Sales Unit Ditto</td> </tr> <tr> <td>Jun. 2014</td> <td>Managing Executive Officer General Manager, Electronics Sales Unit</td> </tr> </table> <p>(currently maintained)</p>		Apr. 1984	Joined the Company	Jun. 2006	General Manager, Flexible Printed Circuits & Components Sales Division	Dec. 2011	President, Sumitomo Electric Interconnect Products (Hong Kong), Ltd.	Jun. 2013	Executive Officer Deputy General Manager, Electronics Sales Unit Ditto	Jun. 2014	Managing Executive Officer General Manager, Electronics Sales Unit
	Apr. 1984	Joined the Company										
	Jun. 2006	General Manager, Flexible Printed Circuits & Components Sales Division										
Dec. 2011	President, Sumitomo Electric Interconnect Products (Hong Kong), Ltd.											
Jun. 2013	Executive Officer Deputy General Manager, Electronics Sales Unit Ditto											
Jun. 2014	Managing Executive Officer General Manager, Electronics Sales Unit											
<b>Reasons Why the Company Nominates the Nominee as a Director</b>												
<p>He has abundant business experience in the Sales Division for electronics products, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Executive Officer and General Manager of the Sales Group since June 2014, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p>												

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
13	<p>Toshiyuki Sahashi (December 31, 1960)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Newly appointed</div>	300 shares
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>	
	<p>Apr. 1986      Joined the Company</p> <p>Jun. 2016      President, Sumitomo Electric Hardmetal Corp.</p> <p>Jun. 2017      Executive Officer Ditto</p> <p>Jun. 2019      Managing Executive Officer Deputy General Manager, Advanced Materials Business Unit President, Sumitomo Electric Hardmetal Corp.</p> <p>(currently maintained)</p> <p>Important Concurrent Posts: President, Sumitomo Electric Hardmetal Corp.</p>	
	<b>Reasons Why the Company Nominates the Nominee as a Director</b>	
	<p>He has abundant business experience in the Industrial Materials Group, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Executive Officer and Deputy General Manager of the Industrial Materials Group since June 2019, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p>	

Nominee Number	Name (Birth Date)	Number of Company Shares Owned																						
14	<p style="text-align: center;">Katsuaki Watanabe (February 13, 1942)</p> <div style="text-align: center; border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Newly appointed</div> <div style="text-align: center; border: 1px solid black; width: fit-content; margin: 2px auto; padding: 2px;">Nominee for Outside Director</div> <div style="text-align: center; border: 1px solid black; width: fit-content; margin: 2px auto; padding: 2px;">Nominee for Independent Officer</div>	13,800 shares																						
	<b>Career Summary, Position, Areas of Responsibility and Important Concurrent Posts</b>																							
	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%; vertical-align: top;">Apr. 1964</td> <td>Joined Toyota Motor Co., Ltd. (now known as Toyota Motor Corporation)</td> </tr> <tr> <td style="vertical-align: top;">Sept. 1992</td> <td>Director, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 1997</td> <td>Managing Director, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 1999</td> <td>Senior Managing Director, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2001</td> <td>Executive Vice President, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2005</td> <td>President, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2009</td> <td>Vice Chairman, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2011</td> <td>Senior Advisor, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2013</td> <td>Ditto Audit &amp; Supervisory Board Member (Outside Audit &amp; Supervisory Board Member) of the Company</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2015</td> <td>Advisor, Toyota Motor Corporation Audit &amp; Supervisory Board Member (Outside Audit &amp; Supervisory Board Member) of the Company</td> </tr> <tr> <td style="vertical-align: top;">Jul. 2018</td> <td>Audit &amp; Supervisory Board Member (Outside Audit &amp; Supervisory Board Member) of the Company</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Posts: Director (Outside Director), Kyushu Financial Group, Inc.</p>		Apr. 1964	Joined Toyota Motor Co., Ltd. (now known as Toyota Motor Corporation)	Sept. 1992	Director, Toyota Motor Corporation	Jun. 1997	Managing Director, Toyota Motor Corporation	Jun. 1999	Senior Managing Director, Toyota Motor Corporation	Jun. 2001	Executive Vice President, Toyota Motor Corporation	Jun. 2005	President, Toyota Motor Corporation	Jun. 2009	Vice Chairman, Toyota Motor Corporation	Jun. 2011	Senior Advisor, Toyota Motor Corporation	Jun. 2013	Ditto Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company	Jun. 2015	Advisor, Toyota Motor Corporation Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company	Jul. 2018	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company
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<b>Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.</b>																								
<p>He was involved for a long time in the management of a company that conducted its business globally, has extensive experience and great insight in relation to overall corporate management, and has made comments on not only audits as an Outside Audit &amp; Supervisory Board Member of the Company, but also improvements in the efficiency of management, etc., from a broad perspective. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in consideration of Officers' personnel affairs and remuneration, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p> <p>While the Company has a business relationship with Toyota Motor Corporation, where he previously served as an executive, involving matters such as the purchase and sale of products, ten years or more have passed since he resigned as an executive of Toyota Motor Corporation, and he resigned from all positions at Toyota Motor Corporation in June 2018. In addition, considering the scale of the relevant transactions, that fact above does not influence his independence.</p>																								

Nominee Number	Name (Birth Date)	Number of Company Shares Owned																
15	<p style="text-align: center;">Atsushi Horiba (February 5, 1948)</p> <div style="text-align: center; border: 1px solid black; width: fit-content; margin: 5px auto;">Newly appointed</div> <div style="text-align: center; border: 1px solid black; width: fit-content; margin: 5px auto;">Nominee for Outside Director</div> <div style="text-align: center; border: 1px solid black; width: fit-content; margin: 5px auto;">Nominee for Independent Officer</div>	3,000 shares																
	<b>Career Summary, Position, Areas of Responsibility, and Important Concurrent Posts</b>																	
	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Sept. 1972</td> <td>Joined HORIBA, Ltd.</td> </tr> <tr> <td>Jun. 1982</td> <td>Director of HORIBA, Ltd.</td> </tr> <tr> <td>Jun. 1988</td> <td>Senior Managing Director of HORIBA, Ltd.</td> </tr> <tr> <td>Jan.1992</td> <td>President of HORIBA, Ltd.</td> </tr> <tr> <td>Jun. 1995</td> <td>Ditto President of STEC Co., Ltd. (now known as HORIBA STEC, Co., Ltd.)</td> </tr> <tr> <td>Jun. 2005</td> <td>Chairman, President &amp; CEO of HORIBA, Ltd., President of HORIBA STEC, Co., Ltd.</td> </tr> <tr> <td>Apr. 2016</td> <td>Chairman, President &amp; CEO of HORIBA, Ltd., Chairman of HORIBA STEC, Co., Ltd.</td> </tr> <tr> <td>Jan. 2018</td> <td>Chairman &amp; Group CEO of HORIBA, Ltd., Chairman of HORIBA STEC, Co., Ltd.</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Posts:</p> <ul style="list-style-type: none"> <li>Chairman &amp; Group CEO of HORIBA, Ltd.</li> <li>Chairman of HORIBA STEC, Co., Ltd.</li> <li>Director of SoftBank Corp. (Outside Director)</li> </ul>		Sept. 1972	Joined HORIBA, Ltd.	Jun. 1982	Director of HORIBA, Ltd.	Jun. 1988	Senior Managing Director of HORIBA, Ltd.	Jan.1992	President of HORIBA, Ltd.	Jun. 1995	Ditto President of STEC Co., Ltd. (now known as HORIBA STEC, Co., Ltd.)	Jun. 2005	Chairman, President & CEO of HORIBA, Ltd., President of HORIBA STEC, Co., Ltd.	Apr. 2016	Chairman, President & CEO of HORIBA, Ltd., Chairman of HORIBA STEC, Co., Ltd.	Jan. 2018	Chairman & Group CEO of HORIBA, Ltd., Chairman of HORIBA STEC, Co., Ltd.
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<b>Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.</b>																		
<p>He was involved for a long time in the management of a company that conducted its business globally, has extensive experience and great insight in relation to overall corporate management. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to further improvements in supervisory functions of management from an objective perspective that is independent from the execution of business, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p> <p>While the Company has a business relationship with HORIBA, Ltd., where he currently holds office as a Chairman &amp; Group CEO, involving matters such as the outsourcing of repair of devices, the value of each transaction is less than 1% of the total sales of the Company and HORIBA, Ltd. respectively. Therefore, that fact above does not influence his independence. In addition, while the Company has a business relationship with HORIBA STEC, Co., Ltd., where he currently holds office as a Chairman, involving matters such as the purchase of products, the value of each transaction is less than 1% of the total sales of the Company and HORIBA STEC, Co., Ltd. respectively. Therefore, that fact above does not influence his independence.</p>																		

Notes:

1. The Director nominee Mr. Mitsuo Nishida is the Joint Representative Director of Kyungshin Co., Ltd., which is a Korean company manufacturing and selling automotive wiring harnesses and their related components, and in which the Company and Sumitomo Wiring Systems, Ltd. invest money equivalent to 30% and 20%, respectively, of the shareholding ratio. The Company and that company do not have direct transaction relationship. Sumitomo Wiring Systems, Ltd. and that company are in a transaction relationship, for example, conducting sales and purchase of automotive wiring harness components and technical assistance to that company.  
The other nominees for the offices of Directors do not have business connections with the Company.
2. Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, Ms. Christina Ahmadjian, Mr. Katsuaki Watanabe, and Mr. Atsushi Horiba are nominees for Outside Directors and for Independent Officers as defined by Tokyo Stock Exchange, Inc., etc.
3. Matters to be described specifically regarding the Outside Director nominees (Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, Ms. Christina Ahmadjian, Mr. Katsuaki Watanabe, and Mr. Atsushi Horiba) are as follows:
  - (1) The fact that the relevant stock company violated laws and regulations or its articles of incorporation, or otherwise unfairly executed business during the term of office at the relevant stock company if a candidate for the office of Outside Director has held office in the past five years as a director, executive officer or auditor & supervisory board member of another stock company  
  
It was revealed in October 2017 that Kobe Steel, Ltd. (where Mr. Hiroshi Sato served as a Director until June 2016) and its group have been involved in the misconduct concerning the products and services provided by the group, such as the act of falsifying or fabricating inspection data for products falling short of public standards or customer specifications, and shipping or delivering those products to customers as if they conformed to the public standards or customer specifications. In connection with that, regarding some of those acts, that company was convicted of a breach of the Unfair Competition Prevention Act in March 2019.
  - (2) Number of years since the Outside Director nominees started to hold office as an Outside Director or an Audit & Supervisory Board Member of the Company  
  
Mr. Hiroshi Sato will have held office as an Outside Director for five (5) years upon the closing of this Meeting.  
  
Mr. Michihiro Tsuchiya and Ms. Christina Ahmadjian will have held office as Outside Directors for three (3) years upon the closing of this Meeting.  
  
Mr. Katsuaki Watanabe will have held office as an Outside Audit & Supervisory Board Member for eight (8) years upon the closing of this Meeting.
  - (3) Outline of the substance of the limited liability contract  
  
The Company has entered into a limited liability contract with Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, Ms. Christina Ahmadjian, and Mr. Katsuaki Watanabe. The contract provides, with respect to the liability under Article 423, paragraph 1 of the Companies Act, that each of them owes liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount provided under Article 425, paragraph 1 of the Act, if they act without knowledge and are not grossly negligent in conducting their duties.

In addition, if the appointment of Mr. Atsushi Horiba is approved, the Company will enter into a limited liability contract with him with the same content as that in the contracts with each of the others above.

4. The Company has entered into a directors and officers liability insurance contract under which all Directors are the insureds, and the contract provides that insured Directors will be responsible for execution of their duties or that the contract will compensate damages borne as a result of claims that are received and related to pursuit of liability against them.

If each nominee starts to hold office as a Director, they will become the insureds under the insurance contract and the insurance contract will be renewed during their term of office.

### **Third item: Appointment of one (1) Audit & Supervisory Board Member**

The term of office of Audit & Supervisory Board Member Mr. Katsuaki Watanabe expires upon the closing of this Meeting. Approval is hereby requested for the appointment of one (1) Audit & Supervisory Board Member.

The nominee for the office of Audit & Supervisory Board Member is as follows, and this agenda has already been approved by the Audit & Supervisory Board.

<b>Name (Birth Date)</b>	<b>Number of Company Shares Owned</b>
<p data-bbox="347 600 584 656">Tatsuo Kijima (September 22, 1954)</p> <p data-bbox="336 685 592 723">Newly appointed</p> <p data-bbox="197 745 730 808">Nominee for Outside Audit &amp; Supervisory Board Member</p> <p data-bbox="268 835 665 869">Nominee for Independent Officer</p>	<p data-bbox="1023 734 1118 763">0 shares</p>
<b>Career Summary, Position and Important Concurrent Posts</b>	
<p data-bbox="201 969 512 999">Apr. 1978      Joined JNR</p> <p data-bbox="201 1028 932 1057">Jun. 2006      Executive Officer of West Japan Railway Company</p> <p data-bbox="201 1086 1007 1115">Jun. 2009      Senior Executive Officer of West Japan Railway Company</p> <p data-bbox="201 1144 1145 1173">Jun. 2010      Director and Senior Executive Officer of West Japan Railway Company</p> <p data-bbox="201 1202 1297 1265">Jun. 2012      Vice President, Representative Director and Executive Officer of West Japan Railway Company</p> <p data-bbox="201 1294 1353 1323">Jun. 2016      President, Representative Director and Executive Officer of West Japan Railway Company</p> <p data-bbox="201 1352 1043 1382">Dec. 2019      Vice Chairman and Director of West Japan Railway Company</p> <p data-bbox="201 1411 437 1440">(currently maintained)</p> <p data-bbox="201 1456 884 1536">Important Concurrent Posts: Vice Chairman and Director of West Japan Railway Company Director of Osaka Gas Co., Ltd. (Outside Director)</p>	
<b>Reasons Why the Company Nominates the Nominee as an Outside Audit &amp; Supervisory Board Member</b>	
<p data-bbox="201 1630 1393 1794">He was involved for a long time in the management of a company that supported social infrastructures mainly involving transportation, has extensive experience and great insight in relation to overall corporate management. The Company has selected him as a nominee for Outside Audit &amp; Supervisory Board Member because the Company considers him to be qualified for the office of Outside Audit &amp; Supervisory Board Member in light of the Company's "Policy to Nominate Candidates for Director and Audit &amp; Supervisory Board Member, etc."</p> <p data-bbox="201 1800 1393 1989">While the Company has a business relationship with West Japan Railway Company, where he currently holds office as a Vice Chairman and Director, 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. Therefore, that fact above does not influence his independence. In addition, in the annual securities report submitted on June 25, 2020, the Company disclosed that it held 50,000 ordinary shares in West Japan Railway Company, but it sold all of the shares of West Japan Railway Company which the Company held by the last day of March 2021.</p>	

Notes:

1. The nominee for the office of Audit & Supervisory Board Member has no business connections with the Company.
2. Mr. Tatsuo Kijima is a nominee for Outside Audit & Supervisory Board Member and for Independent Officer as defined by Tokyo Stock Exchange, Inc., etc.
3. Matters to be described specifically regarding the Outside Audit & Supervisory Board Member nominee are as follows:

- Outline of the substance of the limited liability contract

If the appointment of Mr. Tatsuo Kijima is approved, the Company will enter into a limited liability contract with him. The contract provides, with respect to the liability under Article 423, paragraph 1 of the Companies Act, that Mr. Tatsuo Kijima owes liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount provided under Article 425, paragraph 1 of the Act, if he acts without knowledge and is not grossly negligent in conducting his duties.

4. The Company has entered into a directors and officers liability insurance contract under which all Audit & Supervisory Board Members are the insureds, and the contract provides that insured Audit & Supervisory Board Members will be responsible for execution of their duties or that the contract will compensate damages borne as a result of claims that are received and related to pursuit of liability against them.

If Mr. Tatsuo Kijima starts to hold office as an Outside Audit & Supervisory Board Member, he will become the insured under the insurance contract and the insurance contract will be renewed during his term of office.

*[Reference Information]*

The “Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc.” of the Company is as follows:

1. Candidates to be nominated as Inside Directors will be individuals who have and have carried out the Sumitomo Spirit – which values doing your sincere best, not only in business but also in every aspect of your life, placing importance on integrity and not acting rashly or carelessly in pursuit of immoral business. These will be individuals who have extensive experience and excellent performance records in connection with our business; who have sound objective judgement concerning management in light of the changing environment surrounding us and future changes; and who have superior character, foresight and insight.
2. Candidates to be nominated as Outside Directors will be individuals with experience in company management, experts of respective fields or academic experts who would be suitable for supervising our management from the viewpoint of encouraging sustainable growth and striving to increase corporate value over the mid-to-long term.
3. If a Director is found to be in material breach of compliance with the laws and regulations or the Articles of Incorporation, or it is otherwise determined that they are not able to appropriately fulfill their role or responsibility as a Director, the submission of an agenda for dismissal to the meeting of shareholders may be deliberated, depending on the circumstances.
4. Candidates to be nominated as Audit & Supervisory Board Members will be individuals with experience in company management and persons with expertise in law, finance or accounting.
5. The Nominating Advisory Committee will deliberate the candidates for Directors and Audit & Supervisory Board Members and the submission of an agenda regarding the dismissal of a Director to the meeting of shareholders, and the Board of Directors will decide them by a resolution based on the report of the committee.

**Fourth item: Payment of bonuses to Directors**

The Company proposes to declare bonuses totaling 130 million yen (¥130,000,000) for nine (9) Directors, other than the three (3) Outside Directors, from among the twelve (12) total Directors, as of the end of this fiscal year. With respect to this item, the Company took the existing amount of payments and other factors into consideration, as well as the business results for this fiscal year based on the policy for determining bonuses. Further, the Compensation Advisory Committee, of which more than half of the members consist of outside officers, deliberated and reported to the Board of Directors that this item is appropriate. Based on these facts, the Company has determined that the details of this item are proper.

**Fifth item: Revision of the amount of remuneration of Directors**

With respect to the current amount of Directors' remuneration, the amount of monthly remuneration of Directors is not more than 70 million yen (of this, the amount of monthly remuneration of Outside Directors is not more than 6 million yen) as resolved at the 146th Ordinary General Meeting of the Shareholders, held on June 24, 2016. If the Second item is adopted as proposed, the number of Outside Directors will increase by two (2) to become five (5). In addition, in order to continue to secure human resources with various, appropriate insights, the Company requests approval to revise the amount of monthly remuneration of Outside Directors to be not more than 10 million yen, out of the total amount of monthly remuneration of Directors of 70 million yen.

Further, as in the past, the Company proposes to have the amount of remuneration of Directors not include the amount of employee salaries of Directors who have duties as employees. In addition, if the Second item is adopted as proposed, the number of Directors will be fifteen (15) (of which, the number of Outside Directors will be five (5)).

Moreover, this item was considered based on the policy for determining remuneration of Directors. In addition, the Compensation Advisory Committee, of which more than half of the members consist of outside officers, deliberated and reported to the Board of Directors that this item is appropriate. Based on these facts, the Company has determined that the details of this item are proper.

**Sixth item: Revision of the amount of remuneration of Audit & Supervisory Board Members**

With respect to the current amount of Audit & Supervisory Board Members' remuneration, the amount of monthly remuneration of Audit & Supervisory Board Members is not more than 10 million yen as resolved at the 137th Ordinary General Meeting of the Shareholders, held on June 27, 2007. In order to continue to secure human resources with various, appropriate insights, and to consider the system of Audit & Supervisory Board Members with flexibility depending on the business conditions of the Group, the Company requests approval to revise the amount of monthly remuneration of Audit & Supervisory Board Members to be not more than 12 million yen.

Further, if the Third item is adopted as proposed, the number of Audit & Supervisory Board Members will remain five (5).

(Translation)

(Attachment)

**BUSINESS REPORT**  
**(from April 1, 2020 to March 31, 2021)**

**1. Matters Concerning Current Status of Corporate Group**

**(1) Progression of Business and its Results**

With respect to the world economy, economic and social activities around the world were restricted due to the worldwide COVID-19 pandemic, and the economy deteriorated considerably during the first quarter. Since the second quarter, the economy generally has showed a trend toward recovery, but due to the re-expansion of COVID-19 in some regions, economic and social activities were restricted again, and weakness still remains in some regions.

The business environment for the Group was severe mainly in the first half due to a decline in the price of optical fiber cables, in addition to a decrease in production of automobiles caused by COVID-19 and delays in communication and power supply work. In this environment, regarding the consolidated financial settlement for this fiscal year, net sales decreased from the preceding fiscal year to 2,918,580 million yen (preceding fiscal year: 3,107,027 million yen, -6.1%). With respect to income, despite our all-out efforts toward cost reduction measures, such as cutting down non-urgent costs and refraining from capital expenditures, not all of the effect of the decrease in sales could be absorbed. Consequently, operating income amounted to no more than 113,926 million yen (preceding fiscal year: 127,216 million yen, -10.4%), ordinary income was 114,072 million yen (preceding fiscal year: 130,498 million yen, -12.6%), and the profit attributable to owners of the parent was 56,344 million yen (preceding fiscal year: 72,720 million yen, -22.5%), each of which resulted in the amount below the amount in the preceding fiscal year. Further, in the second half, net sales were 1,679,293 million yen, operating income was 125,340 million yen, ordinary income was 138,115 million yen, and the profit attributable to owners of the parent was 98,216 million yen. Due to the effect of the company-wide efforts in cost reduction measures in addition to the fact that demand for products for automobiles remained at a high level as a result of a sharp recovery of automobile production, the income and the profit have increased compared with the second half of the preceding fiscal year, and the net sales and each of the income and profit items showed the highest amounts ever in the second half.

The following section is a report giving an outline of each segment.

**(i) The Automotive Segment**

Because demand for wiring harnesses, car electronic components, and anti-vibration rubbers and hoses decreased because of a decline in automobile production due to COVID-19 mainly in the first quarter, net sales decreased by 81,588 million yen (4.8% compared with the preceding fiscal year) to 1,602,042 million yen. Although we implemented our best cost reduction measures, operating income decreased by 20,015 million yen to 48,198 million yen due to substitutional production due to a lockdown of some production sites, and an increase in logistics cost due to a sharp recovery of demand in the second half, in addition to a decrease in sales.

(ii) The Infocommunications Segment

Net sales increased by 7,175 million yen (3.3%) to 224,576 million yen due to an increase in demand for products such as optical/electronic devices and access network equipment. Operating income increased by 6,508 million yen to 24,343 million yen due to absorption of the price reduction in optical fiber by an increase in sales and cost reductions due to productivity improvement.

(iii) The Electronics Segment

Despite a decrease in sales of FPCs (flexible printed circuits) for mobile devices, net sales were 252,618 million yen (an increase of 448 million yen, 0.2%), which remained almost at the same level compared with the preceding fiscal year due to contribution by TECHNO ASSOCIE Co., Ltd., a company that was made a subsidiary of the Company in the second quarter of the preceding fiscal year, in addition to an increase in demand for electronic wire products, such as leads (tab leads) for battery terminals. Operating income increased by 9,511 million yen to 10,047 million yen, due to an increase in sales of electronic wire products, and our efforts for recovery of profitability, such as cost improvements in FPCs for mobile devices and withdrawal from unprofitable products.

(iv) The Environment and Energy Segment

Net sales decreased by 78,352 million yen (11.0%) to 634,191 million yen, due to delay in projects for power cables and power supply work, as well as a decrease in demand for industrial wires for the construction market and the electricity sales market, and a decrease in Sumitomo Densetsu Co., Ltd.'s electric equipment work, in addition to a decline in demand for products for automobiles, such as magnet wires and porous metals (Celmet) for batteries for electric vehicles due to the effects of COVID-19. Operating income decreased by 2,090 million yen to 25,024 million yen due to the decrease in sales.

(v) The Industrial Materials Segment and Others

Due to a considerable decline in demand for cemented carbide tools, diamond and CBN tools, sintered powder metal parts, spring steel wires, steel tire cord, etc., especially in the first half, due to the effects of COVID-19, net sales decreased by 28,826 million yen (8.7%) to 302,524 million yen. Operating income decreased by 6,765 million yen to 6,660 million yen, mainly due to deterioration in profitability associated with a decrease in the operation rate of factories.

## Net Sales and Operating Income Breakdown by Segment

Segment	Preceding Fiscal Year		This Fiscal Year	
	Net Sales	Operating Income	Net Sales	Operating Income
	millions of yen	millions of yen	millions of yen	millions of yen
Automotive	1,683,630	68,213	1,602,042	48,198
Infocommunications	217,401	17,835	224,576	24,343
Electronics	252,170	536	252,618	10,047
Environment and Energy	712,543	27,114	634,191	25,024
Industrial Materials and Others	331,350	13,425	302,524	6,660
Elimination of Intersegment Transactions, etc.	(90,067)	93	(97,371)	(346)
Total	millions of yen 3,107,027	millions of yen 127,216	millions of yen 2,918,580	millions of yen 113,926

### (2) Conditions of Capital Expenditure

The total amount of capital expenditure for this fiscal year was 172.2 billion yen. The following list shows the breakdown of capital expenditure by segment.

Segment	Amount of Capital Expenditure (billions of yen)	Main Content of Capital Expenditure
Automotive	89.3	Increased production of and rationalization investment in wiring harnesses and anti-vibration rubbers
Infocommunications	24.9	Increased production of and rationalization investment in optical/wireless devices and optical fiber cables
Electronics	11.9	Increased production of and rationalization investment in FPCs and electronic wires
Environment and Energy	30.1	Increased production of and rationalization investment in magnet wires and power transmission wires/cables/equipment
Industrial Materials and Others	16.1	Increased production of and rationalization investment in sintered powder metal parts and cemented carbide tools

### (3) Fund-raising

The Group raised funds through long-term loans of 81.6 billion yen and through other means. The purpose of such fund-raising was allocation to repayment of long-term borrowings and equipment funds, etc.

#### (4) Key Issues Requiring Attention

Regarding the economic situation hereafter, there is concern that the normalization of economic and social activities will be slower than expected due to the existence of uncertain factors, such as the expansion of people infected with variant strains, although it is expected that COVID-19 will come to an end as vaccination advances. In addition, it is anticipated that the situation surrounding the business environment of the Company will continue to be unpredictable because there are grounds for concern, including political and geopolitical risks, such as the trade policy in the U.S. and China, uncertainties in semiconductor supply, and a lack of containers for logistics.

In these circumstances, the Group will strive to improve the basics of the manufacturing industry, “S” (Safety), “E” (Environment), “Q” (Quality), “C” (Cost), “D” (Delivery), and “D” (Development), while continuing to give top priority to employee health and safety, as well as maintenance and security of the supply chain. Further, in our efforts to improve asset efficiency, for the improvement of ROIC\*, which we regard as an important index, we will make efforts to optimize inventory balance and accounts receivable, and accounts payable balances, and to implement careful selection of capital expenditure projects, etc. By doing so, we intend to establish a strong corporate structure that can tolerate any environment and endeavor to achieve “VISION 2022”, the mid-term management plan ending in 2022, on which we are working with a concept of “Contributing to a better society by leveraging our expertise in connectivity and transmission technologies through concerted efforts of the entire group” aiming to become a “Glorious Excellent Company.” In particular, we are pursuing the following strategies in each of our business segments.

In the Automotive segment, we will continue the cost reduction activities, which we have worked on as measures against COVID-19, and will proceed further with building a lean corporate structure, which can endure demand fluctuations. For the realization of a mega supplier, having wiring harnesses as its core, the Group will create new products related to so-called CASE\*\* such as high-voltage wiring harnesses for electric vehicles, and connectors for high-speed communication, by improving proposal-type marketing to customers, and will expedite the use of more aluminum for harnesses corresponding to the needs of weight reduction; moreover, it will strive to further expand its market share for overseas customers. Sumitomo Riko Company Limited will strive to recover profitability by deepening global support, integrating and concentrating business sites inside and outside of Japan, and reducing costs, in the field of automotive anti-vibration rubbers and hoses, and it is also focusing on developing new products for the next-generation vehicles

In the Infocommunications segment, with regard to the expansion of the market for cloud services\*, such as optical fibers.

In the Electronics segment, with regard to FPCs, we will continuously strive for improvements in profitability through optimization of global production organization and improvements in productivity, and we will accelerate marketing for automobiles and development of new products with high-definition and high frequency characteristics. With regard to leads (tab leads) for battery terminals of electric vehicles, wires for electric parking brakes, heat shrink tubes, and water-treatment systems, which utilize unique technologies such as electric beam irradiation and fluorine resin processing, we will strive to expand business by capturing various customer needs. In addition, we will strive for expansion of business synergies with TECHNO ASSOCIE Co., Ltd., which we made our subsidiary by means of a tender offer during the preceding fiscal year.

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\* ROIC: an abbreviation for Return on Invested Capital.

\* CASE: A term that represents an automotive industry trend and combines the initials of “Connected,” “Autonomous,” “Shared,” and “Electric.”

\* Cloud services: providing data and software that previously were used by users on local computers, as a service to users via a network.

In the Environment and Energy segment, with regard to power cables, we will ensure that we secure new large-scale projects overseas, domestic demand for replacement of facilities, and renewable energy projects whose markets are expanding in the direction of realizing a decarbonized society, and focus on cost reductions, quality improvement, development of new products, and strengthening project management. In addition, with regard to flat magnet wires for motors used in electric vehicles, we will proceed with strengthening global production capacity in response to the increase in demand. Furthermore, we will strive to expand orders further, while taking advantage of the Group's integrated capabilities, including those of Nissin Electric Co., Ltd. and Sumitomo Densetsu Co., Ltd.

In the Industrial Materials segment, with regard to cemented carbide tools, we will respond to the demand that is recovering from the effects of COVID-19 in a timely and appropriate manner and will proceed with new business development of electric vehicle components and tools for aircraft components and will make efforts to expand our market share. With regard to sintered powder metal parts, for future business development, we will work to further strengthen marketing for electric vehicles and the cost competitiveness of each production base that is developing globally. With regard to prestressed concrete and precision spring steel wires, we will aim to improve profitability by strengthening global production and sales organization and developing new products.

In research and development activities, we will make efforts to create new businesses and products that are original and excel in profitability. This includes the prompt commercialization of magnesium alloy products, superconducting products, SiC (silicon carbide) power semiconductor devices, redox flow batteries, concentrator photovoltaic systems and so on, and we will continuously strive for development of next-generation products that support the current five business segments and development of new manufacturing methods. Taking a long-term perspective, we will focus on developing new products in response to society's needs, including searching for new materials with new functions by proactively utilizing outside knowledge through collaboration with academia, industry, government, and so on, as well as working toward production innovation by utilizing AI and IoT at manufacturing sites. Also, in order to revitalize research and development activities further, we will further strengthen collaboration with the Business Division and the Sales & Marketing Division and will conduct progress management of themes proactively.

Ultimately, we believe that compliance with laws and regulations and maintaining corporate ethics constitute the foundation of the Company's management, and that they are the absolute basis to continue and develop as a corporation. From now on, under the principles of the Sumitomo Spirit, which values doing your sincere best, not only in business but also in every aspect of your life, placing importance on integrity, and not acting rashly or carelessly in pursuit of immoral business, we will make all efforts to ensure that all corporate activities are conducted fairly and honestly and can be trusted by society. In addition, we consider that the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles share common core values with the SDGs (Sustainable Development Goals); the Group aims to provide various values in order to realize "A safe and secure society," "A green society" and "A comfortable and viable society" through concerted efforts.

We would like to ask our shareholders for your further understanding and support in the future.

## (5) Trend of Assets and Profits or Losses

### (i) Trend of Assets and Profit or Losses of Corporate Group (Consolidated)

Entry \ Year	FY2016	FY2017	FY2018	FY2019	FY2020 (this fiscal year)
Net Sales (millions of yen)	2,814,483	3,082,247	3,177,985	3,107,027	2,918,580
Operating Income (millions of yen)	150,503	173,139	166,260	127,216	113,926
Ordinary Income (millions of yen)	173,872	195,010	188,649	130,498	114,072
Profit Attributable to Owners of the Parent (millions of yen)	107,562	120,328	118,063	72,720	56,344
Earnings per Share (yen)	137.61	154.29	151.38	93.24	72.25
Net Assets (millions of yen)	1,628,615	1,764,086	1,776,313	1,766,647	1,892,506
Total Assets (millions of yen)	2,907,292	2,999,903	3,053,263	3,100,260	3,381,914

#### (Notes)

1. Earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period.
2. The U.S. consolidated subsidiaries have adopted IFRS instead of U.S. GAAP from the beginning of FY2020, and with respect to FY2019, the amounts have been adjusted retrospectively to reflect the changes in accounting policy.
3. The Company and its domestic consolidated subsidiaries have applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018) from the beginning of FY2020.
4. With respect to FY2018, the decrease in production of automobiles in China and Europe has become prominent since the second half of FY2018, and despite the worldwide underperformance of smartphone sales and a fade in demand in some parts of the cemented carbide tools markets, the first half generally showed steady growth. Therefore, net sales increased from the preceding fiscal year. However, due to price reductions in the automobile industry and factors that increase costs such as additional duties between the U.S. and China, in addition to an increase in research and development costs for the future, operating income, ordinary income, and the profit attributable to owners of the parent decreased from the preceding fiscal year.
5. With respect to FY2019, due to, e.g., a decrease in production of automobiles and sales of smartphones, a decline in the price of optical fiber cables, a stronger yen, and a fall in the price of copper, as well as a sudden slowdown of economic activities due to COVID-19 in the fourth quarter, sales decreased from the preceding fiscal year. Further, due to, e.g., a decrease in sales, an increase in future depreciation and amortization expenses, and price reductions and an increase in costs for the launch of production of some products in the Automotive segment, as well as deterioration in profitability associated with a sudden decrease in production due to the expansion of COVID-19, operating income, ordinary income, and the profit attributable to owners of the parent decreased from the preceding fiscal year.
6. With respect to FY2020, please see "(1) Progression of Business and its Results" above.

## (ii) Trend of Assets and Profits or Losses of the Company

Entry \ Year	FY2016	FY2017	FY2018	FY2019	FY2020 (this fiscal year)
Net Sales (millions of yen)	901,892	1,084,165	1,142,621	1,149,030	1,064,781
Operating Income (millions of yen)	(924)	12,714	16,921	3,882	(7,007)
Ordinary Income (millions of yen)	49,367	65,523	65,847	48,625	26,874
Profit for the year (millions of yen)	42,737	61,357	71,147	42,442	9,558
Earnings per Share (yen)	54.66	78.65	91.20	54.41	12.25
Net Assets (millions of yen)	707,105	739,165	783,028	772,037	762,483
Total Assets (millions of yen)	1,237,498	1,288,934	1,351,028	1,331,126	1,376,632

## (Notes)

Earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period.

**(6) Content of Main Businesses (as of March 31, 2021)**

The Group conducts manufacturing and sales of the following products, as well as construction design and execution.

Segment	Main products and others
Automotive	Wiring harnesses, anti-vibration rubbers/automotive hoses, car electronic components and network system products such as traffic control
Infocommunications	Optical fiber cables, telecommunication cables and equipment, fusion splicers, optical/wireless devices such as optical transceiver modules/wireless communication devices, compound semiconductors, access network equipment (GE-PON/set-top box/CATV-related products, etc.)
Electronics	Electronic wires, electric beam irradiation products, flexible printed circuits, fluorine resin products, fasteners, metal parts, chemical products
Environment and Energy	Electric conductors, power transmission wires/cables/equipment, magnet wires, air cushions for railroad vehicles, power system equipment such as substation equipment/control system, charged beam equipment and processing, electrical/power supply work and engineering, porous metals, metal materials for electronic parts
Industrial Materials and Others	Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord, cemented carbide tools, diamond and CBN tools, laser optics, sintered powder metal parts, semiconductors heat-spreader materials

**(7) Main Offices and Factories (as of March 31, 2021)****(i) The Company**

Head Office	Osaka City
Offices	Osaka, Tokyo, Chubu District Office (Nagoya City), Okinawa Branch Office (Naha City), Kyushu Branch Office (Fukuoka City), Shikoku Sales Office (Takamatsu City), Chugoku Branch Office (Hiroshima City), Hokuriku Sales Office (Toyama City), Hitachi Branch Office (Hitachi City, Ibaraki Prefecture), Tohoku Branch Office (Sendai City), Hokkaido Branch Office (Sapporo City)
Factories	Osaka Works (Osaka City), Itami Works (Itami City, Hyogo Prefecture), Yokohama Works (Yokohama City), Ibaraki Works (Hitachi City, Ibaraki Prefecture)

**(ii) Subsidiaries****(Domestic)**

Company Name	Location
Sumitomo Wiring Systems, Ltd.	Yokkaichi City, Mie Prefecture
Sumitomo Electric Device Innovations, Inc.	Yokohama City
Sumitomo Riko Company Limited	Nagoya City
Sumitomo Electric Hardmetal Corp.	Itami City, Hyogo Prefecture
Nissin Electric Co., Ltd.	Kyoto City
J-Power Systems Corporation	Hitachi City, Ibaraki Prefecture
Sumitomo Densetsu Co., Ltd.	Osaka City
TECHNO ASSOCIE Co., Ltd.	Osaka City
Hokkaido Sumiden Precision Co, Ltd.	Naie, Sorachi Subprefecture, Hokkaido
Sumitomo Electric Sintered Alloy, Ltd.	Takahashi City, Okayama Prefecture
Sumitomo Electric Wintec, Inc.	Koka City, Shiga Prefecture

**(Overseas)**

Company Name	Location
Sumitomo Electric Wiring Systems, Inc.	U.S.A.
Sumitomo Electric Lightwave Corp.	U.S.A.
Sumidense do Brasil Industrias Eletricas Ltda.	Brazil
Sumitomo Electric Wiring Systems (Europe) Limited	U.K.
Sumitomo Electric Bordnetze SE	Germany
SEWS-CABIND S.p.A.	Italy
PT. Karya Sumiden Indonesia	Indonesia
PT. Sumi Indo Kabel Tbk.	Indonesia
SEI Thai Electric Conductor Co., Ltd.	Thailand
Sumitomo Electric Interconnect Products (Shenzhen), Ltd.	China
Sumidense Mediatech Suzhou Co., Ltd.	China
Sumitomo Electric Interconnect Products (Suzhou), Ltd.	China
Fuzhou Zhu Wiring Systems Co., Ltd.	China
Huizhou Zhurun Wiring Systems Co., Ltd.	China
Sumitomo Electric Interconnect Products (Hong Kong), Ltd.	Hong Kong, China
SEI Electronic Components (Vietnam), Ltd.	Vietnam

Company Name	Location
Sumidenso Vietnam Co., Ltd.	Vietnam
Sumi Philippines Wiring Systems Corporation	Philippines

(iii) Affiliated Companies

Company Name	Location
Sumitomo Rubber Industries, Ltd.	Kobe City

**(8) Employee Situation (as of March 31, 2021)**

(i) Employee Situation of Corporate Group

Segment	Number of Employees	Increase from March 31, 2020
Automotive	229,099	3,164
Infocommunications	6,970	267
Electronics	20,480	(740)
Environment and Energy	14,697	84
Industrial Materials and Others	15,538	99
Total	286,784	2,874

(Note) "Number of Employees" means the number of actual employees on duty (i.e., the number of employees dispatched to non-consolidated companies is not included, but the number of those dispatched from non-consolidated companies is included).

(ii) Employee Situation of the Company

Number of Employees	Increase from March 31, 2020	Average age	Average Length of Service (Years)
6,136	116	41.7	16.8

(Note) "Number of Employees" does not include the 5,678 employees of the Company who are dispatched to companies other than the Company.

**(9) Status of Important Subsidiaries and Affiliates (as of March 31, 2021)**

Company Name	Capital	Shareholding	Main Business
Sumitomo Wiring Systems, Ltd.	JPY 20,042 Million	% 100.00	Manufacture, processing and sales of automotive wiring harnesses, connectors
Sumitomo Electric Device Innovations, Inc.	JPY 15,000 Million	100.00	Development, manufacture and sales of optical transceiver, optical/wireless devices composed of compound semiconductors, and their application
Sumitomo Riko Company Limited	JPY 12,145 Million	50.67 (1.14)	Manufacture and sales of anti-vibration rubbers, hoses and resin products

Company Name	Capital	Shareholding	Main Business
Sumitomo Electric Hardmetal Corp.	JPY 11,900 Million	% 100.00	Manufacture and sales of cemented carbide tools, diamond and CBN tools, etc.
Nissin Electric Co., Ltd.	JPY 10,253 Million	51.00	Manufacture and sales of substation equipment, plant control system, photovoltaic system, etc.
J-Power Systems Corporation	JPY 8,000 Million	100.00	Manufacture and sales of power transmission wires/cables
Sumitomo Densetsu Co., Ltd.	JPY 6,440 Million	50.17 (0.14)	Design, installation and supervision of power transmission lines, indoor wiring cables and communications system works
TECHNO ASSOCIE Co., Ltd.	JPY 5,001 Million	47.39 (0.00)	Sales of screws, non-ferrous metal products, etc.
Hokkaido Sumiden Precision Co, Ltd.	JPY 4,350 Million	100.00 (100.00)	Manufacture and sales of cemented carbide and raw metal powder
Sumitomo Electric Sintered Alloy, Ltd.	JPY 3,004 Million	100.00	Manufacture and sales of sintered powder metal parts
Sumitomo Electric Wintec, Inc.	JPY 3,000 Million	100.00	Manufacture and sales of magnet wires
Sumitomo Electric Wiring Systems, Inc. <U.S.A.>	USD 243,920 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses and connectors
Sumitomo Electric Lightwave Corp. <U.S.A.>	USD 54,780 Thousand	100.00 (100.00)	Manufacture and sales of optical cables, etc., and sales of fusion splicers, etc.
Sumidense do Brasil Industrias Eletricas Ltda. <Brazil>	BRL 232,921 Thousand	100.00 (60.71)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Wiring Systems (Europe) Limited <U.K.>	EUR 93,950 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses and connectors
Sumitomo Electric Bordnetze SE <Germany>	EUR 2,046 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses
SEWS-CABIND S.p.A. <Italy>	EUR 30,000 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses
PT. Karya Sumiden Indonesia <Indonesia>	USD 44,109 Thousand	100.00 (4.49)	Manufacture and sales of wire rods
PT. Sumi Indo Kabel Tbk. <Indonesia>	USD 52,431 Thousand	92.40 (0.21)	Manufacture and sales of wire cables
SEI Thai Electric Conductor Co., Ltd. <Thailand>	THB 2,010 Million	100.00 (0.00)	Manufacture and sales of wire rods, aluminum wire rods and bars, automotive aluminum wires

Company Name	Capital	Shareholding	Main Business
Sumitomo Electric Interconnect Products (Shenzhen), Ltd. <China>	RMB 623,483 Thousand	% 100.00 (100.00)	Manufacture and sales of electronic wires, flexible printed circuits
Sumidense Mediatech Suzhou Co., Ltd. <China>	RMB 347,585 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Interconnect Products (Suzhou), Ltd. <China>	RMB 338,299 Thousand	100.00	Manufacture and sales of electronic wires
※ Fuzhou Zhu Wiring Systems Co., Ltd. <China>	RMB 275,236 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses and electric wires
Huizhou Zhurun Wiring Systems Co., Ltd. <China>	RMB 288,020 Thousand	87.86 (87.86)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Interconnect Products (Hong Kong), Ltd. <Hong Kong, China>	HKD 648,000 Thousand	100.00	Sales of electronic wires, flexible printed circuits
SEI Electronic Components (Vietnam), Ltd. <Vietnam>	USD 100,000 Thousand	100.00	Manufacture and sales of flexible printed circuits
Sumidense Vietnam Co., Ltd. < Vietnam>	USD 35,000 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses
Sumi Philippines Wiring Systems Corporation < Philippines>	USD 60,000 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses and electric wires
Sumitomo Rubber Industries, Ltd.	JPY 42,658 Million	28.91 (0.06)	Manufacture and sales of automotive tires, etc.

(Notes)

1. The figures in parentheses under “Shareholding” indicate the shareholding of the Company’s subsidiaries.
2. A company marked with “※” under “Company Name” is a company added to the list starting this fiscal year.

**(10) Major Lenders (as of March 31, 2021)**

Lenders	Balance of Borrowings
	millions of yen
Sumitomo Mitsui Banking Corporation	94,134
The Norinchukin Bank	78,763
Mizuho Bank, Ltd.	78,509
Development Bank of Japan Inc.	51,000
MUFG Bank, Ltd.	48,242
Sumitomo Mitsui Trust Bank, Limited	19,801

(Notes)

1. The balance of borrowings above includes the borrowings from the overseas subsidiaries of each financial institution.
2. In addition to what is set forth in the table above, there is a syndicated loan which amounts to 93,677 million yen.

**(11) Other Important Matters Concerning Current Status of Corporate Group**

The Company is in negotiations with some automakers for compensation regarding violation of antitrust law in the Automotive segment.

## 2. Information Concerning Shares (as of March 31, 2021)

### (1) Total Number of Authorized Shares

3,000,000,000 shares

### (2) Total Number of Issued Shares

793,940,571 shares (compared with the end of preceding fiscal year: no increase or decrease)

### (3) Number of Shares for One Unit of Shares

100 shares

### (4) Number of Shareholders

65,469 persons (compared with the end of preceding fiscal year: increase of 4,123 persons)

### (5) Largest Shareholders (top 10 shareholders)

Name of the Shareholder	Number of Shares Held	Shareholding Percentage
	in thousands of shares	%
The Master Trust Bank of Japan, Ltd. (trust account)	84,033	10.77
Custody Bank of Japan, Ltd. (trust account)	57,139	7.32
Nippon Life Insurance Company	24,703	3.17
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	16,177	2.07
SUMITOMO LIFE INSURANCE COMPANY	15,556	1.99
Custody Bank of Japan, Ltd. (trust account 4)	14,472	1.86
The Master Trust Bank of Japan, Ltd. (trust account J)	12,590	1.61
STATE STREET BANK WEST CLIENT-TREATY 505234	11,243	1.44
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	10,613	1.36
Custody Bank of Japan, Ltd. (trust account 5)	10,581	1.36
	in thousands of shares	%
Total	257,111	32.96

#### (Notes)

1. SUMITOMO LIFE INSURANCE COMPANY, in addition to what is set forth in the table above, has established a trust for retirement benefits holding 8,000 thousand shares (a 1.03% shareholding) in the Company, and has retained the authority to give instructions to exercise voting rights.
2. NEC Corporation holds 6,914 thousand shares in the Company. Also, NEC Corporation has established a trust for retirement benefits holding 6,900 thousand shares (a 1.77% shareholding as combined with the above NEC Corporation's holding) in the Company, and has retained the authority to give instructions to exercise voting rights.

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3. Shareholding percentages have been calculated after deducting from the total number of issued shares the 13,861,199 of its own shares that the Company holds.

### 3. Matters Related to Officers of the Company

#### (1) Name, etc. of Directors and Audit & Supervisory Board Members (as of March 31, 2021)

Name	Position and Areas of Responsibility	Important Concurrent Post
※Masayoshi Matsumoto	Chairman of the Board of Directors	Chairman, Kansai Economic Federation
※Osamu Inoue	President	
※Mitsuo Nishida	Executive Vice President General Manager, Automotive Business Unit	Chairman of Board of Directors, Sumitomo Wiring Systems, Ltd. Chairman of the Board, Sumitomo Electric Wiring Systems, Inc. Joint Representative Director, Kyungshin Co., Ltd.
※Nozomi Ushijima	Executive Vice President General Manager, Advanced Materials Business Unit Electronics Group (Fine Polymer Division, Water Processing Division)	Director, Sumitomo Electric Hardmetal Corp. Director, Sumitomo Electric Sintered Alloy, Ltd.
※Yoshitomo Kasui	Senior Managing Director Corporate Staff Group (Compliance & Risk Management, Administration, Tokyo Administration, Secretary, Human Resources, Human Resources Development, Internal Auditing)	
※Akira Nishimura	Senior Managing Director General Manager, R&D Unit Electronics Group (Flexible Printed Circuits Division)	
※Hideo Hato	Senior Managing Director General Manager, New Business Development Unit Deputy General Manager, Automotive Business Unit (Systems & Electronics Division) Corporate Staff Group (Legal, Public Relations, Corporate Planning, Intellectual Property, Security Trade Control) Environment and Energy Group (Energy System Division)	
Masaki Shirayama	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit	

Name	Position and Areas of Responsibility	Important Concurrent Post
Nobuyuki Kobayashi	Managing Director Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)	Director, Sumitomo Rubber Industries, Ltd.
Hiroshi Sato	Director	Advisor, Kobe Steel, Ltd. President & Representative Director, The Kobe International House Inc.
Michihiro Tsuchiya	Director	Director, RaQualia Pharma Inc.
Christina Ahmadjian	Director	Professor, Graduate School of Business Administration, Hitotsubashi University Director, Japan Exchange Group, Inc. Director, Mitsubishi Heavy Industries, Ltd. Director, Asahi Group Holdings, Ltd.
Satoru Ogura	Audit & Supervisory Board Member (full-time)	
Akira Hayashi	Audit & Supervisory Board Member (full-time)	
Katsuaki Watanabe	Audit & Supervisory Board Member	Director, Kyushu Financial Group, Inc.
Michiko Uehara	Audit & Supervisory Board Member	Attorney at law Audit & Supervisory Board Member, The Japan Wool Textile Co., Ltd
Ikuo Yoshikawa	Audit & Supervisory Board Member	Certified public accountant

(Notes)

1. Directors marked with “※” are Representative Directors.
2. Among the Directors above, Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya and Ms. Christina Ahmadjian are not only Outside Directors under Article 2, Item 15 of the Companies Act, but also Independent Officers under the rules of Tokyo Stock Exchange, Inc., etc.
3. Among the Audit & Supervisory Board Members above, Mr. Katsuaki Watanabe, Ms. Michiko Uehara and Mr. Ikuo Yoshikawa are not only Outside Audit & Supervisory Board Members under Article 2, Item 16 of the Companies Act, but also Independent Officers under the rules of Tokyo Stock Exchange, Inc., etc.
4. Mr. Akira Hayashi, an Audit & Supervisory Board Member, having years of experience in the Accounting and Finance Division of the Company, has a distinguished level of knowledge of finance and accounting.  
Mr. Ikuo Yoshikawa, an Audit & Supervisory Board Member, qualified as a certified public accountant, has a distinguished level of knowledge of finance and accounting.

5. As of June 25, 2020, Mr. Junji Itoh (Managing Director) resigned from his director position due to expiration of his term of office.  
The position in parentheses is as of his resignation.

**(2) Remuneration, etc. of Directors and Audit & Supervisory Board Members**

- (i) Total Amounts of Remuneration, etc. of Directors and Audit & Supervisory Board Members

Position of Officers	Total Amount of Remuneration, etc.	Total Amount by Type of Remuneration, etc.		Number of Target Officers
		Fixed Remuneration	Performance-based Bonuses	
Directors	735,370,000 yen	605,370,000 yen	130,000,000 yen	13
Audit & Supervisory Board Members	115,950,000 yen	115,950,000 yen	-	5

(Notes)

1. The number of officers above includes one Director who resigned as of June 25, 2020.
2. The amount of remuneration for Directors shown above includes the amount of a bonus payment of 130 million yen if a resolution regarding the payment of a bonus to the Directors is adopted as proposed at the 151st General Meeting of the Shareholders.

- (ii) Policy for Determining Remuneration, etc., and Similar Matters

The Company has established a policy for determining individual remuneration, etc., for Directors and when determining these issues, they are discussed at the Compensation Advisory Committee, which is chaired by an Outside Director and a majority of the members of which are Outside Officers, and based on the content reported to the Board of Directors, they are adopted by resolutions of the Board of Directors. The specific content of the policy is as follows.

For determining Directors' remuneration, etc., based on the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, we will maintain a firm stance on our universal basic policy of contributing to society through fair business activities and have designed a remuneration structure whereby we provide incentives for Directors making the Company Group grow sustainably and improving our corporate value in the mid- and long-term.

- a. Composition of Remuneration for Directors

Remuneration for Directors is composed of monthly remuneration and bonus.

- b. 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 their contribution to the Company's performance, 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 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 mid- 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.

c. Policy for Determining Bonuses and Content of Performance Indicators

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 independence.

[Indicators, Goals, Results, etc., Related to Performance-based Bonuses]

The goals and results of indicators related to performance-based bonuses during this fiscal year are as shown in the following table.

Indicators Entry	Net Sales (millions of yen)	Operating Income (millions of yen)	Operating Income Margin	Ordinary Income (millions of yen)	Profit Attributable to Owners of the Parent (millions of yen)	ROIC	ROE
Goals (at the beginning of the year)	2,750,000	55,000	2.0%	48,000	10,000	-	-
Goals (in interim)	2,800,000	70,000	2.5%	61,000	15,000	2.9%	1.0%
Results	2,918,580	113,926	3.9%	114,072	56,344	4.6%	3.6%

(Notes)

Regarding the values stated as goals, those (at the beginning of the year) are in the consolidated performance forecast at the time of announcing the settlement in the first quarter for the fiscal year ended in March 2021 and those (in interim) are in the consolidated performance forecast revised at the time of announcing the settlement in the second quarter for the fiscal year ended in March 2021.

d. Policy for Determining Ratio of Monthly Remuneration and Bonuses

The ratio of monthly remuneration and bonuses is not established, and changes due to performance goals, individual evaluation, etc. as set forth in paragraph c. above. Furthermore, the payment ratio of monthly remuneration and bonuses is approximately 1:0.25-0.5 in the results for past few years.

e. Procedure for Determining Remuneration

Regarding the procedure for determining monthly remuneration and bonuses, important matters such as the policy for their determination, the establishment and revision or abolition of related internal rules, etc., and the specific amounts 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 will discuss and determine the policy for their determination thereof, and establishment and revision or abolition of related internal rules based on the report from the Compensation Advisory Committee, and will determine agenda items for the total amounts of bonuses and monthly remuneration for each fiscal year to be proposed in the shareholders' meeting if it reconsiders the cap on their total amounts. The specific amounts of individual monthly remuneration and bonuses 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 approved the approach and method of calculation of monthly remuneration and bonuses, and adopted resolutions that the specific amounts and 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 Meeting Determined that the Content of Remuneration, etc. for Individual Directors in This Fiscal Year Is in Line with the Policy for the Determination]

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

[Shareholders' Meeting Resolution Regarding Remuneration, etc. for Officers]

Monthly remuneration for Directors is not more than 70,000,000 yen per month (and for Outside Directors is not more than 6,000,000 yen per month) as resolved at the shareholders' meeting held on June 24, 2016. The number of Directors at the time was 13 (of whom, the number of Outside Directors was two). In addition, with respect to Directors' bonuses, 150,000,000 yen will be paid in total for ten Directors (excluding three Outside Directors) as resolved at the shareholders' meeting held on June 25, 2020. 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 not more than 10,000,000 yen per month as resolved at the shareholders' meeting held on June 27, 2007.

f. Holding of Company's Shares

In order to further raise motivation and morale to improve the Company's performance and 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 continue to hold the Company's shares during their term of office.

### (3) Matters Concerning Outside Officers

- (i) Relationships Between the Company and Important Companies, etc. at Which Positions are Concurrently Held by Officers of the Company (Concurrent Positions as Executives or Outside Officers, etc. at Other Companies, etc.)

Position	Name	Company, etc. at which Positions are Concurrently Held by Officers of the Company and Content	Relationship	
Director	Hiroshi Sato	President & Representative Director, The Kobe International House Inc.	No particular relationship.	
	Michihiro Tsuchiya	Outside Director, RaQualia Pharma Inc.	No particular relationship.	
	Christina Ahmadjian	Professor, Graduate School of Business Administration, Hitotsubashi University		No particular relationship.
		Outside Director, Japan Exchange Group, Inc.		No particular relationship.
		Outside Director, Mitsubishi Heavy Industries, Ltd.		No particular relationship.
		Outside Director, Asahi Group Holdings, Ltd.		No particular relationship.
Audit & Supervisory Board Members	Katsuaki Watanabe	Outside Director, Kyushu Financial Group, Inc.	No particular relationship.	
	Michiko Uehara	Outside Audit & Supervisory Board Member, The Japan Wool Textile Co., Ltd	No particular relationship.	

(Note) The information under the heading “Company, etc. at which Positions are Concurrently Held by Officers of the Company and Content” is as of March 31, 2021.

## (ii) Main Activity Status

Position	Name	Main Activity Status
Director	Hiroshi Sato	<p>He attended all 15 Board of Directors meetings held this fiscal year. He makes statements, as necessary, on corporate management in general, based on his rich experience and his extensive knowledge as a manager of a corporation with wide ranging business areas, such as materials like iron and steel, machines and energy. In addition, other than the above, he serves as a Chairman of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all five respective meetings of the committees held this fiscal year and led the operation and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>
	Michihiro Tsuchiya	<p>He attended all 15 Board of Directors meetings held this fiscal year. He makes statements, as necessary, on corporate management in general, based on his rich experience and his extensive knowledge as a manager of a corporation developing global business activities. In addition, other than the above, he serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all five respective meetings of the committees held this fiscal year and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

Position	Name	Main Activity Status
Director	Christina Ahmadjian	<p>She attended all 15 Board of Directors meetings held this fiscal year. She makes statements, as necessary, mainly on methods relating to the governance system of the whole group and points for attention of global management strategies, etc., based on her extensive knowledge as a professor of a university whose main research fields are corporate management and corporate governance and global perspective. In addition, other than the above, she serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all three respective meetings of the committees which were held this fiscal year on and after she was placed as the member and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, she reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. Particularly, she is making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>
Audit & Supervisory Board Members	Katsuaki Watanabe	<p>He attended all 15 Board of Directors meetings and all 17 Audit &amp; Supervisory Board meetings held this fiscal year. He makes statements, as necessary, mainly on methods for viable business management for the whole group, and statements on measures responding to changes in global regulations, etc., misconduct by other companies, and points for attention, etc. concerning corporate governance, based on his rich experience in and extensive knowledge of corporate management in general, acquired by engaging in management of corporations developing global operations. In addition, other than the above, he serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all five respective meetings of the committees which were held this fiscal year and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit &amp; Supervisory Board Members, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

Position	Name	Main Activity Status
Audit & Supervisory Board Members	Michiko Uehara	<p>She attended 14 out of 15 Board of Directors meetings and 16 out of 17 Audit &amp; Supervisory Board meetings held this fiscal year. She makes statements, as necessary, mainly on business management, including risk management, measures responding to changes in global regulations and misconduct by other companies, and points for attention, etc. concerning corporate governance, based on her expertise and experience as an attorney at law and great insight into risk and crisis management, etc., including compliance by corporations. Furthermore, regarding compliance, she reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit &amp; Supervisory Board Members, on a routine basis. Particularly, she is making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>
	Ikuo Yoshikawa	<p>He attended all 15 Board of Directors meetings and all 17 Audit &amp; Supervisory Board meetings held this fiscal year. He makes statements, as necessary, mainly on business management, including risk management, measures responding to changes in global regulations, etc. and misconduct by other companies, and points for attention, etc. concerning corporate governance, based on his expertise and experience as a certified public accountant and his extensive knowledge as a professor of a university whose main research field is accountancy. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit &amp; Supervisory Board Members, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

(iii) Outline of Contents of Limited Liability Contract

The Company has entered into limited liability contracts with all of the Outside Directors and the Outside Audit & Supervisory Board Members in accordance with the provisions of the Articles of Incorporation. An outline of the contents of the limited liability contracts is as follows:

With respect to the liability under Article 423, Paragraph 1 of the Companies Act, the Outside Director or the Outside Audit & Supervisory Board Member shall assume liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount under Article 425, Paragraph 1 of the Act, if he was without knowledge and not grossly negligent in conducting his duties.

(iv) Total Amount of Remuneration, etc.

Three Directors and three Audit & Supervisory Board Members: 111,600,000 yen

#### **4. Matters Regarding Accounting Auditor**

##### **(1) Name of Accounting Auditor**

KPMG AZSA LLC

##### **(2) Amount of Remuneration, etc. to Accounting Auditor**

(i)	Amount of remuneration, etc. to be paid by the Company	165 million yen
(ii)	Total amount of money and other financial benefits to be paid by the Company and its subsidiaries	754 million yen

(Notes)

1. As a result of examining items such as the details of the audit plans for this fiscal year, the audit results of the previous fiscal year, and the basis for calculating estimates on which remuneration is based, the Audit & Supervisory Board determined that the remuneration amount of the Accounting Auditor was appropriate. Therefore, the Audit & Supervisory Board gave consent regarding Article 399, Paragraph 1 of the Companies Act.
2. Under the audit contract concluded between the Company and the Accounting Auditor, the amount of remuneration, etc. for audits as per the Companies Act and the amount of remuneration, etc. for audits as per the Financial Instruments and Exchange Act are not and cannot practically be separated. Therefore, the total of these amounts is shown in (i) above.
3. The Company pays to the Accounting Auditor compensation for services (i.e., support services relating to preparation of the integrated report, etc.), other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.
4. Among the important subsidiaries of the Company specified in "1.(9) Status of Important Subsidiaries and Affiliates", overseas subsidiaries are subject to audits (limited to the types of audit set forth in the Companies Act or the Financial Instruments and Exchange Act and their foreign equivalents) by certified public accountants or audit firms (including persons with qualifications in foreign countries that are equivalent to these qualifications) other than the Accounting Auditor of the Company.

##### **(3) Policy for Determination of Dismissal or Non-Reappointment of Accounting Auditor**

It is the Company's policy that if any of the Items of Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor, the Company will dismiss the Accounting Auditor. In addition, in any other circumstances where it is reasonably suspected that the Accounting Auditor cannot ensure fairness in implementing its duties and, therefore, it is deemed inappropriate for the Accounting Auditor to continue auditing, the Company will either dismiss or refuse to reappoint the Accounting Auditor, depending on the circumstances.

#### **5. Content of Resolutions Regarding Development of Systems Necessary to Ensure the Propriety of Operations and Outline of the Operational Status of the Systems**

In accordance with Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, the Company, at its Board of Directors meeting, adopted a resolution concerning development of

systems necessary to ensure the propriety of operations of a stock company (basic policies regarding establishment of an internal control system), with the following content. In addition, the operational status of the systems is outlined as follows.

**I. Content of Resolutions Regarding the Basic Policies to Establish the Internal Control Systems**

**(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 preventative 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 development, 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 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, the Sales & Marketing Unit and the R&D Unit will do business flexibly under the supervision of each General Manager of the Unit depending on environmental changes and customer demands.

Further, regarding the operational results, etc. of each Business 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 and Finance Department and the Director in charge of accounting and finance shall track and analyze the progress toward achievement on a monthly basis, and shall report the results to the Management Conference 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 communication network 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 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 reoccurrence; 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 notification and consultation desk established within and without the Company, and shall take necessary measures.

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

The Company shall establish an Internal Control Committee for Financial Reporting, chaired by the President, and shall also build a promotion organization in the Corporate Staff Group. Pursuant to their 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 with the assessment and 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 Internal Control Committee for Financial Reporting 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 Management Conference 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 and Finance Department, 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 conference of Audit & Supervisory Board Members 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 and Finance Department, 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 preventative 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 the notification and consultation 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 mid-term plan and annual plan of each Unit, and the operational results of each Unit are reported to the Management Conference and the Board of Directors on a monthly basis, in order to examine 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 telecommunication 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 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 Company's whole Group, such as the Management Conference, the Risk Management Committee and the Compliance Committee. Further, the Company shall adopt a system under which the Directors, the senior 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 Members 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 reimbursement for costs having been prepaid or 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 senior 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.

**II 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 Management Conference. 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 preventative 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.

Regarding pressing issues, the Company is arranging a system corresponding to the EU General Data Protection Regulation regarding personal information management and offering training to personal information managers appointed for each of the Group's departments or divisions and subsidiaries. Also, the Company strives to reinforce 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, regarding the spread of COVID-19, under the company-wide task force headed by the President, the Company is working on the implementation of measures to prevent viral infections and measures to respond to an infectious outbreak, 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 Business Unit, the Company develops a mid-term plan and an annual plan designed to achieve the mid-term plan, and the Accounting and Finance Department and the Director in charge of accounting and finance track and analyze the progress toward achievement on a monthly basis, and report the results to the Management Conference 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, at 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 2020, 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 manager in charge of bribery prevention 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 notification and consultation desk established by the Company and domestic and foreign subsidiaries within and without the Company (law firms and experts), and takes necessary measures.

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

Pursuant to the guidance and assistance of the Internal Control Committee for Financial Reporting 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 Internal Control Committee for Financial Reporting 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 the relevant Corporate Staff Group of each subsidiary receive reports and consultation from the subsidiary, and as necessary, refer them to the Management Conference and the Board of Directors meeting of the Company.

The related persons of the governing Unit and the administrative members of the Accounting and Finance Department, 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 Management Conference 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 and Finance Department, 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 Audit & 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 Members.

Audit & Supervisory Board Members attend various important meetings, such as the Management Conference, the Risk Management Committee and the Compliance Committee. The Directors, etc., the senior 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 Members 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 reimbursement for costs having been prepaid or disbursed by such Audit & Supervisory Board Member.

The Directors and the senior 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 2020, the President and the Officers in charge of the Human Resources, the Administration, and the Accounting and Finance held a meeting once 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 its results.

End

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(Note)

In this Business Report, all figures have been rounded to the nearest number as stated, except for the number of shares indicated in units of one thousand shares which have been rounded down to the nearest number as stated.

(Translation)

**Consolidated Balance Sheet**

(As of March 31, 2021)

(Millions of yen)

Accounts	Amount	Accounts	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>1,729,371</b>	<b>Current liabilities</b>	<b>1,008,061</b>
Cash and time deposits	253,668	Trade notes and accounts payable	397,439
Trade notes and accounts receivable	755,258	Short-term debt	310,695
Securities	727	Commercial papers	14,000
Inventories	606,343	Current portion of bonds	10,000
Other current assets	115,341	Other current liabilities	275,927
Allowance for doubtful receivables	(1,966)	<b>Non-current liabilities</b>	<b>481,347</b>
<b>Non-current assets</b>	<b>1,652,543</b>	Bonds	94,873
<b>Property, plant and equipment</b>	<b>981,159</b>	Long-term debt	205,113
Buildings and structures	294,991	Deferred tax liabilities	49,998
Machinery and equipment	421,617	Net defined benefit liabilities	49,589
Land	93,806	Other non-current liabilities	81,774
Construction in progress	62,012	<b>Total liabilities</b>	<b>1,489,408</b>
Other	108,733	<b>(NET ASSETS)</b>	
<b>Intangible assets</b>	<b>36,232</b>	<b>Shareholders' equity</b>	<b>1,531,605</b>
<b>Investments and other assets</b>	<b>635,152</b>	Common stock	99,737
Investment securities	407,406	Capital surplus	170,875
Net defined benefit assets	158,447	Retained earnings	1,281,762
Deferred tax assets	29,519	Treasury stock	(20,769)
Other	40,869	<b>Accumulated other comprehensive income</b>	<b>97,201</b>
Allowance for doubtful receivables	(1,089)	Net unrealized holding gains on available-for-sale securities	74,866
<b>Total assets</b>	<b>3,381,914</b>	Deferred gains or losses on hedges	(1,419)
		Foreign currency translation adjustments	(23,659)
		Remeasurements of defined benefit plans	47,413
		<b>Non-controlling interests</b>	<b>263,700</b>
		<b>Total net assets</b>	<b>1,892,506</b>
		<b>Total liabilities and net assets</b>	<b>3,381,914</b>

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

## Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Accounts	Amount	
Net sales		2,918,580
Cost of sales		2,387,237
<b>Gross profit</b>		<b>531,343</b>
Selling, general and administrative expenses		417,417
<b>Operating income</b>		<b>113,926</b>
<b>Non-operating income</b>		
Interest income	918	
Dividend income	3,983	
Share of profit of investments accounted for using the equity method	12,519	
Other income	11,263	28,683
<b>Non-operating expenses</b>		
Interest expenses	5,404	
Other expenses	23,133	28,537
<b>Ordinary income</b>		<b>114,072</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	16,772	16,772
<b>Extraordinary losses</b>		
Loss on disposal of property, plant and equipment	2,980	
Impairment loss on fixed assets	9,238	
Restructuring expenses	8,286	20,504
<b>Profit before income taxes</b>		<b>110,340</b>
Income taxes - current	40,975	
Income taxes - deferred	577	41,552
<b>Profit for the year</b>		<b>68,788</b>
Profit attributable to non-controlling interests		12,444
<b>Profit attributable to owners of the parent</b>		<b>56,344</b>

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

## Consolidated Statement of Changes in Net Assets

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share-holders' equity
Balance at beginning of current period※	99,737	170,881	1,251,595	(20,759)	1,501,454
Cumulative effect of changes in accounting policy			(1,102)		(1,102)
Restated balance	99,737	170,881	1,250,493	(20,759)	1,500,352
Changes of items during the period					
Cash dividends			(24,963)		(24,963)
Profit attributable to owners of the parent for the year			56,344		56,344
Purchases of treasury stock				(10)	(10)
Disposal of treasury stock		(0)		0	0
Change of scope of consolidation			(112)		(112)
Change in ownership interests arising from transactions with non-controlling shareholders		(6)			(6)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	—	(6)	31,269	(10)	31,253
Balance at end of current period	99,737	170,875	1,281,762	(20,769)	1,531,605

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period※	57,781	(493)	(42,327)	1,986	16,947	248,246	1,766,647
Cumulative effect of changes in accounting policy						(863)	(1,965)
Restated balance	57,781	(493)	(42,327)	1,986	16,947	247,383	1,764,682
Changes of items during the period							
Cash dividends							(24,963)
Profit attributable to owners of the parent for the year							56,344
Purchases of treasury stock							(10)
Disposal of treasury stock							0
Change of scope of consolidation							(112)
Change in ownership interests arising from transactions with non-controlling shareholders							(6)
Net changes of items other than those in shareholders' equity	17,085	(926)	18,668	45,427	80,254	16,317	96,571
Total changes of items during the period	17,085	(926)	18,668	45,427	80,254	16,317	127,824
Balance at end of current period	74,866	(1,419)	(23,659)	47,413	97,201	263,700	1,892,506

(Note 1) Balance at beginning of current period marked with "※" was adjusted to reflect the cumulative effects of changes in accounting policies. In light of this, after the retrospective application of the changes, the balance at beginning of current period decreased by ¥183 million in retained earnings.

(Note 2) Amounts shown in this financial statement have been rounded to the nearest million yen.

# Notes to Consolidated Financial Statements

## 1. Basis of Consolidated Financial Statements

### 1-1. Scope of consolidation

#### (1) Consolidated subsidiaries

Consolidated subsidiaries: 383 companies

Major consolidated subsidiaries

Sumitomo Wiring Systems, Ltd., Sumitomo Electric Device Innovations, Inc., Sumitomo Riko Co., Ltd., Sumitomo Electric Hardmetal Corp. and Sumitomo Electric Wiring Systems, Inc.

4 companies were newly included in the scope of consolidation as a result of establishment or increase in materiality from the fiscal year ended March 31, 2021.

And 4 companies were excluded from the scope of consolidation as a result of merger, sales of shares or completion of liquidation.

#### (2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries

SEI HR SERVICES, INC.

Reason for being excluded from consolidation

The unconsolidated subsidiaries are immaterial in terms of their assets, sales, profit or loss and retained earnings, and would not have significant effect on the consolidated financial statements either individually or collectively.

### 1-2. Adoption of the equity method

#### (1) Unconsolidated subsidiaries and affiliates accounted for by the equity method

Unconsolidated subsidiaries accounted for by the equity method: none

Affiliates accounted for by the equity method: 32 companies

Major companies accounted for by the equity method

Sumitomo Rubber Industries, Ltd.

1 unconsolidated subsidiary was excluded from the scope of the equity method as a result of completion of liquidation.

#### (2) Unconsolidated subsidiaries and affiliates not accounted for by the equity method

Major companies not accounted for by the equity method

KINKIDENKI Co.

Reason for not applying the equity method

The unconsolidated subsidiaries and affiliates not accounted for by the equity method are immaterial in terms of their profit or loss and retained earnings, and would not have significant effect on the consolidated financial statements either individually or collectively.

### 1-3. Significant accounting policies

#### (1) Valuation methods for assets

##### (a) Securities

Held-to-maturity debt securities: stated at amortized cost

Available-for-sale securities

with fair values: stated at the fair value at the fiscal year end

(Unrealized gains and losses, net of related taxes and non-controlling interests, are recognized as a separate component of net assets.

Acquisition costs on sales are computed using average cost.)

without fair values: stated at average cost

##### (b) Derivatives

Derivative financial instruments are stated at fair value.

##### (c) Inventories

Inventories are mainly stated at the lower of average cost or net realizable value.

#### (2) Depreciation method of fixed assets

##### (a) Property, plant and equipment (Excluding Leased assets)

The straight-line method is applied.

##### (b) Leased assets

Leased assets related to finance leases which do not transfer ownership of the lease assets and right-of-use assets in consolidated subsidiaries that apply IFRS 16 "Leases" are depreciated by the straight-line method, assuming the lease period as the useful life and no residual value.

#### (3) Basis for allowance

Allowance for doubtful receivables

The allowance for doubtful receivables is provided based upon estimated uncollectible amounts for individually identified doubtful receivables and historical loss experience for other receivables.

#### (4) Basis for revenue and expense

The Company and its domestic consolidated subsidiaries have applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018). The amount expected to be received in exchange for promised goods or services is recognized as revenue at the time when the control of those goods or services is transferred to the customer.

(5) Other significant accounting policies

(a) Basis for retirement benefits

(i) Method of attributing benefits to periods of service

When calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods of service.

(ii) Method of expenses for actuarial gains and losses and past service costs

Past service cost is amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 3 years) from the year in which it arises, or accounted for as an expense when it arises.

Actuarial gains and losses are amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 14 years) from the year following that in which they arise. It is accounted for as an expense when it arises at some consolidated subsidiaries.

(b) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(c) Adoption of consolidated taxation system

The Company and its wholly owned domestic consolidated subsidiaries have adopted the consolidated taxation system.

(d) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

Regarding the transition to the group tax sharing system established by the “Act for Partial Revision of the Income Tax Act etc.” (Act No. 8 of 2020) and its related review of the taxation system for a stand-alone entity, in accordance with the paragraph 3 of the “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), the amounts of the deferred tax assets and deferred tax liabilities of the company and its wholly owned domestic consolidated subsidiaries are based on the tax regulation before this revision without applying the paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018).

## 2. Changes in Accounting Policy

(Adoption of IFRS-based accounting treatment by the U.S. consolidated subsidiaries)

Previously, the U.S. consolidated subsidiaries had prepared financial statements in accordance with U.S. GAAP, and the overseas consolidated subsidiaries excluding the U.S. consolidated subsidiaries had prepared financial statements in accordance with IFRS. The U.S. consolidated subsidiaries have adopted IFRS from the beginning of the fiscal year ended March 31, 2021. The main purpose of this change is to promote standardization of accounting treatment and to strengthen performance management by unifying the accounting standards adopted by the overseas consolidated subsidiaries to IFRS. The changes in the accounting policy have been applied retrospectively.

As a result, due to the cumulative effects on net assets at the beginning of the fiscal year ended March 31, 2021, the balance at the beginning of current period after the retrospective application decreased by ¥183 million in retained earnings of the consolidated statement of changes in net assets.

(Application of Accounting Standards for Revenue Recognition)

The Company and its domestic consolidated subsidiaries have applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 30, 2018) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 30, 2018) from the beginning of the fiscal year ended March 31, 2021, as they are applicable from the beginning of fiscal years starting on or after April 1, 2018. The amount expected to be received in exchange for promised goods or services is recognized as revenue at the time when the control of those goods or services is transferred to the customer.

The company and its domestic consolidated subsidiaries hereby have changed the time of revenue recognition of domestic sales transactions from the time of shipment to the time of acceptance inspection by the customer or arrival at the customer, and also have changed that of export sales transactions from the time of export customs clearance to the time when risks are transferred to the customer on the basis of trade terms such as incoterms. Regarding certain transactions under repurchase agreements in which the company and its subsidiaries manufacture products from raw materials purchased from the customer and sell the products to the same customer, the amount of revenue recognition have been changed from the gross amount including the purchased price to the net amount after deducting the purchased price.

In addition, some domestic consolidated subsidiaries identify the delivery of products and the installation and on-site adjustment of these products which were previously identified as distinct transactions as a single performance obligation and recognize revenue at the time of completion of installation and on-site adjustment. And, regarding contract constructions, the percentage of completion method was previously applied for the constructions for which certain outcome from work progress was recognizable, and the completed contract method was applied for other constructions. However, for the performance obligation satisfied over time, the method has been changed and revenue is recognized over time based on the estimated progress towards the satisfaction of that performance obligation. For the performance obligation not satisfied over time, revenue is recognized at the time of the completion of the installation as the performance obligation satisfied at a point in time. If it is possible to measure the outcome of the performance obligation reasonably, the method of estimating the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the actual costs to the total estimated costs. If it is not possible to measure the outcome of performance obligation reasonably, revenue is recognized only to the extent of actual costs incurred.

The application of the Accounting Standard for Revenue Recognition is in accordance with the transitional treatment as provided in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospective application is added to or deducted from the retained earnings at the beginning of the fiscal year ended March 31, 2021.

As a result, at the beginning of the fiscal year ended March 31, 2021, retained earnings decreased by ¥1,102 million and non-controlling interests decreased by ¥863 million. And, in the fiscal year, net sales decreased by ¥32,999 million and cost of sales decreased by ¥33,434 million, whereas operating income, ordinary income and profit before income taxes increased by ¥435 million.

### **3. Revenue recognition**

The main businesses of the company and its domestic subsidiaries are manufacture and sales of products in the following business segments: Automotive, Infocommunications, Electronics, Environment and energy and Industrial materials and others. Regarding the sales of these products, revenue for domestic sales transactions is recognized mainly at the time of the acceptance inspection by the customer or arrival at the customer, and revenue for export sales transactions is recognized mainly at the time when risks are transferred to the customer on the basis of trade terms

such as incoterms. And in Environment and energy business segment, the company and its consolidated subsidiaries operate the business of design and construction such as installation of products besides the manufacture and sales of the products. With regard to these contract constructions, for the performance obligation satisfied over time, revenue is recognized over time based on the estimated progress towards the satisfaction of that performance obligation, and for the performance obligation not satisfied over time, revenue is recognized mainly at the time of completion of installation as the performance obligation satisfied at a point in time.

#### **4. Changes in Presentation**

(Application of the “Accounting Standard for Disclosure of Accounting Estimates”)

The “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied from the beginning of the current fiscal year ended March 31, 2021.

Regarding the amounts recorded on the consolidated financial statements of the current fiscal year based on accounting estimates, the contents of accounting estimates for the items which may have a significant effect on the consolidated financial statements of the next fiscal year ending March 31, 2022 are noted.

#### **5. Accounting estimate**

(Impairment of fixed assets)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

The amount of assets in the Electronics segment is ¥231,709 million. Although there are indications of impairment in some asset groups, impairment loss was not recorded for the current fiscal year as future cash flows exceeded the book value.

(2) Other information that contributes to the understanding of financial statements users regarding the content of accounting estimate.

The Company and its consolidated subsidiaries determine grouping of cash-generating units mainly by business division, except that assets scheduled to be disposed of or idle assets are grouped as individual asset groups. When any indication of impairment exists, the future cash flow of the asset group is estimated. If the future cash flow is less than the book value, the book value of the asset is reduced to its recoverable amount. If this recoverable amount decreases in the future, an impairment loss may be incurred and may affect the business performance.

In the current consolidated fiscal year, the future cash flows of some asset groups in the Electronics segment were estimated based on the medium-term business plan that consists of available market information, customers’ forecasts and activities for development and sales expansion of new products and cost reduction, etc. Consequently impairment loss was not recorded for the current fiscal year. Considering the large volatility of market trends of final products and demands in this segment, a decrease in future cash flows due to unpredictable changes in the business environment in the future may have a significant impact on the determination of impairment of fixed assets.

(Large construction projects)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

The amount of sales in the Environment and energy segment is ¥634,191 million.

(2) Other information that contributes to the understanding of financial statements users regarding the content of accounting estimate

In Environment and energy business segment, the company and its consolidated subsidiaries operate the business of design and construction such as electrical/power supply work, engineering and installation of products besides the manufacture and sales of the products.

In the revenue recognition of contract constructions, for the performance obligation satisfied over

time, revenue is recognized over time based on the estimated progress towards the satisfaction of that performance obligation. If it is possible to measure the outcome of the performance obligation reasonably, the method of estimating the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the actual costs to the total estimated costs. If it is not possible to measure the outcome of performance obligation reasonably, revenue is recognized only to the extent of actual costs incurred.

When estimating the total construction cost, the company and its consolidated subsidiaries calculate the appropriate cost after specifying and covering the whole contents of work for executing the contract constructions according to the specifications based on the customers' instructions, and review the estimate in a timely manner in response to the change of the situation after receiving the order.

However, regarding long-term constructions such as large power cable projects, if additional costs that exceed the estimate as of the end of the current consolidated fiscal year are incurred because of unexpected circumstances such as extension of construction period or additional costs due to influence of weather or unforeseen change of the work contents, they may affect the profit and loss of the next consolidated fiscal year.

## 6. Notes to Consolidated Balance Sheet

### 6-1. Assets pledged as collateral and liabilities secured by collateral

#### (1) Assets pledged as collateral

Property, plant and equipment	¥2,014 million
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#### (2) Liabilities secured by the above collateral

Short-term debt	¥ 408 million
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Long-term debt	¥ 271 million
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Total	¥ 679 million
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6-2. Accumulated depreciation of property, plant and equipment ¥1,871,376 million

### 6-3. Guarantees

Debt guarantees and similar agreements

Jiaxing SEI-Futong Optical Fiber Co., Ltd.	¥1,771 million
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Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	¥ 867 million
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Sumiden International Trading (Shanghai) Co.,Ltd.	¥ 247 million
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Employees	¥ 136 million
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Others	¥ 222 million
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Total	¥3,243 million
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6-4. Notes receivable endorsed ¥480 million

### 6-5. Inventories

Merchandise and finished goods	¥218,868 million
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Work in process	¥176,707 million
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Raw materials and supplies	¥210,768 million
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### 6-6. Other

The Company is in negotiations with some automakers for damages regarding violation of competition law by it in the automotive segment.

## 7. Notes to Consolidated Statement of Income

Restructuring expenses in extraordinary losses are related to the reorganization and closing of the business locations, etc., to strengthen profitability and to make efficient production structure of anti-vibration rubbers business, optical devices business, wiring harness business, FPC business, etc. The major details are loss related to transfer of shares of subsidiary of ¥2,698 million, extra payment of retirement benefits of ¥2,402 million and impairment loss of ¥813 million.

## 8. Notes to Consolidated Statement of Changes in Net Assets

8-1. Type and number of shares issued and outstanding at the end of current fiscal year

Common stock 793,940,571 shares

8-2. Dividend Information

(1) Dividends paid

Resolution	Type of shares	Total amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resources of dividends
Shareholders' meeting on June 25, 2020	Common stock	12,481	16.00	March 31, 2020	June 26, 2020	Retained earnings
Board of Directors on November 6, 2020	Common stock	12,481	16.00	September 30, 2020	December 1, 2020	Retained earnings

(2) Dividends of which record date was in the current fiscal year and effective date will be in the next fiscal year

Resolution	Type of shares	Total amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resources of dividends
Shareholders' meeting on June 25, 2021	Common stock	12,481	16.00	March 31, 2021	June 28, 2021	Retained earnings

## 9. Financial Instruments

9-1. Qualitative Information on Financial Instruments

The Company and its consolidated subsidiaries finance investment in equipment and operating capital for business, mainly using borrowings from banks and the issuance of bonds and commercial papers in accordance with their cash flow planning.

Trade notes and accounts receivable are exposed to the credit risks of customers. The Company and its consolidated subsidiaries try to reduce and manage the risk according to their rules for credit control.

Operating receivables denominated in foreign currency are exposed to foreign exchange risks.

The Company and its consolidated subsidiaries hedge the risks using forward exchange contracts, etc., for the net position of foreign currency operating receivables and payables.

Securities and investment securities are mainly held to build and strengthen long-term and stable customer relationships and to facilitate business and technical customer partnerships and are exposed to market value fluctuation risks.

The main purpose of holding debt and issuing bonds and commercial papers is to secure financing for capital expenditure and working capital.

## 9-2. Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2021 are set forth in the table below.

(Millions of yen)

	Carrying amount*	Fair value*	Difference
(1) Cash and time deposits	253,668	253,668	—
(2) Trade notes and accounts receivable	755,258	755,258	—
(3) Securities	727	727	—
(4) Investment securities	303,378	482,220	178,842
(5) Trade notes and accounts payable	(397,439)	(397,439)	—
(6) Short-term debt	(310,695)	(310,695)	—
(7) Commercial papers	(14,000)	(14,000)	—
(8) Bonds	(104,873)	(104,996)	123
(9) Long-term debt	(205,113)	(207,318)	2,205

\*Any item accounted for as a liability on the consolidated balance sheet is indicated in parentheses.

(Note) 1. Valuation approach for the fair value of financial instruments and matters related to securities and investment securities

(1) Cash and time deposits and (2) Trade notes and accounts receivable

The carrying amount approximates the fair value because of the short maturity.

(3) Securities

The carrying amount is nearly equal to the fair value because of the short maturity.

(4) Investment securities

Investment securities which have a quoted market value are stated at the fair market value.

The fair value of those which do not have a quoted market value is estimated based on the present value of future cash flows using appropriate current discount rates.

(5) Trade notes and accounts payable

The carrying amount approximates the fair value because of the short maturity.

(6) Short-term debt

The carrying amount approximates the fair value because of the short maturity of one year or less.

(7) Commercial papers

The carrying amount approximates the fair value because of the short maturity.

(8) Bonds

The fair value of bonds is stated at the fair market value.

(9) Long-term debt

The fair value of long-term debt is estimated based on the present value of future cash flows using appropriate current discount rates.

2. Unlisted Securities (the carrying amount on the consolidated balance sheet is ¥104,028 million) are not included in “(4) Investment securities,” because they do not have quoted market values and their future cash flows cannot be estimated, therefore, their fair value is hard to determine.

## 10. Per Share Information

Net assets per share	¥2,088.51
Earnings per share	¥ 72.25

## **11. Additional Information**

Due to the impact of COVID-19, there was a noticeable drop in demand for products mainly in the first quarter of the fiscal year ended March 31, 2021, but it has turned into recovery trend in general from the second quarter. Based on external information available as of the end of the fiscal year ended March 31, 2021, such as customers' forecasts, the Company and its consolidated subsidiaries have made accounting estimates for impairment of fixed assets under the assumption that COVID-19 will not make a significant impact on the business from the next fiscal year ending March 31, 2022. However, the impact of COVID-19 on the future economy and business activities is unclear, so if the above assumptions change, there is a possibility that it will affect the business results for the next consolidated fiscal year.