

CSR Book 2023



Editorial Policy

Period Covered by This CSR Book

April 1, 2022 through March 31, 2023 (fiscal 2022). Some activities conducted in fiscal 2023 are also covered.

Boundary of This CSR Book

Sumitomo Electric Industries, Ltd. and its consolidated subsidiaries (383 companies)

In this CSR Book, "Sumitomo Electric," "the Company" or "our company" refers to Sumitomo Electric Industries, Ltd., "Group companies" or "affiliates" refers to the consolidated subsidiaries of Sumitomo Electric, and "the Sumitomo Electric Group" or "the Group" refers to Sumitomo Electric and its Group companies.

- When quantitative information is disclosed, Sumitomo Riko Company Limited, Nissin Electric Co., Ltd., SUMITOMO DENSETSU CO., LTD. and TECHNO ASSOCIE Co., Ltd., which are listed on stock exchanges in Japan as of March 31, 2023, and their consolidated companies are excluded. In some cases, Sumitomo Electric alone or only the Company and limited consolidated subsidiaries or some of the equity-method companies are included. The items referenced within such a specifically limited boundary are indicated in the text or footnotes in the table or graph. The CSR Management of Companies in the Group is introduced in P17 and P18.
- See P81 for criteria to calculate environmental and social indicators
- For details of the boundary of data collection for environmental indicators, see Explanation of the Boundary in P24.

Listed companies and listed subsidiaries in the Group - Unless otherwise stated, they represent Sumitomo Riko Company Limited, Nissin Electric Co., Ltd., SUMITOMO DENSETSU CO., LTD. and TECHNO ASSOCIE Co., Ltd. As of May 1, 2023, Nissin Electric Co., Ltd. and TECHNO ASSOCIE Co., Ltd. became wholly-owned subsidiaries of Sumitomo Electric.

Legends for the evaluation of the achievement of each target

- ◎: Performance far exceeding the target (by more than about 150%)
- : Target achieved
- △: Target not achieved (performance improved from the previous fiscal year)
- ▽: Target not achieved (performance similar to that in the previous fiscal year)
- ▼: Target not achieved (performance deteriorating from the previous fiscal year)

Guidelines Referenced

■ GRI Standards

This CSR Book references GRI standards.

The GRI Content Index is published on the following website: <https://sumitomoelectric.com/csr-reports/>

■ Environmental Reporting Guidelines 2018 issued by the Ministry of the Environment of Japan.

Efforts to Improve the Reliability of the Disclosed Information

To ensure the accuracy and completeness of the performance indicators, we have engaged an independent third party to provide assurance on them, and the indicators subject to the assurance are marked accordingly to enhance the credibility.

Date of Publication

December 2023 (Last CSR Report: published in December 2022; and next CSR Book: scheduled for release in December 2023)

Framework for Disclosure of Information



■ Integrated Report
(Presenting Value Creation Stories)

[Mid-long Term Management Policies]

[Disclosure based on the Corporate Governance Code]



■ Corporate Governance Report
(including specific corporate governance measures)



■ Long-term Vision
Sumitomo Electric
Group 2030 VISION



■ Mid-term
Management Plan
2025



■ CSR Book
(Presenting the
Overall Corporate
CSR Activities)

[IR Library]

- Consolidated Financial Statements, Report on Business, Supplementary Sheet for Quarterly Financial Statements and others

[Other publications]

- Sumitomo Electric Group e-magazine "id"
- Technical Papers "Sumitomo Electric Technical Review"

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Basic Value Standards

The Sumitomo Spirit

The Sumitomo Spirit grew out of the guiding principles set down in his later years by the founding father of the House of Sumitomo, Masatomo Sumitomo (1585-1652), in Monjuin Shiigaki (the Aphorisms of Monjuin, which describes how a merchant should conduct his business). The Sumitomo Spirit has been passed down and elaborated through the history of Sumitomo, which mainly operated copper business. The essence of the Spirit was distilled in the "Business Principles" codified in 1891. Also integrated into the Sumitomo Spirit are other beliefs and principles behind business decisions, and remarks made by Sumitomo managers, which have been handed down through generations. The pioneering ideas of the Sumitomo Spirit, which also reflect today's concepts of compliance and CSR, have been steadfastly inherited as a commonly held asset of Sumitomo Group companies.

Business Principles

Article 1 Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.

Article 2 Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

Traditional Beliefs and Principles

Attaching Importance to Technology

Sumitomo's original copper business centered on the nanban-buki (foreign-style) refining technique, which at the time comprised the leading edge of smelting technology. The business policy of valuing technology and tackling the development of new technology has been a driving force in the evolution of Sumitomo business from the very beginning.

Respect for Human Resources

Sumitomo's history is accentuated with events that demonstrate the great value that is attached to opinions of those working in the field. Over the years, Sumitomo has established a corporate culture in which frank discussions are cherished and human resources are given the utmost importance. Sumitomo has always considered that people make the enterprise and attached importance to human resources. This tradition has coexisted with the commitment among Sumitomo personnel to character cultivation.

Long-Range Planning

This principle is derived from Sumitomo's original experience in copper mine management which requires long-term, continuous consideration. Business development with a future-looking, long-term view, complemented by a wider perspective to ensure national and social interests, is one of the factors that have made Sumitomo distinctive.

Mutual Prosperity, Respect for the Public Good

This phrase represents the principle that Sumitomo's business must benefit not only Sumitomo but also the nation and society in general, and everyone in Sumitomo is required to focus not only on making money but always conduct business in harmony with public interests. Also demonstrated by its more than century-long efforts to solve environmental problems in the Besshi Copper Mine, this spirit has always remained unchanged at Sumitomo.

Monjuin Shiigaki (the Aphorisms of Monjuin)

Masatomo Sumitomo was born in 1585 of the late Sengoku Period, in Maruoka, Echizen (now Maruoka-cho, Sakai-shi, Fukui Prefecture) as the second son of a samurai warrior family, but entered priesthood in Kyoto at the age of 12. His intelligence led him to be given the name Monjuin, after Monju Buddhist saint who embodies enlightened wisdom. He later left the priesthood and started his own business to trade books and medicines, which was the origin of the House of Sumitomo. Even after he left the priesthood, many people continued to ask for his teachings and respect his faithful instructions. The fact that the founding father was a widely respected Buddhist priest is the unique feature of the Sumitomo Group. A letter written by Masatomo Sumitomo (Monjuin) in response to a family member's request for guidance on conducting business was Monjuin Shiigaki.

Banji-nissei (do your sincere best in not only business but also every aspect of your life)

Consisting of five articles, Monjuin Shiigaki contains ideas reflecting the unstable social conditions of Kyoto in the 17th century, when it was written. The preamble admonishes us to pay attention to any matters including business and work wholeheartedly on everything. This precept "Banji-nissei" has been passed down continuously, by way of hoping that each one of us in Sumitomo does not focus only on making money but improves the personality and develops the character. This lofty document urges us to persist in sincere and careful effort and to cultivate good character.

The Sumitomo Electric Group positions this "Banji-nissei" as the keyword representing the Sumitomo Spirit.



Figure of Masatomo Sumitomo (Monjuin)*



Signboard of the medicine shop operated by Masatomo*



Calligraphy work "Banji-nissei"

* Photo courtesy: Sumitomo Historical Archives

The Sumitomo Electric Group Corporate Principles

On the occasion of Sumitomo Electric's centennial celebration in 1997, the Sumitomo Electric Group defined the Sumitomo Electric Group Corporate Principles as a new management philosophy arising from the Sumitomo Spirit. The Corporate Principles underscore our basic policy of commitment to our important stakeholders-- customers, employees, suppliers, regional communities, and shareholders/investors --and rededicate the Group to the importance of compliance and trust.

Each company of the Sumitomo Electric Group shall

- Offer the very best goods and services to satisfy customer needs.
- Build technical expertise, realize changes and strive for consistent growth.
- Contribute to creating a better society and environment, with a firm awareness of our social responsibility.
- Maintain high corporate ethics and strive to become a company worthy of society's trust.
- Nurture a lively corporate culture that enables employee self-improvement.

The Sumitomo Electric Group Charter of Corporate Behavior

The Sumitomo Electric Group recognizes that our operations are supported by a range of stakeholders, including customers, employees, suppliers, regional communities, and shareholders/investors, and that it is mandatory to strive to build appropriate cooperative relationships with our stakeholders while taking their interests into consideration in order to achieve sustainable growth and enhance the corporate value of the Sumitomo Electric Group over the medium to long term, as well as to steadily return the results to all of our stakeholders as a going concern.

Based on such recognition, as described below, the Sumitomo Electric Group promotes appropriate collaboration with stakeholders to achieve co-creation of values and shared prosperity with the stakeholders.

1 Provision of Useful and Safe Products and Services

- We will aim to provide useful and safe products and services that will satisfy customers in all aspects including quality and cost.

2 Development of New and Original Businesses and Products

- We will aim to develop new, original and profitable businesses and products by using our unsurpassed creativity in meeting customer demands.

3 Growth and Development of the Sumitomo Electric Group through Global Business Activities

- We will strive for consistent growth of the Sumitomo Electric Group, by consistently conducting our businesses with a global perspective and taking full advantage of the Group's dynamic business operations.

4 Contribution to Preservation of the Global Environment

- We will contribute to the construction of a sustainable society, taking voluntary and active initiatives to preserve the global environment.

5 Observance of Laws and Regulations

- We will observe national and international laws and regulations and always act fairly and openly.

6 Fair and Proper Business Activities

- We will promote fair, transparent and free competition and sound trade.

7 Conduct as a Member of Society

- We will contribute to creating a better society, with a firm awareness of our social responsibility as a "good corporate citizen."
- We will maintain a strong stand against any force that threatens public order and safety.

8 Harmony with the International Community

- As a corporate member of the international community, we will respect the culture and customs of every region of the world and contribute to the development of those regions.

9 Safe, Sound Workplace and Employees' Growth and Development

- We respect the rights of all individuals and will endeavor to make our workplaces safe, sound and energetic.
- We will strive to respect personality and individuality of the employees and support their professional development and career to enable self-realization.

10 Disclosure of Relevant Information and Promotion of Communication with Society

- We will aim to provide appropriate corporate information to contribute to adequate collaboration with stakeholders.
- We will also promote good communication with society through public information and hearings.



President & COO
Sumitomo Electric Industries, Ltd.

Osamu Inoue

We will enhance our CSR activities further with the aim of achieving a safer, more comfortable, and green, environmentally friendly society.

» Preface

I sincerely express my gratitude for your continued support and understanding of Sumitomo Electric Group's business activities. I also thank you for reading this CSR Book 2023.

» Sustainability Management

Our group has honored both the tradition of the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, and based on the management spirit of "contributing to the public benefit through our business," the group has consistently worked to ensure mutual prosperity with our stakeholders through the evolution of technology that connects and supports society. And this history leads to the current concept of Sustainability. We believe that continuing to address the sustainability agenda, such as considering climate change and other global environmental issues, respect for human rights, ensuring employee wellbeing and a healthy work environment, fair and appropriate treatment, fair and impartial trade with suppliers and reinforcing crisis management to address natural disasters and other emergencies, is essential for improving our corporate value over the medium to long term. I am resolved to further strengthen and accelerate our efforts while continuing to discuss the agenda at the Sustainability Management Promotion Committee that I chair.

» "Mid-term Management Plan 2025"

In May this year, the Group announced its new "Mid-Term Management Plan 2025." Last year, the Group announced the "Sumitomo Electric Group 2030 VISION," which outlined our Key Areas of focus, broad business structure, and how the Group will contribute to realizing our vision of an ideal society looking out to 2030. The new "Mid-term Management Plan 2025" is positioned as the first milestone towards realizing this "2030 VISION."

Under the slogan "Creating a Green Society through our Connecting and Supporting

Technologies," the Mid-term Management Plan 2025 sets out how we will contribute to society by capturing business opportunities in the "Development of a Decarbonized Society" and "Evolution of the Information Society" while pursuing the growth of the Group.

Furthermore, the "Mid-Term Management Plan 2025" sets explicit and quantitative indicators and targets for distribution to each of our five stakeholders - Customers, Employees, Suppliers, Regional Communities and Shareholders/Investors - as part of our "Multistakeholder Capitalism" approach, to which the Group has been able to demonstrate its commitment.

» To Enhance Our CSR Activities

To achieve our 2030 Vision and practice sustainability management, we define creating shared value (CSV) and corporate social responsibility (CSR) as the two axes of business activity. As to CSR activities, we have identified "environmental preservation," "human rights," "human resources," "social contribution," "quality," and "supply chain" as core categories for our Group in line with the formulation of Mid-term Management Plan 2025. While taking a proactive view of the roles to be taken by a company that is needed by society and also accurately acknowledging changes, such as the sophistication of demands by society toward solving social issues and the progress of social transformation, we will actively promote various measures that focus on them and make efforts to enhance our CSR activities.

The Sumitomo Electric Group firmly maintains the Sumitomo Spirit, which presents basic value standards, and sets "Glorious Excellent Company" as its ideal future state to promote business activities. We will continue to aim to permanently improve corporate value as a going concern through efforts to solve social issues related to our business in cooperation with our stakeholders.

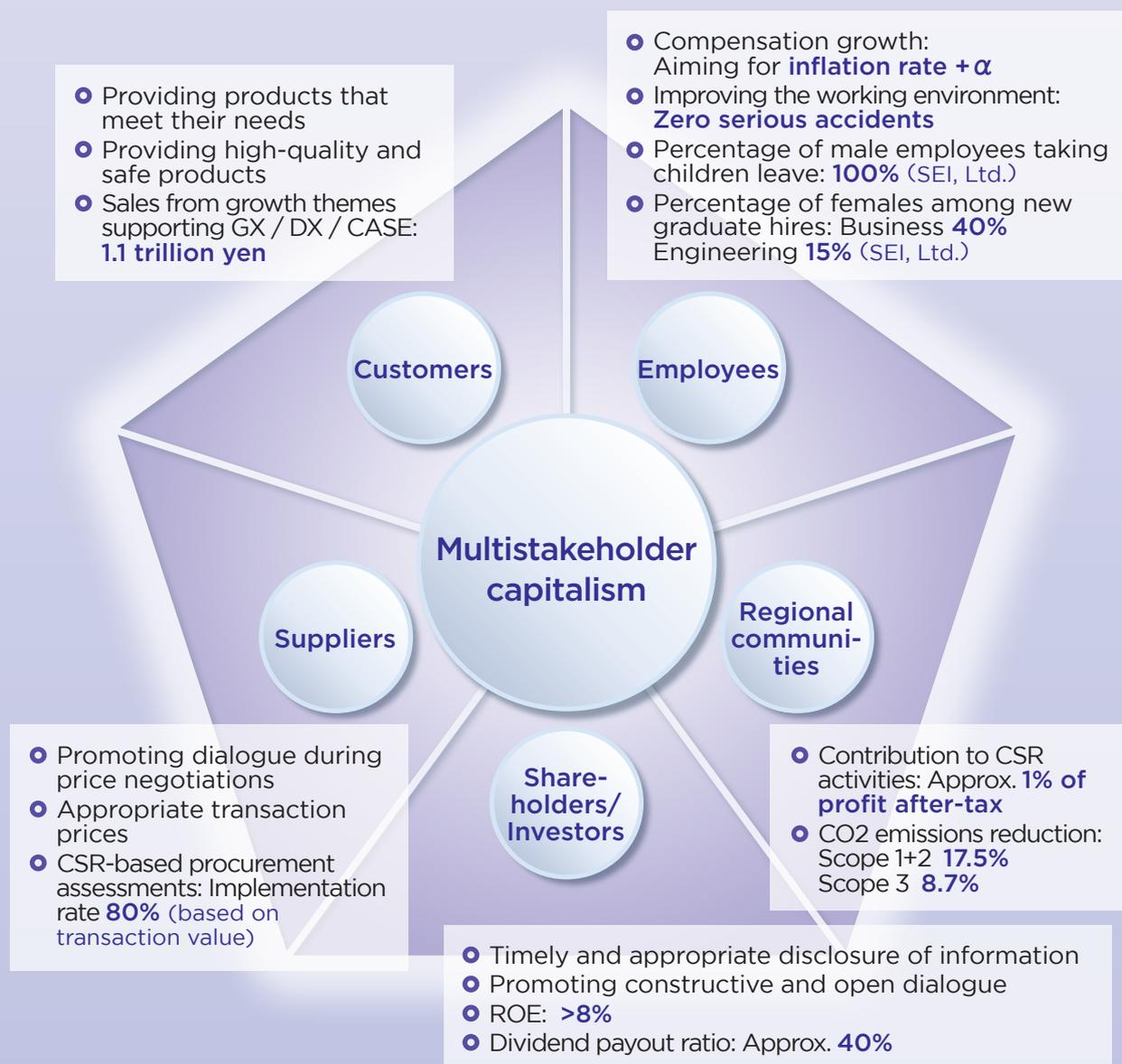
Multistakeholder Capitalism

The unchanging basic policy of the Sumitomo Electric Group is to contribute to society through fair business activities based on “the Sumitomo Spirit” and “the Sumitomo Electric Group Corporate Principles.”

Adhering to this basic philosophy, we aim to achieve sustainable growth and enhance corporate value of the Group over the medium to long term as well as to steadily return the results to all of its stakeholders as a going concern based on the concept of “Multistakeholder Capitalism” which focusing on contributing to the public benefit and mutual prosperity with all of our stakeholders. We thus work to ensure and enhance the transparency and fairness of management based on proper corporate governance.

Key indicators and targets (Mid-term Management Plan 2025)

| | | | | |
|-------------------------------|-------------------------------------|--------------------------|--------------------------------|--|
| Net Sales 4.4 trillion yen | Operating profit 250 billion yen | Before tax ROIC > 8 % | R&D 360 billion yen/3 years | Capital Investments 720 billion yen/3 years |
|-------------------------------|-------------------------------------|--------------------------|--------------------------------|--|

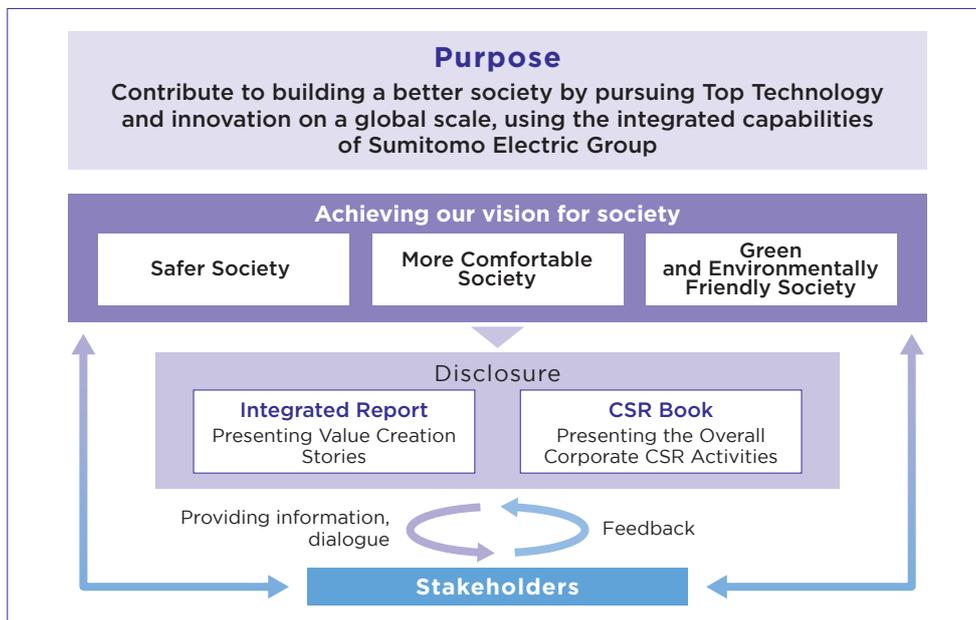


Challenges surrounding Sustainability, including consideration for **climate change and other global environmental issues, respect for human rights, fair and appropriate treatment of employees and their health and working environment, fair and impartial trade with business partners, and risk management for natural disasters**, are essential for the Company's sustainable growth and medium to long term enhancement of corporate value, as well as for the steady return of results to all stakeholders as a going concern, and the Sumitomo Electric Group will work tirelessly to address these challenges.



More specifically, we established our value and purpose as continuing to "Pursue Top Technology that connects and supports society; and use the Group's integrated power and innovation to contribute on a global scale" and **we are committed to achieving a Safer, more Comfortable society that is also Green and Environmentally Friendly.**

In addition, we will communicate our efforts both internally and externally through "Integrated Reports," which summarize our value creation story, and our "CSR Book" which summarizes the achievements of our CSR activities. **We encourage feedback from our stakeholders and reflect their thoughts in our future activities.**



Further Efforts in CSR Activities Based on Mid-term Management Plan 2025



Shigeru Jinushi
 Manager
 CSR Promotion Office

In May 2023, we formulated and announced the “Mid-term Management Plan 2025,” and this plan reasserts our objectives of further strengthening our sustainability initiatives, which we have always placed emphasis on, and striving to achieve mutual prosperity with our stakeholders. Under the “Mid-term Management Plan 2025,” we are once again reviewing our CSR initiatives and target to make them even more fulfilling than before, and with this in mind, we aim to become a “Glorious Excellent Company,” the ideal future state of the Group.

This CSR Book summarizes our CSR policy and the progress of specific activities across the Sumitomo Electric Group, and we are working to make improvements by expanding the content in consideration of the expectations of our stakeholders and unifying the structure of articles for each CSR theme as much as possible to make it easier to read the content. We hope that this CSR Book will help our stakeholders further deepen their understanding of Sumitomo Electric and that it will also be used in dialogue, and we would like to reflect the opinions we have received in our Group’s CSR activities.

We will continue to contribute to improving the sustainability of society by enhancing our CSR activities and promoting initiatives aimed at achieving the “Mid-term Management Plan 2025.”

CSR Basic Policy

The Sumitomo Spirit, which gives top priority to social credibility and corporate ethics, is deeply instilled into the Sumitomo Electric Group. With the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles serving as the basic value standards that guide us, “Multi-Stakeholder Capitalism” serving as the basic concept and governance, risk management and compliance serving as the foundations, we will perform business activities based on them to create social values and contribute to a better society and environment.

In conjunction with the formulation of the new “Mid-term Management Plan 2025” in fiscal 2023, we revised some of our CSR core categories. With environmental preservation, human rights, human resources, social contribution, quality and supply chain as the new CSR core categories, we set major targets, including KPIs (Key Performance Indicators) for fiscal 2025 and will work to achieve them.

We will engage in steady CSR activities while continuing to fulfill social responsibilities and building good relationships with stakeholders, as we aim to achieve our vision of becoming a “Glorious Excellent Company.”

(For main targets for fiscal 2025, see [here](#))



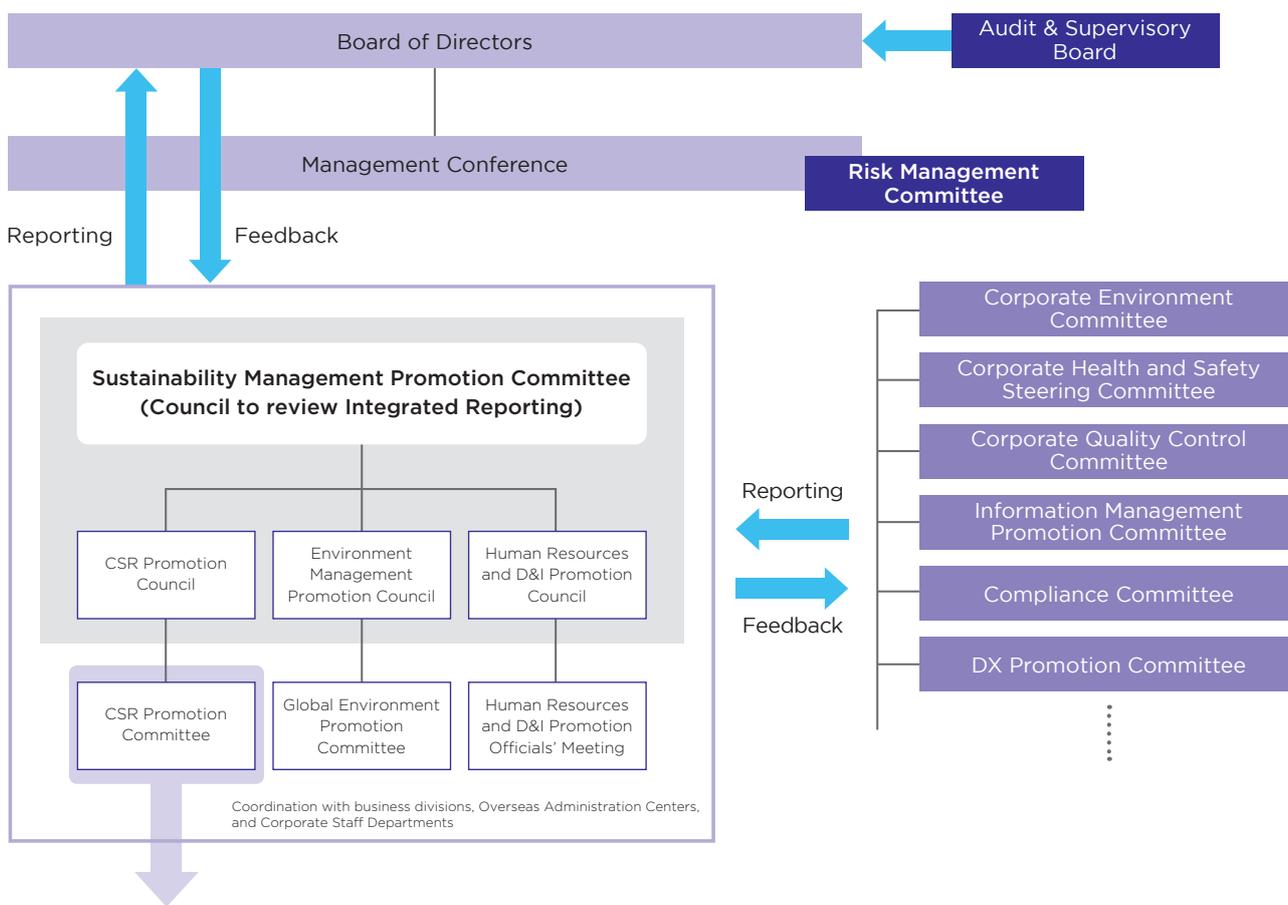
CSR Promotion System

Based on our Basic Policy on Sustainability Management, the Group has established the Sustainability Management Promotion Committee, chaired by the president. It receives reports from each committee on related initiatives, discusses policies, and offers advice so that the initiatives will be carried out in a consistent manner.

The CSR Promotion Committee is chaired by the officer

in charge of CSR and consists of members elected from divisions in charge of CSR-related areas. As the Group's main body of CSR promotion, it cooperates with the Environment Management Promotion Council and the Human Resources and D&I Promotion Council to implement company-wide activities by reflecting our management policy more strongly than before.

Promotion System



Role of the CSR Promotion Committee

- Meeting twice per fiscal year to review CSR activities from a group-wide perspective and to support and summarize future developments.
- Promoting internal and external information disclosure and public hearings on CSR.
- Promoting CSR education programs throughout the Sumitomo Electric Group, etc.

CSR-related areas

Compliance/Risk management/Information disclosure

Core categories

Environmental preservation/Human rights/Human resources/Social contribution/Quality/Supply chain

Long-term Vision “Sumitomo Electric Group 2030 VISION” and Mid-term Management Plan 2025

The Sumitomo Electric Group will continue to make efforts in accordance with its “2030 VISION” and “Mid-Term Management Plan 2025” to realize the three goals for society, which are a “Safer Society,” “More Comfortable Society” and “Green and Environmentally Friendly Society,” and strive to continuously enhance the corporate value through providing a broad range of value to the society.

Long-term Vision “Sumitomo Electric Group 2030 VISION”



Based on the understanding of our stakeholders, we will work together to enhance corporate value, aiming to achieve the corporate image of a Glorious Excellent Company.

Management Policy

Honoring the Sumitomo Spirit, handed down over generations, and the Sumitomo Electric Group corporate principles, we carry out business activities based on the spirit of always prioritizing our contribution to society and ensuring mutual prosperity with our stakeholders under a management philosophy of contributing to the public benefit through business. Based on this basic spirit, we will aim for permanent improvement in corporate value by working on sustainability challenges while simultaneously pursuing Top Technology and supporting the development of infrastructure and industries across the world through global business activities.

Purpose

Contribute to building a better society by pursuing Top Technology and innovation on a global scale, using the integrated capabilities of Sumitomo Electric Group.

Society 2030 and Business Development

The Sumitomo Electric Group will unleash all of its capabilities to contribute to the evolution of a Safer and more Comfortable society that is also Green and environmentally friendly.

Furthermore, we will continue to provide products and services that support a wide range of infrastructure and industries. In particular, we have positioned Energy, Info-communications, and Mobility as our key domains, which we intend to develop with our comprehensive strengths.

■ Society 2030 & Aspiration

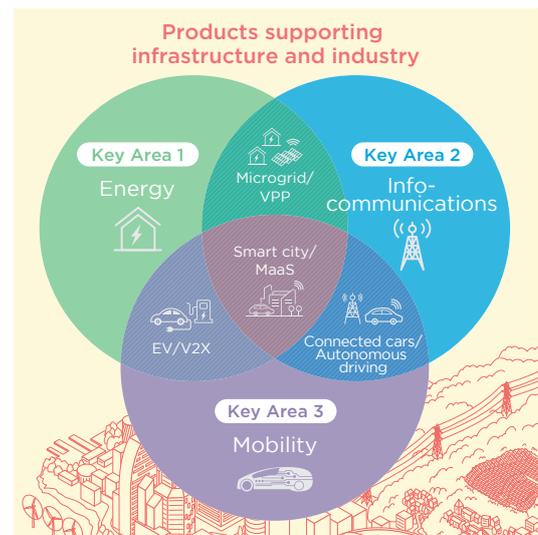
Since our establishment



Further Emphasis



■ Business Domains–Key Areas



Business Foundations

To pursue its “2030 Vision,” the Group will strive to build a strong organization that can respond to change accurately, quickly, and flexibly. To that end, we will maximize synergies across the Group by enhancing the 3 Key Sources of Capital (human capital, intellectual capital, and financial capital) and reinforcing the 3 Key Driving Forces (R&D, supply chain, and manufacturing).

Targets

| Glorious | | |
|------------|---|--|
| E | Global Environment | Various efforts as follows: CO ₂ emissions reduction 2030 <Scope 1+2> 30% <Scope 3> 15% (compared to FY2018) 2050 <Scope 1+2> carbon neutrality |
| S | Diversity & Inclusion | Creation of new values through the integration of diverse perspectives, experiences, and technologies |
| | Engagement | Empathy with the creation of corporate value and actual feeling of contribution |
| G | Legal Compliance | Compliance with laws, regulations, and corporate ethics throughout SEG, including its supply chain, on a global basis |
| Excellent | | |
| Growth | Consolidated net sales: >5 trillion yen >1 trillion yen in growth from the 3 Key Areas of Energy, Info-Communications and Mobility | |
| Efficiency | Before-tax ROIC: >10% (Presentation of even higher value and improvement in the profit structure) | |

[Web](#) For the details, please see our website

Mid-term Management Plan 2025

(FY2023–FY2025)

In line with the “Sumitomo Electric Group 2030 VISION”, the Group formulated the “Mid-Term Management Plan 2025” as an action plan for the three-year period from FY2023 to FY2025.



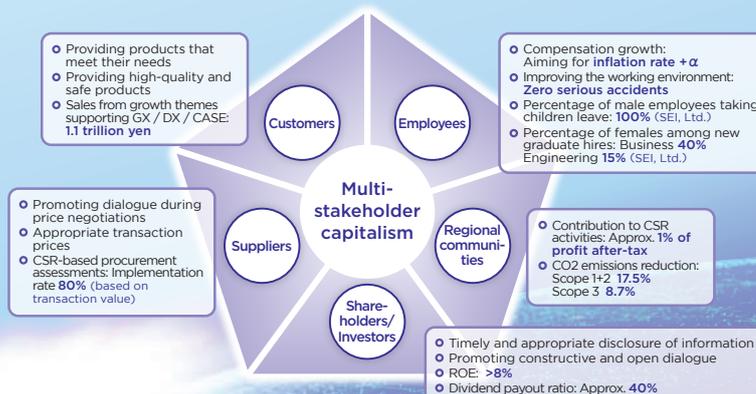
Basic Policy

Under the “Mid-term Management Plan 2025”, which carries the slogan “Creating a Green Society through our Connecting and Supporting Technologies”, the Group will work on growth strategies and strengthening our business foundations with the integrated capabilities of the Group and appropriately distribute the results of this growth to our multistakeholder partnerships.

The Sumitomo Electric Group will strive to pursue the indicators and targets shown on the right.



| | | | | |
|-------------------------------|-------------------------------------|------------------------|--------------------------------|--|
| Net sales 4.4 trillion yen | Operating profit 250 billion yen | Before tax ROIC >8% | R&D 360 billion yen/3 years | Capital Investments 720 billion yen/3 years |
|-------------------------------|-------------------------------------|------------------------|--------------------------------|--|



[Web](#) For the details, please see our website

CSR Core Categories, Priority Themes and Main Initiatives and Targets

Main Targets and Results in Fiscal 2022

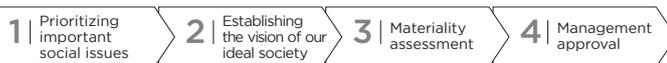
In line with the formulation of the Mid-term Management Plan VISION 2022 in fiscal 2018, we set and worked on main targets including KPIs (Key Performance Indicators) for fiscal 2022 for each of the CSR core categories. Although the target for the priority theme “occupational safety” was not achieved, the number of accidents decreased compared to fiscal 2018. In addition, targets were achieved for other core categories and priority themes, mainly environmental conservation and supply chain, and we made steady progress in CSR activities.

| ESG | Core Categories | Priority Themes | Targets for FY2022 (KPIs for FY2022) | Results in FY2022 |
|-----|----------------------------|--|--|--|
| E | Environmental conservation | Prevention of Global Warming | Reduce GHG emissions by 10% from the FY2018 level | Reduce GHG emissions by 14.1% from the FY2018 level |
| S | Human resources | Promotion of Diversity and Occupational Safety | Promotion of appointment and development of SEG Global Executives | <ul style="list-style-type: none"> •Newly appointed 2 SEG Global Executives The total number of SEG Global Executives is 42 on April 1, 2023 •Implemented measures to develop SEG Global Executives with a focus on priority items |
| | | | Serious accidents and accidents resulting in remaining disabilities: zero The total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury: 31 or less Accident score*: 110 or less | Serious accidents: zero Accidents resulting in remaining disabilities: 4 persons The total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury: 56 persons (including 4 persons who had accidents resulting in remaining disabilities) Accident score: 280 |
| S | Social contribution | Social Contribution Activities | Maintained and expanded the projects that help solve social problems | Maintained and expanded the projects that help solve social problems |
| | | | Enhance the activities of the Sumitomo Electric Group CSR Foundation | Offered subsidies for the development of human resources and encouragement of academic activities through the three programs of monetary contributions to university courses, subsidies for academic and research programs and supply of scholarships |
| S | Quality | Product Quality and Product Safety | Reduce the index for the number of complaints by 30% from 2017 | Reduced the index for the number of complaints by 39.5% from the FY2017 level |
| ESG | Supply chain | Promotion of CSR Procurement | Promotion of the CSR procurement survey of suppliers that represent 90% of the value of domestic procurement | Continued to implement CSR procurement covering the suppliers that represented 90% of the value of our domestic procurement (the numeric target of 90% had already been achieved in fiscal 2020 ahead of schedule) |

The Sumitomo Electric Group’s Materiality

The Sumitomo Electric Group has defined “materiality” as efforts to solve social issues that the Group believes are important for achieving its three goals for society.

Summary of the Materiality Process



| Important Social Issues | Materiality Assessment |
|---|--|
| <ul style="list-style-type: none"> [1] Addressing social issues and revitalizing industry with new technologies [2] Increasing environmental risks and intensification of global warming [3] Frequent natural disasters, increasing information security risks, underdeveloped and aging social infrastructure | <ul style="list-style-type: none"> [4] Growing importance of diversity and inclusion (D&I) in the work environment [5] Emerging risks in supply chains (protection of human rights, strengthened business continuity planning) |

Achieving our ideal society

“Safer Society”, “More Comfortable Society”, “Green and Environmentally Friendly Society”

The Materiality Process in Detail

| Category | Key Initiatives | Category | Key Initiatives |
|--|---|---------------------------|--|
| Business Contributions | <ul style="list-style-type: none"> ● Capture business opportunities across the Group in 3 key areas (Energy, Info-Communications, and Mobility) ● Provide High-Performance Products and Materials that contribute to the 3 key areas | Global Environment | <ul style="list-style-type: none"> ● Operate for a Greener Global Environment <ul style="list-style-type: none"> »Reducing CO₂ emissions, promoting a circular economy, and preventing environmental pollution. ● Contribute to the Global Environment Through Our Business |
| Human and Intellectual Capital | Developing Human Capital <ul style="list-style-type: none"> ● Accumulate practical experiences with challenges leading to growth ● Providing a robust L&D program ● Developing leaders for respective workplaces | Social | <ul style="list-style-type: none"> ● Continuing human rights due diligence*, training on human rights issues ● Requests to engage in human rights and labor relations efforts based on the Supplier Code of Conduct ● Continue to promote activities contributing to society |
| | Improving Engagement <ul style="list-style-type: none"> ● Integrating the Sumitomo Spirit, management policies and business strategy ● Compensation growth ● Cohesive corporate culture where the ability of individuals is maximized | Governance | Promote CSR procurement <ul style="list-style-type: none"> ● Conduct CSR-based procurement assessment, promote intra-Group joint improvement activities Compliance <ul style="list-style-type: none"> ● Maintain and reinforce the compliance platform |
| | Workplace Improvements <ul style="list-style-type: none"> ● Continue to promote health management* for overall wellbeing ● Further improvements of safe and secure workplaces | Diversity | Organizational Diversity <ul style="list-style-type: none"> ● Attracting and promoting a diverse workforce ● Continue supporting diverse work styles |
| R&D <ul style="list-style-type: none"> ● Invigorate and accelerate R&D as one of the key driving forces to create an extensive range of technologies <ul style="list-style-type: none"> »Developing the current businesses band challenging into new territories | | | |

Glossary

- ***Accident score:** An accident score is calculated by weighting the accidents that have occurred by type. Class 1: Accidents that can result in a serious accident (forklifts, hoist cranes, rotating parts, moving parts, etc.); Class 2: Accidents caused by an edged tool, jig or device; and Class 3: Falling accidents, collisions while walking, backache, etc.
- ***Health Management (Health and Productivity Management):** A trademark or registered trademark of Nonprofit Organization Kenkokeiei
- ***Human Rights Due Diligence:** Human rights due diligence refers to a series of acts undertaken to identify, prevent and mitigate adverse impacts on human rights in business enterprises, group companies and suppliers, etc., to track the effectiveness of their responses and to account for and disclose information on how they addressed the adverse human rights impacts.

New CSR Core Categories, New Priority Themes and Main Initiatives and Targets

In line with the formulation of the Mid-term Management Plan 2025, we have reviewed the CSR core categories and priority themes and also set new main targets for fiscal 2025. We reorganized those items as particularly important matters related to CSR activities based on the materiality identified for our Group while also taking into account the continuity with the CSR activities we have implemented to date.

| ESG | Core Categories | Priority Themes | Relevant material issue | Main initiatives and targets for fiscal 2025 | Related SDGs |
|-----|----------------------------|---|---|--|---|
| E | Environmental conservation | Greenhouse Gas Emissions | Global Environment | Reduction in CO ₂ emissions (% reduction vs 2018) Scope 1+2: 17.5% Scope 3: 8.7% |       |
| S | Human rights | Respect for Human Rights | Social | <ul style="list-style-type: none"> As to human rights due diligence, examine key risks and implement prevention and mitigation measures for about 280 Group companies For human rights training, promote training and awareness-raising for discrimination, harassment and other human rights issues Request suppliers to engage in efforts related to human rights and labor relations based on the Supplier Code of Conduct |    |
| S | Human resources | <ul style="list-style-type: none"> Development of Human Resources and Improvement of Engagement Organizational Diversity and Workplace Improvements Occupational Safety and Health | Human and Intellectual Capital, Diversity | <ul style="list-style-type: none"> Compensation growth: Aiming for inflation rate +α The Executive Training Program Completion: 100/3 years MPSS Completion: 2,300/3 years Total hours of training programs: 20 hours /annually per headcount Developing core DX talent: 300/3 years (Sumitomo Electric alone) Developing DX data analysts: 1,500/3 years (Sumitomo Electric alone) Percentage of females among new graduate hires: Business 40%, Engineering 15% (Sumitomo Electric alone) Percentage of male employees taking children leave: 100% (Sumitomo Electric alone) Zero serious accidents |      |
| S | Social contribution | Social Contribution Activities | Social | <ul style="list-style-type: none"> Continuance and enhancement of various activities based on the Sumitomo Electric Group Basic Policies on Social Contributions Contribution to CSR activities: approx. 1% of profit after-tax |       |
| S | Quality | Product Quality and Product Safety | Business Contributions | Reduce the index for the number of complaints by 20% from the FY2022 level |  |
| ESG | Supply chain | Promotion of CSR Procurement | Social, Governance | <ul style="list-style-type: none"> Promote CSR-based procurement assessments covering the suppliers that represented 80% of global transaction value equivalent Promote compliance initiatives with suppliers based on the Supplier Code of Conduct |    |

Relationships with Stakeholders

Overview of Key Tools and Activities for Engaging with our Stakeholders

The Sumitomo Electric Group recognizes that our operations are supported by a range of stakeholders including “customers,” “employees,” “suppliers,” “regional communities,” and “shareholders/investors,” and that it is mandatory to strive to build appropriate cooperative relationships with stakeholders while taking their interests into consideration in order to achieve sustainable growth and enhance corporate value of the Group over the medium to long term as well as to steadily return the results to all of our stakeholders as a going concern.

Customers

- Daily sales activities, sales force surveys
- Exhibitions
- Sumitomo Electric Group e-magazine “id”, president’s blog, product catalogs, websites

DISTRIBUTECH International 2023



Employees

- Townhall meetings (discussions between executives and employees), labor-management consultations, career dialogue, engagement surveys
- Training and education by SEI University, seminars
- Internal and external consultation services
- Corporate newsletters and intranet



Townhall meeting with female sales staff

Annual Meeting with Important Business Partner



Suppliers

- Daily procurement activities
- Partners Meetings and Meetings with Important Business Partners
- Review and examine results of CSR Procurement Self-Assessment Form
- Compliance consulting and reporting desk



Factory tours

Regional communities

- Social contribution through donations and volunteer activities, collaboration with NPOs
- Contribution to regional communities through business activities, exchanges with regional communities
- Support for education and training, contribution to sports and cultural promotion
- Dialogue through economic and industry associations

Cleanups



Planting trees

Shareholders / Investors

- General Meeting of Shareholders, IR briefings, and individual dialogues
- IR website, various reports (Integrated Report, Consolidated Financial Statements, Corporate Governance Report, etc.)

“Mid-term Management Plan 2025” press conference



Disclosure of Corporate Information

“The Sumitomo Electric Group Charter of Corporate Behavior” stipulates that we will aim to disclose appropriate corporate information to our stakeholders to promote communication with society. In accordance with the charter, we have established a system in which information on occurred material facts and decisions is collected and confirmed by public relations sections in cooperation with

relevant divisions so as to promote timely and accurate information disclosure. Furthermore, to strengthen the disclosure system, the Public Affairs Committee, as a company-wide organization, establishes rules on the disclosure of company information, conducts training and awareness-raising activities within the Group, and formulates measures to enhance our corporate brand value.

Communication with Shareholders and Investors

Sumitomo Electric believes that an important goal of its investor relations is to notify market participants of accurate information in a timely and fair manner, so as to obtain an appropriate evaluation of our corporate value in the capital market.

The Company works to enhance communication with institutional investors and analysts on such occasions as briefings on financial results and interviews. In fiscal 2022, a total of 133 companies participated in our twice-yearly financial results briefings, and we held individual dialogue with a total of 282 companies. Opinions and issues identified through the dialogue are regularly reported to the Board of Directors while appropriately managing information. For general shareholders and investors, we post a wide range of information on our websites, including financial information, press releases and materials distributed in financial result briefings as well as relevant video images.

We will continue to engage in constructive dialogue with shareholders and investors to a reasonable extent and strive to disclose information in a fair, prompt and comprehensive manner.

Efforts to Disseminate Information

Again in fiscal 2022, we actively disseminated a wide variety of corporate information through such media as press releases, interviews and websites to help our stakeholders enhance their understanding of the Group.

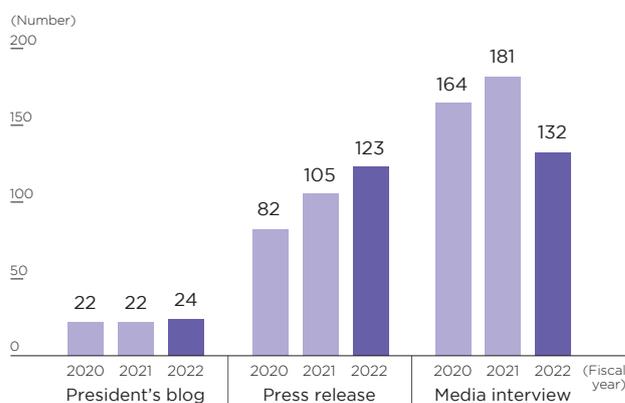
We have used the tagline “Connect with Innovation” and visual identity (VI) for various publications, advertisements, etc., to ensure that a consistent corporate image would take

root. In fiscal 2022, with particular emphasis on PR for each division and product, we created product introduction videos, conducted interviews at exhibitions and held press conferences for important news releases. We also focused on disseminating our business strategy widely through various media, including broadcasting stations and publishers, for the improvement of our brand image.

Moreover, by posting the Mid-term Management Plan 2025, which was announced in May 2023, on the main page of our website, we have disseminated our growth strategy including numeric targets for each type of stakeholders based on the multistakeholder capitalism policy.

Furthermore, by actively communicating information on the activities of our track and field team and our support for sports events, we strive to further cooperate in sports promotion and increase the sense of unity within the Group.

The number of external communication by media



CSR VOICE

I attended the CSR training

The Sumitomo Electric Group provides CSR training to employees. The trainees aim to deepen their understanding of social trends surrounding CSR, as well as the CSR policies, promotion systems, specific initiatives, etc. of the Company, and incorporate a CSR perspective into their daily work. In fiscal 2022, this training was provided to newly promoted managers and specialist employees (1,258 persons in total).



Shinji Nakagami
Group Manager,
Overseas Engineering Group,
PC Engineering Department,
Special Steel Wire Division
(CSR Promotion Committee member)

I joined Sumitomo Electric in 2009 and am currently in charge of marketing for the overseas market of Prestressing steels and engineering for them. While taking the CSR training, I learned again that CSR activities are important for the creation of social value for our company, which is building good relationships with stakeholders, and that the concept of CSR also leads to the Sumitomo Spirit, which includes “Mutual Prosperity, Respect for the Public Good” as a principle.

The number of requests from society and the market, including CSR surveys from customers, is increasing year by year, and our division also recognizes the need to respond seriously to CSR activities. In our overseas PC steel wire business, we have proposed highly corrosion-resistant PC steel wires to customers to extend the lifespan of infrastructure structures and reduce life cycle costs. I noticed that such proposals also contribute to the reduction of environmental impact in the CSR procurement activities of the customers. I would like to continue to deepen my understanding of our Company's CSR activities and actively participate in them.

CSR Management of Companies in the Group

Sumitomo Riko Company Limited

[Web](#) Sumitomo Riko Company Limited CSR information

In preparation for its 100th anniversary in 2029, Sumitomo Riko formulated its long-term management vision “2029 Sumitomo Riko Group Vision (2029V)” in May 2023. In formulating the vision, while continuously setting “Global Excellent Manufacturing Company” as What the Corporate Group strives to be, we also recognized the need to clarify our Group’s purpose and shared it with all stakeholders so that we can respond flexibly and quickly to an uncertain and rapidly changing business environment and achieve further growth.

This time, we have identified that the Sumitomo Riko Group’s purpose is “To realize the comfort of the society by maximizing the potential

of materials through Monozukuri” and What We Strive to Be in 2029 is a “leading solution provider taking on social challenges by collecting whole resources of Sumitomo Riko and its partners.” We also set three directions and six materialities for the realization of the ideal state of the Sumitomo Riko Group and the resolution of the issues.

Based on the Sumitomo Spirit, the Sumitomo Riko Group strives to solve social issues represented by the SDGs through technological innovation. We recognize that meeting the expectations of all stakeholders and fulfilling our social responsibilities will increase our social value, and by simultaneously increasing corporate value (financial targets) and public value (non-financial targets), we aim to create social value and grow sustainably together with society.

2029 Sumitomo Riko Group Vision (2029V) Public Value (Non-Financial Goals)

| | |
|-----------------------------------|---|
| Engagement | Increase awareness of our management philosophy and vision and create a self-reliant relationship for employees and the company to mutually determine |
| Diversity and Inclusion | Ensuring a safe workplace for a diverse workforce and creating new value |
| Compliance | Ensuring compliance with laws and regulations and corporate philosophy within the Group and globally, including the supply chain |
| Human resource development | Develop self-reliant and highly ambitious personnel to open a path to the future |
| Global environmental conservation | CO ₂ emission reduction (compared to fiscal 2018) Scope 1+2 -30% Scope 3 -15% |

Three directions and Six materialities to realize Our Vision

- | | |
|--|--|
| <ol style="list-style-type: none"> 1 Developing people and peers who pioneer the future 2 Building a flexible and strong organization 3 Creating value for a sustainable society | <ol style="list-style-type: none"> 1 Providing training opportunities to promote individual growth and fostering a corporate culture full of job satisfaction. 2 Promote Co-Creation through Internal and External Partnerships. 3 Business Activities that Consider Climate Change and Natural Capital. 4 Transformation into a Management Foundation that can Flexibly Respond to Changes in the Environment. 5 Responding to next generation mobility and Providing Environmentally Friendly Products. 6 Evolution and integration of technologies to expand provision of safety and comfort. |
|--|--|

TECHNO ASSOCIE Co., Ltd.

[Web](#) TECHNO ASSOCIE Co., Ltd. CSR information

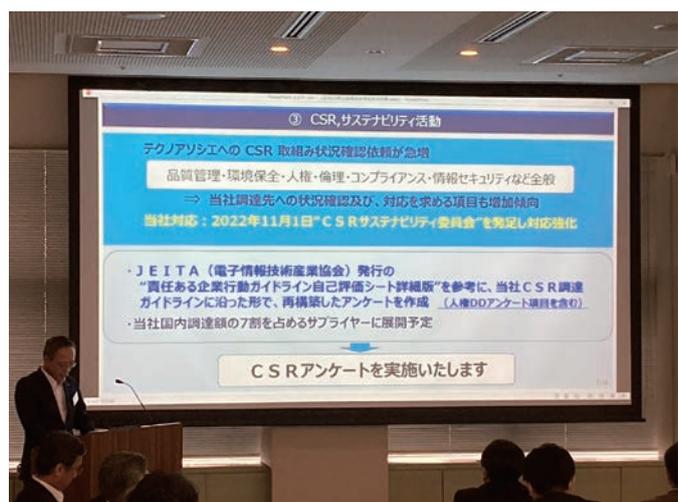
Techno Associe Group is an engineering company centering on industrial components such as fasteners, metal working products and chemical products and provides products that meet customer demand in main market segments related to automotive, electronics, housing, industrial infrastructure and energy.

In the mid-term management plan VISION2025, we share our recognition that our raison d’être and growth opportunities reside in our commitment to solving customers’ problems and social problems, and we proceed with our business activities based on the Sustainability Basic Policy.

Specific activities include the establishment of the Policy on Human Rights to promote business activities based on the premise of respect for human rights and the CSR Procurement Guidelines to promote CSR activities in the entire supply chain. Based on them, we strive to improve CSR activities not only at the Group but also at suppliers.

Along with these efforts, Techno Associe Group continuously works to contribute to society by making unique proposals while providing employees with various opportunities for capacity development and promoting diversity and inclusion to make use of diverse human resources.

In addition, our Group will continue to strive for the promotion of CSR activities in cooperation with Sumitomo Electric as a member of the Sumitomo Electric Group.



Presentation of CSR questionnaire survey results for suppliers

SUMITOMO DENSETSU CO., LTD.

[Web](#) SUMITOMO DENSETSU CO., LTD. CSR information

Sumitomo Densetsu engages in various fields of construction work with a focus on electricity, a key component of the infrastructure. In 2020, we launched VISION24, a medium-term management plan that sets the four key measures of “safety, quality and compliance,” “securing and developing human resources and implementing work style reform,” “pursuing improved customer satisfaction” and “enhancing enterprise value in anticipation of the future” and are promoting initiatives to achieve them.

In response to the growing demand for carbon neutrality and related initiatives in the energy, environmental and other fields, we focus on the renewable energy market, information and communications businesses and international operations and strive to refine our proposal-based sales capabilities, construction abilities and technical capabilities to provide engineering services with a high level of customer satisfaction. For example, we established the Carbon Neutral Promotion Department in June 2022.

In addition to contributions through business activities, We also focus on CSR activities aimed at enhancing the work environment for our employees, including the commitment to safety and quality, compliance, ESG and the SDGs, as well as the promotion of Health and Productivity Management, in order to become a company valued by all stakeholders.

With the Sustainability Management Promotion Committee, chaired by the president and consisting of Management Conference members, playing a key role, we also work to increase corporate value by promoting sustainability management. In 2022, to solve social issues and achieve the sustainable development of our Group at the same time, we identified six materiality issues to be tackled preferentially. We are working to further strengthen our efforts to address them.

We will continue to contribute to the creation of a comfortable environment that supports thriving society through business and CSR activities.



Photovoltaic power generation system constructed on the roof of a training facility “Sumitomo Densetsu Kawasaki Technical Center,” which was opened in March 2023

Nissin Electric Co., Ltd.

[Web](#) Nissin Electric Co., Ltd. CSR information

The Nissin Electric Group was founded in 1910 by Nobu Tomizawa with the mission to contribute to the new development of the power system equipment industry. Since then, we have continued with our efforts to assist the development and expansion of power infrastructure, and as an extension the development of the industry. Throughout the period, we have constantly upheld the “Five Trusts” with stakeholders embodied in our Principles of Activities which state “Integrity, Trust and Long-term Relationships.”

Based on the Basic CSR Promotion Policy, our group is committed to initiatives to reduce environmental impacts and conserve the environment with focus on coexisting with the environment, as well as fair and transparent corporate management grounded in compliance with laws and social norms at its core, while striving to further solidify the Five Trusts.

Since fiscal 2022, we have been working to further clarify the relations between our Group’s material issues (materiality) in promoting SDGs and our CSR activities and to conduct human rights due diligence in accordance with the Nissin Electric Group Policy on Human Rights. We also announced the Nissin Electric Group Health Management Declaration to realize the safety and health of employees. Other initiatives include the promotion of the use of diverse human resources and work styles, quality improvement activities throughout the group globally and activities to strengthen partnerships throughout our supply chain. We also implement community-based social contribution activities on an ongoing basis.

While further enhancing synergies as a member of the Sumitomo Electric Group, we will continue to contribute to creating a vibrant society in harmony with the environment through corporate activities that support the foundations of society and industry.

Through corporate activities that support the foundations of society and industry, the Nissin Electric Group will harmonize with the environment and contribute toward realizing a vibrant society.



Basic Approach and Policy

Basic Approach

The Sumitomo Electric Group considers addressing climate change and other global environmental issues to be one of its most important management issues, and is continuously working on environmental conservation activities from a global perspective in accordance with our Environmental Policy, established in 1997 and revised in 2020. We are promoting “Go for Green 2025” as a Mid-Term Management Plan 2025 target with the participation of all domestic and overseas Group companies.



“Go for Green” and its logo are trademarks or registered trademarks of Sumitomo Electric Industries, Ltd.

Environmental Policy

The Sumitomo Electric Group has developed its environmental policy based on its business philosophy, which forms the basis for its business management. The environmental policy, detailed on the right, places the highest managerial priority on activities related to preservation of the global environment.

Environmental Policy (extract)

Established in July 1997
Revised in June 2020

Basic Philosophy

The Sumitomo Electric Group thinks it is primarily important to establish a society that is sustainable and has less environmental impact, and contributes to society by providing products and services.

Action Guidelines

1. Considering environmental preservation activity is one of the most important issues for corporate management, the Sumitomo Electric Group promotes the activity based on its action plan.
 - Reduce environmental impacts in manufacturing activities
Prevention of global warming, saving and recycling of resources, prevention of environmental pollution and protection of biodiversity
 - Increase environmentally-conscious products and services
Introduction of products that help prevent global warming, phase-out of harmful substances and implementation of product assessment
2. The Group will fulfill and enforce environmental management system.
 - Provision of educational programs on environmental preservation and implementation of environmental audits
3. The Sumitomo Electric Group will maintain and improve compliance action.
4. The Sumitomo Electric Group's Environmental Policy will be opened to the public upon request.

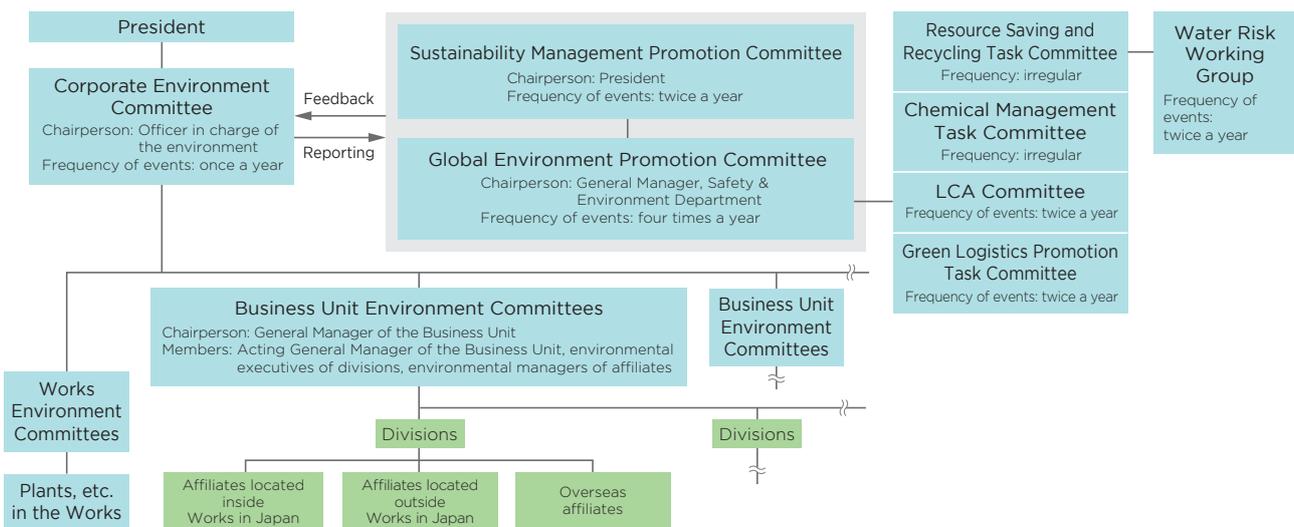
[Web](#) The entire text of Environmental Policy

Structure

Organizations for Promoting Environmental Management

The Corporate Environment Committee deliberates and makes decisions on the Group's environmental preservation activities and oversees the activities on a global basis. For specific activities, the Environment Department works as the hub and promotes the Group's environmental conservation activities through the Global Environment Promotion Committee.

Organizations for Promoting Environmental Management



Management System

Our Group manages our environmental preservation activities systematically and is working on continuous improvement. To ensure the promotion of environmental management, we have external certification ISO14001 environmental management system, with 96 out of 156 companies in production units covered by the certification as of April 2023.

Targets

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

| Targets for FY2022 | Results for FY2022 | Evaluation |
|---|---|------------|
| Achievement of the targets in all items of the Action ECO-22V Campaign | Achievement of the targets in all items of the Action ECO-22V Campaign | ○ |
| Implementation of environmental audits in 15 sites Inspection of compliance with environmental laws and ordinances in 23 sites | Implementation of environmental audits in 15 sites Inspection of compliance with environmental laws and ordinances in 23 sites | ○ |
| Raising the awareness of the social responsibility that companies should fulfill, in systematic environmental education | Provided training to 5,898 persons (e-learning included) | ○ |

➔ See here for legends for evaluation

Targets for the achievement of Mid-term Management Plan 2025

Target for fiscal 2025

- Operate for a Greener Global Environment
- Contribute to the Global Environment Through Our Business
- Promoting "Eco-Activities 2030"

Targets for fiscal 2023 (single-year targets)

- Achievement of the targets in all items of the Go for Green 2025
- Implementation of environmental audits in 16 sites
- Inspection of compliance with environmental laws and ordinances in 17 sites
- Raising the awareness of the social responsibility that companies should fulfill, in systematic environmental education

Action ECO-22V Campaign

The Sumitomo Electric Group has conducted the Action ECO Campaign since April 2003, focusing on E: Environmental engineering, C: environmental Communication, O: Originality. Since fiscal 2018, we have conducted the Action ECO-22V Campaign as a five-year plan, continuing and evolving environmental preservation activities from a global perspective. In fiscal 2022, the final fiscal year of Action ECO-22V, we achieved the targets in all items as stated below.

Targets and results of "Action ECO-22V Campaign" (Note 1)

| Item | Descriptions/Targets for FY2022 | Results for FY2022 | Evaluation | Page | | |
|--|---|---|--------------------------|-----------------|--------|--------|
| Reduction of environmental impact from business activities | (1) Reduction of greenhouse gas emissions (production sites) (Note 2) | 10% reduction (vs FY2018) | 14.1% reduction | ○ | P27-29 | |
| | (2) Reduction of energy consumption per unit of sales (production sites) | 4.1% reduction (vs FY2021) | 20.4% reduction | ◎ | P30 | |
| | (3) Reduction of energy consumption per unit of sales (offices) | 4% reduction (vs FY2018) | 24.5% reduction | ◎ | | |
| | (4) Reduction of CO ₂ emissions from logistics per basic unit (in Japan) | 4% reduction (vs FY2018) | 8.3% reduction | ◎ | P27-29 | |
| | (5) Adoption of renewable energy (Photovoltaic power generation) | 15MW adoption | 15.9 MW | ○ | | |
| | Promotion of resource conservation and recycling | (1) Reduction of waste discharged per unit of sales | 5% reduction (vs FY2017) | 40.7% reduction | ◎ | P35-36 |
| | | (2) Reduction of water withdrawal per unit of sales | 5% reduction (vs FY2017) | 26.4% reduction | ◎ | P31-32 |
| Reduction of substances of environmental concern | (1) PRTR emission reduction | 5% reduction (vs FY2017) | 28.2% reduction | ◎ | P33-34 | |
| Eco activities 2030 | (1) Promotion of the protection of biodiversity and environmental conservation activities | Over 200 cases | 213 cases | ○ | P37 | |
| Reduction of environmental impact from products | Expansion of environmentally friendly products (Note 3) | (1) Percentage of "Eco Mind" products | 100% | ○ | P38 | |
| | | (2) Expansion of sales ratio of Eco-products (Note 4) | 55% or more (Note 5) | 59% | | ○ |
| Management of chemical substances in products | (1) Strengthening the management of chemical substances in products | 6 or more audits | 6 cases | ○ | P33-34 | |

Legend ◎: Performance far exceeding the target (by more than about 150%), ○: Target achieved, △: Target not achieved (performance improved from the previous fiscal year), ▽: Target not achieved (performance similar to that in the previous fiscal year), ▼: Target not achieved (performance deteriorating from the previous fiscal year)

(Note 1) Boundary: See the ESG data on P78-79.

(Note 2) The boundary is Sumitomo Electric and its consolidated subsidiaries (excluding listed subsidiaries)

(Note 3) Although the previous reports up to fiscal 2021 referred to items regarding the reduction of CO₂ emissions with products with less CO₂ emissions, they have been integrated into the SBTi Scope 3 emissions reduction efforts, which target all products, and have thus been removed from the Action ECO-22V Campaign

(Note 4) The boundary is domestic sales of Sumitomo Electric and its consolidated subsidiaries (excluding listed subsidiaries)

(Note 5) As a result of a revision made for sales of Eco-products from fiscal 2017 to fiscal 2021, our fiscal 2022 target has been revised from at least 62% to at least 55%

To get the Action ECO-22V Campaign going, all the domestic and overseas Group companies have been working as one on the promotion of resource conservation and recycling, reduction of substances of environmental concern, management of chemical substances in products, and protection of biodiversity in addition to reduction of greenhouse gas (GHG) emissions and expansion of eco-friendly products. When it comes to reduction of GHG emission in particular, we have been promoting "Saving energy", "Creating Energy" and "Purchasing Energy" in order to achieve the medium to long term target aiming at reducing GHG emissions (Scope 1+2) by 30% from fiscal 2018 level.

Go for Green 2025

To grasp global environmental activities for which societal demand is growing in a broader sense and contribute to the realization of a green society through active expansion and promotion of our own campaign, we changed the name of the campaign from Action ECO to Go for Green. The new version will promote three core activities: Operate for a Greener Global Environment, Contribute to the Global Environment Through Our Business and Promoting “Eco-Activities 2030.” In addition, introducing environmental incident indicators, we are aiming at zero environmental incidents. The targets for fiscal 2023 and 2025 are detailed below. Greenhouse gas emissions reduction, adoption of renewable energy, protection of biodiversity, and promotion of environmental preservation activities are set as the midterm goals of fiscal 2030.

“Go for Green 2025” Targets

| Part | | Project details | FY2025 Targets | FY2023 Targets |
|--|---|---|--|---|
| Operate for a Greener Global Environment | Decarbonization | (1) Reduce greenhouse gas emissions (Scope 1+2) <small>(Note 1) (Note 2)</small> ----- (from FY2018) | 17.5% reduction <small>(Note 3)</small> | 12.5% reduction <small>(Note 3)</small> |
| | | (2) Reduce greenhouse gas emissions (Scope 3) ----- (from FY2018) | 8.7% reduction <small>(Note 3)</small> | Higher accuracy of emissions calculation |
| | | (3) Reduce energy consumption per unit of sales <small>(Note 2)</small> ----- (2021-2022 average ratio) | 10% reduction | 3.3% reduction |
| | | (4) Adopt renewable energy | Increase by 40 MW <small>(Note 3)</small> | Increase by 22 MW <small>(Note 3)</small> |
| | | (5) Reduce CO ₂ emissions from logistics per basic unit (in Japan) ----- (from FY2018) | 7% reduction | 5% reduction |
| | Circular economy | (1) Waste recycling rate | 94% | 92% |
| | | (2) Reduce waste discharged per unit of sales ----- (from FY2022) | 3% reduction | 1% reduction |
| | | (3) Reduce water use per unit of sales ----- (from FY2022) | 3% reduction | 1% reduction |
| | Prevent environmental pollution | (1) Environmental incident | zero | zero |
| | | (2) Reduce PRTR-designated substances emissions ----- (from FY2022) | 3% reduction | 1% reduction |
| | Contribute to the Global Environment Through Our Business | Contribute to a green environmental society | (1) Green contribution sales <small>(Note 4)</small> | 700 billion yen or more |
| Eco products | | (2) Eco products sales | 1 trillion yen or more | 950 billion yen or more |
| Promoting “Eco-Activities 2030” | Eco-Activities 2030 | (1) Protect biodiversity and promote environmental protection activities | 250 cases or more <small>(Note 3)</small> | 220 cases or more <small>(Note 3)</small> |

(Note 1) The boundary is Sumitomo Electric and its consolidated subsidiaries (excluding listed subsidiaries)

(Note 2) Manufacturing base

(Note 3) Interim target for 2030

(Note 4) The boundary is Sumitomo Electric and its consolidated subsidiaries

The first item “Operate for a Greener Global Environment” mainly concerns itself with production activities and is the approach from our and the supply chain’s decarbonization, enhancement of life cycle assessment (LCA), and circular economy. The second item “Contribute to the Global Environment Through Our Business” urges our Group to make further green contribution by internally and externally disclosing sales of products and services contributing to a greener society as well as Eco products designed to reduce environment load through their own performance. The third item Promoting “Eco-Activities 2030” is an activity that contributes to protection of biodiversity and environmental preservation by accumulating day-to-day ecological activities in each business office such as tree-planting, local nature conservation activities, and conversion of waste into valuable materials through waste sorting.

Initiatives

Measures and Activities for the Environmental Risk Management Items of Sumitomo Electric

We examine measures to address risks and problems and reflect them in the action policies

Main environmental risks

| Risk Factor | | Impact | Countermeasures and Activities |
|---------------------------------|--|---|--|
| Climate change | Physical risks | Temperature rise | Reduction of greenhouse gas (evaluation, investment, and activities) Use of renewable energy |
| | | Sea level rise | |
| | | Increase in the size and frequency of typhoons | |
| | Regulatory risks | Regulations on atmospheric emissions and wastewater discharge | Implementation of detailed environmental audits |
| | | Carbon pricing | Reduction of greenhouse gas (evaluation, investment and activities) |
| | | Reduction of greenhouse gas emissions | |
| Display of environmental labels | | Development and marketing of eco-friendly products | |
| Renewable energy | Cost reduction and promotion of renewable energy | | |
| Water | Physical risks | Supply shortage, seasonal and interannual fluctuations | Reduction of water withdrawal, formulation of emergency countermeasures, development of infrastructure |
| | | Flood and drought | |
| | | Deterioration of water quality | |
| | Regulatory risks | Restriction on water withdrawal/discharge | |
| | | Soaring water prices | |
| | Reputation risks | Opposition from the local community | |
| Negative media coverage | | | |
| Waste | Difficulty in the disposal due to disqualification of the disposer, etc. | | Reduction and recycling of waste, management of the disposer through on-site checks |
| | Notification of difficulty in the disposal from the disposer | | |
| Chemical substances | Certification that no prohibited substances are contained in products | | Evaluation at the development stage and management at the purchase and manufacturing stages |
| Environmental incidents | Shut-down (suspension) of operation | | Prevention through the evaluation of facilities |
| Non-compliance with law | Shut-down (suspension) of operation | | Implementation of detailed environmental audits |
| | Payment of fine | | |

(Direct risks) Investment in equipment for responses to regulations, increases in energy cost, restriction on energy use, shut-down (suspension) due to wind or water damage
(Indirect risks) Increases in the costs of raw materials, energy, water, waste, etc., suspension of operation due to an incident or non-compliance with law

Education and Training

We provide systematic education programs on environmental conservation

To realize environmental management, the Sumitomo Electric Group works to enhance every employee's environmental awareness and knowledge. We provide all employees with education on the history of measures to protect the global environment as well as the Group's environmental policy and the Action ECO-22V Campaign. Position-based training, in addition to focusing on our Group's approaches to the environment and environmental laws, engages in practical training including on-site inspections of environmental facilities, added in the training in 2014, intended to enhance environmental management awareness. Besides, to ensure that we can handle situations where it is difficult to organize face-to-face training due to the impact of the COVID-19 pandemic, we have improved and increased e-learning materials. We also organize technical education on chemical management and other issues on a regular basis. Please see page 23 for the list of fiscal 2022 training results and the number of participants.

➔ [See here for the results of the training](#)

Environmental Audits

We implement audits of overseas sites, as well as sites in Japan, according to the environmental laws in overseas countries and regions

In addition to audit based on ISO 14001, the Sumitomo Electric Group has environmental audits carried out by the Environment Department to ensure compliance with laws and regulations and reduce environmental impact, covering the status of compliance

with environment-related laws, maintenance and management of environment-related facilities, and initiatives of the Action ECO-22V Campaign (renamed Go for Green 2025 in fiscal 2023). For fiscal 2022 and onwards, we plan to conduct triennially either environmental audits that inspect both compliance with environment-related laws and maintenance of environment-related facilities, or inspection of compliance with environment-related laws (hereinafter "environment-related laws inspections") excluding that of maintenance of environment-related facilities

Under this policy, in fiscal 2022, we conducted environmental audits at 15 sites in total (11 in Japan and 4 overseas) and environmental-related laws inspection at 23 sites in total (22 in Japan and 1 overseas). With movement restrictions due to COVID-19 eased partially, we resumed on-site environmental audits at all sites in Japan and some sites overseas for the first time in three years.

For environment-related laws inspection, we gather information on laws and regulations in countries and regions where our overseas sites are located utilizing external services and we, based on those laws and regulations, carry out the inspection. In addition to legal compliance, we also inspect systems to prevent omission of reports to government and management of wastewater quality based on voluntary standards stricter than regulation values.

For environment-related facilities inspection, mainly from the perspective of the prevention of leakage and spillage, we inspect the main bodies of facilities that might affect water quality including chemical liquid tanks that store hazardous substances and oil, wastewater treatment facilities, and ancillary facilities such as pipes in addition to waste yards. In fiscal 2023, we plan to conduct environmental audits and environment-related laws inspections at 16 sites and 17 sites, respectively.

Confirmation of Legal Compliance

In fiscal 2022, one violation of laws and regulations (a case where guidance, recommendation or order to pay fine was issued by the authority) was reported by Sumitomo Electric and its Group companies to the Environment Department of Sumitomo Electric. This happened in July 2022, when one Sumitomo Electric's Work failed to have a particular facility registered in accordance with Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea. After reporting the case to proper authorities immediately, we took remedial actions in response to their guidance and rectified the violation. Taking the case seriously, we conducted a comprehensive inspection of other Works and affiliated companies in Japan to see if facilities that might affect water

quality are registered and gave guidance to them about how to deal with proper authorities where appropriate.

We will continue to pay attention to laws and regulations in each area and solidify legal compliance.

Soil and Groundwater Remediation

We disclosed the pollution status of three major Works (Osaka, Itami and Yokohama) in August 2001. At those three Works and other domestic sites where pollution has been identified through our surveys conducted thus far, we are continuing soil and groundwater remediation by soil replacement, groundwater pumping and soil gas absorption. We also conduct groundwater monitoring on a regular basis, and have confirmed that the pollution has not spread outside the sites.

Results

Education and Training

Results of Training in Fiscal 2022

| Title of the training | Style | Number of participants |
|--|--------------------------|------------------------|
| Position-based environmental training | e-learning | 870 |
| Training on the notification of facilities subject to environmental laws | group in-person training | 314 |
| Environmental laws training | group in-person training | 922 |
| Chemical substances management supervisor training | e-learning | 708 |
| Summary of and how to deal with the Japanese Chemical Substances Control Act | e-learning | 116 |
| Summary of and how to deal with the PRTR Law | e-learning | 75 |
| Training on energy saving design | group in-person training | 11 |
| Life cycle assessment (LCA) seminar | e-learning | 1,711 |
| Eco activities 2030 (biodiversity) seminar | e-learning | 263 |
| Sumitomo Electric Group's decarbonization activities | e-learning | 908 |

Environmental Audits

Results and Future Goals

Environmental audits and environmental-related laws inspections in fiscal 2022 were conducted as planned.

| | |
|--------------------|---|
| Results for FY2022 | Implementation of environmental audits in 15 sites Inspection of compliance with environmental laws and ordinances in 23 sites |
| Targets for FY2023 | Implementation of environmental audits in 16 sites Inspection of compliance with environmental laws and ordinances in 17 sites |

Environmental Accounting

| | Financial items | | | | | | Non-financial items | | | | | |
|---------------------------------------|--|-------|-------|------------------------------|-------|-------|--------------------------------------|------|------|--|--------------------|--|
| | Investment(million yen) | | | Expense (million yen) | | | Economic effect (million yen) | | | Change factors in FY2022 (in Japan) | | Strategy/opportunity and risk |
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | Greenhouse Gas emissions (thousand tons-CO ₂ e/year) | | |
| Reduction of greenhouse gas emissions | Investment to reduce greenhouse gas emissions (Note 1) | | | / | | | Reduction of energy cost (Note 1) | | | | | We set the reduction of greenhouse gas emissions by 10% from the fiscal 2018 level as a KPI for fiscal 2022 and ended up in 14.1% reduction in fiscal 2022 (production bases in Japan and overseas). These activities are also important for the reduction of energy cost as a result of making various energy saving efforts. The knowledge learned through the activities is also introduced into overseas Group companies. |
| | 2,181 | 2,537 | 3,652 | | | | 268 | 209 | 470 | 2021 (Fiscal year) | 2022 (Fiscal year) | |
| Waste reduction | Investment in resource saving and recycling (Note 2) | | | Waste disposal cost (Note 3) | | | Sale of valuables materials (Note 3) | | | | | We set the target of reducing the amount of waste per unit of sales in fiscal 2022 by 5% from the fiscal 2017 level and as a result of taking various resource-saving measures, we achieved a 40.7% reduction (production bases in Japan and overseas). This resulted from working on the conversion of waste into valuable materials to reduce waste and continuing the activities to sell valuable materials produced from waste through the concentration of waste liquid, etc. as a method to reduce the waste amount. |
| | 33 | 0 | 0 | 1,392 | 1,395 | 1,352 | 51 | 303 | 36 | 2021 (Fiscal year) | 2022 (Fiscal year) | |
| Cost of management activities | / | | | 1,458 | 733 | 1,205 | / | | | Cost of environmental organization, ISO 14001 registration and maintenance, etc. | | ISO 14001 is the core of our environmental management activities, and the certification is requested by customers. |
| Cost of social activities | / | | | 4 | 5 | 6 | / | | | Cleanup of areas outside company sites, external environmental education, etc. | | We consider cleanup of the neighboring areas as a basic social activity, and will continue our commitment to communication with local communities through this initiative. |
| Cost of environmental remediation | / | | | 13 | 20 | 9 | / | | | Restoration of contaminated soil and groundwater | | We continuously restore the contaminated soil and groundwater identified in our facilities. |

Boundaries of data integration Items with Sumitomo Electric + affiliates in Japan

(Note 1) Calculation has been made only for the efforts certified by the Environment Department as "Greenhouse gas emissions reduction activities." The economic effect includes that of the energy saving activities in which no investment has been made.

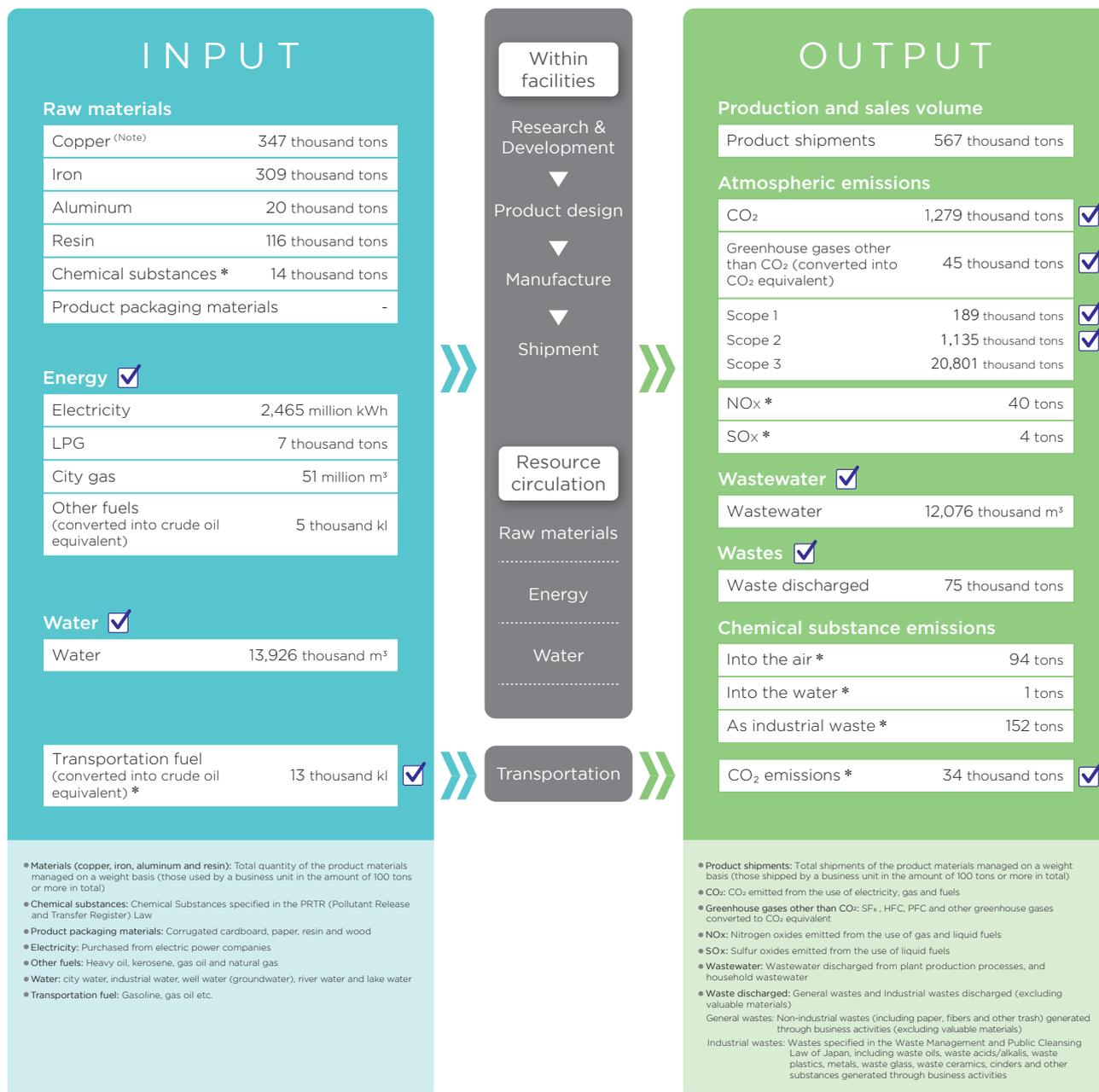
(Note 2) The amount of investment does not include investment related to efficient use of resources but covers investment for reduction of waste generation and recycling.

(Note 3) The cost is calculated based on payment to the waste disposal contractor. Metals are not included in the calculation of either cost or economic effect.

(Note 4) Change due to boundaries change: Emissions or amount of waste in fiscal 2021 from the boundaries of collection newly added or excluded in fiscal 2022 (no boundaries were newly added or excluded in this fiscal year).

Change due to sales change: [Emissions or amount of waste in fiscal 2021 from the boundaries of collection for fiscal 2022] × (Sales in fiscal 2022 / Sales in fiscal 2021 - 1)
Actual change: Calculated by subtraction

Material Balance (Environmental Impacts)



Boundaries of data integration Items with *: Sumitomo Electric + affiliates in Japan; Items without *: Sumitomo Electric + affiliates in Japan and overseas
 (Note) In the Environment and Energy Group, which is included in the boundary of data collection, only data on the amount of the materials purchased by the Procurement Division of Sumitomo Electric alone are covered.

Explanation of the Boundary

In promotion of environmental management, Sumitomo Riko Company Limited, Nissin Electric Co., Ltd., SUMITOMO DENSETSU CO., LTD. and TECHNO ASSOCIE Co., Ltd., which are listed in the stock exchange in Japan as of March 31, 2023, and their consolidated companies are excluded from the boundaries of the environmental management of the Sumitomo Electric Group although these companies are included in the boundaries of consolidation for financial reporting.

With the assessment based on greenhouse gas (GHG) emissions (Scope 1+2), a representative environmental indicator, the emissions by the companies under the environmental management of our group stand at 1,324 thousand tons CO₂e, accounting for the vast majority of 1,705 thousand tons-CO₂e, GHG emissions by all financially consolidated companies in fiscal 2022.

In the meantime, out of the 261 consolidated subsidiaries excluding the 4 listed companies mentioned above, the environmental management of our group covers 156 companies in production units (40 in Japan, 77 in Asia, 19 in the Americas and 20 in Europe and other in fiscal 2022). Our trial calculation indicates that environmental impact, such as GHG emissions, of the 156 companies is estimated to occupy 99% of that of the 261 subsidiaries.

Climate Change (Information Disclosure in Line with the TCFD recommendations)

Basic Approach and Policy

Information Disclosure of Climate Change in Line with the TCFD Recommendations

In May 2022, in line with the TCFD* recommendations, we also disclosed four items related to climate change, namely: Governance, Strategy, Risk management, and Metrics and Targets; and we also shared our scenario analysis.



[Web](#) TCFD Website

1. Governance

Under the principle of Contribution to the Preservation of the Global Environment stipulated in the Sumitomo Electric Group Charter of Corporate Behavior, the Sumitomo Electric Group acts independently and proactively in order to preserve the global environment and contributes to achieving a sustainable society. In addition, the Sustainability Management Promotion Committee discusses specific targets and procedures related to our response to climate change and other global environmental problems (for the governance chart, please see P10). To further explore specific measures from an expert point of view, the Company has also established the Global Environment Promotion Committee under the Environment Management Promotion Council, which oversees the Group's environmental preservation activities globally, and initiates measures against climate change, such as reducing greenhouse gas (GHG) emissions.

2. Strategy

The Company has analyzed the business impact expected to be caused by the risks and opportunities related to climate change based on two scenarios: one in which the rise in the world's average temperature is limited to 1.5°C above pre-industrial levels, and the other in which the average temperature increases by 4°C. The results of the analysis based on the scenarios are described on the next P26. In response to these results, the Company is currently exploring future initiatives.

3. Risk Management

For important issues, such as global environmental preservation, targets and approaches are set under the lead of the Risk Management Committee, with the Safety & Environment Division serving as the main player and ensuring cooperation with the relevant Corporate Staff Group in consideration of the deliberation of the Corporate Environment Committee and the Global Environment Promotion Committee. Based on these targets and approaches, each Production Group sets its own targets and proceeds with the necessary activities.

To address risks related to climate change, the Compliance & Risk Management Office plays the main role in encouraging business continuity plans (BCPs) to be established. As indicated by this, while placing the first priority on ensuring safety, the Sumitomo Electric Group also focuses on minimizing damage generated at the time of a disaster and ensuring business continuity.

4. Metrics and Targets

The Sumitomo Electric Group set GHG emissions reduction targets as shown in the right table and is making efforts to decrease GHG emissions in its production activities and throughout its supply chain. The 2030 targets have been certified by the international initiative Science Based Targets initiative (SBTi*).

To accomplish the targets and minimize the impact on the global environment through self-help efforts, the Sumitomo Electric Group places the most emphasis on saving energy through productivity improvement and the introduction of new technologies, while creating energy, the creation of green energy from solar power generation, etc. and purchasing energy, sourcing electricity from renewable energy, to cover the shortfall. In accordance with this basic policy, the Group proceeds with reductions in GHG emissions.

As a result, in fiscal 2022, we achieved a 16.2% reduction in GHG emissions (Scope 1+2) from fiscal 2018 (14.1% without listed subsidiaries). We will go on making steady efforts to achieve the goal for fiscal 2030.

GHG Emissions Reduction Targets and Results

| | |
|--------------|---|
| 2030 Targets | By 2030 - Scope 1+2 ^(Note 1) : 30% reduction; Scope 3 ^(Note 2) : 15% reduction (compared to FY2018) |
| 2050 Targets | By 2050 - Scope 1+2: Achievement of carbon neutrality (net-zero GHG emissions) |

(Note 1) Scope 1+2: Direct emissions of GHGs by the Sumitomo Electric Group itself and indirect emissions from the use of electricity, heat, and steam supplied by other companies
(Note 2) Scope 3: Indirect emissions other than Scope 1 and Scope 2

GHG-Emissions (Scope 1+2)



GHG-Emissions (Scope 3)



(Note) The boundary is Sumitomo Electric and consolidated subsidiaries.

Glossary

*TCFD: Recommendations to analyze the risks and opportunities presented by climate change to businesses and disclose the information.

*SBTi: This initiative is jointly operated by the four organizations of the CDP (an international NGO, formally carbon disclosure project), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi grants certification to science-based targets to reduce GHG emissions set in conformity with the Paris Agreement (which aims to hold the increase in the global temperature to well below 2°C above pre-industrial levels and limit the temperature increase to 1.5°C above pre-industrial levels).

1.5°C (well-controlled situation) scenario

- The CO₂ reduction plans of major countries will be running almost as scheduled.
- The carbon border tax scheme, as well as each country's energy policy and industrial policy, will be evolving steadily.

| | | Possible Circumstances | Assessment of the Impact on the Company | Major Efforts |
|---------------|--|---|--|--|
| Opportunities | Energy | <ul style="list-style-type: none"> ■ The market for renewable energy, such as offshore wind power and solar power, will expand toward the realization of a carbon-free society. ■ Electricity providers will change the way they operate toward the realization of a new form of energy mix for each country. | <ul style="list-style-type: none"> ■ There will be growing demand for the new installation or replacement of electricity transmission cables, such as interconnectors. ■ An increasing number of products will be needed to ensure a stable power supply (e.g., rechargeable batteries and energy management systems), leading to an increase in the Company's sales. | <ul style="list-style-type: none"> ■ The Company will proceed with the development of electricity transmission cables for renewable energy (interregional transmission grids), rechargeable batteries, etc., along with improvements in their performance, thereby contributing to expanding the infrastructure. ■ The Company will expand the sale of solutions for regional micro grids. |
| | Info communications | <ul style="list-style-type: none"> ■ In step with the progress of a data-driven society, the use volume of data will increase explosively. ■ The number of data centers of various sizes will increase. ■ There will be growing demand for low-power-consumption and high-speed communications. | <ul style="list-style-type: none"> ■ There will be growing demand for energy-saving and high-performance products for effectively establishing information networks, leading to an increase in the Company's sales. | <ul style="list-style-type: none"> ■ The Company will focus on the development of optical communications equipment, devices, etc. used for optical cables and data centers, along with improvements in their performance, thereby contributing to realizing an even more energy-saving and effective data-driven society. |
| | Mobility | <ul style="list-style-type: none"> ■ The market of electrified vehicles, including EVs, will expand. ■ The number of gasoline-powered vehicles will diminish. ■ New EV manufacturers will be established. | <ul style="list-style-type: none"> ■ Many more related items, such as harnesses and system products centered on harnesses, will be adopted for electrified vehicles. The Company will add higher value to such items, leading to an increase in the Company's sales. ■ Markets for gasoline engine components will shrink. ■ The Company's products will be adopted by many more new customers, leading to an expansion of the Company's sales. | <ul style="list-style-type: none"> ■ The Company will proceed with the development of EV-related products and components for lightweight vehicles, along with improvements in their performance, thereby contributing to electrification of automobiles and energy saving. |
| Risks | Tightening of Policies and Legal Regulations | <ul style="list-style-type: none"> ■ The call for reductions in GHG emissions will be more pronounced. ■ There will be a rise in GHG emissions trading prices. ■ Each country's material recycling regulations and certain countries' legal regulations will be tightened. | <ul style="list-style-type: none"> ■ Operating costs will rise due to the introduction of a carbon tax, the start of emissions trading, and the response to regulations on recycling. | <ul style="list-style-type: none"> ■ The Company will further reduce the use of energy in the manufacturing process. (Scope 1+2) |
| | Rise in Demand from the Market | <ul style="list-style-type: none"> ■ There will be a rise in customer demand in response to climate change, making products and technology less competitive if they are not sufficiently tuned in to the carbon-free trend. | <ul style="list-style-type: none"> ■ Operating costs will rise due to capital investment for the introduction of energy-saving equipment and the purchase of green electricity. ■ There will be calls for the Company to reduce GHG emissions throughout its supply chain including raw material suppliers, requiring the Company to reinforce and review the supply chain. | <ul style="list-style-type: none"> ■ The Company will control the cost increases by reducing its energy costs through energy creation efforts and by realizing a Net Zero Plant in accordance with a plan. ■ The Company will proceed with the development and sale of products that will contribute to realizing a carbon-free society. ■ The Company will proceed with lifecycle assessments in cooperation with components and material suppliers. |
| | Rise and Appreciation of Raw Material Prices | <ul style="list-style-type: none"> ■ There will be growing demand for raw materials (e.g., copper) necessary for supplying EVs and other products that will contribute to mitigating climate change. It is expected that this will lead to a rise and appreciation of raw material prices. | <ul style="list-style-type: none"> ■ The appreciation of raw material prices will increase the Company's costs. | <ul style="list-style-type: none"> ■ The Company will make further energy-saving and recycling efforts. ■ The Company will reinforce its resilience in terms of raw materials by, for example, proceeding with the development of aluminum electric wires/harnesses. |
| | Evaluation by Stakeholders | <ul style="list-style-type: none"> ■ The Company's attitude toward addressing climate change will be evaluated by each stakeholder. | <ul style="list-style-type: none"> ■ A delay in response or a failure to achieve targets will lead to a decline in the Company's credibility, a decrease in the sales, a loss of customers, a decline in the stock price, and an increase in the financial arrangement costs. | <ul style="list-style-type: none"> ■ The Company will make efforts to achieve the GHG emissions reduction targets set under the SBTi. ■ The Company will disclose appropriate information to a wide variety of stakeholders and engage in dialogue with them at appropriate timing. |

4.0°C (BAU) scenario

- There will be disarray among countries in proceeding with efforts to accomplish the target of realizing a carbon-free society, leading to a spate of extreme climate events and consequent damage.
- There will be an appreciation in the cost of energy and resources, widening regional gaps.

| | | Possible Circumstances | Assessment of the Impact on the Company | Major Efforts |
|---------------|--|--|--|--|
| Opportunities | Growth in Demand for Products Adaptable to Climate Change | <ul style="list-style-type: none"> ■ Social infrastructure will be improved and strengthened by, for example, reinforcing electricity transmission grids and enhancing the strength of structures, so that society is able to endure environmental changes caused by climate change. ■ Frequent flooding and submergence will require regional infrastructure to be reestablished. | <ul style="list-style-type: none"> ■ There will be an increase in the Company's sales of infrastructure-related products necessary for reinforcing disaster contingency plans and BCPs, such as electric wires/cables and copper wires. | <ul style="list-style-type: none"> ■ The Company will contribute to society by supplying products for preparing for frequent occurrence of disasters, or reinforcing electricity transmission grids, enhancing the strength of structures, and improving communications networks. |
| Risks | Intensification of Climate Disasters due to Global Warming | <ul style="list-style-type: none"> ■ Extreme climate change (typhoons, torrential rain, droughts, water shortages, and high/low temperatures) will increase the number of climate disasters, affecting manufacturing bases, suspending operations, and disrupting supply chains. ■ There will be an increase in global warming, causing water shortages. | <ul style="list-style-type: none"> ■ Plant suspension due to abnormal climate will generate restoration costs and increase non-life insurance premiums. ■ Appreciation of raw material prices will lead to extreme price rises for certain products, leading to sluggish demand for the products. ■ Water shortages will suspend or relocate many production lines or lead to increased investment in water-saving equipment. | <ul style="list-style-type: none"> ■ The Company will build disaster-resilient plants. ■ The Company will proceed with BCPs by reinforcing its supply chain in consideration of climate change. ■ The Company will invest in improvement of quality of raw materials. ■ The Company will make further energy-saving and recycling efforts. |

Reference scenarios: World Energy Outlook 2017, 2020, and 2021 by IEA; Energy Technology Perspectives 2017 by IEA; and Sixth Assessment Report by IPCC

Greenhouse Gas Emissions

Basic Approach and Policy

At the Sumitomo Electric Group, toward achieving the medium- to long-term target of reducing the so-called Scope (1+2) emissions, or greenhouse gas (GHG) emissions generated inhouse, by more than 30% from the fiscal 2018 level by fiscal 2030, we have the aim of reducing 2.5% every year. To attain the target, we are going to promote the utilization of solar power generation and storage batteries in addition to energy-saving activities. We will also consider sourcing green electricity* with its risks taken into account to reduce GHG efficiently.

CO₂ emissions in transportation is subject to the Scope 3 calculation, indirect scope of responsibility related to our Group's business activities. Thus, unlike the target of the above-mentioned Scope (1+2), the target of Scope 3 stands at more than 15% reduction by fiscal 2030 from the fiscal 2018 level. While responding flexibly to customers' changing demand, we will continue to make steady efforts such as expanding the use of railroad containers and coastal services, improving the loading ratio of trucks leading to reduced truck services to ensure the attainment of the GHG emissions target.

Structure

The Corporate Staff Group such as the Corporate Planning Department and the Procurement Division has been involved in the Global Environment Promotion Committee since fiscal 2022 to promote the reduction of GHG on a company-wide basis. In addition, to structure a net zero plant model and promote the spread of such a plant in a systemic manner, we established a net zero promotion group in 2023. With the group gathering information and findings on various environmental methods such as energy saving, energy creation, and energy purchase and proposing GHG emissions methods according to divisions' needs and acting as a hub for connecting between divisions and the Corporate Staff Group, our Group, as one, will be working on the prevention of global warming.

Besides, we have Green Logistics Promotion Task Committee, whose sessions are held twice a year, provide education to each Group company to promote sharing of information on the results of CO₂ reduction in transportation and company-wide efforts for it.

Targets

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

Reduce GHG emissions by 10% from the FY2018 level ^(Note)

Reduction of environmental impact from business activities (Global warming prevention/Promotion of energy saving)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|--|--|------------|
| Reduction of greenhouse gas emissions (production sites) 10% reduction (vs FY2018) ^(Note) | Reduction of greenhouse gas emissions (production sites) 14.1% reduction (vs FY2018) ^(Note) | ○ |
| Reduction of CO ₂ emissions from logistics perbasic unit (in Japan) 4% reduction (vs FY2018) | Reduction of CO ₂ emissions from logistics perbasic unit (in Japan) 8.3% reduction (vs FY2018) | ◎ |
| Adoption of renewable energy (Photovoltaic power generation) 15MW adoption | Adoption of renewable energy (Photovoltaic power generation) 15.9MW adoption | ○ |

➔ See here for legends for evaluation

Targets for the achievement of Mid-term Management Plan 2025

Fiscal 2025 targets for business operations aiming at green global environment

Reduction in CO₂ emissions
(% reduction vs 2018)
Scope 1+2: 17.5% Scope 3: 8.7%

Targets for fiscal 2023 (single-year targets)

Operate for a Greener Global Environment (Decarbonization)

- Reduce greenhouse gas emissions (Scope 1+2) 12.5% reduction (from FY2018)
- Reduce greenhouse gas emissions (Scope 3) Higher accuracy of emissions calculation
Increase by 22 MW
- Adopt renewable energy
- Reduce CO₂ emissions per unit of sales in logistics (in Japan) 5% reduction (from FY2018)

(Note) The boundary is Sumitomo Electric and its consolidated subsidiaries (excluding listed subsidiaries)

Initiatives

Reduction of Greenhouse Gas Emissions

Our Group, in addition to promoting self-help efforts such as thorough energy saving and the expansion of the introduction of renewable energy including solar power generation, pays attention to the entire society's GHG-related trends such as electricity companies' fluctuating GHG emission factor and the supply-demand balance of green electricity while minimizing risks

in achieving GHG emissions reduction targets. Besides, we have created the decarbonization portal website on our intranet to provide useful information on GHG emissions. We also provide environmental education on how to tackle global warming to get the importance of the prevention of global warming across.

Glossary

*Green electricity: electricity generated using energy free of greenhouse gas such as sunshine, wind, water, and geothermal heat

Results

Greenhouse Gas Emissions in FY2022 (thousand tons-CO₂e/year)

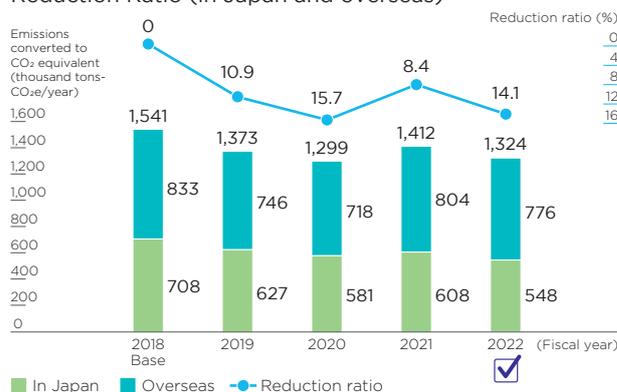
| Scope 1 | | 189 | ✓ |
|-------------------|--|--------|---|
| Scope 2 | | 1,135 | ✓ |
| Scope 1 + Scope 2 | | 1,324 | ✓ |
| Scope 3 | | 20,801 | |
| Category | Description | | |
| 1 | Purchased goods and services ^(Note 1) | 11,037 | |
| 2 | Capital goods | 557 | |
| 3 | Fuel- and energy-related activities not included in Scope 1 or Scope 2 | 245 | |
| 4 | Upstream transportation and distribution | 34 | ✓ |
| 5 | Waste generated in operations | 29 | |
| 6 | Business travel | 38 | |
| 7 | Employee commuting | 83 | |
| 8 | Upstream Leased Assets | - | |
| 9 | Downstream Transportation and Distribution | - | |
| 10 | Processing of Sold Products | - | |
| 11 | Use of Sold Products ^(Note 2) | 8,777 | |
| 12 | End-of-Life Treatment of Sold Products | - | |
| 13 | Downstream Leased Assets | - | |
| 14 | Franchises | - | |
| 15 | Investments | - | |

(Note 1) Emissions were calculated based on the costs of procuring raw materials and parts.
 (Note 2) Indirect emissions were calculated based on Corporate Value Chain (Scope 3) Accounting and Reporting Standard
 (Note 3) (-) indicates that the calculation method is under consideration or the category is not applicable.

Reduction of Greenhouse Gas Emissions

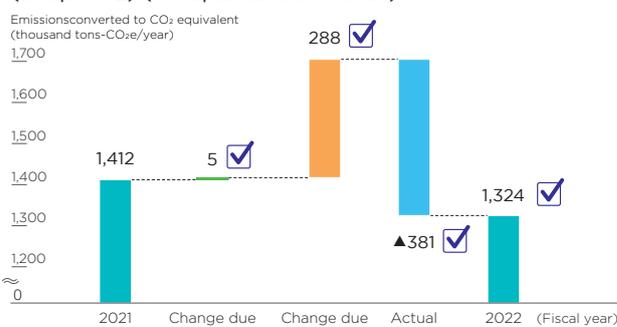
Setting 10% as the reduction target for fiscal 2022, we achieved the target, reducing by 14.1% from fiscal 2018 level. This is due not only to self-help efforts including advanced efficiency of equipment, accumulated Energy Saving 200 Kaizen activities, the introduction of solar power equipment, non-energy-based GHG emissions but also to the reduction in electricity companies' GHG emission factor. We will go on pursuing GHG emissions reduction activities.

Greenhouse Gas Emissions (Scope 1+2) and Reduction Ratio (in Japan and overseas)



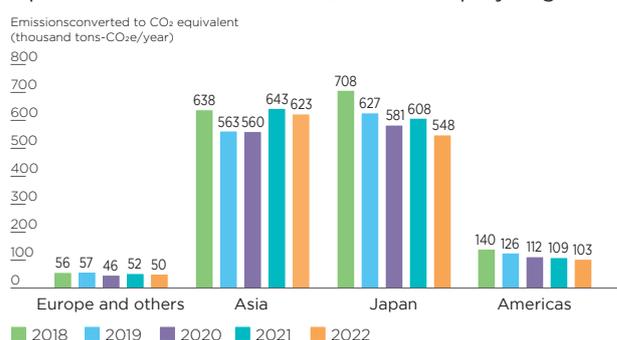
(Note) See P81 for the calculation criteria.

Factor Analysis of Changes in Greenhouse Gas Emissions (Scope 1+2) (in Japan and overseas)



(Note) Change due to boundaries change: Emissions in fiscal 2021 from the boundaries of collection newly added or excluded in fiscal 2022.
 Change due to sales change: Emissions in fiscal 2021 from the boundaries of collection for fiscal 2022 × (Sales in fiscal 2022 / Sales in fiscal 2021 - 1)
 Actual change: Actual greenhouse gas reduction by improving production efficiency

Greenhouse Gas Emissions (Scope 1+2) from the Global Operations of the Sumitomo Electric Group by Region



Grasping and Sharing of the State of Corporate Greenhouse Gas Emissions Reduction Preparation of the Net Zero Record and Launch of the Decarbonization Portal Website



Mitsuaki Fujihira
Chief engineer,
Manufacturing
Management &
Engineering Unit

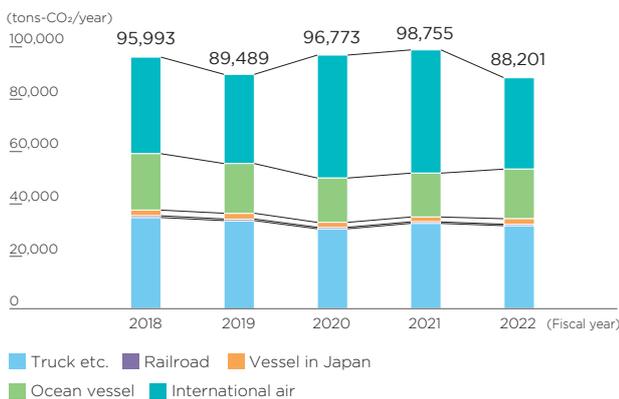
The Sumitomo Electric Group is working to achieve in-house carbon neutrality by 2050. As such movement tends to be limited to environmental staff, the Manufacturing Management & Engineering Unit and the Global Environment Department has been trying to elevate it to the entire Group's movement in the following ways.

We have prepared the net zero record, in which energy consumption, GHG emissions, reduction plans and results are recorded. Encouraging those concerned to prepare the records by themselves enhances their awareness of being part of the movement and various efforts aiming at net zero are unfolding at all sites. We also have got energy consumptions and GHG emissions visualized in the form of graphs on the web so that influences of peak time and off-time, troubles, changing points and abnormalities can be easier to spot. In addition, in response to the claim, "There is nothing more to be improved as all have been done," we have launched the decarbonization portal website on our intranet, where inhouse and external case examples of latest energy saving, case examples of the introduction of solar power generation, collections of know-how, and new technologies such as electrification of industrial furnaces and hydrogen utilization are presented. We are working to achieve the goal as the entire Group using these supporting tools.

Changes in CO₂ Emissions from Transportation

Total CO₂ emissions from domestic transportation and exports reduced by approximately 10.7% from the fiscal 2021 level. CO₂ emissions from domestic transportation (by truck, etc., railroad or vessel in Japan) reduced by approximately 1.4% when compared to fiscal 2021. CO₂ emissions from exports (by ocean vessel or international air) reduced by approximately 15.7%, a significant reduction from the fiscal 2021 level, which is due to a considerable reduction in the use of air transportation in which CO₂ emissions per unit transportation volume is large: continued shortages and delays in ocean shipping services due to the impact of the COVID-19 pandemic, especially on main shipping routes to Europe and the United States were alleviated, which led to the decline in the use of air transportation, alternative emergency transportation.

CO₂ Emissions from Transportation by the Sumitomo Electric Group by Year



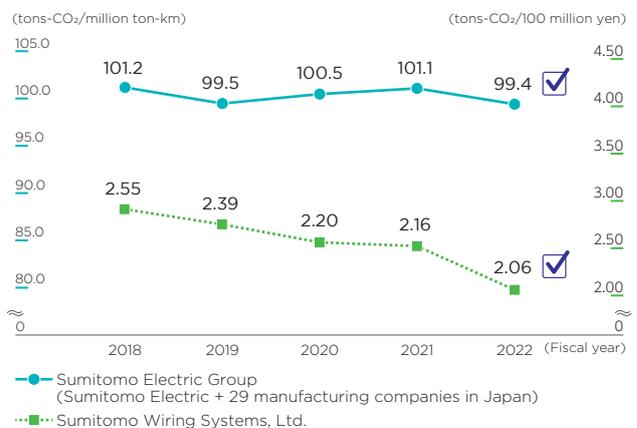
Reduction of CO₂ emissions from transportation in Japan

Per-unit CO₂ emissions from domestic transportation reduced by 1.7% from the fiscal 2021 level in the Sumitomo Electric Group and reduced by approximately 4.6% in Sumitomo Wiring Systems, Ltd.

At Sumitomo Electric, per-unit-CO₂ emissions reduced in the transportation of large electric wire drums in the electricity business from the previous fiscal year. In the steel wire business, demand for coastal services from Itami to Kitakyushu and from Muroran, which had contributed to improvement in business in the previous fiscal year, declined, while that from northern Kanto to customers in southern Kyushu was stable. Sumitomo Wiring Systems, Ltd. was able to improve the loading ratio of regularly scheduled trucks because of increased cargo volume resulting from the increase in order volume compared to the previous fiscal year. In addition, with the impact of COVID-19 waning, the consolidation of warehouses around Yokkaichi went on, which resulted from decreased truck services.

We will continue our steady efforts from a medium- to long-term perspective and make group-wide efforts to reduce CO₂ emissions from transportation.

Trends in CO₂ emissions from Transportation Per Basic Unit in Japan



Eco Rail Mark *

Sumitomo Electric has acquired certification as a company engaged in the initiatives of Eco Rail Mark from the Railway Freight Association



Glossary

***Eco Rail Mark:** A certification mark awarded by the Ministry of Land, Infrastructure, Transport and Tourism, Government of Japan. The use of the mark is allowed only for products or companies that use rail transportation, which generates relatively less CO₂ emissions and is therefore environmentally friendly, in accordance with designated criteria. The mark included in packages and advertisements of products serves as a judgment standard for customers' purchase decisions.

Basic Approach and Policy

Efficient use of energy is a very important theme not only for improvement in competitiveness but also for the prevention of global warming. The Sumitomo Electric Group thus aims to reduce energy consumption per unit as well as the absolute amount of greenhouse gas (GHG) emissions, promoting energy-saving activities as the foundation of GHG emissions reduction activities and production activities. The Group is particularly focusing on the reduction of fixed energy and active examination of the introduction of energy saving-related new technologies and renewable energy. The Group will continue to promote energy-saving activities with the aim of reducing energy consumption per unit by 10% by fiscal 2025 from the average level in fiscal 2021-2022.

Structure

Our Group is promoting corporate GHG emissions reduction through the Global Environment Promotion Committee. The Global Environment Department has been supporting business divisions largely in terms of energy saving. To promote the introduction of renewable energy in addition to continuing to support energy-saving activities, the Net Zero Promotion Group was established in 2023.

Targets

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

Reduction of environmental impact from business activities (Global warming prevention/Promotion of energy saving)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|---|--|------------|
| Reduction of energy consumption per unit of sales (production sites) 4.1% reduction (vs FY2021) | Reduction of energy consumption per unit of sales (production sites) 20.4% reduction (vs FY2021) | ◎ |
| Reduction of energy consumption per unit of sales (offices) 4% reduction (vs FY2018) | Reduction of energy consumption per unit of sales (offices) 24.5% reduction (vs FY2018) | ◎ |

➔ See here for legends for evaluation

Targets for the achievement of Mid-term Management Plan 2025

Fiscal 2025 targets for business operations aiming at green global environment

Reduction in CO₂ emissions (% reduction vs 2018)
Scope 1+2: 17.5% Scope 3: 8.7%

Targets for fiscal 2023 (single-year targets)

Operate for a Greener Global Environment (Decarbonization)

Reduce energy consumption per unit of sales (production sites) 3.3% reduction (2021-2022 average ratio)

Initiatives

Toward the reduction of energy consumption

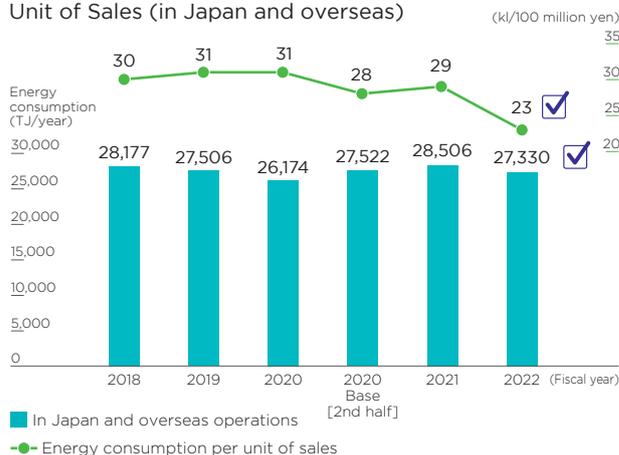
The Global Environment Department has a quarterly dialogue with business divisions on GHG emissions reduction to check progress in GHG emissions reduction and per-unit reduction. In addition, it gathers issues from them and provides useful information to help resolve them. Such useful information is disseminated on a group-wide scale through the Global Environment Promotion Committee and the decarbonization portal website. To support high efficiency of equipment, we are promoting investment in energy saving. Improving non-investment activities is also important and to promote this, we have launched Energy Saving 200 Kaizen, an activity which focuses on energy saving. To support these activities, we are advancing the CO₂ reduction diagnosis, which is based on the findings on energy saving accumulated thus far, the measurement-based diagnosis of various devices including common infrastructure devices like compressors in addition to supporting business divisions' efforts through energy saving-related education.

From a medium- and long- term point of view, we are also working on the collection of information and evaluation of new technologies leading to energy reduction. We aim to support the introduction of new technologies that meet business divisions' needs to reduce energy consumption significantly.

Results

In fiscal 2022, we achieved the energy consumption reduction target by reducing 20.4% due to productivity improvement. This resulted from the achievement of each business division's energy-saving activities. Particularly, the automobile division made a huge contribution.

Energy Consumption and Energy Consumption per Unit of Sales (in Japan and overseas)



Basic Approach and Policy

The impact of global warming on the global environment has attracted much attention in recent years and water resource problems are also becoming visible as one of the risks that can affect the operation of the Sumitomo Electric Group and institutional investors and clients require us to respond to the problems to sustain the operation. In addition to the shortage of water supply, water-related issues include deterioration of water quality, flood damage, tightening of relevant government regulations and relationships with communities in the neighborhood. The Sumitomo Electric Group is working to understand the current situation of these issues and taking measures to address them. In fiscal 2017, we set an activity goal of “establishing a group-wide system to ensure that the production bases around the world independently understand the current situation of water risk, if any, identify the issues and design and implement measures to address them.”

Structure

In January 2018, we set up Water Risk Countermeasure Working Group with members recruited from divisions and affiliates to establish a system to promote the campaign. It is a subcommittee of the Resource Saving and Recycling Task Committee, one of the expert committees that provide technical support to the Corporate Environment Committee, and holds its sessions twice a year. The Group’s key activities in fiscal 2022 are having a dialogue with the sites with high water risks to identify water risk factors and take measures against them and considering a long-term vision of water risks.

Targets

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

Reduction of environmental impact from business activities (Promotion of resource conservation and recycling)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|--|---|------------|
| Reduction of water withdrawal per unit of sales 5% reduction (vs FY2017) | Reduction of water withdrawal per unit of sales 26.4% reduction (vs FY2017) | ◎ |

➔ See here for legends for evaluation

Targets for the achievement of Mid-term Management Plan 2025

Fiscal 2025 targets for business operations aiming at green global environment

- Promoting circular economy
- Reduce water use per unit of sales 3% reduction (from FY2022)

Targets for fiscal 2023 (single-year targets)

- Operate for a Greener Global Environment (Circular economy)
 - Reduce water use per unit of sales 1% reduction (from FY2022)

Initiatives

Water Use Reduction

To address water supply shortage, one of the water issues, the Sumitomo Electric Group has been promoting activities to reduce water consumption since fiscal 2008. In fiscal 2018, we set a target of reducing water consumption (with fiscal 2017 as the base year) and have since been working to reduce water consumption per unit of sales by 1% per year (5% reduction for the fiscal 2022 target).

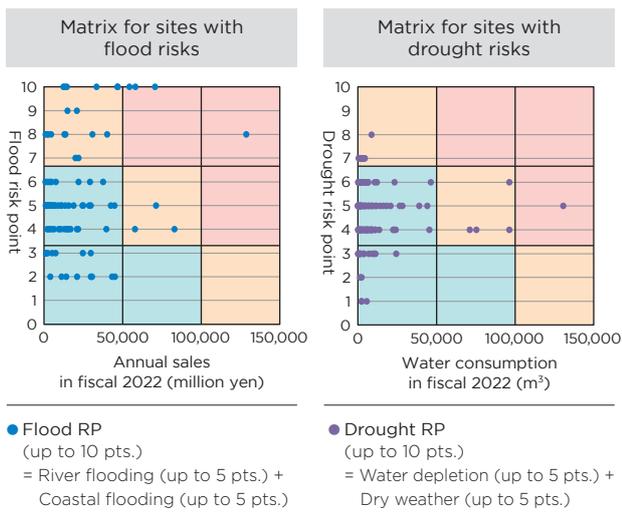
In the course of the reduction activities, we identify water leakage in our facilities and address it while also working to reduce water withdrawal through such initiatives as the reuse of effluent that used to be discharged.

Evaluation of Water Risks on a Global Scale

We have evaluated water risks indicated by 13 indicators in total, including water quantity, water quality, regulations according to local laws and relations with neighboring communities, on a five-point scale by using Aqueduct*, which is a tool to evaluate such risks in Japan and overseas production bases. As in fiscal 2021, we focused on floods and droughts in fiscal 2022 and identified priority sites with high risks and significant challenges. This evaluation method calculates a risk point (RP) on floods and droughts for each site based on the evaluation of four risk items, which are river flooding, coastal flooding, water depletion and dry weather, on a five-point scale first and then evaluates the sites based on “the probability of occurrence of water risks” (the RP mentioned above) and “the magnitude of the impact when a risk occurs” (on sales or water consumption) as the two axes to recognize the sites in the red zones of the matrix as those with important issues. As a result, we have identified four sites with important issues on floods and one site with important issues on droughts.

Glossary

*Aqueduct: A tool developed by the World Resources Institute (WRI) to evaluate water risks in various parts of the world. Water risks to the bases located on a world atlas are quantitatively evaluated on a five-point scale.



Development of Activities Countering Risks on a Company-wide Scale

In fiscal 2021, in addition to the above-mentioned risk evaluation with Aqeduct, for Japanese bases with serious flooding issues, we have listed 15 bases whose maximum flooding depth is expected to be 0.5 m or higher based on My Hometown Hazard Map, a database prepared by the Ministry of Land, Infrastructure, Transport and Tourism. For overseas bases with serious flooding issues, we have also listed 22 bases whose flood

risk point is 7 or higher (including four bases identified as bases with important flooding issues in the matrix above). We have also listed nine bases whose flood risk point is 6 or lower but which are located within 500 m of a nearby river (whose width is 20 m or greater). Consequently, the number of bases to be inspected in detail has increased. In fiscal 2022, the bases listed above were inspected in detail in terms of: (1) communication on their hazard maps; (2) disaster prevention systems and flooding prevention measures; (3) measures to prevent outflow of hazardous substances; (4) business continuity plans (BCPs); and (5) past damage and it was confirmed that there was nothing to be addressed urgently.

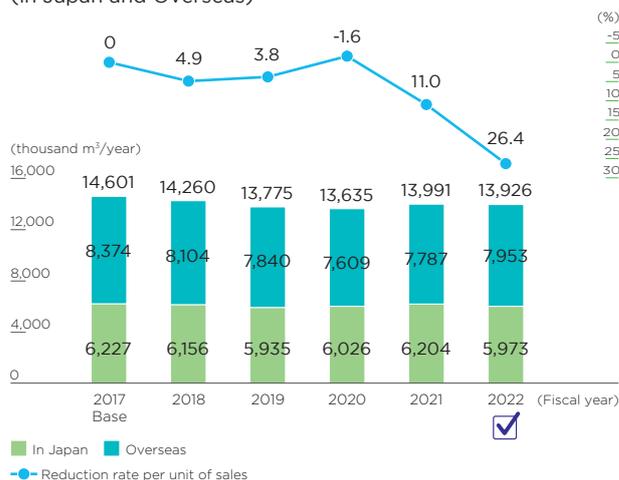
In addition, we prepared a questionnaire to understand the actual situation of water risks throughout the Sumitomo Electric Group based on the CDP* 2022 water security management indicators and collected information on water risks in fiscal 2021 from 191 bases in Japan and overseas.

It turned out that three bases had had their plants exposed to water and two bases had had production hit by flooded roads in fiscal 2021. No bases had had production affected by water supply restrictions or suspensions due to drought, but seven bases had been hit by a water price rise. Water pollution incidents, including exceedance of quality standards for discharged water, had occurred at four bases. However, all had been minor incidents, and the bases had not been subject to administrative punishment, such as a fine and/or suspension of operations. 10 bases had experienced leakage of public water supplies, with the total leakage amount estimated to be 95,000 m³ (equivalent to 0.7% of the water used). We will continue to share risk information with our sites to reduce risks.

Results

While the total water consumption in fiscal 2022 stood around at the previous fiscal year level, water consumption per unit of sales decreased by 26.4% with the impact of an increase in sales, significantly exceeding the target of 5%. In terms of water withdrawal by source, we take 84% of water from City water and 16% from groundwater. As to the effluent by destination, 72% is discharged into sewer systems while 19%, 8% and 1% of our effluent reach rivers, the sea and other destinations, respectively.

Water Withdrawal and Reduction Rate per Unit of Sales (in Japan and Overseas)



Glossary

*CDP (former name: Carbon Disclosure Project): In CDP, an international NPO, institutional investors collaborate to implement a project that requests companies to establish strategies against climate change and publish data on greenhouse gas emissions.

Basic Approach and Policy

To work on legal compliance, ensure the health and safety of our employees, contribute to environmental preservation, and build trust with clients and customers, the Sumitomo Electric Group is working to manage chemical substances contained in products, share information on chemical substances throughout the supply chain, manage chemical substances used in production in plants, and reduce harmful chemical substances discharged in the environment.

Structure

Management of Chemical Substances in Products

The Committee on the Management of Chemical Substances in Products has been established to provide information on laws and regulations and compliance support to each business division.

The Sumitomo Electric Group is committed to proper management of chemical substances in products. To this end, we implement the "SEI Guidelines for the Management of Chemical Substances in Products," which was established based on JIS Z7201 "Management of Chemical Substances in Products - Principles and Guidelines." We have also established the "SEI

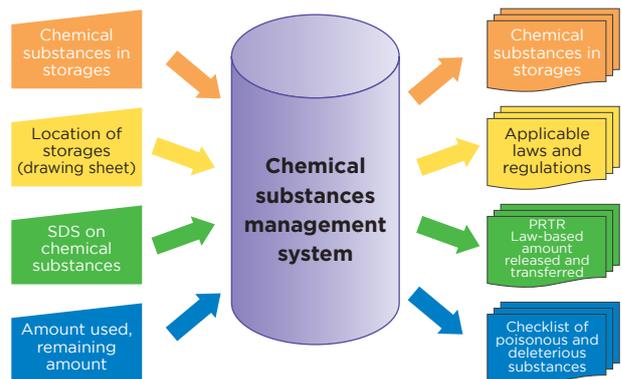


As the types of products and requirements from customers differ greatly between divisions and affiliates, the guidelines and standards are applied flexibly according to their respective circumstances.

Standards for Chemical Substance Management," which are the standards for the management of chemical substances in products to be managed at each of the stages, and implement the "SEI Guidelines for Green Quality Purchases" based on the standards, while conducting product assessment at the design and development stages. Through these initiatives, we strive to prevent hazardous chemical substances with large environmental impact from being contained in products. For sharing of information on chemical substances throughout the supply chain, the standard schemes across industries chemSHERPA* and IMDS are actively used to alleviate the burden of information communication among companies. We also conduct a "management of chemical substances in products" audit of business divisions and affiliates in our Group to solidify the governance.

Management of Chemical Substances Used in Plants

The Sumitomo Electric Group established a chemical substances management system utilized on a group-wide scale and started the management of poisonous and deleterious substances and PRTR*-designated substances in Sumitomo Electric's four Works in Osaka, Itami, Yokohama, Ibaraki and our domestic affiliates. This enables the search of the companies using poisonous and deleterious substances and safety data sheets (SDS). The system is used to collect data for filing of registration based on PRTR.



Targets

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

Reduction of environmental impact from business activities (Reduction of substances of environmental concern)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|--|---|------------|
| PRTR emission reduction 5% reduction (vs FY2017) | PRTR emission reduction 28.2% reduction (vs FY2017) | ◎ |

➔ See here for legends for evaluation

Reduction of environmental impact from products (Management of chemical substances in products)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|--|---|------------|
| Strengthening the management of chemical substances in products 6 or more audits | Strengthening the management of chemical substances in products 6 cases | ○ |

➔ See here for legends for evaluation

Targets for the achievement of Mid-term Management Plan 2025

Fiscal 2025 targets for business operations aiming at green global environment
Preventing environmental pollution

Targets for fiscal 2023 (single-year targets)

- Operate for a Greener Global Environment (Prevent environmental pollution)
 - Zero environmental incidents
 - Reduce PRTR-designated substances emissions 1% reduction (from FY2022)

Glossary

*chemSHERPA: Registered trademark of Japan Environmental Management Association for Industry

*PRTR Law: Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in, the Environment and Promotion of Improvements to the Management Thereof.

Initiatives

Management of Chemical Substances in Products

The Sumitomo Electric Group has taken measures to replace the substances listed in the EU RoHS*, and is meeting customer demand for products that contain no prohibited substances. At the same time, to comply with the REACH* regulation, We are making efforts to ensure appropriate responses to the requirements of the REACH regulation including reporting of the SVHC* contained in products. To quickly respond to progressive tightening of regional regulations on chemical substances across the globe, our group is working to collect information on regulations in Europe, China, Southeast Asia and other countries and share the information within the Group.

Management of Chemical Substances Used in Plants

We were committed to reducing the amount of the release of what were designated by the PRTR Law as Class 1 chemical substances as an initiative of the Action ECO-22V Campaign from fiscal 2018 to fiscal 2022. In fiscal 2022, we made efforts to meet the target of reducing the amount by 5% from the fiscal 2017 level. We worked to cut the atmospheric release in the sites that release 1 ton or more to the air in a year.

Measures against Dioxins and Asbestos

The aluminum alloy manufacturing facility and its exhaust gas purification facility at Sumitomo Electric Toyama Co., Ltd. are subject to the Law Concerning Special Measures against Dioxins. We have ensured that emissions from these facilities remain within regulated standards. At present, the Sumitomo Electric Group produces no products using asbestos.

Results

The amount of the release of the PRTR Law as Class 1 chemical substances in fiscal 2022 dropped significantly from the previous fiscal year to 51.5 tons in total, a 28.2% reduction from the fiscal 2017 level, significantly exceeding the target of 5%. On the other hand, the amount transferred in the form of being discharged into sewers or being dumped remains unchanged from the previous fiscal year. By the amount of release by chemical substance, the amount of 1-bromopropane released into the air is 31.2 tons, accounting for 61% of the total amount of release, which is a problem that we are required to address.

Release and Transfer of the PRTR Law as Class 1 chemical substances by Year



Release and Transfer of the PRTR Law as Class 1 chemical substances

(Unit: tons)

| Chemical substance | Release | | | | | Transfer | | | Total amount |
|--|----------|------------|-----------|---------------|---------------|-----------|-------------|----------------|--------------|
| | Into air | Into water | Into soil | Into landfill | Total release | By sewage | By disposal | Total transfer | |
| 1-Bromopropane | 31.2 | 0.0 | 0.0 | 0.0 | 31.2 | 0.0 | 0.3 | 0.3 | 31.5 |
| Manganese and its compounds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 24.0 | 24.0 | 24.0 |
| 2-aminoethanol | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.4 | 18.0 | 18.4 | 18.5 |
| Lead | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 17.0 | 17.0 | 17.0 |
| Peroxydisulfuric acid water-soluble salt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 15.0 | 15.0 | 15.0 |
| Dichlorobenzene | 2.9 | 0.0 | 0.0 | 0.0 | 2.9 | 0.0 | 9.5 | 9.5 | 12.4 |
| Phenol | 3.2 | 0.0 | 0.0 | 0.0 | 3.2 | 0.0 | 7.9 | 7.9 | 11.1 |
| Toluene | 7.0 | 0.0 | 0.0 | 0.0 | 7.0 | 0.0 | 2.7 | 2.7 | 9.7 |
| Bis(2-ethylhexyl) phthalate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.5 | 7.5 | 7.5 |
| Cresol | 2.1 | 0.0 | 0.0 | 0.0 | 2.1 | 0.0 | 4.3 | 4.3 | 6.4 |
| 30 other substances | 4.3 | 0.7 | 0.0 | 0.0 | 5.0 | 0.3 | 28.6 | 28.9 | 33.9 |
| Total | 50.8 | 0.7 | 0.0 | 0.0 | 51.5 | 0.7 | 134.8 | 135.5 | 187.0 |

(Unit: mg-TEQ)

| Chemical substance | Release | | | | | Transfer | | | Total amount |
|--------------------|----------|------------|-----------|---------------|---------------|-----------|-------------|----------------|--------------|
| | Into air | Into water | Into soil | Into landfill | Total release | By sewage | By disposal | Total transfer | |
| Dioxins | 16.7 | 0.0 | 0.0 | 0.0 | 16.7 | 0.0 | 2.2 | 2.2 | 18.9 |

(Note) Boundaries of data integration Items with Sumitomo Electric + affiliates in Japan

Glossary

***RoHS Directive**: RoHS stands for Restriction of the use of certain Hazardous Substances. This EU Directive restricts the use of certain hazardous substances in electrical and electronic equipment
 ***REACH regulations**: REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals. Regulations of the European Parliament and of the Council for protection of human health and the environment in the European Union
 ***SVHC (Substances of Very High Concern)**: SVHC stands for Substances of Very High Concern. Chemical substances designated by the EU as substances which may cause serious effects to human health or the environment

Basic Approach and Policy

The Sumitomo Electric Group, in response to resource depletion and the shortage of waste disposal sites, has been committed to reducing waste discharged and recycling. Recently, attention has been paid to growing world population, resource depletion from economic growth and marine plastic waste and the transition to a recycling society is required. Continuing to view it as an important issue, our Group will promote relevant activities.

Structure

Each Work and affiliate is promoting its activities. Their activities, compiled by each Business Unit, are submitted to and discussed at the annual Corporate Environment Committee. In addition, the Resource Saving and Recycling Task Committee is established under the Corporate Environment Committee to discuss company-wide issues and specific measures. When it comes to circular economy, a working group cutting across R&D and business divisions launched in fiscal 2022 and embarked on activities focusing on fundamental recycling from the time of R&D of products.

Targets

■ Targets (set when VISION 2022 was formulated) and results in fiscal 2022

Reduction of environmental impact from business activities (Promotion of resource conservation and recycling)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|--|---|------------|
| Reduction of waste discharged per unit of sales 5% reduction (vs FY2017) | Reduction of waste discharged per unit of sales 40.7% reduction (vs FY2017) | ◎ |

➔ See here for legends for evaluation

■ Targets for the achievement of Mid-term Management Plan 2025

Fiscal 2025 targets for business operations aiming at green global environment

- Promoting circular economy
- Waste recycling rate 94%
- Reduce waste discharged per unit of sales 3% reduction (from FY2022)

Targets for fiscal 2023 (single-year targets)

Operate for a Greener Global Environment (Circular economy)

- Waste recycling rate 92%
- Reduce waste discharged per unit of sales 1% reduction (from FY2022)

Amount of waste discharged = amount landfilled or incinerated without heat recovery + heat recovery + material recycling
 Recycling rate = (heat recovery + material recycling + valuable materials) / amount of waste discharged (amount landfilled or incinerated + heat recovery + material recycling + valuable materials)

Initiatives

Reduction of waste discharged per unit of sales

Our Group uses different resources such as copper, aluminum, iron, and, as insulating material, plenty of plastics for the steel wire and cable business. Produced as waste are waste metal and a lot of waste acid, waste alkali, waste oil, and sludge at the time of metal surface treatment or processing. To reduce waste discharged, we are working to improve yield rate, reduce the amount of waste acid, waste alkali, and waste oil, separate plastics and other materials in detail, and convert waste into valuable materials.

Promotion of Recycling

The recycling rate of waste stands at more than 98% in Japan, but at 85.2% overseas as some countries and regions are not well-equipped yet. To improve the recycling rate, we need to consider recycling methods according to each country.

Results

The amount of waste discharged in fiscal 2022 dropped by 22.4 thousand tons from the fiscal 2017 level, with the reduction rate per unit of sales dropping by 40.7% partly due to increased sales.

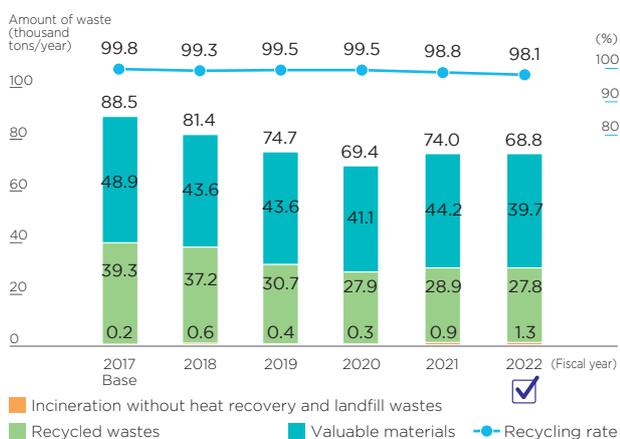
Amount of Waste Discharged (excluding valuable materials) and Reduction Rate per Unit of Sales (in Japan and Overseas)



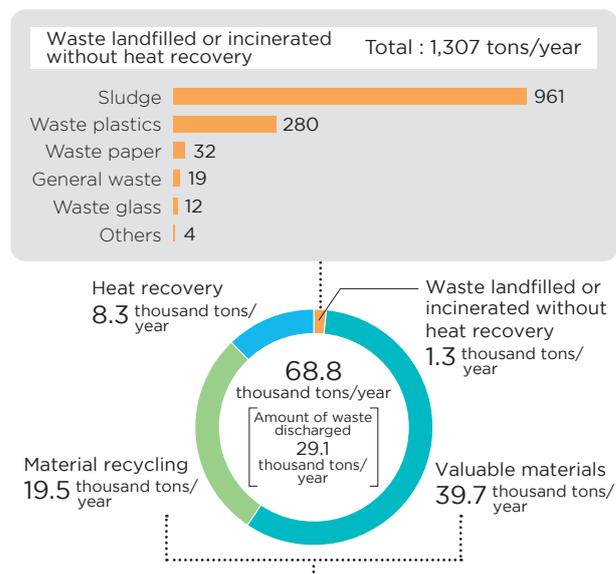
(Note) The amount of waste discharged at overseas sites has been corrected retrospectively to reflect the addition of the amount of general waste discharged at a Malaysian subsidiary to the results from fiscal 2017 through fiscal 2021, as well as the addition of the amount of industrial waste discharged at a Thai subsidiary that had been partially omitted to the results in fiscal 2021. According to this correction, the total amount and reduction rate per unit of sales for each of the past fiscal years have been corrected.

The recycling rate in Japan stood at some 99.5% after fiscal 2018, but has dropped to 98.1% as since fiscal 2021, sludge generated in wastewater treatment has been landfilled due to worsened recycling environment. We are continuing to consider effective recycling, focusing on the separation of waste plastics, looking for recycling operators, and searching for the use of recycled sludge.

Amount of Waste and Recycling Rate (in Japan)

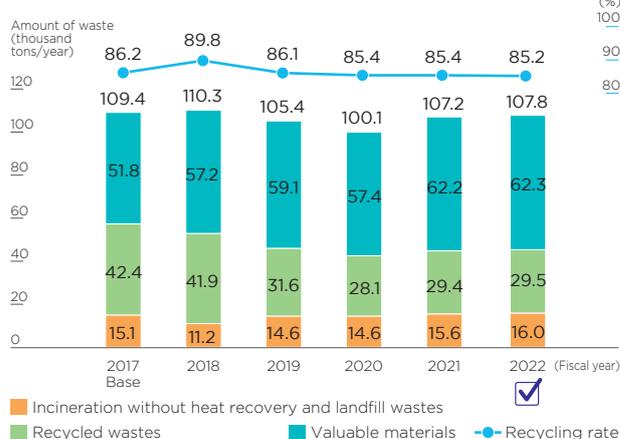


Amount of Waste by Type in FY2022 (in Japan)



The recycling rate of waste stands at some 85% overseas as some countries and regions fall behind in recycling of general waste and sludge. To improve the recycling rate, we will promote the separation of waste and the search for proper recycling operators in each area.

Amount of Waste and Recycling Rate (Overseas)



(Note) The amount of waste landfilled or incinerated without heat recovery from fiscal 2017 through fiscal 2021 has been corrected retrospectively to reflect the addition of the amount of general waste discharged at a Malaysian subsidiary. Furthermore, the amount of waste landfilled or incinerated without heat recovery and the amount of recycled waste for fiscal 2021 have been corrected retrospectively to reflect the correction of a calculation error due to the inclusion of the amount of waste landfilled or incinerated without heat recovery in the amount of recycled waste at Thai and Chinese subsidiaries, as well as the correction of the omission of the amount of recycled waste at a Thai subsidiary. According to the above-mentioned corrections, the total amount and recycling rate for each of the past fiscal years have been corrected.

Basic Approach and Policy

Our operations are supported by the blessings of nature (ecosystem services) in terms of, for example, the procurement of raw materials and manufacturing of products. We believe that in order to continue our operations, we need to contribute to ecosystem conservation and community environmental preservation.

We work to understand the big picture of environmental burdens and reduce them, promote community-based environmental preservation activities in each business facility with the basic idea that all of the environmental burdens accompanying business activities have an impact on the

biodiversity. In addition, we promote initiatives that can help protect the biodiversity throughout the businesses of the Sumitomo Electric Group, including the expansion of environmentally friendly products.

Structure

For biodiversity activities, we engage in greening activities and nature restoration activities like the preservation of community environments as the Eco-Activities 2030 program and make activity reports at the Global Environment Promotion Committee, through which we are advancing environmental activities.

Targets

■ Targets (set when VISION 2022 was formulated) and results in fiscal 2022

Reduction of environmental impact from business activities (Eco activities 2030)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|--|---|------------|
| Promotion of the protection of biodiversity and environmental conservation activities Over 200 cases | Promotion of the protection of biodiversity and environmental conservation activities 213 cases | ○ |

➔ See here for legends for evaluation

■ Targets for the achievement of Mid-term Management Plan 2025

Fiscal 2025 Target for Promoting the Eco-Activities 2030

“For the Earth’s Sake”* Activity

Protect biodiversity and promote environmental protection activities 250 cases or more

*Biodiversity preservation activities, cleanup of the neighboring areas, greening activities, among others

Targets for fiscal 2023 (single-year targets)

Promoting the Eco-Activities 2030

- Protect biodiversity and promote environmental protection activities 220 cases or more

Initiatives

Eco-Activities 2030

At the Sumitomo Electric Group, we will proceed with the Eco-Activities 2030 program, designed to implement 300 or more activities or more to conserve biodiversity, preserve community environments, and restore nature in at least 20 countries and regions by 2030. Specifically, each of our business facilities will carry out at least one activity for the purposes of conservation of nature, protection of biological species, reduction of ecosystem impact in the process of manufacturing products, and community cleanup. We will work on the Eco-Activities 2030 program as part of the Action ECO-22V Campaign for fiscal 2021 to 2022 and of Go for Green for fiscal 2023 onwards and expand the scope of our initiatives for contributing to conserving biodiversity.

Activities

Eco-Activities 2030 “WIN-T Reducing Carbon Emissions”

In Thailand, where Sumitomo Electric Wintec (Thailand) Co., Ltd. (WIN-T) is located, separating garbage for recycling is not as common as it is in Japan, but we have started to recycle in-house glass bottles, resin bottles, and aluminum cans. What have been dumped as waste are separated and recycled as valuable materials, which reduces CO₂ emissions. During the activity starting July 2022, recycled waste amounted to 2,336kg by June 2023, equivalent to a 3,413kg reduction in CO₂ emissions.



| Items | Recycled waste (kg) | Carbon emission reduction (kgCO ₂) |
|---------------|---------------------|--|
| Glass bottles | 1,497 | 1,207 |
| Resin bottles | 743 | 2,144 |
| Aluminum cans | 95 | 62 |
| Total | 2,336 | 3,413 |



Preparation for Information Disclosure

We recognize that few raw materials derived from biological materials with large environmental burdens on value chains are used in our Group’s products. We have started to analyze and investigate environmental burdens in business activities in preparation for possible requests for information disclosure.

Basic Approach and Policy

Sumitomo Electric is striving to increase environmentally friendly products as an environmental policy. Our products are assessed to determine their levels of social and environmental contribution and classified into, for example, Eco Mind products, Eco products based on the levels. The environmental assessment results are used for development of new products. From fiscal 2023, through Go for Green 2025, a mid-term target which aims to realize a green environmental society, we are striving to increase the sales of products capable of making green contributions (a business activity that helps realize a green environmental society).

“Eco Mind” Products

We perform environmental assessment of products when developing new products, as well as when making major design changes to existing products. The products having undergone product assessment are registered as “Eco Mind” products in the Sumitomo Electric Group.

By the end of fiscal 2022, a total of 1,400 items have been registered as “Eco Mind” products.

Eco Products (Eco Symbol Program)

Among “Eco Mind” products, the products with particularly outstanding environmental features are examined in accordance with our Eco Symbol Program, which is based on ISO14021, and those that meet the criteria are certified as “Eco products.” Through this system, we aim to promote development of environmentally conscious products and strive to penetrate the market with them. By the end of fiscal 2022, a total of 372 items have been registered as Eco products.

Green Contribution Sales

Sales of products and services that help realize a green environmental society through renewable energy, hydrogen, and EV, among others.

Structure

Potential Eco products are examined and certified as formal Eco products by the Eco Symbol Office (Global Environment Department)

Targets

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

Reduction of environmental impact from products (Expansion of environmentally friendly products)

| Targets for FY2022 | Results for FY2022 | Evaluation |
|--|--|------------|
| Percentage of “Eco Mind” products 100% | Percentage of “Eco Mind” products 100% | ○ |
| Expansion of sales ratio of Eco-products ^(Note 1) 55% or more | Expansion of sales ratio of Eco-products ^(Note 1) 59% | ○ |

➔ See here for legends for evaluation

Targets for the achievement of Mid-term Management Plan 2025

Fiscal 2025 Target for Contribution to Global Environment through Business Activities
 Green Contribution Sales ^(Note 2) 700 billion yen or more
 Sales from Eco-Friendly products 1 trillion yen or more

Targets for fiscal 2023 (single-year targets)

Contribution to Global Environment through Business Activities (Contribute to a green environmental society/Eco products)

- Green Contribution Sales ^(Note 2) 500 billion yen or more
- Eco products sales 950 billion yen or more

(Note 1) The boundary is domestic sales of Sumitomo Electric and its consolidated subsidiaries (excluding listed subsidiaries)

(Note 2) The boundary is Sumitomo Electric and its consolidated subsidiaries

Initiatives and Results

Expansion of Environmentally Friendly Products

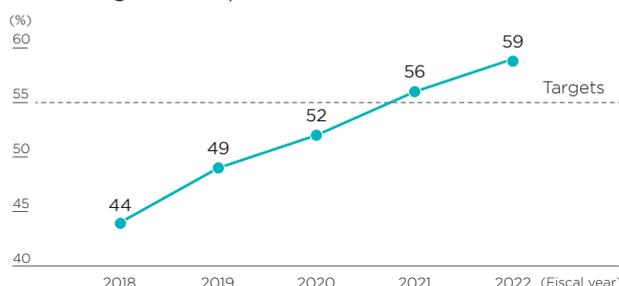
Every year, through the dialogues with business divisions and affiliates that have low percentage of Eco products in sales, we encourage them to present the products that are likely to be certified as Eco products. To promote the development of environmentally friendly products, we keep abreast of latest global trends in environmental impact reduction and our competitors’ movement through the dialogues with the Sales Planning Department and the Corporate Management Department.

In fiscal 2022, nine products were newly certified as Eco products, including DC-XLPE cable, co-developed by the Power Project Division and the Power Division, and hydrogen co-combustion burner, developed by Sunray Reinetsu Co., Ltd. As a consequence, the percentage of Eco products in sales increased to 59%, achieving the target.



Sunray Reinetsu Co., Ltd.'s hydrogen co-combustion burner

Percentage of Eco products sales



(Note) The results from fiscal 2018 to 2021 were modified due to the revision of Eco products sales from fiscal 2017 to fiscal 2021

[Web](#) See here for Products that contribute to a “Green Society” (Integrated Report 2023 P22)

Respect for Human Resources

Basic Approach and Policy

Guided by the tenet “Respect for Human Resources,” stipulated in the Sumitomo Spirit, we strive to foster global human resources who can drive sustainable growth. At the same time, toward accomplishing the Sumitomo Electric Group 2030 VISION, we will promote the concepts of diversity and inclusion and use the integrated capabilities of the Group on a global basis.

To increase our corporate value on a perpetual basis, we work in compliance with the Global HRM Policy toward ensuring respect for human rights, establishing a workplace environment that is healthy, safe, secure, and comfortable, respecting diversity, and sharing our purposes.

By investing in human resources, we will create a corporate foundation where everyone can excel, grow and contribute to society.

Global HRM Policy

We are actively promoting the establishment of HR systems and guidelines to be commonly applied on a global scale within the Group

In the Sumitomo Electric Group, over 280,000 employees are working actively in more than 40 countries and regions around the world. We believe that for Sumitomo Electric to win the global competition and grow further, it is essential that we fully mobilize the Group’s technologies, products, business models and all other resources. We acknowledge that it is most important to secure and utilize highly capable employees who support these efforts.

The Group has traditionally placed a high value on human resources based on the Sumitomo Spirit. To clarify the basic

policies on human resources, we instituted the Sumitomo Electric Group Global Human Resource Management Policy (Global HRM Policy) in September 2011.

Global Human Resource Management (HRM) Policy

- We provide workplaces where all the employees can work actively, grow both personally and professionally through work, achieve self-actualization, and contribute to society.
- We offer various career opportunities and globally pursue “the right person in the right position” regardless of race, ethnicity, national origin, religion, age, gender, gender identity, sexual orientation, or disability.
- We value and promote diversity in the workplace in order to enhance the creativity of the organization and to sustain the growth of the business.
- We develop global leaders who lead and give energy to our global business. Global leaders are those who understand and share the Sumitomo Spirit and the Corporate Principles and can lead highly diversified teams.

Based on the Global HRM Policy, to ensure that all human resources can work actively as members of the Sumitomo Electric Group and help the organization increase its creativity and grow in perpetuity, we recognize the importance of inviting diverse talented human resources from around the world, training them and promoting their assignment and appointment beyond the borders of individual companies while providing various career opportunities to them.



Engagement Survey

Toward the realization of the 2030 Vision, in order to evolve to be a company where employees, who are important stakeholders, can excel, grow and contribute to society, we consider that it is important to develop organizations and culture where each employee working in the Sumitomo Electric Group can empathize with the company’s vision and goals and have great enthusiasm for contributing to the achievement of the goals and a strong sense of belonging to the organization (“engagement”). Since fiscal 2006, we have conducted an employee awareness survey called the “Survey to Create a Lively Working Environment” at Sumitomo Electric and domestic Group companies. The survey results have been used to understand how much the Sumitomo Spirit and Corporate Principles have been disseminated, and used as reference information for revitalizing the organization and

taking various measures. In fiscal 2022, we reviewed the company conducting the survey, as well as the questions, with the aims of expanding the boundary of the survey globally and placing more emphasis on improving employee engagement, and conducted an employee awareness survey as “Sumitomo Electric Group Global Engagement Survey” to investigate the awareness of approximately 24,000 domestic and 2,000 overseas employees at Sumitomo Electric and 67 Group companies in Japan and overseas. The survey results have been fed back to the responsible person of each organization and are used to consider specific measures to address issues in each workplace and to create workplaces where employees can work in a healthy and lively manner. Furthermore, we plan to continue the survey while expanding its boundary from the next fiscal year.

Basic Approach and Policy

Under the basic philosophy that all of its business activities must be based on respect for human rights as we continue to develop together with the global community, the Sumitomo Electric Group has been promoting initiatives to ensure respect for human rights including efforts to eliminate discrimination. The Sumitomo Electric Group Code of Conduct also sets a standard that guarantees respect for human rights and prohibits any form of discrimination or harassment. In March 2019, the Sumitomo Electric Group Policy on Human Rights was established to respond to the various needs of our stakeholders and to clearly show our commitment to respecting human rights in conformance with international standards.

To ensure that our initiatives are promoted in line with this policy, we will implement training programs to educate employees about human rights and conduct fact-finding investigations regularly at relevant stakeholders, including domestic and overseas affiliates and business partners, while setting specific operational guidelines, etc. as necessary.

The Sumitomo Electric Group Policy on Human Rights

Date of establishment: March 19, 2019

The Sumitomo Electric Group, in accordance with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, shall strive to be a group of companies worthy of society's trust by conducting business activities in an honest manner.

As we continue to develop together with the global community, the Sumitomo Electric Group recognizes that all of its business activities must be based on respect for human rights. The Sumitomo Electric Group will work ethically and responsibly for the respect of human rights ensuring that our entire group will uphold this standard.



The entire text of The Sumitomo Electric Group Policy on Human Rights

Structure

To conduct corporate management that respects the human rights of each employee and ultimately contribute to the realization of a society where human rights are respected, we have established the Dowa and Human Rights Issues Training Promotion Committee. This committee promotes training on discrimination issues and human rights on a company-wide scale so that we can fulfill our corporate social responsibility for encouraging our employees to have a correct understanding of discrimination and other human rights issues and deepen their awareness of those issues.

As to human rights due diligence, we have also built a global promotion system in collaboration with the HR divisions of domestic and overseas Group companies.

Targets

Targets for the achievement of Mid-term Management Plan 2025

Targets for fiscal 2025 to ensure respect for human rights

- Human rights due diligence: Examination of key risks and implementation of prevention and mitigation measures for about 280 Group companies
- Human rights training: Promotion of training and awareness-raising for discrimination, harassment and other human rights issues
- Supplier code of conduct: Requests to engage in human rights and labor relations efforts based on the Supplier Code of Conduct

➔ See here for our efforts with suppliers in human rights and labor relations based on the Supplier Code of Conduct.

Initiatives

Human Rights Education and Training

We are also making continuous efforts for human rights training and enlightenment to solve a wide range of human rights issues including discrimination and sexual harassment. In 2022, a total of 20,120 persons participated in the human rights-related seminars, including the education provided mainly by Human Rights Task Committee members at their worksites as well as harassment prevention training for all managers, and human rights training for officers, new employees and newly promoted employees in each position.

Establishment of Consultation Services

In addition to the internal and external contacts for consultation and reporting managed by the Compliance Committee, we have set up internal contacts for consultation concerning issues related to working conditions such as sexual harassment, abuses of authorities and discrimination against pregnant women and fathers who have taken paternal leave. With these services, Sumitomo Electric has in place a system to quickly gather information on any violation of human rights and take appropriate measures against them.

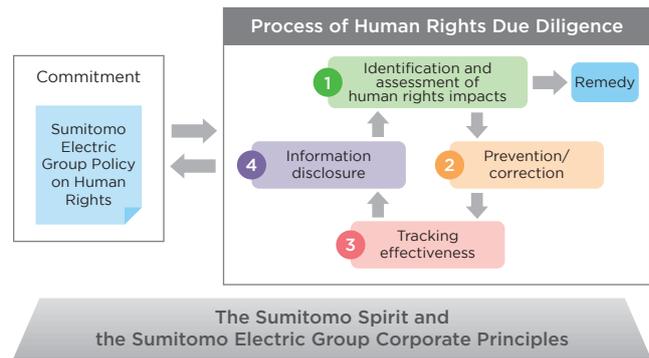
Cooperation with Human Rights Organizations and Governments

Sumitomo Electric participates in the Responsible Business Alliance to address human rights issues in global business activities while also becoming a member of human rights organizations in Japan including the Corporate Federation for Dowa and Human Rights Issue, Osaka to cooperate with relevant governmental agencies and other organizations from the standpoint of a corporation and work toward the realization of a society in which human rights are guaranteed for all. In November 2020, we newly joined the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI), which was established with Japan International Cooperation Agency (JICA), etc. as the secretariat, because we agreed to the purpose of the organization*.

*JP-MIRAI aims to improve the working and living conditions of foreign workers through constant and responsible acceptance of them by employers and relevant organizations that meet legal compliance requirements to thereby create a prosperous and sustainable society and make Japan a trusted destination for workers around the world.

Human Rights Due Diligence performed at the Sumitomo Electric Group

Based on the “Guiding Principles on Business and Human Rights” of the United Nations and “Guidelines on Respecting Human Rights in Responsible Supply Chains” of the Ministry of Economy, Trade and Industry, our Group has conducted human rights due diligence to ensure that we fulfill our responsibility for respecting human rights in fiscal 2022.



Results

FY2022 Sumitomo Electric Group Human Rights Due Diligence Survey

We conducted the survey as follows:

■ Survey period

November to December 2022

■ Number of the companies surveyed

Sumitomo Electric and 284 Group companies in Japan and overseas (excluding listed subsidiaries, etc.)

■ Survey items and contents

For this fiscal year, we conducted the survey with a focus on child labor, forced labor and migrant workers in consideration of the opinions of external experts as well as the magnitude of their impact on our business.

- No fact of employing children (workers under the age of 15)
- No fact of forced labor (such as restriction on workers' behavior, debt bondage or forced internal deposits)
- Compliance with internal rules regarding the employment of immigrant workers (internal rules such as no hiring fees, etc., to be borne by the worker, no passports, etc. to be kept by the company, employment contracts to be signed in a language that the worker understands, etc.)

■ Survey results

According to the survey results, no risks related to child labor or forced labor were identified. On the other hand, as to immigrant workers, we identified issues at four Group companies in Japan and overseas that employ immigrant workers. Two Group companies in Japan are taking corrective actions in response to the deficiencies found in their procedures that are established in the internal rules on temporary staffing companies (prescribed items were not included in the contract, audits of temporary staffing companies were not conducted and interviews were not conducted in accordance with prescribed items). In addition, in two overseas Group companies, it was confirmed that the workers themselves were paying hiring fees and other costs. Although it is allowed under local law, we have revised to operate in accordance with international standards on respect for human rights, and we are working with local companies and NGOs to provide support to workers.

■ Future actions

We will implement the above-mentioned corrections steadily, and establish a scheme to prevent similar issues from occurring in the future.

Basic Approach and Policy

Human Resource Development Policy

The Sumitomo Electric Group emphasizes respect for human resources in business management in accordance with the Sumitomo Spirit. As also mentioned in the section "Approach to Human Resources," we instituted the Sumitomo Electric Group Global Human Resource Management Policy (Global HRM Policy) in September 2011. This policy specifies the Group's commitment to the creation of an environment that helps employees realize growth and self-actualization through work, the provision of various career opportunities regardless of race, ethnicity, national origin, religion, age, gender, gender identity, sexual orientation or disability, promotion of diversity and the inclusion and development of global leaders, in order to accelerate our global human resource recruitment and promotion. We have declared the policy to inform people in and outside of the Group about such commitment and it serves as our basic policy in human resource development.

Structure

SEI University

The Sumitomo Electric Group defines needed personnel as those who honor the Sumitomo Spirit, understand the Sumitomo Electric Group Corporate Principles, possess high levels of skill and knowledge rooted firmly in the basics and can play active roles in the global community. As an initiative for human resource development, we provide training to develop abilities, skills and knowledge for executing the business strategies of our Group, as well as training to encourage employees to work toward the management vision with a sense of unity and share philosophy, values and culture. The human resource development system composed of those training programs is collectively called SEI University. While "individual employees' strong motivation for self-development" and "on-the-job coaching and close communication between superiors and subordinates" are foundations for human resource development, SEI University strongly supports them to realize the growth of individual employees and achieve the corporate goals at the same time. Our Group values this as an important approach to human resource development.

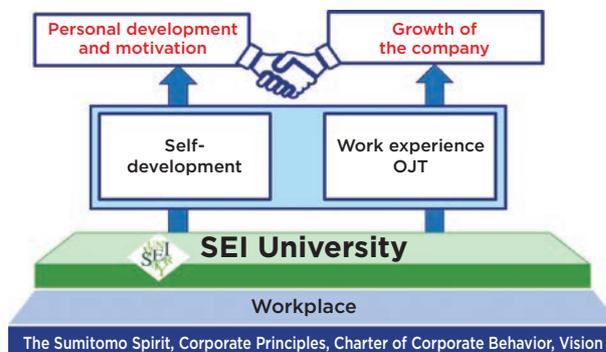
Our conventional training and education system was further developed to launch SEI University in 2005. The two pillars of SEI University are divisional training, in which each division individually plans and implements programs tailored to its business, and Group-wide training, in which the Corporate Staff Group plans and implements programs for all divisions. We are gradually expanding the scope to include employees in Group

Initiatives

SEI University provides more than 350 training programs (commonly developed across the Group), including position-based compulsory programs for all group employees ranging from executives to new employees, in the three areas of human skills, problem-solving skills and technical skills. Our Group companies and divisions also organize their original training programs in the field of technical skills to have the trainees acquire the unique knowledge and skills especially required in their respective workplaces.

We have also introduced a large number of practical training programs. For example, we promote practical training to address manufacturing issues and executive training to form cross-departmental teams and propose solutions to actual

companies in Japan and overseas, in addition to Sumitomo Electric. In 2007, we established the Technical Training Center within SEI University specializing in developing human resources for manufacturing, who are the source of the competitiveness of our Group as a manufacturer. The center plans and implements various training programs ranging from basic training on manufacturing to professional education.



| [Global L&D architecture : SEI University] | |
|--|--|
| [Executive Programs] | Senior management programs / the Executive Training program, etc. |
| [Management Programs] | GLP, MPSS, Operational level leadership programs, etc. |
| [Skills Training Programs] | Problem solving, coaching, innovation, data analysis, etc. |
| [Basic training programs] | The Sumitomo Spirit, Corporate Principles, Management Policies, Safety, Environment, Quality, etc. |

Targets

Targets for the achievement of Mid-term Management Plan 2025

Targets for fiscal 2025

- The Executive Training Program Completion: 100/3 years
- MPSS Completion: 2,300/3 years
- Total hours of training programs: 20 hours/annually per headcount
- Developing core DX talent ^(Note): 300/3 years
- Developing DX data analysts ^(Note): 1,500/3 years

(Note) The data cover Sumitomo Electric alone

management issues. In addition, the "Mid-term Management Plan 2025" has the slogan "Develop Human Capital creating new value in the age of changes." To achieve this, SEI University will continue to update its curriculum, including the development of DX human resources.

Performance of duties in accordance with the Sumitomo Spirit

In the training provided at SEI University, the Sumitomo Spirit is positioned as the basis for employees to perform their duties. We give them opportunities to learn about it in the training programs for new employees and various position-based training programs. In addition, we always explain the relations of the Sumitomo Spirit

to compliance and human rights in the relevant training programs. Furthermore, the president asks all employees to perform their duties in accordance with the Sumitomo Spirit via a video once in six months and the video is also translated into multiple languages and distributed to Group companies in Japan and overseas. For the employees to be assigned overseas, a preliminary training program to ensure that they can convey the Sumitomo Spirit in their own words in their new workplaces is organized before the transfer. We are also cultivating internal lecturers to enable the Sumitomo Spirit to be learned periodically in Group companies in Japan and abroad. In April 2023, we opened a new history exhibition room (Minami-Hakone Gallery) where visitors can experience the Sumitomo Spirit and the Corporate Principles, as well as our values and culture, in our training facility, Minami-Hakone Seminar House. When the seminar house is used, we always spare time for trainees to learn about the Sumitomo Spirit.

■ Strengthening of the common foundation (Global Common Knowledge (GCK) Project)

In the rapidly changing business environment, while it is getting increasingly important to improve the competence of employees, the items to be thoroughly learned by employees for the strengthening of corporate governance have also been diversified. Based on this situation, we have organized and integrated the training programs and know-how that have been cultivated since the establishment of the SEI University to present them in a systematic manner as Global Common Knowledge and skills (GCK). This initiative aims to clarify the content that should be thoroughly learned on a global scale and also provide an indicator for our Group companies in Japan and overseas to further improve their understanding of the training programs to be introduced in response to their respective challenges and set priorities for the programs. While there were times when the spread of COVID-19 infection made it difficult to organize group in-person training sessions, we swiftly promoted the enhancement of our e-learning programs and the organization of online training sessions. Consequently, the training hours at our Group companies are on the rise compared to pre-COVID-19 levels. In the future, we will continue to develop human resources by holding group training sessions that allow for direct communication, developing and providing globally common online teaching materials that can be studied anywhere and utilizing excellent external teaching materials.

Overview of GCK

| Fundamental | | |
|--|--|--|
| A Management philosophy and values | B Compliance/Group common policy | |
| Practical | | |
| C Management | D Human skills | E Business administration and innovation |
| F Problem solving | G Monozukuri | H Business skills |

Dialogue on Career

In order for each of the employees to grow, they have to design their career visions based on their own values and ways of life and strive to realize the visions. They can improve their abilities by actively engaging in self-development and using the abilities developed through on-the-job training to do more challenging jobs. The Sumitomo Electric Group, which aims to establish a win-win relationship where the improvement of necessary skills by the employees through their jobs also results in the growth and development of the company, supports employees for the purpose. While organizing training sessions on how to proceed with dialogues on career for superiors, we also provide newly promoted managers and employees who have reached a milestone in their careers, such as age 45 or 55, with training to consider their future career according to their respective positions and ages. If they wish, they can receive career counseling from in-house career consultants after the training.

Cultivation of Manufacturing Personnel

Guided by the basic concept that "manufacturing is human resources development," we promote the cultivation of manufacturing personnel through the three main initiatives ① key personnel training; ② technical and skill training; and ③ basic training on manufacturing so that we can inherit the good technologies and skills cultivated by the Sumitomo Electric Group and enhance its manufacturing capabilities.

① Key personnel training

We provide training for general managers, in which Sumitomo Electric's general managers and affiliates' presidents confirm the concepts essential for reinforcing the manufacturing capabilities from the perspectives of safety, the environment, quality, manufacturing and HR development and show their own commitment to proceeding with necessary activities. A program for developing plant managers is also organized to develop "strong" plant managers (equivalent to the manager of a manufacturing section) who will play a pivotal role in manufacturing. In addition, we provide practical training to develop key personnel for the next generation. In those programs (MONOZUKURI-KAKUSHIN professional training Program (MKP) and GENBA-KAIZEN professional training Program (GKP)), trainees are assigned to the theme divisions, which are selected from among those other than their own divisions, for several months to work on solving important problems and challenges in the theme divisions.

② Technical and skill training

The basic objective of this training is to learn with actual machines and products. The subjects in the curriculum have been diversified, ranging from the acquisition of the Group's proprietary technologies and techniques, including those related to equipment and maintenance, to advanced technologies such as IoT and AI. The number of participants is also growing year by year. We also provide training on basic knowledge about improvement activities and equipment maintenance periodically in China, Southeast Asia and other parts of the world.

③ Basic training on manufacturing

With an aim to reinforce SEQCDD* competitiveness, this program provides training to learn the knowledge necessary at manufacturing sites, such as safety and quality, as well as management techniques and methods related to manufacturing. While this training has a curriculum mainly aimed at young employees, regular training is provided to all employees as repetitive training to encourage them to reconfirm their basic knowledge. The program also aims to disseminate information on any updates in the latest company-wide trends and any revisions of laws and regulations.

Glossary *SEQCDD: (S) Safety / (E) Environment / (Q) Quality / (C) Cost / (D) Delivery / (D) Development

Strengthening Collaboration and Addressing Globalization across the Group

① Development in Group companies in Japan

To promote human resources development across the Sumitomo Electric Group, we provide employees of our Group companies in Japan with opportunities to attend training sessions organized by Sumitomo Electric. The number of the participants from our Group companies in Japan in the training for new employees, mid-career employees and newly promoted personnel is increasing year by year.

When it is difficult for a Group company to run training programs, internal lecturers are delegated from Sumitomo Electric to provide necessary training and other services.

② Development on a global scale

To promote human resource development that meets local demand, we periodically discuss the planning and operation of various training programs (mainly for non-managerial employees) at HR manager meetings held in each country. In addition, we engage in discussions with personnel in charge of human resources and human resource development in Japan and overseas on issues related to the Group's human resource development and training sessions shared globally. We also organize the following training programs for executives and managers commonly in Japan and overseas.

Target: Executives

Executive training program

We foster executives not only by offering action learning opportunities but also by helping them understand the Sumitomo Spirit and acquire management knowledge and by organizing leadership workshops. This program is held once a year and attended by about 30 employees each time.

Target: General Managers

Global Leadership Development Program (GLP)

We foster human resources who can show leadership in a global business environment, through discourses of executives, leadership workshops and understanding of the Sumitomo Spirit. We held the program twice a year until 2015 and have done so once a year since 2016 with about 30 participants in each session. While we had to cancel the program due to the impact of the COVID-19 pandemic in fiscal 2020, we resumed the program as an online event in fiscal 2021. In fiscal 2022, 36 persons participated in the online and group training sessions.

Target: Managers

SEG Management Program based on the Sumitomo Spirit (MPSS)

This program aims to diffuse the Sumitomo Spirit and improve skills to manage subordinates. While the sessions were provided in cities in Germany, the United States, Singapore, China (Shanghai and Shenzhen), Mexico and Japan, the program was canceled in some regions in fiscal 2020 due to the impact of the COVID-19 pandemic. In fiscal 2021, however, we resumed the program as an online session, and in fiscal 2023, the program is carried out in both online and group training formats.

CSR VOICE

Comment after participating in MPSS



Eneida Agalliu

Production Engineering Leader
SEWS-CABIND Albania Sh.p.k.

I feel it is worth mentioning the valid, fascinating information given in the MPSS about the Sumitomo history with the main scope of: growing passionately worldwide without touching or changing the principles and the deeply embedded 400-year-old Spirit.

During the journey, I had the great pleasure of meeting powerful, humorous, and thought-provoking trainer and participants with recognizable expertise who were easy to collaborate with and to learn

from. It motivated me to grow and to improve on weaknesses I thought I had such as active listening skills.

Every single sentence of the program has been channeling straight to my motivation and self-confidence to manage and develop my team to the best of my ability.

DX Talent

We position DX promotion as a company-wide initiative for business reform and improvement, and the human resources necessary to promote it are defined as "core DX talent*1" and "data analysts*2." In 2022, we started to expand and improve the training menu for them by, for example, introducing a new data analysis training program.

*1 Core DX talent are human resources who can solve issues for the division through efforts using digital technology

*2 Data analysts are human resources who know how to visualize and analyze data and can apply them under guidance

Results

Results (fiscal 2022)

| | |
|--|---|
| Number of participants in the executive training program | 34/year |
| Number of participants in the management training program (MPSS) | 839 in total (648 in Japan, 191 overseas) |
| Total hours of training programs | 11.8 hours/person/year |

Diversity & Inclusion (D&I)

Basic Approach and Policy

The Global HRM Policy specifies the Group's commitment to the creation of an environment that helps employees realize growth and self-actualization through work, the provision of various career opportunities regardless of national origin, race, ethnicity, religion, gender, gender identity, sexual orientation or disability, the promotion of diversity & inclusion (D&I) and the development of global leaders, in order to accelerate our global human resource recruitment, promotion and development. We have declared the policy to inform people in and outside of the Group about it.

To realize diversity and inclusion, it is significant to not only increase diversity but also ensure that the employees show collective strength for achieving the same goal in an organization where their diversity is accepted and utilized and all of them can work actively with a sense of satisfaction and show their abilities to the fullest. We are taking various initiatives for this purpose.

Structure

We established a dedicated organization to promote D&I within the Human Resources Division in 2014. To further accelerate our commitment to the promotion of diversity and inclusion, we separated the organization in the Human Resources Division and set up the new Diversity & Inclusion Department as an organization under the direct control of the president in June 2020. To promote the establishment of an organization where employees with various attributes can feel rewarded and show their abilities to the fullest, we are working to take various measures, including the enhancement of organizational power and the creation of a culture to develop human resources, in cooperation with Human Resources Division and Human Resources Development Department. The promotion of D&I is a significant challenge in the management strategy and we will continue to engage in the recruitment and securing of diverse human resources and the development of leader candidates and management staff who can lead diverse human resources, as well as the creation of an organization where employees can demonstrate their collective strength.

Targets

■ Targets (set when VISION 2022 was formulated) and results in fiscal 2022

| Targets for FY2022 | Results in FY2022 | Evaluation |
|---|--|------------|
| Promotion of appointment and development of SEG Global Executives | <ul style="list-style-type: none"> Newly appointed 2 SEG Global Executives The total number of SEG Global Executives is 42 on April 1, 2023 Implemented measures to develop SEG Global Executives with a focus on priority items | ○ |

➔ [See here for legends for evaluation](#)

■ Targets for the achievement of Mid-term Management Plan 2025

Targets for fiscal 2025

Global HR initiatives

- Promotion of measures to appoint and develop SEG Global Executives
- Promotion of the appointment of foreign employees as officers and senior management staff in overseas Group companies

Women's empowerment*

- Percentage of females among new graduate hires ^(Note): Business 40%, Engineering 15%
- Percentage of women in managerial positions (section manager level and above) ^(Note): 4.0%

(Note) The data cover Sumitomo Electric alone.

* The targets are those on "recruitment of women" and "appointment of women" set in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace.

Initiatives

Development of Awareness of D&I

Sumitomo Electric defines "D&I" as the fusion of "diversity of perspectives," "relationship of trust" and "demonstration of abilities" in the organization to ensure that more than just the sum of the abilities of all employees can be shown. In order to disseminate D&I, we have developed awareness through the distribution of video conversations between external celebrities and our officers on the subject of team building and leadership that bring out the abilities of diverse human resources. Since 2022, we have organized practical training for management staff to develop "inclusive leaders" who put into practice what they have learned and work to generate results by leveraging the full potential of diverse human resources to improve management capabilities in the workplace.

Women's Empowerment

We are committed to the active recruitment of women and the active appointment and development of female employees. Specific initiatives include the establishment of a system to strengthen dialogue with superiors during pregnancy and parenting and a mentoring program aimed at supporting the growth of female managerial candidates, as well as the provision of management training for managers who have new female subordinates and the formulation and monitoring of plans to develop female managers. With the recognition that commitment to women's empowerment is important as it will lead to the creation of a foundation in which all employees can play an active role, as well as our future growth and development, we will continue to promote women's empowerment.

“SWING: Sumitomo Electric Group Women’s Innovative Networking Group”

This group, which started its activities in 2016, aims to cultivate female employees and improve their skills by providing opportunities for mutual study and networking to female employees of the Sumitomo Electric Group, mainly Sumitomo

Electric, Sumitomo Wiring Systems, Ltd., Sumitomo Riko Company Limited and Nissin Electric Co., Ltd. In fiscal 2022, we held forums for those on a general career track and organized lectures by external celebrities and exchange of views between the participants. We will continue to take initiatives to help diverse human resources play an active role in the Sumitomo Electric Group.

CSR VOICE

Findings and connections obtained through the mentoring program - Thoughts of a mentee and a mentor

We implemented the second phase (fiscal 2022) of the mentoring program, in which general manager-level employees (mentors) from other departments and female managers (mentees) have regular conversations about the medium- to long-term growth and career, human resource development, workplace management and other subjects, and a total of nine pairs participated. Through this program, we aim to support the autonomous career development of female employees and foster a culture of human resource development that makes the most of their individuality.



Aiko Tominaga (mentee)
Manager, Nano Analysis Group,
Itami Research Department
Analysis Technology
Research Center

Through repeated constructive discussions about leadership, I realized the importance of accepting ways of thinking different from my own. It was also meaningful that I was able to build connections across departments.

I joined the program as a mentee right after I was appointed as a group manager. Although there was a period when I felt it was difficult to explore my own values, motivations and abilities as I worked hard on my daily work, I feel that dialogue with my mentor and the exchange of opinions between mentees enabled me to see myself from a broader perspective and reflect on myself.



Ken Takahashi (mentor)
General Manager,
Engineering Department,
Fiber & Communication
Cable Division

During the dialogue with the mentee, I listened head-on and expressed my thoughts each time, and I tried to conduct the dialogue with a sense of security by visiting the workplace and having interviews with superiors. The true value of the training results will be tested in future actions. I will continue to strive to develop human resources and improve the workplace environment while also valuing the bonds between mentors.

I participated as a mentor and drew on the knowledge and experience on on-site manufacturing I gained as a factory manager and General Manager of Manufacturing Department, as well as my current experience working on sales promotion activities as General Manager of Engineering Department. During the dialogue with the mentee, I listened head-on and expressed my thoughts each time, and I tried to conduct the

Promotion of Active Participation of Senior Human Resources

While a decrease in the working population due to a low birth rate and the aging of society, as well as changes in the environment including that in the personnel composition of Sumitomo Electric, is in progress, the continuous contribution of elderly employees with extensive skills is essential for the maintenance and development of our business. Therefore, we increased the retirement age from 60 to 65 in April 2021. In fiscal 2022, we also held a roundtable discussion for employees aged 60 and over to discuss initiatives needed to improve the sense of fulfillment and job satisfaction for senior human resources. We will continue to consider measures to further promote the active participation of senior human resources.

Diversity in Recruitment

In fiscal 2022, Sumitomo Electric employed 193 new graduates for main career track, 45 of whom were female. In the meantime, with the recognition that the contribution of human resources with experience in other companies and specialized skills is important in the rapidly changing business environment, we are making active efforts to recruit mid-career employees and hired 137 persons with experience in other companies in fiscal 2022.

We have also recruited non-Japanese and graduates from overseas universities (global employees) aggressively and a total of 119 employees of foreign nationality currently work and play an active role in Sumitomo Electric. We will continue to take various measures to ensure that diverse talents can demonstrate their capabilities regardless of nationality, race, gender, age or other background in the Group.

Global Grade System and SEG Global Executives

We have adopted the Global Grade System, which is a human resource development system that allows talented and qualified persons to seek career development beyond the borders of individual companies to engage in the management of Group companies in Japan and overseas or perform even higher duties.

In this system, global leader (GL) grades are granted to executives who are board members or equivalents of overseas subsidiaries, except for those of listed companies, and recognize them as SEG Global Executives. At present, 42 executives of overseas group companies are recognized as such. They are provided with opportunities to work exceeding the boundaries of individual companies and a wide range of career opportunities as support for them to play more active roles as global leaders.

Area Committee

We introduced the Area Committee system in 2015 to allow SEG Global Executives to participate in business management beyond the borders of individual companies. The system aims to ① enhance the presence of each business/base in consideration of the regional characteristics, ② make use of the knowledge and experience of SEG Global Executives and ③ establish a network of the SEG Global Executives. We have set up four committees in the regions of the Americas, Europe, Southeast Asia/Australia and Greater China with more than 500 members elected from among SEG Global Executives and other Group employees. They are committed to a wide variety of subjects, such as human resource development and the strengthening of manufacturing abilities in their respective regions.

To incorporate the proposals presented by the Area Committees into the management of the Sumitomo Electric Group, SEG Global Executives regularly make proposals and report to the executives of Sumitomo Electric. We organize the SEG Global Executive Conference in Japan every year where SEG Global Executives are invited to Osaka Head Office, and also the Regional Executive Conference, which is held annually in four regions of the Americas, Europe, Southeast Asia/Australia and Greater China to gather top executives of Sumitomo Electric and its overseas affiliates. We will continuously strive to keep communication active to further promote diversity management in the Sumitomo Electric Group and close coordination between affiliates.

CSR
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The Sumitomo Electric Group Companies in U.S. - Diversity, Equity and Inclusion Area Committee



Main members of the Americas D&I WG (SEG Global Executives, HR and legal staff from Group companies in North America)
From left to right in the photo

**Matt Snyder, Pat Descarage, Jodie Scott,
Sophy Woodhouse**

Subcommittee is currently working on launching a pilot mentoring program that will connect employees from different group companies in the U.S. in mentor / mentee pairs. The DEI AC hopes to learn from the pilot program to deploy further mentoring programs to support its DEI mission. The DEI AC continues to look for programs and initiatives across affiliates that encourage the recruitment, retention and inclusion of the many different people that make up the strong team at the group companies in the Americas and will drive our future success.

In the summer of 2020, there were protests across the U.S. in response to the murder of an African American man. This sparked a focus on racial equity and justice and an increase in diversity, equity and inclusion (“DEI”) programs across U.S. companies. In 2021, the Diversity & Inclusion Working Group (“D&I WG”) was formed to develop a DEI program specifically for the group companies in the U.S. Over the next two years, the D&I WG met with experts, researched best practices and conducted an employee engagement survey with DEI questions. The D&I WG has evolved into the Diversity, Equity and Inclusion Area Committee (“DEI AC”) and has developed subcommittees. The Mentoring

Promotion of Employment of the Persons with Physical or Mental Disabilities

We are making steady efforts to help create a society where anyone can work vividly with or without their disabilities.

Sumitomo Electric has been traditionally working to promote employment of persons with physical disabilities. To further promote employment of persons with physical or mental disabilities and increase their employment rate, in July 2008, we established a special subsidiary*, Sumiden Friend, Ltd., on the premises of Sumitomo Electric’s Itami Works, specifically for employment of persons with disabilities (certified in February 2009). Beginning with loan and maintenance of foliage plants, Sumiden Friend has expanded its operations gradually to also engage in the conversion of drawings and other paper documents into electronic files and shredding and recycling of waste paper. With the establishment of Nagoya branch in January 2020 and Kanuma branch in January 2021, 158 employees are working at the company, including 101 persons with disabilities, in the six bases including Yokohama, Tokyo and Osaka branches as

of June 2023. As a result, the overall employment rate of the physically or mentally disabled for Sumitomo Electric and its qualified Group companies including Sumiden Friend (26 companies in total) was 2.64% in June 2023.

In our Group, Sumitomo Wiring Systems, Ltd., Sumitomo Riko Company Limited, and Nissin Electric Co., Ltd. have also established their special-purpose subsidiaries, which are SWS Smile Corporation, SumiRiko Joyful Company Limited, and Nissin Heartful Friend Co., Ltd., respectively. These subsidiaries promote collaboration through exchange meetings and other activities.

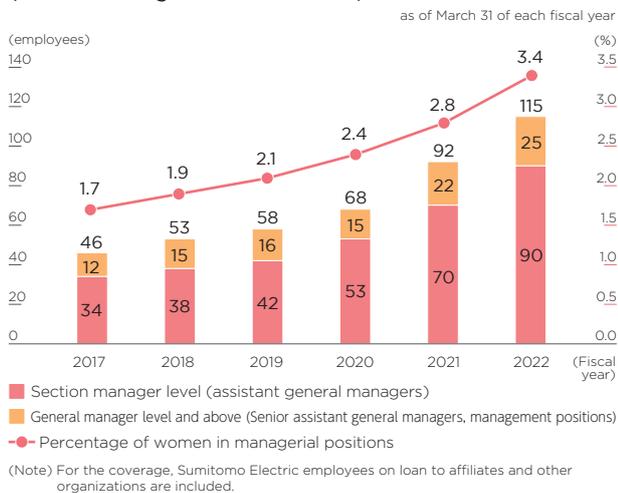
We will continue to develop a system to create places where persons with disabilities can work while feeling rewarded in many Group companies and worksites and to ensure that all Group companies will achieve and maintain the legally required percentage in response to legal revisions and other changes.

Glossary

*Special Subsidiary: The subsidiary is established by a company for the purpose of hiring persons with disabilities under the Law for Employment Promotion etc. of the Disabled. Permission from the national government is required for the establishment. Persons with disabilities employed by a special subsidiary can be considered to be the parent company’s (or corporate group’s) employees when the percentage of the employment rate of persons with disabilities is calculated.

Results

Number and percentage of women in managerial positions (section manager level and above) ^(Note)



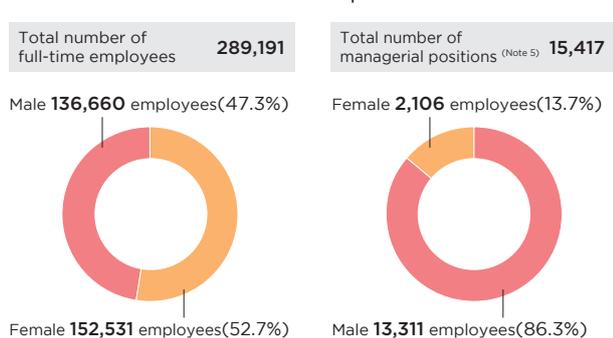
Number and Percentage of Male/Female Employees and Number and Percentage of Male/Female Managerial position in Sumitomo Electric ^(Note 1)

As of March 31 of 2023

| | Male | Female | Total |
|---|--------------------------|-------------------------|------------------|
| Full-time employees | 11,015 employees (85.3%) | 1,901 employees (14.7%) | 12,916 employees |
| Managerial position ^(Note 2) | 3,257 employees (96.6%) | 115 employees (3.4%) | 3,372 employees |

(Note 1) For the coverage, Sumitomo Electric employees on loan to affiliates and other organizations are included.
 (Note 2) Section manager level and above (assistant general managers to management positions)

Number and percentage of male and female employees/managers in the Sumitomo Electric Group ^{(Note 3) (Note 4)}



Difference in wages between men and women

| All workers | Regular employees | Non-regular employees |
|-------------|-------------------|-----------------------|
| 72.9% | 73.5% | 55.6% |

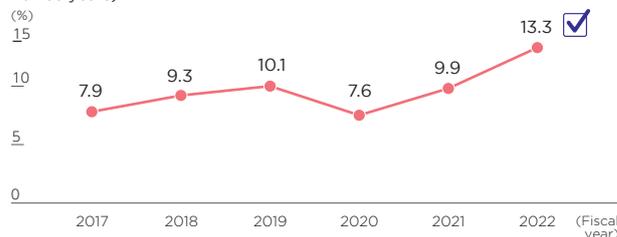
* Calculated based on provisions in the Act on the Promotion of Women's Active Engagement in Professional Life

Number of Male/Female Employees Hired by Sumitomo Electric (All Functions)



Turnover Rate in Sumitomo Electric

(percentage of the employees who were hired as new graduates three years before the relevant year and have left the company within three years)

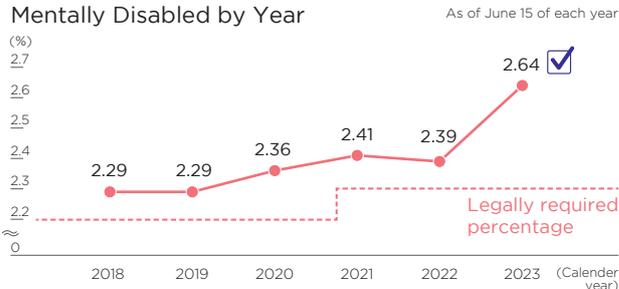


Number of Employees with Disabilities at Sumiden Friend

As of June 15 of each year

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------|------|------|------|------|------|------|
| The disabled (Persons) | 54 | 56 | 62 | 78 | 86 | 101 |

Employment Rate of the Physically or Mentally Disabled by Year



Evaluation by External Organizations

■ Certification with "L-boshi"

We were certified with "L-boshi (the highest-ranking 3 stars)" in August 2016. L-boshi ('L Star': L stands for Lady, Labour and Laudable) is a certification granted by the Minister of Health, Labour and Welfare of Japan to companies that are outstanding in terms of encouraging women to play more active roles based on the Act of Promotion of Women's Participation and Advancement in the Workplace.



■ Selected as a Nadeshiko Brand

In recognition of its outstanding achievement in the encouragement of women to work actively, as well as the attractiveness of the brand that focuses on the medium- to long-term improvement of corporate value, Sumitomo Electric was selected as a Nadeshiko Brand among listed companies by the Ministry of Economy, Trade and Industry of Japan and the Tokyo Stock Exchange four times in total, namely in March 2017, in March 2019, in March 2021 and in March 2022.



Labor Standards and Practices

Basic Approach and Policy

While society is experiencing major environmental changes such as a decrease in the working-age population due to the declining birthrate and an aging population, as well as the diversification of the needs of working employees including balance with childcare and nursing care, Sumitomo Electric is developing a company-wide campaign that aims to achieve a balanced work style for the creation of an organization where diverse human resources can play an active role with a sense of fulfillment and make the most of their abilities. Since 2008, we have worked to review and streamline operations at each department. We are currently implementing initiatives to review work styles across the company and in each department in order to improve productivity by reducing total annual working hours, encouraging the use of paid vacation and improving work efficiency. By increasing employee engagement through increasing job satisfaction, in addition to reducing working hours, we will strive to create a comfortable workplace that contributes to maintaining and expanding corporate performance.

Structure

To create an environment where diverse human resources can work lively, the union and management have set up expert committees of various kinds to improve working systems and reinforce monitoring functions.

In addition, we regularly organize town hall meetings where employees can have direct dialogue with executives and make use of the opinions received in the meetings for organizational operation and planning of personnel systems.

 [See here for details](#)

Initiatives

Company-wide Campaign for Work Style Reforms

Since 2008, we have promoted a company-wide campaign to achieve work styles that balance work and life. We conduct both company-wide and division-specific initiatives to reduce total annual working hours, encourage employees to take paid holidays and improve work efficiency and productivity.

In particular, we now conduct initiatives from various perspectives including efforts to change the corporate culture and awareness, as well as enhancement of productivity through the use of infrastructure and IT tools and the review of work rules and processes.

Support for Balancing Work and Life

Our past efforts have made certain results, such as the return of many female employees who have given birth to work after taking childcare leave. We will promote the expansion and improvement of the relevant systems to ensure that male employees can also participate in child rearing, as well as female employees, by taking childcare leave and leave when their spouses have given birth.

We are also implementing initiatives to deepen each employee's understanding, such as posting a guidebook that

Targets

Targets for the achievement of Mid-term Management Plan 2025

Targets for fiscal 2025

Proper return of achievements and treatment that motivate employees

- Compensation growth: Aiming for inflation rate + α

Support for balancing work and life

- Percentage of male employees taking children leave ^(Note 1): 100%

Company-wide campaign to review work styles

- Total working hours^(Note 2): less than 1,920 hours/year
- Promotion of work styles appropriate for improving productivity and generating returns

(Note 1) The data cover Sumitomo Electric alone.

(Note 2) Per-capita average of the working hours of labor union members (Sumitomo Electric alone + employees on loan to affiliates in Japan)

Targets for fiscal 2023 (single-year targets)

Support for balancing work and life

- Expansion and improvement of systems to provide support for balancing work and life
- Increase of the percentage of male employees who take childcare leave to 100%

introduces various systems that help balance work and life, as well as how to use them, on our intranet. Thus, we are promoting various measures to create a work environment where employees can balance work and life.

Various Types of Support*

We support the life of each employee in various aspects

Encouragement of male employees to participate in child rearing

As a measure to promote men's participation in childcare, we have set a new company-wide goal of "Percentage of male employees who took childcare leave: 100%," and in October 2022, we made it mandatory for employees to take childcare leave for five consecutive days or more within eight weeks from the birth of their children. We also take various initiatives to create a work environment that makes it easier for employees to take longer childcare leave in the medium to long term, such as spouse childcare support interviews, which are conducted when an employee reports that their spouse has become pregnant or given birth, and childcare support guidebooks for male employees and superiors.

■ Reemployment System

In April 2008, Sumitomo Electric introduced a scheme to reemploy employees who resigned due to circumstances beyond their control such as childbirth, childcare and nursing care. In the scheme, we organize interviews and reemploy eligible persons when they are able to return to work (within three years or, for those who moved overseas, five years from their resignation) and, as a general rule, assign them to their former workplaces.

■ System to take a leave to accompany his/her spouse who is assigned overseas

In April 2017, we introduced a system in which an employee can take temporary retirement of up to five years in order to accompany his/her spouse who is assigned overseas. This system allows temporary retirement in such a situation with the aim of preventing employees from quitting the Company.

■ Childcare Centers

As a measure to foster a supportive environment for employees working full-time while raising children, Sumitomo Electric opened childcare centers at its Yokohama and Osaka Works in March and April 2008 respectively and Itami Works in March 2009. In 2018, a new childcare center was established in the neighborhood of our Tokyo Head Office. As of March 31, 2023, these centers take care of 46 children in total.

In addition, for employees who cannot use our childcare centers, we are taking other supportive measures such as subsidizing their use of other childcare centers.

■ Babysitter discount coupon

We purchase Babysitter Discount Coupons, issued as support from the Cabinet Office, and distribute them free of charge to employees who wish to use babysitters.

■ Hokatsu Concierge System

In the activities to find childcare facilities to take care of children ("hokatsu" in Japanese), various kinds of know-how are needed because the approach and schedule of such activities depend on the childcare environment in the place of residence and the month of birth of the children. This Hokatsu Concierge system, which started in November 2014, aims to help employees during childcare leave return to work smoothly at the time they hope to return. Know-how on hokatsu depending on the circumstances of individual employees, as well as information on childcare facilities, is provided in this system.

■ Work from Home Arrangements

We introduced work from home arrangements, which allow employees who face restrictions on their work due to childcare, nursing care, etc. to work at home or other locations in fiscal 2016. In October 2018, we started to allow other employees who meet specific requirements, such as abilities to autonomously

fulfill duties and make achievements, to use the system. The purposes of the expansion of the system include the realization of flexible and efficient work styles and the improvement of productivity through the review of work styles. In 2020, we started to apply special measures (temporary relaxation of requirements) from the perspectives of preventing the spread of COVID-19 infection and ensuring business continuity. The measures were abolished at the end of March 2023 and we have shifted to operations that focus on improving productivity and creating results, which are the original purposes. Specifically, while assuming that employees work from home for five days in a month on average, we allow them to work from home at the discretion of superiors as long as it does not exceed half of the monthly working days. Even when it exceeds half of the monthly working days, employees can work from home with approval from general managers. We will promote even more effective and efficient business operations with the hybrid use of working from home and coming to the office.

■ Volunteer Holiday System

Employees can take up to 10 holidays in a year to engage in volunteer activities approved by the Company. This system is used for various social contribution activities such as coaching of local children in sports activities and accompanying of children on trips for residential training and games.

■ Childbirth and Rearing Support Program

For female workers during pregnancy and parenting, it is especially important to have dialogue with their superiors in a detailed manner. In fiscal 2015, we introduced a system to organize dialogue between such an employee and her superior when she is found pregnant, one month before maternity leave, before return to work from childcare leave and two months after return to work from childcare leave, to help her return to work smoothly and work actively after the return from childcare leave. In fiscal 2019, the system was revised to also organize such dialogue six months after the return from childcare leave to encourage dialogue with focus on her career path.

■ International Employees Support Project

Since 2017, we have taken various measures to create a work environment where international employees can work comfortably. Specific measures include the establishment of a support desk where staff can give support in Japanese, English and Chinese, the development of bilingual systems (Japanese and English) for time and attendance management, business trip transportation expenses and other items, issuance of pay slips and internal regulations in English and creation of prayer rooms in major sites.

 *Labor Standards and Practices

CSR VOICE

I took childcare leave for about three months



Munekatsu Yabuta

Second Group, Power Control System R&D Department, Power Network R&D Division, AutoNetworks Technologies, Ltd.

My second child was born in May 2022, and I took childcare leave for about three months from late June to early October 2022.

Although I was initially very anxious about being away from work for three months, I was able to take childcare leave with peace of mind because I consulted with my superior for six months before taking the leave and I finished making the inventory of my work and handing it over smoothly. I am grateful to my colleagues at the workplace because this would not have been possible without their strong support.

I am really glad that my wife, who was under a lot of physical and mental stress after giving birth, was able to make time to rest, and that I was able to watch our newborn child grow together with her.

Based on my own experience, I would like to recommend that all fathers take childcare leave for as long as possible.

Results

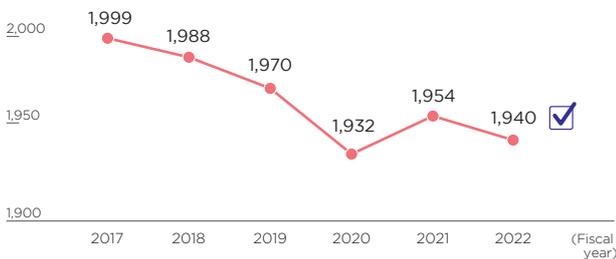
Average Overtime Hours per Month and Average Number of Paid Holidays Taken by Employees by Year

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------------|------------|------------|------------|------------|--|
| Average overtime hours per month | 19.3 hours | 18.7 hours | 17.5 hours | 13.6 hours | 16.3 hours | 16.0 hours <input checked="" type="checkbox"/> |
| Average number of paid holidays taken by employees per year | 16.0 days | 16.5 days | 16.9 days | 15.8 days | 17.1 days | 18.5 days <input checked="" type="checkbox"/> |

(Note) Average among labor union members (of our four Works, Sumitomo (SEI) Electronic Wire, Inc., Osaka and Tokyo Head Offices, Chubu Branch, and Toyota Works [including those on loan to subsidiaries]) from January to December in each year.

Average Total Working Hours by Year

(Hours)
2,050



Percentage of male employees who took childcare leave

| | 2020 | 2021 | 2022 |
|---|------|------|------|
| Number of male employees who took childcare leave | 176 | 189 | 267 |
| Number of employees who took leave when their spouses gave birth | 153 | 146 | 179 |
| Percentage of male employees who took childcare leave | 28% | 32% | 72% |
| Percentage of male employees who took childcare leave, etc. (including leave taken when their spouses gave birth) | 67% | 74% | 97% |

Certification in the "Platinum Kurumin" System

In the "Platinum Kurumin" system, the Minister of Health, Labour and Welfare of Japan grants certification to companies that are actively committed to supporting employees in child-rearing through an especially high level of initiatives in order to assist the healthy growth of children, who are bearers of the society of the next generation. Sumitomo Electric received the certification in June 2019.



Special certification mark "Platinum Kurumin"

Health and Productivity Management

Basic Approach and Policy

By providing positive support to employees working on health improvement activities, as well as promoting organizational measures to improve the health of employees, we will raise their awareness toward health (health literacy) and aim to become a corporate group where all employees can work healthy and lively.

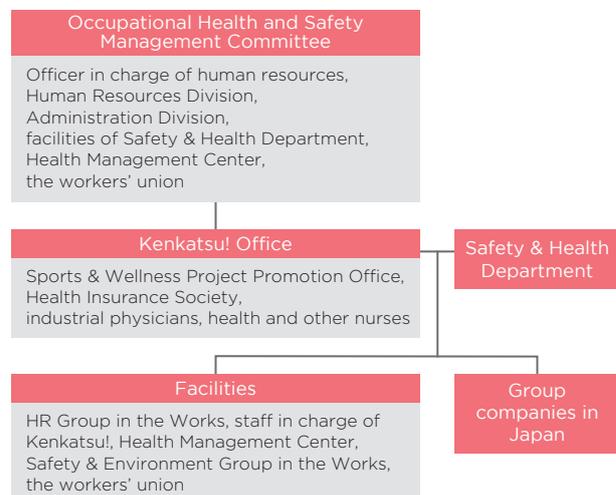
In 2015, the Sumitomo Electric Group announced the Sumitomo Electric Group Health and Productivity Management Declaration. We are now promoting the Kenkatsu! activities that set (1) prevention of lifestyle-related diseases, (2) development of exercise habits and (3) mental healthcare as the three pillars. To achieve sustainable development and growth of the Group, we believe it is essential that our diverse human resources maintain and improve their physical and mental health and that they can work energetically with a sense of purpose. We will continue the Kenkatsu! activities and promote initiatives to improve the health of our employees and their family members.

 Promotion of Health and Productivity Management

Structure

The Occupational Health and Safety Management Committee, which is chaired by the officer in charge of human resources, holds a meeting four times a year to decide the company-wide policy and discuss relevant measures. Kenkatsu! Office introduces the measures designed in coordination with Safety & Health Department into our facilities and Group companies in Japan. The office is also in charge of progress management and verification of the effects.

Organizations for Promoting



Targets

We will analyze correlations between various data in order to promote initiatives that can further improve labor productivity and engagement.

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

| Targets for FY2022 | Results in FY2020 | Evaluation |
|---|---|------------|
| Percentage of employees aged 40 or over who have metabolic syndrome: 30% Rate of persons with an exercise habit*: 40% Smoking rate: Male 25%, Female 5.0% Workplaces with an overall health risk* of 120 or higher: 5.0% | Percentage of employees aged 40 or over who have metabolic syndrome: 33% Rate of persons with an exercise habit: 36.6% Smoking rate: Male 23.5%, Female 4.9% Workplaces with an overall health risk of 120 or higher: 5.3% | △ |

➔ See here for legends for evaluation

Targets for the achievement of Mid-term Management Plan 2025

| Health investment | [KPI] Indicators of changes in the awareness and behavior of employees, etc. | Indicators for the ultimate health-related targets | | | | | | | | | | | | | | | | | | | |
|--|--|--|---------|---------|------|------|--|-------|-------|--------------|------|-------|--------|------|--|-------|-------|--------------------------------|-------|-------|---|
| ① Further promotion of measures focusing on the three pillars of Kenkatsu! activities ② Dissemination of Kenkatsu! activities, development of health culture, improvement of health awareness ③ Implementation of measures to address health challenges that can cause presenteeism* | <table border="1"> <thead> <tr> <th rowspan="2">Indicator (KPI)</th> <th>Results</th> <th>Targets</th> </tr> <tr> <th>2022</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Rate of those maintaining their appropriate body weight (BMI 18.5 to 25)</td> <td>64.1%</td> <td>65.0%</td> </tr> <tr> <td rowspan="2">Smoking rate</td> <td>Male</td> <td>23.5%</td> </tr> <tr> <td>Female</td> <td>4.9%</td> </tr> <tr> <td>Rate of persons with an exercise habit (having an exercise twice a week or more)</td> <td>36.6%</td> <td>40.0%</td> </tr> <tr> <td>Rate of those with high stress</td> <td>11.1%</td> <td>10.0%</td> </tr> </tbody> </table> | Indicator (KPI) | Results | Targets | 2022 | 2025 | Rate of those maintaining their appropriate body weight (BMI 18.5 to 25) | 64.1% | 65.0% | Smoking rate | Male | 23.5% | Female | 4.9% | Rate of persons with an exercise habit (having an exercise twice a week or more) | 36.6% | 40.0% | Rate of those with high stress | 11.1% | 10.0% | Reduction of presenteeism Reduction of loss of work opportunities due to absence due to disease (absenteeism) Improvement of engagement |
| | Indicator (KPI) | | Results | Targets | | | | | | | | | | | | | | | | | |
| | | 2022 | 2025 | | | | | | | | | | | | | | | | | | |
| | Rate of those maintaining their appropriate body weight (BMI 18.5 to 25) | 64.1% | 65.0% | | | | | | | | | | | | | | | | | | |
| | Smoking rate | Male | 23.5% | | | | | | | | | | | | | | | | | | |
| | | Female | 4.9% | | | | | | | | | | | | | | | | | | |
| Rate of persons with an exercise habit (having an exercise twice a week or more) | 36.6% | 40.0% | | | | | | | | | | | | | | | | | | | |
| Rate of those with high stress | 11.1% | 10.0% | | | | | | | | | | | | | | | | | | | |

Initiatives

We promoted the health development of employees through two approaches, namely the continuous implementation and dissemination of the Kenkatsu! activities (population approach) and the enhancement of instructions given to individual employees by industrial health staff (high-risk approach), until fiscal 2022 and made certain contributions to the improvement of KPIs and enhancement of the literacy of employees.

Initiatives in fiscal 2022

| | | | |
|--|---|-------------------|---|
| Prevention of lifestyle-related diseases | Healthy practices campaign In the program, participants set targets on daily exercise, dietary habits and other items and received incentives according to the degree of achievement. It was organized twice in the year and joined by approximately 3,400 persons. | Mental healthcare | Self-care training An online seminar was organized on "positive mental health" and attended by approx. 800 persons (approx. 100 persons more than last year). |
| | Lifestyle review training Experts gave online seminars on such subjects as meals and sleep. | | Training for management-level employees An online seminar was organized on "improvement of the working environment to prevent disorders" and attended by approx. 660 persons (almost the same as the number of participants in the previous year). |
| | 3-month intensive program This program was organized mainly for those who received specific health guidance and those who are aged 30 or over and have metabolic syndrome or a risk of having metabolic syndrome. Trainers managed the dietary life of the participants and an e-mail magazine was distributed to them. (The program was joined by 27 persons.) | | Continued implementation of the working environment improvement initiative "workplace health checkup" A six-month improvement program was implemented in workplaces that were found to have high risks based on the results of the stress check. |
| | Measures to prevent passive smoking Smoking during office hours was banned (from April 2022) and a subsidy was given for the costs of treatment to quit smoking. | | Support of women's health Video seminars were organized to create a workplace environment where female employees can easily demonstrate their abilities, and attended by 538 persons. The subjects were "menstrual problems and self-care," "menopausal symptoms (including men)" and "support systems in the workplace." |
| Development of exercise habits | SEI Challenge Cup Team running/walking races were held online twice a year and joined by approx. 8,000 persons (including approx. 3,600 persons from overseas). 92% of the participants were satisfied. | Other | Online program for the improvement of musculoskeletal disorders In this program, nationally qualified therapists provided individual support for three months in order to prevent and improve disorders such as neck/shoulder stiffness and lower back pain. |
| | Sumitomo Electric Sports Academy In hands-on seminars, participants learned proper methods to develop a less tiring body and take care of it for their respective bodies. The seminars were held twice a year and joined by approx. 400 persons. | | Health Festa This event was organized for employees, their families and local residents, composed of anti-locomotive measures, public health nurse consultations, yoga, cycling classes, etc. Approx. 200 persons participated in it. |
| | Walking event In this event, participants walked with a target of walking 8,000 steps every day to make it a habit. The event was held twice a year and joined by approx. 3,000 persons. | | |

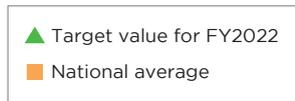
Glossary

*Rate of persons with an exercise habit: Percentage of those who have a 30-minute exercise twice a week or more

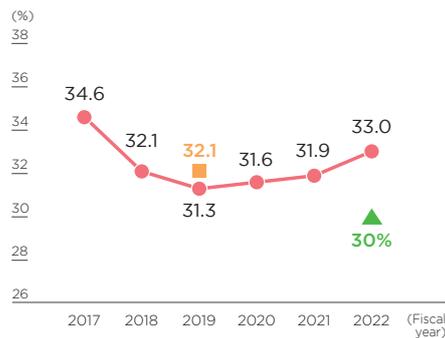
*Overall health risk: A value obtained from the overall judgment of the likelihood of health problems (risk) in the workplace based on the results of the stress check. The national average is 100

*Presenteeism: A situation where the employee is at work but is not able to fully perform their duties due to health disorders

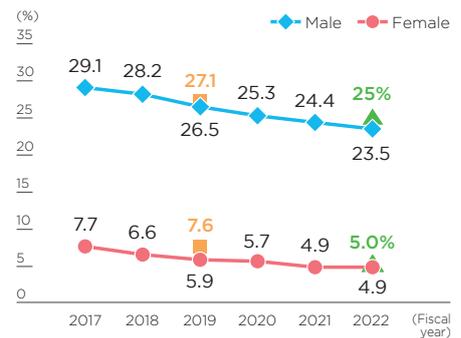
KPI by year until fiscal 2022



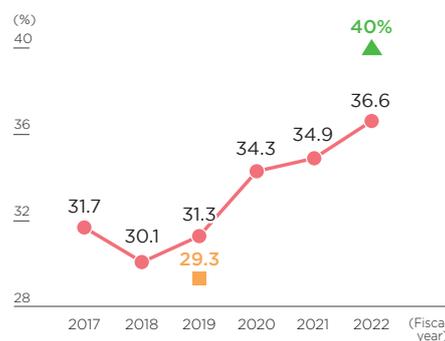
Percentage of employees aged 40 or over who have metabolic syndrome



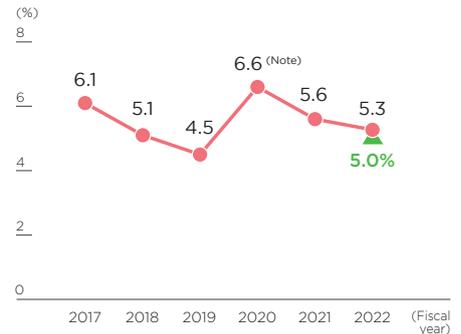
Smoking rate



Rate of persons with an exercise habit



Workplaces with an overall health risk of 120 or higher



(Note) In fiscal 2020, the unit of group analysis was changed from 10 persons to five persons. The method for calculation of figures in an organization (calculated for each of the divisions, groups, plants, sections and other units) was also revised

Other indicators

Number of applicable persons: 11,816 in 2021, 12,894 in 2022

| Indicators | Results | |
|-----------------|---------|-------|
| | 2021 | 2022 |
| Work engagement | 9.05% | 8.99% |
| Presenteeism | 15.9% | 16.6% |
| Absenteeism | 1.84% | 2.12% |

| Indicators | Results | |
|-------------------------------|---------|-------|
| | 2021 | 2022 |
| Routine medical checkup rate | 100% | 100% |
| Stress check rate | 91.9% | 92.6% |
| Blood pressure treatment rate | 85.9% | 86.6% |

Work engagement: Conducted the 3-item version of the Utrecht Work Engagement Scale in the health awareness questionnaire survey (response rate: 43% in 2021, 68% in 2022). The three items are assessed on a seven-point scale and the average of the sum is used as the score.
Presenteeism: Asked questions on the indicators from the health awareness questionnaire survey that serve as indicators for WFun, which measures labor dysfunction. The total score is calculated by evaluating seven items on a five-point scale, and the value indicates the percentage of employees who score 21 points or higher.
Absenteeism: Rate of the employees who have been absent for 30 consecutive days or more due to non-occupational diseases
Blood pressure treatment rate: Rate of those under treatment among those who need treatment

External Assessment

■ Selection as a 2023 Health and Productivity Stock

Sumitomo Electric was selected as a 2023 Health and Productivity Stock in the non-ferrous metals category by the Ministry of Economy, Trade and Industry of Japan and the Tokyo Stock Exchange (the second time in three years).



■ Recognition as a Sports Yell Company

We were recognized as a Sports Yell Company 2023 by the Japan Sports Agency in February 2023. It was the fifth certification for the Company.



■ Received the Grand Prize at the Awards for Companies Supporting Sports in Kansai

In February 2023, at the fourth awards for companies supporting sports in Kansai, which were presented by the Union of Kansai Governments and the Kansai Economic Federation, Sumitomo Electric was awarded the grand prize, the highest honor, for its initiatives regarding the in-house sports events and classes.



Basic Approach and Policy

The Sumitomo Electric Group has placed safety as one of the most important managerial issues, and it has continued making efforts to eliminate occupational accidents, including activities led by the safety and health organization, promotion of equipment safety measures, and establishment of a safety and health education system.

Recognizing that ensuring the health and safety of employees

is essential for continuous business operations and is also part of our corporate social responsibility, we established "Safety Philosophy," and "Principles of Safety Activities" in fiscal 2019, in addition to "Occupational Safety & Health Guidelines." Aiming to be the safest company in the world, the entire group is making a concerted effort in performing health and safety activities.

Safety Philosophy

- Safety is our top priority.
- All accidents can be prevented.

Principles of Safety Activities

1. Top managements of business sites and organizations shall act to lead by example of themselves in improvement of the safety culture.
2. Mutually enlighten safety consciousness through bidirectional communication.
3. All members shall act to aim a global top safe enterprise.

Occupational Safety & Health Guidelines

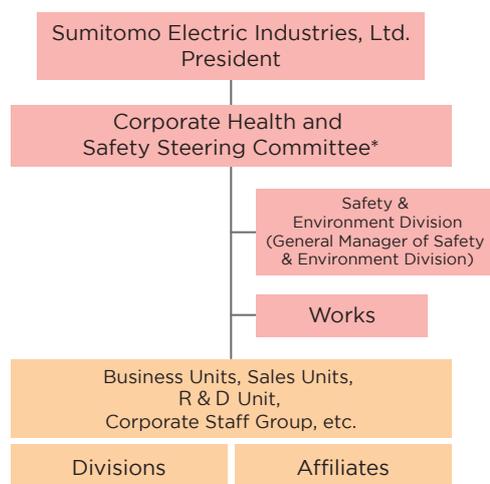
We, Sumitomo Electric Group, raise "Safety is our top priority" in group wide, and, aim comfortable workplaces able to work in safe and ease, by belief of top management and efforts of individuals in the group, under the basic spirit of "Respect for Humanity."
We establish and enforce following guidelines, and actively endeavor to improve the occupational safety and health.

1. By eliminating every hazardous and harmful elements from the workplace, aim to be a top enterprise of "Zero Accidents, Zero Dangers."
2. Comply company rules, as well as, regal regulations and other safety requirements.
3. By conducting safety & health education and training, enhance the sensitivity and knowledge.
4. Achieve work environment able to work comfortably in health in both mental and physical aspects.

Structure

The health and safety management structure of the Sumitomo Electric Group is shown on the right.

The Corporate Health and Safety Steering Committee, which is composed of representatives from each Business Unit, sets policies and targets to improve occupational safety and health activities throughout the Sumitomo Electric Group and reduce occupational accidents. After deliberation, the committee decides the measures and activities to be implemented. Final approval is given at the management conference of Sumitomo Electric Industries, Ltd. headed by the president.



* Chairperson: General Manager of Manufacturing Management & Engineering Unit
 Vice Chairperson: Deputy General Manager of Manufacturing Management & Engineering Unit
 Members: Representatives from divisions and affiliates, General Managers of Plant & Production Systems Engineering Division of Manufacturing Management & Engineering Unit, R&D Planning & Administration Division, Sales Planning & Marketing Division and Human Resources Division, General Managers of Works, etc.
 Organizer: Safety & Environment Department

Targets

■ Targets (set when VISION 2022 was formulated) and results in fiscal 2022

| Targets for FY2022 | Results in FY2022 | Evaluation |
|---|---|------------|
| Serious accidents and accidents resulting in remaining disabilities: zero The total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury: 31 persons or less Accident score: 110 or less | Serious accidents: zero Accidents resulting in remaining disabilities: 4 persons The total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury: 56 persons (including 4 persons who had accidents resulting in remaining disabilities) Accident score: 280 | △ |

➔ See here for legends for evaluation

■ Targets for the achievement of Mid-term Management Plan 2025

Target for fiscal 2025
Zero serious accidents

Targets for fiscal 2023 (single-year targets)
Zero serious accidents and zero accidents resulting in remaining disabilities and accidents resulting in lost work time

Safety activities are continued with three pillars

Fostering Safety Culture

We are working to foster a safety culture based on our Safety Philosophy and Principles of Safety Activities.

1. Executives in a position equivalent to or higher than a general manager or the president of an affiliate declare action targets as "safety actions of top management" and demonstrate the actions to drive the safety mindset of employees.
2. Dialogue with workers is increased through regular safety patrols, and the patrollers directly convey their gratitude to the workers for their compliance with the rules, as well as the work risks identified by the patrollers, to share awareness. The dialogue is also used to share potential risks that cannot be confirmed on the day of the patrol and thereby improve the operations.
3. The S-T-O-P accident campaign* and other initiatives involving all employees are taken to disseminate safe actions.
4. In fiscal 2022, we will conduct a safety awareness survey of all domestic employees, quantify trends in each division and reflect them in future improvement activities in the respective divisions.

Safety Measures in Facilities

<Switch OFF and Zero Remaining Energy Activity>

We have identified the operations that involve direct contact with or approach to rotating and moving parts and implemented equipment safety measures (hardware-related measures). As of the end of March 2023, the measures have been completed for approximately 3,000 operations in Japan and overseas. In fiscal 2023, we will continue to focus on identifying such operations and taking countermeasures. In addition, we will promote equipment safety measures (such as the visualization of remaining energy) to prevent injuries due to remaining energy even when the switch is turned off during troubleshooting and other non-routine operations.

<Prevention of serious accidents involving forklifts>

We are promoting measures to separate forklifts from people to prevent serious accidents caused by forklifts, and have completed our goal of "separation with fixed fences and temporal separation" (Level 4) at almost all locations by the end of March 2023. In the future, we will monitor the status of the maintenance and management of the measures to separate vehicles from people and promote continuous improvements.

Development of Human Resources with High Safety Awareness

- Protect your life by yourself

When the accidents are analyzed, while the number of accidents caused by facilities is on the decrease, the number of accidents attributable to human error or management remains unchanged. For the elimination of accidents, it is necessary to improve the attitude toward safety (reduction of unsafe actions), and we have reviewed the training program (Development of human resources with high safety awareness) since fiscal 2017.

<Point: Shift from "one-way education based on lectures" to "dialogue-based education to appeal to sensitivity and enhance motivation and awareness">

1. Listening directly to those affected by accidents (to have them express their remorse, hard feelings and physical and mental pains directly)
2. CG to reproduce disasters + discussion and presentation (to consider the causes of the accidents and how they could have been prevented)

<Point: Repetitive safety training to be provided periodically>

1. We launched repetitive safety training in fiscal 2019. While it was originally provided in three Works, the program was expanded to cover five Works and attended by 1,088 persons in total in fiscal 2022.
2. In fiscal 2023, we will work to train instructors to provide the training in our affiliates as well.

Results in FY2022 and Targets for FY2023

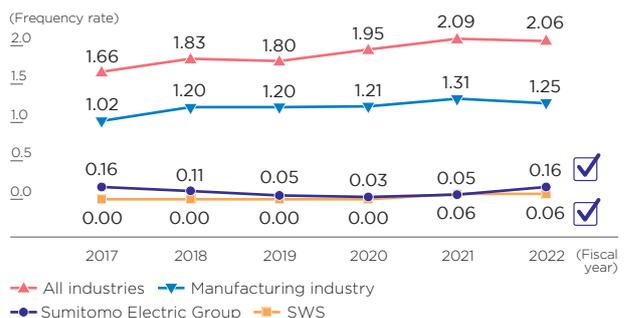
We failed to achieve the target for the number of accidents involving injury in fiscal 2022, but the number was on the decrease during the five years for VISION 2022

During fiscal 2022, we had a total of 56 persons suffering from accidents, which were broken down into 11 for injuries resulting in lost work time, 36 for no lost work time injuries and nine for minor injuries in the Sumitomo Electric Group (including the employees of the Sumitomo Wiring Systems Group), and the accident score was 280. This means that we failed to meet our single-year target, but the number of persons suffering from accidents was on the wane during the five years for VISION 2022.

In fiscal 2023, we are making efforts to meet the targets of zero serious accidents and zero accidents resulting in remaining disabilities and accidents resulting in lost work time in the Sumitomo Electric Group (including the employees of the Sumitomo Wiring Systems Group) as part of our commitment to "becoming the world's safest company." Specifically, we will continue to make efforts mainly through 1) Safety measures in facilities, 2) Development of human resources with high safety awareness and 3) Fostering safety culture, which are the three pillars of our safety activities.

We will share safety activities with the three companies of Sumitomo Riko, SUMITOMO DENSETSU and Nissin Electric to create workplaces where everyone can work more safely with a sense of security and improve the safety level of our Group as a whole including listed companies. (Number of injuries resulting in lost work time in fiscal 2022, including those in the three companies: 19 persons, a decrease of 16 from the previous fiscal year)

Lost Time Injuries Frequency Rate for Employees in Japan by Year



(Note) The lost time injuries frequency rate for employees in Japan in the Sumitomo Electric Group covers Sumitomo Electric and its 41 affiliates in Japan (excluding SWS and the other listed companies), and the frequency rate in SWS covers SWS.

Accidents involving injuries

(persons)

| | | Sumitomo Electric Group | | | SWS Group | | Total |
|-------------|---------------------------------------|-------------------------|----------|---------------------------------|-----------|----------|-------|
| | | Employees | | Temporary worker, subcontractor | Employees | | |
| | | Japan | Overseas | | Japan | Overseas | |
| FY2022 ✔ | Serious accidents | 0 | 0 | 0 | 0 | 0 | 0 |
| | Accidents resulting in lost work time | 6 | 1 | 1 | 1 | 2 | 11 |
| | No lost work time injuries | 10 | 14 | 1 | 3 | 8 | 36 |
| | Minor injuries | 0 | 0 | 1 | 2 | 6 | 9 |
| | Total | 16 | 15 | 3 | 6 | 16 | 56 |
| FY2021 | Serious accidents | 0 | 0 | 0 | 0 | 0 | 0 |
| | Accidents resulting in lost work time | 2 | 2 | 3 | 1 | 3 | 11 |
| | No lost work time injuries | 4 | 16 | 5 | 2 | 7 | 34 |
| | Minor injuries | 0 | 0 | 0 | 4 | 6 | 10 |
| | Total | 6 | 18 | 8 | 7 | 16 | 55 |

(Note 1) A serious accident is an accident resulting in death or other serious injury.

(Note 2) The data on employees of the Sumitomo Electric Group cover Sumitomo Electric and its 114 affiliates (excluding Sumitomo Wiring Systems, Ltd. (SWS) and the other listed companies), as well as the companies that are not affiliates of Sumitomo Electric but subject to occupational health and safety-related guidance and supervision by Sumitomo Electric. Employees of the SWS Group cover SWS and its affiliates.

(Note 3) For some overseas companies of the Sumitomo Electric Group, the number of temporary workers and subcontractors is included in the number of employees.

| Safety VISION 2022 | Targets for FY2022 | Results in FY2022 |
|---|---|--|
| Fostering safety culture | <ul style="list-style-type: none"> Implementation of autonomous activities tailored to the workplace to address the weak points identified in the safety awareness survey Communicative safety patrol (promotion by safety experts) | <ul style="list-style-type: none"> Shared the autonomous efforts through dialogue with divisions Safety experts developed divisional instructors (485 persons in Japan, 72 persons overseas) Confirmed the effects of the activities through the FY2022 safety awareness survey |
| Safety measures in facilities | <ul style="list-style-type: none"> Safety! Power OFF Activity: hardware-related measures Forklifts (separation of vehicles from people): Promotion of Level 4* | <ul style="list-style-type: none"> Implementation of hardware-related measures: Completed 98.7% (target operations: approx. 3,000) Separation of vehicles from people at Level 4: Completed 99.3% (target sites: 142) |
| Development of human resources with high safety awareness | <ul style="list-style-type: none"> Continuance and area expansion of repetitive safety training Introduction of instructors for reproducing accidents with CG to affiliates Consideration of education with hazard simulation using VR | <ul style="list-style-type: none"> Expanded the target sites from 3 Works to 5 Works to give lessons to 1,088 persons Started to develop instructors in affiliates Started to purchase and verify VR |

CSR VOICE

Commitment of the Electric Conductor Division to safety and health activities



Kouichi Hata
(person in charge of safety and health, left in the photo)

Akira Tobo
(Dedicated Safety Manager, right)

Osaka Electric Conductor Products Factory
Manufacturing Technology Department
Electric Conductor Division

In order to "create a workplace that will never cause serious accidents or residual injuries," the Electric Conductor Division is committed to the establishment of a safety culture on electric conductors through the four key activities of "demonstration of the seriousness of top management," "change of the passive attitude toward safety," "review of teaching methods" and "development of an organization where everyone participates in the activities." The business in our workplace has been maintained since the foundation of Sumitomo Electric. While we take great pride in that fact, we tend to get stuck in the customs of the past and have had issues with getting used to it, giving up and leaving things to others. In response to this situation, we are committed to a communicative safety patrol to raise questions about the current situation while putting up a slogan "What is normal to the Electric Conductor Division is not always normal to others." We feel that the patrol is developing and enhancing a sense of responsibility among all employees. In addition, while most of our products weigh several thousand kilograms and forklifts move around our factory, we are working to ensure safety by separating vehicles from people, which is a Group-wide initiative, and by issuing warnings on the approach of vehicles based on the latest IoT technology. Furthermore, in addition to our daily activities, we have a monthly "safety day" in which all operations are suspended to have all day and night shift staff and all workers on site engage in safety activities. Through the four key activities, we will continue to create a workplace where serious accidents and residual injuries never occur.

Glossary *Forklifts (separation of vehicles from people): Level 4: At Level 4, forklifts are separated from people by using engineering management methods. A typical example is a situation where fixed fences have been constructed to prevent people from entering the passages and operation areas of forklifts.

Product Quality and Product Safety

Basic Approach and Policy

The Sumitomo Electric Group aims to provide safe, reliable and high-quality products to customers in a stable manner as a fundamental principle based on customer-oriented and quality-oriented policies. To continue to achieve this, our group works to strengthen its underlying manufacturing competence and continuously makes steady efforts to systematize daily duties as a mechanism, implement them soundly and further improve the mechanism.

Sumitomo Electric has historically strived to enhance the manufacturing competence under its basic policies including participation of all employees and continuous improvement.

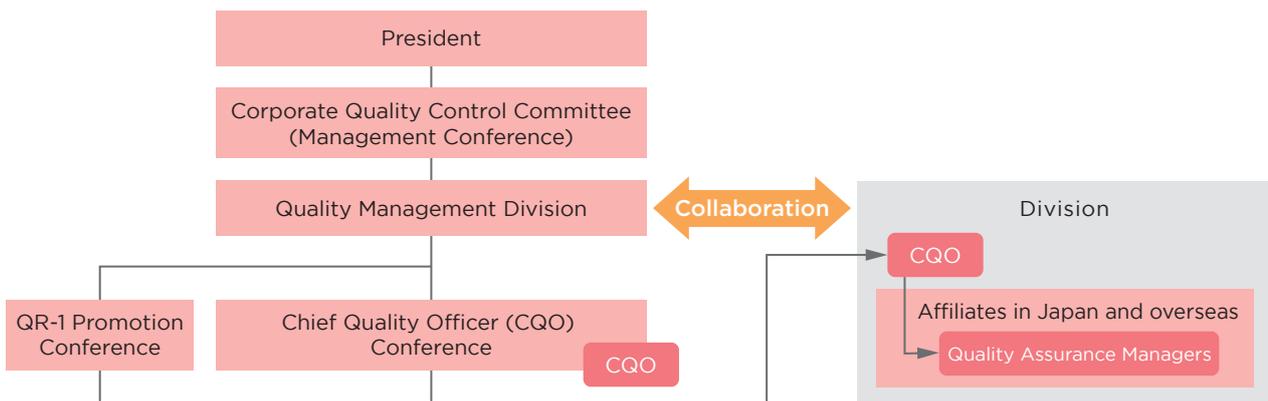
To promote these activities even more strongly, we set up the Monozukuri Technology Improvement Committee as a Group-wide organization in 2015, and promote activities to strengthen the Group's manufacturing capabilities.

As part of the efforts to systematize quality-related operations, we established the Sumitomo Electric Group Quality Management Global Standards, which are basic rules on quality to be applied to all divisions in the Group. Our divisions continue to strive to develop their quality assurance systems and strengthen quality assurance functions in line with those rules.

Structure

Matters related to quality in the Sumitomo Electric Group are discussed and decided upon by the Corporate Quality Control Committee. The resolutions are discussed at the CQO* Conference and the QR-1 Promotion Conference organized by the Quality Management Division and then disseminated to divisions

and affiliates in Japan and overseas through the chief quality officers (CQO). In collaboration with the CQO of each division, we will promote the strengthening of quality-related governance, the development of a quality assurance system and the enhancement of quality assurance functions in the Group.



Targets

■ Targets (set when VISION 2022 was formulated) and results in fiscal 2022

| Targets for FY2022 | Results in FY2022 | Evaluation |
|---|---|------------|
| Reduce the index for the number of complaints by 30% from fiscal 2017 | Reduce the index for the number of complaints by 39.5% from fiscal 2017 | ○ |

➔ See here for legends for evaluation

■ Targets for the achievement of Mid-term Management Plan 2025

Target for fiscal 2025

- Providing products that meet their needs
- Providing high-quality and safe products
- Thorough quality compliance: Correction of 100% of the errors in quality control rules found through the self-examination
- Reduction of the index for the number of complaints: Reduction of 20% from the FY2022 level by fiscal 2025
- Improvement of customer satisfaction

Glossary

*CQO: CQO stands for Chief Quality Officer, who is a person representing each division to be responsible for quality assurance (and also serves in the Quality Management Division). In principle, the General Manager of the Quality Assurance Department in the hub of the business unit assumes the position

Initiatives

Development of QR-1 Campaign

We develop the QR-1 Campaign for the improvement of quality and reliability

As customer demands for quality become more and more stringent, the Sumitomo Electric Group is developing the QR-1 Campaign, a company-wide quality improvement activity, under the slogan "Aim to be the number one company for our customers by reviewing our overall operations from the customer's perspective and improving our Q (quality) and R (reliability) structure." In this campaign, the QR-1 Promotion Council discusses, sets and works on priority issues for the Group that correspond to the current situation.



QR-1 campaign logo
QR: Quality & Reliability

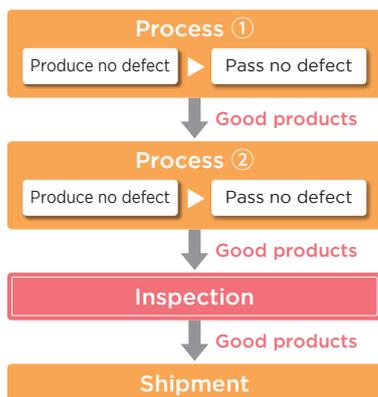
- 3 Activities That Support the Company-wide Quality Improvement Activity**
1. Promotion of Own Process Quality Assurance Activities
 2. Quality Management Education
 3. Global Quality Management System Audits

"Own Process Quality Assurance Activities" Aiming for Zero Complaints

We are introducing the Degree of Quality Assurance Level-based assessment and implementing initiatives to improve the degree at overseas sites

Own Process Quality Assurance Activities are comprehensive efforts to prevent defects in each process from being produced or passed down to the following process. As part of these initiatives, defect-free process conditions (necessary conditions to produce defect-free products) are established at the design stage and the conditions are maintained through process management at the mass production stage. In case that any defect still occurs, we work to identify the cause and improve the quality in the pursuit of defect-free process conditions.

Each division of the Sumitomo Electric Group is committed to Own Process Quality Assurance Activities for its products. In addition, the Quality Management Division in the Corporate Staff Group strives to further stimulate the activities through training to develop staff members who implement the initiatives, exchange meetings between different divisions and other support for the activities.



We also promote the introduction of the Degree of Quality Assurance, which is an indicator that visualizes quality risks, as an initiative to eliminate defects in processes. In this system, the probabilities of the prevention of defect occurrence and defect flow-out are respectively determined by type of defect in each process on a four-point scale from 1st (sufficiently prevented) to 4th (not prevented), and combined to determine the Degree of Quality Assurance on a six-point scale from S to E.

To prevent complaints from occurring, we should ensure that the Degree of Quality Assurance for the type of the defect is B or higher. For example, when the prevention level of defect occurrence is 2nd (no defect produced in a normal operation) and that of defects being passed to the following process is 4th (defects cannot be prevented from being passed to the following process), the Degree of Quality Assurance is only C. There is still a possibility that defects may be passed on to the customer if no action is taken in this case, and efforts have to be made to improve the Degree of Quality Assurance to B or higher.

This system has enabled an objective assessment of quality risks and made risk reduction efforts more effective. We will continue to develop and disseminate these Own Process Quality Assurance Activities throughout the Sumitomo Electric Group.

| | | Rank of prevention of defect flow-out | | | |
|---|-----|---------------------------------------|-----|-----|-----|
| | | 1st | 2nd | 3rd | 4th |
| Rank of prevention of defect occurrence | 1st | S | S | A | A |
| | 2nd | S | A | B | C |
| | 3rd | A | B | C | D |
| | 4th | A | C | D | E |

| Rank | Status of the processes and operations |
|------|---|
| 1st | An error proofing system is in place and defects are prevented from being produced or passed to the following process |
| 2nd | No defect is produced or passed to the following process during normal operations |
| 3rd | There is a possibility that defects can be produced or passed to the following process |
| 4th | Defects cannot be prevented from being produced or passed to the following process |

Enhancement of "Quality Management Education"

Quality Management Education is developed on group-wide and global scales to cultivate the culture of "quality first"

The Sumitomo Electric Group provides employees with training on quality control at the SEI University (see "Human Resource Development" in P42) to ensure the quality of products and services at higher levels. In fiscal 2019, a new training course on the enhancement of the quality assurance function was launched

for managers in the quality assurance divisions for the purposes of accelerating the strengthening of manufacturing capabilities and quality improvement as well as ensuring thorough quality compliance. We will continue to give those training lessons to enhance the quality assurance mechanism.

We have also worked to improve various domestic education programs, such as position-based training for all employees, nomination-based training in accordance with specialized jobs and special issues and optional training to learn relevant knowledge, along with practical education including QR-J*, MKP* and GKP*. Overseas, we have conducted "North America Monozukuri Committee" activities and organized education and exchange meetings on Own Process Quality Assurance Activities in Asia.

We will continue to develop the culture of quality first through various education programs.

Global Quality Management System Audits

We conducted audits of 139 Japanese bases and 55 overseas bases by fiscal 2022

We systematically conduct Global Quality Management System Audits to evaluate the quality control initiatives of each business unit in light of the Sumitomo Electric Group Quality Management Global Standards from the perspective of customers. In these audits, we identify weaknesses of each unit in terms of management, design, manufacturing and functions as a hub to provide an opportunity to improve its quality assurance system and support its follow-up activities to reinforce the structure.

Since fiscal 2010, the audits have been conducted at a total of 139 sites in Japan (in fiscal 2022, both face-to-face and remote audits were conducted). Progress has been seen in the improvement of the quality structure as the audits are repeated. We will repeat the audits to promote continuous improvement of the quality assurance system. Overseas, the audits have been conducted at a total of 55 sites in Asia in cooperation with domestic units having functions as a hub to raise quality awareness among our group employees (in fiscal 2022, both face-to-face and remote audits were conducted).

To maintain and improve the quality assurance system based on the Group Quality Management Global Standards, we will continue to check progress in compliance with the standards through the global quality management system audits.

CS Activities by the Sales Group

The business activities of the Sumitomo Electric Group consist mainly of business-to-business transactions, and we therefore believe that the proper identification of the opinions and demands of customers (companies) through daily sales activities and the provision of solutions to their problems will lead to greater customer satisfaction and it will eventually increase our purpose as a company.

As a system for promoting these activities, the Sales Group is organized according to the characteristics of products and customers. For communication and sharing of understanding with the Production Group, the Sales Group uses a committee structure whose members include general managers of sales units, site managers of sales companies and managers of sales departments, in addition to individual opportunities. Furthermore, staff members in charge of training are appointed in the Sales Group to conduct regular customer satisfaction surveys and

provide feedback to relevant sales staff. We also focus on the training of the employees engaged in sales activities to enhance their abilities to understand the problems of customers and propose solutions to them. In cooperation with external consultants, we give training to sales staff to learn methodologies for accurately identifying the troubles of customers and making proposals, as well as training to management staff to learn methods to manage and instruct their subordinates. In addition, action guidelines for management staff to stimulate organizations have been formulated with the improvement of customer satisfaction as a key factor. We will strive to improve our sales activities so that our customers recognize us as a real business partner.

Quality Compliance

We aim to become a company trusted by society

Supply of products that surely have the quality required by customers in compliance with laws and rules is an absolute foundation for companies to grow in a sustainable manner. The Sumitomo Electric Group takes the measures mentioned below to ensure quality compliance.

■ Clarification of Rules on the Prevention of Quality Data Falsification and Improvement of the Education

For the prevention of quality data falsification, the Sumitomo Electric Group has established rules to be followed in order to prevent quality data falsification and improper inspection and incorporated them into the quality management standards. In addition, when any new risks related to quality data falsification are found, we will introduce the key issues for inspecting them and developing the system sequentially into the annual self-examination of major operations and training for the prevention of quality data falsification to disseminate and promote them thoroughly. In fiscal 2022, we sorted out and consolidated the rules on the prevention of quality data falsification, as well as key issues for the inspections and the development of the system, and established and implemented new quality data falsification prevention regulations. All divisions of our Group will develop and operate systems in accordance with these regulations.

In the Group, managers in Japan receive annual compliance training and we repeatedly provide education on the prevention of quality data falsification in the training. We have also added a curriculum on the prevention of quality data falsification to the quality management education for employees in different positions (16 position-based courses and eight nomination-based courses) to provide education on quality compliance. In addition to these initiatives, in fiscal 2022, we organized training on the prevention of quality data falsification for general employees based on the newly established quality data falsification prevention regulations. As the first step, the training was launched in an e-learning format for all employees of our Group companies in Japan in May 2023. We aim to ensure that all of the relevant employees take the course by the end of fiscal 2023. Meanwhile, we will also consider the introduction of the training to Group companies in other countries.

■ Strengthening of the Function to Check Quality Data Falsification

In the Sumitomo Electric Group, the Quality Management Division conducts Global Quality Management System Audits of each division. In the audits, we enhance inspections for the

Glossary

*QR-J: "Own Process Quality Assurance practitioner training course" to develop key persons for the Own Process Quality Assurance activities in each division

*MKP: Abbreviation of "MONOZUKURI-KAKUSHIN professional training Program" that is the practical training program to develop candidates for future plant managers and key personnel for manufacturing

*GKP: Abbreviation of "GENBA-KAIZEN professional training Program" that is the practical training program to develop key personnel who are to manage and supervise manufacturing fields and promote shop-floor improvement

prevention of quality data falsification. Our Group also has a mechanism where all divisions conduct self-examination of their main operations every year. We have added the prevention of quality data falsification to the inspection items of the self-examination to annually confirm that there is no quality data falsification and that each division has rules for the prevention of quality data falsification and provides quality compliance training.

All of the errors in quality management rules identified in the self-examination in fiscal 2022 have already been corrected.

Product Safety (Product Liability)

We are striving for the improvement of the safety level through practical training and voluntary inspection with focus on the pursuit of product safety at the product development and design stages

Under the corporate principles of “offering the very best goods and services to satisfy customer needs” and “contributing to creating a better society and environment, with a firm awareness of our social responsibility,” the Sumitomo Electric Group is making efforts to enhance the safety of products.

We adopt the basic approach that the products to be introduced to the market should undergo thorough examination of safety, especially at the development and design stages.

■ Training on Product Safety

For product safety, we hold annual technical seminars on the Product Liability Act and the revised Consumer Product Safety Act through cooperation between the Quality Management Division and the Legal Department.

The seminars are based on the idea that the safety standards established by companies should also take into account the predictable misuses. The content is designed to deepen the trainees' understanding of the laws with reference to actual cases, as well as to provide practical lessons on the issues such as the review of product safety at the development and design stages, proper display of warning labels, maintenance of product safety, collection of product safety information and response to accidents.

■ Voluntary Inspection on Product Safety

As part of the product safety initiatives, we conduct voluntary inspection of the check items applied to the whole Group once every two years in order to identify any product safety risks.

Based on the inspection, necessary measures are discussed and implemented autonomously to strengthen the system to promote product safety measures.

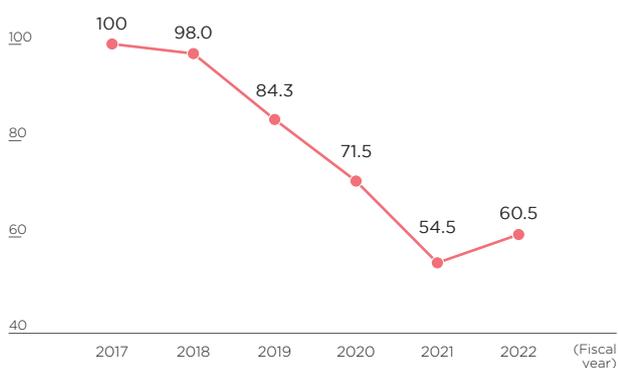
Results

Outcomes of the Quality Management Activities

We will continue to make steady efforts to eliminate complaints

Thanks to our ongoing quality management activities, the number of complaints is on the decrease. With the index for the number of complaints in fiscal 2017 set as 100, the index has been reduced by about 40% to 60.5 in fiscal 2022. However, many issues still need to be improved to eliminate complaints. While setting the target of reducing the index by about 10% from the FY2022 level in fiscal 2023, we will continue to make steady efforts to eliminate complaints with the three main pillars of Own Process Quality Assurance Activities, Quality Management Education and Global Quality Management System Audits, in addition to Monozukuri Technology Improvement activities.

Number of Complaints by Year (results in 2017 = 100)



(Note 1) The data cover Sumitomo Electric and its manufacturing affiliates in Japan and overseas.

(Note 2) The results in fiscal 2020 and fiscal 2021 were affected by the COVID-19 pandemic.

Basic Approach and Policy

Basic Approach

In accordance with The Sumitomo Spirit, The Sumitomo Electric Group Corporate Principles, the company's Charter of Corporate Behavior and Basic Procurement Policies, and based on mutual trust and cooperation with our business partners, we are operating sustainable procurement activities that are fair, equitable, focused on compliance and friendly to the global environment and human rights. In addition to optimizing procurement, manufacturing, sales and the entire logistics, we are working to build a resilient supply chain system with a focus on developing BCP to strengthen our response to supply chain risks and ensure rapid response in the event of natural disasters and sudden changes in the global circumstances.

Basic Procurement Policies

We share our Basic Procurement Policies with main suppliers and seek their understanding and cooperation

The Sumitomo Electric Group considers procurement to be a "service that supports the foundation of its business activities," and in 2006, established Basic Procurement Policies. We have distributed the Basic Procurement Policies to our main suppliers, along with our Group companies, and have sought their understanding and cooperation.

Basic Procurement Policies (extract)

1. Promoting procurement activities that contribute to creative and global corporate activities
2. Promoting fair and impartial procurement activities
3. Promoting compliance-based procurement activities
4. Promoting procurement activities based on mutual trust and cooperation with suppliers
5. Promoting procurement activities friendly to the global environment



The entire text of Basic Procurement Policies

Structure

Group Procurement System

We are working to ensure thorough compliance with our policies and enhance awareness among procurement staff on a global scale

Based on the Basic Procurement Policies, the procurement measures and activities of the Sumitomo Electric Group are developed under the initiative of the Group Procurement Collaboration Office, an organization established in the Procurement Division. The office is composed of the staff in charge of procurement in 22 divisions and Group companies including Sumitomo Riko Company Limited and Nissin Electric Co., Ltd.

Specifically, these divisions and Group companies work together to promote value analysis (VA*) and provide education to enhance compliance related to procurement and improve procurement skills.

Overseas, we promote coordinated procurement on a regional basis under the initiative of the International Procurement Offices (IPOs) of the Procurement Division located in China, ASEAN, the United States and Europe. As part of the efforts, we organize meetings of liaison committees composed of IPOs and procurement staff of Group companies to develop group-wide initiatives and provide related training to procurement staff.

Targets

■ Targets (set when VISION 2022 was formulated) and results in fiscal 2022

| Targets for FY2022 | Results in FY2022 | Evaluation |
|--|--|------------|
| Promotion of the CSR procurement survey of suppliers that represent 90% of the value of domestic procurement ^(Note) | Continued to implement CSR procurement covering the suppliers that represented 90% of the value of our domestic procurement (the numeric target of 90% had already been achieved in fiscal 2020 ahead of schedule) | ○ |

(Note) Domestic procurement by Sumitomo Electric and its domestic affiliates (excluding SUMITOMO DENSETSU CO., LTD., TECHNO ASSOCIE Co., Ltd. and their group companies) is covered.

[➔ See here for legends for evaluation](#)

■ Targets for the achievement of Mid-term Management Plan 2025

Targets for fiscal 2025

- Promote CSR-based procurement assessments covering the suppliers that represented 80% of global transaction value equivalent
- Promote compliance initiatives with suppliers based on the Supplier Code of Conduct

Targets for fiscal 2023 (single-year targets)

Continuous implementation of the CSR procurement survey: Cover suppliers that represent 90% of the value of domestic procurement ^(Note) and major overseas suppliers

(Note) Domestic procurement by Sumitomo Electric and its domestic affiliates (excluding SUMITOMO DENSETSU CO., LTD., TECHNO ASSOCIE Co., Ltd. and their group companies) is covered.

Glossary

*Value Analysis (VA): VA is conducted to replace "Material X" with cheaper "Material Y" that still provides the quality required for the product

Initiatives

Initiatives to Ensure Compliance with Laws Related to Procurement

We are conducting on-site inspections of divisions and affiliates and giving them instructions to facilitate their independent activities for compliance in procurement

The Procurement Division is committed to the following three priority matters in its efforts to ensure compliance with laws related to procurement.

Priority Matters

- Compliance with the Subcontract Act* in regard to appropriate dealings with subcontractors
- Compliance with the Customs Law in regard to appropriate custom reports and payments
- Compliance with internal control rules in regard to procurement in the Sumitomo Electric Group

As to the priority matters, we continued to conduct on-site inspections in Sumitomo Electric and its affiliates in fiscal 2022 to confirm compliance with the rules as mentioned.

In the on-site inspection, the Procurement Division visits the target sites to check compliance with laws related to procurement. For the inspection on the Subcontract Act and internal control, we selected the target sites again in fiscal 2022 on the assumption that we will regularly visit all domestic affiliates, and confirmed their compliance with relevant laws and rules. With respect to the Customs Law, all of the divisions and group companies importing directly from overseas were inspected to check the correctness of the amounts in custom reports and other items, and we gave guidance on revisions of the Customs Law and other laws.

The Procurement Division will continue to expand and improve the education and inspection activities to promote compliance with laws related to procurement.

➔ [See here for the results of the inspection](#)

Response with Business Continuity Plan (BCP)

Our efforts to strengthen the system for stable procurement are producing steady results

The Sumitomo Electric Group is committed to the development and implementation of a business continuity plan (BCP) for procurement divisions, which prepares for large-scale disasters and other emergency situations, to ensure the stable supply of products and services and avoid impact on the production activities of our customers. The BCP assumes a situation that our suppliers have suffered damage from a disaster and the supply of relevant Materials is suspended. To minimize the impact of such suspension on our production activities and enable quick recovery, we take measures for stable procurement including examining alternative suppliers and substitutes, switching to commodity items, and securing inventories of materials that are difficult to substitute. In addition, if a disaster occurs, emails are sent to the emergency contact addresses of the suppliers registered in advance in the system to grasp the extent of the damage in a prompt and accurate manner and thereby reduce the impact as far as possible.

Risks related to the stable procurement of raw materials have increased particularly in recent years, including natural disasters, plant accidents, factory lockdowns due to COVID-19 and logistics disruptions. In order to strengthen our supply chain amidst those continuing risks, we will work to strengthen risk management with a focus on the raw materials used in our strategic products. We will give a risk rank to each raw material and promote appropriate countermeasures for them according to their respective ranks. In particular, we will build a stable procurement system for overseas materials that takes into account concerns about longer transportation lead times.

Education System

We provide training to improve procurement skills and compliance in Japan and overseas

① Compliance training for Production Group and Corporate Staff Group

As in the previous fiscal years, we provided training for Production Group and Corporate Staff Group in the Procurement Compliance Training Seminars in fiscal 2022.

The training for Production Group and Corporate Staff Group is organized with the same content every year to further enhance the understanding among the attendants and establish and improve their awareness of compliance. Since fiscal 2021, e-learning has been delivered so that students can continue to take the course even when working from home. The menu has been subdivided to suit the needs of participants and improved so that it can be taken at any time, and we have also enriched the content of the training for Production Group. We will continue to organize training in a way that more Group employees can receive it to further enhance the awareness of compliance related to the procurement of materials within our Group.

② Procurement training for the Procurement Division in Japan

In the Procurement Division, an OFF-JT* program for working staff is provided for the purposes of development of reliable procurement staff and handing down of procurement ethics, knowledge and expertise. This program is also combined with existing OJT* to create a synergistic effect that will improve procurement skills.

In the first half of fiscal 2022, we provided a total of 12 courses including Procurement-related Laws and Regulations and CSR Procurement, and in the second half of the fiscal year, we offered a total of nine courses. The lectures were given online to sites in Japan and overseas and attended by a total of 326 persons.

We also have to make the Subcontract Act known widely not only in the divisions in charge of procurement but also in the manufacturing and development divisions. For the establishment of an autonomous system to comply with the act in each division and company, we organize a training program to develop personnel who will play a key role in the system in a planned manner. In fiscal 2022, in addition to conventional training, we changed the format in a way that the sessions focus on discussion and exchange of opinions between participants. In fiscal 2023, we will continue to organize seminars, self-inspections, on-site inspections and specialized education activities to further strengthen each division's autonomous compliance system.

③ Procurement training for the Procurement Division in global locations

From fiscal 2017, we are committed to a training program for overseas purchasing managers with an aim to improve our procurement capabilities on group-wide and global scales. In this program, we provide the managers with opportunities to learn procurement-related methods for cost reduction, risk management and other issues, as well as the Sumitomo Spirit and CSR and other procurement policies, to improve their skills and encourage them to share the learning with the procurement staff of their companies. While improving the content of the training, we will gradually expand the scope of the employees who need to attend the program in the next fiscal 2023 year and thereafter.

➔ [See here for the results of the training and results of education](#)

Glossary

*Subcontract Act: The Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors Japanese law

*OJT and OFF-JT: OJT (On-the-Job Training) is education and training received while the trainees perform daily work. On the other hand, trainees receive OFF-JT (OFF the Job Training), such as group training sessions, when they are temporarily away from daily work

Contribution to Preservation of the Global Environment

We are committed to green procurement* as an essential quality factor

The Sumitomo Electric Group considers green procurement as part of essential quality standards and continues to strive for it. Since we formulated the Sumitomo Electric Group Green Procurement Guidelines (currently “SEI Guidelines for Green Quality Purchases”) in fiscal 2003, we have been committed to the elimination of the use of banned substances in its products, the strengthening of control of other chemical substances contained in products and other initiatives. We also introduced the ECO Factoring System* in collaboration with Sumitomo Mitsui Banking Corporation in 2009. In this system, a favorable interest rate is applied to suppliers committed to environmental conservation activities at a certain level or higher in order to encourage suppliers to perform such activities. 58 suppliers applied for the system in fiscal 2022 and 47 of them use it now.

Commitment to CSR Procurement

We also ask our suppliers to comply with the CSR Procurement Guidelines by specifying compliance with them in the basic transaction agreement

To further promote our commitment to CSR in the procurement activities, we established “the Sumitomo Electric Group CSR Procurement Guidelines” based on “the Sumitomo Electric Group Charter of Corporate Behavior” and “the Sumitomo Electric Group Corporate Principles” in July 2010. We established the Sumitomo Electric Group Policy on Human Rights in 2019 and the Supplier Code of Conduct in 2021 in response to the recent demands of the society that called for tangible actions on issues such as violation of human rights and climate change. To ensure that the guidelines are fully communicated and implemented, we also ask suppliers to take proper action by specifying relevant requirements in the basic transaction agreement.

To proceed with CSR procurement, we need to not only inform suppliers of “the CSR Procurement Guidelines,” “the Policy on Human Rights”, and “the Supplier Code of Conduct”, but also check progress in the penetration of CSR procurement and promote improvement activities in full cooperation with suppliers.

With this background, our Group included “promoting the CSR procurement survey of suppliers that represent 90% of the value of domestic procurement ^(Note)” in the main targets to be achieved by fiscal 2022. In fiscal 2013, our divisions and domestic affiliates (excluding our listed subsidiaries) began to survey suppliers, using the CSR procurement self-assessment sheet. In fiscal 2019, the groups of Sumitomo Riko Company Limited and Nissin Electric Co., Ltd., both our listed subsidiaries, also began a CSR procurement survey in line with our CSR procurement self-assessment sheet. In fiscal 2020, we completed the survey of the suppliers that represent 90% of the value of domestic procurement within the Group ^(Note) ahead of schedule.

Since the results of the CSR procurement surveys showed that small and medium-sized suppliers were likely to have lower scores, we began in fiscal 2020 to reinforce our response to these suppliers. We continued the CSR procurement survey with a focus on small and medium-sized companies that depended highly on the Sumitomo Electric Group and conducted long-term transactions with the Group. In fiscal 2022, we surveyed approximately 100 companies. Those small and medium-sized suppliers received online basic training on CSR to deepen their understanding of CSR procurement. We also interviewed them on particularly important survey items and asked them to enhance their compliance, information management and other relevant activities. Meanwhile, we have begun to survey secondary suppliers.

As a new initiative in fiscal 2022, in order to thoroughly disseminate “the Supplier Code of Conduct” established in fiscal 2021, we substantially revised the questions to be asked in the

Sumitomo Electric Group Supplier Code of Conduct (extract)

Sumitomo Electric Group seeks to do business with suppliers that share our commitment to integrity and to conducting business in compliance with the law. The Supplier Code of Conduct is a statement of the values and the standards of conduct that we expect of each supplier, subcontractor, agent, consultant, or distributor. It is applicable to all suppliers to Sumitomo Electric Group companies worldwide.

| | |
|--|--|
| Commitment to Compliance with the Law | <ul style="list-style-type: none"> • We Expect Compliance with Anti-Corruption Laws • We Expect Compliance with Competition Laws • We Expect Protection of SEG’s Intellectual Property • We Expect Compliance with International Trade Laws |
| Commitment to Responsible Sourcing | <ul style="list-style-type: none"> • Engagement with Supply Chain • Conflict Minerals • Responsible and Sustainable Sourcing Practices |
| Commitment to People | <ul style="list-style-type: none"> • We Expect Compliance with Employment Laws • We Oppose the Use of Forced Labor • We Oppose the Use of Child Labor • We Oppose any Form of Human Trafficking • We Oppose Harassment • We Oppose Discrimination and Encourage Diversity • We Respect Workers’ Rights of Association • We are Committed to Safe Work Environments • We Expect that Personal Data will be Protected |
| Commitment to Society | <ul style="list-style-type: none"> • We are Committed to Protecting the Environment • We are Committed to Advancing the Communities Where We Operate |
| Commitment to Compliance and Business Ethics | <ul style="list-style-type: none"> • We Expect Suppliers to Provide Employees with a Means to Report Concerns • We Expect Suppliers to Maintain Accurate Business Information • We Expect Suppliers to Adopt Appropriate Compliance and Ethics Initiatives |
| Issues Related to this Code | (SEG Hotline) (Audit/review/request of information) (Contacts) |



The entire text of the Supplier Code of Conduct

interviews in consideration of the latest topics based on the contents of the code of conduct. For example, more in-depth questions based on the human rights due diligence efforts carried out by the Human Resources Division have been added to the questions on “Human Rights and Considerations of Occupational Health and Safety” in the CSR procurement self-assessment sheet. In addition, for “Contribution to Preservation of the Global Environment,” we added questions on GHG reduction targets.

From fiscal 2023, we will further improve the conventional activities and enhance coordination with Group companies to continuously promote CSR procurement in cooperation with the suppliers. Specifically, we will start to survey the suppliers that represented 90% of the value of our domestic procurement ^(Note) by using the CSR procurement self-assessment sheet with revised questions. We will also expand the coverage of the survey to include small and medium-sized companies that depend highly on the Sumitomo Electric Group and secondary suppliers, aiming to increase the level of CSR procurement together with suppliers.

(Note) Domestic procurement by Sumitomo Electric and its domestic affiliates (excluding SUMITOMO DENSETSU CO., LTD., TECHNO ASSOCIE Co., Ltd. and their group companies) is covered.

Glossary

*Green procurement: Procurement activities that give higher priority to raw materials, parts and other items with less environmental impact

*ECO Factoring System: A trademark or registered trademark of Sumitomo Mitsui Banking Corporation

Sumitomo Electric Group CSR Procurement Guidelines (extract)

The Sumitomo Electric Group aims to contribute to creating a better society and environment, with a firm awareness of our social responsibility. To this end, the suppliers that directly or indirectly provide their products and services for us are also required to work on the activities together with us. Therefore, we have summarized our requests to the suppliers of the Sumitomo Electric Group in these guidelines, and the suppliers are requested to promote compliance with them. Our suppliers are also asked to request their suppliers to comply with the guidelines.

1. Provision of Useful and Safe Products and Services
2. Enhancement of Technological Capabilities
3. Promotion of Sound Business Management
4. Contribution to Preservation of the Global Environment
5. Compliance with Laws and Social Norms and Fair and Proper Business Activities
6. Social Contribution and Elimination of Antisocial Forces
7. Respect to Human Rights and Considerations of Occupational Health and Safety (Including Responsible Procurement of Minerals)
8. Disclosure of Information and Promotion of Communication with Society
9. Maintenance of Confidentiality and Information Security

 The entire text of the Sumitomo Electric Group CSR Procurement Guidelines

Commitment to Responsible Procurement of Minerals

We aim to realize the responsible procurement of minerals with the recognition that it is a serious social issue

The Sumitomo Electric Group recognizes that the risks listed in the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance Annex II, such as the violation of human rights and labor issues in conflict-affected* and high-risk areas (CAHRAs), as well as the issue of conflict minerals in Congo and its neighboring countries and cobalt mining with concern about the abuse of child labor in a severe environment, are serious social issues related to the supply chain. To fulfill our social responsibility in procurement activities, we aim to realize responsible procurement of minerals through no procurement or use of conflict minerals involving any of such illegal or dishonest acts as raw materials. To this end, we also stipulate the approach to the initiatives in the CSR Procurement Guidelines and investigate the supply chain on the minerals involving those illegal or dishonest acts. In the event that the use of minerals that may cause human rights issues or other social problems or serve as a fund for armed groups is found, we will take measures to avoid their use.

As a specific initiative, we ask suppliers to cooperate with our investigation mentioned above, which is conducted every year. In case that there is any concern over the use of minerals, the relevant suppliers are requested to take measures to avoid the use as we do in the Group.

Partners' Meetings

The Sumitomo Electric Group organizes Partners' Meetings every year to enhance its relationships with suppliers. We use this opportunity to explain the outline of our business activities and the Basic Procurement Policies and commend the suppliers that have contributed to the business activities of our group through good proposals and support activities in order to establish

amicable and cooperative relationships with suppliers. We now use Partners' Meetings as opportunities to promote the achievement of CSR procurement as well. At the meetings, we repeat the explanation of our procurement policies and ask for cooperation and active promotion.



CSR
VOICE

For the promotion of CSR and sustainability, we will learn from our customers and continue to grow



Mr. Yujiro Nagazumi
Manager, Sustainability Platform Division
MISUMI Group Inc.

We are a company that manufactures and sells parts and equipment that support sites engaging in industrial automation for manufacturing, logistics, etc. With a product lineup of over 30 million items

and reliable quick delivery, we are selected by more than 300,000 customers around the world. We also thank the Sumitomo Electric Group for its longtime patronage.

Our company engages in many activities related to CSR and sustainability from an ESG perspective, and I would like to introduce two of them below.

- **Reduction of GHG* emissions:** We have announced the target of reducing our GHG emissions ("Scope 1-2") by 42% in 2030 compared to the FY2020 level, and achieving carbon neutrality by 2050. To achieve this target, we are carrying out reduction activities in Japan and overseas based on the three pillars of energy saving, energy creation (creating energy in-house through solar power generation, etc.) and energy regeneration. With the effects of those efforts, we have already reduced the emissions by over 60% from the FY2020 level.

- **Promotion of supply chain management:** Our top priority is to disseminate the promotion of sustainability and CSR among our suppliers, and we are taking initiatives to improve challenges through the distribution of sustainable procurement guidelines, the implementation of a questionnaire survey, which has been launched in Japan first, and the organization of briefing sessions.

The Supplier Code of Conduct (SCoC) of the Sumitomo Electric Group has very rich content and the standard is high. It is one of the goals we should achieve. Since our company has a huge number of products and suppliers, we would like to continue learning from the Group for the improvement of our activities to promote sustainable procurement so that we can reach the level of the SCoC.

Glossary

***Issue of conflict minerals:** Armed groups that are involved in serious violations of human rights obtain funding from trading of tantalum, tungsten, tin, gold and their derivatives produced in the Democratic Republic of the Congo and its neighboring countries

***GHG:** greenhouse gas

Results

Inspection results



| | | |
|------------------|---|--------------|
| Subcontract Act | In Japan | 2 affiliates |
| Internal Control | In Japan | 2 affiliates |
| | Overseas | 6 affiliates |
| Customs Law | 27 divisions and group companies of Sumitomo Electric | |

Results of training

| | |
|--|---|
| Production Group and Corporate Staff Group | <ul style="list-style-type: none"> Organized as online training Number of participants: 975 persons in the course designed for sections in charge of purchase requests (on importing) 2,625 persons in the course designed for sections in charge of purchase requests (on internal rules and the Subcontract Act) 753 persons in the course designed for sections in charge of making contracts Themes: Subcontract Act, Customs Law and internal control |
|--|---|

Results of Education

| | Date | Number of courses | Number of lectures | Number of participants (total) | Number of companies |
|-----------------------------------|--------------------|-------------------|--------------------|--------------------------------|---------------------|
| OFF-JT education program | 1st half of FY2022 | 12 | 45 | 176 (Note) | 22 |
| | 2nd half of FY2022 | 9 | 34 | 150 (Note) | 20 |
| Key personnel development program | 2nd half of FY2022 | 1 | 4 | 13 | 10 |

(Note) Number of those who passed the final exam

Activities for the promotion of CSR procurement from FY2017 to FY2022 and future initiatives

In Japan

FY2017 - FY2021

- Completion of the survey of suppliers that represent 90% of the value of domestic procurement in the Group^(Note), set as one of the fiscal 2022 main targets, ahead of schedule (a total of approximately 2,460 suppliers)
- Sumitomo Electric Group (excluding the listed subsidiaries), Sumitomo Riko Group, and Nissin Electric Group
 - On-site inspections and interviews of suppliers to ask for improvement (86 companies in fiscal 2017, 86 companies in fiscal 2018, 37 companies in fiscal 2019, 12 companies in fiscal 2020 and 9 companies in fiscal 2021)
 - Reinforcement of measures for small and medium-sized companies that depend highly on the Sumitomo Electric Group: interviews and requests for improvement (12 companies in fiscal 2020 and 9 companies in fiscal 2021)
 - Basic training on CSR (46 companies in fiscal 2020 and 80 companies in fiscal 2021)
 - Implementation of the survey in secondary suppliers

FY2022

- Sumitomo Electric Group (excluding the listed subsidiaries)
 - For the thorough dissemination of the Supplier Code of Conduct, which was established in fiscal 2021, we obtained the consent of major suppliers to comply with the code of conduct in advance. Based on the content of the code of conduct, we reviewed the questions in the CSR procurement self-assessment and created a self-assessment sheet with an increased number of questions. Approximately 100 major suppliers were surveyed with the CSR procurement self-assessment sheet.
 - Continued implementation of measures for small and medium-sized companies that depend highly on the Group: interviews to ask for improvement (14 companies in fiscal 2022), basic training on CSR (22 companies in fiscal 2022)
 - Continuation of the survey in secondary suppliers

FY2023 -

- Sumitomo Electric Group (excluding the listed subsidiaries), Sumitomo Riko Group, and Nissin Electric Group
 - Expansion of the survey to cover the suppliers that represented 90% of the value of our domestic procurement, using the CSR procurement self-assessment sheet revised based on the Supplier Code of Conduct
 - Confirmation of the consent of major suppliers to comply with the Supplier Code of Conduct
 - Continuation of the survey in secondary suppliers

Overseas

FY2017 - FY2021

- Completion of the CSR procurement self-assessment of approximately 610 major suppliers for approximately 40 Group companies of Sumitomo Electric in China, ASEAN, the US and Europe (excluding listed subsidiaries)

FY2022

- Implementation of a survey using the CSR procurement self-assessment sheet of 329 major suppliers for 24 Group companies of Sumitomo Electric in China and ASEAN (excluding listed subsidiaries) and interviews with 75 companies to ask for improvement
- Receipt of confirmation of a reply to consent to compliance with the Supplier Code of Conduct from approximately 1,500 major suppliers for 24 Group companies of Sumitomo Electric in ASEAN (excluding listed subsidiaries)

FY2023 -

- Continued receipt of a reply to consent to compliance with the Supplier Code of Conduct from major suppliers for Group companies of Sumitomo Electric in China and ASEAN (excluding listed subsidiaries)

(Note) Domestic procurement by Sumitomo Electric and its domestic affiliates (excluding SUMITOMO DENSETSU CO., LTD., TECHNO ASSOCIE Co., Ltd. and their group companies) is covered.

Basic Approach and Policy

Basic Policies on Social Contributions

Sumitomo Electric stipulated the Sumitomo Electric Group Basic Policies on Social Contributions, which are based on the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, on the occasion of the 110th anniversary of its founding in 2007.

The Sumitomo Electric Group Basic Policies on Social Contributions

Established in April 2007

The Sumitomo Electric Group will proactively address voluntary social action programs, as a member of society, focusing on "respect for human resources," "attaching importance to technology," and "creating a better society and environment" in accordance with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, as well as widely contributing to society through its business activities, including the provision of products, technologies and services that benefit society.

- Globally promote efforts toward the development of human resources, the promotion of research and learning and environmental conservation.
- Promote community-oriented social contribution activities in the Group's business locations all over the world.
- Provide continuous support to employees' voluntary social contributions.

Under the policies, we are committed to the social contribution activities suitable for the Sumitomo Electric Group, which is aiming to be a "Glorious Excellent Company." Our main activities include initiatives taken through the Sumitomo Electric Group CSR Foundation as a vehicle to contribute to the encouragement of research and learning activities and human resource development, as well as on continuous support of volunteer activities by employees, promotion of contribution to local communities such as cleaning and greening and active support of sports activities.

Structure

Based on the Sumitomo Electric Group Basic Policies on Social Contributions, the CSR Foundation and our affiliates in Japan and overseas promote social contribution activities. Activities of particularly high importance are implemented after deliberation at the Board of Directors and other important internal meetings.

Targets

Targets (set when VISION 2022 was formulated) and results in fiscal 2022

| Targets for FY2022 | Results in FY2022 | Evaluation |
|--|--|------------|
| Enhance the activities of the Sumitomo Electric Group CSR Foundation | For the purposes of developing human resources and promoting academic activities, subsidies were provided for the three programs of monetary contributions to university courses; financial support for academic and research activities; and scholarships | ○ |

➔ See here for legends for evaluation

Targets and Key Measures for the achievement of Mid-term Management Plan 2025

Targets

Continuance and enhancement of various activities based on the Sumitomo Electric Group Basic Policies on Social Contributions

[Our contribution to CSR activities will be approx. 1% profit after-tax]

Key Measures

- Develop next generation talents and promote academic pursuits through the Sumitomo Electric Group CSR Fund, and contribute to a wide variety of activities, including activities to protect the environment
- Promoting community contribution activities at each site
- Continued support for employee volunteer activities
- Actively supporting sports activities and events

Initiatives and Results

Commitment through the Sumitomo Electric Group CSR Foundation

The Sumitomo Electric Group CSR Foundation is a public incorporated foundation established for the purposes of developing human resources and promoting academic activities

In fiscal 2022, leveraging a total of more than 160.99 million yen from Sumitomo Electric (including 0.99 million yen of donations through the matching gifts* from Sumitomo Electric, Sumitomo Densetsu and Sumisetsu Techno), our foundation proceeded with the following three programs: 1) monetary contributions to university courses, 2) financial support for academic and research activities and 3) scholarships. In the program to make donations to university courses, we provided monetary support for 3 new courses along with the 3 courses continued from the previous fiscal year (to make donations to 6 courses in total). For the program to support academic and research activities, we received 95 applications. Out of them, we have selected 19 research programs including basic science research that needs research funds and exploratory study by young researchers, and offered subsidies to them. In the meantime, we provided scholarships to 186 students from Japan and other countries. In fiscal 2023, Sumitomo Riko Company Limited, Nissin Electric Co., Ltd. and Techno Associe Co., Ltd. will also start to make donations to enhance cooperation as the Sumitomo Electric Group and promote the activities.

Initiatives (as of the end of March 2023)

| Major Initiatives | FY2022 | Total (Note) |
|--|----------------------------------|-----------------------------------|
| ① Monetary contributions to university courses | 6 courses (86.50 million yen) | 24 courses (1.33 billion yen) |
| ② Support for academic and research activities | 19 programs (30.98 million yen) | 283 programs (0.35 billion yen) |
| ③ Students qualified for the Foundation's scholarships | 186 students (40.94 million yen) | 1,807 students (0.41 billion yen) |
| Local students studying at overseas universities | 130 students | 1,330 students |
| International students studying at Japanese universities | 17 students | 215 students |
| Domestic students studying at Japanese universities | 39 students | 262 students |

(Note) Total for the period from April 2009, when the Sumitomo Electric Group CSR Foundation was established, to the end of March 2022

Glossary

*Matching gift system: The company concurrently donates an amount equal to the donation made by an employee in this system

University courses to which we made donations in fiscal 2022 and their subjects

| Continued | New |
|---|---|
| <ul style="list-style-type: none"> ● "Eco-epidemiological control of mosquito-borne disease in Southeast Asia" at Ehime University ● "Development of Quantum-nano Cancer Photoimmunotherapy for Clinical Application of Refractory Cancer" at Nagoya University ● "Novel therapeutic approach for liver fibrosis on the basis of Medicinal-Engineering Collaboration" at Nagoya University | <ul style="list-style-type: none"> ● "Evaluation of innovative technologies to achieve zero emissions using a global integrated assessment model" at Kyoto University ● "Fundamental creation engineering for the exploitation and utilization of dark matter microbes" at the University of Tsukuba ● "Incubation program for future generation of Women Engineers specializing in biometrics and human support systems" at Nara Women's University |

Details on the program are introduced in the Sumitomo Electric Group CSR Foundation page of our website.

[Web](#) The Sumitomo Electric Group CSR Foundation website

Promotion of contributions to local communities

In fiscal 2022, we gradually restarted the events that had been canceled due to the COVID-19 pandemic. Our support activities included contributions to local communities (such as plant tours, participation in local events and local cleaning activities joined by employees), support for sports competitions for the promotion of sports activities, participation of employees as volunteers in competitions and athletic lessons given by our track and field team members. We also made donations in various areas including schools and education, industrial and academic development, R&D, art and culture, welfare, local development, environmental conservation and sports (in the form of support for the training of Olympic candidate athletes, etc.). Continuing from the previous fiscal year, we also provided support for the EXPO 2025 Osaka, Kansai, Japan.

Social Contribution through Support for Sports Activities

We are committed to community-based social contribution activities, aiming to live in harmony with local communities. As part of our commitment, we promote local sports activities through the organization of athletic lessons and competitions with the Sumitomo Electric Track and Field Team playing the main role.

CSR VOICE

Social contribution activities through track and field sports



Kazuki Muramoto
Captain (Long distance),
Track & Field Team
Precision Wire Production
Control Group
Manufacturing Department
Special Steel Wire Division
Sumitomo Electric Industries, LTD.

Introduction of the athlete:
Muramoto achieved good results during his university days, including winning the 5,000m and 10,000m titles for two consecutive years in the Kansai Intercollegiate 2nd division competitions. Since joining Sumitomo Electric, Muramoto has further improved his ability. For example, he ran a marathon in 2 hours, 7 minutes and 36 seconds, and also earned the right to participate in the MGC (Japan's marathon representative selection for the Paris Olympics) held in October 2023.

incorporating relay races, with the idea that they should value the joy of running. We heard many children say "It was fun!" after the athletic lessons, which made us feel that our thoughts were conveyed through the lessons. While, needless to say, I will work to further improve my competitiveness as an athlete, I will also continue to make social contributions through track and field sports in this way as our important work.



Muramoto is coaching children

Our track and field team is also committed to social contribution activities through track and field sports. One of those activities is the organization of athletic lessons for local children. When we think of running, we tend to shy away from it because we often remember it as something hard due to the experience of long-distance runs in the winter during childhood, but it is actually a sport that anyone can easily enjoy. In our athletic lessons, we teach children how to enjoy running by using tools and

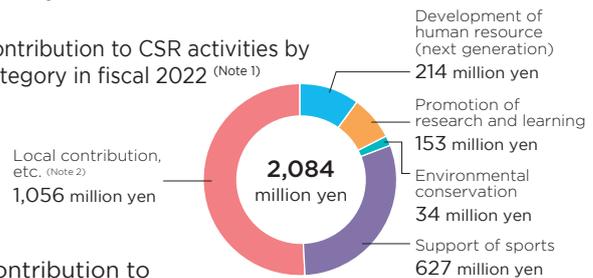
Introducing a support system for volunteer activities by employees

In addition to the introduction of a volunteer holiday system, we work in collaboration with NPOs in the TABLE FOR TWO activities* and the donation of profit on the sale of collected PET bottle caps for vaccination costs. We also collected matching gifts from employees to develop a wide range of social contribution activities including donations to the Japan Committee for UNICEF, the Japanese Red Cross Society and WWF Japan, as well as the donation of relief money for the areas affected by natural disasters (Turkey-Syria earthquake). For the Volunteer Holiday System, please see "Safe and Sound Workplace" in P50.

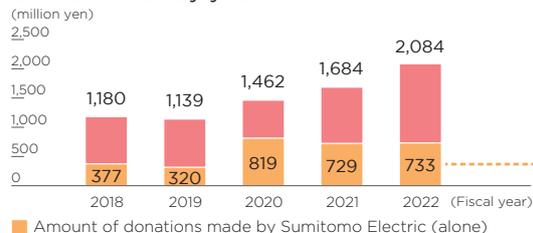
Contribution to CSR Activities

In fiscal 2022, our contribution to CSR activities was 2,084 million yen, which exceeded 1% of profit after-tax (132.3 billion yen). The contribution included 730 million yen of donations made by Sumitomo Electric alone.

Contribution to CSR activities by category in fiscal 2022 (Note 1)

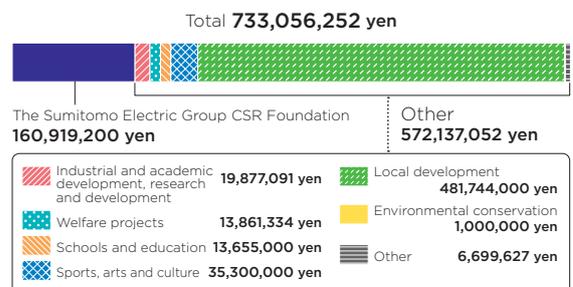


Contribution to CSR activities by year



Amount of donations made by Sumitomo Electric (alone)

Amount of Donations by Category (Sumitomo Electric alone)



(Note 1) About the boundary: We surveyed Sumitomo Electric and its consolidated subsidiaries including Sumitomo Riko Company Limited, Nissin Electric Co., Ltd., SUMITOMO DENSETSU CO., LTD. and TECHNO ASSOCIE Co., Ltd., which are listed subsidiaries, and collected data on 133 affiliates (48 in Japan and 85 overseas). As the calculation methods, we used the relevant sums for donations and provision in kind. For facility rentals, the usage fee per hour was multiplied by the lending hours. For activities, the number of participants was multiplied by the labor cost per person and the activity hours. The obtained figures were converted into equivalents. We also started to include sponsorship money for sports and culture in the contribution amount this year.

(Note 2) Contribution to activities that are also related to areas other than Local contribution, such as Environmental conservation and Development of human resource is also included.

Glossary

*TABLE FOR TWO activities: In this program, a low-calorie, well-balanced healthy menu is offered daily at the company cafeterias, and 20 yen is donated from the sale of each meal to TABLE FOR TWO International, an NPO

Program to Make Donations to University Courses

Nagoya University



Development of Quantum-nano Cancer Photoimmunotherapy for Clinical Application of Refractory Cancer

We will help realize a society of healthy longevity through the development of new quantum-nano cancer photoimmunotherapy

The Sumitomo Electric Group CSR Foundation makes donations to excellent university courses that contribute to social development. One of them is a program of Nagoya University that aims to develop new quantum-nano cancer photoimmunotherapy (QPIT), verify its effectiveness in the treatment of lung cancer, which is refractory, and carry out clinical application promptly through translational research*.

Development of quantum-nano cancer photoimmunotherapy (QPIT)

Cancers (malignant neoplasms) cause more than 8 million deaths each year worldwide and, in Japan as well, they account for approximately 30% of the causes of death. Therefore, the development of minimally invasive and effective cancer treatment methods to replace surgery, chemotherapy (anticancer drug therapy), radiation therapy, etc. is a serious challenge for humanity.

Cancer photoimmunotherapy (PIT), which can kill cancer cells by irradiating living bodies with non-toxic near-infrared light (light invisible to the naked eye with a wavelength of 700 nm), is attracting attention now. PIT is effective by using a special PIT antibody drug (phthalocyanine silica complex-bound antibody drug) that accumulates only in cancer cells and becomes medicinal only when irradiated with near-infrared light. Specifically, clinical trials have already begun internationally as a treatment targeting a unique protein that is frequently expressed in recurrent stage IV head and neck cancer, and clinical applications are expected in the near future.

However, the pharmacokinetics of PIT antibody drugs and their accumulation efficiency in the affected area have not been unraveled. There are also concerns about the therapeutic effect on intractable cancers in which the expression level of cancer cell markers (cancer cell-specific antigens) is extremely low, as well as side effects from overdosing.

Therefore, in order to solve these issues, we have decided to work on the development of a new quantum nano-cancer photoimmunotherapy (QPIT) that applies cutting-edge quantum nanosensors based on quantum nano-optics to cancer photoimmunotherapy.



Research is promoted through medical-engineering collaboration



Professor Hiroshi Yukawa, Designated Professor (center in the photo) Institute of Nano-Life-Systems, Institutes of Innovation for Future Society, Nagoya University

Web Website of Medical-Engineering Collaboration Course at Nagoya University, which receives donations from the Sumitomo Electric Group CSR Foundation from fiscal 2021 to fiscal 2025

Description of the research

1. Development of quantum nano antibody drugs
2. Development and clinical application of quantum nano-cancer photoimmunotherapy (QPIT)
3. Development of an imaging system to eliminate cancer cells in real time

Verification of therapeutic effects and advance to translational research

Approximately two years have passed since our course was selected for receiving subsidies from the Sumitomo Electric Group CSR Foundation in 2021. For the past two years, we have been developing new QPIT drugs that combine quantum nanosensors with PIT antibody drugs, and verifying their cancer treatment effects on cancer cells and small animals (mice).

With the development of QPIT, we have already realized the high-sensitivity visualization and in-vivo drug dynamics imaging of antibody drugs, which had been challenges, and confirmed the quick and efficient accumulation of antibody drugs in cancer tissues by nanoparticle formation. The visualization of antibody drugs is expected to enable ultra-early treatment after ultra-early cancer diagnosis, as well as treatment for metastasis and recurrence, which have not been achieved so far. In addition, while it conventionally took about 1 to 2 days for antibody drugs to accumulate in cancer tissue after administration, this technology allows accumulation to be expected within a few hours, which is also likely to greatly help reduce the time burden on patients during treatment.

In the future, we would like to further promote basic research and at the same time start verification using human clinical samples to realize translational research promptly. QPIT is also expected to lead to the development of new QPIT diagnostic and treatment equipment that is also able to accurately irradiate near-infrared light to affected areas. Therefore, in this course, we would like to work while considering contribution not only to the medical world but also to industry.

Glossary *Translational research: A series of research from development with basic research to clinical introduction



The Sumitomo Electric Group operates in more than 40 countries and regions around the world. While respecting the culture and customs of every region and country, we are committed to various activities to support local communities with the aims of contributing to the development of local economy and society through business activities and building harmonious relations with them.

Development of Human Resources (Next Generation)

● Sumitomo Electric Hardmetal Corp. and Sumitomo Wiring Systems, Ltd. (Japan)

Support for the Activities of Student Formula*
Free Supply of Cutting Tools and Automotive Parts



Kobe University Student Formula Team, which received cutting tools and automotive parts



Students engaging in processing operation using our cutting tools



Tohoku University Student Formula Team preparing for brake test

● Sumitomo Electric Sintered Components (T) Co., Ltd. (Thailand)

Invitation of Students for Technology Observation

Eight other companies engaged in academic promotion activities



Students from King Mongkut's University of Technology North Bangkok learning powder metallurgy technology

● Sumitomo Electric Industries, Ltd. (Japan)

Organization of Sumitomo Electric Industries' Manufacturing Class

44 other companies provided educational supports in the form of on-site classes and work-experience programs, etc.

CSR VOICE

Participating in Sumitomo Electric Industries' Manufacturing Class

To reinforce bonds with local community and let local children know how fun manufacturing is, we host a Sumitomo Electric Industries' manufacturing class for junior high school students living near the Itami Works and provide experience programs leading to manufacturing such as a mini experiment which lets them touch actual products in front of them and work on them utilizing wisdom and ingenuity.



Norifumi Shimooka
Teacher and advisor to Science Club, Itami City Nishi Junior High School

Despite COVID-19, we were able to receive a relaxed, fulfilling experiment program with careful considerations of the instructors from Sumitomo Electric Industries Technical Training Center. As illustrated in comments such as "It is incredible that the wheels of a minicar produced by a 3D printer rotate," "An ordinary sheet turned into an enigmatic shape once a tiny cut was made in it," "Thinking with everybody else was fun," "Something difficult like Bernoulli theorem felt familiar through an experiment at the household level," the program surprised and moved them a lot, making them a lot of valuable memories. Thank you very much.



Work improved with a little thought (study on woodchip removal)



Bernoulli's Principle (blowing off a one-yen coin)

Glossary

*Student Formula: an automotive competition in which each team composed of students designs, develop, and builds a formula style racing car over one year and competes with its own car in different categories including vehicle performance, design, engineering in a comprehensive manner. Based on the idea that, "The classroom alone cannot produce an excellent engineer," the competition started in 1981 in the USA and has grown to be a global event.

Environmental Preservation

● Sumiden Steel Wire (Thailand) Co., Ltd. (Thailand)

Ecosystem Conservation in Wetland

Six other companies engaged in ecosystem conservation-related activities



Employees in reservoir



Release of fish and shrimps including endangered species



● Sumitomo Electric Schruppf-Produkte GmbH. (Germany)

Community Cleanup Activity

39 other companies engaged in cleanup and beautification activities



Employees who picked up waste while it was snowing

● Nissin Electric Co., Ltd. (Japan)

“Nissin Electric Forest*” Preservation Activity

Five other companies engaged in forest preservation activities



Experiencing attractive forestation such as making birdhouses

● SE Bordnetze-Tunisia S.A.R.L. (Tunisia)

Organization of the National Tree Festival Event* “Let’s Be Green”

15 other companies engaged in greening activities



Green lights representing participation in tree-planting events at the plant



100 trees planted by employees

Health and Social Welfare

● Sumitomo Electric International (Singapore) Pte. Ltd., etc. (Singapore)

Donation Activity through Participation in Marina Bay Walk*

Co-hosted by six Sumitomo Electric Group affiliates in Singapore



Employees who participated in the event

● Sumitomo Electric Interconnect Products (M) Sdn, Bhd (Malaysia)

Cooperation for Blood Donation

32 other companies engaged in blood donation activities



Employees who are cooperating for blood donation



Disaster Control Support and Humanitarian Support

● PT. Sumiden Serasi Wire Products (Indonesia)

Support in the event of the earthquake in West Java in 2022

27 other companies engaged in disaster control support



Donating boats in preparation for disaster



Employees who deliver relief goods to disaster victims

Glossary

*“Nissin Electric Forest” : The name of forests in Miyama, Nantan, Kyoto, and in Mount Akagi southern foothills, Maebashi, Gunma. Employees of the Nissin Electric Group and their families are volunteering to create forests there.

*National Tree Festival Event: In Tunisia, deforestation is one of the national environmental problems and Tunisians are encouraged to participate in annual tree-planting events in various regions of the country.

*Marina Bay Walk: A walking event designed to make donations to NPOs. Helping those in need by making donations according to the number of participants' steps.

Basic Approach

The unchanging basic policy of our Group is to contribute to society through fair business activities based on the “Sumitomo Spirit” and the “Sumitomo Electric Group Corporate Principles.”

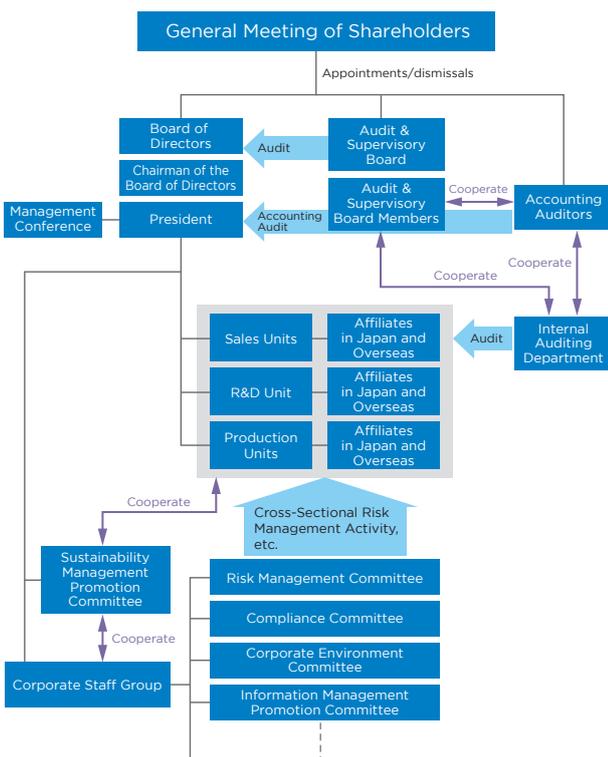
Adhering to this basic philosophy, we aim to achieve sustainable growth and enhance corporate value of our Group over the medium to long term as well as to steadily return the results to all of its stakeholders as a going concern based on the concept of “Multistakeholder Capitalism” which focusing on contributing to the public benefit and mutual prosperity with all of our stakeholders. We thus will work to ensure and enhance the transparency and fairness of management based on proper corporate governance.

Outline of the Structure

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

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

Sumitomo Electric Group's Corporate Governance Structure



Board of Directors and Business Execution System

Functions and Operations of the Board of Directors

In order to ensure the sustainable growth of the Company, to enhance the corporate value over the medium to long term, and to steadily return the results as a going concern to its stakeholders, the Company places importance on the function of the Board of Directors to make decisions on basic management policies and to supervise management. The Company focuses on the development of a system to ensure the effectiveness of these functions and the operation of the Board of Directors, and is working to further enhance the effectiveness of these functions.

Also, in order to further ensure the effectiveness of the supervisory function of the Board of Directors, the Compensation Advisory Committee, which is composed, in the majority, of Outside Directors and chaired by an independent Outside Director has been established and operates as an advisory body to the Board of Directors.

Business Execution System

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

Results of Analysis and Evaluation of the Effectiveness of the Board of Directors (conducted in 2022)

Analysis and Evaluation Process

After a questionnaire regarding the items below was sent to all directors and audit & supervisory board members, including Outside Officers, individual interviews were conducted with five Outside Directors and three Outside Audit & Supervisory Board Members based on the results of the questionnaire. In addition, the results of the analysis were reported and discussions on proposed future initiatives were held at the Board of Directors meeting held in December 2022.

[Evaluation Items]

- Operation of the Board of Directors (agenda items, length of deliberations, quantity and quality of discussion materials, discussion environment, etc.)
- System of support for Outside Officers (advance provision of information, opportunities for dialogue/exchanges with executive officers, etc.)
- Compensation Advisory Committee and Nominating Advisory Committee (operation, details of deliberations, etc.)
- Composition of the Board of Directors (scale, number of directors, diversity, etc.)
- Role of the Board of Directors (important decision making, supervisory function, internal control system, etc.)

Outline of Results

1. Overall Analysis and Evaluation Results

Since the last fiscal year, continuous improvements have been made in terms of operation, composition and roles, and effectiveness is being properly ensured. As measures to enhance the effectiveness of the Board of Directors, the Company has worked to create an environment in which opportunities for information provision are enhanced through the review of the Board of Directors' meeting agenda criteria and such means as dialogue between Outside Directors/Outside Audit & Supervisory Board Members and internal Directors, and the Company will proceed with measures to further enhance the effectiveness of the Board of Directors in the future.

2. Analysis/Evaluation Results by Item

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

Regarding the operation of the Board of Directors, it was confirmed that greater operational improvement of the environment for the deliberations on highly important topics has been obtained as a result of the continual review of the Board of Directors' meeting agenda criteria and operational rules; in addition, extensive deliberations can be conducted through the free and open exchange of opinions incorporating the perspectives of Outside Officers against the backdrop of their experience and expertise in particular. With respect to Outside Officers, in addition to the existing support measures, such as the provision of various types of information, the Company determined that continuous appropriate measures have been taken to ensure that Outside Officers exercise their functions, including exchanging opinions on medium- to long-term management issues between Outside Directors and Executive Officers.

Furthermore, it was confirmed that as a matter to be continuously addressed in the future, the Company will work to further enhance discussions by more efficient operation of meetings through such means as appropriate development of materials and to enhance opportunities for dialogue and exchanges between Outside Officers and Executive Officers. It was also confirmed that Nominating Advisory Committee and Compensation Advisory Committee meetings were held five times each in FY2021 and that their operations, deliberations, and reports to the Board of Directors, etc. were properly conducted.

② Composition of the Board of Directors

It was confirmed that the composition of the Board of Directors was appropriate from the perspective of overall balance in terms of number of members, knowledge, experience, etc., including the Company's executive director structure as it operates a wide range of businesses, and that multifaceted and active discussions were taking place thanks to an increase in the number of Outside Directors.

In addition, it was confirmed that as a matter to be continuously addressed in the future, the Company will continue to pay attention to diversity in the composition of the Board of Directors.

③ Role of the Board of Directors

It was confirmed that the Board of Directors of the Company was properly fulfilling its role of "deliberating and deciding on basic management policies and other important issues of the Company" and "monitoring the execution of duties by each Director" through active discussions in the deliberations on decisions on important matters, quarterly performance reports, and reports on the status of the internal control system.

In addition, it was confirmed that as a matter to be continuously addressed in the future, the Company will need to expand opportunities to deliberate at Board of Directors meetings in order to realize the long-term vision "Sumitomo Electric Group 2030 VISION".

Audit and Supervisory System

This department investigates issues, including through site visits, and proposes improvements to ensure proper and efficient business performance through internal audits of our business and also our Group companies. This department collaborates with audit & supervisory board members and third-party accounting auditors as necessary.

The Internal Audit Department has been established as the department in charge of internal audits. The Internal Audit Department conducts audits such as on-site inspections of business sites, including those of our group companies, in accordance with our business audit regulations and audit plans, investigates issues and proposes corrective measures to ensure proper and efficient business operations, confirms the implementation status of corrective measures for the issues pointed out, and reports the results to the full-time corporate auditor.

Accounting audits and internal control audits are conducted by KPMG AZSA LLC.

Policy for Nomination of Officers

■ Nomination Policy for Director and Audit & Supervisory Board Member Candidates

Candidates for internal directors shall be those who have and practice the Sumitomo Spirit, which is centered on the pillars of "Banji-nissei," "Shinyo-kakujitsu" and "Fusu-furi," those who have abundant experience and an excellent track record in the Group's business, those who have the ability to make objective decisions regarding management based on the Company's current environment and future changes, and those who have excellent character and insight.

Candidates for outside directors shall be selected from among persons with experience in corporate management, experts in various fields, and academics, who are appropriate for supervising the Group's management from the perspective of ensuring the Group's sustainable growth and enhancing its corporate value over the medium to long term.

Candidates for Audit & Supervisory Board Members shall be those with experience in corporate management and expertise in legal, financial, and accounting matters.

Proposals for the election of candidates for directors and corporate auditors and for the dismissal of directors are submitted to the General Meeting of Shareholders for deliberation by the Nominating Advisory Committee and Compensation Advisory Committee and are decided by resolution of the Board of Directors based on the report of the committee.

Policy for Determining Compensation, etc.

While adhering to the universal basic policy of contributing to society through fair business activities in accordance with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, the compensation system is designed to provide an incentive for the Group to achieve sustainable growth and enhance its corporate value over the medium to long term.

Nominating Advisory Committee and Compensation Advisory Committee

We have established a Nominating Advisory Committee and a Compensation Advisory Committee which are chaired by an independent outside director and are comprised primarily of independent outside directors. These committees have the aim of ensuring transparency and fairness in the nomination of candidates for directors and audit & supervisory board members and in the determination of senior management and directors' remuneration. The Nominating Advisory Committee deliberates on candidates for Company directors and audit & supervisory board members in consultation with the Board of Directors based on skills that the Board of Directors should possess to supervise management strategies. The committee also considers proposals for the establishment, amendment, or abolition of company rules and regulations related to nominations, as well as proposals for the inclusion of such matters in relevant public documents. The Compensation Advisory Committee deliberates on proposed policies regarding the determination of compensation and proposed compensation systems and compensation amounts for each individual director and executive officer. The Committee also considers the establishment, amendment, or abolishment of company regulations and other company rules related thereto, and the inclusion of such information in important public documents. There are established systems in place to report the resolutions of these committees to the Board of Directors. In addition, the executive officer in charge of human resources attends the deliberations of the committee as the secretariat and provides operational support.

Basic Approach and Policy

Basic Approach

The Sumitomo Electric Group identifies, analyzes and assesses business risks, which include the factors that prevent the implementation of its business activities or achievement of management goals and strategies, as well as the factors that potentially have adverse impact, and then seeks to reduce and minimize them at a reasonable cost and with reasonable efforts.

With respect to cross-sectional risks common to all divisions and affiliates in the Group, the relevant corporate staff divisions, as well as company-wide committees organized by officers in charge, identify, analyze and assess the risks according to their duties, and then take measures to mitigate them.

The divisions and sales and R&D groups individually identify, analyze and assess the risks associated with their business operations, and then take measures to reduce them.

Basic Policy of Risk Management

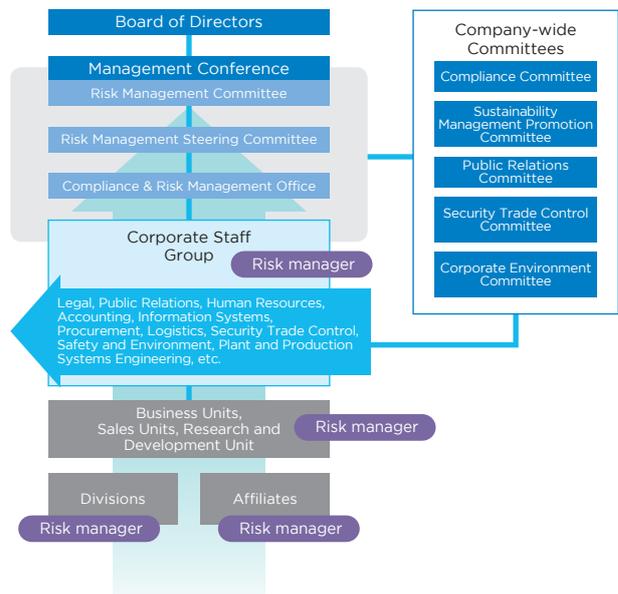
Risk management is performed based on the significance of the risks determined in consideration of the following issues:

- Impact on business performance, maintenance of quality and safety
- Social responsibility to ensure stable supply
- Maintenance of favorable relations with stakeholders such as customers, suppliers, shareholders/investors, local communities and employees
- Continuous compliance with laws and corporate ethics
- Statements in the Sumitomo Spirit, the Sumitomo Electric Group Corporate Principles and the Sumitomo Electric Group Charter of Corporate Behavior

Structure

The Sumitomo Electric Group holds a meeting of the Risk Management Committee, which controls overall risk management activities, in conjunction with a meeting of the management conference. The Risk Management Steering Committee is responsible for actual implementation under the Risk Management Committee, and its tasks include formulation of risk management policies, establishment of task forces at the time of an emergency, collection of information and planning and implementation of risk management education. The Compliance & Risk Management Office serves as the organizer for these committees.

Risk Management System



Initiatives

Risk Management Activities

Risk management activities of the Sumitomo Electric Group are based on taking inventory of risks that is conducted by each division and each affiliate. Today, a wide variety of risks that might seriously affect our global business activities and supply chains are evident, such as the spread of infectious diseases and unstable international affairs. We are working to raise the risk management level of the entire Group by steadily implementing the risk management cycle, such as promoting the formulation and implementation of countermeasures for highly important risks and risks whose measures are inadequate.

■ Creation and Management of a Risk Heat Map

The Sumitomo Electric Group is making efforts to establish a more efficient mechanism for risk management so that it can respond to the expansion of the business fields and changes in the external environment effectively. We compiled a database of the results of risk inventory and information on the identified risks, as well as the results of operational audits and other monitoring activities, and created a risk heat map based on the database to visualize the risks to each of the divisions and affiliates. This map enables each of them to take measures to address the items with higher risk levels preferentially and enhance the efficiency and effectiveness of the risk management activities.

Business Continuity

■ Business continuity in the event of a large-scale natural disaster

Sumitomo Electric promotes business continuity management (BCM) for continuous improvement of Business Continuity Plans (BCPs) in Japan and overseas to ensure that our important businesses can be continued even in the event of a large-scale natural disaster, such as an earthquake, and that we can swiftly resume operations when our operations are interrupted. We review the BCPs periodically, verify the effectiveness of the emergency response plan and take inventory of supply chain risks every fiscal year.

Moreover, to further enhance the effectiveness of the BCPs, we provide BCP training to risk managers once a year to reinforce our business continuity capabilities.

■ Business continuity in the event of an infectious disease outbreak

The Sumitomo Electric Group formulated the guidelines for action plans to address new influenza in 2008. Each of the divisions and Group companies in Japan has established a BCP for infectious diseases and promoted the establishment of a crisis management system.

Amid the COVID-19 pandemic that began to spread around the world in 2020, we continued operations while giving the highest priority to the health and safety of employees and thoroughly taking measures to prevent the spread of infection. Based on the

knowledge learned through the actions taken to address the situation, we will further enhance the effectiveness of BCPs for coping with infectious diseases and also promote the development of BCPs in overseas subsidiaries to further reinforce our business continuity capabilities.

Continuous Implementation of Group-wide Joint Emergency Drills

The Sumitomo Electric Group enhances disaster awareness of employees by implementing joint emergency drills to conduct the drills in Group companies at the same time twice a year (in the daytime and at night). Our production facilities carry out evacuation drills as well as inspection of places where hazardous materials are used and simulation of the initial response to emergency situations. In the meantime, drills of information transmission and sharing are also implemented by establishing headquarters of countermeasures with the aims of grasping disaster information promptly, reporting it accurately and promptly to executives and sharing the information among the Group.

Information Management System

The Sumitomo Electric Group continuously improves the information management system and revises rules to enhance the mechanism that prevents information leakage in each of its divisions and affiliates. Regarding the use of social media, we have also established a social media policy, which specifies our basic approach to its use, as well as social media guidelines, which provide specific issues to be noted. The policy and guidelines serve to raise the awareness of employees. We will continue to promote information management of the Group by improving the system in domestic and overseas affiliates and enhancing the internal training program designed for disseminating the rules.

Strengthening of Information Security Measures

Seven years have passed since the establishment of the SEI-CSIRT system as the cornerstone of the Group's information security management framework. This period has seen progress in the reinforcement and advancement of the Group's information security management.

First, in order to promote information security management, we have established the Information Security Policy and are disseminating it among Group companies in Japan and overseas. This policy is reviewed every year to comply with international standards such as ISO 27001 and to incorporate trends in cyber attacks and IT technology.

These initiatives are implemented in the three areas of "business systems," "production equipment" and "products," and we have appointed security managers and security administrators in all divisions and Group companies to promote the initiatives. As to business systems, we thoroughly implement basic measures, such as anti-virus measures and responses to vulnerabilities, and also focus on raising employee awareness through security education and training for addressing email attacks. For production equipment, we separate the business network from the equipment network and implement security measures for production equipment computers thoroughly on a global scale. Regarding products, we strive to improve the security of our products and services in accordance with the Secure Development and Operation Measures Standard established as a company-wide standard.

We also conduct internal audits to periodically check whether these security activities are implemented correctly in each company and division.

Based on the policy of unifying these activities on a global scale, we strive to ensure uniform and consistent security across divisions and affiliates.

Security Trade Control

Sumitomo Electric has set forth internal rules on security trade control to ensure compliance with export control regulations aimed at international security, and established an export control system headed by a representative director.

Our export activities are conducted after proper screening of individual business transactions and obtaining of necessary export licenses such as comprehensive export licenses.

Our Group-related personnel are provided with position-based training, as well as periodical training, which deals with the latest cases, and training at the time of their appointment to the position, so that they are aware of their responsibility for security trade control and obtain necessary knowledge.

We also conduct audits in the Company and its affiliates in Japan and overseas constantly to monitor export activities, and share information between different divisions within the Company and between affiliates through various committees to reduce the risks in the security trade control activities of the entire group.

Record of Various Training Sessions in FY2022

| Target of the training | No. of sessions | Persons who need to receive the training | No. of participants | Achievement rate | Main content |
|---|-----------------|--|---------------------|------------------|---|
| Staff in charge of classification | 4 | 160 | 160 | 100% | Tasks on how to classify goods and technologies |
| Export control sections <e-learning> | 7 | 1,691 | 1,691 | 100% | Export control practice |
| General employees <e-learning> | - | (Participation is voluntary) | 2,866 | - | Outline of export control and internal rules |
| Domestic affiliates | 3 | 26 | 26 | 100% | Outline of export control |
| Overseas affiliates | 9 | 8 | 8 | 100% | Outline of export control and issues to be noted in foreign countries |
| U.S. Export Administration Regulations (EAR) training | 3 | (Participation is voluntary) | 208 | - | Overview of the U.S. Export Administration Regulations |

Respect for and Use of Intellectual Property Rights

We consider the technology created through our unique R&D activities as the most important intellectual property (IP) for the sustainable development of our business. While committed to appropriate confidentiality management of proprietary technical know-how and internal data, we strive to acquire and use IP rights such as patent rights and design rights. At the same time, we respect the IP rights and trade secrets of others and strive to handle them with scrupulous attention.

To set up a structure for the commitment, we have developed a rule on the handling of IP and trade secrets and established an organization in the Intellectual Property Department to provide business units and R&D units in the Sumitomo Electric Group with the necessary support, such as management of inventions, investigation of prior arts and IP rights of other companies, promotion of technology standardization activities, and formulation of strategy and response from the perspective of IP-related laws and regulations. Furthermore, at IP strategy meetings, strategic IP committee members of business units and development units plan and implement activities, verify the progress and results and make corrections and revisions. The activities are promoted through concerted efforts among respective divisions, R&D units and the Intellectual Property Department.

To promote and improve the IP activities, we operate an invention reward program, organize IP training sessions that match the experience and level of proficiency of each employee, and publish related in-house newsletters. We also hold an "Intellectual Property Right and Standardization Convention" every year to commend excellent IP activities and share knowledge.

Through these activities, we are working to enhance the value of the Group's IP, create business opportunities, and reduce IP risks.

Basic Approach and Policy

Basic Approach

Efforts to Pursue Fair Business Activities Worthy of Society's Trust

The Sumitomo Electric Group believes that compliance, which represents both complying with laws and regulations and acting in accordance with corporate ethics, comprises the backbone of its management and forms the absolute basis for its continued existence and development. In light of the recent trend of various compliance items and under the principles of the Sumitomo Spirit, which values doing your sincere best not only in business but also every aspect of your life (Banji-nissei), placing prime importance on integrity and sound management (Shinyo-kakujitsu) and not pursuing immoral business (Fusu-furi), we will continue to make all efforts to ensure that all corporate activities are conducted fairly and honestly and can be trusted by society.

Structure

Organization That Supports Compliance and Its Structure

Compliance Committee

The Sumitomo Electric Group has established the Compliance Committee, chaired by the President, as an organization that designs and promotes measures necessary to develop and further strengthen the compliance system and holds its meeting roughly four times a year. The Committee engages in various activities, including the identification and analysis of Group-wide and overall compliance risks and the monitoring of the operation status of programs for the compliance items, such as competition laws and prevention of bribery, and the whistle-blowing system (Speak-Up

Structure of the Compliance Committee

| |
|---|
| Chairperson: President |
| Vice Chairperson: Executive Vice President |
| Committee members: Senior Managing Executive Officers (2 persons), General Manager of Compliance & Risk Management Office, General Manager of Legal Department, General Manager of Internal Auditing Department |
| Attendants: Audit & Supervisory Board Member, General Manager of Office of Audit & Supervisory Board Members |
| Organizer: Compliance & Risk Management Office, Legal Department |

Initiatives

Compliance Activities

Code of Conduct

The Compliance Committee established and issued Code of Conduct, which serves as guidelines setting out the standards of conduct expected of each of us and helping us conduct business with integrity, based on the Sumitomo Spirit with the approval of the Board of Directors in April 2018.

The Code of Conduct is basic rules on compliance commonly

System), etc., as well as interviews with divisions and Group companies concerning their activities to comply with laws. The activities of the Committee are also reported regularly to the Board of Directors.

Compliance & Risk Management Office

While planning and coordinating overall compliance activities in the Sumitomo Electric Group, the Compliance & Risk Management Office plans and implements relevant activities including the development of a system and organization of training for compliance with competition laws and prevention of bribery. The office also operates the Speak-Up System of the Group. Led by the General Manager, the office is composed of members including employees from Corporate Staff Group such as Legal Department, Human Resources Division and Internal Auditing Department as well as persons in charge of compliance tasks in Business Units and Sales Units. A compliance meeting is held every month to share relevant information and monitor the progress of compliance activities.

Compliance Steering Committee

At present, our legal bases are composed of more than 80 members in Japan, China, Thailand, Vietnam, the UK, Germany and the US. They hold a periodical meeting of the Compliance Steering Committee (CSC). At the CSC meeting, the members discuss various issues related to compliance from a global perspective and determine the direction of the activities, the work schedule and other matters to disseminate best practices in the world across the Sumitomo Electric Group.

Targets

Targets for the achievement of Mid-term Management Plan 2025

Targets for fiscal 2025

- Maintain and reinforce the compliance platform
 - Conduct training on code of conduct, compliance with competition law, etc. : 250,000 persons/3 years
 - Establish and confirm program implementation at Group companies
 - Promoting the use of consultation and claims hotline

applied to all Group companies across the world. In addition to legal compliance, it specifies the basic policy on fair competition, prevention of bribery, protection of confidential information and intellectual property, respect for human rights, environmental conservation and other issues. Printed booklets are prepared in approximately 30 languages, including Japanese, English and Chinese, and distributed to officers and employees in our Group while the multilingual versions are also posted in all of the

languages on our website and intranet. In addition, for the employee awareness, we prepared the posters in approximately 30 languages, including Japanese, English and Chinese, and displayed at the offices and plants of our group companies around the world.

In July 2021, we established the Supplier Code of Conduct, for our suppliers to act in alignment with the Code of Conduct. Our website carries this in all 28 languages, and we strongly promote this code among our global supply chain partners.



Code of Conduct

Compliance Training

The Compliance Committee organizes regular position-based training seminars every year for such purposes as the identification of compliance risks, the thorough implementation of preventive measures and the development and enhancement of awareness of compliance. Our target is to give training to 250,000 persons in total over three years from fiscal 2023 to fiscal 2025.

Main training programs

| Training program | Frequency | Language |
|---|------------------------------|--------------|
| Officer compliance training Manager compliance training Newly promoted personnel compliance training New employee compliance training Training for acceptance of mid-career employees and employees on loan | Once a year for each program | Japanese |
| E-learning compliance training: worldwide | 3 courses/year | 26 languages |
| Global Leader compliance training | Once a year | English |
| Compliance liaison training | Once a year | Japanese |

Speak-Up System

In the Sumitomo Electric Group, we have the Speak-Up System, designed to identify any compliance-related issues at an early stage and resolve them by ourselves in a prompt and proper manner. Specifically, we set up contacts for consultation and reporting not only internally but also externally (by appointing a specialized service provider and a law firm), and the issues reported through this system are addressed with immediate investigation to take corrective action and prevent recurrence where necessary. The contacts for consultation and reporting have been established to allow any employees of Group companies in and out of Japan as well as other interested persons to access. We present the outline of the system at the time of various internal training sessions and also disseminate it through monthly in-house newsletters, Code of Conduct, our website, intranet, workplace posters, notice to business partners and other measures. We established an external contact for consultation and reporting that can be used commonly by our Group companies worldwide (in about 30 languages 24 hours a day, 365 days a year) in 2014, and replaced the service provider with the largest company in the industry in 2019. As a result of our active efforts to disseminate the system, the number of

consultations and reports continues to increase year by year, helping to eliminate inappropriate actions and circumstances.

Contacts for whistle-blowing

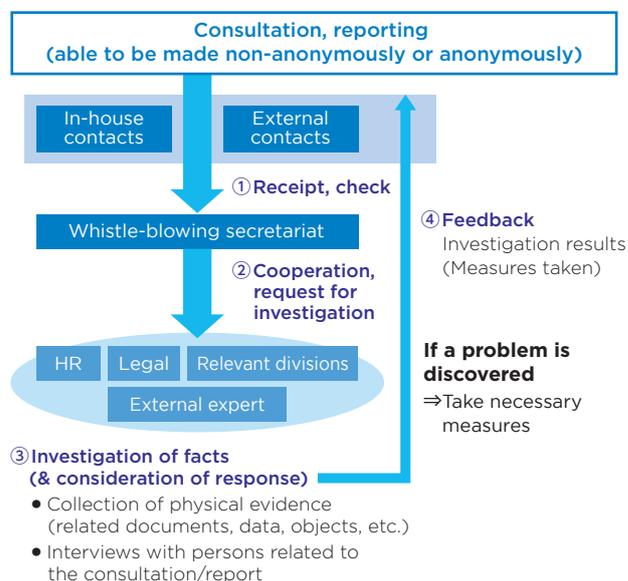
In addition to the in-house contacts in Sumitomo Electric (General Manager of the Office of Audit & Supervisory Board Members and General Manager of Compliance & Risk Management Office), we set up the following external contacts:

| Contact | Covered regions | Languages |
|--|--|----------------------------|
| Irokawa Legal Professional Corporation (Osaka) | Japan | Japanese |
| Leezhao Law Office (Shanghai) | Mainland China, Taiwan | Chinese, English, Japanese |
| Navex Global (US) | Worldwide; From Japan, China and Taiwan, reports can be received only via the website. | 150 languages or more |
| TMI Associates Hanoi Office (Hanoi) | Vietnam | Vietnamese |
| Jakarta International Law Office (Jakarta) | Indonesia | Indonesian, English |

Number of the whistle-blowing reports received

| FY | In-house contacts | External contacts | Total | Remarks |
|------|-------------------|-------------------|-------|---|
| 2017 | 24 | 50 | 74 | The contacts were also posted on the website. Third parties were allowed to report. |
| 2018 | 31 | 63 | 94 | |
| 2019 | 23 | 96 | 119 | Online reporting was enabled |
| 2020 | 29 | 91 | 120 | |
| 2021 | 29 | 157 | 186 | |
| 2022 | 23 | 165 | 188 | |

Procedures after receiving whistle-blowing reports



Priority Matters

■ Compliance with Competition Laws

The Sumitomo Electric Group prioritizes global competition law compliance as the most important compliance activity and has taken measures to prevent cartel, collusion and other acts that violate the competition laws, including suspicious acts, within the Group. These measures include the formulation of the Rules for Compliance with Competition Laws in June 2010, which contain a provision that restricts contact with competitors only in the cases with legitimate business reasons, and compliance training (including e-learning training). In fiscal 2019, we also adopted Global Antitrust and Competition Policy for our Group employees all over the world.

■ Prevention of Bribery

Policy for the Initiatives

The Sumitomo Electric Group shall obtain business through fair competition and all directors and employees shall comply with anti-bribery regulations. We will conduct our business in accordance with the letter and spirit of the laws and regulations applicable in each country in which we do business, and in accordance with the relevant anti-bribery regulations. We prohibit bribery in all transactions, and we also prohibit bribery of all business partners who perform business for the Sumitomo Electric Group.

While the Compliance Committee has been established under the guidance and supervision of the Board of Directors in Sumitomo Electric, the Compliance & Risk Management Office, its organizer, serves as the bribery prevention secretariat and introduces, operates and revises the Anti-Bribery Rules. The office (bribery prevention secretariat) is supported by the legal departments of our Group that provide legal services in the respective regions.

Whole image of the structure for the prevention of bribery

| | |
|----------------|---|
| Organization | Compliance & Risk Management Office (the members are also appointed overseas), compliance liaison/deputy compliance liaison ^(Note 1) in each company/division |
| Rules | Anti-Bribery Rules (established in 2013, revised in 2017) |
| Procedures | <ul style="list-style-type: none"> Ex ante application and ex post report on entertainment, gifts and donations (In 2018, a risk-based approach was introduced to adopt the standard based on money amounts and strictly examine interactions with public servants, etc.). Agent transaction screening (After a preliminary investigation ^(Note 2), in principle, a clause prohibiting bribery is included, a written oath is obtained or a written notice is sent and the approval process is taken). |
| Training, etc. | Training, operation manuals, self-examination, monitoring, auditing |

(Note 1) The Compliance Liaison is a person who serves as a contact for consultation and a coordinator for general compliance matters at each company and division of the Group, and also makes decisions on application approval in collaboration with the Compliance & Risk Management Office. Each company appoints a senior manager other than the president in consideration of the possibility of conflicts of interest between management and compliance. If necessary, it is also possible to select deputy compliance liaisons and have them perform proxy or auxiliary work.

(Note 2) In the preliminary investigation of an agent, the risk databases of external specialist companies are used to examine the presence or absence of past bribery issues and assess bribery risks.

■ Privacy Protection

The Sumitomo Electric Group handles the personal information of individuals, business associates and employees properly while complying with domestic and international rules and regulations regarding personal data protection. In recent years, the EU passed the General Data Protection Regulation (GDPR) and other countries have tightened their regulations to protect personal data, and we are taking measures on a global scale to comply with these new regulations.

■ Tax policy

Based on the Sumitomo Spirit, the Sumitomo Electric Group Corporate Principle and Code of Conduct, we shall establish Sumitomo Electric Group tax policy.

Sumitomo Electric Group is committed to conducting its business affairs in a fair and responsible manner, and we shall contribute to the development of the society through proper tax payment.

Sumitomo Electric Group Tax Policy

Based on the Sumitomo Spirit Spirit, the Sumitomo Electric Group Corporate Principle and Code of Conduct, Sumitomo Electric Group is committed to conduct its business affairs in a fair and responsible manner: this includes complying with the tax related laws of each country and supranational guidance (e.g. OECD).

Sumitomo Electric Group considers that paying taxes is an important obligation, and we shall contribute to the development of the society through proper tax payment.

In order to improve corporate value, we will strengthen our compliance/risk management system.

Tax Governance/Tax Strategy

Our globally organized tax department is responsible for tax management. It falls under the supervision of our Accounting Director, who is ultimately responsible for the tax strategy.

In addition, through the regular training of our employees, we aim to improve their awareness towards the internal tax compliance.

Sumitomo Electric Group shall apply for tax incentives where it is appropriate and within the scope of normal business activities. No intentional tax avoidance activities are pursued.

Risk Management

Sumitomo Electric Group considers that tax risk management is indispensable, and we shall mitigate tax risk by consulting with outside experts and tax authorities in advance as necessary.

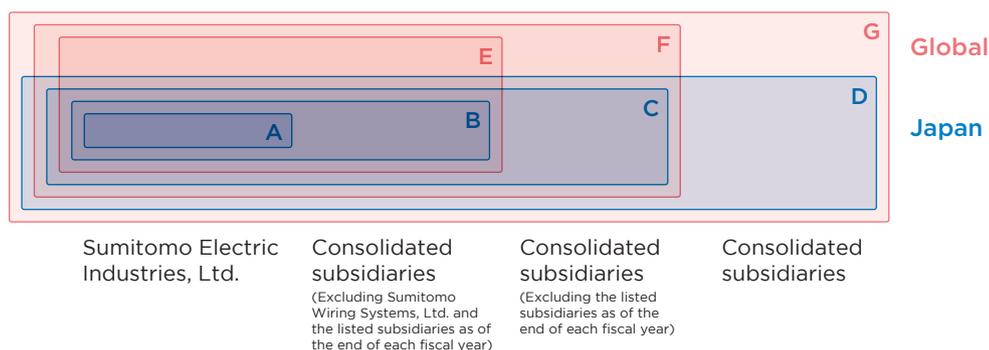
Sumitomo Electric Group strictly adheres to the arm's length standard regarding transactions with foreign related parties, and ensures appropriate allocation of profits based on functions and business risks of foreign related parties.

Sumitomo Electric Group shall not expand into low tax rate countries/regions that do not match the actual business situation, in order to reduce or avoid tax. If a company inadvertently becomes subject to Anti-Tax Haven (CFC) Rules, we shall appropriately pay the share of taxes.

Sumitomo Electric Group maintains respectful, trustful and honest relationships with tax authorities.

In addition, we are committed to openness and transparency in its approach to dealing with tax authorities, wherever it operates.

Symbols in the boundary column



Environment

| Indicator | Detailed category | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|--------------------------------------|---------------------------------|---------------------------------------|--------|--------|--------|
| Prevention of global warming | Energy consumption | F | million MJ | 26,174 | 28,506 | 27,330 |
| | Energy consumption per unit of sales | | kl/100 million yen | 31 | 29 | 23 |
| Greenhouse gas emissions | (Scope 1) | F | thousand tons-CO ₂ e | 199 | 201 | 189 |
| | (Scope 2) | | thousand tons-CO ₂ e | 1,099 | 1,211 | 1,135 |
| | (Scope 1 + Scope 2) | | thousand tons-CO ₂ e | 1,299 | 1,412 | 1,324 |
| | Japan | | thousand tons-CO ₂ e | 581 | 608 | 548 |
| | Asia | | thousand tons-CO ₂ e | 560 | 643 | 623 |
| | Americas | | thousand tons-CO ₂ e | 112 | 109 | 103 |
| | Europe and others | | thousand tons-CO ₂ e | 46 | 52 | 50 |
| | (Scope 3) | | thousand tons-CO ₂ e | 17,302 | 21,676 | 20,801 |
| | Category 1 | | thousand tons-CO ₂ e | 6,986 | 11,295 | 11,037 |
| | Category 2 | | thousand tons-CO ₂ e | 504 | 526 | 557 |
| | Category 3 | thousand tons-CO ₂ e | 242 | 261 | 245 | |
| | Category 4 | thousand tons-CO ₂ e | 33 | 33 | 34 | |
| | Category 5 | thousand tons-CO ₂ e | 28 | 28 | 29 | |
| | Category 6 | thousand tons-CO ₂ e | 37 | 37 | 38 | |
| | Category 7 | thousand tons-CO ₂ e | 82 | 80 | 83 | |
| | Category 11 | thousand tons-CO ₂ e | 9,390 | 9,416 | 8,777 | |
| | (Scope 1) | thousand tons-CO ₂ e | G | 327 | 343 | 305 |
| | (Scope 2) | thousand tons-CO ₂ e | | 1,398 | 1,511 | 1,400 |
| | (Scope 1 + Scope 2) | thousand tons-CO ₂ e | | 1,725 | 1,854 | 1,705 |
| | (Scope 3) | thousand tons-CO ₂ e | | 23,027 | 26,324 | 25,775 |
| Category 1 | thousand tons-CO ₂ e | 8,444 | | 13,102 | 13,062 | |
| Category 2 | thousand tons-CO ₂ e | 598 | | 641 | 677 | |
| Category 3 | thousand tons-CO ₂ e | 284 | | 337 | 313 | |
| Category 4 | thousand tons-CO ₂ e | 60 | | 75 | 63 | |
| Category 5 | thousand tons-CO ₂ e | 45 | | 41 | 42 | |
| Category 6 | thousand tons-CO ₂ e | 41 | | 41 | 42 | |
| Category 7 | thousand tons-CO ₂ e | 96 | | 95 | 97 | |
| Category 9 | thousand tons-CO ₂ e | 0 | | 5 | 6 | |
| Category 10 | thousand tons-CO ₂ e | 4 | 106 | 124 | | |
| Category 11 | thousand tons-CO ₂ e | 13,443 | 11,871 | 11,337 | | |
| Category 12 | thousand tons-CO ₂ e | 11 | 12 | 13 | | |
| CO ₂ emissions from transportation | | E | t-CO ₂ | 96,773 | 98,755 | 88,201 |
| Per-unit CO ₂ emissions from transportation in Japan | | (Note 1) | tons-CO ₂ /million ton-km | 100.5 | 101.1 | 99.4 |
| | | (Note 2) | tons-CO ₂ /100 million yen | 2.20 | 2.16 | 2.06 |

(Note 1) Sumitomo Electric + 29 manufacturing companies in Japan (excluding Sumitomo Wiring Systems, Ltd.) (Note 2) Sumitomo Wiring Systems, Ltd.

| Indicator | | Detailed category | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|-------------------------------------|---|---------------------|----------|-------------------------|--------|--------|--------|
| Resource conservation and recycling | Amount of waste discharged (excluding valuable materials) | | F | thousand tons | 71.0 | 74.7 | 74.6 |
| | | In Japan | | thousand tons | 28.3 | 29.7 | 29.1 |
| | | Overseas | | thousand tons | 42.7 | 45.0 | 45.5 |
| | Recycling rate | In Japan | | % | 99.5 | 98.8 | 98.1 |
| | | Overseas | | % | 85.4 | 85.4 | 85.2 |
| Harmful chemical substances | Chemical substances specified in the PRTR Law | Release | C | t | 59.9 | 59.2 | 51.5 |
| | | Transfer | | t | 114.4 | 136.7 | 135.5 |
| Environmentally friendly products | Eco products | Percentage in sales | F | % | 52 | 56 | 59 |
| Water risks | Water withdrawal | | F | thousand m ³ | 13,635 | 13,991 | 13,926 |
| | | In Japan | | thousand m ³ | 6,026 | 6,204 | 5,973 |
| | | Overseas | | thousand m ³ | 7,609 | 7,787 | 7,953 |
| Environmental management | Non-compliance with environmental laws and ordinances | | F | cases | 1 | 2 | 1 |

Social

| Indicator | | Detailed category | Boundary | Unit | FY2020 | FY2021 | FY2022 | |
|--|--|---|--|---------------------------|--|---------|---|---|
| Human resources | | | | | | | | |
| Employment | Number of global employees | | G + employees on loan from other companies | persons | 286,784 | 281,075 | 289,191 | |
| | | Male | | persons | 135,553 | 134,445 | 136,660 | |
| | | Female | | persons | 151,231 | 146,630 | 152,531 | |
| | | In Japan | | persons | 42,629 | 43,623 | 43,960 | |
| | | | | Male | persons | 33,776 | 34,631 | 34,820 |
| | | Female | | persons | 8,853 | 8,992 | 9,140 | |
| | | Overseas | | persons | 244,155 | 237,452 | 245,231 | |
| | | | | Americas | persons | 45,299 | 42,701 | 49,633 |
| | | | | Europe, Africa and others | persons | 74,278 | 72,418 | 74,555 |
| | | Managerial position | | Asia | persons | 124,578 | 122,333 | 121,043 |
| | | | | persons | 14,096 | 14,702 | 15,417 | |
| | | | | Male | persons | 12,260 | 12,746 | 13,311 |
| | | | | Female | persons | 1,836 | 1,956 | 2,106 |
| | | Number of employees in Sumitomo Electric | | | A + employees on loan to other companies | persons | 11,445 | 12,341 |
| Male | persons | | 9,761 | 10,569 | | 11,015 | | |
| Female | persons | | 1,684 | 1,772 | | 1,901 | | |
| Diversity & Inclusion | SEG Global Executives (as of April 1 of the following year) | | F | persons | 42 | 42 | 42 | |
| | Women's empowerment | Percentage of women in managerial position | D + employees on loan from other companies | % | 3.5 | 3.9 | 4.0 | |
| | | Number of women in managerial position | | persons | 284 | 332 | 376 | |
| | | Number of those who are senior assistant general managers or in management positions among them | | persons | 34 | 43 | 49 | |
| | | Number of those who are section managers (assistant general managers) among them | | persons | 250 | 289 | 327 | |
| | | Percentage of women employees hired | | A | % | 19.3 | 20.2 | 19.6 |
| | | Number of women employees hired | | A | persons | 99 | 96 | 110 |
| | | Turnover rate (percentage of the employees who were hired as new graduates three years before the relevant year and have left the company within three years) | | A | % | 7.6 | 9.9 | 13.3 |
| Employment rate of the physically or mentally disabled (as of June 15 of the following year) | A + qualified Group companies | % | 2.41 | 2.39 | 2.64 | | | |
| Safe and sound workplace | Average total working hours | A + employees on loan to affiliates within the Works (Average among labor union members) | hours | 1,932 | 1,954 | 1,940 | | |
| | Average overtime hours | | hours/month | 13.6 | 16.3 | 16.0 | | |
| | Average number of paid holidays taken by employees | | days/year | 15.8 | 17.1 | 18.5 | | |
| | Pay increase rate (to be reflected in the revision for the next fiscal year) | | % | 1.74 | 2.43 | 5.81 | | |
| | Number of Users of the Employee Support Programs | Employees who took childcare leave | A + employees on loan to other companies | persons | 274 | 286 | <input checked="" type="checkbox"/> 377 | |
| | | | | Male | persons | 176 | 189 | <input checked="" type="checkbox"/> 267 |
| | | Female | | persons | 98 | 97 | <input checked="" type="checkbox"/> 110 | |
| | | Employees who took leave when their spouses gave birth | | persons | 153 | 146 | <input checked="" type="checkbox"/> 179 | |
| | | Employees who used the short-time work system | | persons | 264 | 250 | <input checked="" type="checkbox"/> 227 | |
| | | | | Male | persons | 33 | 29 | <input checked="" type="checkbox"/> 28 |
| | | | | Female | persons | 231 | 221 | <input checked="" type="checkbox"/> 199 |

| Indicator | | Detailed category | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---------------------------------------|--|--------------------------|--|-------------------|-----------|---------|-----------|
| Safe and sound workplace | Number of Users of the Employee Support Programs | | A + employees on loan to other companies | | | | |
| | Enrollment in the reemployment system | | | persons | 21 | 14 | 9 |
| | Male | | | persons | 5 | 2 | 0 |
| | Female | | | persons | 16 | 12 | 9 |
| | Enrollment in internal child care centers | | | persons | 56 | 53 | 46 |
| | Users of the volunteer holiday system | | | persons | 4 | 2 | 6 |
| | Users of the work from home arrangements (Note 1) | | | persons | 6,571 | 7,078 | 7,432 |
| Human resources development | Number of participants in the executive training program | | F | persons/year | 36 | 21 | 34 |
| | Number of participants in MPSS | | | persons | 962 | 1,136 | 839 |
| | Total hours of training programs | | | hours/person/year | – | – | 11.8 |
| | Training sessions organized across the Sumitomo Electric Group | | | | | | |
| | Total number of participants | | | persons | 257,706 | 207,725 | 289,374 |
| | | Sumitomo Electric | | persons | 160,991 | 122,274 | 151,397 |
| | | Group companies in Japan | | persons | 56,611 | 58,922 | 65,813 |
| | | Overseas Group companies | | persons | 40,104 | 26,529 | 72,164 |
| | Cumulative basic training hours | | | hours | 604,129 | 553,840 | 668,354 |
| | | Sumitomo Electric | | hours | 446,138 | 399,874 | 480,298 |
| | | Group companies in Japan | | hours | 95,908 | 103,329 | 98,482 |
| | | Overseas Group companies | | hours | 62,082 | 50,637 | 89,574 |
| | Unique training sessions organized in individual Group companies | | | | | | |
| | Total number of participants | | | persons | 137,812 | 195,237 | 559,961 |
| | | Group companies in Japan | | persons | 50,279 | 92,908 | 78,288 |
| | | Overseas Group companies | | persons | 87,533 | 102,329 | 481,673 |
| | Cumulative basic training hours | | | hours | 614,428 | 458,231 | 2,754,321 |
| | Group companies in Japan | hours | 157,674 | 190,472 | 235,379 | | |
| | Overseas Group companies | hours | 456,754 | 267,759 | 2,518,943 | | |
| Occupational safety and health | Occupational accidents | | F + subcontractors | persons | 44 | 55 | 56 |
| | Serious accidents | | | persons | 0 | 0 | 0 |
| | Accidents resulting in lost work time | | | persons | 3 | 11 | 11 |
| | No lost work time injuries | | | persons | 29 | 34 | 36 |
| | Minor injuries | | | persons | 12 | 10 | 9 |
| | Lost time injuries frequency rate for employees | | | B | | 0.03 | 0.05 |
| Social contribution activities | | | | | | | |
| | Amount of donations for social contribution | | A | thousand yen | 819,121 | 729,341 | 733,056 |
| Quality | | | | | | | |
| Quality control | Number of complaints (results in FY2017 = 100) | | F | % | 71.5 | 54.5 | 60.5 |
| Supply chain | | | | | | | |
| CSR procurement | Cumulative percentage of implementation | | D (Note 2) | % | 90 | 90 | 90 |
| | Number of companies surveyed on CSR self-assessment sheet | | | companies | 66 | 294 | 196 |

(Note 1) The boundary of the data on the users of the system for fiscal 2020 and fiscal 2021 published on the CSR Book/CSR report in the past fiscal years was reviewed and revised.
 (Note 2) Excluding SUMITOMO DENSETSU CO., LTD., TECHNO ASSOCIE Co., Ltd. and their group companies.

Governance

(At the close of the Ordinary General Meeting of Shareholders in the following year for each fiscal year)

| Indicator | | Detailed category | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---------------------------|---|-------------------|----------|---------|--------|--------|--------|
| Board of Directors | Number of directors | | A | persons | 15 | 15 | 14 |
| | Inside | | | persons | 10 | 10 | 9 |
| | Male | | | persons | 10 | 10 | 9 |
| | Female | | | persons | 0 | 0 | 0 |
| | Outside (Independent Officers among them) | | | persons | 5 (5) | 5 (5) | 5 (5) |
| | | | | persons | 4 | 4 | 4 |
| Audit & Supervisory Board | Number of audit & supervisory board members | | A | persons | 5 | 5 | 5 |
| | Inside | | | persons | 2 | 2 | 2 |
| | Male | | | persons | 2 | 2 | 2 |
| | Female | | | persons | 0 | 0 | 0 |
| | Outside (Independent Officers among them) | | | persons | 3 (3) | 3 (3) | 3 (3) |
| | | | | persons | 2 | 2 | 2 |
| | | persons | 1 | 1 | 1 | | |

Calculation Criteria

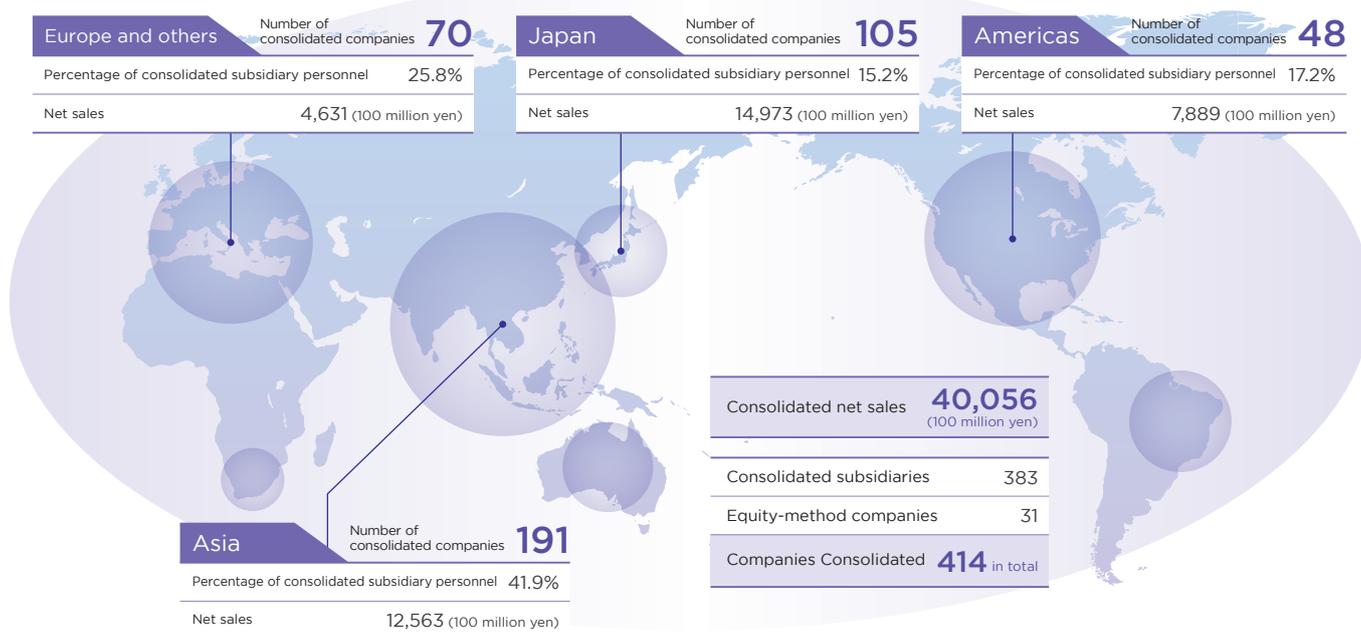
| Data index | | Calculation criteria | |
|-----------------------------------|--|---|---|
| Environmental | Environmental Accounting | Investment in energy saving | Calculation has been made only for the efforts certified by the Environment Department as "Greenhouse gas emissions reduction activities." The economic effect includes that of the energy saving activities in which no investment has been made. |
| | | Reduction of energy cost | The effect includes that of the energy saving activities in which no investment has been made in addition to that of investment in energy saving |
| | | Investment in resource saving and recycling | Investment related to the efficient use of resources is not included Only investment for reduction of waste generation and recycling is covered |
| | | Waste disposal cost Sale of valuable materials | The waste disposal cost is calculated based on payment to the waste disposal contractor Metals are not included in the calculation of either the waste disposal cost or the sale of valuable materials |
| | Greenhouse gas emissions (Scope 1, 2) | Scope 1: Direct emissions from the use of fossil fuels, etc. in our facilities (including SF6 and other greenhouse gases) Scope 2: Indirect emissions from the use of electricity and steam supplied from outside our facilities Calculated based on the Greenhouse Gas Emissions Accounting and Reporting Manual Ver. 4.9 (2023) by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry Emission factors: The latest available emission factors at the time of the calculation are used as greenhouse gas emission factors for purchased electricity while fixed emission factors are used for other than purchased electricity Greenhouse gas emission factor for purchased electricity: (In Japan) Adjusted emission factor of each electricity power supplier published in the "Emission Factor by Electric Utility Operator (for Calculating Greenhouse Gas Emissions from Specified Emitters) - FY2021 Results" by the Japanese Ministry of the Environment (Overseas) Emission factor in each country for 2020 mentioned in "Emission Factors 2022" (2022) by IEA Greenhouse gas emission factor for other than purchased electricity: (Both in Japan and overseas) Emission factor in "Greenhouse Gas Emissions Accounting and Reporting Manual Ver. 4.9" (2023) by the Japanese Ministry of the Environment and the Ministry of Economy, Trade and Industry | |
| | Greenhouse gas emissions (Scope 3) | Scope 3: Total emissions not only from the reporting organization but also from all sources related to its business activities Category 4: Only the logistics data in Japan are collected Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 2.5 (2023) by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry were referred to | |
| | CO ₂ emissions from transportation in Japan CO ₂ emissions from exports | In Japan: Calculated on an improved ton-kilometer basis and a fuel-efficiency basis Exports: Calculated using the conventional ton-kilometer method Based on the simple calculation tool for logistics CO ₂ emissions by Policy Research Institute for Land, Infrastructure, Transport and Tourism (PRILIT) | |
| | Per-unit CO ₂ emissions in logistics | Sumitomo Wiring Systems, Ltd.: CO ₂ emissions / sales amount Other than Sumitomo Wiring Systems, Ltd.: CO ₂ emissions / cargo transport (ton-kilometer) | |
| | Water withdrawal | Sum of the withdrawal of city water, industrial water, well water (groundwater), river water and lake water | |
| | Release and transfer of chemical substances specified in the PRTR Law | PRTR Release Estimation Methods Manual, version 5.0 (2023) by the Japanese Ministry of the Environment and the Ministry of Economy Trade and Industry | |
| | Amount of waste discharged | amount landfilled or incinerated without heat recovery + heat recovery + material recycling | |
| | Recycling rate | Recycling rate (%) = 100 (%) - (Amount of waste incinerated without heat recovery + Amount of landfillwaste) / (Amount of industrial waste + Amount of general waste + Amount of valuable materials) x 100 | |
| | Percentage of Eco products sales | Value of the shipments* of the products certified as Eco products / Total value of shipments* (* Shipments are those from manufacturing departments in Japan. However, they exclude shipments from electronic conductor departments, which mainly work to supply intermediate goods within the Group.) | |
| | Social | Average overtime hours | Monthly per-capita average of the gaps (including negative) between prescribed monthly working hours and actual working hours of labor union members (Sumitomo Electric alone + employees on loan to affiliates within the Works) |
| Average total working hours | | Per-capita average of the total working hours in each year from January to December of labor union members (Sumitomo Electric alone + employees on loan to affiliates within the Works) | |
| Turnover rate | | Ratio of the number of the employees who were hired as new graduates three years before the relevant year and have left the company within three years to the total number of the new graduates hired three years before | |
| Lost time injuries frequency rate | | Number of the persons suffering from accidents resulting in lost work / total working hours x 1,000,000 | |
| Reemployment system | | Total number of the persons who are registered in the reemployment system and have not reached the deadline for reemployment at the end of each fiscal year | |

Company Overview

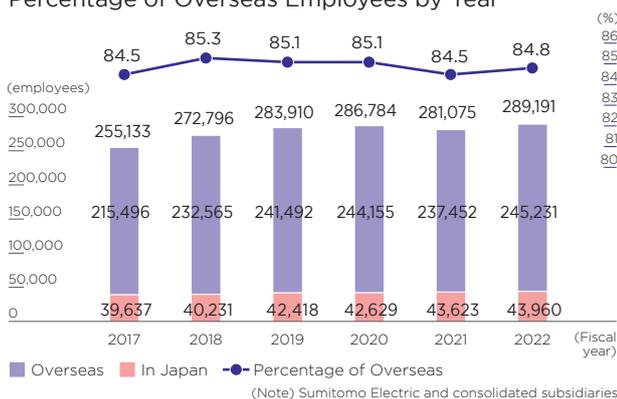
The Sumitomo Electric Group is developing business activities on a global scale, with 414 consolidated companies (as of the end of March 2023) and over 280,000 employees around the world. While providing superior products and services, we respect the cultures and customs of the countries and regions in which we operate. As a corporate entity we conduct business in harmony with society, so as to contribute to the sustainable development of the economy and society.

| | |
|---------------|---|
| Company Name | Sumitomo Electric Industries, Ltd. |
| Established | April 1897 |
| Incorporated | December 1920 |
| President | Osamu Inoue |
| Capital Stock | 99,737 million yen (as of March 31, 2023) |
| Head Office | 4-5-33, Kitahama, Chuo-ku, Osaka, JAPAN |

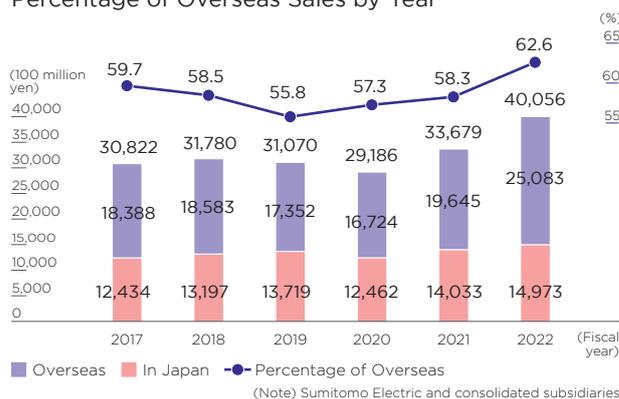
Number of Consolidated Companies / Percentage of Consolidated Subsidiary Personnel by Area



Number of Employees in Japan and Overseas and Percentage of Overseas Employees by Year



Sales in Japan and Overseas and Percentage of Overseas Sales by Year



Number of Group Employees in the World by Year

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | | | 2021 | | | 2022 <input checked="" type="checkbox"/> | | |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|---------|---------|
| | | | | | | | | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Americas | 29,470 | 34,828 | 33,500 | 37,959 | 38,923 | 40,531 | 43,253 | 20,968 | 24,331 | 45,299 | 20,002 | 22,699 | 42,701 | 22,955 | 26,678 | 49,633 |
| Europe, Africa and others | 54,245 | 56,477 | 56,273 | 56,797 | 60,537 | 65,747 | 75,415 | 28,938 | 45,340 | 74,278 | 28,259 | 44,159 | 72,418 | 27,700 | 46,855 | 74,555 |
| Asia | 104,054 | 110,601 | 112,555 | 114,338 | 116,036 | 126,287 | 122,824 | 51,871 | 72,707 | 124,578 | 51,553 | 70,780 | 122,333 | 51,185 | 69,858 | 121,043 |
| Japan | 37,715 | 38,892 | 38,537 | 39,236 | 39,637 | 40,231 | 42,418 | 33,776 | 8,853 | 42,629 | 34,631 | 8,992 | 43,623 | 34,820 | 9,140 | 43,960 |
| Total | 225,484 | 240,798 | 240,865 | 248,330 | 255,133 | 272,796 | 283,910 | 135,553 | 151,231 | 286,784 | 134,445 | 146,630 | 281,075 | 136,660 | 152,531 | 289,191 |
| Percentage of overseas employees | 83.3% | 83.8% | 84.0% | 84.2% | 84.5% | 85.3% | 85.1% | 85.1% | | | 84.5% | | | 84.8% | | |

(Note) The table above covers Sumitomo Electric and its consolidated subsidiaries. Those on loan from the Group to outside are excluded, but those on loan from outside to the Group are included.



Independent Assurance Report

To the President & COO of Sumitomo Electric Industries, Ltd.

We were engaged by Sumitomo Electric Industries, Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with “” (the “Indicators”) for the period from April 1, 2022 to March 31, 2023 with the exception of the “Employment Rate of the Physically or Mentally Disabled”, which is as of June 15, 2023, included in its CSR Book 2023 (the “CSR Book”) for the fiscal year ended March 31, 2023.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the CSR Book.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the CSR Book, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the CSR Book and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting one of the Company’s factories in Japan selected on the basis of a risk analysis.
- Making inquiries and reviewing materials including documented evidence of two of the factories of the Company’s overseas subsidiaries selected on the basis of a risk analysis, as alternative procedures to site visits.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the CSR Book are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the CSR Book.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Shinnosuke Kayumi
Shinnosuke Kayumi, Director
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
December 19, 2023

Notes to the Reader of Independent Assurance Report:
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.



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Sumitomo Electric Industries, Ltd.

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