

# Integrated Report **2022**



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### Editorial Policy

The Sumitomo Electric Group's Integrated Report is prepared with the aim of communicating the Group's value creation process in an easy-to-understand manner to a diverse range of stakeholders.

This Report provides a comprehensive summary of financial and non-financial information about the Group's initiatives to create value over the medium to long term through its business activities, with the aim of becoming a “Glorious Excellent Company,” which is the ideal vision of the Group.

We will continue to listen to all your feedback and requests, and make improvements with the aim of creating an Integrated Report with even richer content.

### Reference Guidelines

International Integrated Reporting Council (IIRC)  
The International Integrated Reporting Framework  
Ministry of Economy, Trade and Industry  
“Guidance for Collaborative Value Creation”



Period covered: FY2021 April 1, 2021 - March 31, 2022  
(Some of the information provided is not applicable to this period)  
Scope of coverage: Sumitomo Electric Industries, Ltd.  
and Sumitomo Electric Group companies  
As of the end of March 2022, 414 companies  
(Consolidated subsidiaries (382 companies),  
Equity method affiliates (32 companies))

Date of issue: October 2022

### Precautions regarding forecasts

The forward-looking statements in this Report, such as the Group's future plans, forecasts, and strategies, have been prepared based on certain assumptions that the Group considers reasonable at the time of disclosure. Actual results may significantly differ from these forecasts due to a variety of factors.

## Corporate Philosophy

Honoring both the tradition of the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, SEG has always prioritized its contribution to society. We manage the Group based on the spirit of “contributing to the public benefit through business” while striving to ensure mutual prosperity with our stakeholders.

### The Sumitomo Spirit

The Sumitomo Spirit originates from the guiding principles of Monjuin Shiigaki - the Aphorisms of Monjuin, which describe how a merchant should conduct his business - set down by the founding father of the House of Sumitomo, Masatomo Sumitomo (1585 - 1652). The Sumitomo Spirit has been enriched and elaborated throughout the history of Sumitomo, mainly operating in the copper business. The core principals of the spirit can be found in the “Business Principles” codified in 1891. The Sumitomo Spirit also integrates the principles and beliefs of previous generations of Sumitomo leadership, passed down the generations in the form of important remarks and thoughts behind critical business decisions.

#### 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.

#### Shinyo-kakujitsu

“Place importance on integrity and sound management.”

The Business Principles Article 1 emphasizes the importance of integrity; that is, being worthy of the trust of others.

#### Fusu-furi

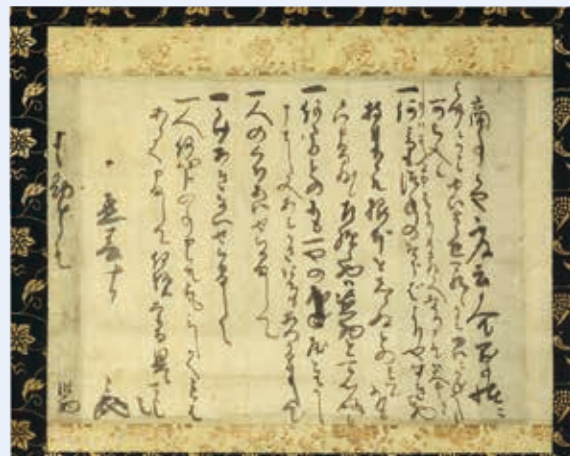
“Do not act rashly or carelessly in pursuit of immoral business.”

In its first part, Article 2 speaks of the importance of working proactively, pursuing profit by quickly and appropriately responding to changes in society and not being content with the status quo. At the same time, Article 2 emphasizes the importance of harmonizing business gains with the public interest and scorns reckless or careless actions in pursuit of easy gain. While furi means easy, temporary or short-term gain, the term also implies unfair profit obtained through dishonest means.

#### 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 also on improving one's personality and developing one's character. This lofty document urges us to persist in sincere and careful effort and to cultivate good character. The Sumitomo Electric Group positions Banji-nissei as the key phrase representing the Sumitomo Spirit.



Monjuin Shiigaki (the Aphorisms of Monjuin) (Sumitomo Historical Archives)

#### Traditional Beliefs and Principles

##### Attaching Importance to Technology

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

##### Respect for Human Resources

Sumitomo's history features many events that demonstrate the great value the group attaches to the opinions of those working in its various fields of business. Over the years, Sumitomo has established a corporate culture in which frank discussions are cherished and people are treated with the utmost importance. Sumitomo has always considered that people are the foundation of the enterprise and attached importance to human resources. This tradition has coexisted with the commitment among Sumitomo personnel to character cultivation.

##### Long-Range Planning

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

##### Mutual Prosperity, Respect for the Public Good

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

### The Sumitomo Electric Group Corporate Principles

At the centennial celebration of Sumitomo Electric in 1997, the Group defined the Sumitomo Electric Group Corporate Principles as the new management philosophy based on the Sumitomo Spirit. The Corporate Principles underscore our commitment to our stakeholders—our customers, suppliers, shareholders/investors, local communities/governments, employees—and dedication 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.



## Message from Chairman & CEO



Chairman &amp; CEO

*M. Matsumoto*

## Our path to the realization of a “Glorious Excellent Company”

### The Sumitomo Spirit and the corporate philosophy of “contributing to the public interest through our business”

Sumitomo has a long history of more than 400 years, and our group exists as result of that history. Though there have been tough times in the past, we overcame many challenges to become the Sumitomo Electric Industries, Ltd. of today. As a leadership philosophy in challenging times, founding father of the House of Sumitomo, Masatomo Sumitomo, established the principle of business known as “Banji-nissei”, as explained in the “Monjuin Shiigaki”.

“Banji-nissei” is a word that comes from the preamble of “Monjuin Shiigaki”, from the phrase, “Do your sincere best, in not only business, but also in every aspect of your life.” When I took office as President, I asked the head of the original Sumitomo family to create a work of Japanese calligraphy for me and he wrote “Banji-nissei”. It teaches us to look straight at what we must do wholeheartedly, both in public and private, and work hard day and night to succeed.

The essence of the founder’s “Monjuin Shiigaki” was rearranged into a modern version and summarized in Article 2 in the Meiji period as the “Business Principles”. They are “Shinyo-kakujitsu” and “Fusu-furi”. “Shinyo-kakujitsu” teaches us the importance of integrity as the basis of business, while “Fusu-furi” seeks alignment with the public interest. It teaches us not to irresponsibly pursue short-term profits. “Banji-nissei”, “Shinyo-kakujitsu” and “Fusu-furi” are the three pillars of “The Sumitomo Spirit.” Sumitomo has had many excellent leaders to date, and I believe that these three pillars are at the heart of the management philosophy for every leader.

In addition, there is the concept of “Mutual

Prosperity, Respect for the Public Good.” Teigo Iba, our second General Director, left behind the words, “Sumitomo’s business must be fundamental business that benefit the nation and society as well as Sumitomo itself.” Even though sustainable society has become a daily topic of discussion today, the management’s basic approach to harmony with public interests has been passed down through the generations and observed to this day.

### The group’s basic philosophy

Going forward, “The Sumitomo Spirit” will continue to be based on its three pillars, namely “Banji-nissei,” “Shinyo-kakujitsu,” and “Fusu-furi,” to serve as guidelines for the management philosophy of “contributing to the public interest through our business”, with an emphasis on the public interest, and striving for mutual prosperity with our diverse stakeholders.

And even in today’s uncertain, unprecedented and unpredictable times, we will pursue top technologies, evolve our connecting and supporting technologies through innovation, and strive to provide products and services that are useful to society through the collective strength of the group.

I came across the impressive phrase “Captains of Industry” back in my university days. At the height of the industrial revolution, as a result of the development of capitalism, it is said that new industrialists built their wealth by exploiting workers who were forced to work in poor conditions. Concerned about such a situation, Thomas Carlyle, a British philosopher and historian at that time, wrote in his book “Past and

Present" that he will overcome the harmful influence of commercial supremacy, and conduct management based on a new kind of humanity. He advocated "captains of industry" as the ideal image of a manager. I think the idea of "management chivalry," in which management is conducted based on humanity has something in common with the management philosophy of "The Sumitomo Spirit" and "contributing to the public interest through our business."

#### Developing Human Capital and Picture of a Leader

Manufacturing industry, which has been the driving force of the Japanese economy, is being challenged by the rapid development of companies in emerging countries. We may be compelled to take various hard decisions, such as withdrawing from businesses, changing our business model, and sometimes parting ways with our people. However, I believe that the greatest ammunition for winning this global competition are world-class technological prowess and product strength, as well as the human capital that create them. For that reason, we are serious about developing our human capital, and as a leader, I believe that we should do our best to in terms of enhancing the quality of our people and consistently increasing their engagement,

Ever since I took office as president, I have spoken on many occasions about leadership, but I would like to express here my thoughts on what type of person makes a suitable leader.

To start with, it is someone who can position "The Sumitomo Spirit" at the core of our business - in other words, the core

of our work. In addition, he (or she) has to have "intelligence," "physical strength" and "courage." "Courage" means daring to solve challenging problems like the Japanese saying of "picking up a chestnut from the fire," instead of avoiding the challenge or reacting irresponsibly. Leaders are also expected to possess "presence of mind," to have a "natural manner," to be "whole-hearted and sincere," "fair and square," and to possess the spirit of being "altruistic." They are also required to have characteristics such as "virtue, benevolence, courtesy, sincerity, righteousness, and wisdom," which are concepts that originate in Confucianism.

As for the behavioral characteristics, it is important to have a progressive spirit, adventurous and innovative mindset, drive to achieve goals, international outlook, respect for the society, and to be knowledgeable in liberal arts subjects.

We believe that a leader is a person who can execute a plan logically, rationally and scientifically and work with flexibility and consistency. My mission is to discover and develop a talent like this.

There is a word "liberal arts." I believe this is the ability to find a way by asking oneself questions about which general direction we should take to where there will be no major problems. although there may be no clear answer to atypical problems. It is a bit misleading to interpret this as "culture and education." "Liberal arts" is not just "knowledge," but rather wisdom, ingenuity, and self-reflection that human beings have accumulated over generations, teachings that have been handed down from generation to generation. And the essence is contained in the so-called "Classics." The roots of the word "Classic" go back to the Roman era. In

Rome at that time, warships were built with donations, not with taxes. Therefore, the wealthy people who could donate a "fleet (classis)" to protect the country in times of crisis were called "Classicus". It then evolved to refer to books and works that give power to one's spirit in times of crisis. This has led to the present-day word Classics\*.

If leaders of an organization stay familiar with the Classics on a daily basis and have the wisdom of their predecessors running in their veins, they should have many options even in challenging situations and be able to maintain their composure. I believe that it is the role of senior management to find leaders who possess such qualities.

#### Our path to the realization of a "Glorious Excellent Company"

When our company was faced with many challenges during the time of the IT bubble collapse, we were going through structural reform that involved an active split up of the company. I succeeded as the president under such circumstances, and I felt that the cohesiveness that had held our group together was fading. Therefore, I was determined to rebuild a strong company by bringing back "Sumitomo Spirit of Solidarity", known for its cohesiveness and a family-like atmosphere, and regain an environment where top management is always available when there is a problem. The phrase "Glorious Excellent Company" was coincided with my desire to achieve this and to present the future aspirations for the Group.

"Glory" was originally written on the crusader flag. "Glorious," meaning "honorable," is meant to represent "The Sumitomo Spirit," a philosophy that has been nurtured throughout Sumitomo's 400-

year history and to follow the glorious path of our predecessors who have honored it. On the other hand, "Excellent," which means "outstanding," expresses our attitude to aim high with the courage to change and to steadily achieve our business plans. "Excellent" also represents quantitative targets and contents related to business and includes things that will change and things that must be changed to aim high, while "Glorious" represents things that must be retained and passed down through the generations.

Article 2 of Sumitomo's Business Principles is interesting. It states, "Sumitomo shall adapt to changing times, weighing economic advantages and disadvantages, expanding in good times and scaling back in lean times."

Jisei no hensen, or "changing times," represents adapting in response to changing trends in the world. Rizai no tokushitsu, or "economic advantages and disadvantages," represents weighing gains and losses when making investments. Shicho kohai, or "tension and ease, rise and fall," represents expansion and contraction and building and scrapping businesses." Everything stated in Article 2 is normal in the world of business.

In May this year, we announced "The Sumitomo Electric Group 2030 VISION." This is a long-term vision with 2030 as a turning point, to show the group's vision as we go through various changes in society. We would like to work together as a group and realize lasting corporate values, aiming to achieve the corporate image of a "Glorious Excellent Company."

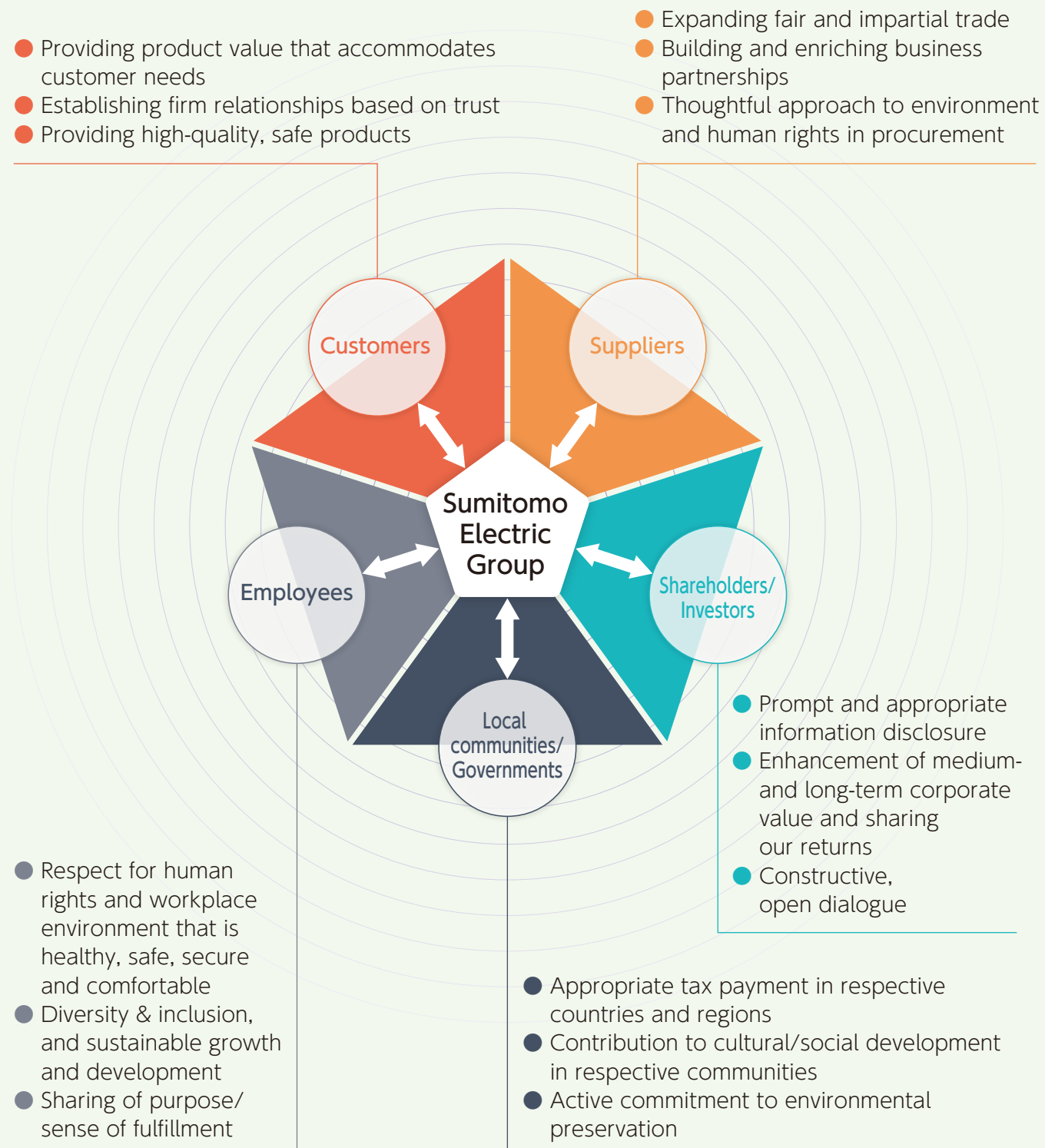
We ask for the continued kind support and encouragement from all of our stakeholders.



## Together with Our Stakeholders

SEG will pursue its ambition to achieve a "Green Planet" and a "Safer" and more "Comfortable" Society on a sustainable basis.

We are committed to these values, which we hold in common with our stakeholders - and we will share our achievements with them.



### <Principal means of communication with our stakeholders>

Customers	<ul style="list-style-type: none"> <li>● Our daily business activities</li> <li>● Company website, "id" - the Sumitomo Electric Group e-magazine</li> <li>● Exchanging information at exhibitions</li> </ul>	<p>Automotive Engineering Exposition</p>
Suppliers	<ul style="list-style-type: none"> <li>● Basic Procurement Policies The Sumitomo Electric Group CSR procurement guidelines Sumitomo Electric Group Policy on Human Rights Day to day procurement activities in accordance with the Supplier Code of Conduct</li> <li>● Partners meeting</li> <li>● Research based on the CSR Procurement Self-Assessment Form</li> </ul>	<p>Partners meeting</p>
Shareholders/Investor	<ul style="list-style-type: none"> <li>● General Meeting of Shareholders</li> <li>● IR financial results briefing</li> <li>● Over 200 times a year of individual dialogues with shareholders and investors</li> <li>● Providing information through the IR website</li> </ul>	<p>"2030 VISION" Briefing</p>
Local communities / Governments	<ul style="list-style-type: none"> <li>● Contribution to the community through our business</li> <li>● Dialogues at business associations and trade groups</li> <li>● CSR activities (Managing the Sumitomo Electric Group CSR Fund, donations, supporting sports activities and events, etc.)</li> </ul>	<p>Forest Group Activities at the Itami Works (Nature Conservation)</p>
Employees	<ul style="list-style-type: none"> <li>● Corporate newsletter, intranet, President's blog</li> <li>● Townhall meeting (a gathering of executives and employees)</li> <li>● Employee survey for a lively workplace</li> <li>● Various Learning and Development Programs at SEI University</li> </ul>	<p>Awards for affiliated companies</p>

## Management Policies



President &amp; COO

## Message from the President and COO

### Business environment and performance

#### Business Results for FY2021

With Tokyo and Beijing both holding the Olympics and Paralympics during the last fiscal year, it was a memorable year with the world being connected through sports. However, the international environment, including the global economy and national security landscape became increasingly unstable, while the impact of the COVID-19 pandemic continued to make the future hard to predict.

With the reduction of automobile production due to shortages in semiconductors, along with soaring material prices and logistics costs, the Group was operating in a challenging business environment, especially in the automotive segment. However, by making exhaustive efforts to reduce costs and maintain supply chains, we were able to achieve consolidated net sales of 3,367.9 billion yen and operating income of 122.2 billion yen, recording an increase in both sales and profits compared to the previous year.

#### Outlook for FY 2022

Looking forward, our expectation is for the uncertain situation to continue, with concerns around the ongoing possibility of new COVID-19 variants spreading, political and geopolitical risks, semiconductor supply shortages causing delays in the recovery of automobile production, a further increase in material prices and prolonged logistics disruptions.

Under the current mid-term business plan, "VISION 2022," we are aiming for consolidated net sales of 3,600 billion yen and operating income of 230 billion yen in FY 2022. We increased sales in all of our business lines, especially in the mainstay automotive wiring harnesses, and consolidated net sales are expected to reach a record high of 3,850 billion yen. While the

forecast operating income of 160 billion yen falls short of our target, we expect a total of 114 billion yen in profits in the four segments other than Automotive, which will be the highest level in our history. And we aim to exceed 100 billion yen in net income for the second consecutive year.

### Sustainability Management

Looking back, our group has honored both the tradition of the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, and based on the management spirit of "contributing to the public benefit through our business," the group has consistently worked to ensure mutual prosperity with our stakeholders through the evolution of technology that connects and supports society. And this history leads to the current concept of Sustainability. Looking to the future, we believe that continuing to address the sustainability agenda, such as respecting the global environment and human rights, ensuring employee well-being and a healthy work environment, and reinforcing fair and impartial trade are essential for improving our corporate value over the medium to long term. For this reason, we brought this together in our Fundamental Policy. Going forward, I am resolved to further strengthen and accelerate our efforts while continuing to discuss the agenda at the Sustainability Management Promotion Committee that I chair.

### Towards 2030 Vision

#### Forecasting the long-term environment by looking out to 2030,

In modern society, there are many emerging agendas, such as sustainability of the global environment, that requires mankind to come



together and resolve mutual challenges. Along with the progress of technological innovation in the domain of Information and Communications, the industrial structure in the domains of Energy and Mobility has evolved significantly, and social transformation is progressing on a global scale.

Since 2003, the Group has implemented a plan encapsulating its aspirations every five years as our "VISION." However, when we thought about the changes to our future society, we were determined to define the aspirations of our group by reassessing our overall management of the company with a long-term perspective and, decided to formulate a long-term vision with 2030 as the milestone.

Based on this long-term "2030 Vision," we decided to steer the company from FY 2023 by formulating a detailed business plan every three years as a medium-term business plan, and to set milestones in order to achieve steady performance targets despite today's uncertain, unprecedented, and volatile environment.

#### Our vision of society in 2030 and the challenges, and agendas we will address:

Global challenges, including climate change and global warming, shortage of food and water resources, and depletion of energy and other natural resources, are at a point where immediate remedies are needed. In formulating the "2030 Vision," we kept in mind Japan's objective to achieve carbon neutrality by 2050, and also thought about the vision of the society we aspire to achieve by the year 2030, which is the turning point as well as the target year for the Sustainable Development Goals (SDGs) incorporated in The 2030 Agenda for Sustainable Development, adopted at the United Nations Summit in 2015.

Although it is already laid out in our current mid-term business plan, "VISION 22," we looked at the current environment where smart energy networks driven by the growing use

of renewable energy, evolution of digitization transforming communication between people, and the advent of a new mobility society due to the development of CASE. With this in the background, we decided to aspire to achieving "a safe society where people can live peacefully," "a society which is comfortable to live in," and "a green society."

In addition to the social challenges mentioned earlier, issues such as underdeveloped and aging infrastructure, frequent disasters and accidents, and increased security risks also need to be addressed in order to achieve -mutual prosperity with our stakeholders, including customers, business partners, investors, local communities, and employees. Disruption of supply chains, discrimination, increased awareness of a safe workplace and employee well-being are also important issues.

In order to achieve the three societies mentioned earlier, our Group decided to strengthen our response to environmental issues, upgrade and expand the products that contribute to social infrastructure, and promote ESG in the supply chain. We are also strengthening R&D, igniting the engagement of our human capital and respecting human rights to support all of the above.

#### Our value and key domains for 2030:

We were founded as a copper wire and cable business, and evolved an entire Genealogy of Technology, like a family tree, that combines materials technology and precision manufacturing, always keeping the public interest in mind, and supporting the changing trend of the times. And we will continue to "Pursue Top Technology that connects and supports society; and use the Group's integrated power and innovation to contribute on a global scale." We have defined this as our company's value and purpose.

Through our relentless efforts, we would like to create products and services that support a wide range of infrastructure and industries.

In particular, we have positioned Energy, Info-communications, and Mobility as our three key domains. We are expanding our business in all of them, and as a Group with technical knowledge, we want to meet the expectations of the market by capturing the needs of significant changes in society such as GX, DX, CASE, and the areas they integrate.

#### Value Proposition

Toward the achieving a society that is Safer, more Comfortable, and Green, we had many discussions with our business groups and our research department about the value we can provide. We also had discussions with our Corporate Staff on what should be preserved and what should evolve, and organized the challenges for medium-to-long-term improvement of corporate value in order to turn them into the future direction of the company.

Our value proposition is to continue creating products and services that meet the needs of Sustainability, High durability, High Efficiency, Low loss, High Speed, and Large Capacity with Safety and Reliability as its foundation. More specifically, in the Energy domain, we will develop a wide range of solutions from electrical substation equipment and safety / long-duration batteries, with our engineering putting cables at its core. In the Info-communications domain, where there is a growing demand for low-power consumption, we will provide a variety of products ranging from materials technology to devices and equipment. In the Mobility domain, we will leverage the integrated technologies of the Group and set the direction of our business to contribute to the changes in mobility, such as electrification and high-speed communication, and unite the Group to maximize our comprehensive strength.

#### Foundation and the driving force supporting our growth strategy

To achieve these goals, we need to

enhance the organization so that we can respond to changes by being precise, prompt, and flexible. For this, we will invest in Human Capital, Intellectual Capital, and Financial Capital as the Group's shared resources, and further develop S (Safety), E (Environment), Q (Quality), C (Cost), D (Delivery), and D (R&D). We will reinforce R&D, Manufacturing, and Supply Chains as the driving force, and maximize Group synergies. Globally, we will develop initiatives that will enable our Human Capital to excel in their role, develop their capabilities and achieve a sense of accomplishment. Furthermore, we will promote strategies for Intellectual Capital to create long-term competitiveness for our business. And we will generate cash to maximize funds for growth and distribution, and enhance our Financial Capital. We will also work to invigorate and accelerate our research activities further promote creating resilient factories that can adapt to change, and work to reinforce our BCP.

#### Targets

For our vision for 2030, we established financial targets for sales and ROIC, and non-financial targets regarding ESG criteria. From now on, we would like to set out the efforts for each goal. We will continue to discuss with all the divisions and our Group companies to create the next three-year medium-term business plan, which will be the first milestone for the "2030 Vision."

#### To the Stakeholders

Taking today's evolution as a tailwind instead of a headwind, I would like all of our stakeholders to look forward to the rapid progress of our group across a wide range of products that support society.

We ask for your continued support and cooperation.



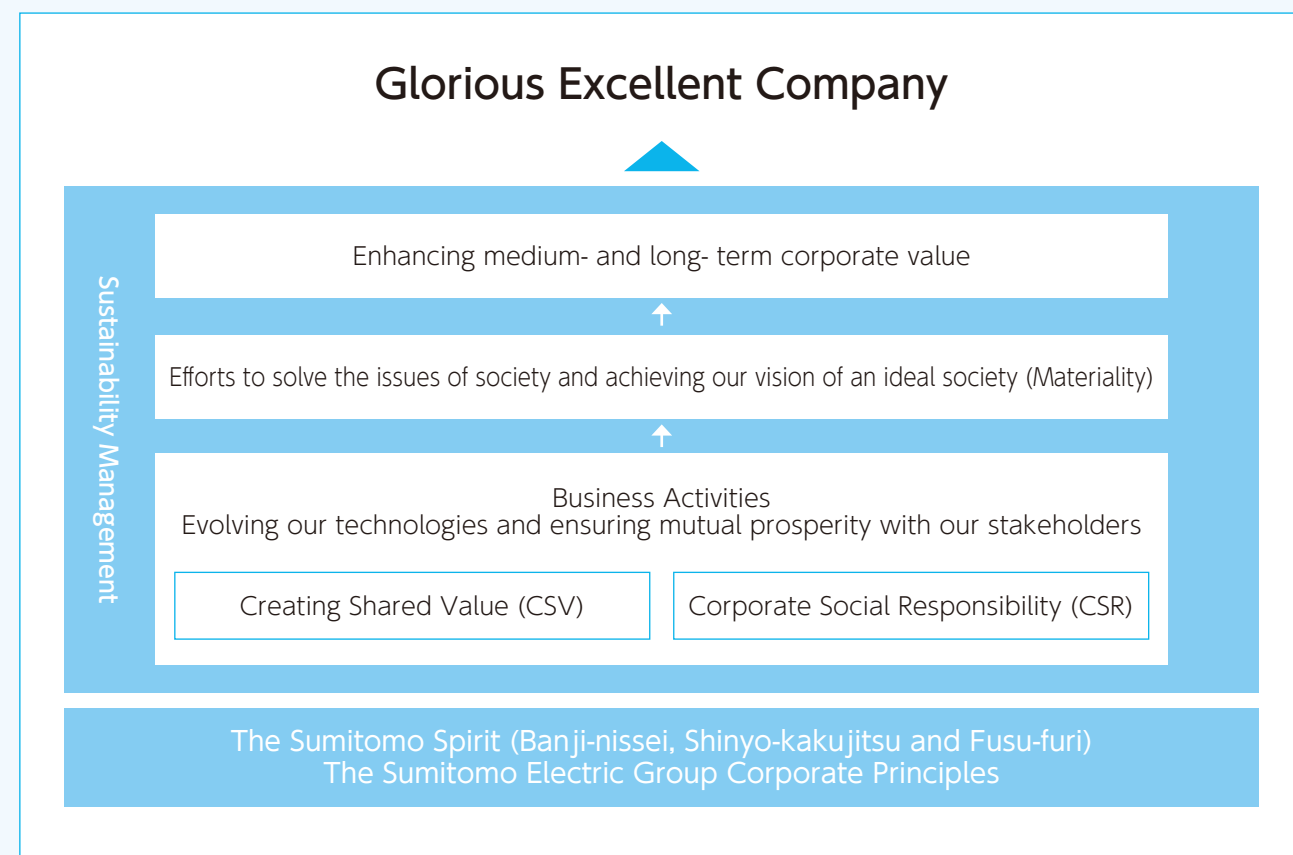
## Promotion of Sustainability Management

### Fundamental Policy

Honoring both the tradition of the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, SEG has always prioritized its contribution to society. We manage the Group based on the spirit of "contributing to the public benefit through business" while striving to ensure mutual prosperity with our stakeholders.

This philosophy is consistent with today's concept of sustainability.

With the continued recognition that the Group itself is the going concern for it to steadily enhance its corporate value, we will continue to address the sustainability agenda, including respecting the global environment and human rights, ensuring employee well-being and a healthy work environment, and reinforcing fair and impartial trade, as well as managing natural disasters, etc., to become a "Glorious Excellent Company."



CSV: Creating Shared Value, CSR: Corporate Social Responsibility

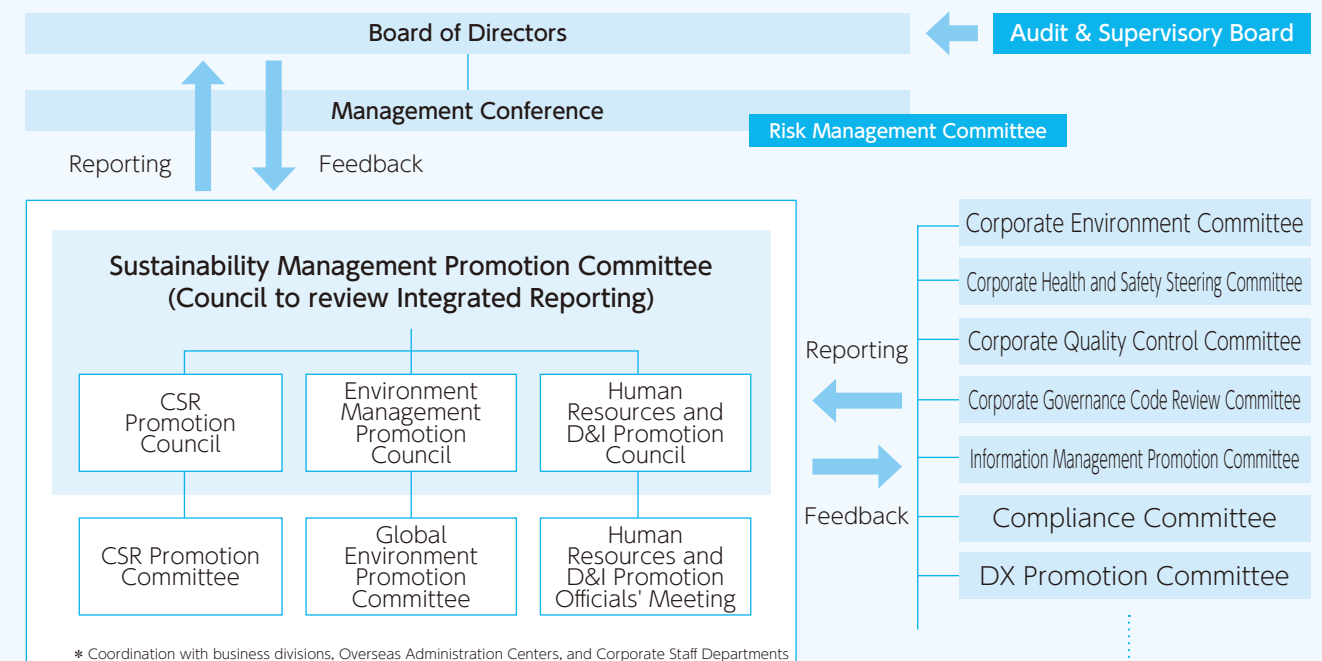
More specifically, we established our value and purpose as continuing to "Pursue Top Technology that connects and supports society; and use the Group's integrated power and innovation to contribute on a global scale" and we are committed to achieving a Safer, more Comfortable society that is also Green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

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



### System/Structures to promote initiatives and ideas

Sustainability Management Promotion Committee "chaired by the President receives reports from each committee on related initiatives, and a structure is in place to discuss policies, to provide feedback and to have initiatives be consistently promoted.



## LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET

Relentlessly challenging ourselves to use Technology for Good

**Connect with Innovation**

# 2030 VISION

### Purpose

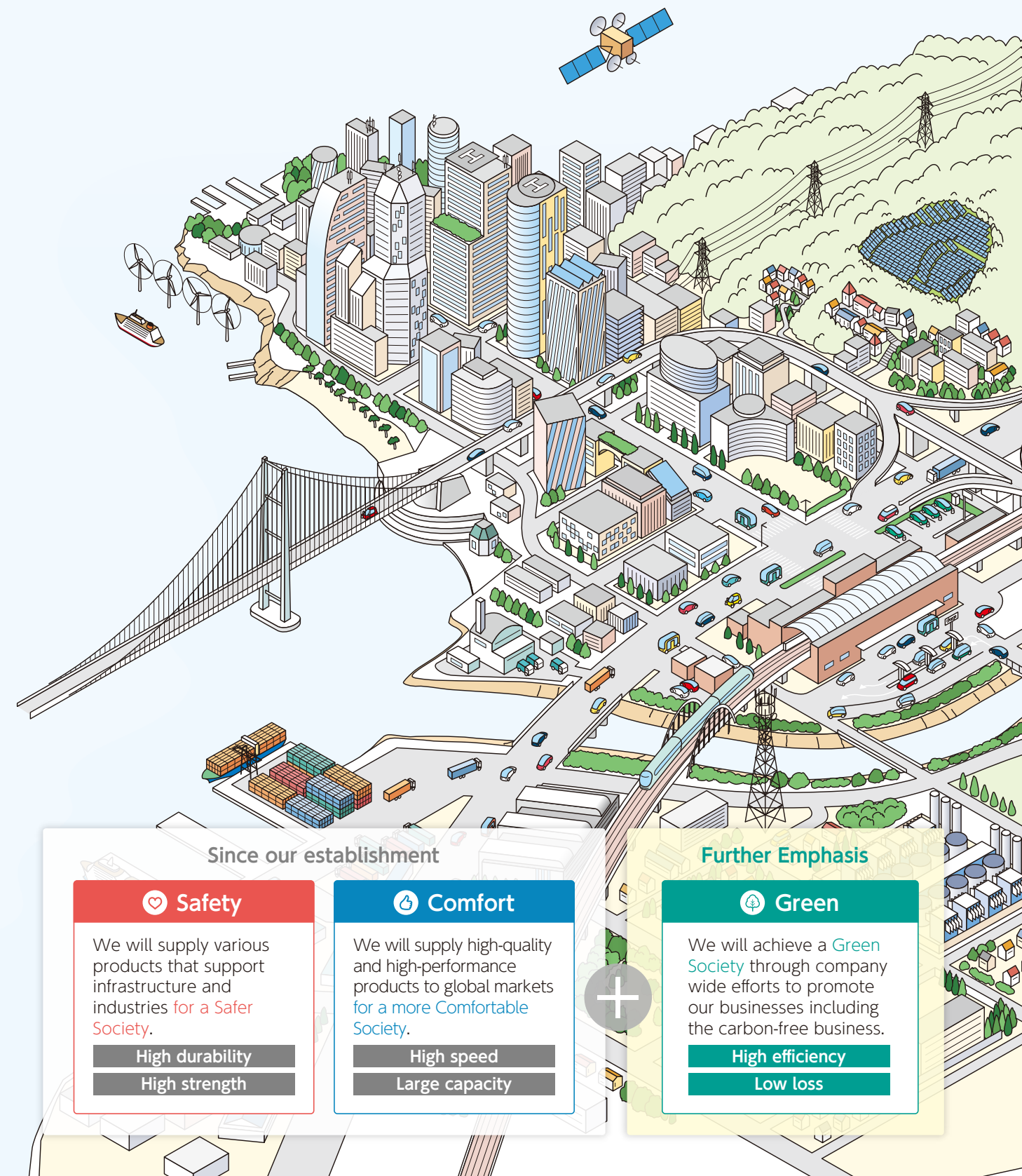
Based on the spirit of “contributing to the public benefit through business while striving to ensure mutual prosperity with our stakeholders,”

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

SEG is committed to this group purpose

### Aspirations for Society

Looking ahead to 2030, it is increasingly important to achieve sustainability for our planet. SEG will unleash all of its capabilities to contribute to the evolution of a Safer and more Comfortable society that is also Green and environmentally friendly.



#### Since our establishment

##### Safety

We will supply various products that support infrastructure and industries for a **Safer Society**.

High durability  
High strength

##### Comfort

We will supply high-quality and high-performance products to global markets for a **more Comfortable Society**.

High speed  
Large capacity

#### Further Emphasis

##### Green

We will achieve a **Green Society** through company wide efforts to promote our businesses including the carbon-free business.

High efficiency  
Low loss

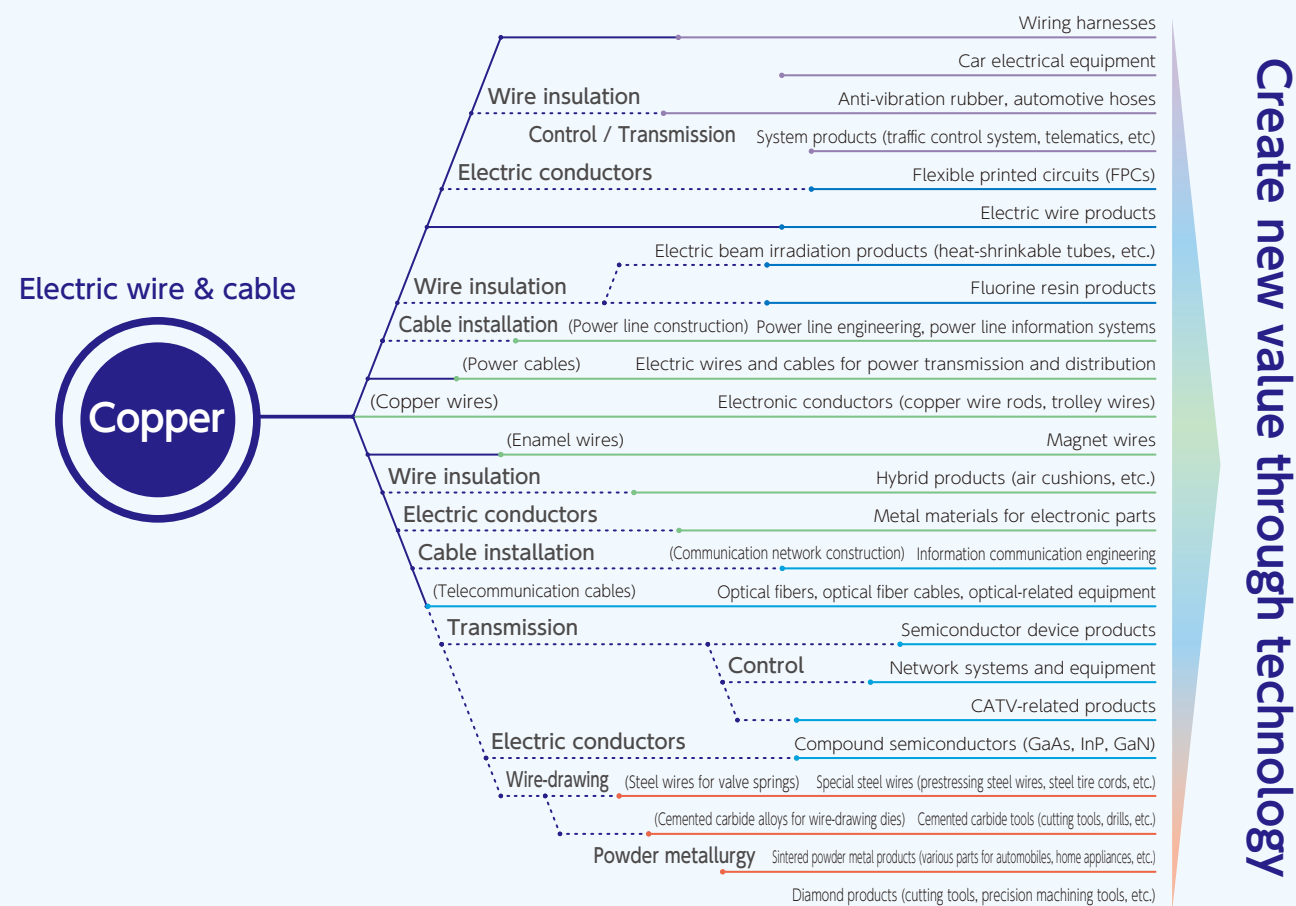


## Management Policy

### ■Top Technology

Founded as a copper wire and cable business, SEG has evolved an entire Genealogy of Technology, like a family tree, that combines materials technology and precision manufacturing.

SEG will continue to pursue Top Technology that connects and supports society; and use the Group's integrated power and innovation to contribute on a global scale.



### ■Global Presence

Meeting the needs of the global market by creating new value through Top Technology. SEG's global business initiatives will continue to contribute to the development of infrastructure and industries around the world.

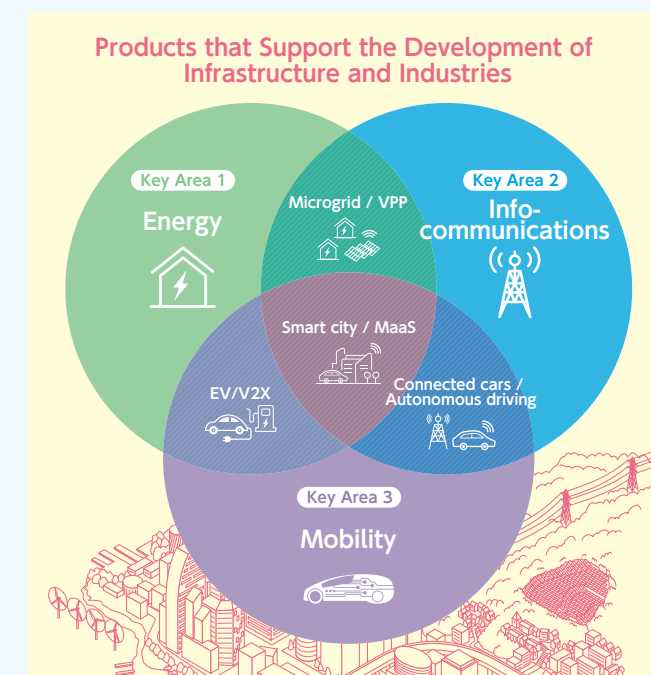
### ■Diversity & Inclusion

Our global activities are supported by 280,000 employees at over 400 group companies across many countries and regions (as of the end of March 2022). SEG will maximize the Group's energy and competitiveness and foster Top Technology through leveraging the quality and capabilities of its diverse talents.

## Business Domains – Key Areas

To realize our "2030 Vision", we will continue to provide an extensive range of products and services for the development of infrastructure and industries.

We will focus on three key areas: Energy, Info-communications, and Mobility. SEG will utilize its technological expertise and its ability to integrate technology to make inroads into these areas, particularly where they overlap. We will identify new demands generated by social changes, such as GX, DX and CASE, and respond to evolving market needs.



## Targets Enhancing our medium- and long-term Corporate Value

With a corporate culture focusing on the environment, human capital and compliance, SEG will unlock its growth potential while also enhancing efficiency and striving to become a Glorious and Excellent Company.

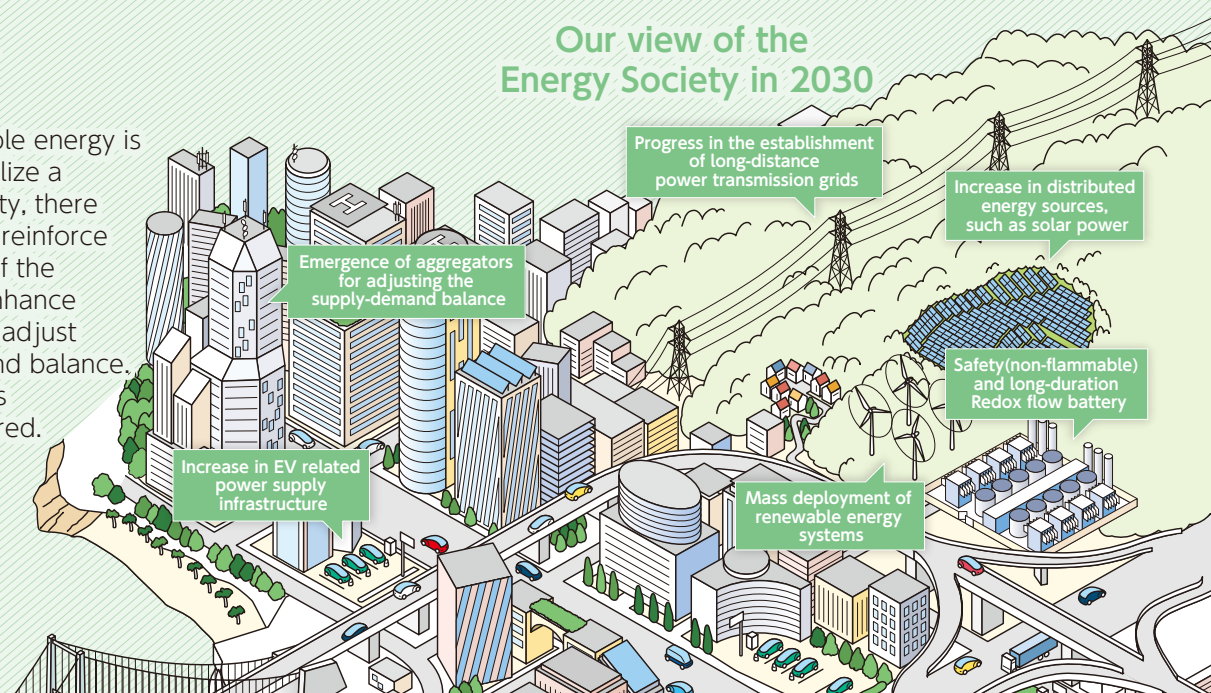
Glorious		
Non-financial	E	<b>Global environment</b> Various efforts as follows: CO <sub>2</sub> emissions reduction 2030 <Scope 1+2> 30%; <Scope 3> 15% (compared to FY 2018) 2050 <Scope 1+2> carbon neutrality
	S	<b>Diversity &amp; inclusion</b> Creation of new values through the integration of diverse perspectives, experiences and technologies
		<b>Engagement</b> Empathy with the creation of corporate value and actual feeling of contribution
	G	<b>Legal compliance</b> Compliance with laws, regulations, and corporate ethics throughout SEG, including its supply chain, on a global basis

Excellent		
Financial	Growth	Consolidated net sales: 5 trillion yen or more 1 trillion yen or more in growth from the key areas of energy, info-communications and mobility
	Efficiency	Before-tax ROIC: 10% or higher (Presentation of even higher value and improvement in the profit structure)

## Efforts looking ahead to 2030

### Energy

As more renewable energy is introduced to realize a carbon-free society, there will be a need to reinforce the power lines of the electricity grid, enhance its efficiency, and adjust the supply-demand balance. New technologies will also be required.



### Future Business Environment

#### Mass deployment of renewable energy systems

Rapid increase in the adoption of solar and wind power is anticipated.

##### ● Increased distances between power generation and power consumption sites

→ As more renewable energy sites come online that are located far away from where the demand is, the development of more efficient, long-distance, direct-current transmission grids will be required.

##### ● Unstable output

→ Given the intermittency issues of renewable energy sources, there will be a growing need for efficient storage technologies, including rechargeable batteries, to balance the electricity grid.

#### Mass deployment of distributed power sources

Due to the increase of distributed energy sources, such as solar power, rechargeable batteries, and EVs, progress in handling two-way and complex flows of electricity is anticipated.

##### ● Microgrids

→ The growing use of distributed power sources, such as solar power, rechargeable batteries, and EVs will spur the development of microgrids.

##### ● Net Zero factories

→ Energy saving measures and carbon-free power sources at manufacturing sites will rapidly become standard.

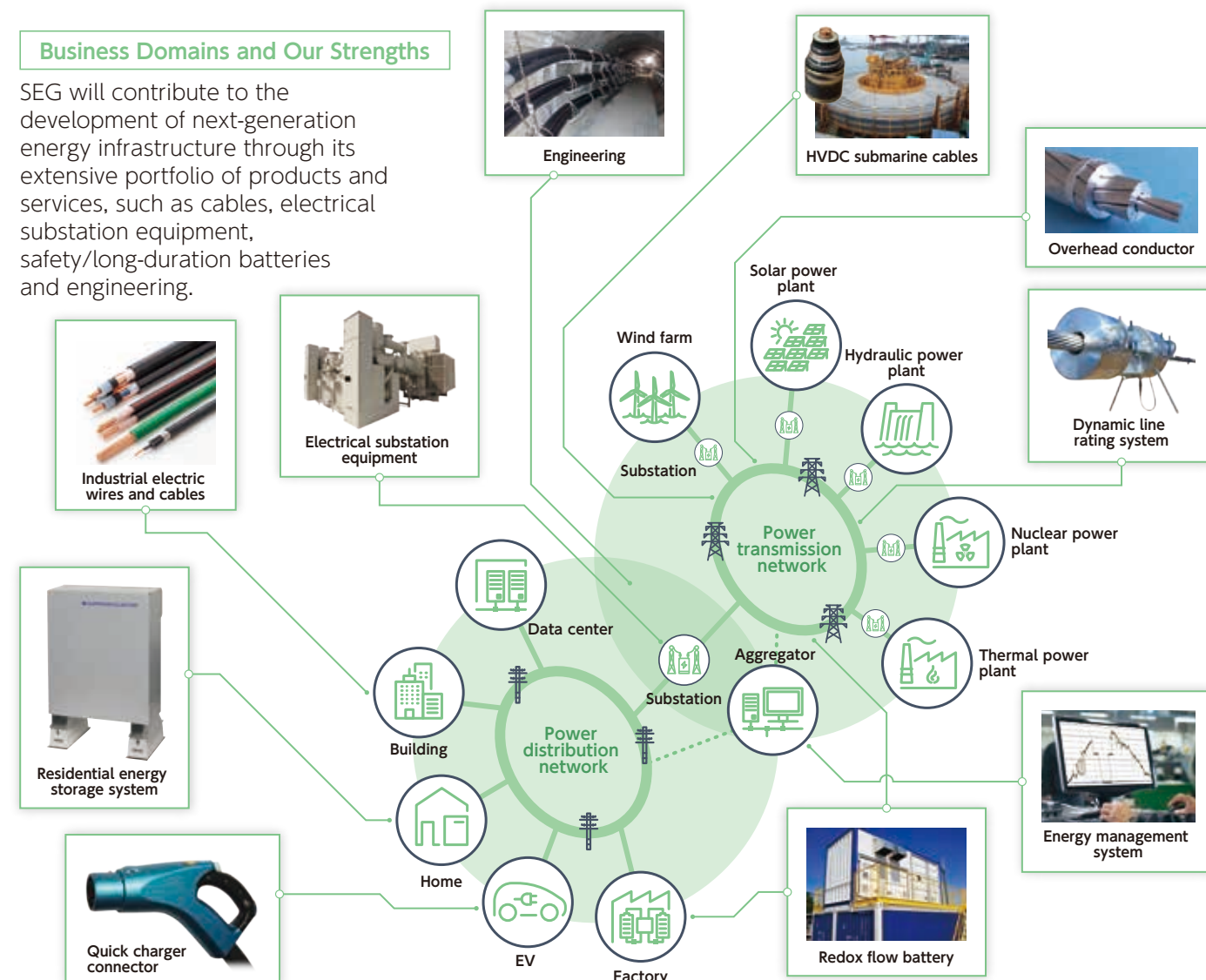
##### ● VPP\*/Demand response

→ Aggregators will emerge that integrate and control distributed energy sources and channel their demands into the grid.

\*VPP: Virtual power plant  
The owner of a distributed power source or a third party controls the distributed power source, thereby providing a function equivalent to that of a power station.

#### Business Domains and Our Strengths

SEG will contribute to the development of next-generation energy infrastructure through its extensive portfolio of products and services, such as cables, electrical substation equipment, safety/long-duration batteries and engineering.

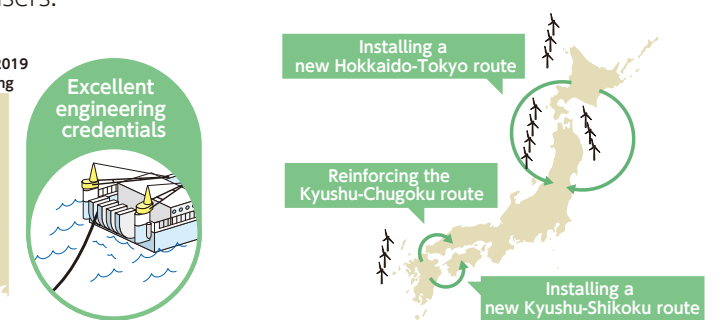


#### Challenges toward 2030

We will further improve our power cable technology and take on challenges to reinforce power lines on a global basis and to provide solutions addressing the various needs of power users.

#### Large-capacity, low-loss power transmission system

Utilizing our power cable technology, we will realize wide-area power interchange and efficient direct-current transmission.



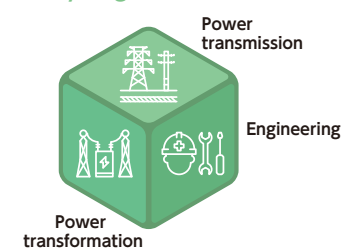
#### Development of unique in-house insulation material

- Excellent DC properties
- Eco-friendly material
- High performance under high temperature operation
- Polarity reversal capabilities

#### Essential system connection for large-scale wind farm

Working across the Group, SEG will develop solutions for wind farms, thereby contributing to the mass deployment of this key renewable energy source.

#### SEG synergies

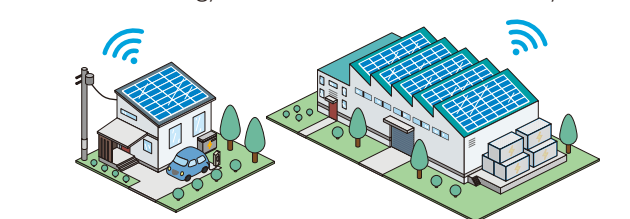


#### Dynamic cable system



#### Diversification of power supply and demand

To address the diversification of power supply and demand resulting from the growing adoption of distributed energy sources like renewables, we will provide solutions by integrating our technologies from SEG's three key areas of business: energy, info-communications, and mobility.

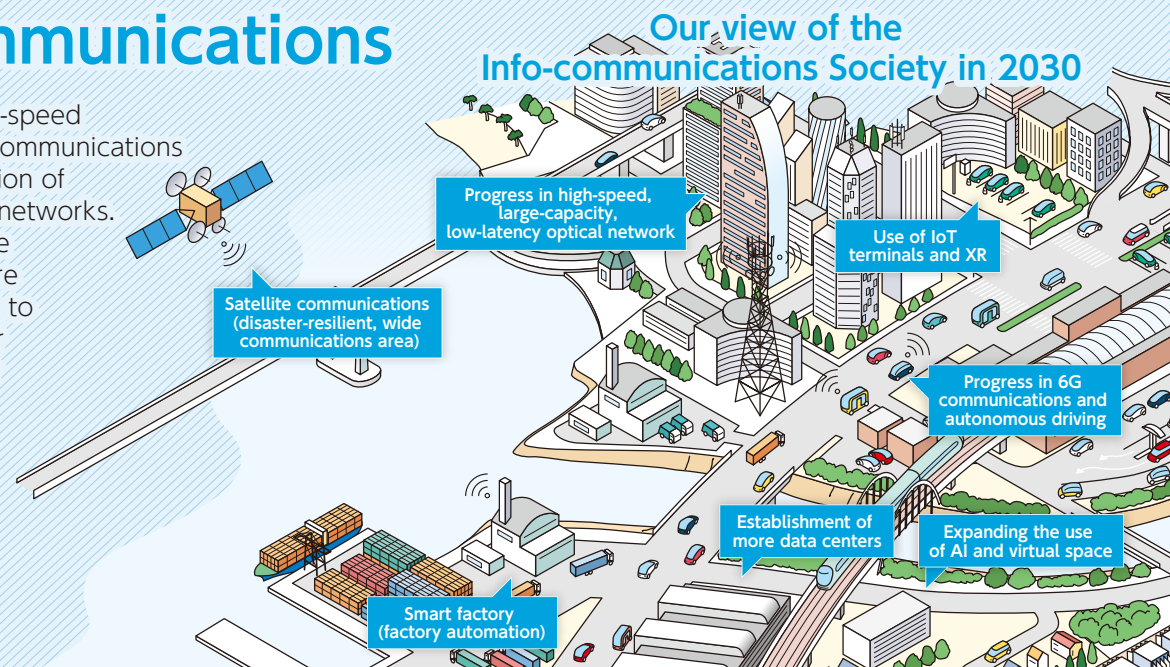


- AI / IoT for adjusting the supply-demand balance and voltage fluctuations
- SEG's overall strength covering areas from materials to equipment systems



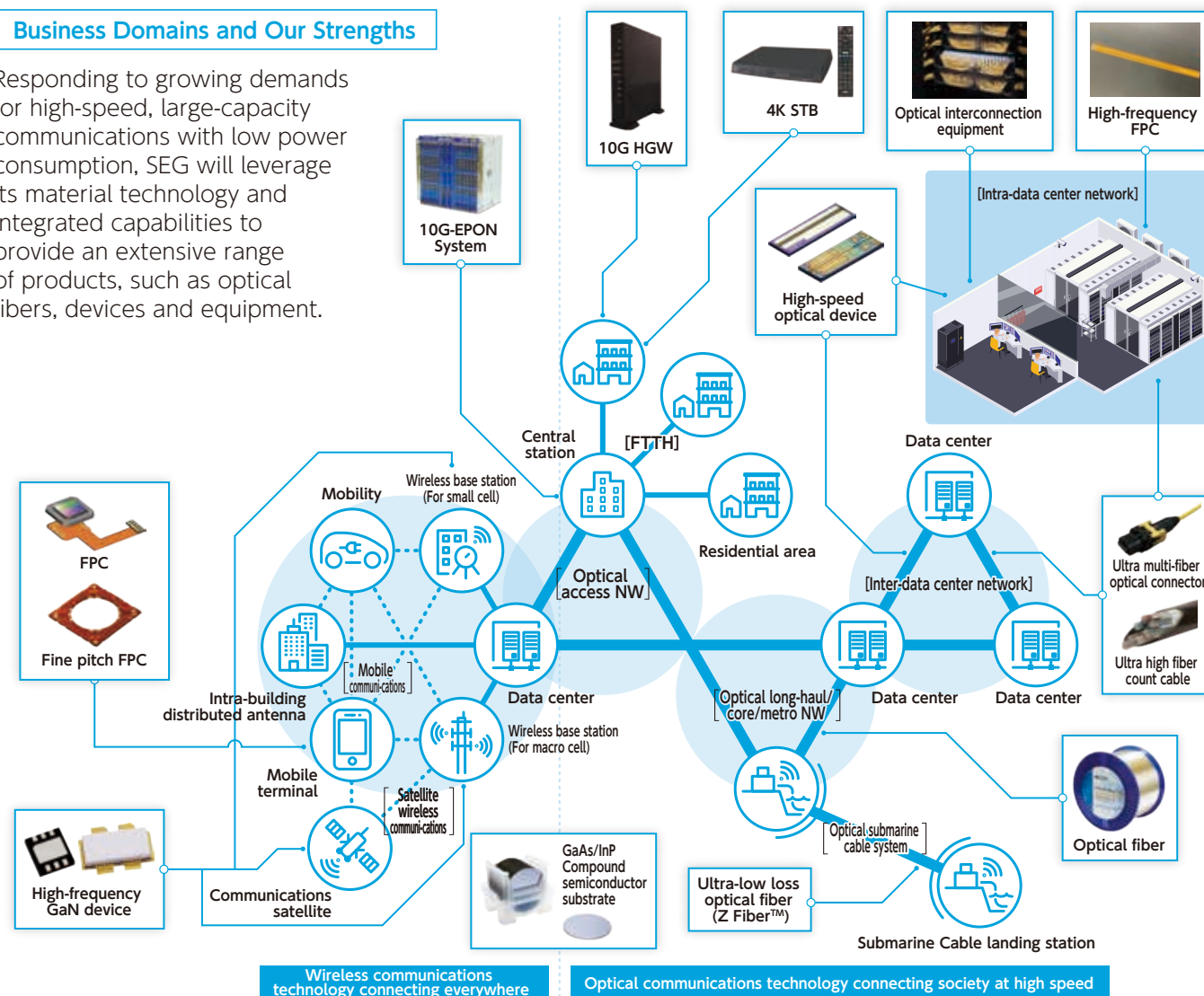
## Info-communications

Development of high-speed large-capacity data communications will drive the expansion of wireless and optical networks. It will also lead to the establishment of more data centers, leading to growing demands for reducing their power consumption.



### Business Domains and Our Strengths

Responding to growing demands for high-speed, large-capacity communications with low power consumption, SEG will leverage its material technology and integrated capabilities to provide an extensive range of products, such as optical fibers, devices and equipment.



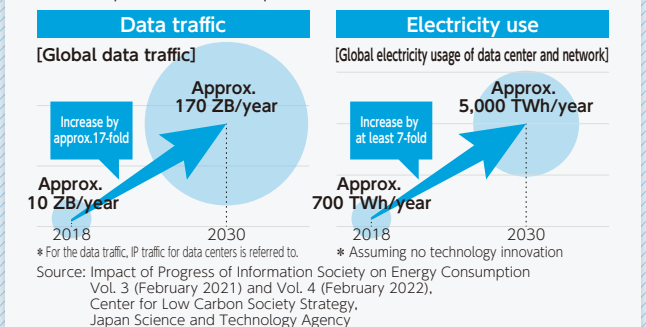
## Future Business Environment

### Progress in high-speed, large-capacity communications while stabilizing quality

- **From 5G to 6G**  
→ The maximum data speed will be up to 100 times faster.
- **Moving toward an All-Photonic Network**  
→ Progress in optical networking at data centers and other equipment to reduce power consumption.
- **Establishment of more compact data centers**  
→ Many more compact data centers will need to be built to ease the network load.
- **Expansion into non-terrestrial areas**  
→ Expand global networks using deep sea cables and satellites.

### Increase in power consumption due to an increase in global data traffic

An increase in data traffic will entail an increase in power consumption, leading to growth in the need to reduce power consumption.



### Challenges Toward 2030

SEG will meet the challenge to develop innovative materials and devices to support the progress of large-capacity optical communications, lower power consumption and the evolution from 5G to 6G.

#### Large-capacity optical communications

##### Multi-core optical fiber and its application

###### ► Multi-core optical fiber



- Small footprint
- Lower environmental load
- Advanced encryption transmission

###### ► Multi-core fiber application for submarine NW



Highly efficient optical fiber amplifier



Fusion splicer

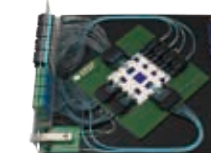
###### ► Application to Data Center Solutions

High fiber/core count cable & connector, High density connectivity product, etc

#### Low power consumption

##### Technology to achieve an All-Photonic Network by connecting data centers to all businesses and households through integration of optical and electronic technologies

###### ► Photonics-Electronics Convergence Technology: Interconnection



- Reduction in power consumption through a shift from electric wiring to optical interconnection (by 20% to 30%)

###### Co-packaged-optics\* (CPO)

\* Mounting technology for packaging both an optical module and electrical switching IC on a single substrate

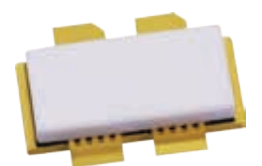
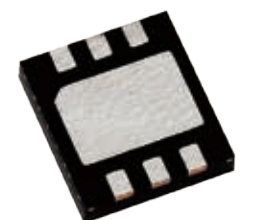
###### ► Photonics-Electronics Convergence Technology: Devices integration

Higher-speed/efficiency laser diode and silicon photonics integration. All Photonics Network (APN) Gateway System to Extra-network (equipped with orchestrator-linked software)

#### Large-capacity wireless communications: from 5G to 6G

##### Technology to achieve low power consumption, large-capacity communications and wide-area coverage

###### ► Circuit integration of GaN devices: Adaptable to fixed base stations/aerial base stations/satellite communications



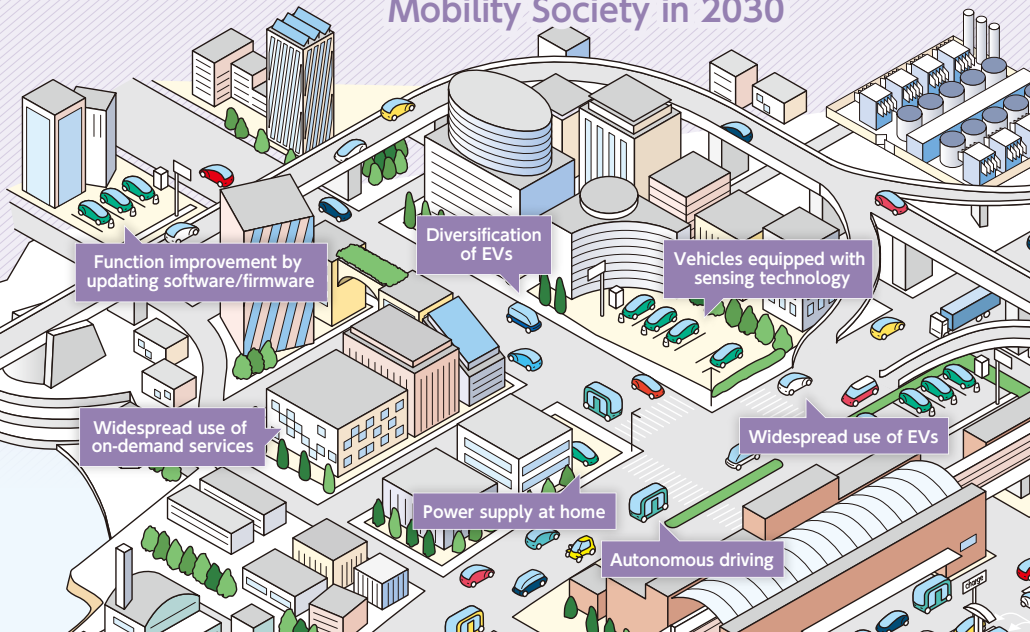
###### ► Radio over fiber module for distributed antennas



## Mobility

Progress will be made in automobile development with electrification and external services integration, and new types of mobility are expected to emerge.

### Our view of the Mobility Society in 2030



## Future Business Environment

### Progress in electronic control and emergence of new mobility

We anticipate progress with automobile electrification and accelerated efforts for next-generation mobility systems.

#### ● Electrification

→ By 2030, the number of ICE vehicles will have decreased, and EVs, including new variants such as HEVs and PHEVs, will constitute the majority of new vehicle sales.

#### ● Autonomous driving

→ The 2030s will see widespread adoption of vehicle models with level 3 autonomous driving capabilities or higher.

#### ● New mobility

→ Expected emergence of various forms of mobility, such as ultra-compact mobility and flying automobiles.

### Expansion of linkage with external services (connected mobility)

The expansion of connected mobility services, such as MaaS, and infrastructure connectivity with automobiles will accelerate.

#### ● Edge

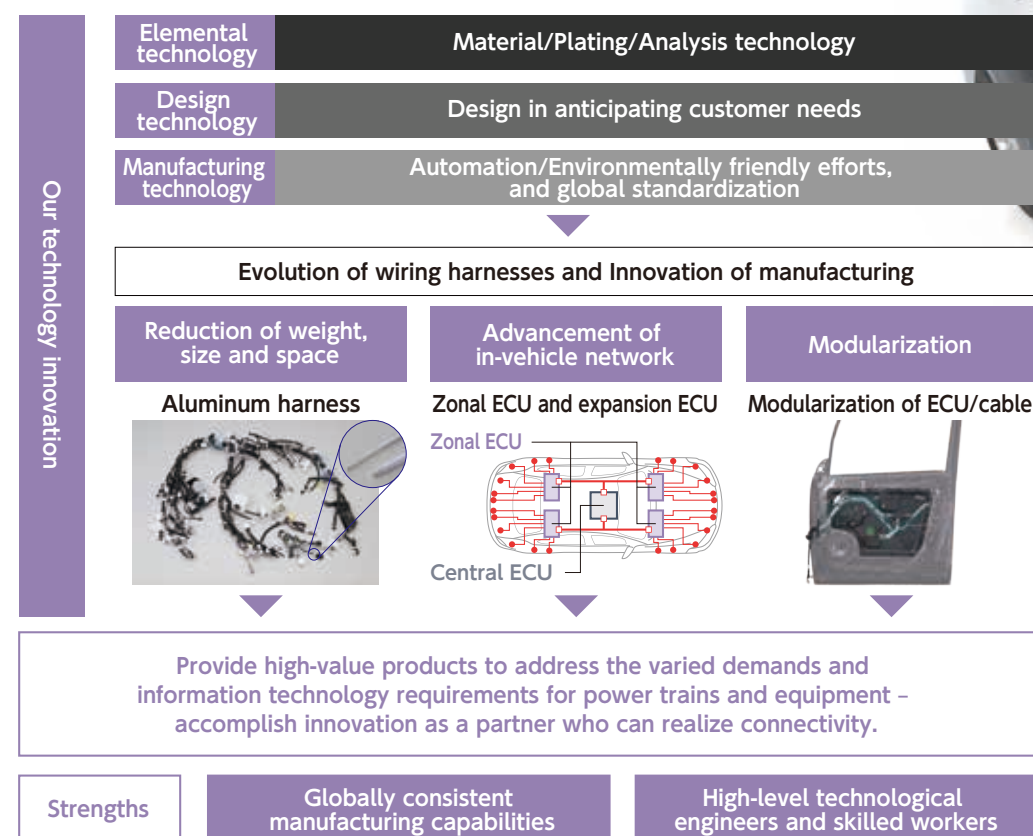
→ Expected progress in information technology in automobiles will become an edge in areas such as safety, maintenance and entertainment.

#### ● Cloud

→ The expansion of new urban infrastructure and on-demand services will make an edge-cloud link ever more important.

### Business Domains and Our Strengths

We will provide new value through the power of our global manufacturing quality, high-level technological engineers and skilled workers, with a focus on wiring harnesses as our core business.



### Challenges Toward 2030

In addition to the evolution of existing products, like wire harnesses, SEG will endeavor to advance electrification and high-speed communications of automobiles, including architectural innovations, leveraging the integrated technologies of the Group, such as energy and info-communications.

	Electrification	Existing products	High-speed communications
<b>Wiring harness</b>	<ul style="list-style-type: none"> <li>High-voltage harness, battery harness</li> <li>Busbar module</li> </ul>	<ul style="list-style-type: none"> <li>Low-voltage harness</li> <li>Aluminum harness</li> </ul>	<ul style="list-style-type: none"> <li>High-speed communications harness</li> <li>Optical harness</li> </ul>
<b>Electric wire</b>	<ul style="list-style-type: none"> <li>High-voltage magnet wire for motor</li> <li>Leads for pouch Li-ion battery</li> <li>Module for interconnection in battery</li> </ul>	<ul style="list-style-type: none"> <li>Magnet wire</li> <li>Metal materials for spark plug electrodes</li> </ul>	<ul style="list-style-type: none"> <li>High-frequency FPC</li> </ul>
<b>Connector/terminal</b>	<ul style="list-style-type: none"> <li>High-current connector</li> <li>High-voltage JB</li> </ul>	<ul style="list-style-type: none"> <li>Connector</li> <li>Junction box (JB)</li> </ul>	<ul style="list-style-type: none"> <li>High-speed communication connector</li> </ul>
<b>ECU-G/W</b>		<ul style="list-style-type: none"> <li>ECU/Gateway (G/W)</li> </ul>	<ul style="list-style-type: none"> <li>Zonal ECU</li> </ul>
<b>Semi-conductor/device</b>	<ul style="list-style-type: none"> <li>SiC power device</li> </ul>		
<b>Functional material</b>	<ul style="list-style-type: none"> <li>Steel cords for EV tires</li> <li>Sinter brazed parts (for E-Axle)</li> <li>Oil pump rotors (for motor cooling)</li> <li>Porous metal</li> </ul>	<ul style="list-style-type: none"> <li>Steel cords</li> <li>Sinter brazed parts (for AT/CVT)</li> <li>Oil pump rotors (for lubrication of engine)</li> <li>Steel wires for springs</li> <li>Engine components</li> </ul>	<ul style="list-style-type: none"> <li>Sintered ZnS lenses</li> </ul>
<b>Resin, Rubber products, Sensor, etc.</b>	<ul style="list-style-type: none"> <li>Cooling hoses</li> <li>Motor mounts</li> <li>High heat insulation material for battery</li> <li>Cross-linked fluororesin</li> </ul>	<ul style="list-style-type: none"> <li>Hose for vehicles</li> <li>Anti-vibration rubber</li> <li>Heat shrink/ resistant tubing</li> </ul>	<ul style="list-style-type: none"> <li>Steering touch sensor</li> <li>Driver monitoring system</li> </ul>
<b>Infrastructure Collaboration</b>	<ul style="list-style-type: none"> <li>Charging connector/inlet</li> <li>Rechargeable battery</li> </ul>	<ul style="list-style-type: none"> <li>Traffic control system</li> </ul>	<ul style="list-style-type: none"> <li>Expansion unit</li> </ul>




## High-Performance Products and Materials for the 3 Key Areas

Through the evolution of SEG's existing materials technology, we will support the development of infrastructure and industries related to energy, info-communications, and mobility.

### High-precision tools

Supporting various manufacturing businesses with our high-precision processing product line-up


Precision machining of exotic alloys and hardened steels  
(Cutting tools)



High-precision processing of automobiles, semiconductors, etc.  
(Grinding wheels)




High-precision wire drawing for automobiles, semiconductors, etc.  
(Diamond drawing dies)



### High-strength materials

Supporting society and industry with our array of high-strength materials


Reinforcement for large-scale structures  
(PC steel wires)



Complex and high-strength structural parts  
(Sintered metal components)



Heat-resistance components for nuclear fusion reactors  
(Tungsten monoblocks)






## Contributing to a Green Society

We will contribute toward realizing a Green society by providing excellent products and services, and by leveraging our technology to engage in a wide range of activities.

### Recycling water resources

Effective use of water resources and prevention of pollution through wastewater treatment, wastewater recycling and sea water desalination.

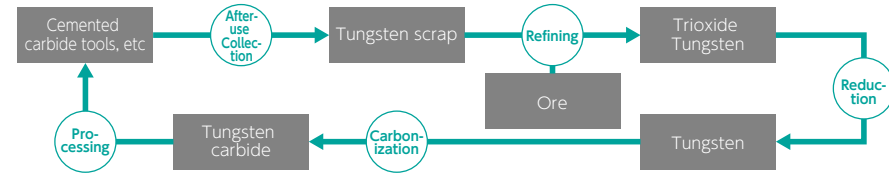
Water treatment system/equipment using Poreflon™ and new materials

### Effective use of rare metals

Recycling rare metals and finite resources, such as tungsten.

Recycling flow of tungsten



### Reduction of CO<sub>2</sub> emissions

Maximizing energy-saving efforts, creating energy mainly through solar power, and purchasing renewable energy to cover any short-fall.


SEG's CO<sub>2</sub> emissions reduction targets

Category	Target
Saving energy	Reducing energy consumption per unit of sales
Creating energy	Introducing solar power Making the most effective use of the power by leveraging rechargeable batteries
Purchasing energy	Purchasing renewable energy

The 2030 targets certified by the SBTi

**2018→2030**

Scope 1+2 Reduction by 30%  
Scope 3 Reduction by 15%



## Materiality of Social Issues and Initiatives

### Summary of the Materiality Process

(1) Identification of social issues	We identified social issues that are relevant for the Group based on our review of the 169 SDG targets as well as Global Risks identified in the Global Risks Report 2020.
(2) Prioritizing important social issues	From the social issues identified in (1), we have narrowed the list down to those issues where solutions would be particularly important to our goal of realizing a Safer, more Comfortable society that is also Green and environmentally friendly.
(3) Materiality assessment	We assessed the materiality of our Group's efforts in solve addressing the social issues raised in (2).
(4) Management approval	The Management Conference and Board of Directors confirmed and approved the results of materiality assessment.

### The Materiality Process in Detail

Achieving our ideal society	
Safer, More Comfortable, Green and Environmentally-Friendly	
Social Issues	Our Materiality Initiatives
(1) Addressing social issues and revitalizing industry with new technologies	(1) Prioritizing R&D for innovative products and services that contribute to solving social issues
(2) Increasing environmental risks and intensification of global warming	(2) Expanding environment-focused businesses and eco-friendly products to reduce greenhouse gas emissions and support environmental conservation efforts
(3) Frequent natural disasters, increasing information security risks, underdeveloped and aging social infrastructure	(3) Expanding products that contribute to strengthening social infrastructure in the areas of energy, info-communications, and mobility
(4) Growing importance of diversity and inclusion (D&I) in the work environment	(4) Creating a comfortable work environment by promoting D&I, strengthening engagement, and ensuring respect for human rights
(5) Emerging risks in supply chains (protection of human rights, strengthened business continuity planning)	(5) Embedding ESG in our supply chain, and strengthening the resilience of manufacturing capabilities and distribution networks

## Value Creation Process for 2030

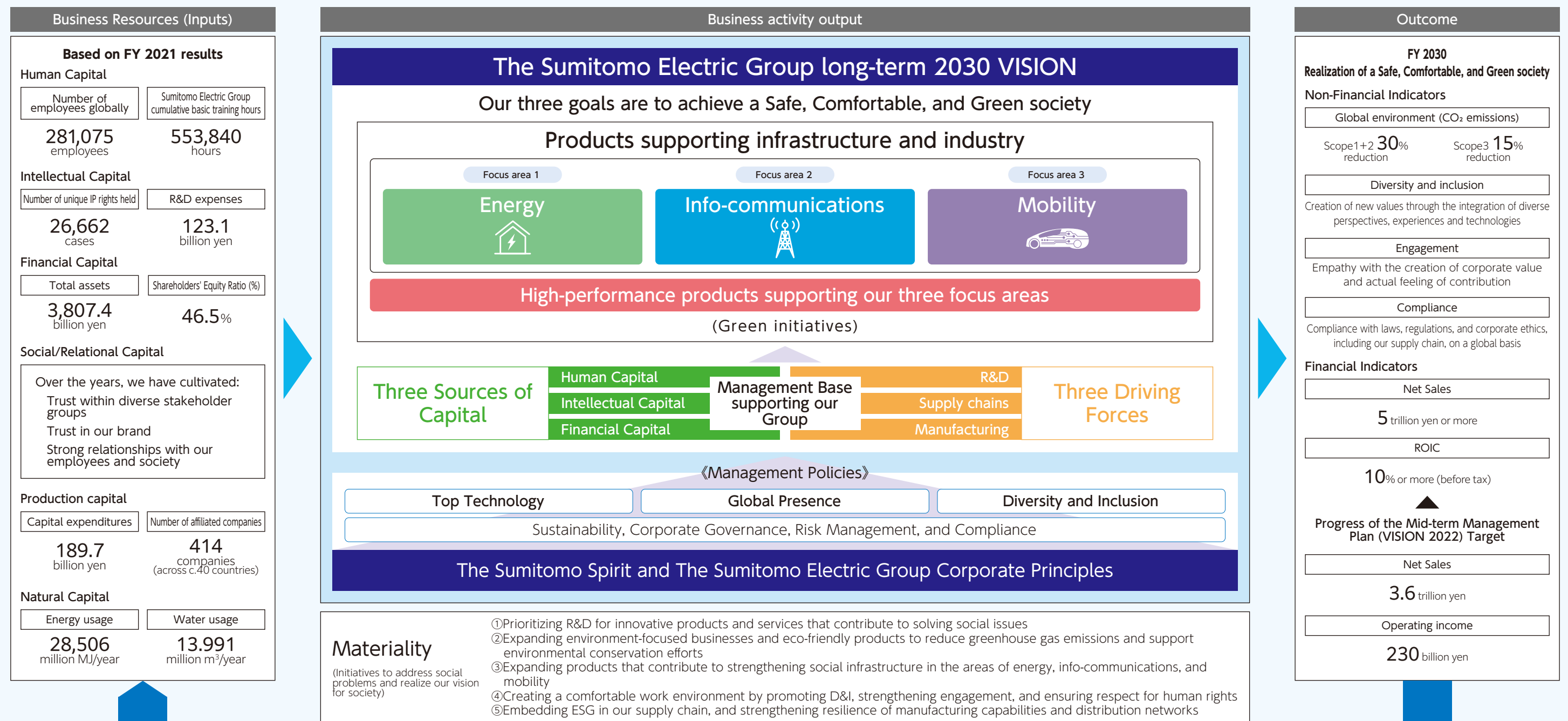
### Social issues to be addressed to achieve our three goals for society

- ①Addressing social issues and revitalizing industry with new technologies
- ②Increasing environmental risks and intensification of global warming
- ③Frequent natural disasters, increasing information security risks, underdeveloped and aging social infrastructure
- ④Growing importance of diversity and inclusion (D&I) in the work environment
- ⑤Emerging risks in supply chains (protection of human rights, strengthened business continuity planning)

Sumitomo Electric Group is guided by our philosophy of “Contributing to the public benefit through business while striving to ensure mutual prosperity with our stakeholders” and “Contribute to building a better society by pursuing Top Technology and innovation on a global scale, using the integrated capabilities of Sumitomo Electric Group.”

We are committed to this Group Purpose.

Aiming to be  
"Glorious Excellent Company"



The creation of shared value and strengthening of management foundation



## Special Feature - Promoting Environmental Management

Based on the Sumitomo Electric Group Corporate Principles, our group has established an Environmental Policy, positioning environmental conservation efforts from a global perspective, as one of the most important management aims. Here, we demonstrate our eco-friendly products as well as the efforts we are making to reduce greenhouse gas emission.

### Our efforts to reduce greenhouse gas emissions

#### Information Disclosure of Climate Change in Line with the TCFD Recommendations

In May 2022, in line with TCFD (the Task Force on Climate-related Financial Disclosures) recommendations, disclosure was made on four items related to climate change, namely: Governance, Strategy, Risk management and Metrics and Targets; and we also shared our scenario analysis.

#### 1. Governance

Under the principle of Contribution to the Preservation of the Global Environment stipulated in the Sumitomo Electric Group Charter of Corporate Behavior, the Sumitomo Electric Group acts independently and proactively in order to preserve the global environment and contributes to achieving a sustainable society.

The Company has established a Sustainability Management Promotion Committee. The committee is intended to establish a basic policy for the Group's sustainability commitments and discuss specific targets and procedures related to our response to climate change and other global environmental problems.

These discussions of the Committee are reported to the Management Conference and then deliberated at the Board of Directors.

To further explore specific measures from an expert point of view, the Company has also established a Global Environment Promotion Committee under the Corporate Environment Committee, which oversees the Group's environmental preservation activities globally, and initiates measures against climate change, such as reducing greenhouse gas (GHG) emissions.

#### 2. Strategy

The Sumitomo Electric Group has set the Three Pillars for Global Environmental Activities—to give back

to the Earth and society, to hand down the blessings of the Earth to the next generation, and to minimize the impact on the Earth. The Group is committed to reducing in-house use of energy, increasing the ratio of renewable energy, and decreasing GHG emissions through its products and services.

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

The results of the analysis for the above two scenarios can be found on our website<sup>\*1</sup>.

#### 3. Risk Management

With respect to the environment and other group-wide risks, the Corporate Staff Group responsible for respective risks, as well as committees organized by officers in charge, promote the necessary measures throughout the Group. Meanwhile, distinctive risks entailed by the promotion of respective business operations are managed by the relevant Production Group.

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

To address risks related to climate change, the

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

#### 4. Metrics and Targets

Toward the GHG emissions reduction targets to be achieved by 2030 and 2050 shown in the diagram on the right, the Sumitomo Electric Group is making efforts to decrease GHG emissions in its production activities and throughout its supply chain. The 2030 targets have been certified by the international initiative "Science Based Targets initiative (SBTi)."

To accomplish the targets and minimize the impact on the global environment through self-help efforts, the Sumitomo Electric Group places the utmost emphasis on saving energy, while creating energy and also purchasing energy to cover the shortfall. In accordance with this basic policy, the Group will proceed with reductions in GHG emissions.

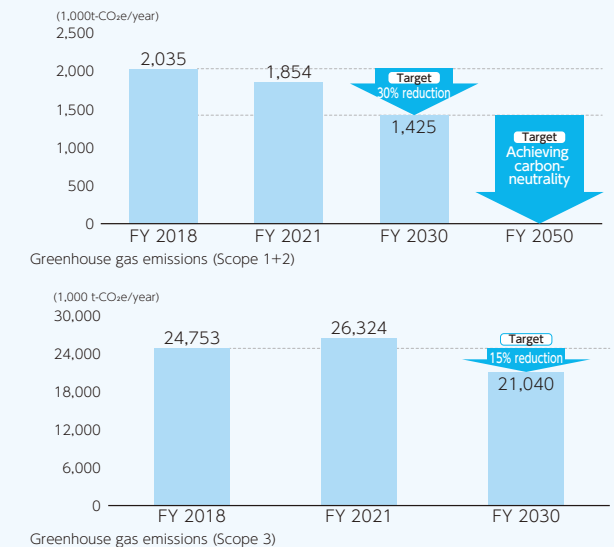
In practice, to achieve our goal of reducing CO<sub>2</sub> and other greenhouse gases in order to minimize the impact on the global environment, we have divided our specific actions into three categories and are developing activities with specific targets in each of these: Saving Energy by improving productivity and introducing new technologies, Creating Energy by creating green energy through solar power generation and other means, and Purchasing Energy by procuring electricity from renewable sources.

In FY2021, we reduced greenhouse gas emissions, (Scope 1+2) by 8.9% compared to FY2018.

We will continue to make steady progress to achieve our targets for FY2030.

#### GHG Emissions Reduction Targets and Results

2030 Targets	By 2030 - Scope 1+2 <sup>*2</sup> : 30% reduction, Scope 3 <sup>*2</sup> : 15% reduction (compared to FY2018)
2050 Targets	Achievement of carbon neutrality by 2050(net-zero GHG emissions)



### Environmentally friendly products

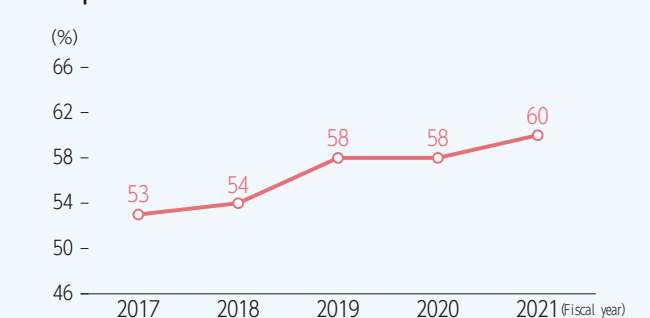
We are promoting Expanding the Supply of Environmentally Friendly Products as one of our environmental policies.

#### Eco-products

We established the Eco Symbol Program in 1999, corresponding to ISO14021 environmental label type II. Amongst our environmentally friendly products, ones that were identified through the product assessment results as being especially good for the environment were further examined and tested based on our own evaluation criteria (13 items including reduction in use of resources) and only products that passed this test are certified as Eco-Products.

The total number of certified eco-products through FY2021 was 353 and the sales ratio was 60%.

#### Eco-product sales ratio



\* The above data excludes listed subsidiaries

\*1 <https://sumitomelectric.com/sustainability/tcfd>

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

## Products that contribute to a Green society

Among the wide variety of products developed by our group, we are introducing here the main products that contribute to a "green" environmental society.





## Business Foundations

In these uncertain and unprecedented times, SEG will continue to pursue its "2030 Vision" and strengthen the organization by being precise, prompt and flexible. By enhancing the 3 Key Sources of Capital and reinforcing the 3 Key Driving Forces, we will maximize synergies across the Group.

## 3 Key Sources of Capital

Even more robust organizations to create new value



### Human Capital

P.19

Anchored by SEG's Global HRM Policy\*<sup>1</sup>, we will evolve to become a Group where everyone can excel, grow and contribute to society

- Diversity & inclusion
- Nurturing a corporate culture that values growth and challenges
- SEG's integrated power on a global scale



### Intellectual Capital

P.21

We will generate long-term competitiveness by generating intellectual capital from our core technologies and manage and utilize this capital on a global basis.

- Intellectual Property(IP) strategy for business competitiveness
- Global IP network
- Contribution to the establishment of global regulation

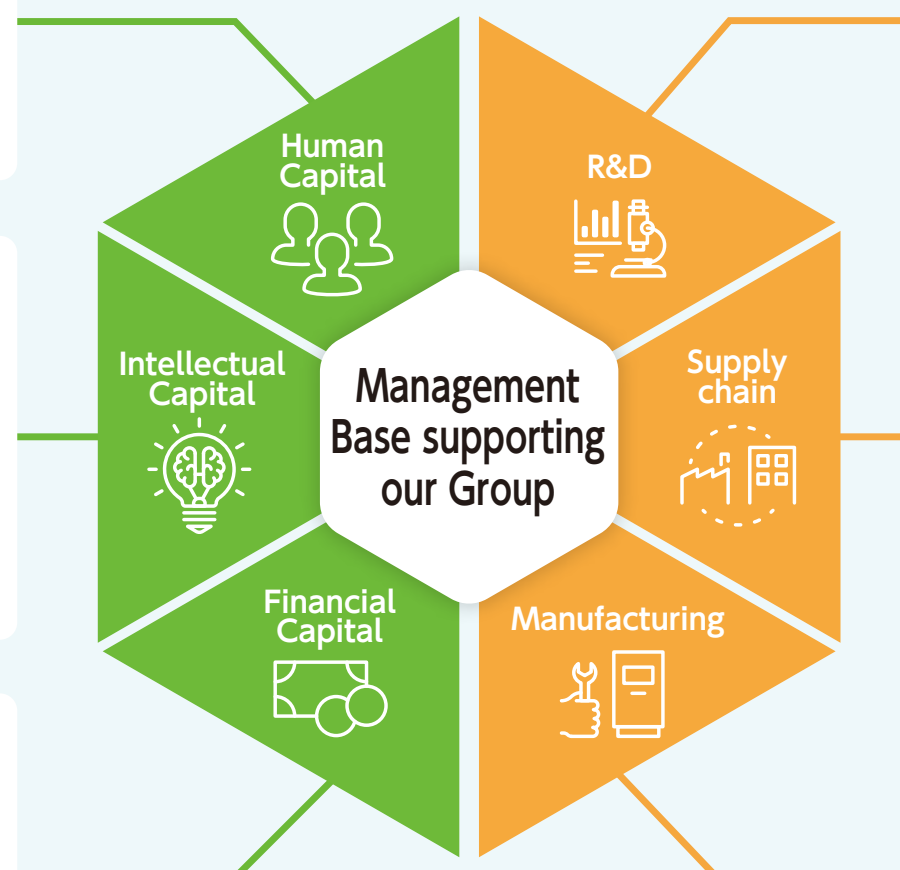


### Financial Capital

P.20

We will generate cash to maximize funds for growth and investment as well as distributions that optimize returns for our stakeholders.

- Reinforcing operation, implementing growth strategy, and ROIC management
- Effective capital investment and R&D investment
- Sharing returns with stakeholders



## 3 Key Driving Forces

Three elements serving as the key driving forces for manufacturing



### R&D

P.22

Invigorate and accelerate R&D to generate returns.

- Backcasting from social issues
- More sophisticated and efficient processes
- Open innovation and cooperation with outside entities



### Supply chain

P.24

Reinforce BCP through building a stable supply chain framework that is resilient to changes.

- Fair and impartial trade, protection of the environment and human rights, and the BCPs
- Promotion of sales with a focus on presenting solutions
- Production at the most appropriate site and cooperation on a global scale
- Optimizing division of labor among operation sites and transportation means



### Manufacturing

P.23

Create resilient factories that can adapt to change.

- Saving, creating, and purchasing energy, along with eco-friendly activities
- Zero accidents in all the aspects of employees, materials and equipment
- Autonomous and continuous "maintenance and improvement"
- Vertical launch and simultaneous improvement of lead time and cost

SEG will make our organization stronger and create new value during this time of rapid change by investing in Human Capital and Intellectual Capital, while increasing Financial Capital as the funding for further growth and distribution.

To create an organization resilient to change, SEG will further develop S/E/Q/C/D/D\*<sup>2</sup> qualities. R&D, Supply Chain and Manufacturing – the 3 Key Driving Forces especially important to manufacturers – will be reinforced.

## Human capital

### Our Approach

The group recognizes the diversity of its employees, and each individual is motivated to maximize their capabilities, thereby enhancing the collective strength of the group.

In addition, to ensure that all employees understand the Sumitomo Spirit and put it into practice at the workplace, we provide training opportunities where the president directly conveys the importance of the philosophy.

Based on one of the tenets of the Sumitomo Spirit, Respect for Human Resources, we encourage the development of, and growth opportunities for, individuals where everyone can actively participate and achieve a sense of self-fulfillment, and build a company that contributes to society.

To provide clarity for our basic policy regarding human resources, we established the Global Human Resource Management Policy (Global HRM Policy) in 2011.

#### Global Human Resource Management 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.

### Respect for Human Resources

The Sumitomo Electric Group Charter of Corporate Behavior and the Sumitomo Electric Group Code of Conduct stipulates the respect for human rights and prohibition of discrimination and harassment. In addition, the "Sumitomo Electric Group Policy on Human Rights," established in March 2019, clearly states that we will promote initiatives to respect human rights in accordance with international standards.

Furthermore, we have raised employee awareness, and have begun regular fact-finding surveys of domestic and overseas group companies and business partners. We recognize that all of our business activities must be based on the premise of respect for human rights, and we will fulfill our responsibilities by promoting Group wide initiatives to respect human rights.

### Developing global human resources

We develop a talented people on a global scale, facilitate assignments and promotions across the Group companies, and offer a variety of career opportunities.

In addition, we have introduced the Global Grade System as a human resource platform and certify executives and people in equivalent ranks of overseas subsidiaries (excludes listed

subsidiaries) as the SEG Global Executives. Currently, 42 executives (as of April 1, 2022) of overseas Group companies are certified.

#### Promotion of Area Committee activities

We promote Area Committee activities to discuss common management issues at regional and country levels, and work as a unified group. Specifically, we have established committees for agendas like human resources, manufacturing, and branding, and have appointed members, mainly from the next-generation leaders from each company.

Currently, more than 523 individuals are participating in 36 committees and identifying initiatives for common challenges that companies are facing, which is also a valuable growth opportunity.

#### SEI University - a comprehensive training platform

For the growth of each employee, we believe that "the drive for self-development" and "guidance and communication with seniors in the workplace" are important. For this reason, we are running the cycle of management by objectives, career dialogue, on-the-job training (OJT), annual assessment, and job rotation. We support this through our learning and development at SEI University to enhance their personnel value.

### The Promotion of Diversity and Inclusion

We define D&I as combining Diverse Perspectives, Trusting Relationships, and

Demonstrating ability, in order to demonstrate more capability than the aggregate of individual employees. Through promoting D&I, we will work to capture new business opportunities while also responding to the changes in society and businesses.

### Promoting the active participation of women and new employees

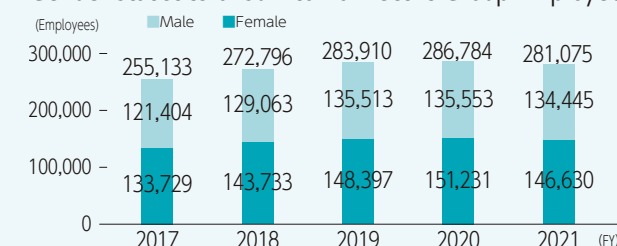
It is important to embed diversity into our management, by providing a platform where diverse people can develop themselves, play an active role in the company, and thereby create a pipeline of officers and executives.

We are aiming to achieve 4.0% or more women to be in a managerial level by end of FY2025, and promoting to develop leaders through the initiative to facilitate dialogues between employees and their seniors.

We are also actively recruiting for mid-career hires. We facilitate dialogues in each department, and support building personal connections in the company, in order to support the mid-career hires and maximize their capabilities.

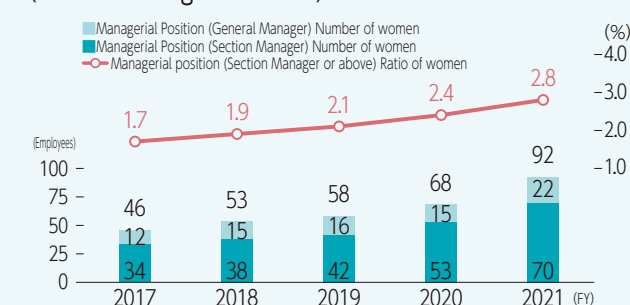
### Employment of people with disabilities

#### Gender Statistics of Sumitomo Electric Group Employees



\* Target includes employees of Sumitomo Electric Industries, Ltd. (unconsolidated) and secondments

#### Sumitomo Electric Industries, Ltd. Managerial position (Section Manager or above) Number of women and ratio



\*1 As of January 16 of each fiscal year

\*2 Target includes employees of Sumitomo Electric Industries, Ltd. (unconsolidated) and those on assignments

\*3 Managerial positions (Section Manager or above) from assistant general manager to executive

Sumiden Friend, Ltd. is established as a special subsidiary to promote employment opportunities for people with disabilities.

As of June 2022, 135 employees, including 86 with disabilities are working in 26 companies certified as group companies including Sumitomo Electric Industries, Ltd. and Sumiden Friend, Ltd., and the employment rate of people with disabilities is 2.39%.

### Creating a dynamic workplace

By consistently promoting employee to challenge and drive for growth, we are creating an active and highly engaged organization with diverse human resources leveraging their strengths.

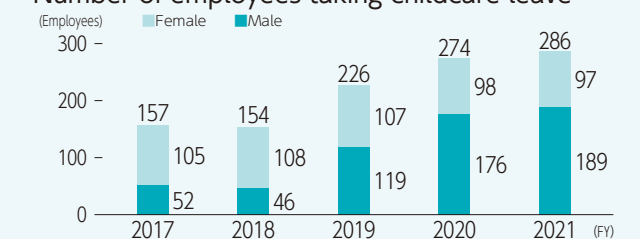
### Providing diverse work styles and supporting work-life balance

In order to support our employees' Work-Life Balance, we are promoting a balanced work style and actively working to establish respective platforms.

From FY2018, work-from-home arrangements was made available beyond just for childcare and nursing care, and we introduced paid leave system that can be taken on an hourly basis.

We provide information through training and in-house newsletters to support employees with their career and their private life.

#### Sumitomo Electric Industries, Ltd. Number of employees taking childcare leave



\* Target includes employees of Sumitomo Electric Industries, Ltd. (unconsolidated) and those on assignments

### Promotion of health management

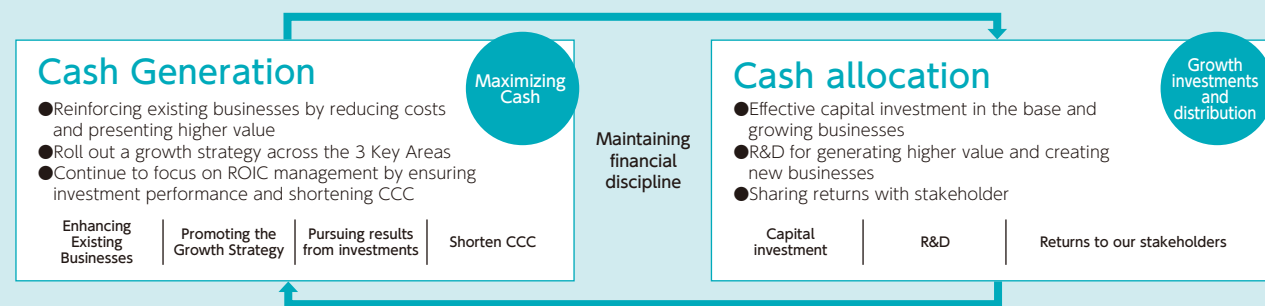
In 2015, we announced Sumitomo Electric Group Health Management Declaration in order to (1) offer activities to employees and their families to maintain and improve their health, (2) provide support to lifestyle-related diseases, and (3) position caring for mental health as a top priority. From 2017, we are also promoting to maintain and improve one's healthiness under the campaign name of Kenkatsu! . As an acknowledgement of the above efforts, we have been certified as a 2022 Health and Productivity Management Outstanding Organization White 500.



## Financial capital

### Our Approach

The Group will Generate Cash to maximize funds for growth and investment in order to invest efficiently for future growth and distribute to optimize returns for our stakeholders.



### Financial policy

In order to maximize cash flow generated by our business, invest in sustainable growth, and provide stable returns to our shareholders, we need to manage our business with an emphasis on capital efficiency. In the long-term vision announced this fiscal year, "The Sumitomo Electric Group 2030 Vision," we have set ROIC as a key target indicator in addition to sales, and are working to strengthen profitability and improve capital efficiency as our top priority. Furthermore, we are working to maintain a strong financial foundation, with shareholders' equity ratio of 50% as a guideline.

#### Profit before tax ROIC

FY2017	FY2018	FY2019	FY2020	FY2021	FY2030
8.8%	7.9%	5.6%	4.4%	5.8%	10%

#### Shareholders' Equity Ratio

FY2017	FY2018	FY2019	FY2020	FY2021
51.3%	50.8%	49.0%	48.2%	46.5%

Based on the company's strong financial foundation, we aim to achieve sustainable growth and improved capital efficiency, and return the results to our shareholders by maintaining stable dividends, consolidated performance, dividend payout ratio, level of internal reserves, and other factors based

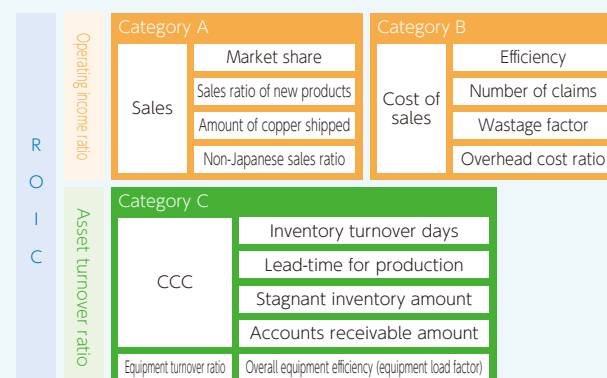
on a comprehensive assessment.

### Efforts to Improve Capital Efficiency

#### Promoting activities to improve ROIC

As part of our efforts to improve capital efficiency, we are promoting Group-wide activities to improve ROIC. Each division sets ROIC targets and utilizes the ROIC Tree as a tool in its activities to improve ROIC. The ROIC Tree is classified into Category A (expansion of sales), Category B (cost reduction) and Category C (improvement of asset efficiency), and each division sets their KPIs (Key Performance Indicators) for its respective businesses. By using the ROIC tree to link KPIs at the field level to ROIC improvements, the effects and significance of the initiatives are widely understood by our employees, and the PDCA cycle is implemented more effectively.

#### Example of ROIC tree

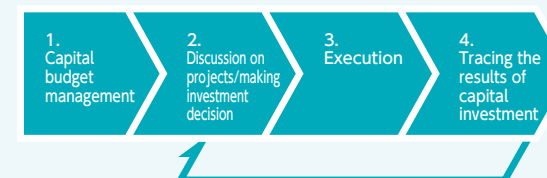


For example, in the equipment industry business, which requires a large amount of capital investment, indicators such as equipment load factor (equipment actual operating time / equipment standard operating time) and loss ratio are set as the highest priority KPIs on the ROIC tree, and issues and countermeasures are discussed while monitoring results by product type on a weekly basis. By focusing on and intensively managing the equipment load and loss ratios that most affect business performance, this business has been able to improve its equipment turnover ratio and create a positive spiral that allows the business to operate with fewer inventory holdings by improving the equipment turnover ratio.

In another division, a simple BS is prepared for each factory, C/F and ROIC are calculated and analyzed on a monthly basis, and efforts are made to improve asset efficiency on a factory-by-factory basis. As a Group operating in a wide range of businesses, we are able to effectively manage our business by setting optimal methods and KPIs for each business.

### Capital investment management

The Group invests for growth by making capital investments to reinforce manufacturing capabilities and accelerate global expansion. In order to make appropriate capital investment decisions and to share and identify the issues, the following PDCA focused management cycle is implemented.



#### 1. Capital budget management

Businesses draft capital investment plans in line with the medium-term

business plan. The Group-wide capital investment budget is set for each fiscal year by taking into account the Group-wide cash flow perspective in relation to the planned accumulated values of the businesses.

#### 2. Discussion on projects, 3. Execution

Each capital investment project is considered as a part of the capital investment budget, and in principle, is approved only if it exceeds the hurdle rates for ROI (return on investment) and IRR (internal rate of return) set for each business and investment category. Approved capital investment projects are be executed according to the drafted plan.

#### 4. Tracing the results of capital investment

We measure actual ROI on past capital investments and conduct a planned variance analysis. This allows us to clarify the success or failure of capital investment, and by analyzing the factors for not achieving the plan, we are able to share success factors and failures within the company and utilize them in our consideration for future capital investments.

### Efficient fund management through CMS

To improve our capital efficiency, we have a cash management system (CMS\*), which facilitates effective use of capital within the group, and minimizes our interest-bearing debt.

CMS was first introduced in our group companies in Japan before expanding it to the USA, Europe, China and other Asian countries following our businesses expansion. When funds are unevenly distributed among countries or regions, the Group also promotes the overall efficiency of the funds by providing fund loans across countries and regions.

\* A centralized management system to manage efficient use of cash, deposits, and borrowings of group companies, and adjusts surpluses and deficiencies that occur in Group companies through capital loans and funding within the Group.

## Intellectual Capital

### Our Approach

We consider the technology created through our own R&D activities as the most important Intellectual Property for the sustainable development of our business. Confidentiality of any new knowledge or information created in this process is maintained as trade secrets, and this gives us a competitive advantage in the market. For those items that are expected to be used outside the company, we acquire patent and trademark rights. We also make it available to the public, as a technical standard that promotes the development of society and the market. Through intellectual property activities that are an integral part of our operational strategies, we promote constant development as well as reinforcing the competitive edge of our business in the global market.

### Status of the rights acquired

With the global expansion of our business, we take stock of the intellectual property generated at our domestic and overseas bases and utilize it in our business by either managing it confidentially or converting it into rights as necessary.

With regard to patent and trademark rights, rather than pursuing Quantity such as the number of rights held and number of applications made, we emphasize Quality that contributes to our business strategy, and strive to efficiently expand, utilize and inventory our rights network.

### Establishing international rules - Initiatives taken towards standardization

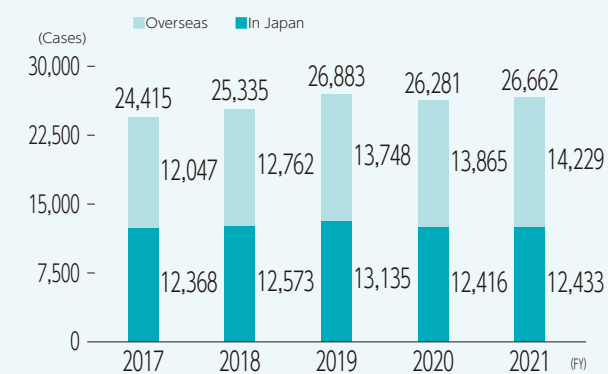
In global business development, on top of pursuing high quality and reliability of products and services and appropriate costs, compliance with market rules is an important

element of business competitiveness.

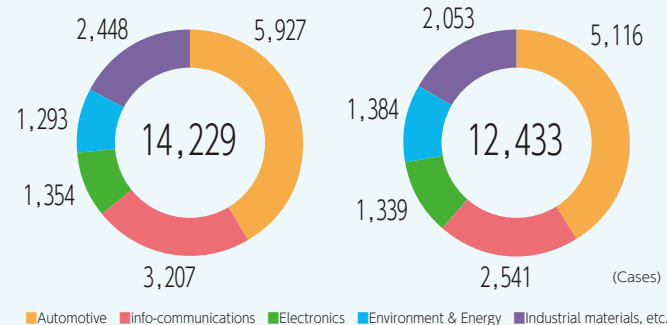
For example, the present society demands such as carbon neutrality are incorporated as social rules as national/regional or international regulations, standards, and guidelines. We will continue with our business reforms to comply to such rules, and we also believe it is key to our intellectual property strategy to be involved in establishing the rules to apply for patent rights, and being aware of the developments.

We consider standardization activities to be an important factor of our business development, and in order to determine Group-wide policies based on international standardization trends, we have established the Standardization Strategy Promotion Committee and the Standardization Promotion Unit, which plays a central role in implementing the measures, and coordinates with related departments to conduct trend analysis, formulate policies, and undertake standardization activities.

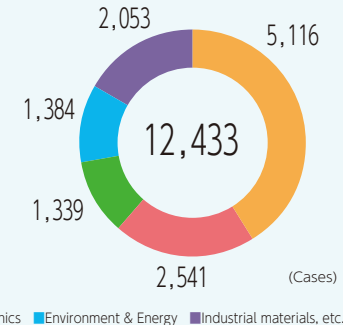
Changes in number of rights held (patent rights, utility model rights, and design rights)



Business segment-wise (overseas) FY2021



Business segment-wise (In Japan) FY2021



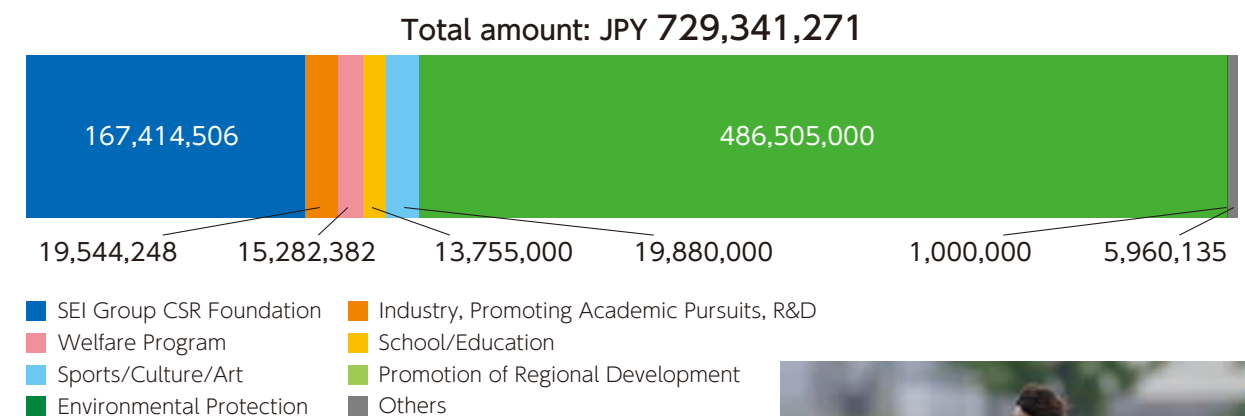
## Activities Contributing to Society

To celebrate the 110th anniversary of our founding, in 2007, we created The Sumitomo Electric Group Basic Policies on Social Contributions. Based on this, we engage in a variety of social contribution activities, such as managing the SEI Group CSR Foundation, making donations, collaborating with NPOs, supporting employee volunteer activities, promoting community contribution activities, and supporting sports activities.

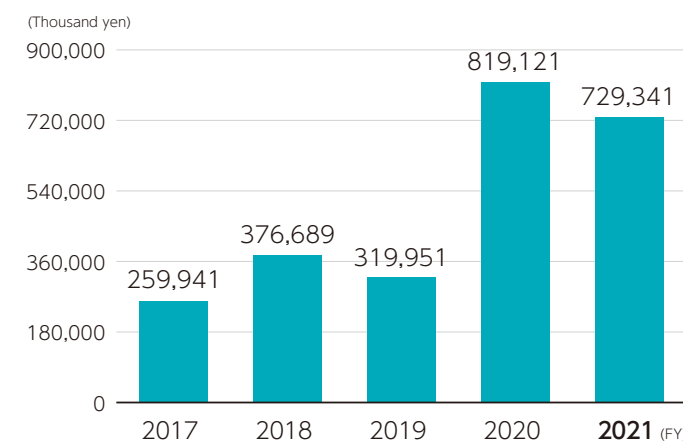
Established in April 2009, the SEI Group CSR Foundation was certified as a public interest incorporated foundation in February 2010. The fund primarily gives (1) donations to university courses, (2) academic and research grants, and (3) scholarships for overseas students enrolled at local universities, international students studying in Japan and Japanese students enrolled in local schools.

In addition, as part of community-based social contribution activities, the Sumitomo Electric Athletics Club promotes regional sports through the sponsorship of track and field classes and track and field competitions.

Donation by Category (Sumitomo Electric Industries, Ltd. non-consolidated)



Changes in Donation (Sumitomo Electric Industries, Ltd. Non-Consolidated)



Taiyo Seimei Women's Sevens Series 2022



Ministry of Economy, Trade and Industry - Classroom of the future - STEAM library race class



## R&D

### Our Approach

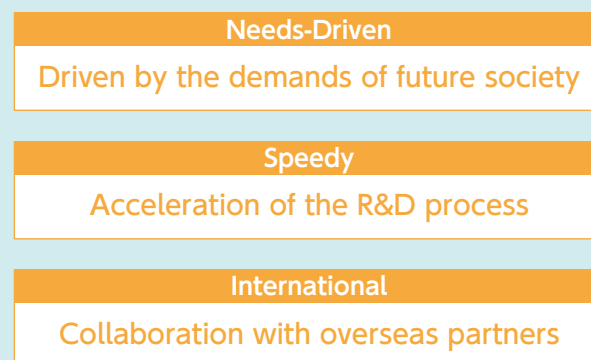
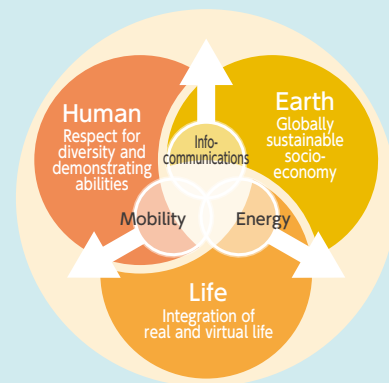
In order to pursue Top Technologies, evolve our connecting and supporting technologies, and make innovations through the collective strength of our Group, most import aspects of R&D are (1) strengthening technologies in existing business areas and (2) creating new products and services in new areas.

### Strengthening technologies in the existing business areas

We are committed to the further innovation of the following areas: in Energy, cable technologies that contribute to strengthening the electricity transmission grid and energy management technologies that are indispensable for utilizing renewable energy; in Info-communications, and Electronics, technologies that combine high-speed, large-capacity operation with small size and low power consumption; and in Mobility and High-Performance Products, materials and device technologies that support technological innovations such as CASE.

### Creation of new products and services in new areas

We are exploring next-generation R&D themes derived from the backcasting of social challenges of 2030 and beyond, with a focus on three technical fields: Earth, Human, and Life.



In the field of Earth, we promote GX (Green Transformation) with respect to technological developments to realize a sustainable society. In the field of Human, we will focus on technologies to maximize the ability of individuals, and in the field of Life, we will emphasize the technologies that connect people to people and objects, including in the virtual spaces. We will continue to work on our strength in element technology development for materials and devices for these fields.

### Accelerating R&D initiatives

R&D being the key for creation of various technologies, we are strengthening our efforts for active and accelerated R&D based on three policies.

### Driven by the demands of future society

In addition to responding to the changing needs of the society such as major changes in automobiles, growing use of renewable energy and further progress in IT, we have further envisioned various changes in the future from backcasting the state

of society and social issues in 2050: the emergence of innovative products and technologies for solving environmental issues, further advancement of digital and virtual technologies, technological innovations such as use of outer space and practical application of quantum networks, diversification of urban living and lifestyles and transformation of values.

Among these changes, we have set forth new R&D themes in these new fields: hydrogen social infrastructure, CO<sub>2</sub> separation and recovery, material recycling for Earth, and next-generation transport medium, human ability enhancement for Human and Life. We will work on R&D from a social issue-and needs-driven perspective, and we will create new value by further expanding, strengthening, and evolving the Group's core technologies that Connect and Support.

### Speedy (Acceleration of the R&D process)

Our first priority is to reduce R&D lead time further and improve the R&D processes by upgrading and expanding the application of MI (materials informatics), PI (process informatics) and other technologies.

As part of our efforts to accelerate the R&D process, we are actively introducing MI (the use of AI) in several themes related to material development, in addition to the traditional use of computational science and simulations.

As a part of the R&D initiatives to accelerate the manufacturing process, we launched the IoT R&D Center in 2017 to facilitate further progress in factory automation, and we have been working on introducing PI at the R&D stage and linking the manufacturing process to the PI system. By 2030, we plan to extend the application of these initiatives to the R&D and manufacturing processes of a wide range of products and technologies of the Group.

### International (collaboration with overseas partners)

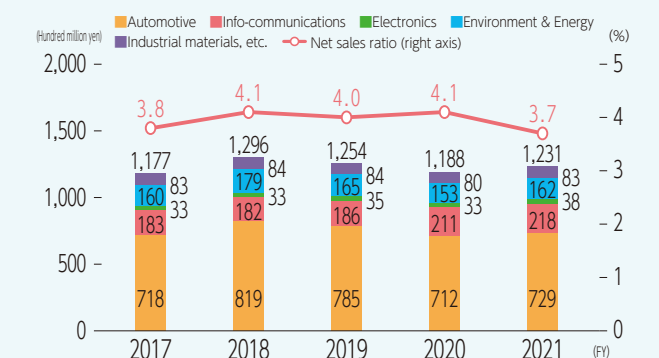
In order to win in the global competition, we need to maximize the collective strengths of the Group, which include a wide range of technologies. This also applies to R&D. It is important to collaborate with our own research laboratories as well as with those of our group companies, and share the technologies, know-how and ideas that we have developed over the course of our global expansion. We intend to achieve this together with our intellectual property strategy. With steady efforts to develop our core technology, and by promoting further collaboration with international companies and academic institutions as a means to achieve innovation, we can achieve dynamic and speedy results.

### R&D expenses to support sustainable growth

R&D requires stable investments with a long-term perspective. Our basic policy is to make well-balanced investments in those businesses that are new and have high-value-addition.

Visit the company website\* for information on our R&D system and related technology.

### Ratio of R&D expenses to net sales



## Manufacturing

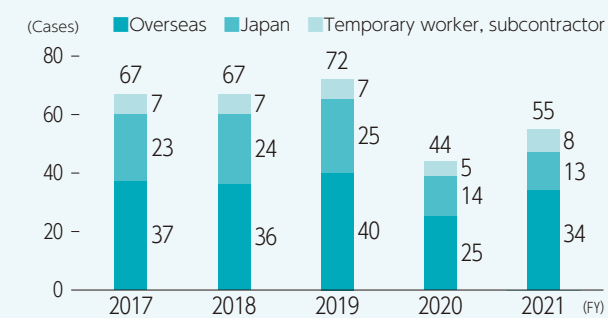
### Our Approach

As a manufacturing company, the Group considers the evolution and digging deep into S (Safety), E (Environment), Q (Quality), C (Cost), D (Delivery) and D (R&D)" is the core of our business activities. We have positioned Manufacturing as a particularly important driving force, and all the departments have been working towards creating resilient factories that continues to adapt to the changing business environment.

We have established four policies — (1) Contributing to the Global Environment through reduction of CO<sub>2</sub> emissions and environmental conservation activities through Energy Saving, Energy Creation and Energy Purchase, (2) Achieving a Solid Manufacturing Foundation aiming for zero industrial accidents, quality claims, loss due to defects, and accidents and failure of manufacturing equipment, (3) Creating a Strong Workplace to maintain stable production, and constantly seeking better ways for improvement, and (4) Evolving the Production System for a speedy launch of mass production of new products with a more competitive lead time and cost — as key elements for creating a Strong Production Facilities, and we have been working relentlessly towards achieving the same.

### Safety and health initiatives

Number of industrial accidents



\* Scope of coverage is SEG and consolidated subsidiaries (excluding listed subsidiaries).

The Group has given top managerial priority to secure the health and safety of its employees as the core of its business activities and aims to become the safest company in the world by promoting a culture where Safety Comes First. We are working to eliminate all hazards and harmful factors, and to engage in on-going safety and health activities with the participation of all employees. More specifically, we have established Safety Philosophy, Principles of Safety Activities and Occupational Safety & Health Guidelines\*<sup>1</sup> in order to achieve this goal, and incorporate the voice of our employees into the company's policies where we define the contents of our priority initiatives and implementation plan.

### Efforts to protect the global environment

The Group is addressing climate change and other issues related to the global environment to be one of our most important management issues, and is continuously working on environmental conservation activities from a global perspective based on its environmental policy established in 1997. We are promoting Action ECO-22V campaign as a mid-term target with the participation of all domestic and international group companies.

As a part of this Group wide effort, we are working on Promoting resource recycling, Reduction of environmentally hazardous substances, Controlling chemicals in products, and Protecting biodiversity, in addition to focusing on Reducing CO<sub>2</sub> emissions and Expanding green product range.

### Promoting resource saving and recycling

Under Action ECO-22V, we are working to reduce the amount of industrial waste generated at our business sites, with the target of a 1% reduction in basic unit per year with FY2017 as the base year. We achieved a 29.4% reduction in waste in

FY2021 compared to FY2017 by reducing waste by reducing the number of defects at production sites, reusing and reducing the volume of waste generated internally, and converting more waste into valuable materials by sorting and searching for new applications.

We will continue to actively promote recycling and maintain proper waste management through recycling and valorization activities by sorting waste for effective use of resources.

### Reduction of environmentally hazardous substances, control of chemicals in products, and local environmental conservation

As a part of our efforts to reduce the environmental impact of our business activities, we are working on reducing environmentally hazardous substances. In addition to focusing on 1% reduction in the emissions of PRTR-regulated substances, we have been strengthening the management of chemical substances contained in products in order to reduce the environmental impact of products when they are used by customers. We conduct audits to check the management of chemical substances by our Group companies, and continue to strengthen the management system and prevent product contamination by harmful chemical substances.

In addition, with the view of preserving the local environment, there is a Group wide activity that started in FY2021 to protect the environment, including protecting biodiversity, under the name of Action Eco-2030.

### Initiatives to improve quality

The Sumitomo Electric Group aims to provide safe, reliable, and high-quality products to customers consistently as part

of our policy of Customer-Oriented and Quality-Oriented principles. To continue with achieving this vision, we have launched the QR-1 Campaign with the slogan "Number one in Quality and Reliability" across the globe, and are strengthening our Manufacturing Capabilities\*<sup>2</sup>, which are the basis of our business, while continuing to develop, strengthen and improve our quality assurance system in accordance with the Sumitomo Electric Group Quality Management Global Standards.

We established a Group-wide committee on quality in 2020 and began activities to strengthen the coordination and governance of the quality assurance departments of each business.

### Quality Compliance

For sustainable growth of the company, it is an absolute requirement to comply with laws, regulations, and rules, and provide products that is reliable and satisfy the quality requirements of our customers. The Group is promoting initiatives to ensure strict quality compliance, which includes clarification of rules to prevent quality related wrong doings enhanced training, and enhancing of our quality-check function.

As a function to check for quality falsification, we are enhancing inspections related to the prevention of quality irregularities in the Global Quality Management System Audits, which is a survey of actual conditions in each business. There is also a system in place for all businesses of the Group to conduct an annual Self-evaluation of Main Operations. We have established a checklist for Quality Falsification Prevention, and every year we make sure to verify that there are no quality falsification, that rules for quality falsification prevention have been established within each department, and that quality compliance training has been implemented.

\*1 <https://sumitomoelectric.com/sustainability/csr/sociality/safety>

\*2 <https://sumitomoelectric.com/sustainability/csr/sociality/quality>



## Targets and results of "Action ECO-22V"

Item	Descriptions/Targets for FY2022	Targets for FY2021	Results for FY2021	Evaluation	
Reduction of environmental impact from business activities	(1) reduction of greenhouse gas emissions (production sites) 10% reduction (compared to FY2018) (Does not include listed subsidiaries)	7.5% reduction (vs FY2018)	8.4% reduction	○	
	(2) Reduction in basic unit of energy (production sites) 4.1% reduction (compared to FY2021)	4.1% reduction (vs second half of FY2020)	4.2% increase	▼	
	(3) Reduction in basic unit of energy (offices) 4% reduction (compared to FY2018)	3% reduction (vs FY2018)	25.7% reduction	◎	
	(4) Logistics CO <sub>2</sub> reduction in basic unit of energy 4% reduction (compared to FY2018)	3% reduction (vs FY2018)	2.0% reduction	△	
	(5) Adoption of renewable energy (Photovoltaic power generation) 15 MW adoption	Adoption of 10 MW	12.2 MW	○	
	Promotion of resource conservation and recycling	(1) reduction of waste emission per basic unit 5% reduction (compared to FY2017)	4% reduction (vs FY2017)	29.4% reduction	◎
		(2) Reduction of water usage per basic unit 5% reduction (compared to FY2017)	4% reduction (vs FY2017)	11.0% reduction	◎
	Reduction of substances of environmental concern	(1) PRTR emission reduction 5% reduction (compared to FY2017)	4% reduction (vs FY2017)	17.4% reduction	◎
	Eco activities 2030	(1) The protection of biodiversity Promotion of environmental conservation activities Over 200 cases	Conducted conservation activities	Activities in progress	○
	Reduction of environmental impact from products	Expansion of environmentally conscious product range	(1) Percentage of "Eco Mind" products 100%	100%	○
(2) Expansion of sales ratio of Eco-products 62% or more			Sales ratio 60% or more	60%	○
Management of chemical substances in products		(1) Strengthening the management of chemical substances in products 6 or more audits	5 or more audits*2	5 cases	○

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)  
 \*1 Scope of coverage is Sumitomo Electric (excluding listed subsidiaries) \*2 One case decreased as the scope of audit was reviewed.

## Supply Chain

## Our Approach

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

## Policy for CSR Procurement

We request our business partners to join us in activities that contribute to our social responsibilities.

In July 2010, we established the Sumitomo Electric Group CSR Procurement Guidelines, and in order to promote them more securely, we have incorporated the necessary items into our Basic Transaction Agreement. In FY2020, we revised the guidelines to address the issue of responsible mineral sourcing and we are working with our business partners for their compliance.

We established the Sumitomo Electric Group Policy on Human Rights in 2019 and the Supplier Code of Conduct in 2021 in response to the recent demands of the society that called for tangible actions on issues such as violation of human rights and climate change.

Based on these guidelines, we survey our business partners using CSR Procurement Self-Evaluation Sheet to check the status of their engagement in order to promote our CSR procurement. We also hold training sessions on the concept of CSR procurement and how to tackle environmental and human rights issues, and promote improvements in cooperation with our suppliers.

## Strengthening the BCP

Our group is working to establish and implement a BCP for our procurement Department so that the suspension of supplies of purchased materials due to disruptions in the supply chain does not affect customer production. When a disaster occurs, we quickly and accurately grasp the extent of damage to our business partners based on information, such as production areas, that are already registered in the system and thereby minimizing the impact of the supply chain disruption.

Under the environment of rising material prices and disruptions of global logistics and rising freight costs getting worse, we will build a globally optimized and resilient production and logistics system and work to reduce the costs from every angle.

## Progress of the Mid-term Management Plan "VISION 2022"

In "VISION 2022," the 5-year mid-term management plan which is to be completed by the end of FY2022, we are aiming to grow further through innovation, as well as to strengthen and expand the current five business segments and achieve net sales of 3.6 trillion yen, operating income of 230 billion yen, ROIC of over 9%, and ROE of over 8% as a final goal for FY2022.

### ■ Results for FY2021

In FY2021, in an environment marked by a global shortage of semiconductors, supply chain disruptions due to COVID-19 pandemic, and geopolitical instability, there were a series of production cuts in automobiles as well as steep rises in material prices, global logistics turmoil, and substantial increase in freight rates. On the other hand, increase in data communication volume and expansion of decarbonization and renewable energy continued.

Under this environment, consolidated financial results for FY2021 increased year-on-year with net sales 3,367.9 billion yen, operating income 122.2 billion yen, ordinary income 138.2 billion yen, and profit attributable to owners of the parent was 96.3 billion yen.

While the automotive segment saw a year-on-year decrease in profit due to reduced automobile production and steep rise in material and logistics costs, the other four non-automotive segments posted record-high operating income of 110 billion yen as a result of sales expansion, new product development, shift to high-performance products, and various productivity improvements and we made steady progress towards a well-balanced portfolio as set forth in "VISION 2022."

### ■ Outlook for FY2022

Although a gradual recovery in automobile production is expected in FY2022, the environment surrounding us remains uncertain with substantial increase in

material prices, confusion in global logistics, sharp rise in freight rates, etc., and the challenging business environment is expected to continue, especially in the automotive segment. Under this business environment, we are forecasting sales of 3,850 billion yen, operating income of 160 billion yen, ordinary income of 165 billion yen, and profit attributable to owners of the parent of 100 billion yen for FY2022 by taking initiatives to reduce cost, ensuring the supply chain is maintained, and improving our prices.

Although the forecast falls short of our "VISION 2022" profit targets, we will further enhance our efforts to shift to high-margin products, pass on higher material and distribution costs to our prices and implement measures in each segment in this final year to complete our mid-term targets.

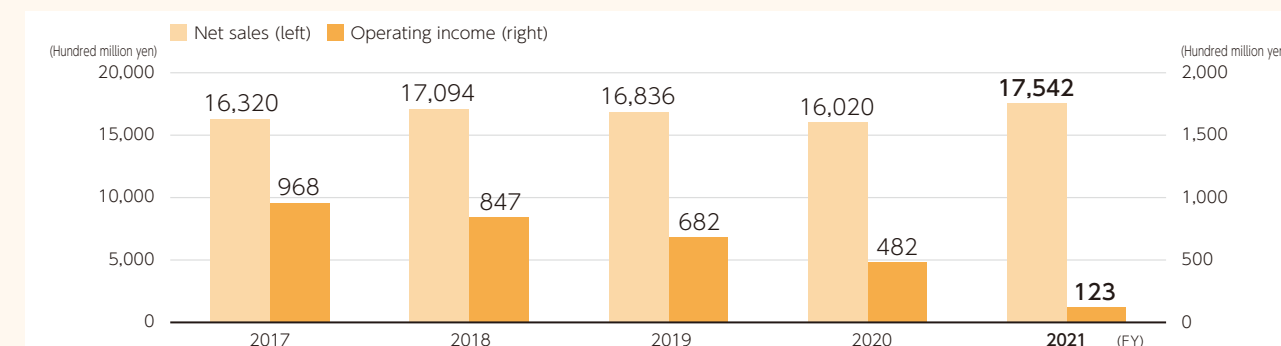
## Automotive Business

### Priority initiatives for FY2022

Under the uncertain environment of automobile production trends due the global semiconductor supply shortages, we will continue to work on reducing costs and improving production efficiency, and develop a resilient business foundation that can withstand the fluctuations in demand. At the same time, we will accelerate the creation of new CASE-related products such as high-voltage harnesses for electric vehicles and connectors for high-speed communication, and aluminum harnesses that meet the needs for weight reduction, and work to expand our share of overseas customers by enhancing our solution based marketing and become a mega-supplier with its core business in wiring harnesses. Sumitomo Riko Company, Ltd. will work not only to restore profitability in the area of automotive anti-vibration rubber and hoses by reducing cost, enhancing its ability respond on a global basis, and integrating and consolidating domestic and overseas business operations, but also focus their efforts to develop new products for next-generation automobiles.

	FY2018 Result	FY2019 Result	FY2020 Result	FY2021 Result	FY2022 Result
Net Sales (Million Yen)	31,780	31,070	29,186	33,679	38,500
Operating income (Million Yen)	1,663	1,272	1,139	1,222	1,600
ROIC(%)* <sup>1</sup>	7.3	5.4	4.6	4.5	—
ROE(%)* <sup>2</sup>	7.6	4.7	3.6	5.7	—

\*1 Return On Invested Capital \*2 Return on Equity

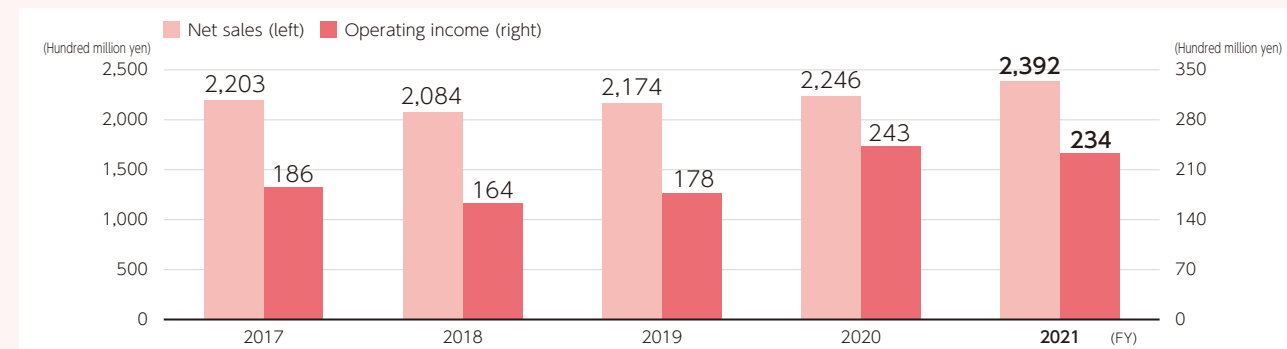




## Info-communications

### Priority initiatives for FY2022

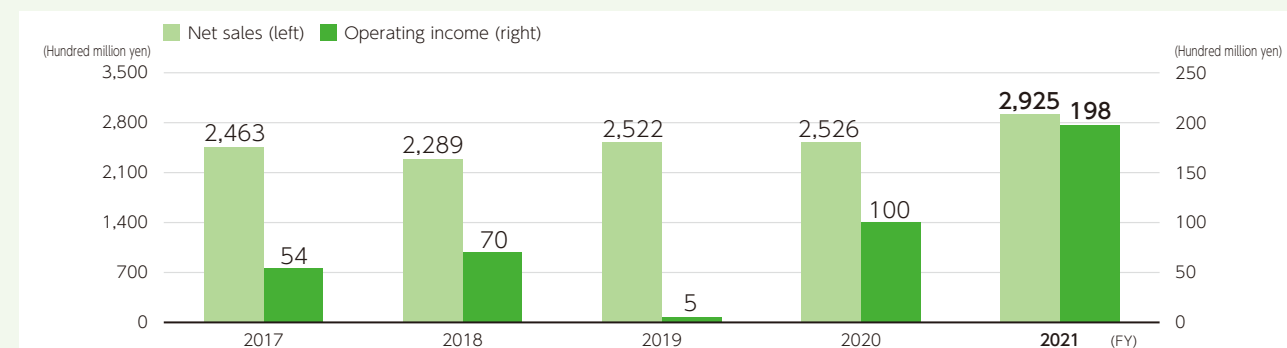
Responding to the expansion of cloud services market and the full-scale launch of the 5th-generation mobile communication systems (5G), we will work to capture the demand and increase our production capacity for data center-related products such as various types of optical fiber cables including ultrahigh-fiber-count optical cables, optical wiring devices and optical devices. We will also continue to develop and expand sales of sophisticated products that align with trends of the society and needs of the market, such as ultra-low-loss, high-capacity optical fibers for submarine cables, electronic devices for 5G base stations and access network equipment that enables high-speed large-capacity transmissions. We will also work to improve profitability through rigorous cost reduction efforts.



## Electronics

### Priority initiatives for FY2022

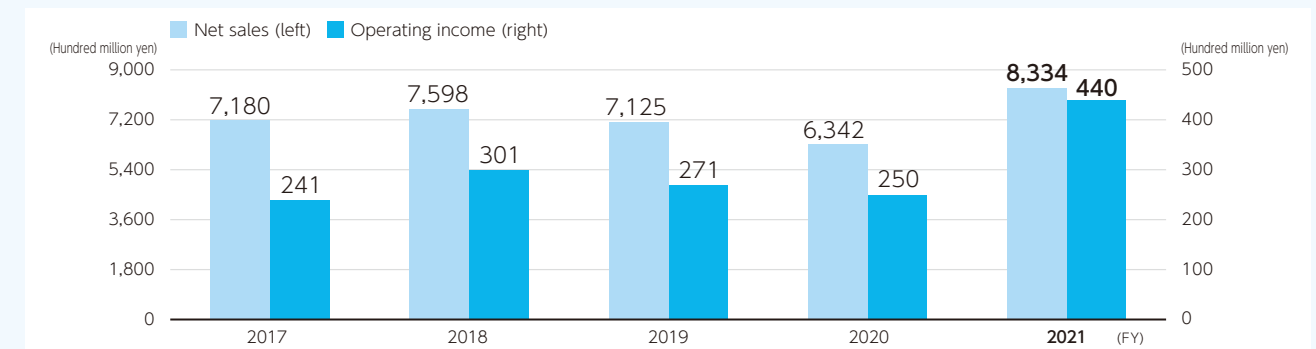
For FPCs (Flexible Printed Circuits), we will continue with our efforts to improve profitability by expanding the sales of high-function products that use our fine circuit formation technology and by implementing productivity improvements; we will also accelerate the development of new products to expand sales for in-vehicle applications and to respond to higher frequencies. We will expand businesses that capture the diverse needs of our customer in lead wires for battery terminals of electric vehicles (tab leads) that utilizes our irradiation cross-linking technology, electric wires for electric parking brakes, heat-shrinkable tubes, and water treatment products using our fluoroplastics processing technology. We will also work to expand business synergies with Techno Associe Co., Ltd.



## Environment & Energy

### Priority initiatives for FY2022

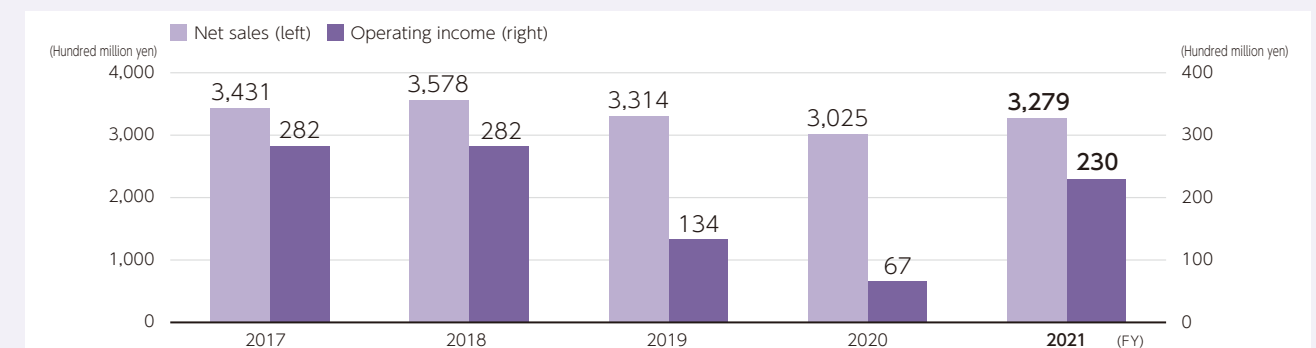
In the area of power cables, we will not only continue with our efforts to capture the domestic demand for replacement equipment, but also work to receive more orders for products where their market is expanding due to the shift to carbon neutral society, such as interconnection lines between nations and regions, and orders related to renewable energy projects like the wind power generation. We will also focus our effort to reduce costs, improve quality, develop new products and strengthen our project management. With respect to rectangular magnet wires for motors used in electric vehicles, we will work to improve profitability by expanding our global production capacity to consistently capture the increasing demand, as well as through reducing costs. We will also work to further increase orders by leveraging the collective strength of the Group, including Nisshin Electric Co., Ltd. and Sumitomo Densetsu Co., Ltd.



## Industrial Materials

### Priority initiatives for FY2022

For cemented carbide tools, we will work to expand our market share by capturing the strong demand by strengthening our global sales capabilities, and developing new demand for tools for electric vehicles and aircraft components. For sintered parts, we will work to expand our sales for electric vehicles and further strengthen the cost competitiveness of each manufacturing facility on a global basis with a view to future business development. As for PC steel wire and steel wire for springs, we will work to improve profitability by strengthening our global manufacturing and sales structure as well as developing new products.



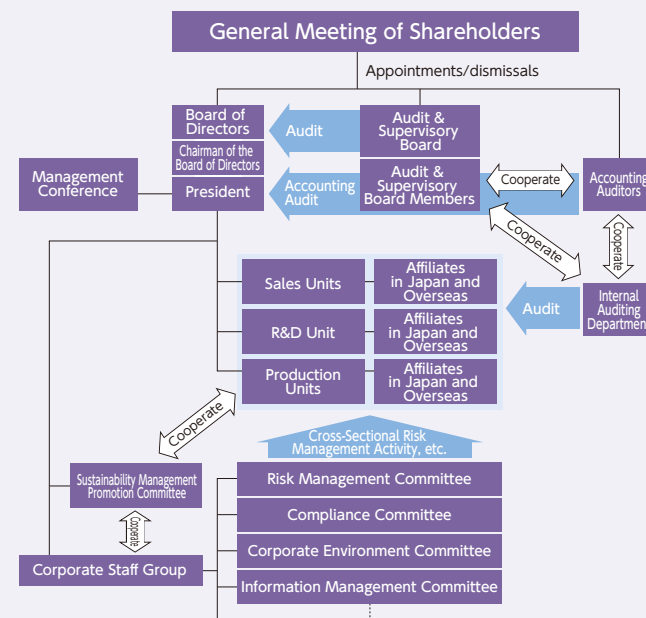
## Corporate Governance

### Corporate Governance

#### Our 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



#### Board of Directors and Business Operating Structure

#### Functions and Operations of the Board of Directors

In order for the Board of Directors to properly fulfill its function of determining fundamental strategic matters on behalf of the Company and monitoring business performance, the Board of Directors limits its deliberations on individual matters such as investments to those of high importance and focuses on assessing and tracking the mid-term management plan and annual plans. In addition, in order to further ensure the effectiveness of the supervisory function of the Board of Directors, we established the Nominating Advisory Committee and the Compensation Advisory Committee, which operates as an advisory body

to the Board of Directors and is composed primarily of Outside Directors and chaired by an independent Outside Director.

#### Business Operating Structure

We have adopted a business operating structure based on executive officer system and business unit system, to clarify authority and responsibility and to establish an agile business operating structure that can respond flexibly to changes in the business environment. We have established appropriate business procedures that clarify responsibilities and delegate authority for business execution to business units. We have also established internal checks and balances that stipulate the respective organizational accountabilities, including within the corporate staff division.

#### Analysis and Evaluation of Effectiveness of the Board of Directors

Our Board of Directors will analyze and evaluate its effectiveness periodically and on an annual basis. Based on this assessment we will implement various measures for improvement.

#### Audit and Supervisory System

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

The Internal Auditing Department has been established as the division in charge of internal

audits.

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

Accounting audits and internal control audits are outsourced to KPMG AZSA LLC.

#### Policy for Nomination of Officers

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

Candidates to be nominated as an inside director will be individuals who have and have carried out the Sumitomo Spirit—which values doing your sincere best, not only in business but also in every aspect of your life (Banji-nissei), placing importance on integrity and sound management (Shinyo-kakujitsu), and not acting rashly or carelessly in pursuit of immoral business (Fusu-furi). These will be individuals who have extensive experience and excellent performance records in connection with our businesses; who have sound objective judgment concerning management in light of the changing environment surrounding us and future changes; and who have superior character, foresight and insight. Candidates to be nominated as an outside director will be individuals with experience in company management, experts of respective fields or academic experts who would be suitable for supervising our management from the viewpoint of encouraging sustainable growth and striving to increase corporate value over mid-to-long-term.

Candidates to be nominated as a corporate auditor will be individuals with experience in company management and specialized knowledge of law, finance and/or accounting. Submission of a motion for appointment of candidates for directors and corporate auditors and for removal of a director(s) at a general meeting of shareholders will be discussed by the Nominating Advisory Committee and will be decided upon by a resolution of the Board of

Directors based on the report of the committee.

#### Nominating Advisory Committee and Compensation Advisory Committee

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

#### Corporate Governance Details

For more information on our corporate governance, please refer to our website.

#### Corporate Governance Guidelines, Our Approach

<https://sumitomoelectric.com/company/governance>

#### Skills Matrix of Directors and Audit & Supervisory Board Members

<https://sumitomoelectric.com/company/skillsmatrix>

#### General Corporate Governance (CSR website)

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



## Risk management

### Our Approach

Sumitomo Electric Group identifies, analyzes, and assesses risks that may hinder or adversely affect the execution of business activities and the achievement of management goals and strategies, and endeavors to mitigate or minimize these risks in a cost-effective and appropriate manner.

Group-wide risks are identified, analyzed, and assessed by members of the corporate staff group and by company-wide committees headed by respective managing executive officers, and mitigation measures are implemented. With regard to the inherent risks associated with the execution of business operations by each business unit, the relevant department will implement mitigation measures after identifying, analyzing, and assessing the risks.

### Basic Policy of Risk Management

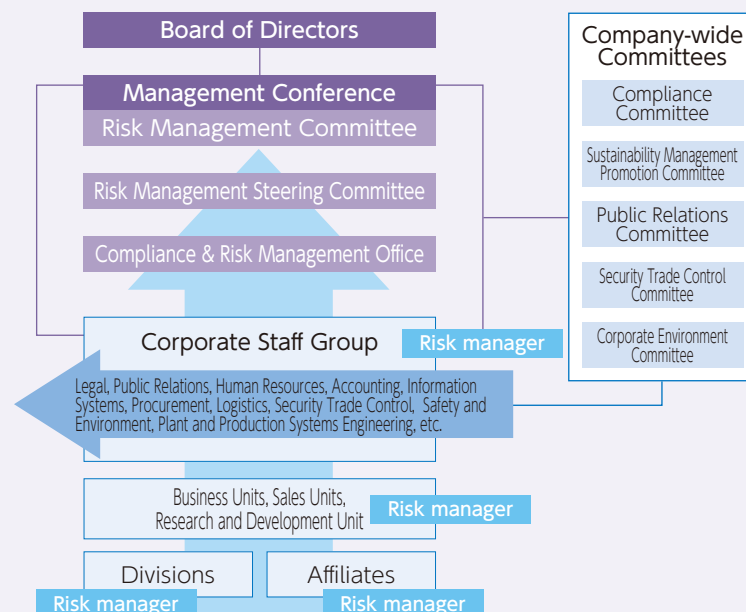
Risk management is performed based on the significance of the risks determined in consideration of the following issues:

- 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 Group's Risk Management Committee, which oversees all risk management activities, meets in conjunction with the Management Conference. The Risk Management Steering Committee, which is responsible for administering the practical operations under the Risk Management Committee, formulates

### Risk Management System



risk management policies, establishes a task force in the event of a crisis, collects information, and plans and implements risk management education. The Compliance & Risk Management Office serves as the secretariat for these committees.

### Risk Management Activities

The Group's risk management activities are based on an annual risk inventory undertaken

### Group Risk Categories

Major category	Middle category	Minor category
Externally generated risk	Non-financial risks	• Disaster risk, crime risk • Political, and country risks, etc
	Financial risks	• Credit risk • Market risk; e.g. interest rate, exchange rate and material prices • Liquidity risks, etc.
	Strategic risk	• Competitive strategy risk, etc.
Internally generated risk	Operational risk	• Product quality and safety risks • Occupational hazards, facility accident and safety risks • Environmental risk • Compliance risk • Violation risk • Labor, human rights and personal information risks • Financial information credibility and asset protection risks • Information and communication system risks • Intellectual property rights risk • Reputation risk, etc.

by each division and affiliate. We are improving the risk management level of the entire Group by firmly implementing our risk management cycle, such as by promoting the planning and implementation of countermeasures for material risks and those for which countermeasures are insufficient.

### Business Continuity Initiatives

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

We are promoting Business Continuity Management (BCM) domestically and internationally by continuously upgrading our Business Continuity Plan (BCP) to ensure the continuation of important operations and rapid recovery even in the event of a large-scale natural disaster such as an earthquake. In addition to conducting reviews of the BCP on an annual basis, we also take steps to verify the effectiveness of our Emergency Response Plan, conduct an inventory of supply chain risks and hold BCP training sessions for risk managers.

#### Business continuity in the event of an infectious disease outbreak

In addition to formulating the "Guidelines for Action Plans to Address New Influenza" in 2008, the Group has been building a crisis management system in Japan by formulating BCPs for countermeasures against infectious diseases for each division and affiliate. Based on experience from responding to Covid-19 that has spread globally since 2020, we will further enhance the effectiveness of our BCP for infectious disease countermeasures and promote the creation of BCPs at our overseas subsidiaries to further strengthen our business continuity capabilities.

### Strengthening information security measures

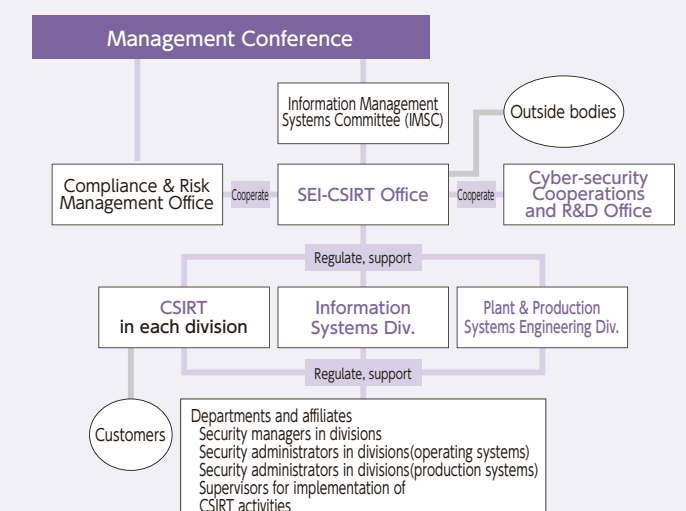
We have established various security systems to protect information related to important

management assets such as trade secrets and manufacturing know-how, as well as personal information entrusted to us by customers, business partners, and employees.

We are working to improve various security measures, including our SEI-CSIRT (Computer Security Incident Response Team) which is at the core of our structure to quickly identify and respond to information security incidents. Additionally, our information security diagnosis/audits, and evaluation system for the safe use of cloud services, and an ICT Management Committee to promote information sharing among IT staff of overseas affiliates. We have also established an ICT Management Committee to promote information sharing among IT personnel of overseas affiliates. In terms of technology, we are consistently working to stay on top of the latest developments in this area. In addition to the existing anti-virus software, firewalls, Intrusion Prevention System (IPS) servers, and a centralized monitoring system for illegal activities based on log information from network devices, we have recently introduced AI-type anti-malware software to counter unknown malware, and a system to prevent accidental e-mail transmission.

All of these activities are being implemented globally within our group, and the level of management is steadily improving each year.

### Organizational structure of SEI-CSIRT (System diagram)



## Compliance

### Efforts to Pursue Fair Business Activities that are trusted by Society

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. Under the principles of the Sumitomo Spirit, which values doing your sincere best in not only business but also every aspect of your life (Banji-nissei), placing importance on integrity and sound management (Shinyo-kakujitsu) and not acting rashly or carelessly in pursuit of easy gains (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

The Compliance Committee, chaired by the President, is established as an organization that designs and promotes measures necessary to develop and further strengthen the compliance system for Sumitomo Electric Group and meets roughly four times a year. The Committee engages in various activities, including identification and analysis of group-wide and overall compliance risks, monitoring the implementation of compliance programs and interviews with divisions and Group companies concerning their activities to comply with laws. The Compliance & Risk Management Office and Legal Department serve as the organizers of the Committee.

#### Compliance & Risk Management Office

The Compliance & Risk Management Office plans and implements relevant activities including the development of a system and organization of training for compliance that includes competition laws and prevention of bribery. It also plans and

coordinates the overall compliance activities of the Sumitomo Electric Group.

Sales Units and Automotive Business Unit respectively have an internal organization dedicated to compliance (Sales Compliance Office and Automotive Compliance Office).

#### Compliance Steering Committee

At present, our legal platform is 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).

### Compliance Activities

#### Code of Conduct

In April 2018, the Compliance Committee established and issued the Code of Conduct, which serves as a guideline 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. The Code of Conduct is the basic rulebook on compliance commonly applied to all Group companies across the world. 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 these 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 respective offices and factories of our Group companies around the world. In July 2021, we

established the Supplier Code of Conduct, for our suppliers to act in alignment with the Code of Conduct. Our website carries this in all 28 languages, and we strongly promote this code among our global supply chain partners.

#### Compliance Training

To remind staff of compliance risks, ensure implementation of preventive measures and develop and enhance awareness of compliance rules, the Compliance Committee organizes regular training seminars for officers and managers every year.

New employees and newly promoted personnel also receive rank-based training seminars. Furthermore, we launched an e-learning system in FY2019 that enables compliance training to be provided online and the program is offered to our Group companies across the world in 26 languages (available for approximately 40,000 persons as of the end of FY2021). The subjects selected for the training program include the Code of Conduct, compliance with competition laws, prevention of bribery, 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 make employees aware of the Speak-Up System mentioned below in the training seminars.

#### Speak-Up System

The Sumitomo Electric Group established the Speak Up System as a system to identify any compliancerelated 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 law firm and a specialized service provider), and the issues reported through this system are addressed with immediate investigation to take corrective action and prevent recurrence where necessary. We established an external contact for consultation and reporting that can be used

commonly by our Group companies outside Japan in 2014. As a result of our active efforts to disseminate it, the number of consultations and reports continues to increase year by year, helping to eliminate inappropriate actions and circumstances.

### Priority Matters

#### Compliance with Competition Laws

The Sumitomo Electric Group prioritizes global competition law compliance as the most important compliance activity. In June 2010, the Group established the Rules for Compliance with Competition Laws, which includes provisions that restricts contacting with competitors unless there are legitimate business reasons, and provides compliance training. In addition, we are making efforts to prevent violations which includes the establishment of a Global Antitrust and Competition Policy for Group employees worldwide in FY2019.

#### Anti-bribery Compliance System

The Sumitomo Electric Group introduced an anti-bribery program in April 2013 to enhance its anti-bribery compliance system and has developed this on a global scale.

We have also distributed a bribery prevention manual to the compliance officers of each department, who are in charge of operating the program and are given detailed training to enhance the effectiveness of the program.

#### Privacy Protection

Our Group complies with rules and regulations regarding personal data protection and handles such information accordingly, both as regards our business associates and our own employees. In recent years, the EU passed the General Data Protection Regulation (GDPR) and other countries have tightened their regulations to keep private and proprietary information confidential, and we are taking measures to comply with these new regulations.





## Executive Officers (As of September 30, 2022)

### Directors



**Masayoshi Matsumoto**

Chairman & CEO

Representative Director

1967 Joined Sumitomo Electric  
2017 Appointed as Chairman & CEO



**Osamu Inoue**

President & COO

Representative Director

1975 Joined Sumitomo Electric  
2017 Appointed as President & COO



**Mitsuo Nishida**

Executive Vice President

Representative Director

1972 Joined Sumitomo Electric  
2014 Appointed as Executive Vice President  
General Manager of Automotive Business Unit



**Hiroshi Sato**

Outside Director

Independent Officer

2016 Appointed as Outside Director



**Michihiro Tsuchiya**

Outside Director

Independent Officer

2018 Appointed as Outside Director



**Christina L. Ahmadjian**

Outside Director

Independent Officer

2018 Appointed as Outside Director



**Akira Nishimura**

Senior Managing Director

Representative Director

1984 Joined Sumitomo Electric  
2019 Appointed as Senior Managing Director

General Manager of Research and Development Unit  
Electronics Group (Flexible Printed Circuits Division)



**Hideo Hato**

Senior Managing Director

Representative Director

2016 Joined Sumitomo Electric  
2019 Appointed as Senior Managing Director

General Manager of New Business Development Unit, Deputy General Manager, Automotive Business Unit (Systems & Electronics Division)  
Corporate Staff Group (Legal Affairs, Corporate Communications, Corporate Planning, Intellectual Property, Security Trade Control) and Environment & Energy Group (Energy System Division)



**Katsuaki Watanabe**

Outside Director

Independent Officer

2013 Appointed as Outside Audit & Supervisory Board Member  
2021 Appointed as Outside Director



**Atsushi Horiba**

Outside Director

Independent Officer

2021 Appointed as Outside Director



**Masaki Shirayama**

Managing Director

1985 Joined Sumitomo Electric  
2017 Appointed as Managing Director

General Manager of the Electric Wire & Cable and Energy Business Units



**Nobuyuki Kobayashi**

Managing Director

1985 Joined Sumitomo Electric  
2019 Appointed as Managing Director

Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)



**Yoshitomo Kasui**

Audit & Supervisory Board Member  
(Standing Member)

1983 Joined Sumitomo Electric  
2018 Appointed as Senior Managing Director  
2022 Appointed as Audit & Supervisory Board Members



**Akira Hayashi**

Audit & Supervisory Board Member  
(Standing Member)

1981 Joined Sumitomo Electric  
2017 Appointed as Audit & Supervisory Board Members



**Yasuhiro Miyata**

Managing Director

1984 Joined Sumitomo Electric  
2021 Appointed as Managing Director

General Manager, Electronics Sales Unit



**Toshiyuki Sahashi**

Managing Director

1986 Joined Sumitomo Electric  
2021 Appointed as Managing Director

Deputy General Manager, Advanced Materials Business Unit

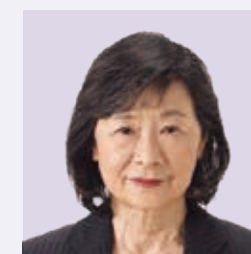


**Shigeru Nakajima**

Managing Director

1984 Joined Sumitomo Electric  
2022 Appointed as Managing Director

General Manager of Semiconductor Innovation Business Unit



**Michiko Uehara**

Outside Corporate Auditor

Independent Officer

2016 Appointed as Outside Audit & Supervisory Board Member



**Ikuo Yoshikawa**

Outside Corporate Auditor

Independent Officer

2018 Appointed as Outside Audit & Supervisory Board Member



**Tatsuo Kijima**

Outside Corporate Auditor

Independent Officer

2021 Appointed as Outside Audit & Supervisory Board Member

### Audit & Supervisory Board Members

## Message from the Outside Directors

Today's business environment is transforming at dizzying speed. In light of this, we are carefully scrutinizing management issues from all angles, as well as from short, mid, and long-term perspectives. To that end, we routinely exchange opinions with management and executive officers on various issues around governance, business strategy, R&D, manufacturing, and human resource development. We are pleased that our perspectives and recommendations have been well reflected in the formulation of Sumitomo Electric's 2030 VISION.



Outside Director  
**Hiroshi Sato**

**Brief Personal History**  
Sato joined Kobe Steel, Ltd. in 1970, serving as General Manager of the Technology Development Division. He was the President of Kobe Steel from 2009 and then Chairman from 2013 until 2016. Currently, he is an advisor to Sumitomo Electric. He has been an outside director of Sumitomo Electric since 2016.



Outside Director  
**Christina Ahmadjian**

**Brief Personal History**  
In 1995 Ahmadjian was appointed as an Associate Professor at Columbia University Business School. In 2001 she was appointed as a Professor at Hitotsubashi University Business School, where her main research area is corporate management and corporate governance. From 2022, she has been appointed Professor Emeritus at Hitotsubashi University Business School. Additionally, from 2022 she became a specially appointed professor at Rikkyo University. She has been an outside director of Sumitomo Electric since 2018.



Outside Director  
**Michihiro Tsuchiya**

**Brief Personal History**  
Tsuchiya began his career in 1976 at Tanabe Seiyaku Co., Ltd. (now Mitsubishi Tanabe Pharma Corporation) where he headed the R&D and Corporate Planning Divisions. He served as President of Mitsubishi Tanabe Pharma from 2009, and then Chairman from 2014 until 2017. He has been an outside director of Sumitomo Electric since 2018.



Outside Director  
**Katsuaki Watanabe**

**Brief Personal History**  
Watanabe joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation) in 1964, and was President of Toyota Motor Corporation from 2005, and then Vice Chairman from 2009 until 2011. He has been an outside corporate auditor of Sumitomo Electric since 2013 and an outside director since 2021.



Outside Director  
**Atsushi Horiba**

**Brief Personal History**  
Horiba joined HORIBA, Ltd. in 1972, and became President in 1992. He is currently Chairman and Group CEO of HORIBA. He has been an outside director of Sumitomo Electric since 2021.

### Governance

We believe that Sumitomo Electric's Board of Directors, and the Nomination, and Compensation Advisory Committees are fully operational and well-functioning. Sumitomo Electric is making concerted efforts to continuously improve its governance procedures, and our view is that the company is managed with appropriate fairness, transparency, and timeliness. As outside directors, we are provided in advance with sufficient information and explanatory material necessary to discuss each topic in detail at each meeting of the Board of Directors. As a result, our Board of Directors meetings consist of lively and detailed discussions. Moreover, the management team actively promotes information sharing. We participate in information exchange meetings related to R&D, as well as factory tours, etc. Going forward, we will continue to engage in active discussion and hone our analysis of group-wide and specific strategies in light of the external environment surrounding Sumitomo Electric, including with regard to markets, customers, and competitors.

### Towards our 2030 VISION

We are pleased to see the announcement of Sumitomo Electric's 2030 VISION.

This provides clear direction to our collective efforts to realize a "safe," "comfortable," and "green" society, while still firmly adhering to the Sumitomo Spirit and the Group's Corporate Principles. To that end, we will focus on business areas and management issues to support these goals.

We are committed to contributing to the public good through our business in order to serve the people and the world. To achieve this, we see the following as important: R&D that creates top technology, high-quality manufacturing, and sales teams that open up new markets.

Over the next decade, we anticipate continued rapid change in politics, the economy, and society, as well as unprecedented scientific and technological progress. In such circumstances, we will need to regularly

reevaluate our strengths and weaknesses, and benchmark the competitiveness of our business. Having operated in the energy, information communications, and mobility sectors for many decades, we believe we can fully leverage our technology and experience to realize a Safe, Comfortable, and Green society.

Our wish is that our vision is communicated to each of our employees around the world in a clear and comprehensible way so that they can apply this to their daily work. We are a large organization, and we call on leaders from across our business to help us work together to implement this roadmap and achieve our vision.

### Sustainability

In order for Sumitomo Electric to permanently increase its corporate value, we will focus on addressing issues surrounding sustainability, such as our environmental footprint, respecting human rights, safeguarding employee health and creating a healthy working environment, as well as conducting fair and equitable transactions with all stakeholders. We believe that these efforts need to be implemented on a global basis across our business.

Above all, as a manufacturing company, we need to accelerate our GX initiatives. As a company with diverse business lines, we can demonstrate our strengths in promoting diversity and inclusion. We have the opportunity to further grow and create value as a company that promotes diversity amongst employees. We can achieve this by increasing the number of women in management, including in executive positions, and scaling-up employment and promotion opportunities world-wide. Our free and dynamic corporate culture allows us to embrace diverse values without losing our originality.

As outside directors, we will continue to do our utmost to support the resolution of management issues through an active dialogue with management and executive departments to improve Sumitomo's corporate value over the mid-to-long term.

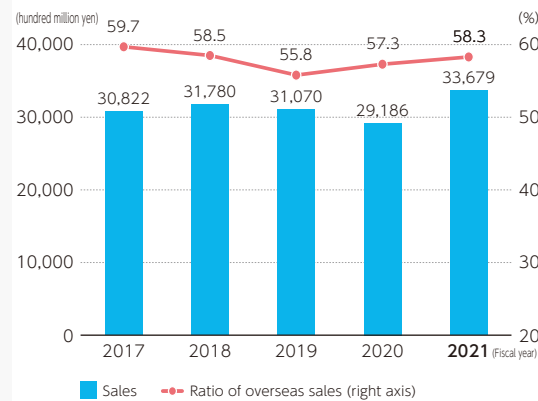


## Corporate Data

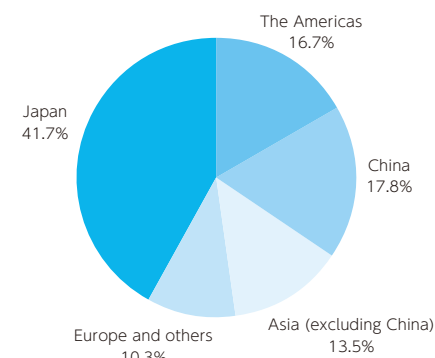
## At a glance

## Financial Highlights

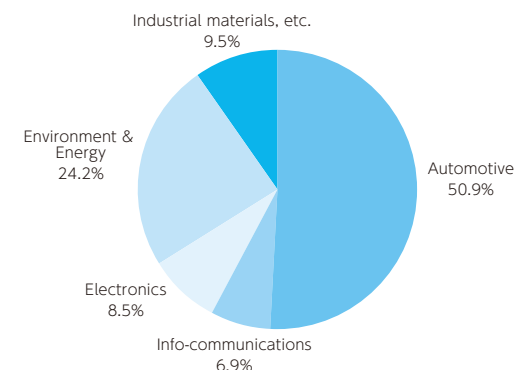
Sales in Japan and overseas and ratio of overseas sales



Ratio of sales by region - FY2021

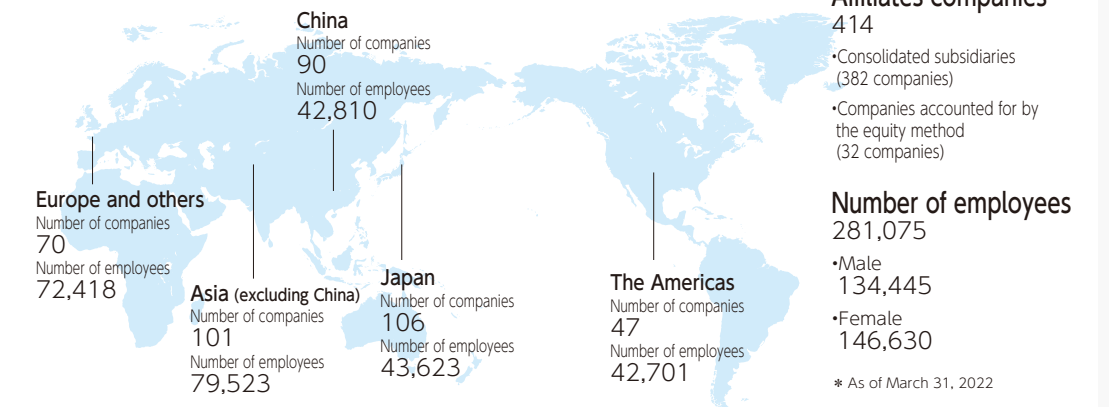


Ratio of net sales by segment for FY2021

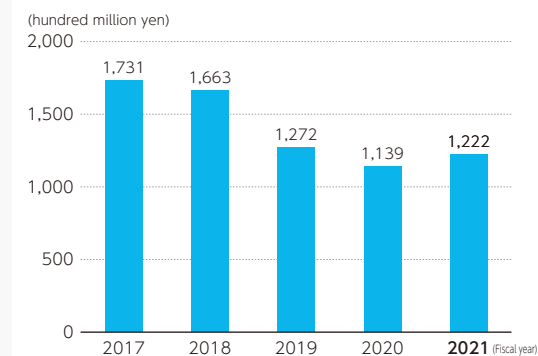


## Non-Financial Highlights

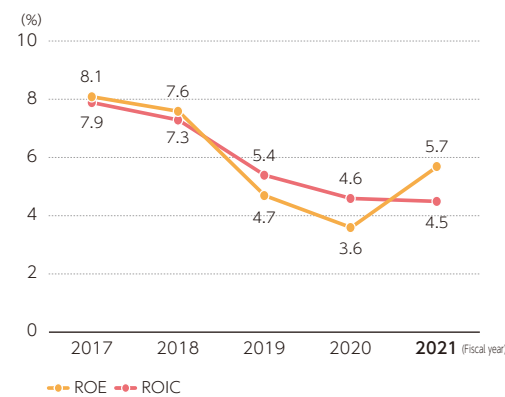
Global business expansion



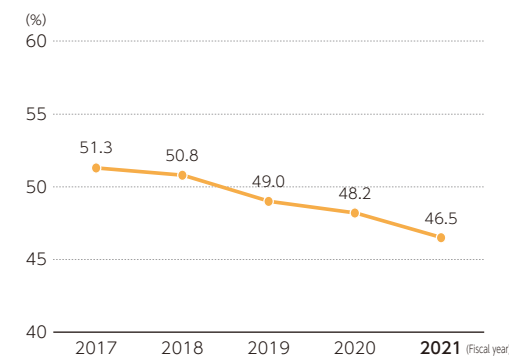
Operating income



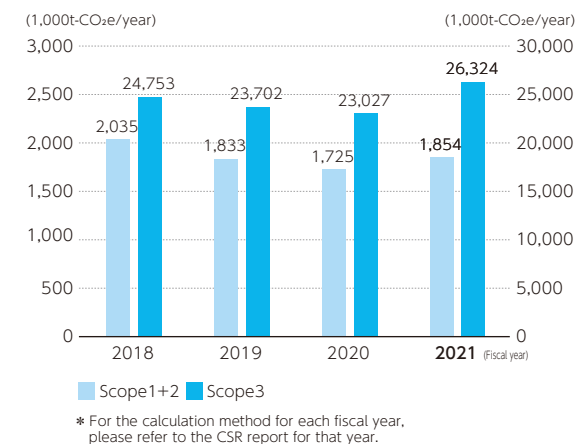
Return on Equity (ROE) and Return on Invested Capital (ROIC)



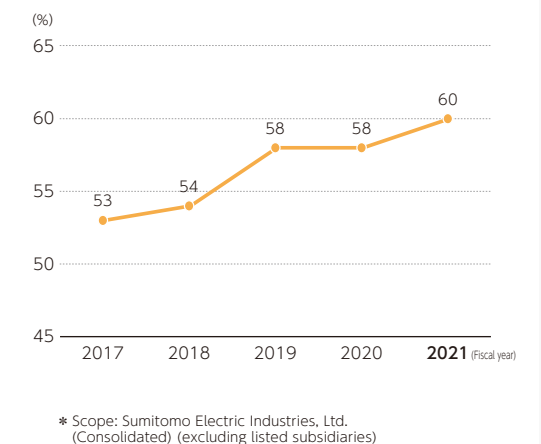
Shareholders' Equity Ratio



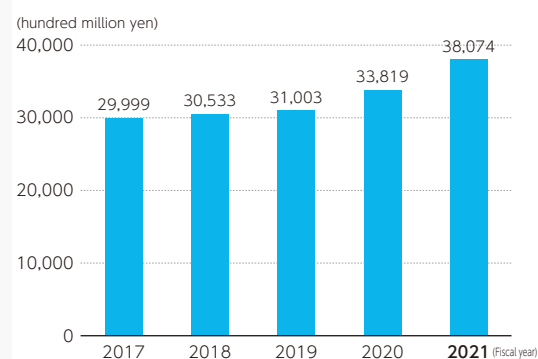
Greenhouse gas emissions



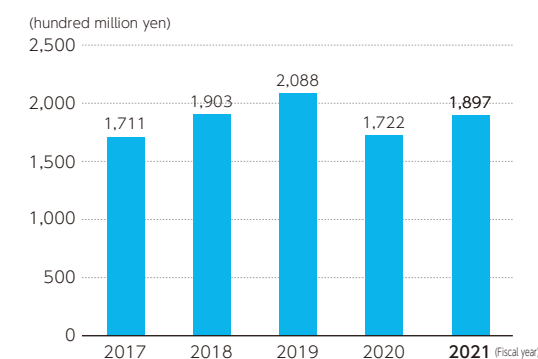
Eco-products sales ratio



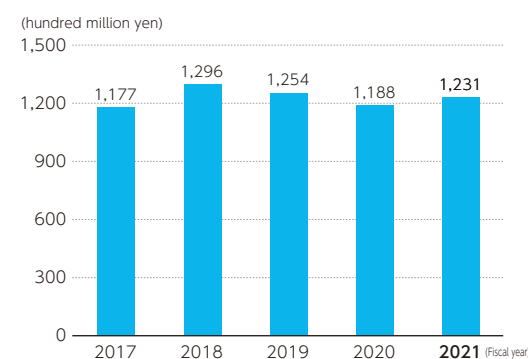
Consolidated total assets



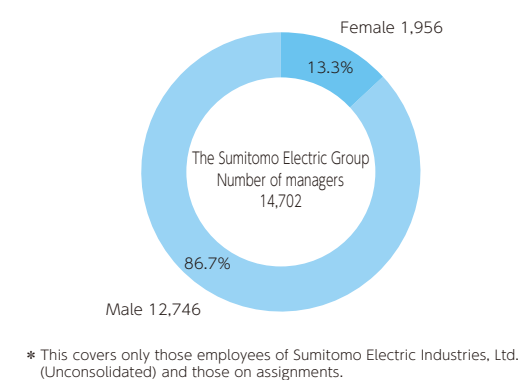
Capital investment



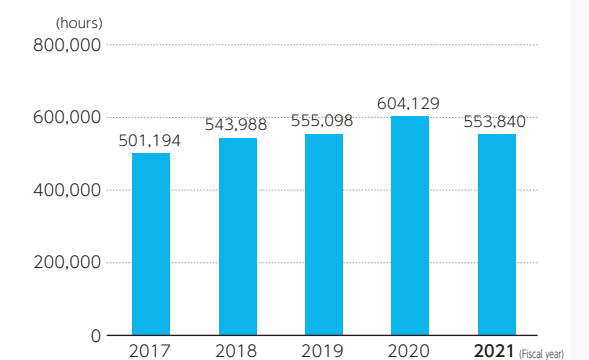
R&amp;D expenses



Number and ratio of male and female managers in the Sumitomo Electric Group in FY2021



Trends in training results common to the Sumitomo Electric Group (Total hours of training)



Results of investor briefings

Financial results briefings (twice a year) - Total of 120 companies, 186 people  
Individual dialogue with shareholders and investors (in case of need) - Total of 291 companies, 367 people

## Financial and Non-Financial Summary for the Last 10 Years

(Million yen)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Financial Situation and Business Results</b>										
Net Sales	2,159,942	2,568,779	2,822,811	2,933,089	2,814,483	3,082,247	3,177,985	3,107,027	2,918,580	3,367,863
Overseas Net Sales Ratio (%)	48.6	55.2	58.3	59.5	58.8	59.7	58.5	55.8	57.3	58.3
Operating Income (loss)	76,790	120,058	134,457	143,476	150,503	173,139	166,260	127,216	113,926	122,195
Profit before Income Taxes	84,084	123,833	167,067	154,859	167,792	193,337	181,388	133,198	110,340	159,921
Profit Attributable to Owners of the Parent	37,955	66,748	119,771	91,001	107,562	120,328	118,063	72,720	56,344	96,306
Total Net Assets	1,244,695	1,379,912	1,646,913	1,561,289	1,628,615	1,764,086	1,776,313	1,766,647	1,892,506	2,052,938
Total Assets	2,297,567	2,554,819	2,925,785	2,742,848	2,907,292	2,999,903	3,053,263	3,100,260	3,381,914	3,807,390
Interest-bearing Debt	485,569	534,641	550,839	457,145	510,989	492,567	540,745	636,262	685,087	859,794
Capital Expenditure	147,900	150,800	148,200	167,300	183,700	171,100	190,300	208,800	172,200	189,700
Depreciation and Amortization	90,600	113,300	126,700	134,400	134,500	146,100	148,900	163,600	168,000	180,500
R&D Expenses	94,300	99,500	105,600	110,800	115,200	117,700	129,600	125,400	118,800	123,100
<b>Per Share Information (yen.)</b>										
Earnings per Share	47.85	84.15	151.00	114.73	137.61	154.29	151.38	93.24	72.25	123.49
Shareholders' Equity per Share	1,352.09	1,499.46	1,804.34	1,715.28	1,815.32	1,973.95	1,988.58	1,946.93	2,088.51	2,269.31
Dividends per Share	20	22	30	35	40	46	48	40	32	50
Dividend Payout Ratio (%)	41.8	26.1	19.9	30.5	29.1	29.8	31.7	42.9	44.3	40.5
<b>Cash Flow</b>										
Cash Flows from Operating Activities	124,849	147,705	153,509	240,779	209,233	239,573	177,656	264,608	169,656	76,002
Cash Flows from Investing Activities	△ 172,066	△ 174,102	△ 86,888	△ 117,387	△ 194,829	△ 174,265	△ 184,601	△ 178,020	△ 163,430	△ 165,447
Cash Flows from Financing Activities	64,922	113	△ 64,037	△ 115,912	△ 4,763	△ 66,795	△ 4,324	△ 1,277	△ 13,099	82,816
Free Cash Flow	△ 47,217	△ 26,397	66,621	123,392	14,404	65,308	△ 6,945	86,588	6,226	△ 89,445
Cash and Cash Equivalents	176,543	160,129	177,107	174,055	180,002	180,108	168,873	249,011	251,441	255,540
<b>Financial Indexes</b>										
Operating Income / Net Sales (%)	3.6	4.7	4.8	4.9	5.3	5.6	5.2	4.1	3.9	3.6
Shareholders' Equity Ratio (%)	46.7	46.6	48.9	49.6	48.7	51.3	50.8	49.0	48.2	46.5
Return on Equity (%)	3.7	5.9	9.1	6.5	7.7	8.1	7.6	4.7	3.6	5.7
Operating Income / Invested Assets (ROIC) (%)	4.8	6.6	6.5	6.8	7.2	7.9	7.3	5.4	4.6	4.5
Debt / Equity Ratio (%)	45.3	44.9	38.5	33.6	36.1	32.0	34.9	41.9	42.1	48.6
<b>Non-Financial Data</b>										
Number of Employees	206,323	225,484	240,798	240,865	248,330	255,133	272,796	283,910	286,784	281,075
In Japan	37,148	37,715	38,892	38,537	39,236	39,637	40,231	42,418	42,629	43,623
Overseas	169,175	187,769	201,906	202,328	209,094	215,496	232,565	241,492	244,155	237,452

\* Values in yen below ¥1 million are truncated



## Financial Summary

### Consolidated Balance Sheet

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2021)	This Consolidated Fiscal Year (March 31, 2022)
<b>Assets</b>		
Current Assets		
Cash and Time Deposits	253,668	259,581
Trade Notes and Accounts Receivable	755,258	784,647
Securities	—	30,030
Inventories	606,343	844,837
Other	116,068	140,152
Allowance for Doubtful Receivables	△1,966	△2,319
Total Current Assets	1,729,371	2,056,928
Non-current Assets		
Property, Plant and Equipment		
Buildings and Structures	294,991	305,414
Machinery and Equipment (Net)	421,617	444,397
Land	93,806	98,637
Construction in Progress	62,012	64,054
Other, net	108,733	114,282
Total Property, Plant and Equipment	981,159	1,026,784
Intangible Assets	36,232	36,062
Investments and Other Assets		
Investment Securities	407,406	443,896
Net Defined Benefit Assets	158,447	173,434
Deferred Tax Assets	29,519	32,329
Other	40,869	38,810
Allowance for Doubtful Receivables	△1,089	△853
Total Investments and Other Assets	635,152	687,616
Total Non-current Assets	1,652,543	1,750,462
Total Assets	3,381,914	3,807,390

(Million yen)

	Previous Consolidated Fiscal Year (March 31, 2021)	This Consolidated Fiscal Year (March 31, 2022)
<b>Liabilities</b>		
Current Liabilities		
Trade Notes and Accounts Payable	397,439	444,985
Short-term Debt	310,695	482,212
Commercial papers	14,000	8,000
Current portion of bonds	10,000	9,996
contract liabilities	—	46,355
Other	275,927	268,546
Total Current Liabilities	1,008,061	1,260,094
Non-current Liabilities		
Bonds	94,873	84,900
Long-term Debt	205,113	222,188
Deferred Tax Liabilities	49,998	65,068
Net Defined Benefit Liabilities	49,589	46,037
Other	81,774	76,165
Total Non-current Liabilities	481,347	494,358
Total Liabilities	1,489,408	1,754,452
<b>Net Assets</b>		
Shareholders' Equity		
Common Stock	99,737	99,737
Capital Surplus	170,875	170,539
Retained Earnings	1,281,762	1,346,210
Treasury Stock, at Cost	△20,769	△20,781
Total Shareholders' Equity	1,531,605	1,595,705
Accumulated Other Comprehensive Income		
Net Unrealized Holding Gains or Losses on Available-for-Sale Securities	74,866	76,687
Deferred Gains or Losses on Hedges	△1,419	△1,366
Foreign Currency Translation Adjustments	△23,659	38,821
Remeasurements of Defined Benefit Plans	47,413	59,941
Total Accumulated Other Comprehensive Income	97,201	174,083
Non-controlling Interests	263,700	283,150
Total Net Assets	1,892,506	2,052,938
Total Liabilities and Net Assets	3,381,914	3,807,390

## Consolidated Statement of Income

(Million yen)

	Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)	This Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)
Net Sales	2,918,580	3,367,863
Cost of Sales	2,387,237	2,793,919
Gross Profit	531,343	573,944
Selling, General and Administrative Expenses	417,417	451,749
Operating Income	113,926	122,195
Non-operating Income		
Interest Income	918	1,022
Dividend Income	3,983	4,058
Share of Profit of Investments Accounted for Using the Equity Method	12,519	20,577
Other	11,263	12,819
Total Non-operating Income	28,683	38,476
Non-operating Expenses		
Interest Expenses	5,404	5,559
Other	23,133	16,952
Total Non-operating Expenses	28,537	22,511
Ordinary Income	114,072	138,160
Extraordinary Profits		
Gain on sales of fixed assets	—	4,683
Gain on Sales of Investment Securities	16,772	11,194
Gain on sales of subsidiaries' stock	—	3,409
Gain on change in equity	—	11,516
Gain on return of retirement benefit trust	—	6,894
Fire-related insurance claims received	—	2,668
Total Extraordinary Profits	16,772	40,364
Extraordinary Losses		
Loss on Disposal of Property, Plant and Equipment	2,980	3,790
Impairment Loss on Fixed Assets	9,238	6,456
Restructuring Expenses	8,286	5,405
Fire-related losses	—	2,952
Total Extraordinary Losses	20,504	18,603
Profit before Income Taxes	110,340	159,921
Income and Enterprise Taxes	40,975	41,294
Income Taxes-Deferred	577	8,925
Total Income Taxes	41,552	50,219
Profit for the Year	68,788	109,702
Profit Attributable to Non-controlling Interests	12,444	13,396
Profit Attributable to Owners of the Parent	56,344	96,306

## Consolidated Statement of Cash Flows

(Million yen)

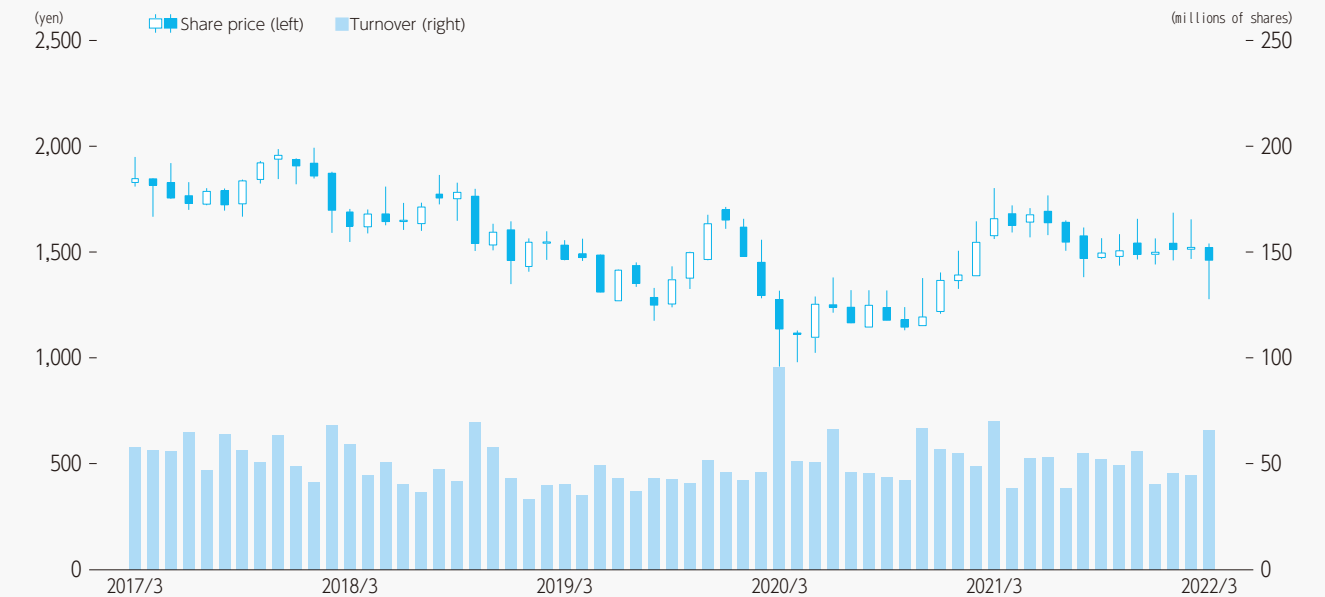
	Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)	This Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)
<b>Cash Flows from Operating Activities</b>		
Profit before Income Taxes	110,340	159,921
Depreciation and Amortization	168,040	180,508
Share of Loss (Profit) of Investments Accounted for Using the Equity Method	△12,519	△20,577
(Increase) Loss on change in equity	—	△11,516
(Increase) Decrease in Trade Notes and Accounts Receivables	△66,334	△27,414
(Increase) Decrease in Inventories	△39,377	△195,098
Increase (Decrease) in Trade Notes and Accounts Payable	28,299	33,272
Other	4,009	△18,570
Subtotal	192,458	100,526
Interest and Dividends Received	8,630	13,725
Interest Paid	△5,336	△5,389
Income Taxes Paid	△26,096	△32,860
Net Cash Provided by Operating Activities	169,656	76,002
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	△166,831	△174,059
Proceeds from Sales of Property, Plant and Equipment	1,781	7,666
Purchase of Investment Securities	△1,707	△90
Proceeds from Sales of Investment Securities	19,675	15,155
Proceeds from acquisition and sales of investments in subsidiaries resulting in change in scope of consolidation	—	1,329
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	△1,871	—
Other	△14,477	△15,448
Net Cash Used in Investing Activities	△163,430	△165,447
<b>Cash Flows from Financing Activities</b>		
Net Increase (Decrease) in Short-term Debt	△13,071	134,065
Net Increase (Decrease) in commercial paper	14,000	△6,000
Proceeds from Long-term Debt	81,612	77,479
Redemption of Bonds and Repayments of Long-term Debt	△49,303	△53,945
Proceeds from Insurance of Bonds	—	△10,000
Payment for Purchase of Treasury Stock	△10	△12
Cash Dividends Paid	△24,963	△31,983
Other	△21,364	△26,788
Net Cash Used in Financing Activities	△13,099	82,816
Effect of Exchange Rate Changes on Cash and Cash Equivalents	7,849	10,578
Net Increase (Decrease) in Cash and Cash Equivalents	976	3,949
Cash and Cash Equivalents at the Beginning of Year	249,011	251,441
Increase in Cash and Cash Equivalents of Newly Consolidated Subsidiaries	769	—
Increase in Cash and Cash Equivalents Resulting from Merger with Unconsolidated Subsidiaries	685	150
Cash and Cash Equivalents at the End of Year	251,441	255,540



## Company Overview (as of March 31, 2022)

<b>Trade Name</b>	Sumitomo Electric Industries, Ltd.	<b>Securities Code</b>	5802
<b>Head Office</b>	4-5-33 Kitahama, Chuo-ku, Osaka, JAPAN (Sumitomo Bldg.)	<b>Stock Exchanges</b>	Tokyo, Nagoya, Fukuoka
<b>Established</b>	April 1897	<b>Annual General Meeting of Shareholders</b>	Every June
<b>Businesses</b>	Automotive Business, Information & Communications Business, Electronics Business, Environment & Energy Business, Industrial Materials Business	<b>Shareholder Register Manager</b>	Sumitomo Mitsui Trust Bank, Limited. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
<b>Capital Stock</b>	99,737 million yen	<b>Stock Unit</b>	100 shares
<b>Net Sales</b> (period ending March 2022)	Consolidated: 3,367,863 million yen Non-Consolidated: 1,305,756 million yen	<b>Accounting Auditors</b>	KPMG AZSA LLC
<b>Number of Employees</b> (end of March 2022)	Consolidated: 281,075 Non-Consolidated: 6,651		
<b>Settlement Period</b> (fiscal year)	April 1 to March 31 each year		

## Share Prices (March 31, 2017 - March 31, 2022)



## Stock information (as of March 31, 2022)

### Current Status of Stock

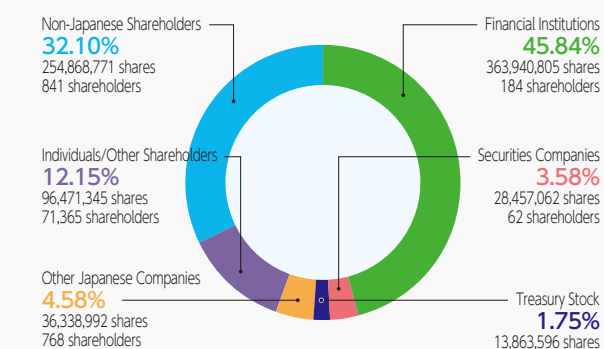
Total issuable shares: 3,000,000,000  
Total shares issued: 793,940,571  
Number of shareholders: 73,221

### Largest Shareholders (Top 10)

Shareholder	Shares owned (thousands)	Percentage*
The Master Trust Bank of Japan, Ltd. (trust account)	136,573	17.51
Custody Bank of Japan, Ltd. (Trust)	62,192	7.97
Nippon Life Insurance Company	24,703	3.17
Sumitomo Life Insurance Company	15,556	1.99
STATE STREET BANK WEST CLIENT – TREATY 505234	12,655	1.62
The Master Trust Bank of Japan, Ltd. (Trust Exit J)	12,590	1.61
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	11,979	1.54
Kochi Shinkin Bank	11,103	1.42
JP MORGAN CHASE BANK 385781	9,785	1.25
Custody Bank of Japan, Ltd. (Trust Unit 4)	9,653	1.24

\* The shareholding ratio is calculated by deducting 13,863,596 treasury stock from the total number of issued shares.

### Breakdown of Shareholders



## Dividends per share and payout ratio

	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
<b>Dividends (yen)</b>	40	46	48	40	32	50
<b>Payout ratio (%)</b>	29.1	29.8	31.7	42.9	44.3	40.5

## Information on our publications

**Integrated Report** <https://sumitomoelectric.com/company/integrated>

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

**IR Library** <https://sumitomoelectric.com/ir/library>  
Please visit our "IR Library" to view our financial statements, annual reports, and other documents.

**CSR Report** <https://sumitomoelectric.com/csr-reports/108>  
In response to the diversification of expectations and demands from society and stakeholders toward companies, we have summarized our efforts on how we are trying to respond as part of our CSR (Corporate Social Responsibility).

**Fundamental Policy for Sustainability Management** <https://sumitomoelectric.com/sustainability/policy>

**Information Disclosure of Climate Change in Line with the TCFD Recommendations** <https://sumitomoelectric.com/sustainability/tcfd>

**Sumitomo Electric Group e-magazine "id"** <https://sumitomoelectric.com/id>  
id, the Sumitomo Electric Group's magazine for building the future, introduces the Sumitomo Electric Group's contribution to society from a variety of perspectives, including its efforts to solve problems, its way of working, and historical events that marked turning points.

**TECHNICAL PAPERS SUMITOMO ELECTRIC TECHNICAL REVIEW** <https://sumitomoelectric.com/rd/technical-reviews/all>