

CSR Report 2021

Editorial Policy

Period Covered by This CSR Report

April 1, 2020 through March 31, 2021 (fiscal 2020).
Some activities conducted in fiscal 2021 are also covered.

Boundary of This CSR Report

Sumitomo Electric Industries, Ltd. and its consolidated subsidiaries (383 companies)
In this CSR Report, "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 TECHN ASSOCIE Co., Ltd., which are listed on stock exchanges in Japan, 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 boundaries are indicated in the text or footnotes in the table or graph. The CSR management of the listed companies in the Group is introduced in P19 and P20.
- See P69 for criteria to calculate social and environmental indicators.

- For details of the boundary of data collection for environmental indicators, see Explanation of the Boundary in P51.

Guidelines Referenced

■ GRI Standards

This report 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.

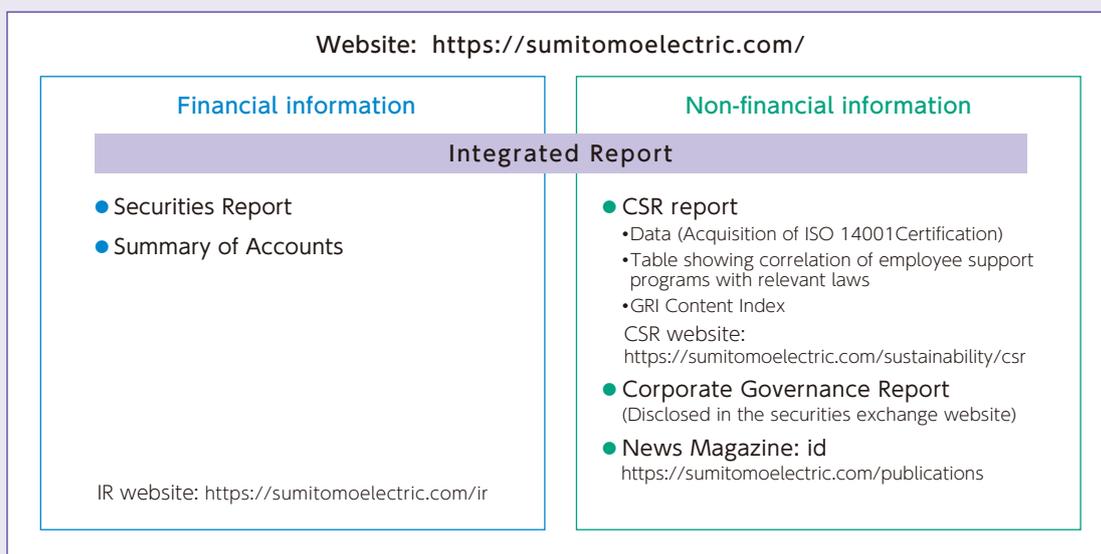
Date of Publication

November 2021

(Last CSR Report: published in November 2020; and next CSR Report: scheduled for release in November 2022)

Relationship with the Integrated Report

We started to issue our Integrated Report that gives financial and non-financial information in an integrated manner in January 2021 to help understand the value creation process in the Sumitomo Electric Group. This CSR report presents non-financial information of the Group with a focus on our activities during fiscal 2020 from the perspective of corporate social responsibility (CSR).



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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.

● 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.

● 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.

● 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.



Figure of Masatomo Sumitomo (Monjuin)※



Signboard of the medicine shop operated by Masatomo※

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.



Calligraphy work "Banji-nissei," which was given by Chairman Wang Jianyi of Futong Group Co., Ltd., China to commemorate the launch of joint ventures

※ Collection of 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--our clients, shareholders, society, the environment and our employees--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

To realize a "Glorious Excellent Company," which is the ideal state of the Sumitomo Electric Group, we must uphold the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles as a basis of all business activities and conduct business with our strong will and sincerity in an honest manner. In September 2005, the Sumitomo Electric Group Charter of Corporate Behavior was created to express the essence of our Group-wide code of conduct in a more straightforward and easy-to-understand manner, so as to help each and every administrator and employee in the Group make judgments and act to realize the principles presented in the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles.

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 building 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 disclose appropriate corporate information to our various stakeholders, including shareholders.
- We will also promote good communication with society through public information and hearings.

With the concerted efforts of the entire group, we will work to make society “environmentally friendly,” “safe and secure,” and “comfortable with much potential for growth.”

Osamu Inoue

President & COO Sumitomo Electric Industries, Ltd.



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 Report 2021.

In the global economy during the period covered by this report, the worldwide COVID-19 pandemic caused restrictions on economic and social activities all over the world. Economic conditions deteriorated significantly in the first quarter but the overall economy remained on a recovery trend after the second quarter. Nevertheless, some weakness remains partly because COVID-19 has started to spread once again to limit economic and social activities in some parts of the world.

The business environment surrounding the Sumitomo Electric Group was severe especially in the first half due to a decline in car production and delays in communication and power supply-related construction works as a result of the COVID-19 outbreak, as well as a decrease in optical fiber prices. Under these circumstances, our consolidated results for fiscal 2020 recorded a revenue decline with net sales of 2,918.6

billion yen, a year-on-year decrease of 6.1%. Profits dropped despite our commitment to drastic cost saving efforts including the reduction of non-essential costs and capital investments, which were not sufficient to offset the impact of the sales decline, and operating income also decreased by 10.4% year on year to 113.9 billion yen. In the second half, on the other hand, net sales and operating income increased year on year to 1,679.3 billion yen and 125.3 billion yen, respectively, both of which were a record high for the second half of a financial year, due to continued high demand with the sharp recovery of car production as well as the effects of our company-wide cost reduction efforts.

Measures to prevent COVID-19 infection

We would like to express our deepest sympathies to all of our stakeholders for the various hardships they are facing.

In the Sumitomo Electric Group as well, a considerable number of employees in Japan and other countries and regions around the world have been affected. To ensure

the safety of employees, we are taking measures to avoid 3Cs (crowded places, close contact settings and closed spaces) in the working environment. For example, our clerical sections are making efforts to reconsider the working style including the encouragement of teleworking and the organization of online conferences and training sessions, as well as initiatives to increase productivity, which have already started to produce effects. Meanwhile, we will not suspend manufacturing activities because manufacturers like us are responsible for the supply of products. In this situation, we have successfully introduced various measures that contribute to BCP and also reduce our risks, including the division of staff in charge of important processes into two groups to ensure that the other group can substitute one group in case of a cluster outbreak.

The pandemic reminded us of the significance of the impacts on the supply chain. Our supply chain has a very broad base and we are newly aware that failure to grasp the circumstances in our secondary and tertiary suppliers may lead to failure to receive crucial parts and materials, which will force us to suspend our manufacturing activities. In the future, we will also have to address pandemics as part of our commitment to BCP.

Initiatives in 5 CSR core categories for the realization of VISION 2022

The Sumitomo Electric Group selected “social contribution,” “quality,” “supply chain,” “human resources” and “environmental preservation” as the five core categories of CSR activities for the period of the mid-term management plan VISION 2022* and appointed the sections in charge of them to promote the initiatives.

Firstly, we are working to address global warming, which is rapidly causing concern on a global scale, as follows. While we have strived to reduce greenhouse gas emissions with a focus on the promotion of energy saving in our manufacturing sites in our efforts to develop the Action ECO-22V Campaign, which includes environmental conservation across the world in its targets, we consider that it is essential to perform more in-depth activities. We have made it clear to aim at the achievement of longer-term targets in addition to further promotion of conventional activities. More specifically, we acquired certification from SBTi, an international initiative that encourages companies to set voluntary targets consistent with the Paris Agreement, and also

expressed our support for TCFD. We will go further than declaring our commitment and promote initiatives for achieving our target of creating a decarbonized society by 2050 while aiming to make a contribution in all aspects of our business activities.

The second subject is the supply chain, which I also referred to in the explanation of the impact of the COVID-19 pandemic. In our commitment to the supply chain, it is especially important to cooperate with suppliers to address quality problems and human rights issues such as the confirmation of the absence of child labor or forced labor. In our time, even when a problem occurs in our supply chain, we will also be held responsible for the problem and it can directly undermine social trust in us. We will have to further promote the survey of our supply chain to prevent such a risk from occurring in the future.

We are steadily implementing our initiatives in the categories of quality, human resources and social contribution as well. The Sumitomo Electric Group, which develops its business on a global scale in more than 40 countries and regions, will accept regional and cultural diversity, understand the characteristics of each of the wide-ranging business fields and firmly maintain the Sumitomo Spirit and other common views and values in its commitment to initiatives in those CSR categories.

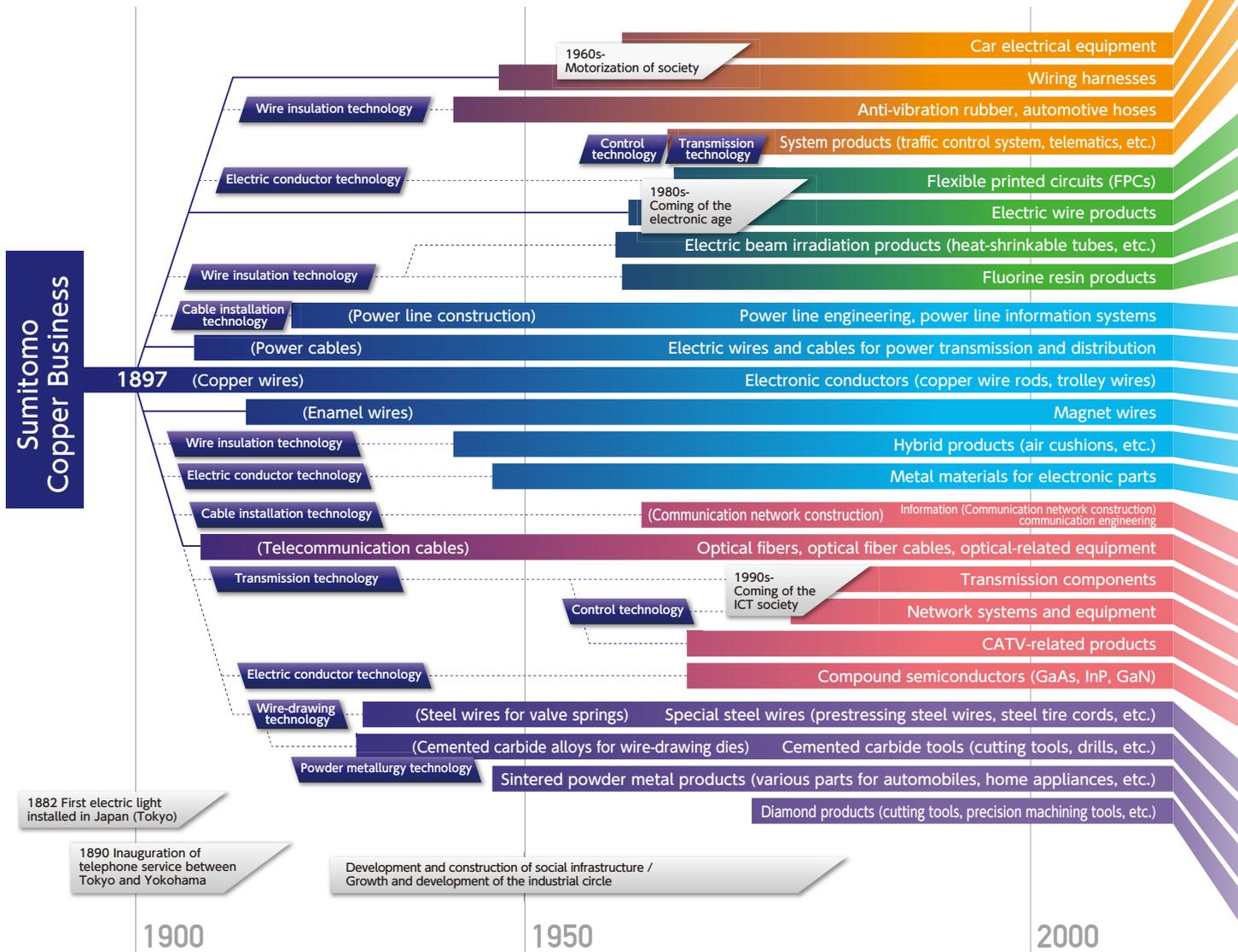
Aiming to help society become more sustainable

In January 2021, Sumitomo Electric established the Sustainability Management Promotion Committee chaired by the president. While society is becoming more interested in various subjects related to sustainability and there are increasing expectations for companies to address them, this committee discusses and develops policies for such subjects so that the Sumitomo Electric Group can further enhance its CSR and other Group-wide efforts.

The 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 believe that our ideal state also corresponds to the spread of ideas underlying the SDGs* and other movements to expect private companies to support sustainability. We will continue to aim at the sustainable improvement of corporate value through efforts to solve social challenges related to our business.

Our History and Business

Starting with copper wire production, the electric wire and cable business of Sumitomo Electric has expanded in the respective segments, including the manufacturing of power cables and communication cables and then magnet wires, automotive wiring harnesses and electronic wires for information equipment, in line with the development of society. In the meantime, we also began to diversify our business in early years based on the technology to produce electric wires and cables. The production of cemented carbide tools and special steel wires launched in 1931 and 1932 respectively was a firm step into the areas outside the electric wire segment. We have accelerated the diversification with the target of increasing the ratio of the non-electric wire business to 50% since the 1960s, and offered innovative products and technologies such as compound semiconductors, optical fibers, artificial diamonds and high-temperature superconductivity in sequence so as to support the changing times. The Sumitomo Electric Group has thus continued to develop unique technologies and persistently pursued new business opportunities, and is now conducting global business operations in the following five major business segments: automotive; electronics; environment & energy; infocommunications; and industrial materials.



History

1897	Sumitomo Copper Rolling Works was founded.	1943	Started production of anti-vibration rubber and fuel tanks.
1900	Started production of coated wires.	1946	Opened a branch office in Tokyo (now the Tokyo Head Office).
1908	Started production of power cables.	1948	Started marketing sintered powder metal products.
1909	Started trial production of telecommunication cables.	1949	Entered into the business of construction of overhead transmission lines.
1911	Established Sumitomo Electric Wire & Cable Works (the foundation of the Company). Manufactured and supplied the first Japan-made underground high-voltage (11,000 V) cables.	1957	Delivered the first Japan-made television broadcasting antennas.
1916	Opened a new factory (now the Osaka Works) Started production of enamel wires.	1961	Opened the Yokohama Works. Delivered the wiring harnesses for four-wheel vehicles for the first time in its history.
1920	Incorporated Sumitomo Electric Wire & Cable Works as a limited company (the establishment of the Company).	1962	Started production of IRRAX™ Tube electron beam irradiation tubes. The Head Office was moved from Osaka's Konohana Ward to the present address in Chuo Ward.
1931	Started production of cemented carbide ("IGETALLOY™") tools.	1963	Started production of disc brakes.
1932	Started production of special steel wires.	1964	Started production of electron beam irradiation wires.
1939	Company name changed to the current name, Sumitomo Electric Industries, Ltd.	1968	Entered into the business of traffic control systems.
1941	Opened the Itami Works.	1969	Established its first overseas production subsidiary. Started development of flexible printed circuits (FPCs).
		1970	Started production of compound semiconductors.

Automotive



Contributing to accelerating improvement delivered by CASE and to the evolution of mobility

Our main automotive products are wiring harnesses, which are laid throughout an automobile to transmit power and information. Wiring harnesses require advanced technologies to reliably transmit electricity and information to electrically-driven components and control equipment in the automobile despite intense vibration and heat. In the Sumitomo Electric Group, Sumitomo Wiring Systems, Ltd. and AutoNetworks Technologies, Ltd. have established such a prominent presence in the market that one out of four automobiles in the world uses Sumitomo Electric's wiring harnesses. Steady advances in the use of aluminum wiring harnesses have been helping reduce automobile weight. Our connecting technologies are essential for realizing connected cars and autonomous driving, which must handle a huge amount of information, as well as for achieving widespread use of hybrid and electric vehicles. We intend to become a mega-supplier with the wiring harness business at the core for an excellent harmony between automobiles, people and society in the next generation.

Electronics



Supporting further evolution of mobile devices, automobiles and aviation equipment

The diverse range of raw, wiring and other materials supplied by our group have supported the evolution of various electronic equipment at the core. Flexible printed circuits (FPCs) are one of the main products of the Group. Their versatility in forming high-density circuits in a small area makes them a wiring material adaptable to all kinds of increasingly complex equipment. We have electron beam irradiation technology used to produce electric wire products and heat-shrinkable tube, and fluorine resin processing technology applied to printer toner fixing rollers. In addition to these proprietary material development, design and processing technologies, we are experts in high-speed data transmission technology, constantly creating products to meet demand for sophisticated functionality. We aim to become a global supplier of high-performance cables, components and materials by refining these technologies and strengthening our supply chain to be successful in global competition.

Environment & Energy



Building new energy systems for the widespread use of renewable energy and other purposes

We melt, solidify and roll copper. Sumitomo Electric's electric wire and cable products evolved from its copper wire production since its foundation. With a solid foundation and proven track record of achievements among Japan's top-tier businesses in the category of low to ultra-high voltage electric wire and cable products, we support energy infrastructure throughout Japan. Currently, the technical expertise of our group is required for the construction of new energy systems in line with trends such as international grid interconnection projects, primarily in Europe, infrastructure development in emerging countries, increasing use of renewable energy and widespread use of electric vehicles. We aim to build a stronger global presence drawing on our strengths such as diverse high-value product families and associated services, project-planning expertise, overall capabilities involving affiliate companies in the heavy electrical machinery and engineering fields and end-to-end system development from raw material to finished product.

Infocommunications



Endeavoring to realize high-speed, high-capacity telecommunications meeting the challenge of the increasing data traffic volume

Communication infrastructure is an integral part of our social infrastructure. Optical fibers and cables as well as optical communication components and devices offered by the Sumitomo Electric Group play a key role. In terms of optical fibers, which we started to manufacture in the 1970s, we offer an extensive product lineup with superb transmission characteristics and high reliability. For example, our ultra-low-loss optical fibers (total distance: over 10,000 km), which were developed for an ultra-long-haul submarine system, set a world record in transmission loss. We have high technologies for connectivity, such as world-class development capabilities and manufacturing technologies for ultra-high-fiber-count optical cables for data centers, software development technologies for image and optical access devices, and collaborative development technologies for compound semiconductors for optical and wireless communication. We will lead the era of large-capacity high-speed communication by utilizing these proprietary technologies to develop unique products that "go beyond expectations" of various users.

Industrial Materials



Contributing to the growth of industries and social infrastructure by developing and supplying high-functionality materials

Materials produced by the Sumitomo Electric Group have evolved on the basis of its thin copper wire-making technology. Our cutting and grinding tools made of materials such as diamond, cubic boron nitride and cemented carbide alloys support all fields of manufacturing throughout the world. Additionally, special steel wires that reinforce concrete structures and tires and sintered powder metal parts used primarily in automobiles are essential for the growth of society and industries. In response to the growing demand for lightweight automotive materials and the growth in the medical and aviation industries, we will offer tangible forms of innovative solutions for customer and social challenges, drawing on our world-class materials development capabilities and production technologies.

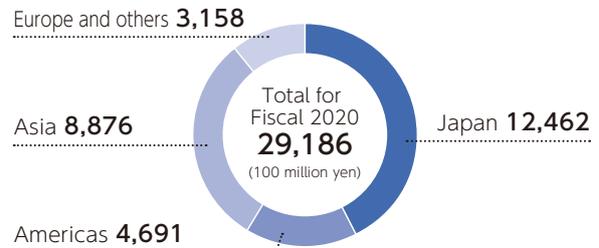
1971	Opened the Kanto Works.	2003	Sumiden Hitachi Cable Ltd. (wires and cables for buildings and industrial equipment) started operation.
1974	Started production of optical fiber cables.		Sumitomo Electric Hardmetal Corp. (powder metal and diamond products) started operation.
1975	Contracted to construct a power transmission line in Iran.	2004	A.L.M.T. Corp. was made a wholly-owned subsidiary.
1976	Received an order for a large telecommunications network project in Nigeria.	2006	The HTS cable used in a power transmission grid in the U.S. started supplying electricity.
1978	Delivered and put into operation the world's first bi-directional fiber optic CATV system "Hi-OVIS."	2007	Sumitomo Wiring Systems, Ltd. was made a wholly-owned subsidiary.
1981	Delivered the fiber optic LAN system for the first time in its history.		Nissin Electric Co., Ltd. was made a consolidated subsidiary.
1982	Succeeded in producing the world's largest synthetic monocrystalline diamonds (1.2 carats).	2008	Opened the Technical Training Center.
1996	Developed a technology for producing long-length oxide high-temperature superconducting wires.		Sumiden Friend, Ltd. (Special subsidiary) started operation.
1998	Developed and started marketing ecology wires and cables.	2009	Sumitomo Electric Device Innovations, Inc. was organized.
1999	Sumitomo Electric Fine Polymer, Inc. (fine polymer products) started operation.	2010	Opened the WinD Lab, a new laboratory building.
2001	J-Power Systems Corporation (high-voltage power cables) started operation.		SEI Optifrontier Co., Ltd. (now Sumitomo Electric Optifrontier Co., Ltd.) was organized.
2002	Sumitomo Electric Networks, Inc. (network equipment) started operation.	2014	J-Power Systems Corporation was made a wholly-owned subsidiary.
	Sumitomo (SEI) Steel Wire, Corp. (special metal wires) started operation.	2015	Started a demonstration test of the world's-largest-class redox flow battery system.
	Sumitomo Electric Wintec, Inc. (magnet wires) started operation.	2019	TECHNO ASSOCIE Co., Ltd. was made a consolidated subsidiary.

Global Business Expansion

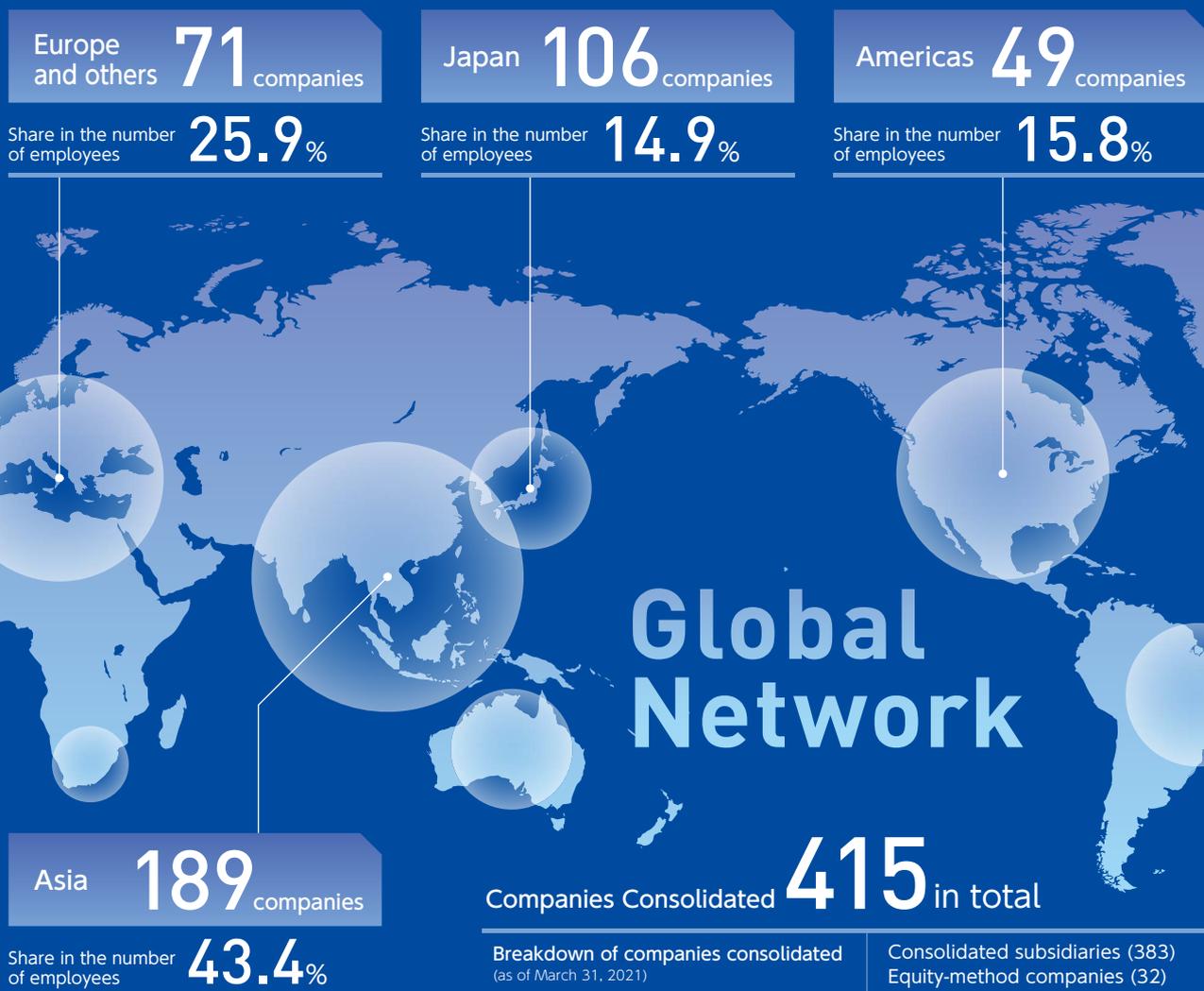
The Sumitomo Electric Group is developing business activities on a global scale, with 415 consolidated companies and over 280,000 employees around the world. While providing superior products and services, we respect the cultures and customs of the countries and regions in which we operate. As a corporate 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, 2021)
Head Office	4-5-33, Kitahama, Chuo-ku, Osaka, JAPAN

Net Sales by Area (Consolidated)



Number of consolidated companies by area / Share in the number of employees



History of the business development on a global scale

Sumitomo Electric started to export electric wires, which underlie the industry, during the era of its forerunner, Sumitomo Electric Wire & Cable Works, which was founded in 1911. In the postwar period, we expanded our business by exporting full turnkey projects, which covered exports of electric wire products and all services from design to construction. This leads to the establishment of foundations for the social and economic development of developing countries and regions all over the world.

With respect to products in the business segments as well, we have promoted localization of the business by setting up a number of production bases in the trend of customer demand for overseas operation and so on. Through these activities, we have provided technical guidance and have established an integrated system of production and sales outside Japan.

Full turnkey projects

Since our first project in Venezuela in 1963, we have undertaken construction works in Asia, Middle East, Africa and South America to lay power transmission lines, which serve as an "artery" that conveys electricity throughout society, and to build communication networks, which serve as a "nerve system" that conveys information. In particular, the order we received to construct an urban telephone network in Nigeria in 1974 was at that time an unprecedentedly large communication network construction project, even by worldwide standards, to be placed with a

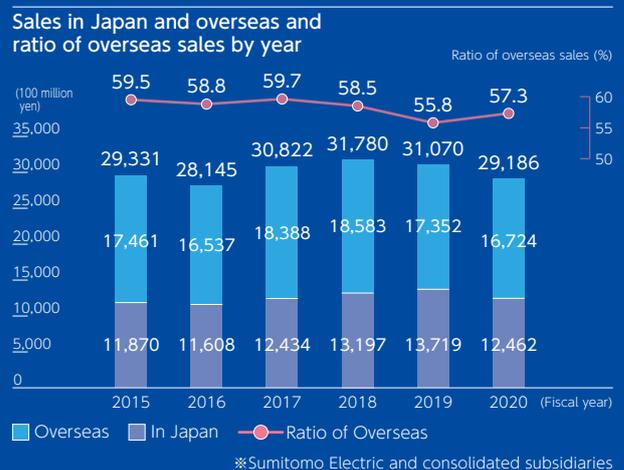
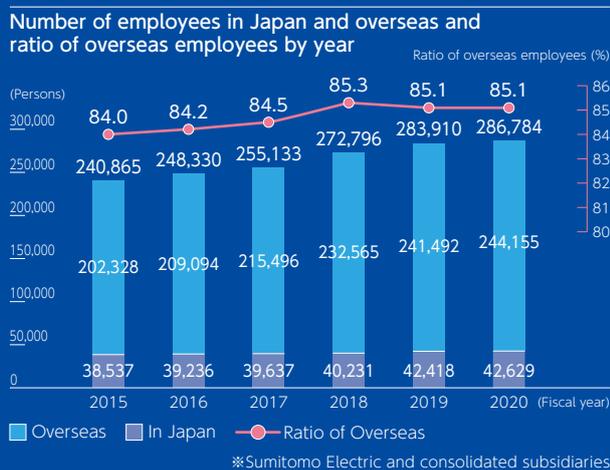
single company. A total of 300 Japanese staff and 2,000 locals worked together on the project for 11 and a half years until its completion in 1988.

In the two power transmission line construction projects for which we received orders in Iran in 1975 and 1977, we faced not only harsh geographical and weather conditions in the construction area but also unstable political circumstances such as revolution and war. Still, we managed to connect major industrial bases of the country and eventually complete the projects in 1987.



Global development by business segment

Beginning with the foundation of our first overseas manufacturing base in Thailand in 1969, we have promoted the establishment of overseas bases in consideration of market characteristics and needs for each business segment. In the parts of the world in which we have established our bases, we are committed to job creation and human resource development while aiming to stabilize the local operation. We now have a total of 309 overseas consolidated companies with more than 240,000 employees.



Number of Group Employees in the World by Year

	2011	2012	2013	2014	2015	2016	2017	2018			2019			2020		
								Male	Female	Total	Male	Female	Total	Male	Female	Total
Americas	19,712	24,273	29,470	34,828	33,500	37,959	38,923	20,523	20,008	40,531	21,099	22,154	43,253	20,968	24,331	45,299
Europe, Africa and others	47,735	47,644	54,245	56,477	56,273	56,797	60,537	24,733	41,014	65,747	30,018	45,397	75,415	28,938	45,340	74,278
Southeast Asia	43,000	49,868	56,408	58,278	61,848	65,844	71,529	28,466	50,779	79,245	29,238	50,385	79,623	29,224	49,141	78,365
China	46,788	47,390	47,646	52,323	50,707	48,494	44,507	22,853	24,189	47,042	21,360	21,841	43,201	22,647	23,566	46,213
Japan	37,499	37,148	37,715	38,892	38,537	39,236	39,637	32,488	7,743	40,231	33,798	8,620	42,418	33,776	8,853	42,629
Total	194,734	206,323	225,484	240,798	240,865	248,330	255,133	129,063	143,733	272,796	135,513	148,397	283,910	135,553	151,231	286,784
Ratio of overseas employees	80.7%	82.0%	83.3%	83.8%	84.0%	84.2%	84.5%	85.3%			85.1%			85.1%		

※Sumitomo Electric and consolidated subsidiaries

Mid-term Management Plan VISION 2022

Basic Concepts

Contributing to a better society by leveraging our expertise in connectivity and transmission technologies through concerted efforts of the entire group.

Overall Concept Diagram

A "Glorious Excellent Company" is Sumitomo Electric Group's ideal future state. Positioning the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles as our basic management value, we will help create a better society through business activities. In our growth strategy, we aim to diversify our technologies and products and create innovations that meet new social demand in the fields of Automotive, Infocommunications, Electronics, Environment & Energy and Industrial Materials based on the Manufacturing Base, Human Resources and Organizational Base and Financial Base we have developed, and will be committed to enhancement of manufacturing capabilities, increasing global presence and creation and enhancement of leading technology.



Our Priorities

Enhancement of Manufacturing Capabilities

Taking "SEQCDD" one step further

- Aim for "the world's top safety company"
- Create "strong factories" through continuous improvement (kaizen)
- Exert our strength by sharing and propagating technologies and best practices among Group companies worldwide

Increasing Global Presence

- Work to increase market share with global customers
- Create new business models that anticipate market changes
- Enhance the efficacy of our marketing efforts

Creation and Enhancement of Leading Technology

- Continue to enhance core technologies from materials to processes
- Innovation that anticipates change in the automotive and energy fields and exploits commercialization opportunities with agility
- Challenge ourselves to create innovative technology that encourages social reform

Relationships with Stakeholders

	Outline of the stakeholder	Main responsibilities of the Sumitomo Electric Group	Main means of communications
Sumitomo Electric Group	Customers	<ul style="list-style-type: none"> • Supply of socially useful and safe products and services • Improvement of customer satisfaction on all aspects including delivery time, etc. • Provision of accurate and appropriate information on products 	<ul style="list-style-type: none"> • Communication through daily operations • Newsletters, e-mail delivery, websites • Information exchange at exhibitions etc.
	Suppliers	<ul style="list-style-type: none"> • Fair trade • Support and cooperation for the achievement of CSR procurement 	<ul style="list-style-type: none"> • Communication through daily procurement activities • Partners' meetings • Communication through the supplier survey sheet and other channels
	Employees	<ul style="list-style-type: none"> • Respect for human rights, personality and individuality • Development, use and evaluation of human resources • Creation of a work environment where all employees can demonstrate their capabilities • Contribution to occupational safety and health 	<ul style="list-style-type: none"> • Surveys to create a lively work environment • In-house magazines, Global Magazines • Intranet, President's blog • Management council meetings for discussion between labor and management • Informal meetings between executives and employees
	Local Communities and NPOs/NGOs	<ul style="list-style-type: none"> • Creation and maintenance of jobs • Respect for culture and custom, contribution to development • Prevention of accidents and disasters, environmental conservation • Cooperation and coordination for the solution of environmental and other problems 	<ul style="list-style-type: none"> • Participation in events, support of traditional performing arts • Factory tours, opening of facilities, joint hosting of festivals • Employees' contribution to local communities • Communication through cooperation and support • Stakeholder dialogue
	Shareholders and Investors	<ul style="list-style-type: none"> • Maintenance and improvement of the corporate value • Proper return of the profits (as dividends) • Timely and proper disclosure of corporate information 	<ul style="list-style-type: none"> • General meetings of shareholders • Financial result briefings • Reception of investors and interviewers • Annual reports (Integrated Report) • Investor relations website
	Global Environment	<ul style="list-style-type: none"> • Reduction of greenhouse gas emissions • Promotion of energy saving and recycling • Reduction of the amount of waste, reduction of the release of harmful chemical substances 	<ul style="list-style-type: none"> • Comply with the relevant laws and regulations • Environmental conservation activities in accordance with the PDCA cycle • Stakeholder dialogue
	Central and Local Governments	<ul style="list-style-type: none"> • Compliance with laws, regulations, administrative guidance, etc. • Tax payments • Cooperation for government policies to solve public problems 	<ul style="list-style-type: none"> • Communications through economic organizations and trade associations • Notifications, response to surveys and questionnaires • Consultation with competent authorities, public comments

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. In addition, Sumitomo Electric established the Public Relations Committee in 2006 as a cross-sectional organization to enhance the information disclosure system. The committee engages in activities such as development of rules on corporate information disclosure, related education and knowledge dissemination within the Group and planning of measures to enhance the 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 appropriate evaluation of our corporate value in the capital market.

The Company works to enhance communication with institutional investors and analysts at such occasions as briefings on financial results and interviews. 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.

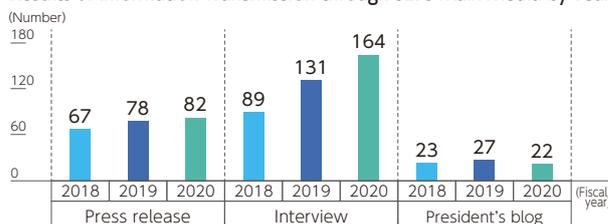
We will continuously promote fair and prompt information disclosure and further improvement of the content.

Efforts to Disseminate Information

Again in fiscal 2020, Sumitomo Electric actively transmitted information through various media such as press releases, interviews and websites to help our stakeholders enhance their understanding of the Group. When we announced the mid-term management plan VISION 2022 in May 2018, we renewed our tagline to adopt "Connect with Innovation" and also reviewed the visual identity (VI) that aims to establish a corporate image for the Sumitomo Electric Group as a whole. We are working to disseminate the new VI by applying it to various publications, promotional materials, etc. In addition, we have renewed our websites and opened a global website to strengthen our abilities to transmit information. We also published Integrated Report 2020 in January 2021 to offer financial and non-financial information, including our medium and long-term growth strategy, business results, management strategy and ESG (environmental, social and governance) information, in an integrated manner.

Moreover, through the active communication of information on the activities of our track and field team and our support for sports events, we further increase a sense of unity within the Group while giving support to sports promotion.

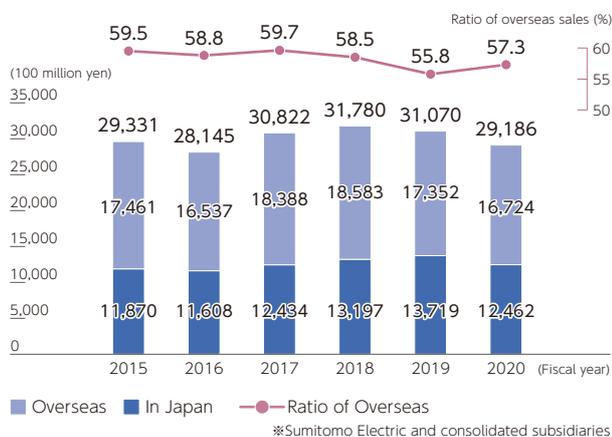
Results of Information Transmission through SEI's Main Media by Year



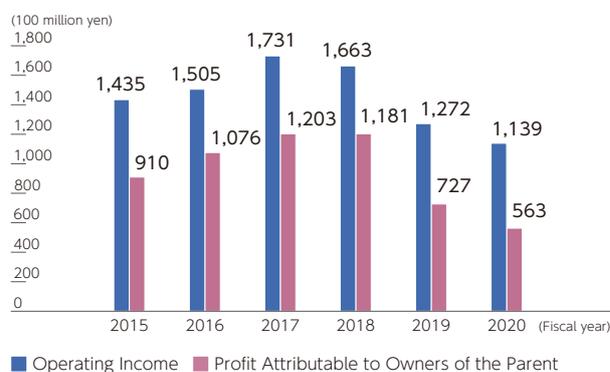
Financial and Non-Financial Highlights

Financial Overview

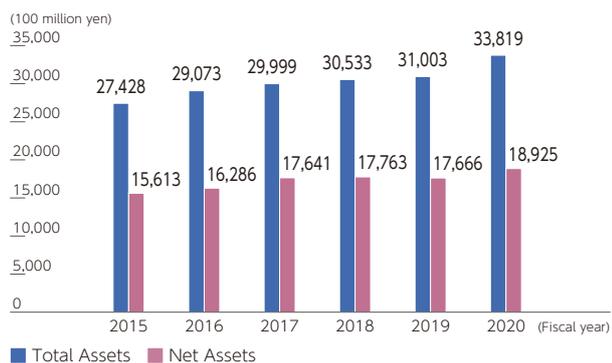
Sales in Japan and overseas and ratio of overseas sales by year



Operating Income and Profit Attributable to Owners of the Parent (Consolidated)

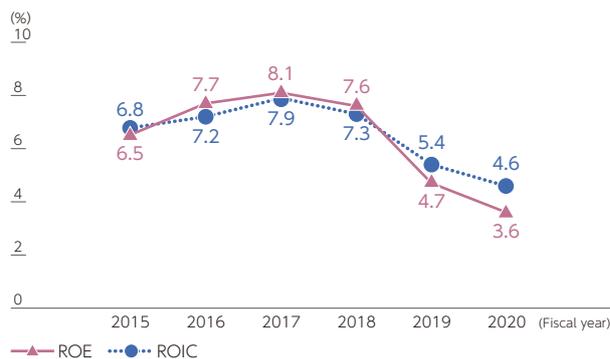


Total Assets and Net Assets (Consolidated)

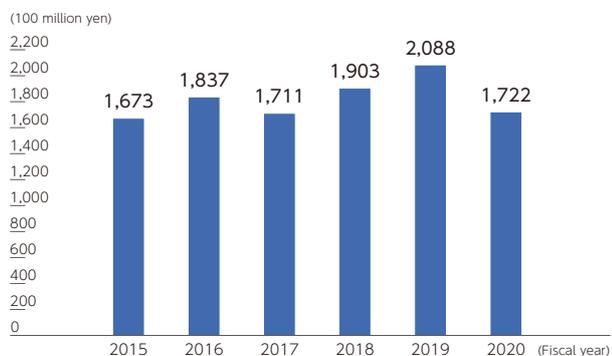


(Note) Our consolidated subsidiaries in the United States adopted IFRS instead of conventional US GAAP standards in fiscal 2020 and this change has been applied retrospectively to the values for fiscal 2019 in the graph.

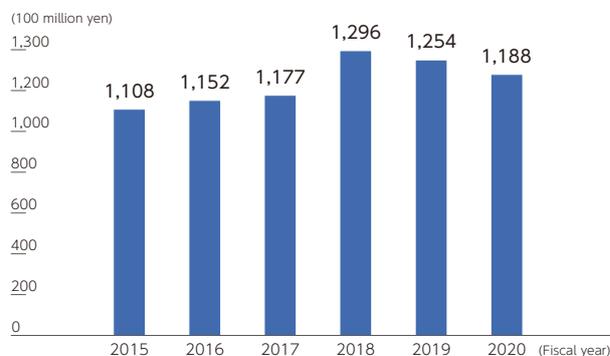
Return on Equity (ROE) and Return on Invested Capital (ROIC)*



Capital investment

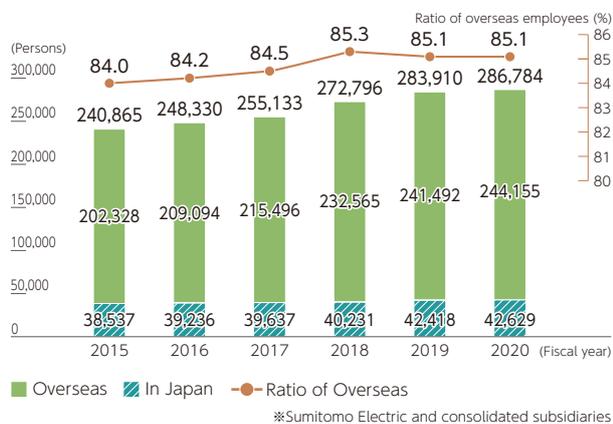


R&D expenditures

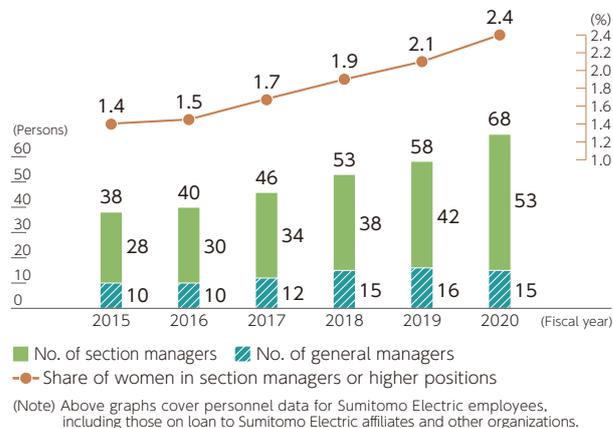


Non-financial Overview

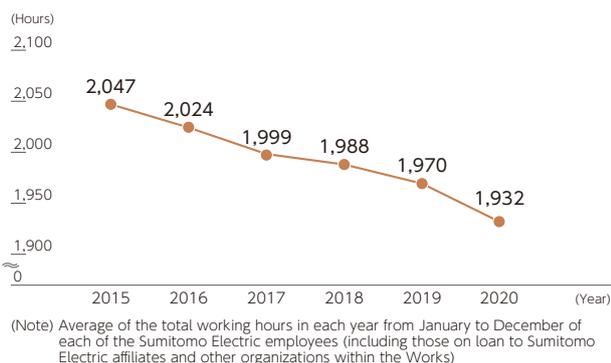
Number of employees in Japan and overseas and ratio of overseas employees by year



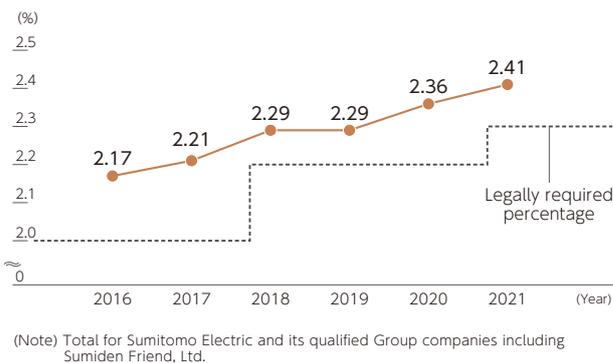
Number and share of women in section managers or higher positions as of January 16 of each fiscal year



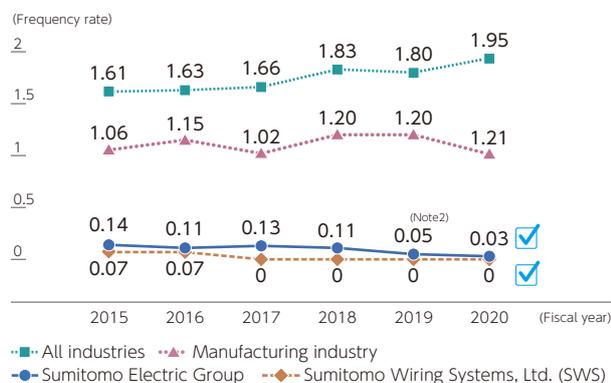
Average Total Working Hours by Year



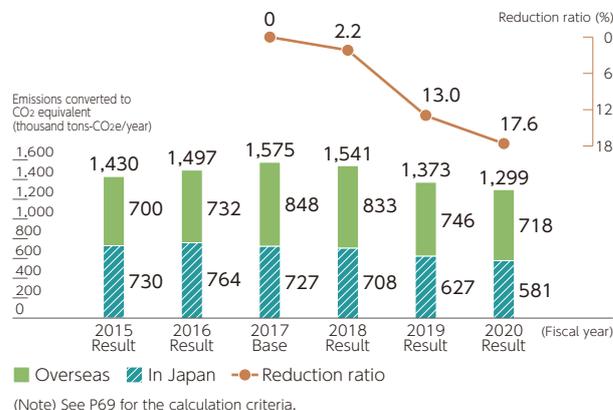
Employment Rate of the Physically or Mentally Disabled by Year



Lost Time Injuries Frequency Rate* for Employees in Japan by Year



Greenhouse Gas Emissions and Reduction Ratio (in Japan and overseas)



CSR Management



We will continue to meet the needs of the times and society based on CSR, which is also based on an idea included in the Sumitomo Spirit

Naomasa Chiba Manager of the CSR Promotion Office, Public Relations Department

Six years have passed since I started to engage in CSR management. It is encouraging that the attitude towards CSR in the Sumitomo Electric Group became more positive during the period. On the other hand, when looking at the subjects that require company-wide efforts, such as global warming, human rights and supply chain, I am also aware that the response of Sumitomo Electric to the recent increase and expansion of social demand for a commitment to such subjects is not fast enough. It is necessary to understand the current situation precisely first and then further deepen and develop the CSR activities of the Sumitomo Electric Group to

become Glorious Excellent Company, the ideal state of the Group.

In January 2021, we changed our CSR system by establishing the Sustainability Management Promotion Committee chaired by the president as well as the CSR Promotion Committee under it. The change aimed to enhance our company-wide activities in a way to reflect our management plan and policy on them more strongly than before. The members of the CSR Promotion Committee are elected to represent the respective divisions and supervise practical operations so that the committee can be operated more efficiently.

The Sumitomo Electric Group currently operates in more than 40 countries and regions around the world with more than 280,000 employees to develop a wide range of business activities. There are also more than 380 consolidated subsidiaries. In this context, it is increasingly important to promote and enhance coordination with the consolidated subsidiaries on a global scale in the Group's CSR activities. This is also expected by stakeholders and we recognize it as one of the challenges to be tackled in the operation of the new system.

The Sumitomo Spirit, which presents basic value standards for the Sumitomo Electric Group, contains the phrase "Mutual Prosperity, Respect for the Public Good" and this idea also underlies the CSR of modern companies. The Sumitomo Electric Group will continue to help improve the sustainability of society through its CSR activities as well as the Sumitomo Electric Group Corporate Principles and Charter of Corporate Behavior.

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, as well as the Sumitomo Electric Group Corporate Principles, serving as the basic value standards that guide us, we will enhance our efforts for CSR management, communication with stakeholders and human rights while setting governance, risk management and compliance as the foundations. Then, through business activities based on them, we will create social values and contribute to a better society and environment.

In accordance with the establishment of VISION 2022 in fiscal 2018, we revised part of the CSR core categories. With "quality," "supply chain," "human resources," "environmental preservation" and "social contribution" as the five core categories, we will promote business activities. We will fulfill our corporate social responsibility and establish good relationships with stakeholders with the aim of becoming a Glorious Excellent Company, i.e., realizing the ideal state of the Sumitomo Electric Group.



CSR Core Categories, Priority Themes and Main Targets

In line with the announcement of the mid-term management plan VISION 2022, we revised the CSR core categories and priority themes as presented below and also set main targets including new key performance indicators (KPIs) for fiscal 2022 in a way to link them to VISION 2022, instead of the previous approach focusing on targets set for each fiscal year. It is actually challenging to set and declare quantitative CSR targets

amidst accelerating market changes. Still, with the recognition that CSR activities are one of the two key components of our management strategy toward the achievement of VISION 2022 and are essential to becoming a Glorious Excellent Company, the ideal state of the Group, we will enhance our efforts to meet the targets.

Core categories	Priority themes	Main targets (including KPIs for fiscal 2022)	Main related SDGs
Quality	Product quality & product safety	Reduce the index for the number of complaints by 30% from the FY2017 level	
Supply chain	Promotion of CSR procurement	Promotion of CSR procurement covering the suppliers that represent 90% of the value of our domestic procurement	
Human resources	Promotion of diversity and occupational safety	Promotion of appointment and development of SEG Global Executives	
		Serious accidents + Accidents resulting in remaining disabilities: 0 Accidents resulting in lost work time + No lost work time accidents + Accidents causing minor injury*: 21 or less Accident score**1*: 70 or less	
Environmental preservation	Prevention of global warming	Reduce GHG emissions by 10% from the FY2018 level **2 Reduction by 30% from the FY2018 level by FY2030	
Social contribution	CSV* activities and social contribution activities	Maintain and expand the projects that help solve social problems	
		Enhance the activities of the SEI Group CSR Foundation	

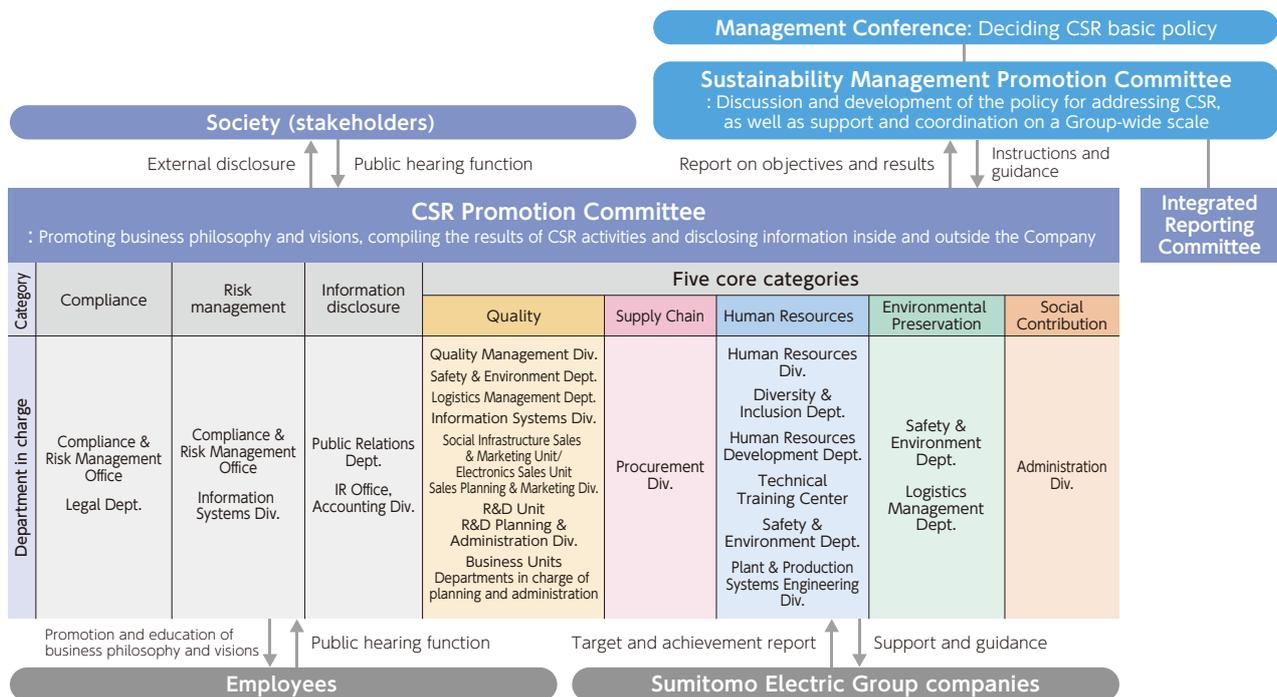
**1 The target was revised based on the results in fiscal 2020.
**2 The target was revised based on the long-term reduction target certified by SBTi.

Sumitomo Electric Group CSR Promotion System

In January 2021, we changed the organizational structure by establishing the Sustainability Management Promotion Committee chaired by the president as well as the CSR Promotion Committee under it. Based on the structure presented in the diagram below, while reflecting the management policy more strongly than before, the committees will promote company-wide activities as the main bodies for the promotion of CSR in the Group.

The roles of the CSR Committee include:

1. Holding meetings four times a fiscal year to review the CSR activities from a group-wide perspective and give support and guidance on the future development.
2. Promoting internal and external information disclosure and public hearings on CSR.
3. Promoting CSR education programs throughout the Sumitomo Electric Group, etc.



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, collides while walking, backache, etc.

* **CSV: Creating Shared Value**
CSV is a concept advocated by Michael E. Porter, an American academic specialized in corporate competitive strategies, as a framework for the business strategy that aims to balance the economic activities of companies to gain profits with the creation of social value.

Targets and Actual Results in Fiscal 2020 / Targets for Fiscal 2021

In the Sumitomo Electric Group, the departments in charge of the CSR core categories respectively set annual targets for the achievement of the main targets for fiscal 2022 mentioned in P16 and work to achieve them autonomously. The table below shows the main targets and results in fiscal 2020 and targets for fiscal 2021 on the main initiatives in core categories. To meet the targets, we will continue to promote the initiatives based on the PDCA (plan-do-check-act) cycle.

Core Category	Priority Theme	Targets for FY2020	Results in FY2020	Evaluation	Page
Quality	Product Quality & Product Safety	Reduce the index for the number of complaints by 12% from the previous fiscal year	Decreased by 16% from the previous fiscal year	○	28
		Continue to promote Own Process Quality Assurance Activities (eleventh year) ① Company-wide development of important measures to prevent major complaints (continued) ② Activities to enhance the prevention of recurrence ③ Company-wide development of the "3 points control of quality" (continued) ④ Expansion of Own Process Quality Assurance Activities on practical themes ⑤ Continuance of activities for company-wide dissemination (through the issuance of booklets, holding of exchange meetings and other initiatives)	① Published 10 issues of "TAZAN-NO-ISHI" (quality information-sharing) and conducted voluntary inspections with a prevention check sheet ② Promoted the Degree of Quality Assurance and group-wide sharing of initiatives. Reduced the number of complaints in Japan by 13% from fiscal 2019 and the number of repeated or similar complaints by 17% ③ A total of 97 plants in Japan and overseas performed the activities. In the first half, 66% of the activity indicators were improved ④ Number of activities on practical themes: 243 ⑤ Added 5 examples to the booklets to introduce good practices and held an exchange meeting in September	○	28 } 29
Supply chain	Promotion of CSR Procurement	Continue the promotion of CSR procurement covering the suppliers that represent 90% ^(Note) of the value of our domestic procurement • Continuance of implementation of the survey based on the CSR procurement self-assessment sheet • Achievement of CSR procurement covering the suppliers that represent 90% of the value of our domestic procurement including Sumitomo Riko Company Limited and Nissin Electric Co., Ltd.	Conducted the CSR survey covering the suppliers that represent 90% ^(Note) of the value of our domestic procurement • Completed the survey based on the CSR procurement self-assessment sheet in the suppliers covering 90% of the value of our domestic procurement including Sumitomo Riko Company Limited and Nissin Electric Co., Ltd. (See P34 for the achievement rate for each company)	○	33 } 34
		• Continue to implement the training program that supports compliance • Extend the application of the procurement guidelines to overseas affiliates	• Conducted the survey based on the CSR procurement self-assessment sheet (66 companies), interviews/requests for improvement (12 companies) and basic CSR training (46 companies) for small and medium-sized companies that highly depend on the Sumitomo Electric Group • Provided compliance training (2,876 person in total) • Provided inspection and instructions (five overseas group companies) and CSR procurement training (29 overseas group companies)	○	31 } 34
Human resources	Promotion of Diversity and Occupational Safety	• Appointment of new SEG Global Executives • Promotion of measures to develop SEG Global Executives	• Newly appointed 3 SEG Global Executives As of April 1, 2021, the total number of SEG Global Executives is 42 • Promoted measures to develop SEG Global Executives	○	35 } 36
		Implement priority items • Continuance of promotion of the talent management cycle • Further activation of Regional Executive Conferences and Area Committee activities • Continuance of the executive training program	• Continued to conduct Business Unit HR Meeting • Made progress in Area Committee activities even amid the COVID-19 pandemic. Communicated via online meetings instead of the Regional Executive Conference due to the impact of COVID-19 • Continued the executive training program by implementing it online	○	35 } 36
		Reduce serious accidents and accidents resulting in remaining disabilities to zero, and reduce the total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury to 48 or less Accident score: 210 or less	Serious accidents + Accidents resulting in remaining disabilities: 0 Accidents resulting in lost work time + No lost work time accidents + Accidents causing minor injury: 44 Accident score: 147	◎	47
		Safety VISION 2022 ① Safety measures in facilities ② Development of human resources with high safety awareness ③ Fostering safety culture • Action items for FY2020 • Activities to be conducted continuously with the participation of all employees • Group-wide structural reinforcement activities • Health activities	• Forklifts (separation of vehicles from people): Worked to achieve Level 4* • Visual training using CG to reproduce accidents/training to make trainees think: Taken by 686 persons • Communicative safety patrol: Fostered safety expert and promoted the dissemination • Emergency safety management* and priority safety management activities: Continuous implementation • Practical use of TRAP analysis*: Human resource development (3rd term) • Enhanced the management of special health examination	○	46 } 47
Environmental preservation	Prevention of Global Warming	Reduced CO ₂ emissions by 3.0% from the FY2017 level	Reduced CO₂ emissions by 18% from the FY2017 level	◎	53
		• Achievement of the targets in all items of the Action ECO-22V campaign • In Japan: Completion of the second round of legal compliance audits Overseas: Enhancement of environmental management systems in affiliates • Raising the awareness of the social responsibility that companies should fulfill, in systematic environmental education	• Out of the 13 items, 9 items achieved the targets: The performance failed to achieve the targets for the following four items: Target for energy saving (production sites): reduction of energy consumption per unit of sales, reduction of CO ₂ per unit of sales from transportation, water use per unit of sales and the ratio of Eco-products in sales • Implementation of environmental audits In Japan: Conducted at 2 sites Overseas: Conducted at 4 sites • 508 persons participated in managerial post-based training	▼	48 } 60
Social contribution	CSV Activities and Social Contribution Activities	Maintain and expand the projects that help solve social problems	See the Integrated Report*	○	22 } 36
		Enhance the activities of the SEI Group CSR Foundation • Implement the following fund projects ① Monetary contributions to university courses: 108 million yen ② Subsidies for academic and research programs: 30 million yen ③ Supply of scholarships: 43.1 million yen	Enhance the activities of the SEI Group CSR Foundation • Implement the following fund projects ① Monetary contributions to university courses: 108 million yen ② Subsidies for academic and research programs: 31.2 million yen ③ Supply of scholarships: 40.1 million yen	○	33 } 34 ○

Legend ◎: Target achieved and performance far exceeding the target by more than about 50%; ○: 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)

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.

* Emergency safety management

Activities for emergency safety management are implemented at the operation sites designated as requiring the improvement of health and safety activities. Measures are taken in a planned manner to improve the structure.

Targets for FY2021	Targets for FY2022	Related SDGs
<p>Reduce the index for the number of complaints by 7% from the previous fiscal year</p> <hr/> <p>Continue to promote Own Process Quality Assurance Activities (twelfth year)</p> <ul style="list-style-type: none"> ① Company-wide development of important measures to prevent major complaints (continued) ② Activities to enhance the prevention of recurrence ③ Company-wide development of the "3 points control of quality" (continued) ④ Expansion of Own Process Quality Assurance Activities on practical themes ⑤ Continuance of activities for company-wide dissemination (through the issuance of booklets, holding of exchange meetings and other initiatives) 	<p>Reduce the index for the number of complaints by 30% from 2017</p>	
<p>Continue the promotion of CSR procurement covering the suppliers that represent 90% (Note) of the value of our domestic procurement</p> <hr/> <ul style="list-style-type: none"> • Continuance the survey based on the CSR procurement self-assessment sheet and basic training on CSR for small and medium-sized companies that highly depend on the Sumitomo Electric Group • Continue to implement the training program that supports compliance • Extend the application of the procurement guidelines to overseas affiliates 	<p>Continue the promotion of CSR procurement covering the suppliers that represent 90% (Note) of the value of our domestic procurement</p>	  
<ul style="list-style-type: none"> • Appointment of new SEG Global Executives • Promotion of measures to develop SEG Global Executives <hr/> <p>Implement priority items</p> <ul style="list-style-type: none"> • Continuance of promotion of the talent management cycle • Further activation of Regional Executive Conferences and Area Committee activities • Continuance of the executive training program 	<p>Promotion of appointment and development of SEG Global Executives</p>	
<p>Reduce serious accidents and accidents resulting in remaining disabilities to zero, and reduce the total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury to 31 or less Accident score: 110 or less</p> <hr/> <p>Safety VISION 2022</p> <ul style="list-style-type: none"> ① Safety measures in facilities ② Development of human resources with high safety awareness ③ Fostering safety culture <ul style="list-style-type: none"> • Action items for FY2021 • Activities to be conducted continuously with the participation of all employees • Group-wide structural reinforcement activities • Health activities • Disaster prevention activities 	<p>Reduce serious accidents and accidents resulting in remaining disabilities to zero, and reduce the total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury to 21 or less Accident score: 70 or less</p>	    
<p>Reduced CO₂ emissions by 7.5% from the FY2018 level</p> <hr/> <ul style="list-style-type: none"> • Achievement of the targets in all items of the Action ECO-22V campaign • Implementation of environmental audits in 13 domestic and overseas sites with large environmental impact • Raising the awareness of the social responsibility that companies should fulfill, in systematic environmental education 	<p>Reduce GHG emissions by 10% from the FY2018 level</p>	     
<p>Maintain and expand the projects that help solve social problems</p> <hr/> <p>Enhance the activities of the SEI Group CSR Foundation</p> <ul style="list-style-type: none"> • Implement the following fund projects <ul style="list-style-type: none"> ① Monetary contributions to university courses: 95 million yen ② Subsidies for academic and research programs: 30 million yen ③ Supply of scholarships: 41.6 million yen 	<p>Maintain and expand the projects that help solve social problems</p> <hr/> <p>Enhance the activities of the SEI Group CSR Foundation</p>	     

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

*** TRAP analysis**

TRAP is an abbreviation of Trap Avoiding Program (a phrase coined by Sumitomo Electric). TRAP analysis aims to prevent the occurrence and recurrence of work-related accidents based on the theory of failure studies. "I thought that I was taking the right action but it caused an unfavorable result against my will (due to an unexpected trap). I will identify the trap and consider it for prevention in the future."



※ The Integrated Report is published on the following webpage.
<https://sumitomelectric.com/sustainability/integrated>

CSR Management of Listed Companies in the Group

Sumitomo Riko Company Limited

<https://www.sumitomoriko.co.jp/english/csr/portal>

FY2022 targets	
Corporate value (Financial objectives)	Public value (Non-financial objectives)
Net sales 530 billion yen	CO ₂ reduction 8% reduction
Operating profit 25 billion yen	Waste reduction 5% reduction
Operating profit ratio 5%	Addressing water risk Develop wastewater recycling technology
ROA (Operating profit to total assets) 6%	Frequency rate of all industrial accidents Zero industrial accident
ROE (Return on equity attributable to owners of the parent company) 7%	Compliance training Participation rate of global executive training shall be 100%

*ratio compared with discharge rate in 2017

Sumitomo Riko developed the Sumitomo Riko Group 2022 Vision (2022V) in May 2018 to promote business management that creates social value by enhancing corporate value (financial objectives) and public value (non-financial objectives) simultaneously.

To increase corporate value, we have formulated three business strategies of “Creation of New Business and New Customers”, “MONOZUKURI Innovation” and “Reinforcement

of our Global Business Foundation” and are committed to the four business fields of “Automotive (Mobility),” “Infrastructure and Housing Environment,” “Electronics” and “Healthcare,” as well as the businesses for the next generation.

To enhance public value, we have set the targets shown in the left diagram and our CSR/Sustainability Committee manages the progress and reports it to the Board of Directors. For example, while the reduction of CO₂ emissions by 8% (emission intensity) from the FY2017 level is set as a target for environmental activities in 2022V, we reduced CO₂ emissions by 2.0% in fiscal 2018 and by 3.2% in fiscal 2019. In our efforts to reduce waste, while the target is the reduction of 5% (emission intensity) from the FY2017 level, we reduced waste by 2.4% in fiscal 2018 and by 4.1% in fiscal 2019. We are making steady progress in our commitment to other targets as well.

With 2022V as the milestone to be reached, Sumitomo Riko continuously aims to become a Global Excellent Manufacturing Company, which we define as a corporation that contributes to safety, comfort and the environment for people, society and the Earth.

Nissin Electric Co., Ltd.

<https://nissin.jp/e/company/report.html>

Through Corporate Activities That Support the Foundations of Society and Industry, the Nissin Electric Group Will Continue to Contribute to Creating a Vibrant Society in Harmony with the Environment.



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 burdens 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 enhance the Five Trusts.

In fiscal 2020, which was the final financial year for our medium-to-long-term business plan “VISION2020,” we enhanced our activities including the acquisition of certification of our greenhouse gas emission reduction target from SBT initiative, an international environmental organization, and declaration of our support for the recommendations of the Task Force on Climate-related Financial Disclosures, and also developed the Next 5-year Plan of our environmental activities.

Our other initiatives include the promotion of diverse working styles, safety and quality improvement activities throughout the group globally and the strengthening of the partnership throughout our supply chain. We also implement community-based social contribution activities on an ongoing basis.

The Nissin Electric Group 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.

SUMITOMO DENSETSU CO., LTD.



<https://www.sem.co.jp/company/csr>



Construction work of a mega-solar system

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.”

To respond to demand in the energy and environmental fields and the development of a super smart society, we focus on the renewable energy market, information and communications businesses and overseas businesses 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. In addition to contributions through business activities, we also perform CSR activities with an emphasis on the improvement of the work environment for 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 needed by all stakeholders.

Moreover, we are working to improve the employee satisfaction level by promoting the introduction of systems to reduce long working hours and respond to the diversification of working styles including teleworking, satellite office working and flextime.

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

TECHNO ASSOCIE Co., Ltd.



<http://www.technoassocie.co.jp/english/csr/>



Briefing of the procurement guidelines for suppliers

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

In “Vision2025,” the medium-term management vision that we formulated in May 2021, we are conducting business activities

with the recognition that our mission is to solve the challenges of customers and society and the commitment also gives us opportunities to grow.

As a specific initiative, we formulated CSR procurement guidelines in March 2020 and organized briefing sessions for suppliers to promote CSR activities in the supply chain as a whole. We also established our human rights policy in January 2021 to ensure that we can perform business activities based on respect for human rights as a global company.

Techno Associe Group will continuously work 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.

CSV Activities

Basic Approach

In addition to monetary donations and charitable activities, we will continuously be committed to the creation of shared value (CSV) through business activities.

The business activities of the Sumitomo Electric Group are very wide-ranging in terms of technology, market and business, involving various stakeholders. Our group has always supplied useful products, technologies and services to society through business activities and promoted CSV activities based on our CSR basic policy. We will contribute to a better society and environment through a proactive and autonomous commitment to solving social challenges and continuous supply of new value to society while always being conscious of our role as a member of society.

Re-definition of the Priority Theme “Social Contribution”

While there are a host of global problems including global warming today, companies are required to develop business activities that consider the environment and help create a sustainable society. In addition, a wide range of measures are taken to solve social problems on a global scale and companies are expected to help solve global issues through their business activities. In 2015, the Sustainable Development Goals (SDGs) were adopted at a UN summit. An international framework where private companies, as well as national governments and NGOs, can assist in solving the problems has been developed and many companies are now engaged in the activities.

To meet such social demand and fulfill our corporate social

responsibility, the Sumitomo Electric Group added “CSV (Creating Shared Value) activities” as a theme of “social contribution,” one of the CSR core categories that were reviewed in fiscal 2018, along with the conventional theme of “Contribution at business locations and through the foundation” to make them two pillars for making social contribution.

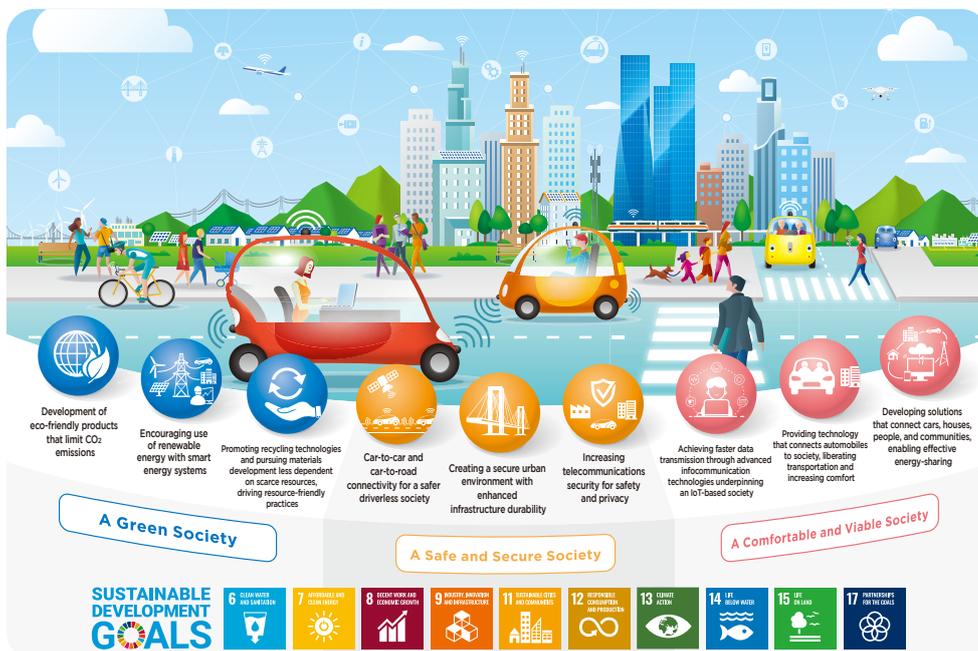
Relevance to the SDGs

The picture below illustrates the values offered by the Sumitomo Electric Group for the development of a society that is projected around the year 2030 in VISION 2022. Widespread use of IoT technologies, the introduction of smart energy networks and connection of electrified vehicles and various other things will generate new services. These changes will also allow people to live a safe, prosperous and comfortable life with a sense of security in a sustainable manner around the world, according to our estimate. We have specified three forms of the ideal society we seek in such a future world, as well as nine fields for our initiatives to offer values for the society. Those values we offer are also in line with the SDGs.

While some of the initiatives are expected to be fully commercialized and contribute to the performance of the Sumitomo Electric Group only after fiscal 2022, we plan to promote them to respond to social changes proactively during the period of this mid-term management plan.

See our Integrated Report for the specific content of CSV.*

Relevance of the business of the Sumitomo Electric Group to the SDGs



* See P37 in our Integrated Report 2021.

Even amid the COVID-19 pandemic, we will consider what we can do for the local community and do our best

Itami Works is especially visible from the neighboring people in the Sumitomo Electric Group because it is located in a residential area. Many of the employees live in the local community and we have tried to place importance on community-based communication in which our faces are visible in our activities. Unfortunately, our social contribution activities are limited at present amid the COVID-19 pandemic. Nevertheless, we considered what we could do as a member of the local community and donated N95 masks and protective clothing to Hyogo Prefecture and Itami City, in which Itami Works is located, in the spring of 2020. The donated items had been stored by us since we obtained them to address new strains of influenza in the past. We made the donation as part of our social contribution activities to protect local medical services especially because the infection was spreading with multiple clusters in Hyogo Prefecture and large-scale group infection in Itami City as well. In fiscal 2021, while trying to restart our support for the promotion of local sports activities such as the organization of athletic lessons for elementary and junior high school students, we plan to issue a special issue of Kakehashi, an information magazine that connects the local community with the Works, to complement our activities that are limited now and revitalize communication with local people. We also started to cultivate endangered species of prickly water lily (a Nymphaeaceae aquatic plant) in the premises of the Works in cooperation with the lake working group of Itami City, which is committed to the improvement of biodiversity. In addition, we are promoting commitment to the SDGs.

Group Manager, Administration Group, Itami Works **Yoshie Nagaki**



Social Contribution Activities

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

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.

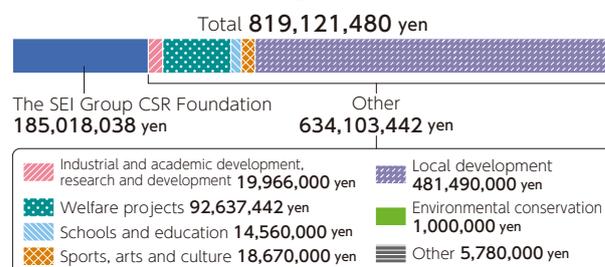
Under the Basic Policies, we are committed to the social contribution activities suitable for the Sumitomo Electric Group, which is aiming to be a "Glorious Excellent Company." These activities include the establishment of the SEI Group CSR Foundation as a vehicle to contribute to the encouragement of research and learning activities and human resource development, as well as on donations, collaboration with NPOs, support of volunteer activities by employees, promotion of contribution to local communities and support of sports activities.

Social Contribution through Donations

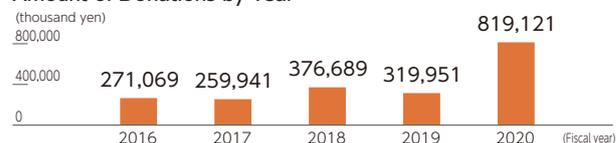
We are making social contribution through donations from a global perspective

In fiscal 2020, we 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. We also started to make donations to the medical system to tackle COVID-19 and give support for the EXPO 2025 Osaka, Kansai, Japan and the value of donations increased significantly year on year. In addition, we collected matching gifts* from employees to develop a wide range of social contribution activities including a donation 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.

Amount of Donations by Category (Sumitomo Electric alone)



Amount of Donations by Year



Glossary

* Matching gift system

The company concurrently donates an amount equal to the donation made by an employee in this system.

Social Contribution through Support for Sports Activities

Based on the Sumitomo Electric Group Basic Policies on Social Contributions, 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. (In fiscal 2019 and fiscal 2020, we canceled some of the athletic lessons and other events due to the COVID-19 pandemic.)

« CSR VOICE »

Strengthening my athletic performance in response to the sports promotion policy of the company

Yuki Koike
Track and Field Team /
Sports & Wellness Project Promotion Office, Personnel Department

I joined Sumitomo Electric in 2018 and have been committed to track and field sports activities with support from the company.

The main reason why I chose Sumitomo Electric was that I was impressed by its policy to support sports by providing an environment to focus on competition to players with high aspirations to perform successfully in international games and developing them to contribute to the growth of the track and field world and eventually the sports community as a whole even modestly. My goal has been to win a medal in international competitions since those days and I also had a strong desire to raise the level of track and field athletes in Japan and considered how to increase the population of the players and develop the market to achieve the target. Nevertheless, what I can do individually is extremely limited and I have concluded that all I can do now is to show great performance. I am working hard every day with an idea that having good results will be the only way to repay the great support given to me since I joined the company.

All of our track and field team members belong to the company as full-time employees and are assigned to their respective workplaces. So, I hope to show my great performance to give a cheerful topic and daily entertainment to the company and also contribute to CSR to the best of my ability by having people feel the invisible power of sports. I would like to repeat that my goal is to win a medal in international competitions. I will work hard with a belief that the achievement of the goal is consistent with the sports promotion policy of Sumitomo Electric and also a response to those who are looking forward to my great performance. I appreciate your warm support.



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.



● Activities in Japan ●

From this fiscal year, information is collected from 50 affiliates on a consolidated basis (33 Japanese companies and 17 overseas companies), including Sumitomo Riko Company Limited, Nissin Electric Co., Ltd. and SUMITOMO DENSETSU CO., LTD., which are listed subsidiaries. The expenditure on our corporate philanthropic activities was 400,000,000 yen.

*The amount is calculated based on the criteria mentioned in Attachment 2 "Examples of conversion into monetary value concerning the giving access to facilities and participation and dispatch of personnel" of the Survey on Corporate Philanthropic Activities in Fiscal 2017 by Keidanren (Japan Business Federation).

Promoting community support activities and exchange with local communities

- **Local cleaning activities, promotion of greening, environmental conservation activities, etc.**

Techno Associe Co., Ltd.: Donation to the National Land Afforestation Promotion Organization, etc.

- Performed in 16 of the 33 companies including the company mentioned above.

- **Support of local fire-prevention, anti-crime and traffic safety activities**

A.L.M.T. Corp.: Donation to local fire and crime prevention associations, etc.

- Performed in 12 of the 33 companies including the company mentioned above.

- **Opening corporate facilities (sports grounds, gyms, etc.) to the public**

Sumitomo Riko Company Limited: Cosponsoring "Aipic" and continuous support of its operation, etc.

- Performed in 5 of the 33 companies including the company mentioned above.

- **Inviting local residents and students (from elementary, junior high and high schools) to plant tour**

Hokkaido Sumiden Precision Co., Ltd.: Inviting elementary school students in the neighborhood to plant tour. etc.

- Performed in 6 of the 33 companies including the company mentioned above.

- **Opening company sites to the public to organize event**

Sumitomo Electric Device Innovations, Inc.: Blood donation, etc.

- Performed in 9 of the 33 companies including the company mentioned above.

Contributing to sports and cultural activities

● Contributing to sports activities

Sumitomo Electric Printed Circuits, Inc.: Sponsoring Shiga Prefecture Para-Sports Association

- Performed in 6 of the 33 companies including the company mentioned above.

● Contributing to arts and cultural activities

Sumitomo Riko Company Limited:
6th SDGs Student Essay Award *1

- Performed in 6 of the 33 companies including the company mentioned above.

Supporting education and training

● Offering a work experience program for students and practical trainings for adults and other support

J-Power Systems Corporation: Receiving interns, etc.

- Performed in 10 of the 33 companies including the company mentioned above.

● Sending lecturers and holding on-site seminars

Nissin Electric Co., Ltd.: Educational support, etc.

- Performed in 3 of the 33 companies including the company mentioned above.



6th SDGs Student Essay Award *1

.....● Activities in other countries ●.....

Promoting community support activities and exchange with local communities

● Local cleaning activities, promotion of greening, environmental conservation activities, etc.

SEI Thai Electric Conductor Co.,Ltd.:

Local cleaning activities and promotion of greening

- Performed in 10 of the 17 companies including the company mentioned above.

● Support of local fire-prevention, anti-crime and traffic safety activities

SumiRiko do Brasil Industria de Borrachas Ltda.:

Distribution of masks to police and other public agencies *2

- Performed in 5 of the 17 companies including the company mentioned above.

Contributing to sports and cultural activities

● Contributing to sports activities

Sumitomo Electric Photo-Electronics Components (Suzhou), Ltd.: Participating in the Japan-China Sports Carnival

- Performed in 6 of the 17 companies including the company mentioned above.

● Contributing to arts and cultural activities

Sumi-Pac Corporation: Participating in a Japanese reading competition organized by a university as a judge

- Performed in 5 of the 17 companies including the company mentioned above.

Supporting education and training

● Offering a work experience program for students and practical trainings for adults and other support

Sumiden Steel Wire (Thailand) co., Ltd:
Campaign to repair neighboring schools *3

- Performed in 3 of the 17 companies including the company mentioned above.



Distribution of masks to police and other public agencies *2



Campaign to repair neighboring schools *3

Activities of the SEI Group CSR Foundation, a Public Interest Incorporated Foundation

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

In fiscal 2020, the SEI Group CSR Foundation received contributions of a little over 185.11 million yen in total from Sumitomo Electric (with the whole amount, including a little over 1,110 thousand yen donated through the cafeteria plan (including 99 thousand yen from Sumitomo Densetsu Co., Ltd.), appropriated for operation) and (1) donated 108 million yen in total to university courses, (2) supplied subsidies of 31.2 million yen in total to academic and research activities and (3) provided scholarships of approximately 40.1 million yen in total for 34 Japanese students and 18 foreign students learning in Japan and 130 local students studying at overseas universities.

In the program to make donations to university courses, we provided monetary support for one new courses along with the six courses continued from the previous fiscal year.

- “Basic glycobiological research for elucidating the pathological mechanism and its clinical application” at Hokkaido University

- “Laboratory for Water, Food and Health Risk in Asia” at Yamagata University
- “Development of new cancer biomarkers that allow early diagnosis of liver metastasis” at Kobe University
- “Microbial dark matter resource use and biochemical engineering” at the University of Tsukuba
- “Eco-epidemiological control of mosquito-borne disease in Southeast Asia” at Ehime University
- “Development of IoT-based domiciliary and remote individual exercise prescription system for cardiac rehabilitation” at Shinshu University
- “Development of Quantum-nano Cancer Photoimmunotherapy for Clinical Application of Refractory Cancer” at Nagoya University (new)

For the program to support academic and research activities, we received 157 applications. Out of them, we have selected 20 research programs including basic science research that needs research funds and exploratory study by young researchers, and offered subsidies to them.

Details on the program are introduced in the SEI Group CSR Foundation page of our website*.

« CSR VOICE »



Kotaro Fujisaki
Director, Secretariat,
the SEI Group CSR Foundation

Based on the Sumitomo Electric Group Basic Policies on Social Contributions, we are promoting public interest businesses with a focus on the three programs of donations to university courses, the supply of subsidies to academic and research activities and the supply of scholarships

I became the director of the CSR Foundation Secretariat in July 2020. With experience in the design of the matching gift system before assuming the post, I know the importance of social contribution activities.

In the program to supply scholarships, in particular, I felt glad when I heard that the scholarships granted by our foundation were supporting the lives of the recipients who had difficulty in working part-time due to the COVID-19 pandemic. We also worked to organize online gatherings as a new initiative to promote communication between the scholarship recipients.

While the history of our foundation is approximately 12 years and shorter than other foundations and the size is not very large either, we plan to expand our activities to also cover fields of natural sciences and social sciences in which contributions have not been made sufficiently in society as a whole from a wider perspective.

« CSR VOICE »



Kraiwut Muangnoichareon
Sumipol Corporation Co., Ltd.

My dream is to further study in Japan

I graduated from Logistics and Supply Chain Management Course in the Faculty of Business Administration at Thai-Nichi Institute of Technology (TNI) in May 2021 and now belong to the Engineering Service Department of Sumipol Corporation Co., Ltd. At TNI, I gained expertise for future study and career. TNI provides experience in learning, working, activities, communication, leadership, etc. to students who are interested in them. I was committed to various activities, too. In my first year, I took part in the 2016 Microsoft Office Championship and won the national championship for Excel. I also participated in the Thailand Enterprise Resources Management League (ERML) 2020 to win the second prize. In addition, I became the president of the Business Simulation Game Club at TNI and joined various activities including Business Board Game Contest 2017 (TNI Day) during the period.

However, when I was a third-year student, my father lost his delivery job, which caused a financial problem for our family. Then, I found the announcement of the SEI Scholarship for students and applied for it. This scholarship aims to help students who are outstanding in their studies but facing a problem due to the lack of financial support. The scholarship reduced the burden on my family and allowed me to continue learning and other activities. In my fourth year, I attended a cooperative internship in the Engineering Service Department of Sumipol Corporation Co., Ltd., which is my workplace now. I am currently working on IoT system design and the inventory management of an assembly line. I would like to appreciate TNI, teachers, friends and all people who helped me obtain opportunities. I also extend my gratitude to S.E.I. Thai Holding Co., Ltd. and Sumitomo Electric Industries, Ltd. for providing scholarships to me and other students. I hope that I can study further in Japan one day.



* Details are available at the SEI Group CSR Foundation page of our website.

<https://www.sei-group-csr.or.jp/e/index.html>

Development of IoT-based domiciliary and remote individual exercise prescription system for cardiac rehabilitation

We will help realize a society with a longer healthy life expectancy through our IoT-based remote individual exercise prescription system



The SEI Group CSR Foundation makes donations to excellent university courses that contribute to social development. One of them is a program of Shinshu University that establishes an IoT-based exercise prescription system for the rehabilitation of patients with chronic heart failure to help solve medical challenges in an aging society.

Professor **Hiroshi Nose**
Specially Appointed Professor (center)
Professor **Masaaki Hanaoka**
Specially Appointed Professor (right)
Dr. **Koji Uchida** Assistant Professor (left)
Department of e-Health Sciences
Graduate School of Medicine, Science and Technology
Shinshu University

We use “interval walking training”, which has been proven to have consistent effect

The population is aging rapidly and patients with chronic heart failure keep increasing these days. While one of the effective methods to prevent and cure the disease is exercise therapy, it is actually rare that the therapy is prescribed until it produces an effect because the continuance of the therapy is often hindered by the shortage of hospital staff and the burden of transporting the patients by their families, for example. Therefore, we explored a way to establish exercise therapy that is safer, cheaper and more casual while also being close to the international standard by using IoT, and started to develop a system.

We devised an exercise method called “interval walking training” in 2000 and have been committed to preventive care with a focus on exercises. Interval walking training is conducted by alternating three minutes of walking that is fast enough to make you feel slightly hard and three minutes of walking at a normal speed. It is recommended to repeat them five times a day and conduct this walking-based training four times or more a week. We added a portable calorie counter and an IoT system to the training to develop a system for the remote prescription of individual exercises. We provided five-month training to a total of 8,700 healthy elderly persons in the past 15 years. The analysis of the data has demonstrated that the training helps improve physical strength by 10%, improve high blood pressure, high blood sugar and obesity by 20% and reduce medical costs by 20%. In recognition of the research on interval walking training, we received the Healthy Longevity Catalyst Award, which is organized by the US National Academy of Medicine, in 2020.

- Topics in the Shinshu University website (the receipt of the Catalyst Award)
<https://www.shinshu-u.ac.jp/institution/ibs/topics/cat15432/post-39.html>

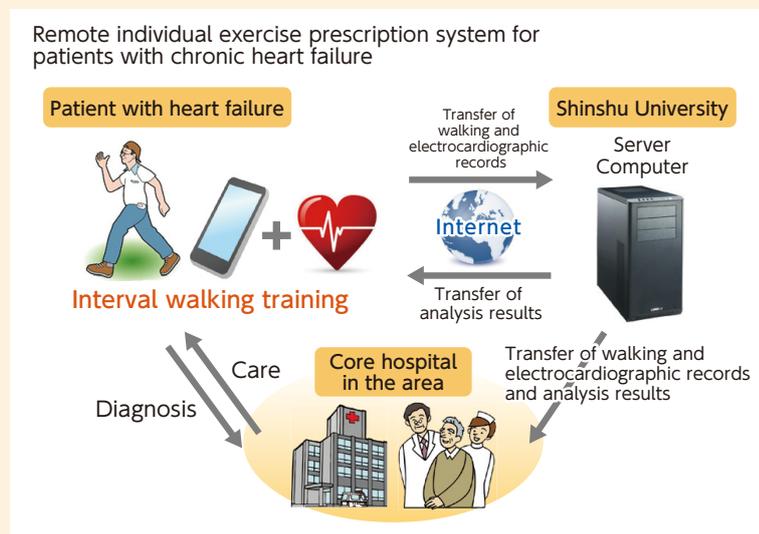
IoT is used to support the rehabilitation of patients with chronic heart failure at home

We have received subsidies from the SEI Group CSR Foundation for our program to research and develop a remote home-based cardiac rehabilitation system that combines the individual exercise prescription system with an electrocardiographic monitoring function.

In this system, electrocardiogram waveforms of the patients in the training and other data are shared with doctors in charge and physical therapists. It enables walking-based rehabilitation of patients with chronic heart failure, which has been conventionally available only in medical institutions, to be implemented safely at home and reflect the records on diagnosis and treatment. As a result, the patients are likely to increase the time and frequency of the rehabilitation as well as the effect. Another major advantage is that patients can start the training casually at a low cost because they just need a smartphone application.

In addition to cardiac rehabilitation, we expect that the system can be used widely for the treatment and prevention of various lifestyle diseases and the establishment of a society with a longer healthy life expectancy in the future.

We will continue to make use of exercises actively for healthcare and further promote the research on preventive care. Then, we hope that our research helps reduce medical expenses, which will increase in a super-aging society, and solve the challenges faced by the Japanese society.



Practically used in medical fields as well (MG Press, May 27, 2020)



Interval walking training smartphone application

We will work to further promote Own Process Quality Assurance Activities

The basic concept of the Own Process Quality Assurance of the Sumitomo Electric Group is to prevent defects from being produced or passed down. While the product groups of our Group are wide ranging, Quality Management Division is committed to the promotion of the Own Process Quality Assurance Activities in cooperation with all divisions from the perspective of Monozukuri. Specifically, in the establishment, maintenance and pursuit of defect-free process conditions, which are the three activity areas of Own Process Quality Assurance, we work together with the divisions and support them for their improvement activities including the proposal of the development of a mechanism, as well as the reduction of complaints and defects in processes, based on a good understanding of their respective characteristics such as their businesses and production processes.

It is important to listen directly to customer opinions for quality management, which directly affects the level of customer satisfaction, and it is also a quick way to create products wanted by customers and improve Monozukuri activities for the purpose. In the meantime, the concept of Own Process Quality Assurance can be applied to any job, including the jobs of those who do not have direct contact with customers, by regarding the process following it as the customer. Although the ongoing COVID-19 pandemic places restrictions on activities in actual places with actual products, which are considered to be crucial, we will enhance communication with divisions more than before and aim to help foster awareness of each employee as a professional to create better products based on the concept of the Own Process Quality Assurance and support the strengthening of Monozukuri in the Sumitomo Electric Group.

Toshikazu Fukuhara Senior Assistant General Manager, Quality Management Division



Product Quality & Product Safety

Basic Approach

As a corporate entity involved in manufacturing, 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 Monozukuri Technology Improvement Committee as a company-wide organization in 2015, and promote group-wide activities to strengthen its manufacturing capabilities. As part of the efforts to systematize the daily operation, the Sumitomo Electric Group Quality Management Global Standards were established as a common framework to be applied to divisions throughout the Group in 2013. In addition, the content of the standards is reviewed and revised on an as-needed basis. The divisions of our group make continuous efforts to develop and strengthen their own quality assurance systems based on the standards so that customers can use our products with a sense of security. A company-wide quality improvement activity called the QR-1 campaign was also developed, in which we have made continuous efforts to enhance the awareness of quality

among all employees through the three activities of Own Process Quality Assurance Activities, Quality Management Education and Global Quality Management System Audits.

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

Development of QR-1 Campaign

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

As the Sumitomo Electric Group's business activities consist mainly of business-to-business (B2B) transactions, we believe that above all further quality improvement for our products will lead to greater customer satisfaction. Thus, we launched the "Reliability Improvement Campaign" throughout the Group in 1975 based on our "customer-oriented" and "quality-oriented" policies. Since then, Sumitomo Electric has carried out the campaign with the priority subjects selected according to the needs of the times. Since then Sumitomo Electric has carried out the campaign with the priority subjects selected according to the needs of the times. We launched the QR-1 campaign in fiscal 2002, aiming to improve quality from the viewpoint of customers, prevent quality risk and establish its structure for quality and reliability to overtake the competition.

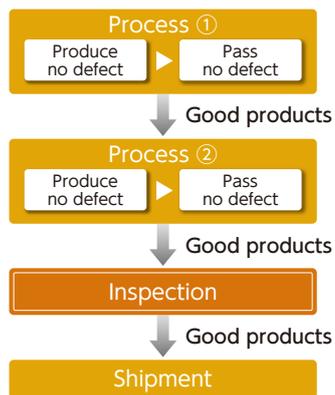


“Own Process Quality Assurance Activities” Aiming for Zero Complaints

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

Since fiscal 2010, we have promoted Own Process Quality Assurance Activities, which 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 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 constantly committed to Own Process Quality Assurance Activities for their 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 these Own Process Quality Assurance Activities on group-wide and global scales.

Degree of Quality Assurance		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	A sufficient foolproof mechanism 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 P43 for details) to improve and ensure the quality of products and services at higher levels. In December 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. All of the managers who are required to take it completed the course by the end of December 2020. 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 China. In fiscal 2020, a total of 8,703 persons, including overseas employees, completed Quality Management Education programs. The cumulative number of persons who participated in the programs since fiscal 2010 has reached 59,763.

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

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.

Global Quality Management System Audits

We conducted audits of 123 Japanese bases and 47 overseas bases by fiscal 2020

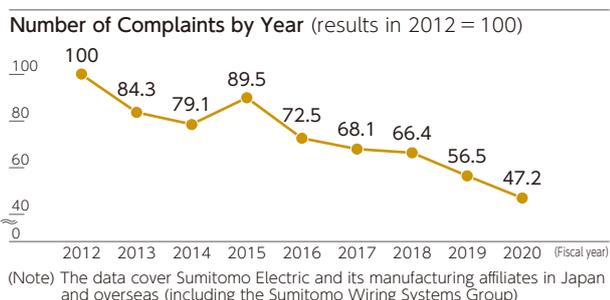
We systematically conduct Global Quality Management System Audits to evaluate the quality control initiatives of each business unit in light of the Sumitomo Electric Group Quality Management Global Standards from the perspective of customers. In these audits, we identify weaknesses of each unit in terms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

Since the start in fiscal 2010, the audits have been conducted at 123 sites in total in Japan. Progress in the improvement of the quality structure is seen as the audits are repeated. We will repeat the audits with the aim of promoting continuous improvement of the quality assurance system. Overseas, the audits were conducted in a total of 47 sites in China and Southeast Asia through collaboration with domestic units having the center function, in an effort to enhance awareness of quality among local employees. 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.

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 and has been reduced by about 16% year-on-year in fiscal 2020. However, many issues still need to be improved to eliminate complaints. 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.



Customer Satisfaction Improvement Activities by the Sales Group

We are committed to activities to understand the problems of customers and make proposals to help solve them

Our Group's business activities consist mainly of business-to-business transactions, and we therefore believe that the proper identification of the opinions and demands

from customers (companies) through daily sales activities and further quality improvement of products and services will lead to greater customer satisfaction.

Based on this recognition, we 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. We cooperate with external consultants to 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 customer satisfaction (CS) improvement as a key factor. We will also conduct surveys to listen to the real opinions of customers, analyze the results and give feedback to ensure CS improvement.

While we now have fewer opportunities to visit customers and listen to their opinions directly due to the COVID-19 pandemic, we will enhance communication with customers through online interviews and the transmission of information via social media and websites. We will also make use of the opinions received through those activities for our future initiatives.

Quality Compliance

We aim to become a company trusted by society

The attitude of companies towards quality is evaluated by society more strictly than ever these days. 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 》

We have established the Sumitomo Electric Group Quality Management Global Standards as the basic rules on quality to be followed by all divisions as mentioned above. In consideration of the cases of other companies on quality data falsification and improper inspection, we have formulated internal rules on the prevention of quality data falsification and incorporated them into the standards to disseminate the rules and ensure compliance with them. We also initiated education on the prevention of quality data falsification in the annual compliance training for the Group's managers in Japan in fiscal 2018 and repeatedly provide the education. In addition, we have 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 expand and reinforce our education on quality compliance.

《 Strengthening of the Function to Check Quality Data Falsification 》

While the Quality Management Division conducts Global Quality Management System Audits of each division in the Sumitomo Electric Group, we will enhance inspections for the prevention of quality data falsification in the audits.

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 ensure the absence of quality data falsification and check the efforts of each division to develop rules for the prevention of quality data falsification and provide quality compliance training each year.

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.

Management of Chemical Substances in Products

We are managing chemical substances properly in accordance with our own guidelines based on Japanese Industrial Standards (JIS) guidelines

In pursuit of reducing environmental impact of the products of the Group and our customers, as well as improving compliance, 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”^(note), which was established to specify the items to be carried out at each

stage of the manufacturing process such as procurement, design, production and quality assurance based on JIS Z7201 “Management of Chemical Substances in Products - Principles and Guidelines.”

We have also established the “SEI 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”^(note) 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 such as mercury and cadmium from being contained in products.

In fiscal 2019, we started to audit divisions and affiliates of our Group on the management of chemical substances in products to improve the management system for these substances on a group-wide basis.



(Note) 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.

Compliance with Regional Regulations on Chemical Substances across the Globe

We are promptly responding to progressive tightening of regional regulations on chemical substances across the globe

The Sumitomo Electric Group has taken measures to replace the substances listed in the EU RoHS* and ELV Directives*, and is meeting customer demand for products that contain no prohibited substances. For example, we started to totally eliminate the direct use of four types of phthalates banned by the RoHS Directive in our products in fiscal 2017 before the implementation of the regulation in July 2019. We have also discontinued the use of these substances for the parts to be used in our products through cooperation with suppliers ahead of the start of the regulation.

At the same time, to comply with the REACH* regulation, we are working for final registration of chemical substances one by one as required and completed the registration of gallium arsenide (GaAs) in 2012 and tungsten carbide (WC) in 2017. We are also 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.

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.

* ELV Directive

ELV stands for End of Life Vehicles. This EU Directive restricts the use of lead and three other hazardous heavy metals in automobiles to reduce the impact of end-of-life vehicles on the environment.

* 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.

Based on the idea of Fusu-furi in the Sumitomo Spirit, we aim to establish a long-term relationship with our partners in the supply chain

In the Sumitomo Electric Group, global locations now have more opportunities to explore and select their suppliers as a result of their growth. I belong to a corporate base in China and provide the Group companies in China with training to improving their knowledge and skills on procurement to raise the overall procurement capabilities of the Group in China. China has declared to achieve carbon neutral by 2060 and Chinese companies, especially large entities, have started to be committed to business management with an awareness of the SDGs and ESG. An increasing number of companies also publish CSR reports these days. In fiscal 2020, we organized CSR procurement training for procurement staff of all group companies to further enhance the CSR procurement in China. Participants in the CSR procurement training learn the importance of the engagement of entire supply chain, responding to social demand for respect for human rights, environmental conservation and other issues. Because of this CSR procurement training, more group companies started to commit to the CSR procurement, with increased number in conducting surveys for their suppliers, making me realize that CSR procurement has started to become widespread. In the future, I would also like to help small and medium-sized suppliers improve their knowledge of CSR procurement. Some suppliers may feel that CSR might be a burden under the severe environment of the COVID-19 pandemic. However, based on the idea of *Fusu-furi* in the Sumitomo Spirit, I think that nothing is more important than that they become business partners with a long relationship for the Sumitomo Electric Group and now is the time to work to enhance CSR procurement in cooperation with suppliers.



Ji Jinfang Procurement Division, Sumitomo Electric Management (Shanghai) Co., Ltd. (SMS)

Supply Chain

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 May 2006, established Basic Procurement Policies in line with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles. 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

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. An e-mail magazine is also distributed to more than 400 procurement staff members to share necessary information throughout the Group. 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.

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 2020 to confirm compliance with the rules as mentioned in the table below.

Inspection results



Subcontract Proceeds Act	In Japan: 3 affiliates (4 bases)
Internal Control	In Japan: 3 affiliates (4 bases) Overseas: 6 affiliates
Customs Law	25 divisions and group companies of Sumitomo Electric (no face-to-face audit for 10 divisions and group companies)

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 Proceeds Act and internal control, we selected the target sites again in fiscal 2020 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 sections and 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.

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 disaster to suspend the supply of relevant materials. To minimize the impact of such suspension on our production activities and enable quick recovery, we promote initiatives for stable supply including the consideration of alternative suppliers and products and replacement with commodity items. 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.

From the beginning of 2020, the impact of the COVID-19 pandemic caused problems in the supply chain with the suspension of operation, as well as decreases in the operating rate, in some suppliers in China, the US, Europe and Southeast Asia. Although we initially had fears of a supply shortfall for approximately 200 items, we avoided serious impact on our production activities through the receipt of reports from suppliers on their operation status and other issues and the adjustment of delivery dates made as necessary. In the second half of the fiscal year, the supply of semiconductor suppliers was tightened globally due to factory fires in semiconductor suppliers and a sharp increase in demand. We are working to minimize the impact of this situation through close coordination with our suppliers and other proactive initiatives taken in cooperation with our customers as well. We will continue to make steady efforts for intense information exchange with suppliers and stable procurement and reinforce our procurement system for the secure supply of products and services.

Education System

We provide training to improve procurement skills on group-wide and global scales

As in the previous fiscal years, we provided training for Production Group and Corporate Staff Group in the Procurement Compliance Training Seminars in fiscal 2020. 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. While the training was previously provided via a video conference system and as delivery lectures, we began to provide it online (e-learning) this fiscal year to ensure that trainees can receive lessons while working from home and check the content repeatedly. 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 the Group. The results of the training are presented in the table below.

Results of training

Production Group and Corporate Staff Group	<ul style="list-style-type: none"> • Organized as online training • Number of participants: 993 persons in the basic/beginner course 1,663 persons in the course designed for sections in charge of purchase requests 720 persons in the course designed for sections in charge of making contracts • Themes: Subcontract Proceeds Act, Customs Law and internal control
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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 fiscal 2020, seven courses including "procurement-related laws and regulations, and CSR procurement" were provided by giving lectures online to sites in Japan and overseas. In total, 300 persons attended the lectures.

We also have to make the Subcontract Proceeds Act known widely not only in the divisions in charge of procurement but also in 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.

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.

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 year and thereafter.

Results of Education

	Date	No. of courses	No. of lectures	No. of participants (total)	No. of companies
OFF-JT Education program	1st half of FY2020	7	27	149**	24
	2nd half of FY2020	7	27	151**	24
Key personnel development program	2nd half of FY2020	1	4	7	7

**Number of those who passed the final exam

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. Fifty-five suppliers applied for the system in fiscal 2020 and 44 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 promote our commitment to CSR in the procurement activities, we established the Sumitomo Electric Group CSR Procurement Guidelines based on the Sumitomo Electric Group Corporate Principles and Charter of Corporate Behavior in July 2010. The guidelines were revised to include provisions concerning response to the issue of conflict minerals* in fiscal 2014 and their scope was expanded to cover responsible procurement of minerals in fiscal 2020. To enhance the promotion of the guidelines, we also ask suppliers to take proper action by specifying relevant requirements in the basic transaction agreement.

For the promotion of CSR procurement, in addition to activities to disseminate the guidelines among suppliers, we need to check the progress in the dissemination through CSR procurement self-assessment of suppliers and also promote improvement activities in full coordination with suppliers.

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

To meet the target of conducting CSR procurement covering the suppliers that represent 90% of the value of the domestic procurement ^(Note), our Group started to survey our divisions and domestic affiliates (excluding the listed subsidiaries) in fiscal 2013 and completed the survey by fiscal 2019. We started to cover small and medium-sized suppliers, which are likely to have higher risks, in fiscal 2020 and surveyed 66 companies with a focus on those which highly depend on the Sumitomo Electric Group. Those small and medium-sized suppliers received online basic training on CSR to deepen their understanding of CSR procurement. We also interviewed them as to the particularly important survey items and asked them to enhance their compliance, information management and other relevant activities. Meanwhile, we have just begun to survey secondary suppliers.

Among the listed subsidiaries as well, we started to strengthen cooperation with Sumitomo Riko Company Limited and Nissin Electric Co., Ltd. in fiscal 2018 and launched a CSR procurement survey of them in fiscal 2019. As shown in the right table, we surveyed the suppliers of the respective groups and completed the survey of the suppliers that represent 90% of the value of the domestic procurement in the Group ^(Note) ahead of schedule.

From fiscal 2021, we will further improve the conventional activities and enhance coordination with Group companies to continuously promote CSR procurement in cooperation with the suppliers that represent 90% of the value of the domestic procurement ^(Note). Specifically, we will expand the coverage in the investigation of small and medium-sized enterprises that highly depend on the Sumitomo Electric Group and secondary suppliers, aiming to increase the level of CSR procurement together with suppliers.

We also started to survey the suppliers of our overseas affiliates, mainly those in China and the ASEAN region, in fiscal 2016. In the future, we will expand the survey targets to include those in the US and Europe to promote our activities.

(Note) Domestic procurement by Sumitomo Electric and its domestic group companies (excluding Sumitomo Densetsu Co., Ltd. And Techno Associe Co., Ltd.) is covered.

Glossary

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

*** 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.



** Please see the following page for the entire guidelines.

<https://sumitomoelectric.com/sustainability/csr/guideline>

Activities from fiscal 2017 to fiscal 2020 and future initiatives

2017~2019

- Completion of the survey of the suppliers that represent 90% of the value of the domestic procurement based on the CSR procurement self-assessment table (a total of approximately 2,020 suppliers excluding listed subsidiaries)
- On-site inspections and interviews of suppliers to ask for improvement (86 companies in fiscal 2017, 86 companies in fiscal 2018 and 37 companies in fiscal 2019)
- Start of the survey based on the CSR procurement self-assessment table in Sumitomo Riko Company Limited and Nissin Electric Co., Ltd.

2020

- Completion of the survey in the suppliers that represent 90% of the value of the domestic procurement^(Note) including Sumitomo Riko Company Limited and Nissin Electric Co., Ltd. (see the table below for the achievement rate in each company)
- Implementation of the survey based on the CSR procurement self-assessment sheet (66 companies), interviews and requests for improvement (12 companies) and basic training on CSR (46 companies) in small and medium-sized enterprises that highly depend on the Sumitomo Electric Group
- Launch of the survey in secondary suppliers

2021~2022

- Continuance of CSR procurement covering the suppliers that represent 90% of the value of the domestic procurement^(Note)
- Continuance of the survey and basic training on CSR in small and medium-sized enterprises that highly depend on the Sumitomo Electric Group
- Continuance of the survey in secondary suppliers

(Note) Domestic procurement by Sumitomo Electric and its domestic group companies (excluding Sumitomo Densetsu Co., Ltd. And Techno Associe Co., Ltd.) is covered.

Percentage of CSR procurement in the value of the domestic procurement in Group companies

	Results through fiscal 2020	Target in fiscal 2021
Sumitomo Electric Group (excluding the listed subsidiaries)	90%	90%
Sumitomo Riko Group	90%	90%
Nissin Electric Group	74%	90%

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 Organisation 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. At Partners' Meeting, we also present the CSR Procurement Guidelines, as well as the Basic Procurement Policies, to ask for their cooperation and promote the guidelines actively. In fiscal 2020, the meeting was canceled due to the impact of the COVID-19 pandemic.



「 CSR VOICE 」

We continue to grow as we support CSR procurement, which requires us to be honest and strong

Mr. Ryuji Suzuki Director and Manager of Engineering Department, Oji Electric Co., Ltd.

We provide integrated services, ranging from sales, design and testing to on-site start-up of control panels to be installed in plants. Our relationship with the Sumitomo Electric Group, especially Yokohama Works, has continued for more than 40 years. Our engineers are stationed in Yokohama Works to constantly make proposals for improvement in response to daily needs and have been establish a long-term trusting relationship.

We recognize the importance of responding to the CSR procurement questionnaire survey and on-site audits for the growth of our business. I assume that CSR procurement requires the company to be honest and strong. We support the idea of CSR procurement because we also have a strong desire to improve quality while preventing risks and "deliver our products to good companies". The CSR procurement questionnaire survey also enables us to learn the approach of the Sumitomo Electric Group to quality in the "Quality Assurance of each Process".

As to social responsibility, we are committed to saving energy and also providing education & employing foreign technical intern trainees. The Great East Japan Earthquake reminded us of the importance of saving energy and we enhanced related initiatives. We have many foreign technical intern trainees at our company and give them technical training, as well as Japanese language education to improve their communication skills. With this effort, we aim to develop human resources that support our industry for the future.

To help the organization and its employees grow together, we promote a corporate culture where diverse perspectives are shared with respect and all employees can demonstrate their full potential

To achieve sustainable growth and development in the rapidly changing business environment, the Sumitomo Electric Group needs to establish an organization where diverse human resources can show their respective abilities to the fullest and also make innovations based on the integration of diverse ideas.

To this end, it is essential to not only increase diversity but also share and utilize their diverse perspectives so that the organization can be established in a way to grow together with employees.

The Sumitomo Electric Group defines "inclusion" as the fusion of "diversity of perspectives," "relationship of trust" and "demonstration of abilities" to ensure that more than just the sum of the abilities of all employees can be shown. With inclusion, we aim to devise better ways to solve problems, generate better ideas and improve our creativity.

To further promote diversity and inclusion, the Diversity & Inclusion Department was set up as an organization under the direct control of the president in June 2020. As a member of the Group, I will also try to show my abilities to the fullest by using diverse perspectives and continue to work for the creation of culture and an organization that can make use of diversity to help the organization and employees grow together.

Hitomi Mitsuya Group Leader, Planning Promotion Group, Diversity & Inclusion Department



Diversity

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, develop and utilize highly capable employees who support these efforts.

The Group has traditionally attached a high value to 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.

This policy specifies the Group's commitment to creation of an environment that helps employees realize growth and self-actualization through work, provision of various career opportunities regardless of race, ethnicity, national origin, religion, age, gender, gender identity, sexual orientation, or disability, promotion of diversity 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 it.

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.

Promotion of Diversity and Inclusion

With "inclusion" that allows us to show more than the sum of the abilities of all employees, we aim to generate better ways to solve solutions and great creativity

Based on the Global HRM Policy, we attach importance to diversity and strive for the promotion of diversity and inclusion to ensure that all human resources can work actively as members of the Sumitomo Electric Group to help the organization increase its creativity and grow in perpetuity. These days, while the business environment is increasingly

becoming complicated to make it even more difficult to forecast the future, we consider that for the continuous growth and development of the Group, it is important to invite diverse talented human resources from around the world irrespective of nationality or gender, promote their assignment and appointment beyond the borders of individual companies and provide various career opportunities.

To realize diversity and inclusion, it is significant to not only increase the 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.

Global Grade System and Group Global Executive Personnel System

We will promote the involvement of SEG Global Executive and other international employees in the business management

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 persons, most of whom are executives of overseas Group companies, are recognized as the SEG Global Executives. They are provided with a wide range of career opportunities to help them 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 Global Executives and other Group employees. They are committed to a wide variety of subjects, such as human resource development and 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 used to organize the SEG Global Executive Conference in Japan every year where SEG Global Executives were invited to Osaka Head Office, and also the Regional Executive Conference, which was 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. For fiscal 2020, since COVID-19 made it difficult to

travel across country borders, we organized an online conference twice attended by SEG Global Executives and the executives of Sumitomo Electric as a substitute for the face-to-face conferences and exchanged various opinions based on the activity reports from each region. We will strive to keep communication active to further promote diversity management in the Sumitomo Electric Group and close coordination between affiliates.



SEG Global Executives Area Committee Report Web Meeting

《Encouragement of International Employees to Work in Japan》

With the aims of providing SEG Global Executives with more opportunities to demonstrate their abilities and cultivating the next generation of SEG Global Executives, we will encourage international employees to work in Japan. In 2018, we established guidelines for the procedures from the selection of the candidates to acceptance in Japan. We will continue to make efforts to improve the supporting program for international employees working in Japan.

《Development of a Global HR Database with an aim to establish processes for development and promotion》

To understand human resources of the Group on a global scale in a seamless manner, as well as to provide various career opportunities to competent and enthusiastic staff and to cultivate and promote them, we have established a global HR database. Business Units use the database to hold meetings with executives that aim to identify excellent staff and create development and promotion plans.

《Establishment of a human resources infrastructure through the application of common human resources measures and processes to all Group companies in Japan and overseas》

Our Group companies conventionally formulated their own human resources rules, established and operated different HR measures. We recognized that it is necessary to standardize the HR measures and management processes to some extent among our Group companies in Japan and overseas in order to further proceed with group-wide and global management based on the Global HRM Policy. In fiscal year 2017, through collaboration on a global scale involving HR of overseas companies, we started to issue "Global HR Document," which clearly states our global HR philosophy, standards and guidelines on each HR-related topic. We have published ten key documents so far, such as "Performance Management," "Human Resource Development," and "Global Mobility." In the future, we will make steady efforts to implement released documents at each Group company and also publish documents on new topics.

« CSR VOICE »

Assignment in Japan and promotion of global HR initiatives

Pavee Suvagondha, Ph.D.
Assistant Vice President
Sumitomo Electric U.S.A. Holdings, Inc.



I joined Sumitomo Electric U.S.A. Holdings, Inc. (SEUHO) in the United States as the HR manager for the Americas in 2012 and then stayed in Japan as the Manager of Planning Group in the Global HR Office of Human Resources Division of Sumitomo Electric from July 2016 to March 2021.

During my assignment in Japan, a wide range of global HR initiatives, including Area Committees, the Regional Executive Conference and the global HR document developed successfully with a lot of support and cooperation from HR staffs in Japan and overseas. Working at Osaka Head Office allowed me to directly meet many people, access much information and learn the corporate culture, consensus building process, etc., of Sumitomo Electric. I think that the knowledge I obtained has been useful for the execution of my duties and the promotion of global personnel measures. Connecting our people is a foundation that we can continually build on. Once we know each other, we can share more information and learn more from each other. As a result of improved communication, I have seen significant improvements in collaboration across our group companies not only on the country level but also regionally and globally.

I would like to continue to leverage the FPDCA cycle* to improve our projects and utilize our ever stronger global networks and relationships to accomplish our objectives as we work together to become a "Glorious Excellent Company".

Women's Empowerment

We strive for women's empowerment with the recognition that it is one of the driving forces to promote diversity and inclusion

To further accelerate our commitment to the promotion of diversity and inclusion, we separated an organization in Human Resources Division and set up the new Diversity & Inclusion Department in June 2020. While paying attention to various aspects of diversity, we consider women's empowerment, which is one of the most familiar issues in the company, to be the first step toward promoting the establishment of an organization where employees with various attributes can feel rewarded and show their abilities to the fullest. With this recognition, we are working to take various measures, including the enhancement of organizational power and the creation of culture to develop human resources, in cooperation with Human Resources Division and Human Resources Development Department.

« Response to the Act on Promotion of Women's Participation and Advancement in the Workplace »

In accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, we set targets on recruitment of women and appointment of women and formulated an action plan in April 2016.

We are currently promoting initiatives to meet the targets in the action plan for the 3rd phase.

Results of the previous action plans

2nd phase (note 1)		Targets	Results	Achievement
Recruitment	Women's share in the new graduates for main career track	Clerical staff: 40% or more	41.1%	○
		Technical staff: 15% or more	17.7%	○
Appointment	Women's share in assistant managers or higher positions	Section managers or higher positions: 2% or more	2.1%	○
		Assistant managers: 13% or more	10.6%	× (note 2)

(Note 1) 2nd phase: from April 1, 2018 to March 31, 2020
(Note 2) Failed to achieve the target mainly due to an increase in male mid-career employees who became assistant managers

Action plan currently being implemented

3rd phase (note 1)		Targets	2nd phase ratio
Recruitment	Women's share in the new graduates for main career track	Clerical staff: 40% or more	No change
		Technical staff: 15% or more	No change
Appointment	Women's share in assistant managers or higher positions	Section managers or higher positions: 2.5% or more	+0.5%
		Assistant managers: 10% or more	-3.0% (note 2)

(Note 1) 3rd phase: from April 1, 2020 to March 31, 2022
(Note 2) Revised downward mainly due to an increase in male mid-career employees who became assistant managers

Initiatives

(Recruitment)

- PR activities mainly targeting female students
- Improvement of capabilities to recruit women

(Appointment)

- Implementation of measures to support female employees in their career development
- Monitoring of promotion of women in each division
- Organization of seminars to assist employees in the balance between child rearing and work
- Review of work styles according to challenges in each workplace

Number and share of women in section managers or higher positions as of January 16 of each fiscal year



Number and Share of Women in Assistant Managers as of January 16 of each fiscal year



(Note) Above graphs cover personnel data for Sumitomo Electric employees, including those on loan to Sumitomo Electric affiliates and other organizations.

Glossary * F-PDCA cycle

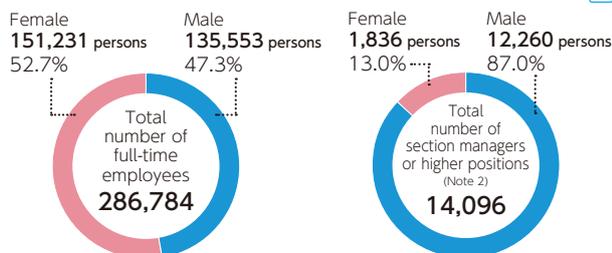
This is one of the methods to manage operational processes and aims to improve work efficiency and production quality by applying the following "F-PDCA" cycle to operations and implement it. **F:** Find (identification of problems and understanding of the current situation), **P:** Plan (designing), **D:** Do (execution), **C:** Check (evaluation), **A:** Action (improvement)

As of March 31 of 2020
Ratio of Male/Female Employees and Ratio of Male/Female Managers in Sumitomo Electric (Note 1) ✓

	Male	Female	Total
Full-time employees	9,761 persons (85.3%)	1,684 persons (14.7%)	11,445 persons
Section managers or higher positions (Note 2)	2,730 persons (97.6%)	68 persons (2.4%)	2,798 persons

(Note 1) Above graphs cover data for Sumitomo Electric employees, including those on loan to Sumitomo Electric affiliates and other organizations.
 (Note 2) Section managers or higher positions: assistant managers to management positions

Group employees in the world (Note 1) ✓



(Note 1) Sumitomo Electric and its consolidated subsidiaries
 (Note 2) Section managers or higher positions: section managers, division managers and management

《Support of Career Development》

Women are more susceptible to life events and accordingly tend to have difficulty in imagining their career path. Therefore, we launched a training program for managers to understand the necessity and importance of developing female subordinates and manage female subordinates in a way to motivate them in 2016. We also initiated a "mentoring program" for female managers and assistant managers elected from different divisions in fiscal 2021, which aims to support the autonomous career development of female employees and create an environment for human resource development that makes use of their individuality.

Commitment to "SWING: Sumitomo Electric Group Women's Innovative Networking Group"

We will support women's empowerment through coordination on a group-wide scale

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 2020, we held the forum for employees on general track online, which enabled a wide range of employees including superiors to watch the forum, along with the presentation of supporting messages from female executive officers and a panel discussion of employees on general track. We will also organize a new forum for female main career track employees in fiscal 2021. To continuously encourage various human resources to work actively in the Group, we will promote activities involving all employees including not only female employees, who are the main players in the initiatives, but also their superiors.

Evaluation by External Organizations

《Certification with "L-boshi"》

We were certified with "L-boshi (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 an FY2020 Nadeshiko Brand among listed companies by the Ministry of Economy, Trade and Industry of Japan and the Tokyo Stock Exchange in March 2021 for the third time following the first in March 2017 and the second in March 2019.

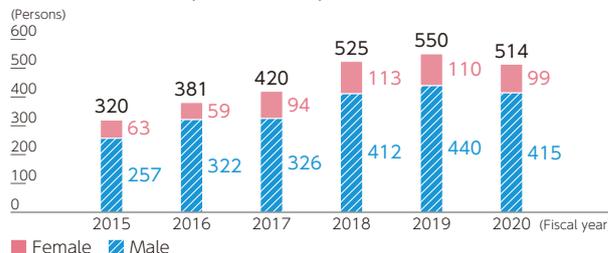


Diversity in Recruitment

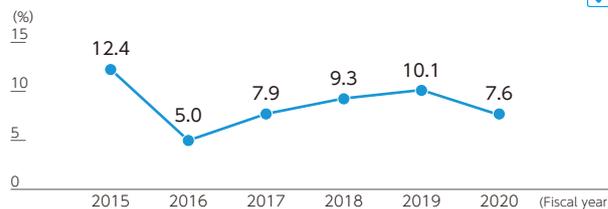
We aim to promote diversity through recruitment of a wide range of personnel

In fiscal 2020, Sumitomo Electric employed 217 new graduates for main career track, 54 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 116 persons with experience in other companies in fiscal 2020. We have also recruited non-Japanese and graduates from overseas universities ("global" employees) aggressively and a total of 112 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.

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



Turnover Rate in Sumitomo Electric ✓



Increase of the retirement age

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 raised the retirement age from 60 to 65 in April 2021. In the meantime, we have reemployed approximately 700 employees who reached the retirement age (60 or older) and satisfied certain conditions such as good working and health status as of April 2021.

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, we established a special subsidiary*, Sumiden Friend, Ltd., on the premises of Sumitomo Electric's Itami Works, specifically for employment of persons with disabilities in July 2008 (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, 128 employees are working at the company, including 78 persons with disabilities, in the six bases including Yokohama, Tokyo and Osaka branches as of June 2021. We also opened Yokohama Works Shonan Farm in October 2020 to start employment for an indoor farming business. As a result, the overall employment rate of the physically or mentally disabled for Sumitomo Electric and its qualified Group companies including Sumiden Friend (16 companies in total) was 2.41% in June 2021.

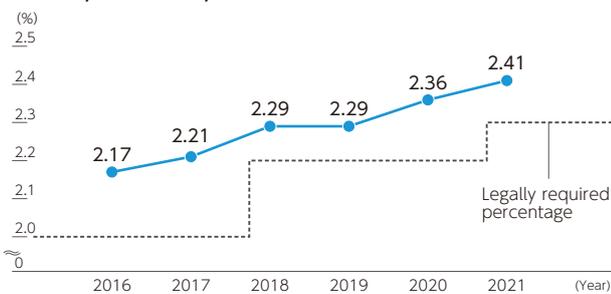
Number of Employees with Disabilities at Sumiden Friend as of June 15 of each year

	2016	2017	2018	2019	2020	2021
The disabled	39	45	54	56	62	78

(Persons)

Employment Rate of the Physically or Mentally Disabled by Year

Employment rate as of June 15 of each year



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. An online exchange meeting between these subsidiaries was held in 2020 to promote their collaboration.

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.

Work Style Reforms

Sumitomo Electric promotes company-wide campaigns with the aim of ensuring that employees can achieve the proper balance between work and life in order to create a workplace that allows diverse staff to work comfortably

We have conducted various initiatives for work style reforms since 2008, including the promotion of work styles that balance work and life and the review of the operations of each division to improve the efficiency. At present, we conduct both company-wide and division-specific initiatives to review work styles and thereby reduce total annual working hours, encourage employees to take paid holidays and improve work efficiency and productivity.

We are taking various measures in response to the issues of individual workplaces and persons identified based on findings in the Survey to Create a Lively Working Environment, a questionnaire survey to investigate the awareness of employees, with an aim to make the workplaces more attractive.

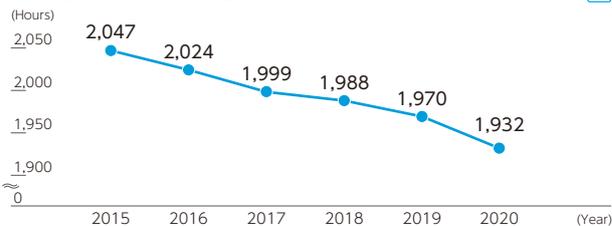
We now conduct initiatives from various perspectives including efforts to change the corporate culture and awareness, as well as enhancement of productivity through the use of infrastructure and IT tools and the review of work rules and processes. We will continue to review the work styles, which will not only reduce working hours but also contribute to the maintenance and improvement of business performance, for the growth of our business.

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

Year	2015	2016	2017	2018	2019	2020
Average overtime hours per month	20.8 hours	20.2 hours	19.3 hours	18.7 hours	17.5 hours	13.6 hours
Average number of paid holidays taken by employees per year	12.1 days	14.1 days	16.0 days	16.5 days	16.9 days	15.8 days

(Note) Average among labor union members of Sumitomo Electric from January to December in each year

Average Total Working Hours by Year



(Note) Average of the total working hours in each year from January to December of each of the Sumitomo Electric employees (including those on loan to Sumitomo Electric affiliates and other organizations within the Works)

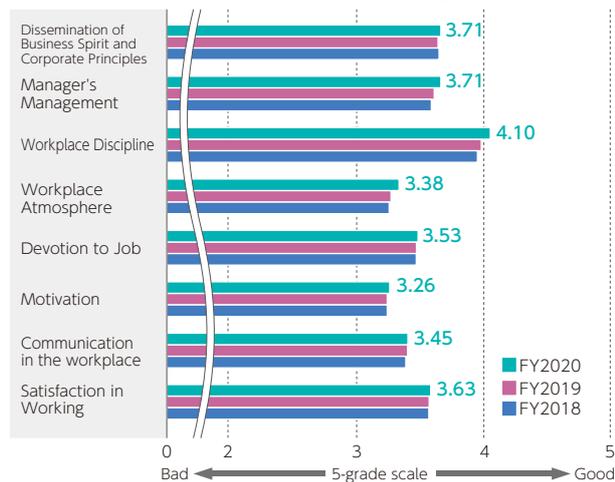
Implementation of the Survey to Create a Lively Working Environment

We have added questions about progress in the dissemination of the mid-term management plan, as well as questions about harassment, for the understanding of the current situation of each workplace

Sumitomo Electric has been conducting Survey to Create a Lively Working Environment, a questionnaire survey to investigate the awareness of employees, since fiscal 2006. In fiscal 2020 as well, about 20,000 employees of Sumitomo Electric and Group companies were surveyed. While the results for most of the items checked for the change over time showed improvement, there were still issues to be addressed in some areas including "Career Development" and

we have designed and implemented personnel measures or training to respond to them. In addition, we started to analyze the correlation between the survey results and the results of the stress check, which measures the stress level of individuals, in fiscal 2018. The overall results are fed back directly to the responsible person in each organization to encourage each workplace to consider specific measures against the issues and to use the results for the establishment of workplaces where people can work in a healthy and energetic manner.

Results of the Survey to Create a Lively Working Environment



Support for Balancing Work and Life

We actively promote the development of child and family-care related systems

To support employees in balancing work and life, Sumitomo Electric is committed to promoting the work style that achieves the proper balance between work and life and has also developed child and family-care related systems actively. For these efforts, the Company has been certified by the Ministry of Health, Labor and Welfare as a company that helps its employees balance work and childcare based on the Act on Advancement of Measures to Support Raising Next-Generation Children. We have expanded the system for working from home arrangements and also introduced a system of paid holidays that can be taken by the hour so that employees can work more flexibly. We also use training sessions and in-house magazines on nursing care to give relevant information and encourage them to prepare for the achievement of a balance between nursing care and work. Through these measures, we are working to help employees balance work and life now and in the future.



Special certification mark "Platinum Kurumin" *

Various Types of Support

We support the life of each employee in various aspects

《 Reemployment System 》

In April 2008, Sumitomo Electric introduced a scheme to reemploy employees resigning 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 a leave of absence to accompany his/her spouse who is assigned overseas and return to work after the leave. This system allows temporary retirement in such a situation with the aim of preventing employees from retiring.

《 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, 2021, these centers take care of 56 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.

《 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 was started in November 2014, aims to help employees during childcare leave return to work smoothly at the time she hopes 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 allows employees who face restrictions on their work due to childcare, nursing care, etc. to work at home or other locations in fiscal 2016. On October 16, 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 took initiatives to further encourage employees to work from home arrangements, including the temporary removal of the cap on the maximum number of days to work from home arrangements, which also aimed to prevent the spread of COVID-19 infection and continue the business at the same time. Based on various ideas received from the comments of the employees who used the system to work from home arrangements, we also made revisions to the system, including the introduction of partial teleworking to allow employees to combine working in the company and working from home with no conditions, to improve the environment for working from home arrangements and increase productivity through the flexible use of the system in consideration of a post-COVID-19 society.

《 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 》

To create a work environment where international employees can work comfortably, we set up a project team in the HR Division in 2017. The team has taken various measures to support them, including the establishment of a support desk where staff can give support in Japanese, English and Chinese, 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, creation of prayer rooms in Osaka Head Office, Tokyo Head Office, Osaka Works, Itami Works and Yokohama Works and training sessions to become familiar to the business culture in Japan.

《 Response to the COVID-19 pandemic 》

While encouraging employees to make active use of teleworking, flex work and staggered working hours systems, we offered skill development programs that can be learned at home (such as e-learning) and took other initiatives including provision of special (temporary) leave to address the temporary closure of elementary schools, etc. and temporary suspension of business in consideration of infection control measures and the situation of operation. Meanwhile, we promptly decided to conduct remote interviews for the employment of new personnel to continuously recruit talented staff even amid the COVID-19 outbreak.

We were also committed to the initiatives mentioned below as well as efforts to promote adaptation to self-quarantine and new normal, exercise, the release of stress and the prevention of the spread of infection in workplaces.

● Introduction of PCR tests

Those who had no symptoms but were required by customers to be tested or judged to have had close contact with a COVID-19 patient according to the criteria set by Sumitomo Electric (which regard a broader range of persons as close contacts than the criteria designated by the health care center) were tested at the expense of the company.

● Support of overseas expatriates

We checked the health status of overseas expatriates, determined their risks, simulated the cases of infection and handled their emergency returns to Japan due to bad health conditions.

● Subsidization of the costs of measures to prevent infection through the cafeteria plan

We subsidized the expenses of immunization for influenza as well as the costs for buying disinfection goods, body thermometers and other relevant items.

● Distribution of comfortable face masks to improve the working environment for plant divisions

We distributed comfortable face masks produced by sports goods manufacturers to improve the working environment for plant workers by allowing them to move around more comfortably while wearing a mask to prevent COVID-19 infection.

● Continuance of support for health promotion by giving it online

The events and seminars to support health promotion, which had been conventionally held by gathering participants, were continued by organizing them remotely. For example, stretch training videos with athletes of our track and field team for employees working from home, as well as lectures given by industrial physicians, were distributed online.

Labor-Management Relationship

■ The union and management are committed to solving various problems through in-depth discussions

Sumitomo Electric believes that the development of a company goes hand-in-hand with the well-being of its workers' union members. On the basis of this belief, Sumitomo Electric strives to address various relevant issues by thorough discussion between the union and management, each party respecting the other's standpoint. In particular, the Central Management Council Meeting, which is held four times a year, has a history of about 70 years, and has served as a forum for exchange of opinions between representatives of the union and management concerning business environments and managing conditions. While working styles are increasingly diversified, we have also set up expert committees of various kinds to create an environment where all employees can work lively with smiles by improving various working systems and reinforcing monitoring functions.

Organization of Town Meetings

■ We provide employees with opportunities to have direct dialogue with executives and make use of their opinions to facilitate various initiatives

To enhance communication inside the Company, we organize town meetings at each of our sites, in which a group of employees from different sections directly and openly talk with board members, general managers or other executives. The participants have precious opportunities to inform the executives of problems and requests concerning human resource development, promotion of diversity and work style reforms, as well as those specific to their functions, and share such problems to seek clues and solve them. Specifically, we organized position-based town meetings, as well as town meetings for international employees and mid-career workers, in fiscal 2020. The opinions and other comments presented in the meetings are communicated to the relevant divisions on a timely basis and used for organizational operation, planning of personnel systems and other purposes, as well as for the facilitation of the initiative.

Promotion of Health and Productivity Management in the Sumitomo Electric Group

■ We are working to realize "Health and Productivity Management"

We consider that the Sumitomo Electric Group cannot achieve sustainable development or growth without the health of each employee. We announced the Sumitomo Electric Group Health Management Declaration in 2015. Based on the declaration, we launched health maintenance and improvement activities under the title of "Kenkatsu,"* in 2017 and now continue to develop the activities.

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.

Glossary * Kenkatsu!

A coined term used in Sumitomo Electric to collectively refer to health maintenance and improvement activities promoted in companies and worksites and by individuals to extend healthy life expectancy and develop a sense of unity in worksites. The three key activities are "prevention and improvement of metabolic syndrome," "promotion of sports and improvement of exercise habits" and "mental healthcare."

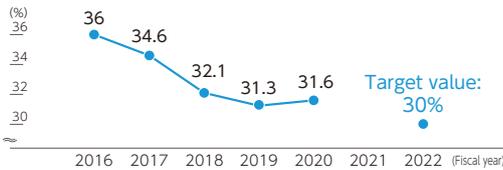
Organizations for Promoting



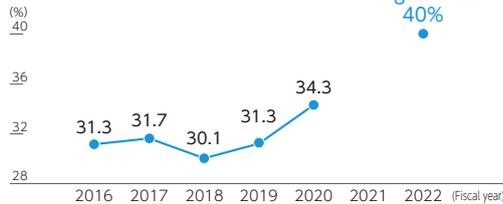
Sumitomo Electric has set a target value for each of the following four indicators to be achieved by fiscal 2022 and promotes the health development of employees through two approaches, namely the continuous implementation and dissemination of the Kenkatsu! activities (population approach) and the enhancement of instructions given to individual employees by industrial health staff (high-risk approach). While all of the indicators are mostly showing improvements, we will continuously aim to enhance the activities.

《Changes in the indicators》* Figures for Sumitomo Electric alone

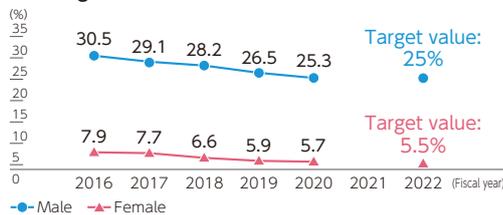
Percentage of employees aged 40 or over who have metabolic syndrome



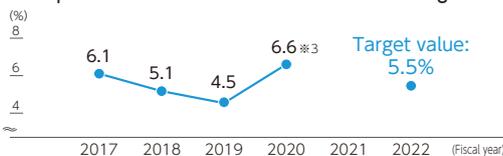
Rate of persons with an exercise habit **



Smoking rate



Workplaces with an overall health risk of 120 or higher **



*1 Rate of persons with an exercise habit: Percentage of those who have a 30-minute exercise twice a week or more
 *2 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 stress check. The national average is 100
 *3 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

《Main initiatives in fiscal 2020》

Prevention and improvement of metabolic syndrome	Lifestyle improvement program Program to give incentives according to the level of achievement of the targets set on several items including daily exercise, dietary habits and drinking: Joined by 2,500 persons
	Improvement of dietary habits The organization of online seminars by registered dietitians on relevant subjects such as the improvement of immune strength, meals during working from home and proper drinking practices, as well as the offer of collaboration menus in cafeterias
	Enhancement of specific health guidance "3-month intensive program" Lifestyle improvement program by health nurses of Sumitomo Electric and sports trainers: Joined by 50 persons The participants reduced their weight by 6.8 kg (9%), abdominal girth by 7.1 cm, body fat by 4.1% and muscle mass by 0.1%
	Measures to prevent passive smoking Ban on smoking during office hours (to be completed by the end of fiscal 2022) Subsidy for costs for treatment to quit smoking
Development of exercise habits	Athletic exchange meeting by Sumitomo Electric Track and Field Team and former team members Athletic exchange meeting Athletic lessons for elementary school and junior high school students in Itami City Online distribution of stretch training videos to support exercises and videos of the athletic exchange meetings The athletic lessons for elementary school and junior high school students in Itami City were canceled to prevent the spread of COVID-19 infection
	Internal sports events SEI Challenge Cup & Sumitomo Electric Sports Academy Team running/walking races in a format where the participants do not gather: Joined by approx. 1,300 persons (including approx. 170 persons from Group companies in Japan and overseas and families of employees)
Mental healthcare	Walking event Held twice a year, joined by 5,000 persons in total
	Training for management-level employees in workplaces with high stress Distributed online and taken by approx. 400 persons
	Continued implementation of the working environment improvement initiative "workplace health checkup" 6-month improvement program implemented in workplaces that were found to have high risks based on the results of stress check
	Enhancement of self-care in response to the spread of COVID-19 infection Distribution of special e-learning programs under the declaration of a state of emergency



Online 3-month intensive program



Sumitomo Electric Sports Academy

《External Assessment》

● Certification as a Health and Productivity Management Outstanding Organization:

Sumitomo Electric was certified as a 2021 Health and Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry of Japan and Nippon Kenko Kaigi in March 2021.



● Recognition as a Sports Yell Company:

We were recognized as a Sports Yell Company by the Japan Sports Agency in December 2020.



Human Resources Development

Personnel Needed by Sumitomo Electric

Personnel needed by Sumitomo Electric are defined 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 who can play active roles in the global community. We provide various training programs to support employees in becoming such personnel based on the concepts of the "individual employees' strong motivation for self-development" and "on-the-job coaching and close communication between superiors and subordinates."

SEI University

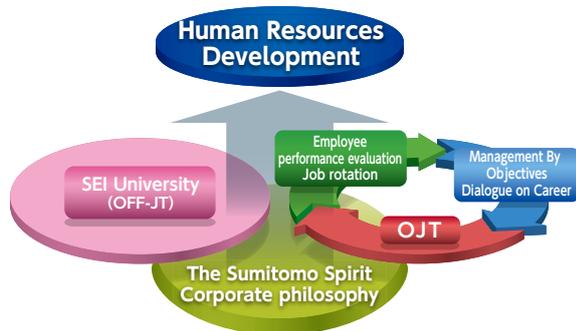
We work to improve the value of human resources throughout the Group

SEI University represents the Sumitomo Electric Group's comprehensive training and education system. With the aims of achieving corporate targets and becoming a Glorious Excellent Company, we provide various training programs in a wide range of areas at SEI University.

Fundamental Principles of SEI University

SEI University will serve as a venue for:

- ① Disseminating the Sumitomo Electric Group's corporate philosophy,
- ② Sharing the Sumitomo Electric Group's management strategies and vision, and
- ③ Developing employees' abilities, skills and knowledge so that they may play active roles in the global community.



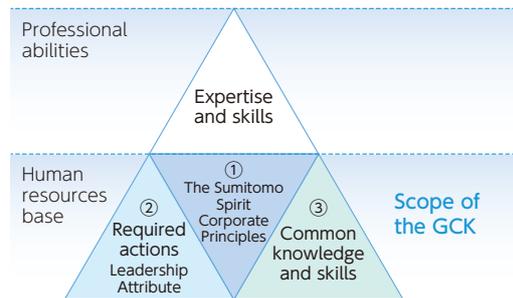
SEI University provides more than 300 training programs (commonly developed across the Group), including position-based compulsory programs for all group employees ranging from executives to new employees, in the three areas of human skills, problem-solving skills and technical skills. Our Group companies 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 the respective workplaces. In particular, 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.

《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 (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. Based on the GCK, we will continue to develop the content to be provided worldwide in Sumitomo Electric and be committed to human resource development while also using external programs. Especially in fiscal 2020, while the spread of COVID-19 infection made it difficult to organize group training sessions, we swiftly promoted the enhancement of our e-learning programs and the organization of training sessions in a remote format, which significantly increased the total number of persons who took the courses.

Concept of the Global Common Knowledge (GCK)



Training categories of the SEI University

	Basic	Practical		
		Human skills	Problem-solving skills	Technical skills
Managers	Corporate Principles Action principles	Management	Business management Innovation	Manufacturing
Staff	Compliance Safety and the environment	Human skills	Problem-solving	Business
	Banji-nissei Shinyo-kakujitsu Fusu-furi	Respect for human resources	Long-range planning	Attaching importance to technology
	Mutual Prosperity, Respect for the Public Good			

Record of the training sessions organized across the Sumitomo Electric Group in FY2020

Applicable employees	Total number of participants (persons)	Total length of training (hours)
Sumitomo Electric employees	160,991	446,138
Employees of Group companies in Japan	56,611	95,908
Employees of overseas Group companies	40,104	62,082
Total	257,706	604,129

Record of unique training sessions organized in individual Group companies in FY2020

Applicable employees	Total number of participants (persons)	Total length of training (hours)
Domestic Group companies (39 companies)	50,279	157,674
Overseas Group companies (85 companies)	87,533	456,754
Total	137,812	614,428

Promotion of Dialogue on Career

We help employees consider their career and be committed to their growth

For employees to grow, they have to design their career visions based on their own values and ways of life and strive to realize them. 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. Sumitomo Electric, 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.

We have conventionally operated a system that has superiors have dialogue with their subordinates to support their career development when annual business targets are set, and also continue to organize training that helps understand the importance of the dialogue and specific methods to promote it. In the training session for superiors, they learn (1) the necessity of dialogue on career and (2) specific methods to promote dialogue, as basic knowledge. We also provide them with opportunities to exchange information on the problems they individually face so that they acquire skills and knowledge that can be used in dialogue with subordinates.

For subordinates, we offer training sessions and tools to consider their career while encouraging them to share the career they envisage with the superiors through the dialogue. We also provide newly promoted management staff and employees who have reached the age of 45 or 50 with training to consider their future career according to their respective positions and ages.

An initiative to give opportunities to receive consultation about career after receiving the training to both subordinates and managers who are interested has been launched and will be expanded gradually.

Addressing Globalization across the Group

We develop training activities globally 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 the development of human resources that meet local demand, HR manager meetings are held regularly on a

country basis to discuss the planning and operation of various training programs with focus on those for general employees. In addition, persons in charge of HR development in our Group companies across the world are invited to Japan once a year to hold the Global Human Resources Development Meeting and discuss the development system commonly applied on a global scale.

We also organize the following training programs for management personnel commonly in Japan and overseas.

Target: Executives

Executive training program

Executives are developed through action learning as well as understanding of the Sumitomo Spirit and acquisition of management knowledge. This training program is held once a year and attended by about 50 persons each time.

Target: General Managers

Global Leadership Development Program (GLP)

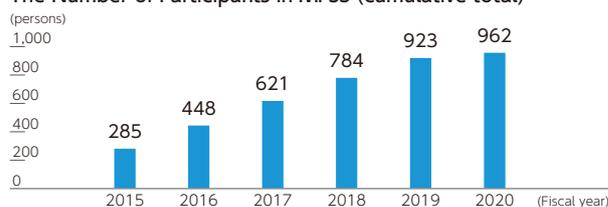
Human resources that can show leadership on a global scale are cultivated through discourses of executives, leadership workshops and understanding of the Sumitomo Spirit. The program was held twice a year until 2015 and is held once a year from 2016. Each session receives about 30 participants. In fiscal 2020, the program was canceled due to the impact of the COVID-19 pandemic.

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. The sessions are provided in six cities in Germany, the United States, Singapore, China (Shanghai and Shenzhen) and Mexico and a total of approximately 150 persons attend the common program in those locations in a year. In fiscal 2020, the program was canceled in some regions due to the impact of the COVID-19 pandemic.

The Number of Participants in MPSS (cumulative total)



③ Response to globalization in the Company

In line with progress in the globalization of our business activities, international employees working in Japan are also increasing year by year. To develop an environment where all employees can play an active role beyond differences in language, culture or value, we enhance our Japanese language training program for international employees and provide them with training on the business culture in Japan as part of the project to support them. We also give training for workplaces to ensure that those who receive international employees can properly understand the issues to be noted.

《 CSR VOICE 》

Comment after participating in MPSS

Feng Yan

Section Manager
Sumitomo Electric Wintec Magnet Wire
(Changzhou) Co., Ltd. (WIN-C)



While I joined Sumitomo Electric for the establishment of WIN-C, a new company in Changzhou, China in 2019, I was really honored to have an opportunity to attend MPSS in 2020. This training aims to teach the participants the history of how Sumitomo grew and improve their management skills through the Sumitomo Spirit. I realized that the understanding of the principles of the Sumitomo Spirit including “Banji-nissei,” “Shinyo-kakujitsu” and “Fusu-furi” and the practice of them in daily work will help not only myself and but also my subordinates grow and eventually help the company grow.

Through the training, I learned much from exchanges with participants from other Group companies who have a wide range of experience and also gained confidence about doing my future jobs. I also believe that our company can grow and become a part of the long history of the Sumitomo Electric Group along with other Group companies.

Cultivation of Manufacturing Personnel

Based on the basic concept that “manufacturing is human resources development,” we promote cultivation of manufacturing personnel through the three main initiatives of ① basic training on manufacturing, ② practical training and ③ promotion of improvement activities

The underlying concept of the basic training on manufacturing is to learn with actual machines and products. Subjects in the curriculum are wide-ranging from SEQCDD, which are essential for manufacturing, to the Group’s proprietary technologies and techniques and the latest technologies including equipment control and maintenance technologies. The curriculum of the training program for new employees is enhanced continuously by incorporating advanced technologies as well. The number of participants is also growing every year. Overseas as well, we regularly provide training on basic knowledge and the maintenance of equipment in China and Southeast Asia. The practical professional training is given in programs that aim to cultivate key personnel who are anticipated to drive manufacturing innovation and reinforce the SEQCDD competitiveness. Important challenges of the respective divisions are selected as the themes, and trainees are assigned to the divisions of their themes to perform practical activities for the solution of the challenges and problems. In our efforts to promote improvement initiatives, the small group activities (called “SGA”) are developed and promoted on a global scale to solve problems and achieve objectives voluntarily on a workplace basis with the aims of developing human resources, energizing the workplace and helping improve the performance.

Among them, the priority measures taken in fiscal 2020 are introduced below.

《 Introduction of Remote Training Sessions in Response to the Impact of the COVID-19 Pandemic 》

In fiscal 2020, we reviewed the approach to various training programs, which were basically organized by gathering participants in the same location, in response to the impact of the COVID-19 pandemic and developed training content for e-learning programs in various fields of manufacturing, which was published throughout the Group. In the meantime, we also

promoted the replacement of lecture-oriented group training with remote training. Furthermore, we worked to introduce training for overseas bases, which used to be given by sending lecturers to the sites, on a remote basis with support from local staff. Even in the types of training where it is important to go to actual places and touch actual goods, such as practical training and facility maintenance training, we promoted the use of various IT tools to minimize the travel of participants and lecturers while maintaining the educational quality.

《 Promotion of Improvement Activities 》

In the annual “SEI Group Global SGA, Kaizen Suggestions, 200 Kaizen Plant* Award Ceremony,” we established a system where the president commends 200 Kaizen plants to encourage the participants to be committed to improvement proactively and elected the winners (individuals and divisions). While training sessions and conventions in overseas sites were canceled due to the impact of the COVID-19 pandemic, we published “SGA Times” quarterly in their respective languages to raise awareness for the promotion of SGA and keep the participants motivated.

《 Program to develop plant managers 》

This program aims to develop “strong” plant managers (equivalent to the manager of a manufacturing section) who will play a pivotal role in manufacturing. Candidates for plant managers learn the concepts and knowledge essential for the position in a six-day training course and then have an opportunity to deepen their understanding through practical operations. Then, those who are appointed as plant managers attend a two-day training course. They also participate in plant manager networking events on a regular basis to create “strong” plants. We plan to develop 20 to 30 plant managers or so every year and also use the program to cultivate general managers of overseas manufacturing divisions in the future.

《 CSR VOICE 》

Development of e-learning materials in the field of facility maintenance

Keizo Uchihashi
Assistant General Manager, Itami Group,
Technical Training Center



A team of four members, including me, was committed to the development of 18 courses, which are equivalent to group training sessions for two days, from April to June 2020. While working from home arrangements under the declaration of a state of emergency, we reviewed the existing training materials to use them for e-learning, prepared and checked narration scripts, recorded voice and then made a final check of the materials. It was a new experience to work for this sequence of jobs in cooperation with other members in remote places. The work from home arrangements caused trouble. For example, I had to repeat the recording due to background noise while it took time to transfer a large amount of data. While the speech style and speed were different among the four members at first, we discussed it and tried to speak clearly and slowly to avoid variations between the voices and make them easy to listen to.

The finished materials have been used by many people and we received favorable comments through a questionnaire survey, such that the materials are easy to understand and also helpful because they can be used at home, which made me realize that the materials are producing results. I would like to continuously contribute to human resource development.

Glossary * 200 Kaizen Plant

This initiative aims to make plants stronger through daily continuous improvement. The target is to make 10 small improvements in a day and 200 or more in a month at each plant and the plants will also work to maintain and manage the condition after the improvement.

To Be the Safest Company in the World

Basic Approaches

The Sumitomo Electric Group considers that securing of health and safety of employees is the basis of the business.

We promote the establishment of culture to prioritize safety above all else and continuously perform safety and health activities involving all employees to eliminate risk factors from our workplaces with the aim of becoming the world's safest company.

Specifically, having formulated "Safety Philosophy," "Principles of Safety Activities" and "Occupational Safety & Health Guidelines," we specify priority activities and subjects for each fiscal year to meet the targets at the Health and Safety Committee, which is composed of members from management and the union.

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, legal 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.

Fostering Safety Culture

Safety Philosophy and Principles of Safety Activities have been formulated to foster Safety Culture

Under the Safety Philosophy specifying that "Safety is our top priority" and "All accidents can be prevented," we will particularly promote the following activities, which are based on the Principles of Safety Activities, and aim to be the safest company in the world.

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 develop the safety mind of employees.
2. Management level employees acquire skills for communicative safety patrol and practice dialogue with workers on a daily basis to eradicate unsafe actions of workers and share and improve difficult operations that can cause such actions.
3. The S-T-O-P accident campaign* and other initiatives involving all employees are activated to promote safe actions.

Safety Measures in Facilities

《Safety! Power OFF Activity》

In the "Safety! Power OFF Activity," we identify the risks of directly touching or approaching any rotating or moving parts and then promote equipment safety measures (hardware-related measures) to address them. We manage the identified risks based on a company-wide registration system in Japanese manufacturing sites to establish hardware-related measures against them and have implemented such measures for about 2,100 operations as of the end of March 2021. For issues including those which are difficult to address with existing techniques/solutions/methods/strategies and require the development of new ones, the division in charge will work with the Manufacturing Management & Engineering Unit to be committed to completing them.

《Prevention of serious accidents involving forklifts》

We are promoting the enhancement of measures to separate forklifts from people to prevent serious accidents.

In fiscal 2019, we prepared guidelines that specify the standards to be applied across the company and raised the target in Safety Vision 2022 from "simple separation" to "separation with fixed fences and temporal separation" to strengthen the activities in our sites in Japan and overseas. We are also promoting improvement measures from the perspective of manufacturing such as replacement of forklifts with other transportation equipment, changes in the flow of people and goods and shortening of transportation distance.

Targets and Results in Fiscal 2020

Safety VISION 2022 ①Safety measures in facilities ②Development of human resources with high safety awareness ③Fostering safety culture	
Targets for FY2020	Results in FY2020
<ul style="list-style-type: none"> ● Action items for FY2020 <ul style="list-style-type: none"> ①-1 Safety! Power OFF Activity: hardware-related measures ①-2 Forklifts (separation of vehicles from people): Promotion of Level 4* ②-1 CG-based education to make people (employees) experience accidents and think about the preventative measures ②-2 Enhancement of safety education using hazard simulation ③-1 Promotion of commitment of general managers ③-2 Communicative safety patrol education by safety expert ● Activities to be conducted continuously with the participation of all employees <ul style="list-style-type: none"> • Recognition of problems by top management • S-T-O-P accident campaign ● Group-wide structural reinforcement activities <ul style="list-style-type: none"> • Emergency safety management and priority safety management activities • Plant disaster prevention • Practical use of TRAP analysis* • Global safety diagnosis ● Health activities <ul style="list-style-type: none"> • Enhanced management of special health examination 	<ul style="list-style-type: none"> ● Action items for FY2020 <ul style="list-style-type: none"> ① Implementation of hardware-related measures: Completed 93.4% ① Promotion of separation of vehicles from people at Level 4: Completed 42% ② Preparation of new CG to reproduce accidents ② CG-based education to make people (employees) experience accidents and think about the preventative measures: Taken by 686 persons ② Provision of education to experience danger in affiliates ③ Dissemination of the commitment of general managers ③ Communicative safety patrol: Fostered safety expert and promoted the dissemination ● Activities to be conducted continuously with the participation of all employees <ul style="list-style-type: none"> • Recognition of problems through 1-2-3 activities • Continuance of the S-T-O-P accident campaign ● Group-wide structural reinforcement activities <ul style="list-style-type: none"> • Emergency safety management and priority safety management activities: Continuous implementation • Plant disaster prevention: Continuous supervision of construction work • Practical use of TRAP analysis: Human resource development (3rd term) • Group Global Safety Diagnosis: The third round is underway ● Health activities <ul style="list-style-type: none"> • Survey of special health examination and correction of defects

Glossary

*S-T-O-P Accident Campaign

This slogan represents basic rules to be followed while walking. S: Do not take a short cut and watch your step; T: Do not text or talk on the phone while walking; O: Hold on to the handrails when using stairs; and P: Do not put your hands in your pocket while walking

*Forklifts (separation of vehicles from people): Level 4

*TRAP analysis

See P17 and P18 for the explanation of the terms

Development of Human Resources with High Safety Awareness

Protect your life by yourself

While the number of accidents related to facilities is on the decrease, the number of accidents attributable to human error or management remains unchanged at a high level. As an initiative to improve the attitude toward safety, which is one of the causal factors of accidents, we have reviewed the training program (Development of human resources with high safety awareness) since fiscal 2017.

《One-way education based on lectures ⇒ dialogue-based education to appeal to sensitivity and enhance motivation and awareness》

1. Listening directly to those affected by accidents (to learn their remorse, hard feelings and physical and mental pains directly)
2. Dialogue-based education to experience danger (to not only experience the fear but also identify your own experience with the actual accidents)
3. CG to reproduce disasters + discussion and presentation (to consider the causes of the accidents and how they could have been prevented)

《Repetitive training for those who have few opportunities to receive education》

1. Repetitive training for technical staff provided every three years (participation in safety training)
2. Safety training for 3rd-year employees using content extracted from the curriculum of KKP*, the practice of theme-based activities and organization of a report meeting

In fiscal 2020, the repetitive training was continued and given to 678 persons.



Discussion in repetitive training

Safety Performance and Future Actions

In fiscal 2020, the number of accidents involving injury decreased substantially from fiscal 2019 to meet the target

During fiscal 2020, we had a total of 44 accidents, which were broken down into 3 injuries resulting in lost work time, 29 no lost work time injuries and 12 minor injuries (including employees of the Sumitomo Wiring Systems Group) and the accident score was 147 to significantly reduce the accidents from the previous fiscal year. We also met the target of zero serious accidents and accidents resulting in remaining disabilities, 48 or less accidents resulting in lost work time, no lost work time accidents or accidents causing minor injury and an accident score of 210.

Based on the analysis of the accidents by situation, we consider that the improvement (in particular, the substantial reduction of accidents attributed to causes that can result in a

serious accident) was a result of our long commitment to safety activities while the decline in operation due to the COVID-19 pandemic also had some positive impact. In fiscal 2021, to achieve Safety VISION 2022, we are making efforts to meet a target of zero serious accidents and accidents resulting in remaining disabilities, 31 or less accidents resulting in lost work time, no lost work time accidents or accidents causing minor injury and an accident score of 110 or less 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 and enhance 1) Safety measures in facilities, 2) Development of human resources with high safety awareness and 3) Fostering safety culture, which are the core initiatives of Safety VISION 2022. We will share safety information with the three companies of Sumitomo Riko, SUMITOMO DENSETSU and Nissin Electric to create workplaces where people 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 2020 including those in the three companies: 23, a decrease of 5 from the previous year)

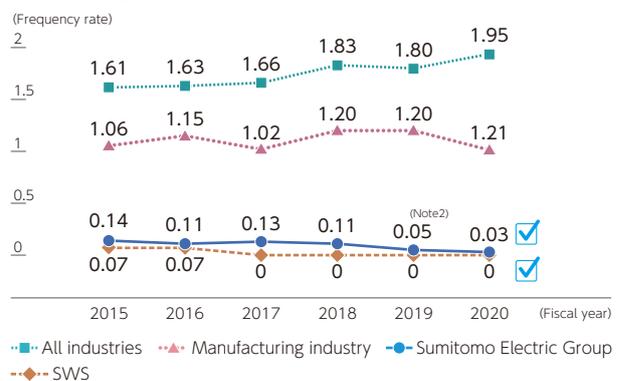
Accidents involving injuries

		Sumitomo Electric Group			SWS Group		Total
		Employees		Temporary worker, subcontractor	Employees		
		Japan	Overseas		Japan	Overseas	
FY 2020	Accidents resulting in lost work time	1	1	0	0	1	3
	No lost work time injuries	7	6	5	2	9	29
	Minor injuries	3	2	0	1	6	12
	Total	11	9	5	3	16	44
FY 2019	Accidents resulting in lost work time	2 (Note 2)	2	2	0	3	9 (Note 2)
	No lost work time injuries	10 (Note 2)	7	5	6	12	40 (Note 2)
	Minor injuries	3	2	0	4	14	23
	Total	15	11	7	10	29	72

(Note 1) The data on employees of the Sumitomo Electric Group cover Sumitomo Electric and its 113 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 2) The numbers of accidents have been revised for some of the accidents that occurred in fiscal 2019 due to the review of the levels of accidents made in fiscal 2020.

Lost Time Injuries Frequency Rate* for Employees in Japan by Year



(Note 1) The lost time injuries frequency rate for employees in Japan in the Sumitomo Electric Group covers Sumitomo Electric and its 42 affiliates in Japan (excluding SWS and the other listed companies), and the frequency rate in SWS covers SWS.

(Note 2) The lost time injuries frequency rate has been revised for some of the accidents that occurred in fiscal 2019 due to the review of the levels of accidents made in fiscal 2020.

The environmental activities of the Sumitomo Electric Group are now changing towards a carbon neutral society

The target of the Sumitomo Electric Group to reduce CO₂ emissions by 30% from the FY2018 level by 2030 (Scope 1 and Scope 2) was certified by SBTi in April 2021. In the future, we will promote the expansion of company-wide environmental activities to meet the target and aim to steadily achieve the target in 2030.

To this end, all employees in divisions, worksites and Corporate Staff Group have to deepen their understanding of integrated thinking to achieve the improvement of productivity and the reduction of environmental impact at the same time and thereby produce a synergistic effect. We have made changes as a step toward it, including the allocation of part of the capital investment budget to the Safety & Environment Department for the reduction of CO₂ emissions. We do not only aim to create synergy between increased productivity and a higher level of environmental conservation but also expect that our contribution to the global environment through products will serve as a strong tool in the future. I believe that we will become able to grow steadily even in a carbon neutral society by properly reviewing what the Group's products and services can do. In the meantime, as part of the carbon neutral reform in the Sumitomo Electric Group, we hope to start the operation of a self-contained net zero plant based on drinking water purification equipment using POREFLON™ modules, which are our environmentally friendly products, as well as redox flow batteries.

Takaaki Nakama General Manager, Safety & Environment Department and Global Environment Department



Environmental Management

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 below, places the highest managerial priority on activities related to preservation of the global environment.

Environmental Policy (extract)* Revised on June 25, 2020

Basic Philosophy

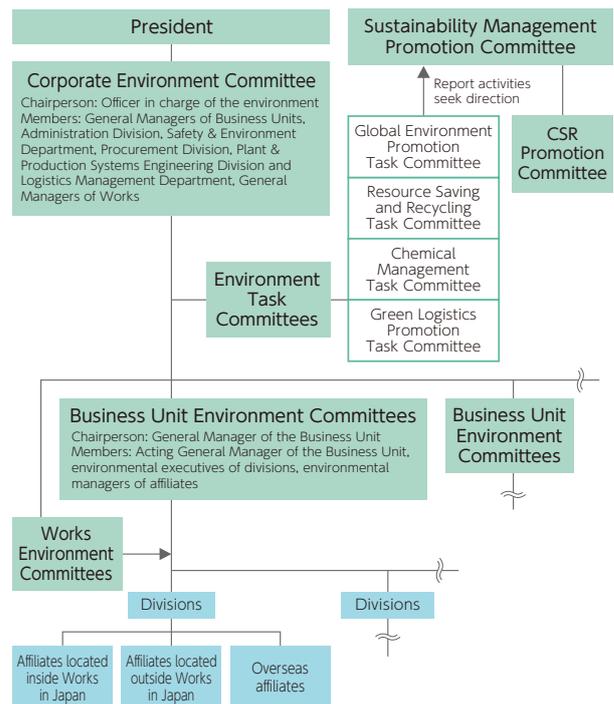
The Sumitomo Electric Group thinks it is primarily important to establish a society that is sustainable and has less environmental impact, and contributes to society by providing products and services.

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.

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.



Action ECO-22V Campaign

The Sumitomo Electric Group has conducted the Action ECO-21 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. In addition, we will perform a review the long-term reduction target after FY2021 based on the authorized target from SBTi.

Targets of the Action ECO-22V Campaign • Period: FY2018 – 2022

*As of fiscal 2020

Item	Descriptions • Targets for FY2022*	Targets for FY2020	FY2020 results	Evaluation	
Reduction of environmental impacts from business activities	Global warming prevention / Promotion of energy saving	(1) Reduce GHG emissions from production sites by 5% from the FY2017 level	Reduce 3%	Reduce 18%	◎
		(2) Reduce energy consumption per unit of sales in production sites by 5% from the FY2017 level	Reduce 3%	Increase 1.0%	▼
		(3) Reduce energy consumption per unit of sales in offices by 5% from the FY2017 level	Reduce 3%	Reduce 26%	◎
		(4) Reduce CO ₂ emissions per unit of sales from transportation by 5% from the FY2017 level	Reduce 3%	Reduce 2.0%	▽
		(5) Promote renewable energy installation	Promote the introduction of photovoltaic power generation	Introduce 1 site	○
	Promotion of resource conservation and recycling	(1) Reduce amount of waste per unit by 5% from the FY2017 level	Reduce 3%	Reduce 20%	◎
		(2) Reduce water use of per unit of sales by 5% from the FY2017 level	Reduce 3%	Increase 1.6%	▼
	Reduction of substances of environmental concern	(1) Reduce the release of PRTR-designated substances by 5% from the FY2017 level	Reduce 3%	Reduce 33%	◎
	Protection of biodiversity	(1) Promote the protection of biodiversity	Implement protection activities	Activities started in 4 Works	○
	Reduction of environmental impact from products	Expansion of environmentally conscious product range	(1) Maintain the registration of 100% of new products as "Eco Mind" products	100%	100%
(2) Increase the ratio of Eco-products in sales to 70%			66%	65%	▽
(3) Reduce CO ₂ emissions by 150 thousand tons with products with less CO ₂ emissions			140 thousand tons/year	344 thousand tons/year	◎
Management of chemical substances in products		(1) Strengthening the management of chemical substances in products	<ul style="list-style-type: none"> • Implement audits • Enhance training 	<ul style="list-style-type: none"> • 1 audit • Legal education 	○

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)

In fiscal 2021, we consider raising the target for some items to ensure that the long-term target of reducing greenhouse gas emissions by 30% (Scope 1 and Scope 2) can be achieved by 2030.

Item	Description of activities in FY2021	Targets		
Reduction of environmental impacts from business activities	Global warming prevention	Energy saving	(1) Reduction of GHG emissions (production sites)	Reduce 7.5% (from the FY2018 level)
			(2) Energy productivity (production sites)	To be set during the first half
		(3) Reduction of energy consumption per unit of sales (offices)	Reduce 3% (from the FY2018 level)	
		(4) Reduction of CO ₂ per unit of sales in logistics	Reduce 3% (from the FY2018 level)	
	Energy creation	(5) Renewable energy (e.g. installation of photovoltaic power generation systems)	To be set during the first half	
Reduction of environmental impact from products	Promotion of resource conservation and recycling	(1) Reduction of the amount of waste per unit of sales	Reduce 4% (from the FY2017 level)	
		(2) Reduction of water use of per unit of sales	Reduce 4% (from the FY2017 level)	
	Reduction of substances of environmental concern	(1) Reduction of the release of PRTR-designated substances	Reduce 4% (from the FY2017 level)	
	Protection of biodiversity	(1) Protection of biodiversity	Implement protection activities	
Reduction of environmental impact from products	Expansion of environmentally conscious product range	(1) Ratio of "Eco Mind" products in new products	100%	
		(2) Ratio of Eco-products in sales	68%	
	Management of chemical substances in products	(1) Strengthening the management of chemical substances in products	6 audits	

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

We examine measures to address risks and problems and formulate a growth strategy

Main environmental risks

Risk Factor		Impact	Countermeasures and Activities
Climate change	Physical risks	Temperature rise	Energy saving (evaluation, investment and activities), 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 compliance audits
		Carbon pricing	Energy saving (evaluation, investment and activities)
		Reduction of GHG 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 accidents	Shut-down (suspension) of operation	Prevention through the evaluation of facilities	
Non-compliance with law	Shut-down (suspension) of operation	Implementation of detailed compliance 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 accident 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.

The managerial post-based career training program involves legal and general education on the environment. Since fiscal 2014, the program has been provided through on-site practical training sessions including on-site inspection of environmental facilities to enhance sensibility in environmental management. 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 training on environmental laws and technical education on chemical management and other issues on a regular basis. Training for assistant plant managers was added to the program in fiscal 2018.

Training opportunity	Title of the training
Career (managerial post-based)	• Position-based training
Nomination-based	• Training on the management of poisonous and deleterious substances • Training on the notification of facilities subject to environmental laws
Optional	• Professional education on environmental laws • Training on energy saving design • Training on the Japanese Chemical Substances Control Act • PRTR (Pollutant Release and Transfer Register) training • Training on the management of chemical substances in products
On-site	• Training on Energy Saving Handbook • Action ECO-22V

Global Environmental Audits

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

《 Environmental legal compliance audit 》

In addition to examinations based on ISO 14001, the Sumitomo Electric Group implements environmental audits with focus on compliance with environment-related laws and the efforts in the Action ECO-22 Campaign to ensure compliance with relevant laws and reduce environmental impact. In fiscal 2020, we conducted remote environmental audits because auditors were not able to visit sites due to the COVID-19 pandemic. The audits of sites in Japan were started in fiscal 2008 and the second round was completed in fiscal 2020. Environmental audits of manufacturing sites outside Japan were also launched in fiscal 2010. As of the end of fiscal 2020, we have completed 50 of the 57 sites subject to audits. We are planning to conduct the audits with a focus on new sites in Japan and overseas, as well as sites with a high environmental risk, in fiscal 2021.

《 Inspection of Facilities That May Affect Water Quality 》

In response to a revision of the Japanese Water Pollution Control Law in 2012, we started the inspection of facilities that use any of the hazardous substances, oils, etc. and may thereby affect water quality. Check items are set for each of the components of those facilities, such as liquid reservoirs and pipes, for the inspection that also checks the management status. After the completion of the inspection of the sites in Japan by fiscal 2016, facilities in Japan and overseas that may affect water quality are repeatedly inspected with an additional focus on changes in the facilities, such as the introduction of new equipment, and the aging of equipment from fiscal 2016. This repetitive inspection is also combined with the environmental legal compliance audit mentioned above. In fiscal 2020, we also conducted a comprehensive check of the results of the measurement of drainage water quality that was taken

according to regulations or voluntarily in Japanese and overseas sites. We will be committed to strengthening water quality management to satisfy the regulated values.

《 Check of the Progress in the Activities of the Action ECO-22V Campaign 》

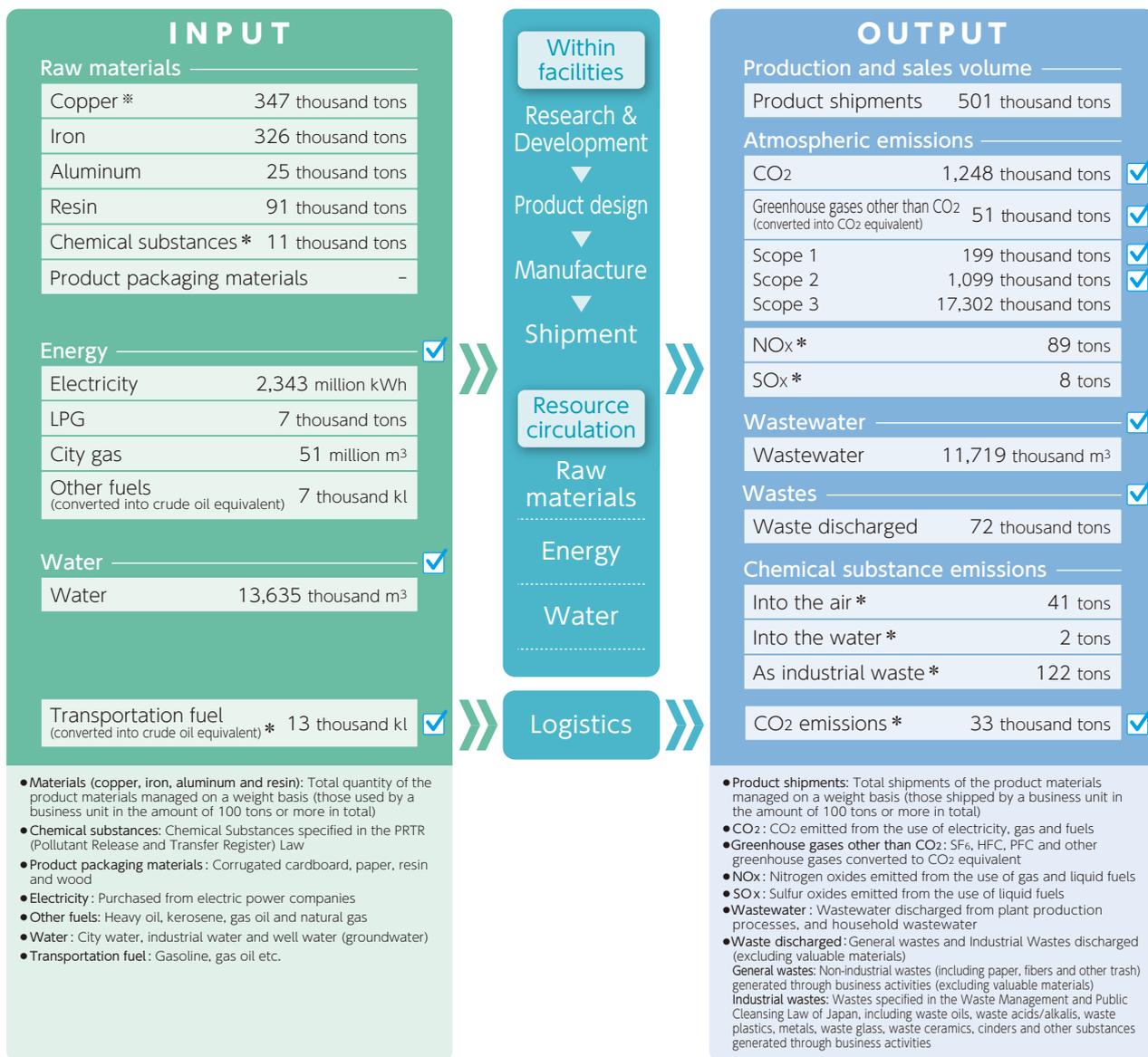
We have set check items for environmental audits and evaluate the activities and progress.

《 Confirmation of Legal Compliance 》

In fiscal 2020, 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 Safety & Environment Department

of Sumitomo Electric, decreasing from two violations reported in fiscal 2019. As to the content of the violation by country and region, an affiliate in Taiwan received an order from the authority to pay a fine for non-compliance in March 2021. During fiscal 2020, we had cases where an affiliate received an order to pay a fine from the relevant authority of the country and region for non-compliance in a past fiscal year, which consisted of two cases in affiliates in the United States and one case in an affiliate in China. They received an order to pay a fine from the authority for non-compliance in fiscal 2019. We will continue to strive for a proper understanding of the regulations in the respective regions to ensure thorough compliance.

Material Balance (Environmental Impacts)



Boundaries of data integration Items with *: Sumitomo Electric + affiliates in Japan; Items without *: Sumitomo Electric + affiliates in Japan and overseas
 ※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, 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. When the comprehensiveness of the boundaries is assessed based on greenhouse gas (GHG) emissions, a representative environmental indicator, the emissions from the boundaries of the environmental management of our group, 1,299 thousand tons, account for the vast majority of 1,700 thousand tons, which are estimated GHG emissions from the boundaries of consolidation for financial reporting in fiscal 2020. In the meantime, out of the 279 consolidated subsidiaries excluding the 4 listed companies mentioned above, the environmental management of our group covers 152 companies in production units (41 in Japan, 36 in China, 37 in Asia (except China), 19 in the Americas and 19 in Europe and other in fiscal 2020). Our trial calculation indicates that environmental impact, such as GHG emissions, of the 152 companies is estimated to occupy 99% of that of the 279 subsidiaries.

Activities to Prevent Global Warming

Acquisition of certification for our GHG reduction target from SBTi and expression of support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

We obtained certification from the Science Based Targets initiative (SBTi)*1 for the greenhouse gas emission reduction targets set by the Sumitomo Electric Group toward 2030 because it met the criteria required by the international initiative. To further help establish a sustainable society with less environmental impact, we also expressed our support for TCFD*2 recommendations to analyze the risks and opportunities presented by climate change to businesses and disclose the information.



*1 SBTi

This initiative is jointly operated by the four organizations of the CDP (an international NGO, formerly 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).

*2 TCFD

This task force (the Task Force on Climate-related Financial Disclosures) was established by the Financial Stability Board (FSB) in response to the request of G20 (Summit on Financial Markets and the World Economy). TCFD considers that climate presents both risks and opportunities and asks government organizations, financial institutions and companies to support its recommendations to disclose the impact of temperature rises caused by GHG emissions on corporate finance.
TCFD website: <https://www.fsb-tcfd.org/>

GHG emission reduction targets of the Sumitomo Electric Group*3

- Scope 1 and Scope 2 (direct GHG emissions from the company and indirect emissions from the use of electricity, heat and steam supplied by other companies): Reduction of 30% from the FY2018 level by FY2030
- Scope 3 (indirect emissions other than those in Scope 1 and Scope 2): Reduction of 15% from the FY2018 level by FY2030

*3 GHG emission reduction targets of the Sumitomo Electric Group

The targets cover the following companies in addition to unlisted Group companies: Sumitomo Riko Company Limited and Nissin Electric Co., Ltd. (their respective group companies are included)

Reduction of Greenhouse Gas Emissions

Our GHG emissions decreased substantially from the base year both in Japan and overseas

The Sumitomo Electric Group has worked to meet the target for fiscal 2022 of reducing GHG emissions by 5% from the fiscal 2017 level to prevent global warming.

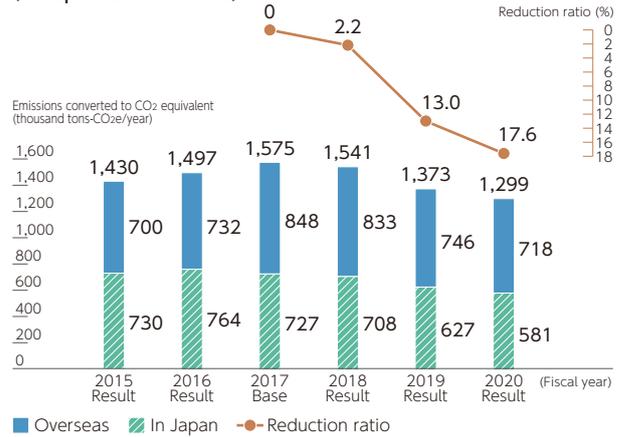
Each division is actively committed to environmental activities with focus on the promotion of energy saving. Moreover, while serving as the organizer, the Energy Saving Office promotes energy saving activities across the Sumitomo Group through cooperation with the task committee member appointed from each division.

With these activities and partly due to a decrease in CO₂ emission factor for electricity, as well as the impact of the COVID-19 pandemic, which has continuously affected our

operation since fiscal 2019, our GHG emissions in fiscal 2020 decreased greatly from the fiscal 2017 level both in Japan and overseas. The emissions in the whole Group declined by 18% from the fiscal 2017 level.

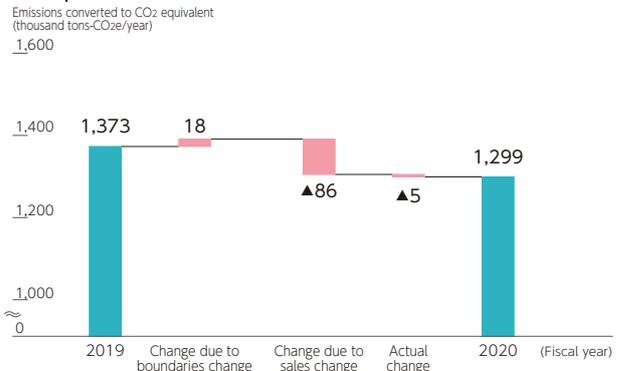
In line with the aggressive long-term target of reducing GHG emissions by 30% from the fiscal 2018 level by fiscal 2030 set in fiscal 2021, we have also adopted a higher target of reducing GHG emissions by 10% from the fiscal 2018 level by fiscal 2022 to replace the previous target of reducing them by 5% from fiscal 2017 level. We will promote initiatives to meet the new target.

Greenhouse Gas Emissions and Reduction Ratio (in Japan and overseas)



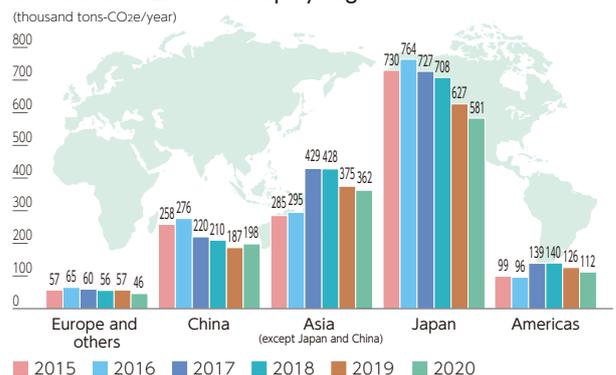
(Note) See P69 for the calculation criteria.

Factor Analysis of Changes in Greenhouse Gas Emissions (in Japan and overseas)



(Note 1) Change due to boundaries change: Emissions in fiscal 2019 from the boundaries of collection newly added or excluded in fiscal 2020.
Change due to sales change: [Emissions in fiscal 2019 from the boundaries of collection for fiscal 2020] × (Sales in fiscal 2020 / Sales in fiscal 2019 - 1)
Actual change: Change due to boundaries change

Greenhouse Gas Emissions from the Global Operations of the Sumitomo Electric Group by Region



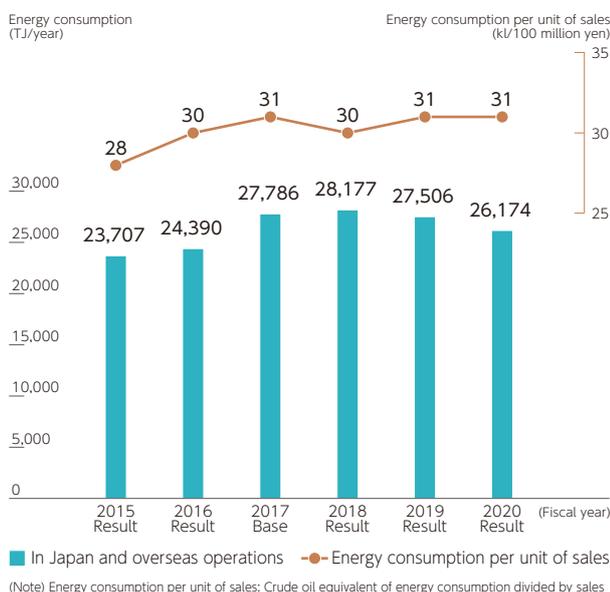
Reduction of Energy Consumption

Production efficiency has been improved

In fiscal 2020, energy consumption per unit of sales increased by 1.0% from the fiscal 2017 level to fail to meet the target. It was attributed to the sales decrease caused by the impact of the COVID-19 pandemic that has continuously affected our business since fiscal 2019. The steady efforts of the divisions to improve energy efficiency were not enough to offset the decrease.

While production will recover and production efficiency will also be improved in time, the anticipated growth in energy consumption can lead to an increase in GHG emissions. The Sumitomo Electric Group has set a long-term target of reducing GHG emissions by 30% from the fiscal 2018 level by fiscal 2030. To meet this target, it will also be necessary to consider the introduction of renewable energy and other new initiatives in addition to further enhancing conventional activities that have centered on energy saving. We will promote the efforts to which impetus is given by the Global Environment Promotion Task Committee (P.48), which has been established with executives playing a leading role. While a common target was previously set for the reduction of energy consumption per unit of production throughout the company as an indicator for production efficiency, we have revised it to introduce a target for each division that is 1.2% higher than the current reduction rate. We will visualize the progress in the efforts and endeavor to achieve the target.

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



Emissions by Scope

We provide data to CDP*

In fiscal 2014, we started to publish our emission data for Scope 3 and receive independent assurance on Category 4: Upstream transportation and distribution.

Greenhouse Gas Emissions in FY2020 (thousand tons-CO₂e/year)

Scope	Value	Checkmark
Scope 1	199	<input checked="" type="checkbox"/>
Scope 2	1,099	<input checked="" type="checkbox"/>
Scope 3	17,302	
Category	Description	Value
1	Purchased goods and services ^(Note 1)	6,986
2	Capital goods	504
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	242
4	Upstream transportation and distribution	33 <input checked="" type="checkbox"/>
5	Waste generated in operations	28
6	Business travel	37
7	Employee commuting	82
8	Upstream Leased Assets	—
9	Downstream Transportation and Distribution	—
10	Processing of Sold Products	—
11	Use of Sold Products ^(Note 2)	9,390
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.

Energy Saving Activities in Production Units

We are working to reduce wasteful use and improve efficiency with the effects of ideas for energy efficiency improvement

《Energy Efficiency Improvement Measures to Reduce Energy Use》

We work to meet the Group-wide annual energy saving target of reducing energy consumption per unit of sales by 3% per annum from the fiscal 2017 level in the Action ECO-22V Campaign. Meanwhile, Group companies and divisions set the target of reducing energy consumption per unit of production by 3% per annum from the fiscal 2017 level and have strived to meet it through the discovery of subjects for energy saving and promotion of activities in a planned manner. In fiscal 2020, while our production declined greatly from the previous fiscal year due to the impact of the worldwide COVID-19 pandemic, we managed to limit the increase of energy consumption per unit of production to 1.0%.

《Specific Measures》

While Group companies and divisions are promoting respective energy-saving measures, the Energy Saving Office (currently Global Environment Department) has proposed new ideas through such initiatives as energy saving evaluation, measurement-based evaluation and horizontal deployment of technologies that had not been adopted in the Sumitomo Electric Group. In addition to the proposal of ideas, we also cooperated with divisions to turn the energy saving ideas into actual actions to promote energy saving activities. The specific initiatives are described below.

- **Energy saving evaluation and measurement-based evaluation:**
We are committed to such initiatives as the on-site check of equipment with a focus on utility devices, energy saving

evaluation to propose energy saving ideas and investment for improvement and present improvement effects and measurement-based evaluation to determine accurate cost saving effects with exclusive measuring instruments after narrowing down the target devices. We have recently used IoT in evaluation to grasp data in remote sites, which does not only support energy saving but also helps identify problems in equipment promptly.

● **Development and evaluation of new technologies:** We evaluate the latest energy saving technologies that have not been adopted in the Sumitomo Electric Group, ranging from high-efficiency air conditioning to the recovery of waste heat, and deploy them on a group-wide scale based on the evaluation results.

● **Cooperation in priority areas:** For the divisions that consume a large amount of energy in the Sumitomo Electric Group, we give support not only on tangible aspects but also on intangible aspects such as production engineering, aiming to improve overall efficiency.

From fiscal 2021, each division will prepare a report that outlines its action plan for the reduction of GHG emissions by 30% by fiscal 2030 and challenges to be solved to meet the target. We will work to achieve the target across the company by solving the challenges steadily one by one.

Energy Saving Activities in Offices

We are working to make employees always aware of energy saving

We have assigned a member and a vice member of the Workplace ECO Activity Promotion Committee in each workplace of the head offices, district offices and branch offices. The committee members perform and promote the following activities:

- ① Dressing cool in summer and warm in winter, to keep air conditioning moderate
- ② Turning off all office lights during lunch break
- ③ Turning off lights and air conditioners in meeting rooms and toilets when not in use
- ④ Introducing economy mode for PCs and power-saving OA devices on a preferential basis
- ⑤ Using zone lighting during overtime hours

Promotion of the Introduction of Renewable Energy

Aiming to establish net zero plants

To actively promote the introduction of photovoltaic power generation, the Sumitomo Electric Group has added it to the action items of the Action ECO-22V Campaign and plans to install photovoltaic power generation equipment not only in newly constructed buildings but also in existing buildings. We also consider setting a model plant that aims to achieve net zero energy consumption in the future and will promote the introduction of renewable energy more aggressively than ever.

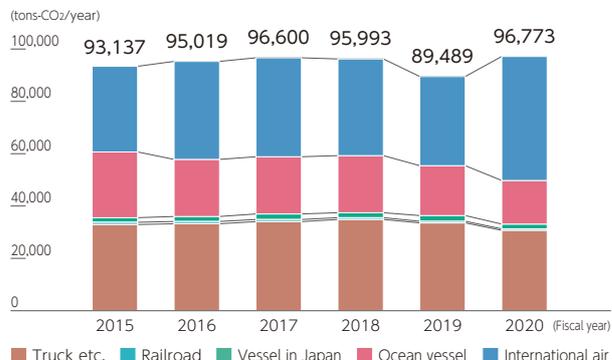
Reduction of CO2 Emissions in Logistics

Changes in CO2 emissions

Total CO2 emissions from transportation in Japan and exports increased by approximately 4.8% from the fiscal 2019 level. CO2 emissions from transportation in Japan (by truck, etc., railroad or vessel in Japan) decreased by approximately 9.5% with a significant decline in the freight volume especially in the first half due to the impact of the COVID-19 pandemic. On the other hand, emissions from exports (by ocean vessel or

international air) increased by approximately 14.0% as a result of emergency international transportation of a large volume of members by air. It was inevitable to use transportation by air, which has high CO2 emissions, because the members had to be delivered urgently from Japan to a plants that took over the production activities of a foreign plants that suspended production due to lockdowns in Southeast Asian countries.

CO2 emissions from transportation by the Sumitomo Electric Group by year



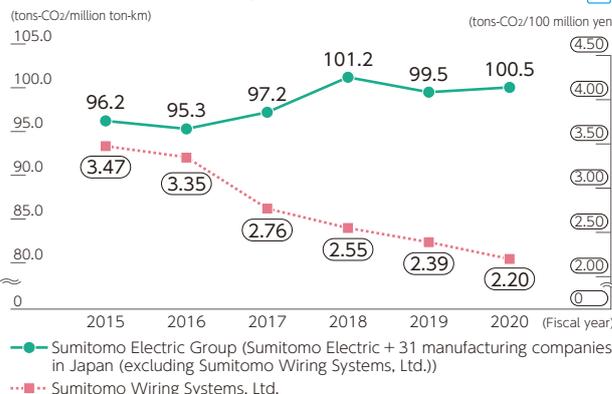
Reduction of CO2 emissions from transportation in Japan

Per-unit CO2 emissions from transportation in Japan increased by approximately 1.1% in the Sumitomo Electric Group and decreased by approximately 8.2% in Sumitomo Wiring Systems, Ltd. from the fiscal 2019 level. As a result, the emissions in the whole Group were decreased by approximately 2.4%.

The per-unit emissions in Sumitomo Electric grew due to a decline in the use of coastal transportation as a result of a drop in demand for transportation from Sumitomo Electric Tochigi to Kyushu and other reasons despite our efforts to improve efficiency including an increase in coastal transportation of optical cables to Kyushu and Okinawa as well as the increased use of trailer and coastal transportation for the delivery of steel wires to Kitakyushu. In the meantime, Sumitomo Wiring Systems, Ltd. achieved a large improvement effect from its continuous commitment to the integration of the transportation routes of regular freight services, as well as other initiatives, in recent years along with the recovery of the freight volume in the second half.

We will continue to make Group-wide efforts to reduce CO2 emissions from transportation.

Per Unit CO2 emissions by Year



(Note) Boundaries of data collection: The Sumitomo Electric Group = Sumitomo Electric + 31 manufacturing companies in Japan + Sumitomo Wiring Systems, Ltd.

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



Promotion of Resource Conservation and Recycling

Reduction of the Amount of Waste and Promotion of Recycling

We are working to manage waste in a proper manner

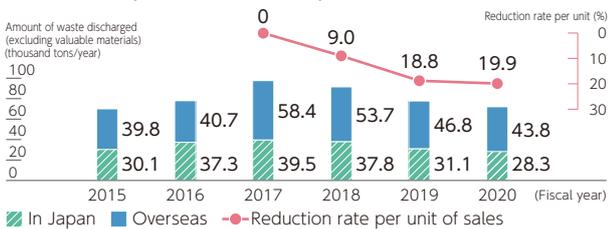
《Reduction of the Amount of Waste》

The Sumitomo Electric Group is also committed to reducing the amount of waste generated in its facilities by improving production efficiency.

To reduce the amount of waste, we promote conversion of the waste into valuable materials through separation and search of uses, and also focus on reduction of defects and review of the process that caused defects in production sites, which are fundamental activities for manufacturing, as well as in-house reuse of the waste generated and reduction of waste volume. In the Action ECO-22V Campaign, we are working to meet the target of reducing amount of waste per unit of sales by 1% per year with fiscal 2017 as the base year. In fiscal 2020, the per-unit amount was reduced by 19.9% from the fiscal 2017 level. The amount is on a downward trend with the effects of our response to an increase in waste plastic as a result of the restriction on the imports of waste plastic in China, which occurred in fiscal 2017. Other initiatives including the prevention of troubles in the waste liquid treatment equipment, the promotion of proper waste management and the introduction of equipment to reduce waste volume have also constituted to the reduction.

We will continue to make efforts with focus on recycling of plastic through the thorough separation of waste plastic and the reduction of unneeded materials generated through waste liquid treatment.

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



(Note) The amount of waste discharged in overseas sites from fiscal 2017 through fiscal 2019 has been corrected retrospectively to reflect the correction of a miscalculation of the amount of general waste in a Vietnamese subsidiary. Accordingly, the reduction rate per unit of sales in fiscal 2018 and fiscal 2019 has also been corrected.

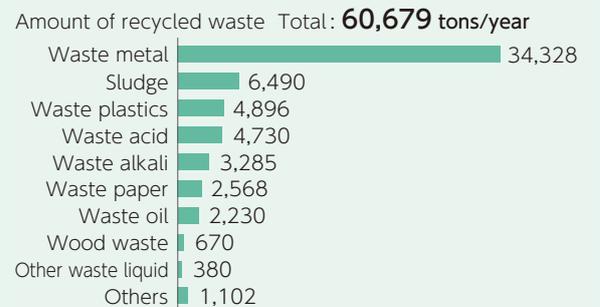
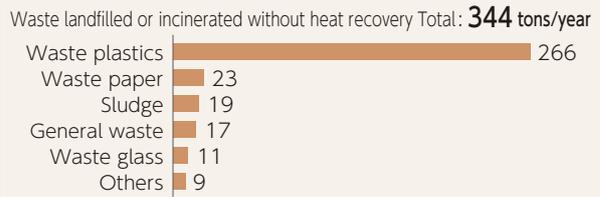
《Promotion of recycling (in Japan)》

To help solve social problems, such as shortage of waste disposal sites and illegal waste dumping, and to make effective use of resources, it is necessary to avoid landfilling of waste easily and recycle waste to the extent possible. The Sumitomo Electric Group also works to reduce the zero emission rate. In Japan, while the rate increased in fiscal 2018 due to the impact of the restriction on the imports of waste plastic in China, it declined to 0.50% in fiscal 2020 with our efforts including the consideration of new waste disposal contractors and buyers of valuable materials.

Amount of Waste and Zero Emission Rate (in Japan)



Amount of Waste by Type in FY2020 (in Japan)

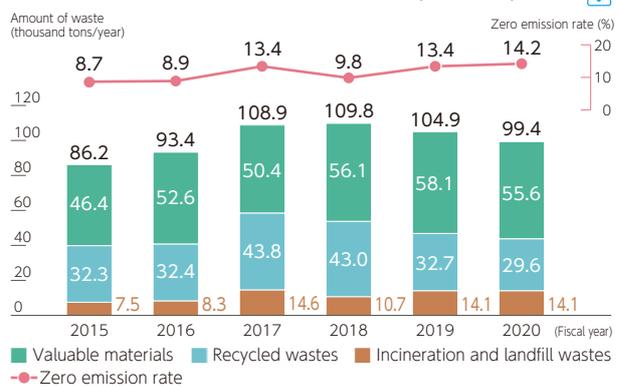


《Promotion of Recycling (overseas)》

While the situation of landfill sites overseas is different from that in Japan, we refrain from landfilling waste easily and work to recycle and convert waste into valuable materials to the extent possible through the separation of waste and other efforts to maintain proper waste management.

We also operate in countries and regions where the system for recycling has not been developed and the situation is very different from that in Japan. Still, we will be continuously committed to the reduction of the zero emission rate on a global scale.

Amount of Waste and Zero Emission Rate (Overseas)



(Note) The amounts of recycled wastes, incineration and landfill wastes and the zero emission rate from fiscal 2017 through fiscal 2019 have been corrected retrospectively to reflect the correction of a miscalculation of the amount of general waste in a Vietnamese subsidiary.

Reduction of the Release of Harmful Chemical Substances

Chemical Substance Management System

We have established an original system to unify the management of chemical substances

The Sumitomo Electric Group established a chemical management system, and started the management of poisonous and deleterious substances and PRTR-designated substances in Sumitomo Electric's three Works in Osaka, Itami and Yokohama, and our affiliates in the Works in fiscal 2011. The system is also used to collect data for reporting under the PRTR Law*. In fiscal 2012, domestic affiliates outside the three Works also launched the operation of this system in sequence, which enabled the search of the companies using poisonous and deleterious substances and safety data sheets (SDS) concerning all poisonous and deleterious substances used in affiliates in Japan. From fiscal 2019, our Ibaraki Works, which was newly established, is included in the collection of data. We will continue our efforts to enhance the management of chemical substances used in the Group.

Release and Transfer of Chemical Substances Specified in the PRTR Law

The whole Group, including overseas affiliates, is submitting reports in accordance with the applicable laws

Sumitomo Electric and its affiliates in Japan, using the chemical substance management system developed by the Company, measure the amount of PRTR substances treated per month, and calculate the amount of these substances released and transferred in order to report annually in accordance with the law. A total of 37 sites of Sumitomo Electric's Osaka and Yokohama Works and 25 Group companies submitted such reports for fiscal 2020. Sumitomo Electric Group's total release and transfer of PRTR-designated substances in Japan were 35 tons and 114 tons, respectively.

Release and Transfer of Chemical Substances Specified in the PRTR Law by Year

Release and Transfer (tons)



Release and Transfer of Chemical Substances Specified in the PRTR Law

Chemical substance	Release					Transfer			Total amount
	Into air	Into water	Into soil	Into landfill	Total release	By sewage	By disposal	Total transfer	
Lead	0.0	0.0	0.0	0.0	0.0	0.0	27.0	27.0	27.0
Ethanolamine	0.1	0.0	0.0	0.0	0.1	0.3	16.2	16.5	16.6
Phenol	3.3	0.0	0.0	0.0	3.3	0.0	8.6	8.6	11.9
Nickel compounds	0.0	0.1	0.0	0.0	0.1	0.0	8.2	8.2	8.3
Dichlorobenzene	2.3	0.0	0.0	0.0	2.3	0.0	7.5	7.5	9.8
Cresol	2.4	0.0	0.0	0.0	2.4	0.0	6.1	6.1	8.5
Bis(2-ethylhexyl) phthalate	0.0	0.0	0.0	0.0	0.0	0.0	5.3	5.3	5.3
Antimony and its compounds	0.0	0.0	0.0	0.0	0.0	0.0	5.0	5.0	5.0
Toluene	9.3	0.0	0.0	0.0	9.3	0.0	3.6	3.6	12.9
Boron compounds	0.0	0.0	0.0	0.0	0.0	0.0	3.4	3.4	3.4
34 other substances	16.5	0.6	0.0	0.0	17.1	0.1	23.1	23.2	40.3
Total	33.9	0.7	0.0	0.0	34.6	0.4	114.0	114.4	149.0

(Unit: tons)

Chemical substance	Release					Transfer			Total amount
	Into air	Into water	Into soil	Into landfill	Total release	By sewage	By disposal	Total transfer	
Dioxins	21.6	0.0	0.0	0.0	21.6	0.0	2.2	2.2	23.8

(Unit: mg-TEQ)

(Note) Boundary of data collection: Sumitomo Electric + PRTR obligatory companies among its affiliates in Japan

Reduction of the Release of Chemical Substances Specified in the PRTR Law

We are committed to reducing the release of chemical substances specified in the PRTR Law

We will be committed to reducing the absolute amount of the release of chemical substances specified in the PRTR Law by 5% as an initiative of the Action ECO-22V Campaign from fiscal 2018 to fiscal 2022. In fiscal 2020, we made efforts to meet the target of reducing the amount by 3% 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 to reduce the annual release by 33.1% from the fiscal 2017 level to 34.6 tons in fiscal 2020, which met the above-mentioned target.

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.

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.

Initiatives to Address Water Risks

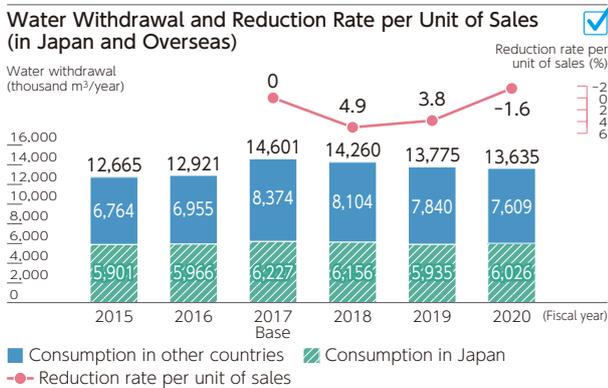
Basic Approach

The impact of global warming on the global environment has attracted much attention in recent years and water resource problems are also recognized as large risks that can affect the operation of the Sumitomo Electric Group. 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.

Water Use Reduction

We monitor the total amount of water withdrawal

While the Sumitomo Electric Group launched activities to reduce water consumption in fiscal 2008, we set a target of reducing water consumption per unit of sales by 1% per year (with fiscal 2017 as the base year) in fiscal 2018. We are now committed to the reduction of water use to meet the target. In fiscal 2020, while the total water consumption decreased year-on-year with the impact of a decrease in production volume, water consumption per unit of sales increased by 1.6%. In terms of water withdrawal by source, we take 85% of water from City water and 15% from groundwater. As to the destinations of the effluent, 71% is discharged into sewer systems while 20%, 8% and 1% of our effluent reach rivers, the sea and other destinations, respectively. 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.



(Note) The groundwater withdrawn for purification in some facilities in Japan has been included in the water withdrawal since fiscal 2020. The ratio of such groundwater in the total volume of water withdrawal is 2.1%.

Evaluation of Water Risks on a Global Scale

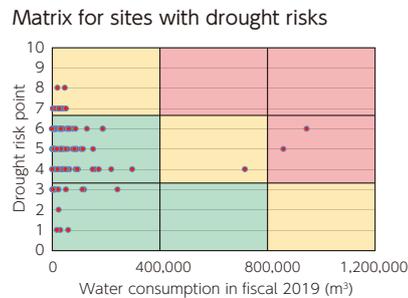
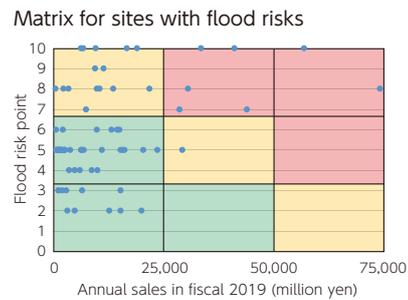
The Water Risk Countermeasure Working Group continues this initiative

Sumitomo Electric 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” in the second half of fiscal 2017. As the first specific initiative, we set up Water Risk Countermeasure Working Group with members recruited from divisions and affiliates in January 2018 to establish a system to promote the unification of the action procedures to be applied throughout our group.

While 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, we focused on floods and droughts in fiscal 2020 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 seven sites with important issues on floods and two sites with important issues on droughts. In fiscal 2021, we plan to preferentially have a dialogue with those nine sites in total and suggest the introduction of technologies for flood control work, reuse of water, etc. to reduce the risks while also making use of the dialogues for environmental audits.

- Flood RP (up to 10 pts.) = River flooding (up to 5 pts.) + Coastal flooding (up to 5 pts.)
- Drought RP (up to 10 pts.) = Water depletion (up to 5 pts.) + Dry weather (up to 5 pts.)



Development of the Activities on a Company-wide Scale

In addition to the above-mentioned risk evaluation with Aqueduct, we prepared a questionnaire to understand the actual situation of water risks throughout the Sumitomo Electric Group based on the CDP 2021 water security management indicators and collected information on water risks from 139 bases in Japan and overseas. An Indonesian base suffered damage from the shutdown of equipment for a few days after the exposure of part of the equipment to water due to a flood caused by heavy rain. In the meantime, a US base paid a fine of 3.5 million yen for a failure to report an accident where acid wastewater drained into stormwater ditches to the authority. As there have been some cases where risks became reality including those mentioned above, we will survey whether there are any similar risks in the bases near them or not and take proactive initiatives to address them including the development of measures to avoid the risks.

Expansion of Environmentally Conscious Products

Expansion of Environmentally Conscious Products

We are actively promoting assessment and development of environmentally conscious products

Along with the reduction of environmental impact from our business activities, Sumitomo Electric is striving to increase environmentally conscious products as an initiative stated its 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 and anti-global warming products based on the levels. The assessment results are also used for development of new products.

《“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 2020, a total of 1,355 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.

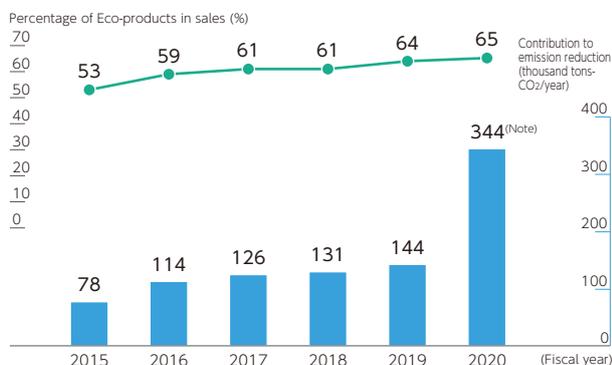
By the end of fiscal 2020, a total of 332 items have been registered as Eco-products. The sales ratio in fiscal 2020 was 65%.

《Anti-Global Warming Products》

In this system, we register the Eco products that especially contribute to the reduction of CO₂ emissions in the production stage or when they are used by customers, and calculate the reduction effect.

The products contributed to the reduction of CO₂ emissions by a total of 344 thousand tons in fiscal 2020.

Percentage of Eco-Products in Sales and Contribution to the Reduction of CO₂ Emissions



(Note) The contribution grew due to a significant increase in the shipment of GaN-HEMT devices for cellular phone base stations



Environmentally friendly products Redox Flow Batteries

《CSR VOICE》

Redox flow batteries are expected to be used effectively as a power source in case of blackout due to natural disasters, as well as a stand-alone power supply



Yuichi Ishiguro
Group Leader of Administration Group, Administration Department Energy System Division

The Japanese Government has declared that the country aims to reduce GHG emissions to zero by 2050 to shift to “2050 Carbon Neutral.” To create such a new society, efforts to promote the introduction of rechargeable batteries are spreading rapidly now. In particular, the redox flow (RF) batteries of Sumitomo Electric are expected to serve as the most sustainable rechargeable batteries.

While RF batteries are highly safe due to their non-combustibility, another advantage is that the electrolyte solution used in them can be reused semi-permanently. The latest model of RF batteries, which is in the photo above, has a capacity of 750 kWh and can provide enough electricity consumed by about 100 standard households in one day.

RF batteries are also expected to serve as rechargeable batteries for the quick charging of electric vehicles, which are growing with the dissemination of renewable energy. There is no limit on the number of times RF batteries can be charged and discharged and this feature helps solve such problems as unstable voltage and rises in electricity prices caused by rapid fluctuations in power demand as a result of increases in the output and number of rapid chargers.

It has also been anticipated in recent years that RF batteries can be used for power supply in case of natural disasters such as wildfires, typhoons and earthquakes as a measure to improve resilience. For example, in an initiative to address wildfires in California, the United States, a demonstration experiment is underway to supply power by using a microgrid that adopts our RF batteries as the stand-alone power supply. The utilization of our RF batteries attracts attention from the US and other countries and shows great future potential.

Biodiversity

Basic Approach

We work to understand the big picture of environmental burdens and reduce them 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 conscious products.

Action Policy for the Future

Based on the Sumitomo Spirit, which sets "mutual prosperity, respect for the public good," as a key principle, the Sumitomo Electric Group works to fulfill its social responsibility for sustainable development. To this end, we will expand environmental conservation activities across the Group including the reduction of GHG emissions to prevent global warming as well as the reduction of waste to control the expansion of waste landfill sites and thereby secure wildlife habitats.

We will contribute to the protection of biodiversity as an action item of the Action ECO-22V Campaign through the development of products and technologies that can help protect the ecosystem, as well as the implementation of conventional initiatives in cooperation with local communities as presented in the example below.

Example of local activities

Installation of birdhouses in the premises of Osaka Works (December 2020)

We installed boxes in which wild birds can build nests to deepen the understanding of and interest in biodiversity and motivate people to protect local biodiversity and the natural environment.



Titmouse that came to eat food placed near a bird box

Environmental Accounting

	Financial items									Non-financial items				
	Investment (million yen)			Expense (million yen)			Economic effect (million yen)			Change factors in FY2020 (in Japan)			Strategy/opportunity and risk	
	2018	2019	2020	2018	2019	2020	2018	2019	2020					
Reduction of greenhouse gas (GHG) emissions	Investment in energy saving (Note 1)			/			Reduction of energy cost (Note 1)			GHG emissions (thousand tons-CO ₂ e/year) (Note 4) 			We set the reduction of CO ₂ emissions by 5% from the FY2017 level as a KPI for fiscal 2022. To achieve it, we have defined the target of reducing energy consumption per unit of sales by 3% from the fiscal 2017 level and make various energy saving efforts. These activities are also important for the reduction of energy cost. The knowledge learned through the activities is also introduced into overseas Group companies.	
	2,857	1,651	2,181				268	351	268					
Waste reduction	Investment in resource saving and recycling (Note 2)			Waste disposal cost (Note 3)			Sale of valuables materials (Note 3)			Amount of waste (excluding valuable materials) (thousand tons/year) (Note 4) 			We have set the target of reducing the amount of waste per unit of sales by 3% from the fiscal 2017 level and take various resource-saving measures. To reduce the amount of waste, we are promoting the conversion of waste into valuable materials. While the amount of waste has increased due to the suspension of imports of recyclable waste by China, we will continue the activities to sell valuable materials produced from waste through the concentration of waste liquid, etc. as a method to reduce the amount.	
	0	14	33	1,240	1,302	1,392	43	72	51					
Cost of management activities	/			934	859	1,458	/			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	/			8	9	4	/			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	/			11	9	13	/			Restoration of contaminated soil and groundwater			We continuously restore the contaminated soil and groundwater identified in our facilities.	

Boundaries of tabulation: Sumitomo Electric + affiliates in Japan

(Note 1) Only the amount of investment in the activities mainly aimed at energy saving among the activities certified as "energy saving activities" by the Energy Saving Office of the Safety & Environment Department is subject to the calculation (the activities mainly for the purposes other than energy saving, such as renewal of aging facilities and peak cut, are not covered). 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 2019 from the boundaries of collection newly added or excluded in fiscal 2020 (no boundaries were newly added or excluded in this fiscal year).

Change due to sales change: [Emissions or amount of waste in fiscal 2019 from the boundaries of collection for fiscal 2020] × (Sales in fiscal 2020 / Sales in fiscal 2019 - 1)

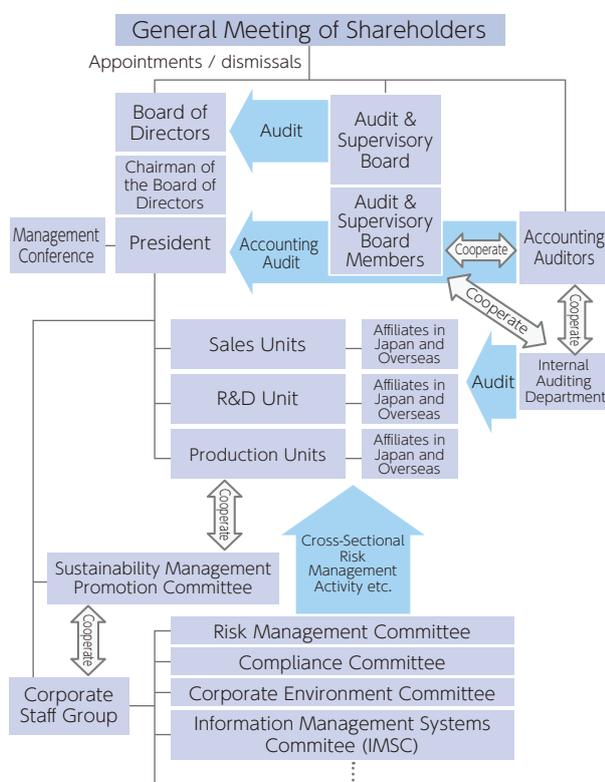
Actual change: Calculated by subtraction

Corporate Governance

Basic Approach

Under our corporate philosophies of the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, our group has maintained an unwavering basic policy of contributing to society through fair business practices. While adhering to this basic policy, in order to seek sustainable corporate growth and to increase corporate value over the mid-to-long term, we believe that it is critical to ensure transparency and fairness of management activities through appropriate corporate governance, as well as to draw up and implement a growth strategy fully utilizing our management resources, with the key word being "innovation". We will be committed to further enhancing our corporate governance in accordance with this basic ideas.

Sumitomo Electric Group's corporate governance structure



Outline of the Structure

Sumitomo Electric has employed 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 fulfillment of 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 aims of further strengthening the supervising functions of the Board of Directors and enhancing the transparency and objectiveness of the business management. We also select three outside audit & supervisory board members with various specialized knowledge and multifaceted views so that outside audit & supervisory board

members occupy the majority of the Audit & Supervisory Board, which aims to reinforce the monitoring system for the purpose of ensuring lawful and proper management.

Board of Directors and Business Execution System

《Functions and Operations of the Board of Directors》

In order for the Board of Directors to properly fulfill its function of determining basic matters related to the direction of the Company and its monitoring function, the Board of Directors limits deliberations on individual matters such as investments to those of high importance and focuses on deliberations and tracing of the mid-term management plan and annual plans based on the plan. 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, Sumitomo Electric 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, our corporate regulations specify the scope of authority of each of the Business Units including the Corporate Staff Group, responsible personnel for the execution and appropriate business procedures.

Audit and Supervisory System

As to the audit & supervisory board members and the Audit & Supervisory Board, as mentioned above, the majority of the audit & supervisory board members are independent outside audit & supervisory board members with various specialized knowledge and multifaceted views. These members of the board, along with full-time audit & supervisory board members and dedicated staff to audit & supervisory board members, are in charge of monitoring in cooperation with the Internal Auditing Department and accounting auditors to ensure lawful and proper corporate management. The section in charge of internal audits is the Internal Auditing Department, which surveys any problems and makes proposals on improvement to ensure proper and efficient business performance through audits, including on-site surveys, of our Group companies and other establishments. The department also collaborates with audit & supervisory board members and accounting auditors on an as-needed basis in the audits.

Please see our website* or our Integrated Report* for the details of the Corporate Governance.

Risk Management

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

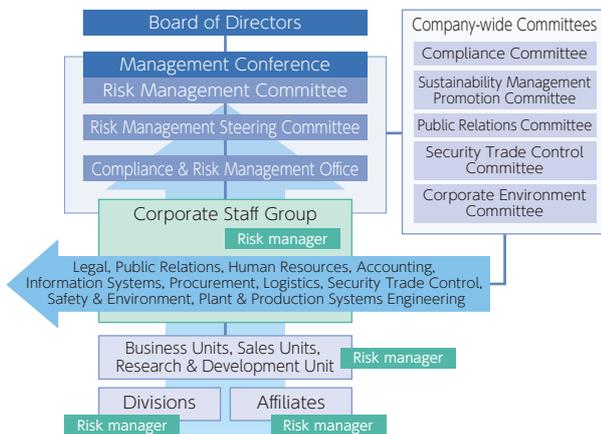
Risk management is performed based on the significance of the risks determined in consideration of the following issues:

- 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

Risk Management System

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



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. In the inventory, which is conducted annually, the significance of each of the risk items is determined by scoring its severity, frequency of occurrence and other factors. Measures to deal with any significant risks are discussed and taken.

Annual results of the risk inventory are shared with executives and the corporate staff divisions. With mutual cooperation between them, group-wide risk management activities are promoted steadily.

《 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.

Initiatives for 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, we continued operation while thoroughly taking measures to prevent the spread of infection including the active use of homeworking and other styles of teleworking. Our manufacturing divisions have also maintained operation while making utmost efforts to ensure that 3Cs (closed spaces, crowded places and close-contact settings) are avoided in the operation and giving the top priority to the health and safety of employees.

Based on the knowledge acquired from the COVID-19 pandemic, we will further enhance the effectiveness of BCPs for coping with infectious diseases and also promote the development of BCPs in the 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.

《 Protection of Personal Information 》

The Sumitomo Electric Group possesses personal information of more than 200,000 Group employees in Japan and abroad. It is increasingly becoming important to manage personal information partly due to the global trend to tighten the relevant regulations such as the EU General Data Protection Regulation (GDPR). To keep private information and proprietary information confidential, we are taking utmost measures such as the formulation and announcement of our Personal Information Protection Policy, the development and dissemination of internal rules, the conclusion of contracts with the recipients of information, the strengthening of information security (encryption, etc.) and the development of a system to report infection with computer viruses, loss of a cellular phone, etc.

《 Strengthening of Information Security Measures 》

We have set up an ICT Management Committee in the five countries of China, Thailand, Indonesia, Malaysia and the United States as the basis of our global expansion, and worked to enhance information security measures through the Committee. This commitment, which is in its seventh year, has led to such results as the reduction of the risk of infection by computer viruses and the implementation of information security training.

As measures to prevent the leakage of information on trade secrets and other important management assets, we have introduced AI-based anti-malware software to enhance protection from unknown malware and a mechanism for the detection of any illicit acts using log information of servers and network devices, in addition to conventionally used antivirus software and intrusion prevention systems (IPS). In the meantime, while cloud services are convenient, their use involves a concern about information leakage as a new risk these days. We have set up a system to assess the services before the introduction and now operate it for all Group companies.

With respect to the corporate structure, we have established a communication and response system, with SEI-CSIRT (Computer Security Incident Response Team) playing a central role, to promptly identify and respond to any incidents relating to information security in our Group companies.

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 license. Our employees and persons concerned 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 FY2020

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	19	109	109	100%	Tasks on how to classify goods and technologies
Export control sections (e-learning)	—	1,429	1,429	100%	Export control practice
General employees (e-learning)	—	9,308	8,841	95%	Outline of export control and internal rules
Domestic affiliates	3	24	24	100%	Outline of export control
Overseas affiliates	—	67	58	87%	Outline of export control and issues to be noted in foreign countries

Respect for and Protection of Intellectual Property

Sumitomo Electric respects intellectual property rights (IPRs). With the recognition that they are an important issue for our business management, we are actively committed to the appropriate management of technical know-how and internal data as well as enhancement and use of IPRs such as patent rights and design rights. At the same time, we respect the IPRs and trade secrets of others and strive to pay scrupulous attention to them.

To set up a structure for the commitment, we have developed a rule on the handling of intellectual property 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 IPRs of other companies, promotion of technology standardization activities, and formulation of strategy and response from the perspective of intellectual property-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 correct any inappropriate points. The activities are promoted through concerted efforts among respective divisions, R&D units and the Intellectual Property Department based on the PDCA (plan-do-check-act) cycle.

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 efforts, we work to increase the value of intellectual property in the Group and promote the generation of business opportunities and the reduction of IP risks.

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.

Organization That Supports Compliance and Its Structure

《 Compliance Committee 》

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 identification and analysis of group-wide and overall compliance risks, monitoring of the implementation of programs for the compliance items and interviews with divisions and Group companies concerning their activities to comply with laws.

Structure of the Compliance Committee

Chairperson: President	
Vice Chairperson: Senior Managing Director	
Committee members: Senior Managing Director (1 person) Managing Director (1 person) General Manager of Legal Department General Manager of Compliance & Risk Management Office General Manager of Human Resources Division 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

《 Compliance & Risk Management Office 》

While planning and coordinating overall compliance activities in the Sumitomo Electric Group, 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 whistle-blowing system (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.

《 CSR VOICE 》

Compliance in the evolving world

Geoffrey Deasy
 Head of Ethics & Compliance, EMEA Legal
 Sumitomo Electric Finance UK, Ltd.(SEFL)



Based in London, the UK, I lead a team that supports and conducts compliance programs in 69 Group companies in 20 countries in Europe, the Middle East and Africa (EMEA) along with General Counsel of SEFL. Before the COVID-19 pandemic occurred, a key component of our compliance activities was to visit Group companies to understand their businesses, give due diligence and compliance training and enhance their compliance activities. However, the pandemic made it impossible to have trips and visit them and we therefore evolved our approach to Group companies through the following five methods.

Firstly, we immediately launched a remote training program using Microsoft Teams*. Even when it becomes possible to have business trips later, we may continue to give remote training to some extent in order to make more effective use of limited resources. Secondly, we made a video call to Compliance Liaison using Teams more frequently to ensure that the regular communication we have developed with it can be maintained. Thirdly, we started to issue "EMEA Compliance News" as a means to provide information on recent and expected progress in compliance to all people who are interested in compliance issues in the EMEA region. Fourthly, we held quarterly video conferences using Teams, in which all Compliance Liaison staff participated to discuss efforts for compliance in an open fashion. Fifthly, we began to evaluate priority issues on compliance in Group companies by using Microsoft Forms*.

These initiatives are essential to advancing compliance activities in EMEA. On the other hand, efforts for compliance are evolving on a global scale and, occasionally, very rapidly. Therefore, compliance activities must not be fixed to prevent the Sumitomo Electric Group from lagging behind. My job is highly challenging because it covers many jurisdictions and companies but it is fortunate that I find the job very interesting.

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 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. Moreover, to inform employees of the Code of Conduct, we prepare summary posters in about 30 languages and display them in the offices and plants of relevant bases in our Group companies around the world.



Code of Conduct

《 Compliance Education 》

To check compliance risks, ensure implementation of preventive measures and develop and enhance awareness of compliance, the Compliance Committee organizes regular training seminars for officers and managers every year. New employees and newly promoted personnel are also provided with position-based training seminars. In addition, we launched an e-learning system that enables compliance training to be given online in fiscal 2019 and the program will be offered in 26 languages to our Group companies across the world. (It was available for approximately 40,000 persons as of the end of fiscal 2020). The subjects selected for the training program include the Code of Conduct, compliance with competition laws, prevention of bribery and prevention of quality data falsification and other items that are considered to be necessary and important for business operations in the Sumitomo Electric Group. We also disseminate the Speak-Up System mentioned below in the training seminars.

Targets of the Training and Number of Attendants (Period)

Target of the training	Number of attendants (period)
Officers (including executive officers)	41 (Dec. 2020)
Newly promoted personnel	approx. 640 (Feb. to Mar. 2021)
New employees of Sumitomo Electric	approx. 175 (Apr., Oct. and Nov. 2020)
Managers of Sumitomo Electric and its subsidiaries in Japan	approx. 2,400 (Oct. to Dec. 2020)

《 Speak-Up System 》

The Sumitomo Electric Group established the Speak-Up System as a system 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 to 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.

Number of Consultations at the Contacts of the Group-wide System

FY	In-house contacts	External contacts	Total
2016	11	54	65
2017	24	50	74
2018	31	63	94
2019	23	96	119
2020	29	91	120

※Note that consultations were also requested at contacts established individually by Group companies in addition to the consultations above.

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 》

The Sumitomo Electric Group introduced an anti-bribery program in April 2013 to enhance its anti-bribery compliance system and has developed it on a global scale. This program has established anti-bribery rules, including the prohibition against bribery, prior approval and ex-post report on gifts, hospitality and donations and management of agents. It also requests each division and each Group company to set up Compliance Liaison to implement the rules.

We have also distributed a bribery prevention manual to the Compliance Liaison staff members, who play a pivotal role in the operation of the program, and provided them with detailed training to enhance the function of the system.

We will keep working to maintain and enhance the global bribery prevention system through collection and dissemination of relevant information, as well as monitoring (including the check of agents and other interested persons outside the Company), improvement of the program and the operation manual, training and other activities.

Respect for Human Rights

Establishment of the Sumitomo Electric Group Policy on Human Rights

Based on the Sumitomo Electric Group Policy on Human Rights established in 2019, we will educate employees and business partners about human rights and conduct periodic due diligence to ensure that the business activities of the Group do not have any adverse impact on human rights.

The Sumitomo Electric Group Policy on Human Rights (extract)*

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.

1. Stance

The Sumitomo Electric Group hereby sets "The Sumitomo Electric Group Policy on Human Rights" (hereinafter referred to as "the Policy") to promote initiatives for respect to human rights. The Policy shall be guided by the following documents: "International Bill of Human Rights" (the Universal Declaration of Human Rights and the International Covenants on Human Rights) that sets forth fundamental human rights to be enjoyed by all people in the world; the "ILO Declaration on Fundamental Principles and Rights at Work" set forth by the International Labour Organization (ILO) which stipulates basic rights at work i.e. freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation; and the "Guiding Principles on Business and Human Rights" of the United Nations. The Policy represents the Sumitomo Electric Group's commitment to respecting human rights based on The Sumitomo Spirit and The Sumitomo Electric Group Corporate Principles as described in the Code of Conduct.

2. Scope of Application

The Policy will apply to all executives and employees of the Sumitomo Electric Group (all employees including executives, permanent employees and contract employees.) The Sumitomo Electric Group also expects all business partners related to its business activities to comply with the Policy.

3. Responsibility to Respect Human Rights

The Sumitomo Electric Group will aim to fulfil its responsibilities by ensuring that its business activities respect and enhance human rights. In the event our business activities should make any adverse impact on human rights, it shall be handled appropriately for correction. Furthermore, we expect our business partners and stakeholders to respect the same standards of human rights as the Sumitomo Electric Group, to prevent violation and correct any breaches.

- ① Human Rights Due Diligence
- ② Remedy
- ③ Training and Education
- ④ Compliance with Applicable Laws and Regulations
- ⑤ Dialogue and Consultation
- ⑥ Information Disclosure

《 Check of the Status of Compliance with the Detailed Regulation on the Employment of Migrant Workers 》

Based on the detailed regulation on the employment of migrant workers (that specifies the basic rules to be applied when our Group companies employ migrant workers), which was issued in 2019, we conducted an annual assessment of a total of 11 companies that employed the relevant workers (four in Japan and seven in other countries) concerning the commission fee paid for recruitment, working conditions and other issues.

《 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 2020, a total of 27,797 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.

Participated in a career seminar organized by JP-MIRAI for Vietnamese people who have difficulty returning to their home country due to the COVID-19 pandemic

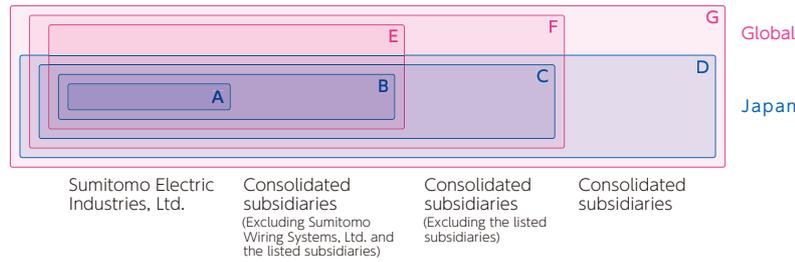


Ms. NGUYEN THI NGA, who joined a Group company through the seminar (center in the photo)

While many Vietnamese people live in Japan for study, technical intern training and other purposes, the COVID-19 pandemic has made it difficult for them to return home even after completing the study, etc. due to restrictions on entry to their home country and the number of such people was about 20,000 as of December 2020. In response to the situation, JP-MIRAI organized a seminar to support the job-searching efforts of such Vietnamese people in collaboration with other agencies. The Sumitomo Electric Group participated in the seminar and Japan Communication Accessories Manufacturing Co., Ltd. hired a Vietnamese living in Japan.

ESG Data

■ Symbols in the boundary column



Social

Indicator	Detailed category	Boundary	Unit	FY2018	FY2019	FY2020		
Quality								
Quality control	No. of complaints (results in FY2012 = 100)	E	%	66.4	56.5	47.2		
Supply chain								
CSR procurement	Cumulative percentage of implementation	C	%	90	90	90		
	No. of companies surveyed		companies	603	380	66		
	No. of companies interviewed/inspected on site		companies	86	37	12		
Human resources								
Employment	No. of global employees	G + employees on loan from other companies	Persons	272,796	283,910	286,784		
			Male	Persons	129,063	135,513	135,553	
				Persons	143,733	148,397	151,231	
			In Japan	Persons	40,231	42,418	42,629	
				Persons	32,488	33,798	33,776	
			Female	Persons	7,743	8,620	8,853	
				Overseas	Persons	232,565	241,492	244,155
			Americas		Persons	40,531	43,253	45,299
			Europe, Africa and others		Persons	65,747	75,415	74,278
			Southeast Asia		Persons	79,245	79,623	78,365
			China	Persons	47,042	43,201	46,213	
				Managers	Persons	13,397	14,244	14,096
			Male		Persons	11,805	12,527	12,260
			Female		Persons	1,592	1,717	1,836
			No. of employees in Sumitomo Electric	A + employees on loan to other companies	Persons	11,338	11,393	11,445
Male	Persons	9,783			9,777	9,761		
Female	Persons	1,555			1,616	1,684		
Diversity	Group Global Executive Personnel (as of April 1 of the following year)	F	Persons	41	43	42		
	Women's empowerment	D + employees on loan from other companies	%	2.6	3.1	3.5		
			Persons	199	266	284		
	General managers or higher positions among them	Persons	29	33	34			
	Section managers among them	Persons	170	233	250			
	Ratio of women in the employees hired as new graduates	A	%	21.5	20.0	19.3		
			Persons	113	110	99		
Turnover rate (ratio of the employees who were hired as new graduates three years before the relevant year and have left the company within three years)	A	%	9.3	10.1	7.6			
Employment rate of the physically or mentally disabled (as of June 15 of the following year)	A + qualified Group companies	%	2.29	2.36	2.41			
Safe and sound workplace	Average total working hour	A + employees on loan to affiliates within the Works	hours	1,988	1,970	1,932		
	Average overtime hours		hours/month	18.7	17.5	13.6		
	Average number of paid holidays taken by employees		days/year	16.5	16.9	15.8		

Indicator		Detailed category	Boundary	Unit	FY2018	FY2019	FY2020	
Safe and sound workplace	Number of Users of the Employee Support Programs		A + employees on loan to other companies				☑	
	Employees who took childcare leave			Persons	154	226	274	
		Male		Persons	46	119	176	
		Female		Persons	108	107	98	
	Employees who took leave when their spouses gave birth			Persons	121	141	153	
		Employees who used the short-time work system			Persons	287	287	264
	Male			Persons	19	29	33	
	Female			Persons	268	258	231	
	Enrollment in the reemployment system			Persons	28	24	21	
		Male		Persons	4	4	5	
		Female		Persons	24	20	16	
	Enrollment in internal child care centers			Persons	59	56	56	
Users of the volunteer holiday system		Persons	5	5	4			
Users of the work from home arrangements		Persons	209	984	4,551			
Human resources development	Training sessions organized across the Sumitomo Electric Group		F					
	Total number of participants			Persons	97,025	91,553	257,706	
		Sumitomo Electric		Persons	65,369	56,066	160,991	
		Group companies in Japan		Persons	21,493	21,406	56,611	
		Overseas Group companies		Persons	10,163	14,081	40,104	
	Total length of training			hours	543,988	555,098	604,129	
		Sumitomo Electric		hours	394,101	400,491	446,138	
		Group companies in Japan		hours	94,607	91,047	95,908	
		Overseas Group companies		hours	55,280	63,560	62,082	
	Unique training sessions organized in individual Group companies	Total number of participants			Persons	182,195	225,699	137,812
				Group companies in Japan	Persons	34,228	32,901	50,279
				Overseas Group companies	Persons	147,967	192,798	87,533
		Total length of training			hours	514,559	745,433	614,428
				Group companies in Japan	hours	184,009	171,665	157,674
				Overseas Group companies	hours	330,550	573,768	456,754
Occupational health and safety	Occupational accidents		F + subcontractors	Persons	67	72	44	
	Accidents resulting in lost work time			Persons	11	9	3	
	No lost work time injuries			Persons	36	40	29	
	Minor injuries			Persons	20	23	12	
	Lost time injuries frequency rate for employees		B		0.11	0.05	0.03	

Social contribution activities

Indicator	Detailed category	Boundary	Unit	FY2018	FY2019	FY2020
Amount of donations for social contribution		A	thousand yen	376,689	319,951	819,121

Governance

(At the close of the Ordinary General Meeting of Shareholders in the following year for each fiscal year)

Indicator		Detailed category	Boundary	Unit	FY2018	FY2019	FY2020
Board of Directors	No. of directors	Inside	A	Persons	13	12	15
				Persons	10	9	10
	Male	Persons		10	9	10	
	Female	Persons		0	0	0	
	Outside (Independent Officers among them)			Persons	3 (3)	3 (3)	5 (5)
		Male		Persons	2	2	4
Female		Persons	1	1	1		
Audit & Supervisory Board	No. of audit & supervisory board members	Inside	A	Persons	5	5	5
				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)
		Male		Persons	2	2	2
Female		Persons	1	1	1		

Environment

Environment							
Indicator	Detailed category	Boundary	Unit	FY2018	FY2019	FY2020	
Prevention of global warming	Energy consumption		million MJ	28,177	27,506	26,174	
	Energy consumption per unit of sales		kl/100 million yen	30	31	31	
	GHG emissions						
		(Scope1)		thousand tons-CO ₂ e	209	197	199
		(Scope2)		thousand tons-CO ₂ e	1,332	1,176	1,099
		(Scope1+Scope2)		thousand tons-CO ₂ e	1,541	1,373	1,299
		Japan	F	thousand tons-CO ₂ e	708	627	581
		Asia (except Japan and China)		thousand tons-CO ₂ e	428	375	362
		China		thousand tons-CO ₂ e	210	187	198
		Americas		thousand tons-CO ₂ e	140	126	112
		Europe and others		thousand tons-CO ₂ e	56	57	46
		(Scope3)		thousand tons-CO ₂ e	8,272	6,921	17,302
		Category 1	F	thousand tons-CO ₂ e	2,442	2,398	6,986
		Category 2		thousand tons-CO ₂ e	538	583	504
		Category 3		thousand tons-CO ₂ e	262	249	242
		Category 4		thousand tons-CO ₂ e	38	36	33
		Category 5		thousand tons-CO ₂ e	30	30	28
		Category 6		thousand tons-CO ₂ e	35	37	37
		Category 7		thousand tons-CO ₂ e	78	81	82
		Category 11		thousand tons-CO ₂ e	4,848	3,507	9,390
		(Scope1)		thousand tons-CO ₂ e	359	333	327
		(Scope2)		thousand tons-CO ₂ e	1,677	1,500	1,398
		(Scope3)		thousand tons-CO ₂ e	24,753	23,702	23,027
		Category 1	G	thousand tons-CO ₂ e	9,360	9,259	8,444
		Category 2		thousand tons-CO ₂ e	667	699	598
		Category 3		thousand tons-CO ₂ e	303	285	284
		Category 4		thousand tons-CO ₂ e	71	65	60
		Category 5		thousand tons-CO ₂ e	44	43	45
		Category 6		thousand tons-CO ₂ e	39	41	41
		Category 7		thousand tons-CO ₂ e	93	95	96
		Category 9		thousand tons-CO ₂ e	3	3	0
		Category 10		thousand tons-CO ₂ e	9	9	4
		Category 11		thousand tons-CO ₂ e	14,147	13,187	13,443
	Category 12		thousand tons-CO ₂ e	17	15	11	
	Category 15		thousand tons-CO ₂ e	0	0	0	
	CO ₂ emissions from transportation		tons-CO ₂	95,993	89,489	96,773	
	Per-unit CO ₂ emissions from transportation in Japan	*1	tons-CO ₂ /million ton-km	101.2	99.5	100.5	
		*2	tons-CO ₂ /100 million yen	2.55	2.39	2.20	
Resource conservation and recycling	Amount of waste discharged		thousand tons	91.5	78.0	72.1	
		In Japan	thousand tons	37.8	31.1	28.3	
		Overseas	thousand tons	53.7	46.8	43.8	
	Zero emission rate	In Japan	%	0.76	0.54	0.50	
		Overseas	%	9.8	13.4	14.2	
Harmful chemical substances	Chemical substances specified in the PRTR Law						
	Release		t	38.8	32.5	34.6	
	Transfer		t	123.0	100.0	114.4	
Environmentally conscious products	Eco-products						
	Contribution to the reduction of CO ₂ emissions		thousand tons-CO ₂ e	131	144	344	
	Percentage in sales		%	61	64	65	
Water risks	Water withdrawal		thousand m ³	14,260	13,775	13,635	
		In Japan	thousand m ³	6,156	5,935	6,026	
		Overseas	thousand m ³	8,104	7,840	7,609	
Environmental management	Non-compliance with environmental laws and ordinances		F	cases	5	2	1

*1 Sumitomo Electric Group (Sumitomo Electric + 31 manufacturing companies in Japan (excluding Sumitomo Wiring Systems, Ltd.))

*2 Sumitomo Wiring Systems, Ltd.

Calculation Criteria

Data index		Calculation criteria
Environmental	Greenhouse gas emissions (Scope 1 and Scope 2)	<p>Scope 1: Direct emissions from the use of fossil fuels, etc. in our facilities (including SF₆ and other greenhouse gases)</p> <p>Scope 2: Indirect emissions from the use of electricity and steam supplied from outside our facilities</p> <p>[Results in fiscal 2017 and thereafter] Calculated based on the Greenhouse Gas Emissions Accounting and Reporting Manual Ver. 4.7 (2021) 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 CO₂ emission factors for purchased electricity while fixed emission factors are used for other than purchased electricity CO₂ 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) - FY2019 Results" by the Japanese Ministry of the Environment (Overseas) Emission factor in each country for 2018 mentioned in "Emission Factors 2020" (2020) by IEA CO₂ emission factor for other than purchased electricity: (Both in Japan and overseas) Emission factor in "Greenhouse Gas Emissions Accounting and Reporting Manual Ver. 4.7" (2021) by the Japanese Ministry of the Environment and the Ministry of Economy, Trade and Industry</p> <p>[Results in fiscal 2015 to 2016] Calculated based on the Greenhouse Gas Emissions Accounting and Reporting Manual Ver. 3.5 (2014) by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry Emission factors: Fixed values CO₂ emission factor for purchased electricity: (In Japan) Actual emission factor of each electricity power supplier published in the "Disclosure of actual emission factor, adjusted emission factor, etc. of each electricity power supplier for fiscal 2012" (2013) by the Japanese Ministry of the Environment (Overseas) Emission factor in each country for 2011 mentioned in "CO₂ Emissions from Fuel Combustion Highlights 2013" (2013) by IEA CO₂ emission factor for other than purchased electricity: (Both in Japan and overseas) Emission factor in "Guidelines for accounting of greenhouse gas emissions from industrial commercial sectors" (2003) by the Japanese Ministry of the Environment</p>
	Emission data for Scope 3 (Scope 3)	<p>Scope 3: Total emissions not only from the reporting organization but also from all sources related to its business activities</p> <p>Category 4: Only the logistics data in Japan are collected</p> <p>Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 2.3 were referred to</p>
	CO ₂ emissions from transportation in Japan CO ₂ emissions from exports	<p>In Japan: Calculated on an improved ton-kilometer basis and a fuel-efficiency basis</p> <p>Exports: Calculated using the conventional ton-kilometer method</p> <p>Based on the simple calculation tool for logistics CO₂ emissions by Policy Research Institute for Land, Infrastructure, Transport and Tourism (PRILIT)</p>
	Per-unit CO ₂ emissions in logistics	<p>Sumitomo Wiring Systems, Ltd.: CO₂ emissions / sales amount</p> <p>Other than Sumitomo Wiring Systems, Ltd.: CO₂ emissions / cargo transport (t-km)</p>
	Zero emission rate	$\text{Zero emission rate (\%)} = \frac{\text{Amount of waste incinerated without heat recovery} + \text{Amount of landfill waste}}{\text{Amount of industrial waste} + \text{Amount of general waste} + \text{Amount of valuable materials}} \times 100$
	Release and transfer of chemical substances specified in the PRTR Law	PRTR Release Estimation Methods Manual, version 4.1 (2011) by the Japanese Ministry of the Environment and the Ministry of Economy Trade and Industry
	Water withdrawal	Sum of the withdrawal of city water, industrial water and groundwater
	Percentage of Eco-products in sales	<p>Value of the shipments* of the products certified as Eco-products / Total value of shipments*</p> <p>(* 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.)</p>
Environmental Accounting	Investment in energy saving	Only the amount of investment in the activities mainly aimed at energy saving among the activities certified as "energy saving activities" by the Energy Saving Office of the Safety & Environment Department (currently Global Environment Department) is subject to the calculation (the activities mainly for the purposes other than energy saving, such as peak cut, are not covered)
	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
Social	Average total working hours	Average of the total working hours in each year from January to December of each of the Sumitomo Electric employees (including those on loan to Sumitomo Electric affiliates and other organizations 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 deaths and injuries caused by accidents resulting in lost work / total working hours x 1,000,000

Independent Third Party Assurance Report



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, 2020 to March 31, 2021 with the exception of the “Employment Rate of the Physically or Mentally Disabled”, which is as of June 15, 2021, included in its CSR Report 2021 (the “Report”) for the fiscal year ended March 31, 2021.

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 Report.

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 Report, 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 Report 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.
- Making inquiries and reviewing materials including documented evidence of three of the factories of the Company 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 Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

Our Independence and Quality Control

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 Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
November 15, 2021

Sumitomo Electric Industries, Ltd.

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Universal design
fonts that are easy to
understand and easy
to read are used

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