SUMITOMO ELECTRIC

Connect with Innovation

CSR Book 2022

SUMITOMO ELECTRIC GROUP

Editorial Policy

Period Covered by This CSR Book

April 1, 2021 through March 31, 2022 (fiscal 2021). Some activities conducted in fiscal 2022 are also covered.

Boundary of This CSR Book

Sumitomo Electric Industries, Ltd. and its consolidated subsidiaries (382 companies)
In this CSR Book, "Sumitomo Electric," "the Company" or "our company" refers to Sumitomo Electric Industries, Ltd., "Group companies" or "affiliates" refers to the consolidated subsidiaries of Sumitomo Electric, and "the Sumitomo Electric Group" or "the Group" refers to Sumitomo Electric and its Group companies.

- When quantitative information is disclosed, Sumitomo Riko Company Limited, Nissin Electric Co., Ltd., SUMITOMO DENSETSU CO., LTD. and TECHNO ASSOCIE Co., Ltd., which are listed on stock exchanges in Japan, and their consolidated companies are excluded. In some cases, Sumitomo Electric alone or only the Company and limited consolidated subsidiaries or some of the equity-method companies are included. The items referenced within such a specifically limited boundaries are indicated in the text or footnotes in the table or graph. The CSR management of the listed companies in the Group is introduced in P15 and P16.
- See P68 for criteria to calculate social and environmental indicators.
- For details of the boundary of data collection for environmental indicators, see Explanation of the Boundary in P24.

Guidelines Referenced

■ GRI Standards
This CSR Book references GRI standards. The GRI Content Index is published on the following website:
https://sumitomoelectric.com/csr-reports/
■ Environmental Reporting Guidelines 2018 issued by the Ministry of the Environment of Japan.

Efforts to Improve the Reliability of the Disclosed Information

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

Date of Publication

December 2022
(Last CSR Report: published in November 2021; and next CSR Book: scheduled for release in November 2023)

Relationship with the Integrated Report

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

Website: https://sumitomoelectric.com/

Financial information	Non-financial information
Integrated Report	
● Summary of Accounts ● Securities Report	● CSR Book ・Data (Acquisition of ISO 14001 Certification) ・Table showing correlation of employee support programs with relevant laws ・GRI Content Index **CSR website: https://sumitomoelectric.com/sustainability/csr** ● Corporate Governance Report (Disclosed in the securities exchange website) ● Company website, "id"- the Sumitomo Electric Group e-magazine https://sumitomoelectric.com/id ● Sumitomo Electric Technical Review https://sumitomoelectric.com/rd/technical-reviews/all
IR website: https://sumitomoelectric.com/ir	

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The Sumitomo Spirit

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

Business Principles

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

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

Traditional Beliefs and Principles

Attaching Importance to Technology

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

Long-Range Planning

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

Respect for Human Resources

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

Mutual Prosperity, Respect for the Public Good

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

Monjuin Shiigaki (the Aphorisms of Monjuin)

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

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

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

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

Figure of Masatomo Sumitomo (Monjuin)※

Signboard of the medicine shop operated by Masatomo※

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

Photo courtesy: Sumitomo Historical Archives

The Sumitomo Electric Group Corporate Principles

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

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

The Sumitomo Electric Group Charter of Corporate Behavior

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

1 Provision of Useful and Safe Products and Services

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

2 Development of New and Original Businesses and Products

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

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

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

4 Contribution to Preservation of the Global Environment

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

5 Observance of Laws and Regulations

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

6 Fair and Proper Business Activities

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

7 Conduct as a Member of Society

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

8 Harmony with the International Community

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

9 Safe, Sound Workplace and Employees’ Growth and Development

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

10 Disclosure of Relevant Information and Promotion of Communication with Society

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

Top Message

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

President & COO Sumitomo Electric Industries, Ltd. **Osamu Inoue**

Preface

I sincerely express my gratitude for your continued support and understanding of Sumitomo Electric Group's business activities. I also thank you for reading this CSR Book 2022.

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 wellbeing 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

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.

In this 2030 Vision, we define the society we aspire for as a "safer," more "comfortable," and "green, environmentally friendly" society. We have also reiterated in this 2030 Vision the approach we have been valuing, which is to share these values and achievements with our stakeholders.

To Enhance Our CSR Activities

To achieve our 2030 Vision and practice sustainability management, we define creating shared value (CSV) and corporate social responsibility (CSR) as the two axes of business activity. In CSR activities, we will take a proactive view of the roles to be taken by a company that is needed by society and promote various measures mainly in our core categories of "environmental preservation," "human resources," "social contribution," "quality," and "supply chains." We will continue to make efforts to enhance our CSR activities by accurately acknowledging changes, such as the sophistication of demands by society toward solving social issues and the progress of social transformation.

Through this CSR Book, we hope that our stakeholders will deepen their understanding of the Sumitomo Electric Group's concepts and activities and that we will obtain feedback from our stakeholders, which we will reflect in our CSR activities.

The Sumitomo Electric Group firmly maintains the Sumitomo Spirit, which presents basic value standards, and sets "Glorious Excellent Company" as its ideal future state to promote business activities. We believe that our ideal state also corresponds to the spread of concepts underlying the SDGs* and other movements that expect private companies to support sustainability. We will continue to aim at the sustainable improvement of corporate value through efforts to solve social challenges related to our business and in cooperation with our stakeholders.

Glossary

＊SDGs (Sustainable Development Goals):
An acronym for Sustainable Development Goals, which are composed of 17 goals and 169 targets presented by the UN along with long-term development guidelines for the period from 2015 to 2030

Long-term vision “Sumitomo Electric Group 2030 VISION”

Sumitomo Electric Group 2030 VISION

LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET

Relentlessly challenging ourselves to use Technology for Good

Connect with Innovation

To show the Group’s vision, we formulated the Sumitomo Electric Group 2030 Vision, a long-term vision with 2030 as a turning point, and announced it in May 2022. Based on the understanding of our shareholders and other stakeholders, we will work together to improve corporate value, aiming to achieve the corporate image of a Glorious Excellent Company.

Management Policy

Honoring the Sumitomo Spirit, handed down over generations, and the Sumitomo Electric Group corporate principles, we carry out business activities based on the spirit of always prioritizing our contribution to society and ensuring mutual prosperity with our stakeholders under a management philosophy of contributing to the public benefit through business.

Based on this basic spirit, we will aim for permanent improvement in corporate value by working on sustainability challenges while simultaneously pursuing Top Technology and supporting the development of infrastructure and industries across the world through global business activities.

Purpose

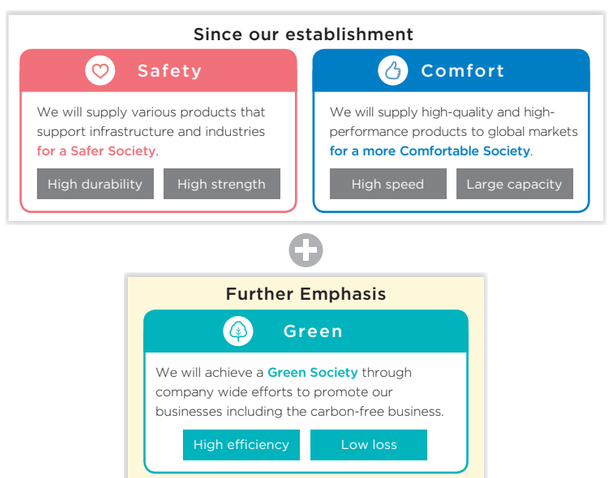
Contribute to building a better society by pursuing Top Technology and innovation on a global scale, using the integrated capabilities of Sumitomo Electric Group.

Society 2030 and Business Development

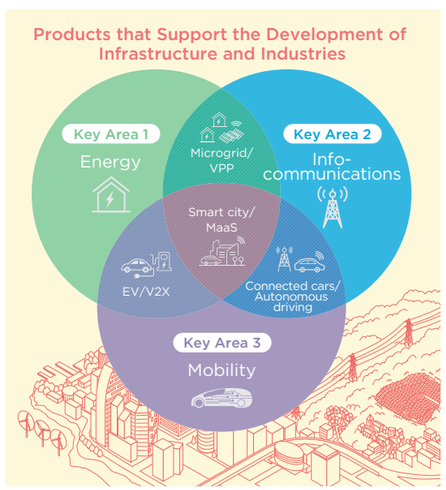
The Sumitomo Electric Group will unleash all of its capabilities to contribute to the evolution of a Safer and more Comfortable society that is also Green and environmentally friendly.

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

■ Society 2030 & Aspiration



■ Business Domains—Key Areas



Business Foundations

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

■ 3 Key Sources of Capital

Human Capital
Anchored by SEG’s **Global HRM Policy**, we will evolve to become a Group where everyone can excel, grow and contribute to society.

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

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

■ 3 Key Driving Forces

R&D
Invigorate and **accelerate** R&D to generate returns.

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

Manufacturing
Create resilient factories that can adapt to change.

Targets

Glorious

Non-financial	E	Global environment	Various efforts as follows: CO_2 emissions reduction 2030 <Scope 1+2> 30%; <Scope 3> 15% (compared to FY 2018) 2050 <Scope 1+2> carbon neutrality
	S	Diversity & inclusion	Creation of new values through the integration of diverse perspectives, experiences and technologies
		Engagement	Empathy with the creation of corporate value and actual feeling of contribution
	G	Legal compliance	Compliance with laws, regulations, and corporate ethics throughout SEG, including its supply chain, on a global basis

Excellent

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)

For the details, please see the following page.
https://sumitomoelectric.com/company/segvision2030

Sustainability Management

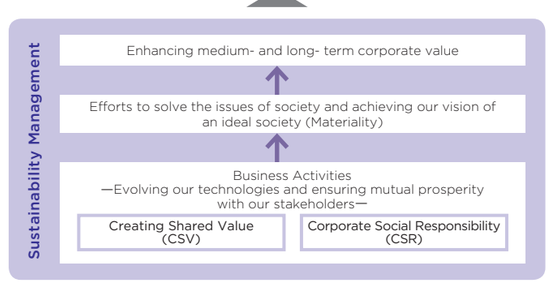
Fundamental Policy

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.”

Glorious Excellent Company

The word “Glorious” represents the ideal state achieved in embodying the Sumitomo Spirit, as well as the Sumitomo Electric Group Corporate Principles, which were established on the basis of the Spirit, “Excellent” symbolizes what the Sumitomo Electric Group should be in a quantitative sense, which is to achieve excellent business performance.



CSV: Creating Shared Value, CSR: Corporate Social Responsibility

Further efforts in CSR activities based on the sustainability management policy

Shigeru Jinushi
Manager
CSR Promotion Office

In April 2022, we established our Fundamental Policy for Sustainability Management, in which we position CSV and CSR as the two axes of business activity. In May 2022, we formulated and announced the Sumitomo Electric Group 2030 Vision, in which we define Society 2030 and our aspirations. Reflecting these management policies in our CSR activities more than ever, I believe that we should work more proactively in our aim to become a "Glorious Excellent Company."

Looking at recent global developments, I feel that stakeholders' expectations toward our Group in terms of CSR have become stronger and more specific. We are required to make prompt and reliable efforts, such as enhancing measures for contributing to the preservation of the global environment and respecting human rights. Since the Sumitomo Electric Group operates a wide range of businesses in more than 40 countries and regions around the world with more than 280,000 employees, it is my belief that it is important to promote these initiatives on a global basis, including supply chains.

The Sumitomo Spirit, which presents basic value standards for the Sumitomo Electric Group, also underlies the CSR of modern companies. The Sumitomo Electric Group will continue to help improve the sustainability of society through its CSR activities.

CSR Basic Policy

The Sumitomo Spirit, which gives top priority to social credibility and corporate ethics, is deeply instilled into the Sumitomo Electric Group. With the Sumitomo Spirit, as well as the Sumitomo Electric Group Corporate Principles, serving as the basic value standards that guide us, we will enhance our efforts for CSR management, communication with stakeholders and human rights while setting governance, risk management and compliance as the foundations. Then, through business activities based on them, we will create social values and contribute to a better society and environment.

In conjunction with the formulation of the mid-term management plan VISION 2022 in fiscal 2018, we revised our core CSR categories as environmental preservation, human resources, social contribution, quality, and supply chains, and we have been working in those categories by setting major targets, including key performance indicators (KPIs) for fiscal 2022.

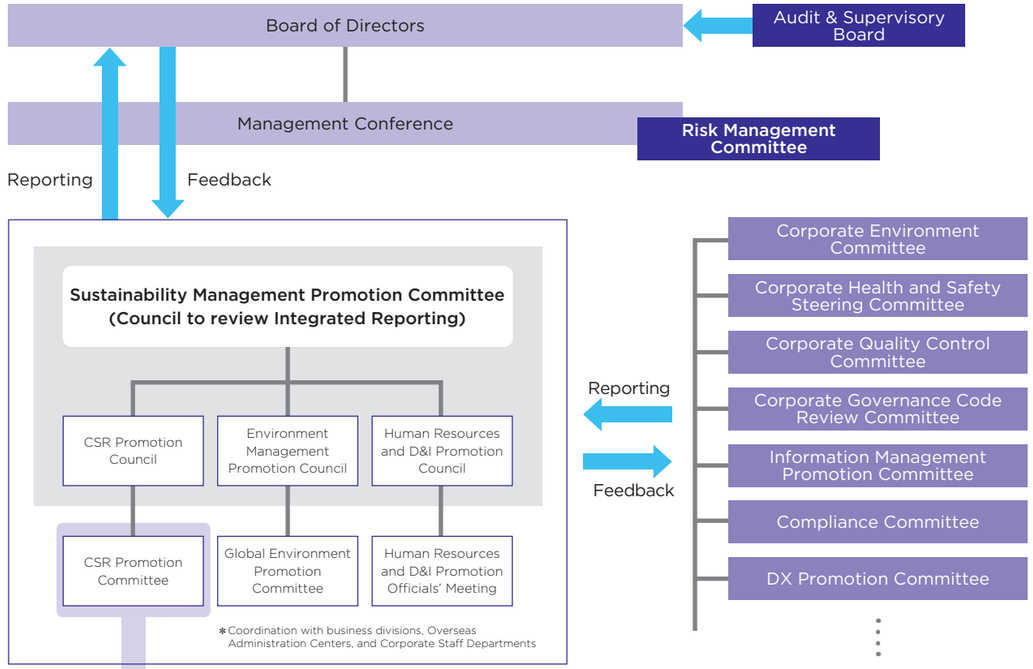
Toward the consummation of VISION 2022, we will engage in steady CSR activities while continuing to fulfill social responsibilities and building good relationships with stakeholders, as we aim to achieve our vision of becoming a Glorious Excellent Company.

CSR Promotion System

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

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

Promotion System



Role of the CSR Promotion Committee

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

CSR-related areas

Compliance/Risk management/Information disclosure

Core categories: Environmental preservation/Human resources/Social contribution/Quality/Supply chain

Identification of Materiality

Targets and Actual Results in Fiscal 2021 / Targets for Fiscal 2022

The Sumitomo Electric Group has set fiscal 2022 main targets for each of the CSR core categories in association with the mid-term management plan VISION 2022, released to the public in 2018. Toward achieving the targets, respective departments in charge have set annual targets and are currently working hard on an autonomous basis. The table below shows the main targets and results in fiscal 2021 and targets for fiscal 2022 on the main initiatives in core categories. To meet the targets, we will continue to promote the initiatives based on the PDCA (plan-do-check-act) cycle.

Legend
◎:Target achieved and performance far exceeding the target by more than about 50%
○:Target achieved
△:Target not achieved (performance improved from the previous fiscal year)
▽:Target not achieved (performance similar to that in the previous fiscal year)
▼:Target not achieved (performance deteriorating from the previous fiscal year)

ESG/ Foundation Classification	Core Categories	Priority Themes	Our Materiality Initiatives Included in the Integrated Report	Targets for FY2021	Results in FY2021	Evaluation	Targets for FY2022	Page	Related SDGs
E	Environmental conservation	Prevention of Global Warming	Expanding environment-focused businesses and environmentally friendly products to reduce greenhouse gas (GHG) emissions and support environmental conservation efforts	Reduce GHG emissions by 7.5% from the FY2018 level (Note1)	Reduce GHG emissions by 8.4% from the FY2018 level (Note1)	○	Reduce GHG emissions by 10% from the FY2018 level (Note1)	P21-32	
				●Achievement of the targets in all items of the Action ECO-22V Campaign ●Implementation of environmental audits in 13 domestic and overseas sites with large environmental impact ●Raising the awareness of the social responsibility that companies should fulfill, in systematic environmental education	●Out of the 12 items of the Action ECO-22V Campaign, 10 items achieved the targets; The performance failed to achieve the targets for the following two items: Reduction target of energy consumption per unit of sales (production sites), Reduction target of CO_2 emissions from logistics per basic unit ●Implementation of environmental audits in 13 domestic and overseas sites ●1,148 persons participated in managerial post-based training	▽	●Achievement of the targets in all items of the Action ECO-22V Campaign ●Implementation of environmental audits in 15 domestic and overseas sites and inspection of compliance with environmental laws and ordinances in 23 sites ●Raising the awareness of the social responsibility that companies should fulfill, in systematic environmental education		
S	Human resources	Promotion of Diversity and Occupational Safety	Creating a comfortable work environment by promoting D&I, strengthening engagement, and ensuring respect for human rights	●Appointment of new Sumitomo Electric Group (SEG) Global Executives ●Promotion of measures to develop SEG Global Executives	●Newly appointed 4 SEG Global Executives As of April 1, 2022, the total number of SEG Global Executives is 42 ●Promoted measures to develop SEG Global Executives	○	●Promotion of appointment and development of SEG Global Executives	P33-44	
				Implement priority items ・Continuance of promotion of the talent management cycle ・Further activation of Regional Executive Conferences and Area Committee activities ・Continuance of the executive training program	・Continued to conduct Business Unit HR Meeting ・Made progress in Area Committee activities even amid the COVID-19 pandemic. Communicated via online meetings instead of the face-to-face Regional Executive Conference. ・Continued the executive training program by implementing it online	○	Implement priority items ・Continuance of promotion of the talent management cycle ・Further activation of Regional Executive Conferences and Area Committee activities ・Continuance of the executive training program		
				Serious accidents and accidents resulting in remaining disabilities: zero The total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury: 31 or less Accident score*: 110 or less	Serious accidents: zero Accidents resulting in remaining disabilities: 5 Accidents resulting in lost work time + No lost work time accidents + Accidents causing minor injury: 55 (Including number of Accidents resulting in remaining disabilities) Accident score: 284	▼	Serious accidents and accidents resulting in remaining disabilities: zero The total number of accidents resulting in lost work time, no lost work time accidents and accidents causing minor injury: 31 or less (Note2) Accident score: 110 or less (Note2)	P45-46	
				Continued promotion of the three pillars of Safety VISION 2022: (1) Safety measures in facilities, (2) Development of human resources with high safety awareness, and (3) Fostering safety culture. See p45-46 for specific initiatives	・Forklifts (separation of vehicles from people): achievement of Level 3 at all operating sites; and acceleration of the efforts to achieve Level 4* ・Visual training using CG to reproduce accidents/training to make trainees think: taken by 746 persons ・Promotion of efforts to improve the weak points based on the results of a safety awareness survey ・Emergency safety management* and priority safety management activities: continuous implementation ・Practical use of TRAP analysis*: human resource development (5th term) ・Investigation of special health examinations and correction of deficiencies ・Launch of measures against water disasters (heavy rain, storm surge, tsunami, etc.)	○	Promotion of the three pillars of Safety VISION 2022: (1) Safety measures in facilities, (2) Development of human resources with high safety awareness, and (3) Fostering safety culture.		
S Business	Social contribution	CSV Activities and Social Contribution Activities	Expanding products that contribute to strengthening social infrastructure in the areas of energy, info-communications, and mobility	Maintained and expanded the projects that help solve social problems	Maintained and expanded the projects that help solve social problems	—	Maintained and expanded the projects that help solve social problems	See the Integrated Report※	
				Enhance the activities of the SEI Group CSR Foundation	Enhance the activities of the SEI Group CSR Foundation	○	Enhance the activities of the SEI Group CSR Foundation	P47-50	
				Implement the following fund projects ① Monetary contributions to university courses: 95.0 million yen ② Subsidies for academic and research programs: 30.0 million yen ③ Supply of scholarships: 41.6 million yen	Implement the following fund projects ① Monetary contributions to university courses: 95.0 million yen ② Subsidies for academic and research programs: 32.6 million yen ③ Supply of scholarships: 37.4 million yen	○	Implement the following fund projects ① Monetary contributions to university courses: 86.5 million yen ② Subsidies for academic and research programs: 30.0 million yen ③ Supply of scholarships: 40.4 million yen		
S Basis	Quality	Product Quality & Product Safety	Prioritizing R&D for innovative products and services that contribute to solving social issues	Reduce the index for the number of complaints by 7% from the previous fiscal year	Reduced the index for the number of complaints by 24% from the previous fiscal year	○	Reduce the index for the number of complaints by 30% from 2017	P51-54	
				Continue to promote Own Process Quality Assurance Activities (12th year) ① Company-wide development of important measures to prevent major complaints ② Activities to enhance the prevention of recurrence ③ Company-wide development of the "3 points control of quality" ④ Expansion of Own Process Quality Assurance Activities on practical themes ⑤ Continuance of activities for company-wide dissemination (through the issuance of booklets, holding of exchange meetings, and other initiatives)	① Published 7 issues of "TAZAN-NO-ISHI" (quality information sharing) and conducted voluntary inspections with a prevention check sheet ② Promoted the Degree of Quality Assurance and group-wide sharing of initiatives. Reduction in the number of repeated or similar complaints in Japan by 31% from the previous fiscal year ③ A total of 102 plants in Japan and overseas performed the activities. Of 288 themes registered in the second half of the fiscal year as activities expected to improve the relevant indexes, 158 activities (55%) improved the indexes. ④ Total number of theme activities registered in the first and second halves of the fiscal year: 258 ⑤ Added 5 examples to the booklets to introduce good practices and held an exchange meeting in September	○	Continue to promote Own Process Quality Assurance Activities (13th year) ① Cross-sectional implementation of measures to prevent major complaints (reinforcement of such measures) ② Activities to enhance the prevention of recurrence ③ Company-wide development of the "3 points control of quality" ④ Expansion of Own Process Quality Assurance Activities on practical themes ⑤ Continuance of activities for company-wide dissemination (through the issuance of booklets, holding of exchange meetings, and other initiatives)		
ESG	Supply chain	Promotion of CSR Procurement	Embedding ESG in our supply chain, and strengthening resilience of manufacturing capabilities and distribution networks	Continued promotion of CSR procurement covering the suppliers that represent 90% (Note3) of the value of our domestic procurement (Achieving the main targets for FY2022 in fiscal 2020 ahead of schedule)	Implemented of CSR procurement covering the suppliers that represented 90% (Note3) of the value of our domestic procurement	○	Promotion of CSR procurement covering the suppliers that represent 90% (Note3) of the value of our domestic procurement	P55-58	
				・Continued implementation of surveys based on the CSR procurement self-assessment sheet and basic training on CSR mainly for small and medium-sized companies that depend highly on the Sumitomo Electric Group ・Continued implementation of the training program that supports compliance ・Promotion of procurement guidelines to oversea affiliates.	・Completed to conduct surveys based on the CSR procurement self-assessment sheet (294 companies) and basic training on CSR (80 companies) mainly for small and medium-sized companies that depend highly on the Sumitomo Electric Group ・Provided compliance training (2,013 person in total) ・Conducted inspections and audits for two overseas group companies.	○	・Continued implementation of surveys based on the CSR procurement self-assessment sheet and basic training on CSR mainly for small and medium-sized companies that depend highly on the Sumitomo Electric Group ・Creation of a CSR Procurement self-assessment sheet and conduct trial assessment based on the Sumitomo Electric Group's Supplier Code of Conduct ・Promotion of the procurement guidelines to overseas affiliates.		

(Note1) The boundary is Sumitomo Electric and its consolidated subsidiaries (excluding listed subsidiaries).

(Note2) The target was revised based on the results in fiscal 2021.
(Note3) Domestic procurement by Sumitomo Electric and its domestic affiliates (excluding SUMITOMO DENSETSU CO., LTD.,TECHNO ASSOCIE Co., Ltd. and their group companies) is covered.

Glossary
*Accident score: An accident score is calculated by weighting the accidents that have occurred by type. Class 1: Accidents that can result in a serious accident (forklifts, hoist cranes, rotating parts, moving parts, etc.); Class 2: Accidents caused by an edged tool, jig or device; and Class 3: Falling accidents, collides while walking, backache, etc.
*Forklifts (separation of vehicles from people): Level 4: At Level 4, forklifts are separated from people by using engineering management methods. A typical example is a situation where fixed fences have been constructed to prevent people from entering the passages and operation areas of forklifts.
*Emergency safety management: Activities for emergency safety management are implemented at the operation sites designated as requiring the improvement of health and safety activities. Measures are taken in a planned manner to improve the structure.

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

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

Relationships with 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.

Disclosure of Corporate Information

The Sumitomo Electric Group Charter of Corporate Behavior stipulates that we will aim to disclose appropriate corporate information to our stakeholders to promote communication with society. In accordance with the charter, we have established a system in which information on occurred material facts and decisions is collected and confirmed by public relations sections in cooperation with relevant divisions so as to promote timely and accurate information disclosure. Furthermore, to strengthen the disclosure system, the Public Affairs Committee, as a company-wide organization, establishes rules on the disclosure of company information, conducts training and awareness-raising activities within the Group, and formulates measures to enhance our corporate brand value.

Communication with Shareholders and Investors

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

The Company works to enhance communication with institutional investors and analysts at such occasions as briefings on financial results and interviews. For general shareholders and investors, we post a wide range of information on our websites, including financial information, press releases and materials distributed in financial result briefings as well as relevant video images.

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

Principal means of communication with our stakeholders

Customers	■ Our daily business activities ■ Company website, “id” - the Sumitomo Electric Group e-magazine ■ Exchanging information at exhibitions	Automotive Engineering Exposition
Suppliers	■ 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 ■ Partners meeting ■ Research based on the CSR Procurement Self-Assessment Form	Partners meeting
Shareholders/ Investors	■ General Meeting of Shareholders ■ IR financial results briefing ■ Over 200 times a year of individual dialogues with shareholders and investors ■ Providing information through the IR website	“2030 VISION” Briefing
Local communities/ Governments	■ Contribution to the community through our business ■ Dialogues at business associations and trade groups ■ CSR activities (Managing the Sumitomo Electric Group CSR Fund, donations, supporting sports activities and events, etc.)	Forest Group Activities at the Itami Works (Nature Conservation)
Employees	■ Corporate newsletter, intranet, President's blog ■ Townhall meeting (a gathering of executives and employees) ■ Employee survey for a lively workplace ■ Various Learning and Development Programs at SEI University	Awards for affiliated companies

Efforts to Disseminate Information

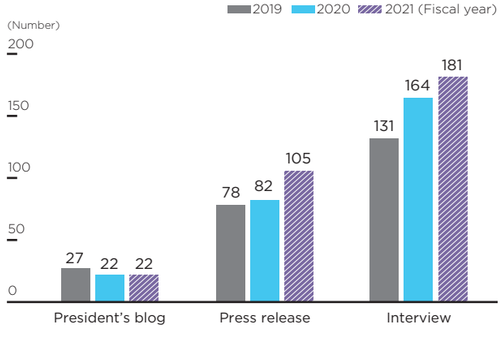
Again in fiscal 2021, we actively disseminated a wide variety of corporate information through such media as press releases, interviews and websites to help our stakeholders enhance their understanding of the Group.

Using our tagline “Connect with Innovation” and our visual identity (VI) for various publications, advertisements, etc., we aimed to ensure that a consistent corporate image would take root. At the same time, we strived to make our website even more user-friendly and easier to understand. We opened a Japanese regional website in August 2021 and North American and Chinese ones in March 2022. In addition, we have made SUMITOMO ELECTRIC TECHNICAL REVIEW, a journal of technical papers, available only online, thereby disseminating our innovative technology and social contribution through it even more proactively to the world.

Moreover, posting the Sumitomo Electric Group 2030 VISION, announced in May 2022, on the main page of our website, we have disseminated our long-term growth strategy from both financial and non-financial aspects.

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

The number of external communication by media



CSR Management of Listed Companies in the Group

Sumitomo Riko Company Limited

WEB https://www.sumitomoriko.co.jp/english/csr/portal

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

To increase corporate value, we have formulated three business strategies of "Creation of New Business and New Customers", "MONOZUKURI Innovation" and "Reinforcement of our Global Business Foundation" and are committed to the four business fields of "Automotive (Mobility)," "Infrastructure and Housing Environment," "Electronics" and "Healthcare," as well as the businesses for the next generation.

To enhance public value, we have set the targets shown in the right table and our CSR Sustainability Committee manages the progress and reports it to the Board of Directors. For example, while the reduction of GHG emissions by 8% (emission intensity) from the FY2017 level is set as a target for environmental activities in 2022V, we reduced GHG emissions by 8.9% in fiscal 2021. In our efforts to reduce waste, while the target is the reduction of 5% (emission intensity) from the FY2017 level, we reduced waste by 14.4% in fiscal 2021.

In June 2022, we announced our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). To address risks imposed by expected climate change on the procurement of natural rubber and other main raw materials of our products, and respond to advanced demand for realizing a carbon-free society, we will strive to make our business operations more sustainable by conducting R&D of materials that are friendly to the environment and products designed for electrified items, using natural energy, and promoting highly effective manufacturing.

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

FY2022 Targets

Corporate value (Financial Objectives)		Public value (Non-financial Objectives)	
Net sales	530billion yen	GHG emissions reduction	8% reduction※
Operating profit	25billion yen	Waste reduction	5% reduction※
Operating profit ratio	5%	Frequency rate of all industrial accidents	**Zero industrial accident**
ROA (Operating profit to total assets)	6%	Compliance training	**Participation rate of global executive training shall be 100%**
ROE (Return on equity attributable to owners of the parent company)	7%		

※compared with the emission intensity in FY2017

Nissin Electric Co., Ltd.

WEB https://nissin.jp/e/company/report.html

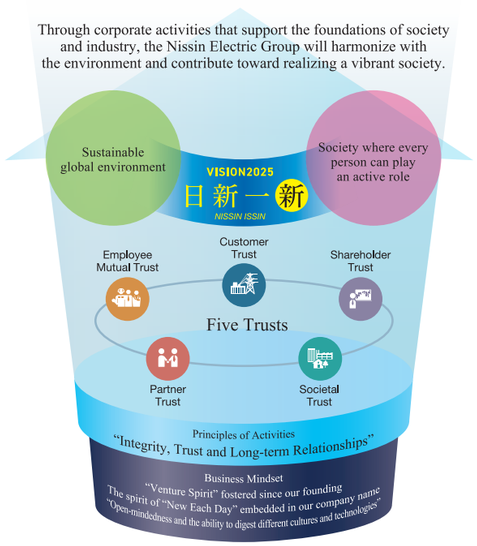
The Nissin Electric Group was founded in 1910 by Nobu Tomizawa with the mission to contribute to the new development of the power system equipment industry. Since then, we have continued with our efforts to assist the development and expansion of power infrastructure, and as an extension the development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

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

In fiscal 2021, launching our medium-to-long-term business plan "VISION2025," we had derived the five material issues (materiality) of our SDGs promotion. Based on these issues, we had also organized our SDGs goals that are mainly related to our CSR activities.

Furthermore, we disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our other initiatives include the promotion of diverse working styles, safety and quality improvement activities throughout the group globally, and activities to strengthen partnerships throughout our supply chain. We also implement community-based social contribution activities on an ongoing basis.

The Nissin Electric Group will continue to contribute to creating a vibrant society in harmony with the environment through corporate activities that support the foundations of society and industry.



SUMITOMO DENSETSU CO., LTD.

WEB https://www.sem.co.jp/sustainability/

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

To respond to demand in the energy and environmental fields and the development of a super smart society, we focus on the renewable energy market, information and communications businesses and overseas businesses and strive to refine our proposal-based sales capabilities, construction abilities and technical capabilities to provide engineering services with a high level of customer satisfaction.

In addition to contributions through business activities, we also perform CSR activities with an emphasis on the improvement of the work environment for employees, including the commitment to safety and quality, compliance, ESG and the SDGs, as well as the promotion of Health and Productivity Management*, in order to become a company needed by all stakeholders.

In January 2022, we established the Sustainability Management Promotion Committee, chaired by the president and consisting of Management Conference members, through which we work to increase corporate value by promoting sustainability management.

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

Construction work of a mega-solar system

TECHNO ASSOCIE Co., Ltd.

WEB http://www.technoassocie.co.jp/english/csr/

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

In the mid-term management plan VISION2025, formulated in May 2021, we share our recognition that our raison d'etre and growth opportunities reside in our commitment to solving customers' problems and also social problems. In March 2022, we established the Basic Sustainability Policy, based on which we proceed with our business activities.

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

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

Online meeting with suppliers

Glossary ＊**Health and Productivity Management:** A trademark or registered trademark of Nonprofit Organaization Kenkokeiei

Special Feature - Initiatives for TCFD

Information Disclosure of Climate Change in Line with the TCFD Recommendations

In May 2021, Sumitomo Electric expressed its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)※, formed by the Financial Stability Board (FSB), to disclose information related to risks and opportunities brought about by climate change. In May 2022, in line with the TCFD recommendations, we also disclosed four items related to climate change, namely: Governance, Strategy, Risk management, and Metrics and Targets; and we also shared our scenario analysis. Sumitomo Electric remains committed to proactively disclosing and enhancing information on the impacts of climate change and the Company's response to them.

1 Governance

Under the principle of "Contribution to 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 realizing a sustainable society.

In February 2021, the Company established the Sustainability Management Promotion Committee, chaired by the President and composed of members from a wide variety of related departments. The committee is intended to form a basic policy for the Group's sustainability commitments and also to discuss specific targets and procedures related to 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 the viewpoint of experts, the Company has established the Global Environment Promotion Committee under the Corporate Environment Committee, which oversees the Group's environmental preservation activities globally, and takes 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 described on the next page 19. In response to these results, the Company is currently exploring future initiatives.

3 Risk Management

For risk management, the Sumitomo Electric Group assesses the severity of the respective risks in line with the Basic Policy of Risk Management, which provides criteria for assessing the significance of 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

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 environmental preservation, targets and approaches are set under the lead of the Risk Management Committee, with the Safety & Environment Division serving as the main player and ensuring cooperation with the relevant corporate staff divisions in consideration of the deliberation at the Corporate Environment Committee and the Global Environment Promotion Committee. Based on these targets and approaches, each production group sets its own target 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 following GHG emissions reduction targets to be achieved by 2030 and 2050, 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*).

GHG Emissions Reduction Targets and Results

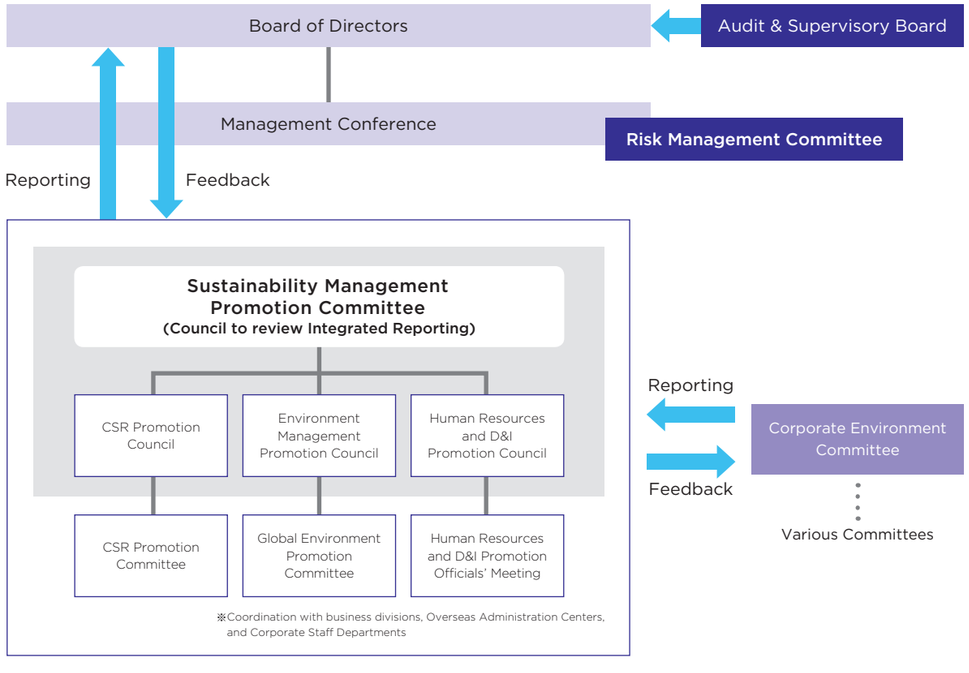
2030 Targets	By 2030 - Scope 1+2 (Note1): 30% reduction; Scope 3 (Note2): 15% reduction (compared to FY2018)
2050 Targets	By 2050 – Scope 1+2: Achievement of carbon neutrality (net-zero GHG emissions)

(Note1) 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
(Note2) Scope 3 : Indirect emissions other than Scope 1 and Scope 2

To accomplish the targets and minimize the impact on the global environment through self-help efforts, the Sumitomo Electric Group places the most emphasis on saving energy (Note3), while creating energy (Note3) and also purchasing energy (Note3) to cover the shortfall. In accordance with this basic policy, the Group proceeds with reductions in GHG emissions.

(Note3) Saving energy: Introducing new manufacturing techniques and equipment engineering and making other efforts through cooperation between production groups, R&D groups, and manufacturing engineering groups toward the target of increasing energy productivity 1.5-fold by 2030 and three-fold by 2050 (compared to FY2018)
Creating energy: Creating green electricity in-house through, for example, solar power generation
Purchasing energy: Increasing the ratio of renewable energy procured from an electricity company and proceeding with the purchase of green electricity

Governance-Framework



Glossary

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

※TCFD Website
https://www.fsb-tcfd.org/

1.5°C (well-controlled situation) scenario

- The CO_2 reduction plans of major countries will be running almost as scheduled.
- The carbon border tax scheme, as well as each country's energy policy and industrial policy, will be evolving steadily.

		Possible Circumstances	Assessment of the Impact on the Company	Major Efforts
Opportunities	Energy	■ The market for renewable energy, such as offshore wind power and solar power, will expand toward the realization of a carbon-free society. ■ Electricity providers will change the way they operate toward the realization of a new form of energy mix for each country.	■ There will be growing demand for the new installation or replacement of electricity transmission cables, such as interconnectors. ■ An increasing number of products will be needed to ensure a stable power supply (e.g., rechargeable batteries and energy management systems), leading to an increase in the Company's sales.	■ The Company will proceed with the development of electricity transmission cables for renewable energy (interregional transmission grids), rechargeable batteries, etc., along with improvements in their performance, thereby contributing to expanding the infrastructure. ■ The Company will expand the sale of solutions for regional micro grids.
	Info communications	■ In step with the progress of a data-driven society, the use volume of data will increase explosively. ■ The number of data centers of various sizes will increase. ■ There will be growing demand for low-power-consumption and high-speed communications.	■ There will be growing demand for energy-saving and high-performance products for effectively establishing information networks, leading to an increase in the Company' sales.	■ The Company will focus on the development of optical communications equipment, devices, etc. used for optical cables and data centers, along with improvements in their performance, thereby contributing to realizing an even more energy-saving and effective data-driven society.
	Mobility	■ The market of electrified vehicles, including EVs, will expand. ■ The number of gasoline-powered vehicles will diminish. ■ New EV manufacturers will be established.	■ Many more related items, such as harnesses and system products centered on harnesses, will be adopted for electrified vehicles. The Company will add higher value to such items, leading to an increase in the Company's sales. ■ Markets for gasoline engine components will shrink. ■ The Company's products will be adopted by many more new customers, leading to an expansion of the Company's sales.	■ The Company will proceed with the development of EV-related products and components for lightweight vehicles, along with improvements in their performance, thereby contributing to electrification of automobiles and energy saving.
Risks	Tightening of Policies and Legal Regulations	■ The call for reductions in GHG emissions will be more pronounced. ■ There will be a rise in GHG emissions trading prices. ■ Each country's material recycling regulations and certain countries' legal regulations will be tightened.	■ Operating costs will rise due to the introduction of a carbon tax, the start of emissions trading, and the response to regulations on recycling.	■ The Company will further reduce the use of energy in the manufacturing process. (Scope 1+2)
	Rise in Demand from the Market	■ There will be a rise in customer demand in response to climate change, making products and technology less competitive if they are not sufficiently tuned in to the carbon-free trend.	■ Operating costs will rise due to capital investment for the introduction of energy-saving equipment and the purchase of green electricity. ■ There will be calls for the Company to reduce GHG emissions throughout its supply chain including raw material suppliers, requiring the Company to reinforce and review the supply chain.	■ The Company will control the cost increases by reducing its energy costs through energy creation efforts and by realizing a Net Zero Plant in accordance with a plan. ■ The Company will proceed with the development and sale of products that will contribute to realizing a carbon-free society. ■ The Company will proceed with lifecycle assessments in cooperation with components and material suppliers.
	Rise and Appreciation of Raw Material Prices	■ There will be growing demand for raw materials (e.g., copper) necessary for supplying EVs and other products that will contribute to mitigating climate change. It is expected that this will lead to a rise and appreciation of raw material prices.	■ The appreciation of raw material prices will increase the Company's costs.	■ The Company will make further energy-saving and recycling efforts. ■ The Company will reinforce its resilience in terms of raw materials by, for example, proceeding with the development of aluminum electric wires/harnesses.
	Evaluation by Stakeholders	■ The Company's attitude toward addressing climate change will be evaluated by each stakeholder.	■ A delay in response or a failure to achieve targets will lead to a decline in the Company's credibility, a decrease in the sales, a loss of customers, a decline in the stock price, and an increase in the financial arrangement costs.	■ The Company will make efforts to achieve the GHG emissions reduction targets set under the SBTi. ■ The Company will disclose appropriate information to a wide variety of stakeholders and engage in dialogue with them at appropriate timing.

4.0°C (BAU) scenario

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

		Possible Circumstances	Assessment of the Impact on the Company	Major Efforts
Opportunities	Growth in Demand for Products Adaptable to Climate Change	■ Social infrastructure will be improved and strengthened by, for example, reinforcing electricity transmission grids and enhancing the strength of structures, so that society is able to endure environmental changes caused by climate change. ■ Frequent flooding and submergence will require regional infrastructure to be reestablished.	■ There will be an increase in the Company's sales of infrastructure-related products necessary for reinforcing disaster contingency plans and BCPs, such as electric wires/cables and copper wires.	■ The Company will contribute to society by supplying products for preparing for frequent occurrence of disasters, or reinforcing electricity transmission grids, enhancing the strength of structures, and improving communications networks.
Risks	Intensification of Climate Disasters due to Global Warming	■ Extreme climate change (typhoons, torrential rain, droughts, water shortages, and high/low temperatures) will increase the number of climate disasters, affecting manufacturing bases, suspending operations, and disrupting supply chains. ■ There will be an increase in global warming, causing water shortages.	■ Plant suspension due to abnormal climate will generate restoration costs and increase non-life insurance premiums. ■ Appreciation of raw material prices will lead to extreme price rises for certain products, leading to sluggish demand for the products. ■ Water shortages will suspend or relocate many production lines or lead to increased investment in water-saving equipment.	■ The Company will build disaster-resilient plants. ■ The Company will proceed with BCPs by reinforcing its supply chain in consideration of climate change. ■ The Company will invest in improvement of quality of raw materials. ■ The Company will make further energy-saving and recycling efforts.

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

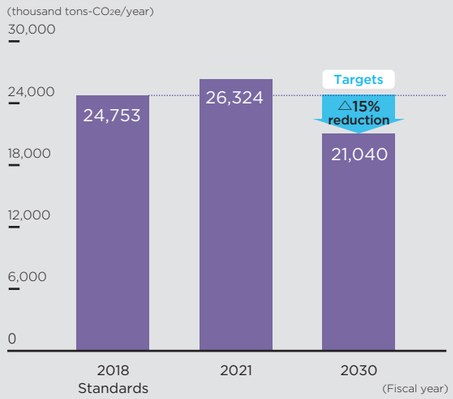
Future Initiatives

We are taking specific measures toward achieving our goal of reducing emissions of CO_2 and other greenhouse gases. From the perspective of minimizing our impact on the global environment, the Sumitomo Electric Group places the utmost emphasis on saving energy, while creating energy and also purchasing energy to cover the shortfall. Under this basic policy, the Group will proceed with reductions in greenhouse gas emissions. First, with regard to "Saving energy," we are implementing measures that make the most of our technological capabilities, such as the effective use of thermal energy, through the combined efforts of our manufacturing, R&D, and production engineering departments. Next, with regard to "Creating energy" and "Purchasing energy," we are specifically examining concepts for achieving net-zero emissions at our manufacturing sites by combining in-house power generation, such as solar power, with the purchase of green electricity. In addition, we will contribute to local communities by combining our redox flow batteries systems and supplying power to surrounding areas in times of disaster.

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 (Scope 1+2)

GHG-Emissions (Scope 3)



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

Environmental Preservation

Basic Approach

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 and revised in 2020. 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 greenhouse gas emissions and Expansion of Environmentally friendly products.

Please see "Management of Chemical Substances in Products" in P53-54 for details.

Environmental Management

Environmental Policy

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

Organizations for Promoting Environmental Management

The Corporate Environment Committee deliberates and makes decisions on the Group's environmental preservation activities and oversees the activities on a global basis.

Environmental Policy (extract)

Established in July 1997
Revised in June 2020

Basic Philosophy

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

Action Guidelines

1.Considering environmental preservation activity is one of the most important issues for corporative management, the Sumitomo Electric Group promotes the activity based on its action plan.

- Reduce environmental impacts in manufacturing activities
  Prevention of global warming, saving and recycling of resources, prevention of environmental pollution and protection of biodiversity
- Increase environmentally-conscious products and services
  Introduction of products that help prevent global warming, phase-out of harmful substances and implementation of product assessment

2.The Group will fulfill and enforce environmental management system.

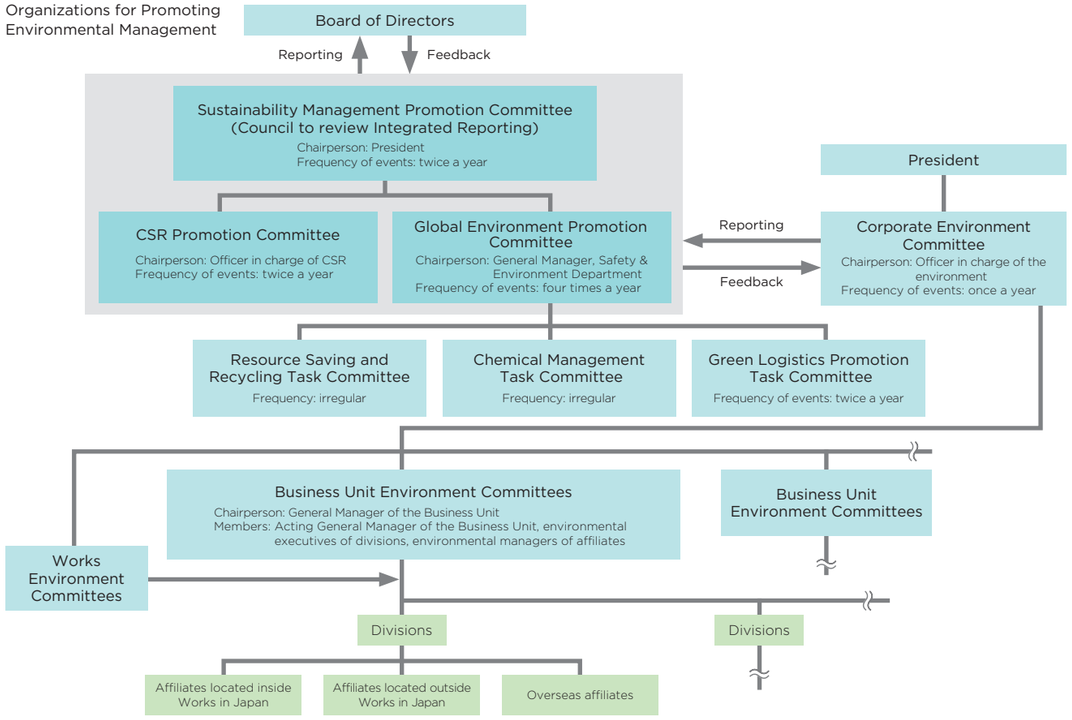
- Provision of educational programs on environmental preservation and implementation of environmental audits

3.The Sumitomo Electric Group will maintain and improve compliance action.

4.The Sumitomo Electric Group's Environmental Policy will be opened to the public upon request.

For the details of Environmental Policy, please see the following page.
https://sumitomoelectric.com/sustainability/csr/environment/management

Organizations for Promoting Environmental Management



Action ECO-22V Campaign

The Sumitomo Electric Group has conducted the Action ECO-21 Campaign since April 2003, focusing on E: Environmental engineering, C: environmental Communication, O: Originality. Since fiscal 2018, we have conducted the Action ECO-22V Campaign as a five-year plan.

For the targets regarding the prevention of global warming and promotion of energy saving to be achieved in fiscal 2021 and after, we have reviewed based on the long-term reduction target certified by SBTi.

Targets and results of "Action ECO-22V Campaign" (Note1)

Item		Descriptions / Targets for FY2022	Targets for FY2021	Results for FY2021	Evaluation
Reduction of environmental impact from business activities	Global warming prevention/Promotion of energy saving	(1) Reduction of greenhouse gas emissions (production sites) (Note2) / 10% reduction (compared to FY2018)	7.5% reduction (vs FY2018)	8.4% reduction	○
		(2) Reduction of energy consumption per unit of sales (production sites) (Note2) / 4.1% reduction (compared to FY2021)	4.1% reduction (vs second half of FY2020)	4.2% increase	▼
		(3) Reduction of energy consumption per unit of sales (offices) / 4% reduction (compared to FY2018)	3% reduction (vs FY2018)	25.7% reduction	◎
		(4) Reduction of CO_2 emissions from logistics per basic unit / 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 discharged per unit of sales (Note2) / 5% reduction (compared to FY2017)	4% reduction (vs FY2017)	29.4% reduction	◎
		(2) Reduction of water withdrawal per unit of sales (Note2) / 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) Promotion of the protection of biodiversity and environmental conservation activities / Over 200 cases	Conducted conservation activities	Activities in progress	○
Reduction of environmental impact from products	Expansion of environmentally friendly products (Note3)	(1) Percentage of "Eco Mind" products / 100%	100%	100%	○
		(2) Expansion of sales ratio of Eco-products (Note2) / 62% or more (Note4)	Sales ratio 60% or more (Note4)	60%	○
	Management of chemical substances in products	(1) Strengthening the management of chemical substances in products / 6 or more audits	5 or more audits (Note5)	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)

(Note1) Boundary: See the ESG data on P65-66.
(Note2) The boundary is Sumitomo Electric and its consolidated subsidiaries (excluding listed subsidiaries)
(Note3) Although the previous reports referred to items regarding the reduction of CO_2 emissions with products with less CO_2 emissions, they have been integrated into the SBTi Scope 3 emissions reduction efforts, which target all products, and have thus been removed from the Action ECO-22V Campaign.
(Note4) As a result of a revision made for sales of Eco-products from fiscal 2017 to fiscal 2020, our fiscal 2022 target has been revised from at least 70% to at least 62%, and our fiscal 2021 target has been revised from at least 68% to at least 60%.
(Note5) One case decreased as the boundary of audit was reviewed

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

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

Main environmental risks

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

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

Education and Training

We provide systematic education programs on environmental conservation

To realize environmental management, the Sumitomo Electric Group works to enhance every employee's environmental awareness and knowledge. We provide all employees with education on the history of measures to protect the global environment as well as the Group's environmental policy and the Action ECO-22V Campaign.

To ensure that we can handle situations where it is difficult to organize face-to-face training due to the impact of the COVID-19 pandemic, we have improved and increased e-learning materials.

We also organize training on environmental laws and technical education on chemical management and other issues on a regular basis. Training for assistant plant managers was added to the program in fiscal 2018.

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

Environmental Audits

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

■ Environmental Audits

In addition to audit based on ISO 14001, the Sumitomo Electric Group conducts environmental audits to ensure compliance with laws and regulations and reduce environmental impact, covering the status of compliance with environment-related laws, maintenance and management of environment-related facilities, and initiatives of the Action ECO-22V Campaign. In fiscal 2021 again, affected by the COVID-19 pandemic, we could not perform on-site audits, so we conducted remote environmental ones.

In fiscal 2021, we drew up a plan centered on new sites and sites with a high environmental risk, and conducted environmental audits at a new site in Japan and 12 sites overseas including three new sites, a total of 13 sites. We integrated the inspections of facilities that might affect water quality into environmental audits. We inspected not only chemical liquid tanks and other facilities that might affect water quality due to the use of hazardous substances, oil, etc., but also waste yards and other environment-related facilities, especially from the perspective of the prevention of leakage and spillage.

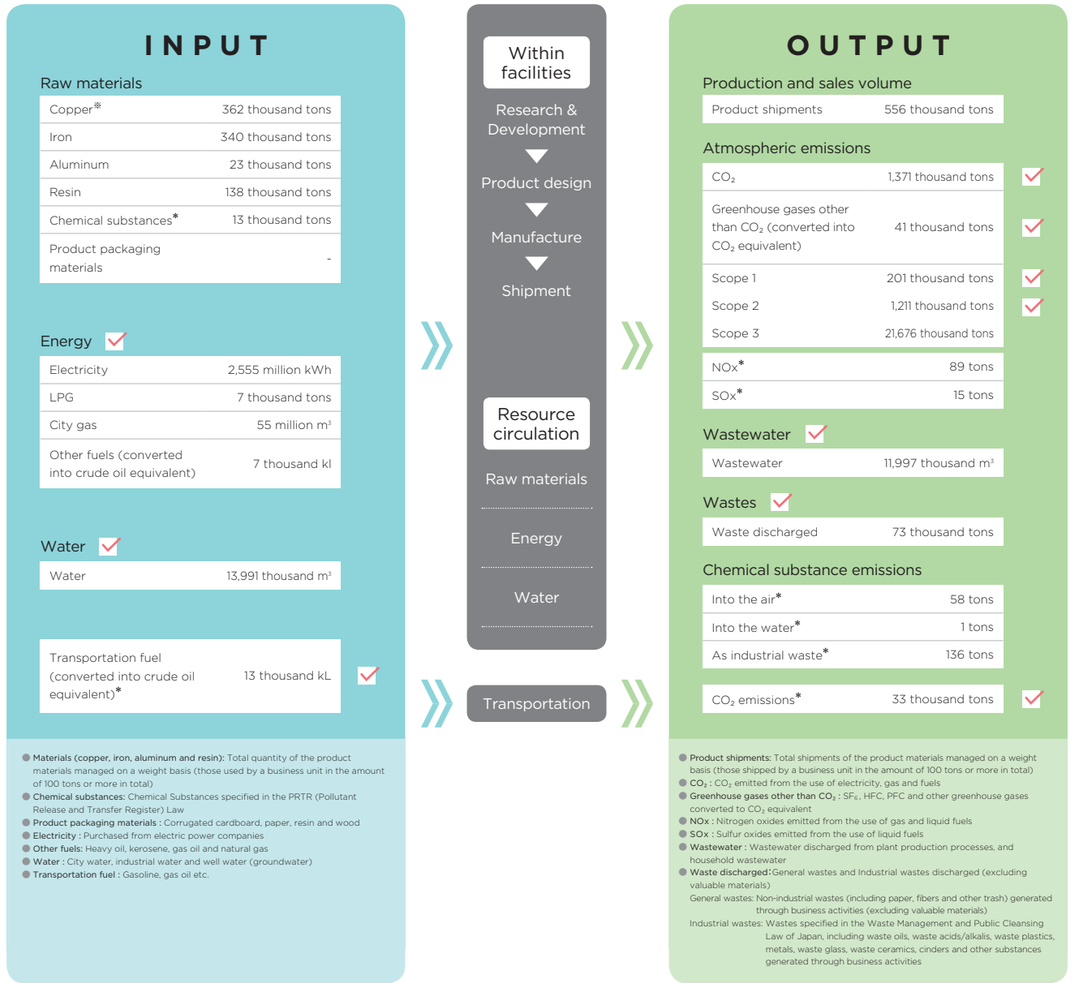
For fiscal 2022 and onwards, we plan to periodically conduct either environmental audits including inspections of environment-related facilities, or inspections of compliance with environment-related laws excluding inspections of environment-related facilities (hereinafter "environment-related laws inspections"), according to the relevant site's potential environmental risk, such as use of a hazardous substance. Our plan for fiscal 2022 is to conduct environmental audits at 15 sites and environment-related laws inspections at 23 sites.

■ Confirmation of Legal Compliance

In fiscal 2021, 2 violation of laws and regulations (a case where guidance, recommendation or order to pay fine was issued by the authority) was reported by Sumitomo Electric and its Group companies to the Safety & Environment Department of Sumitomo Electric. As to the content of the violation by country and region, an affiliate in Taiwan was pointed out it's violation of laws and regulations and received an order to pay a fine by the authority in April 2021 and January 2022. In both cases, we made prompt and appropriate responses.

We will continue to strive for a proper understanding of the regulations in the respective regions to ensure thorough compliance.

Material Balance (Environmental Impacts)



- **Materials (copper, iron, aluminum and resin):** Total quantity of the product materials managed on a weight basis (those used by a business unit in the amount of 100 tons or more in total)
- **Chemical substances:** Chemical Substances specified in the PRTR (Pollutant Release and Transfer Register) Law
- **Product packaging materials :** Corrugated cardboard, paper, resin and wood
- **Electricity :** Purchased from electric power companies
- **Other fuels:** Heavy oil, kerosene, gas oil and natural gas
- **Water :** City water, industrial water and well water (groundwater)
- **Transportation fuel :** Gasoline, gas oil etc.

- **Product shipments:** Total shipments of the product materials managed on a weight basis (those shipped by a business unit in the amount of 100 tons or more in total)
- **CO_2 :** CO_2 emitted from the use of electricity, gas and fuels
- **Greenhouse gases other than CO_2 :** SF_6, HFC, PFC and other greenhouse gases converted to CO_2 equivalent
- **NOx :** Nitrogen oxides emitted from the use of gas and liquid fuels
- **SOx :** Sulfur oxides emitted from the use of liquid fuels
- **Wastewater :** Wastewater discharged from plant production processes, and household wastewater
- **Waste discharged:** General wastes and Industrial wastes discharged (excluding valuable materials)
  General wastes: Non-industrial wastes (including paper, fibers and other trash) generated through business activities (excluding valuable materials)
  Industrial wastes: Wastes specified in the Waste Management and Public Cleansing Law of Japan, including waste oils, waste acids/alkalis, waste plastics, metals, waste glass, waste ceramics, cinders and other substances generated through business activities

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

Explanation of the Boundary

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

When the comprehensiveness of the boundaries is assessed based on greenhouse gas emissions (Scope 1+2), a representative environmental indicator, the emissions from the boundaries of the environmental management of our group, 1,412 thousand tons-CO_2e, account for the vast majority of 1,848 thousand tons-CO_2e, which are estimated greenhouse gas emissions from the boundaries of consolidation for financial reporting in fiscal 2021.

In the meantime, out of the 260 consolidated subsidiaries excluding the 4 listed companies mentioned above, the environmental management of our group covers 157 companies in production units (41 in Japan, 38 in China, 38 in Asia (except China), 19 in the Americas and 21 in Europe and other in fiscal 2021). Our trial calculation indicates that environmental impact, such as greenhouse gas emissions, of the 157 companies is estimated to occupy 99% of that of the 260 subsidiaries.

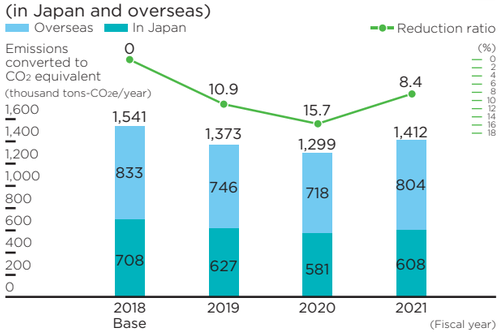
Activities to Prevent Global Warming

Reduction of Greenhouse Gas Emissions

At the Sumitomo Electric Group, we are striving to achieve the medium- to long-term target of reducing the so-called Scope 1 and 2 emissions, or greenhouse gas emissions generated inhouse, by 30% from the fiscal 2018 level by fiscal 2030. In fiscal 2021, despite our upward revision of the greenhouse gas emissions reduction target from 4% to 7.5%, we accomplished it by reducing greenhouse gas emissions by 8.4% from the fiscal 2018 level.

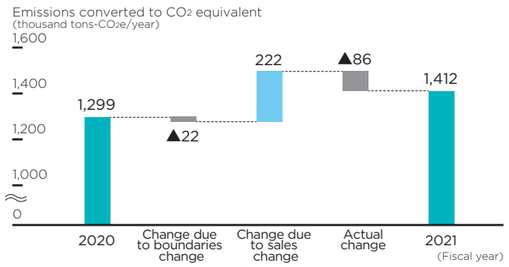
This was not only due to self-help efforts to reduce CO_2 emissions, such as saving energy, introducing photovoltaic power generation, and reducing non-energy-derived greenhouse gas emissions, but also due to a decrease in the CO_2 emission factor for electricity. We will continue to promote CO_2 emissions reduction activities.

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



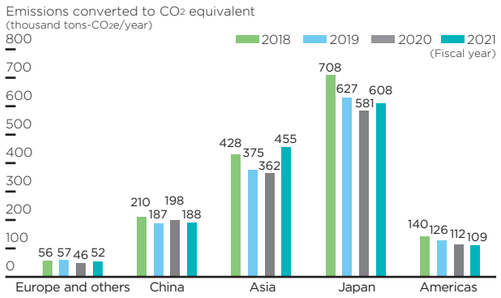
(Note) See P68 for the calculation criteria.

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



(Note) Change due to boundaries change: Emissions in fiscal 2020 from the boundaries of collection newly added or excluded in fiscal 2021.
Change due to sales change: Emissions in fiscal 2020 from the boundaries of collection for fiscal 2021 × (Sales in fiscal 2021 / Sales in fiscal 2020 - 1)
Actual change: Actual greenhouse gas reduction by improving production efficiency

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

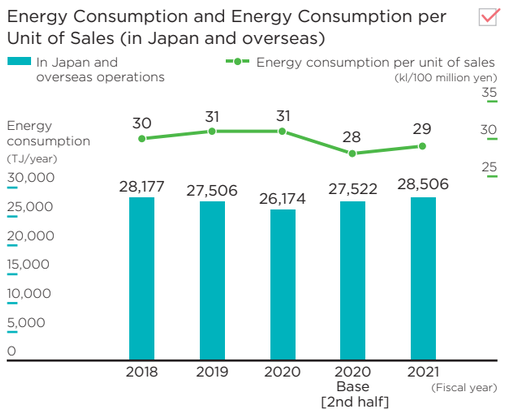


Reduction of Energy Consumption

Production efficiency has been improved

To achieve the medium- to long-term target of reducing greenhouse gas emissions by 30% by fiscal 2030, we have been striving since fiscal 2021 to accomplish the target of raising energy productivity (hereinafter "e-productivity") by 1.5-fold by fiscal 2030. The relevant index improved by 7.0% from the full-fiscal 2020 level. However, this was attributed to the decrease in energy consumption per unit of sales for the first half of fiscal 2020 as a result of the reduced production due to the COVID-19 pandemic. Compared to the level of the second half of fiscal 2020 with the impact of the pandemic excluded, the index rose by 4.2%. In fiscal 2022, we will set fiscal 2021 as the base year and strive to reduce CO_2 emissions by improving production efficiency.

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



(Note) The base of the second half of fiscal 2020 has been obtained by annualizing the figure for the second half of 2020.

Emissions by Scope

We provide data to CDP*

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

Greenhouse Gas Emissions in FY2021 (thousand tons-CO_2e/year)

Scope 1		201 ☑
Scope 2		1,211 ☑
Scope 3		21,676
Category	Description	
1	Purchased goods and services (Note 1)	11,295
2	Capital goods	526
3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	261
4	Upstream transportation and distribution	33 ☑
5	Waste generated in operations	28
6	Business travel	37
7	Employee commuting	80
8	Upstream Leased Assets	–
9	Downstream Transportation and Distribution	–
10	Processing of Sold Products	–
11	Use of Sold Products (Note 2)	9,416
12	End-of-Life Treatment of Sold Products	–
13	Downstream Leased Assets	–
14	Franchises	–
15	Investments	–

(Note 1) Emissions were calculated based on the costs of procuring raw materials and parts. The main reason for the considerable increase compared to fiscal 2021 is a sharp rise in the procurement costs of copper and steel.
(Note 2) Indirect emissions were calculated based on Corporate Value Chain (Scope 3) Accounting and Reporting Standard
(Note 3) (-) indicates that the calculation method is under consideration or the category is not applicable.

Energy Saving Activities in Production Units

We are working to reduce wasteful use and improve efficiency with energy-saving and energy-creation ideas.

■ Self-help efforts to reduce CO_2 emissions and improve production efficiency

At the Sumitomo Electric Group, we are striving to increase our e-productivity by 1.5-fold by fiscal 2030 through the reduction of wasteful use and improvement of efficiency within each division. The Global Environment Department supports these efforts by, for example, performing energy saving evaluation and measurement-based evaluation and providing information on new technology and the introduction of photovoltaic power generation. Furthermore, we have built a framework for improving e-productivity throughout the Company through the Global Environment Promotion Committee, which has received new members since fiscal 2022 from the Corporate Staff Group, such as the Corporate Planning Department and the Procurement Division.

■ Specific Measures

To increase our e-productivity, we have been proceeding with efforts to share information between the Global Environment Department and each division since fiscal 2021 regarding 1) progress in reduction of CO_2 emissions and energy consumption per unit of sales, and 2) specific reduction measures and challenges. The aim is for the Global Environment Department to act as a hub for sharing information on progress and challenges, and support solutions. To address shared challenges, related sections are involved as needed. Various measures are devised to support the activities of each division. Examples of specific measures are presented as below.

- **Energy saving evaluation and measurement-based evaluation:**
  We are committed to such initiatives as the on-site check of equipment with a focus on utility devices, energy saving evaluation to propose energy saving ideas and investment for improvement and present improvement effects and measurement-based evaluation to determine accurate cost saving effects with exclusive measuring instruments after narrowing down the target devices. We have recently used IoT in evaluation to grasp data in remote sites, which does not only support energy saving but also helps identify problems in equipment promptly.
- **Development and evaluation of new technologies:**
  We evaluate the latest energy saving technologies that have not been adopted in the Sumitomo Electric Group, ranging from high-efficiency air conditioning to the recovery of waste heat, and deploy them on a group-wide scale based on the evaluation results.
- **Support for development of new technologies:**
  We support early commercialization of promising energy-saving technologies that are under consideration in each division, by involving not only the Global Environment Department but also the design and research divisions.
- **Energy Saving 200 *Kaizen*:**
  We have newly launched the Energy Saving 200 Kaizen to incorporate an energy-saving perspective into on-site *kaizen* activities. We are striving to increase production efficiency by visualizing divisions' efforts and results.

Energy Saving Activities in Offices

We are working to make employees always aware of energy saving

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

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

Promotion of the Introduction of Renewable Energy

Aiming to establish net zero plants

To actively promote the introduction of photovoltaic power generation, the Sumitomo Electric Group has added it to the action items of the Action ECO-22V Campaign and plans to install photovoltaic power generation equipment not only in newly constructed buildings but also in existing buildings.

We also consider setting a model plant that aims to achieve net zero energy consumption in the future and will promote the introduction of renewable energy more aggressively than ever.

Glossary

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

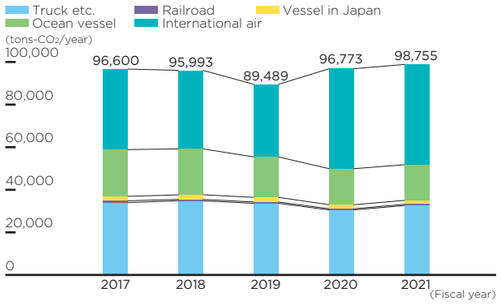
Reduction of CO_2 Emissions in Transportation

Changes in CO_2 emissions

Total CO_2 emissions from domestic transportation and exports increased by approximately 2.0% from the fiscal 2020 level.

CO_2 emissions from domestic transportation (by truck, etc., railroad or vessel in Japan) increased by approximately 1.7% due to a recovery in demand in the full fiscal year, when compared to fiscal 2020, which experienced a significant decline in freight volume, especially in the first half due to the impact of the COVID-19 pandemic. CO_2 emissions from exports (by ocean vessel or international air) decreased by approximately 0.1%, almost the same as for fiscal 2020, even though we continued to use air transportation, which has high CO_2 emissions, due to continued shortages and delays in ocean shipping services, especially on main shipping routes to Europe and the United States, and for emergency transportation.

CO_2 Emissions from Transportation by the Sumitomo Electric Group by Year



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

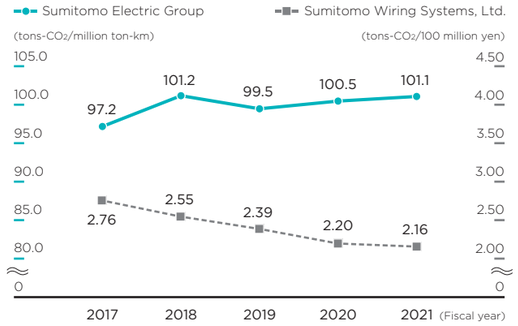
Reduction of CO_2 emissions from transportation in Japan

Per-unit CO_2 emissions from domestic transportation increased by 0.6% from the fiscal 2020 level in the Sumitomo Electric Group and decreased by approximately 1.6% in Sumitomo Wiring Systems, Ltd.

In fiscal 2021, demand growth and considerable changes from the previous fiscal year affected our business operations in various aspects. At Sumitomo Electric, we increased the use of railroad containers and coastal service for transporting overhead lines. We also increased the use of coastal service to Kitakyushu and from Muroran for transporting steel wires. On the other hand, some of our divisions experienced a considerable decline in demand from customers using railroad containers to distant areas. Sumitomo Wiring Systems was able to improve the loading ratio of regularly scheduled trucks by taking advantage of the increase in order volume compared to the previous fiscal year.

We will continue our steady efforts from a medium- to long-term perspective and make group-wide efforts to reduce CO_2 emissions from transportation.

Trends in CO_2 emissions from Transportation Per Basic Unit in Japan



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

Eco Rail Mark*

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

Promotion of Resource Conservation and Recycling

Reduction of the Amount of Waste and Promotion of Recycling

We are working to manage waste in a proper manner

Reduction of the Amount of Waste

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

To reduce the amount of waste, we promote conversion of the waste into valuable materials through separation and search of uses, and also focus on reduction of defects and review of the process that caused defects in production sites, which are fundamental activities for manufacturing, as well as in-house reuse of the waste generated and reduction of waste volume.

In the Action ECO-22V Campaign, we are working to meet the target of reducing amount of waste per unit of sales by 1% per year with fiscal 2017 as the base year. In fiscal 2021, the per-unit amount was reduced by 29.4% from the fiscal 2017 level.

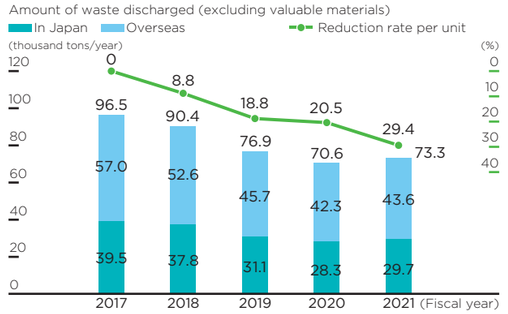
The amount is on a downward trend with the effects of our response to an increase in waste plastic as a result of the restriction on the imports of waste plastic in China, which occurred in fiscal 2017. Other initiatives including the prevention of troubles in the waste liquid treatment equipment, the promotion of proper waste management and the introduction of equipment to reduce waste volume have also constituted to the reduction.

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

Glossary

***Eco Rail Mark:** A certification mark awarded by the Ministry of Land, Infrastructure, Transport and Tourism, Government of Japan. The use of the mark is allowed only for products or companies that use rail transportation, which generates relatively less CO_2 emissions and is therefore environmentally friendly, in accordance with designated criteria. The mark included in packages and advertisements of products serves as a judgment standard for customers' purchase decisions.

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



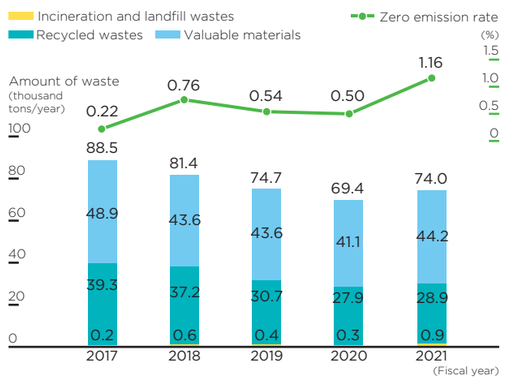
(Note) The amount of waste discharged at overseas sites from fiscal 2017 through fiscal 2020 has been corrected retrospectively to reflect the correction of a miscalculation made with valuable materials included in the amount of waste discharged at Chinese and Mexican subsidiaries. Accordingly, the reduction rate per unit of sales has also been corrected.

Promotion of recycling (in Japan)

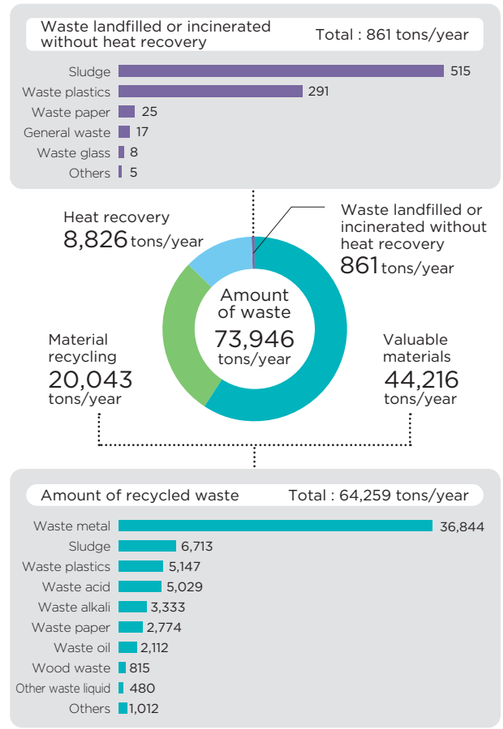
To help solve social problems, such as the shortage of waste disposal sites, illegal waste dumping, and environmental pollution due to waste plastic, and to make effective use of resources, it is necessary to avoid simply landfilling waste and recycle as much as possible. The Sumitomo Electric Group also works to reduce the zero emission rate.

In Japan, while the rate increased in fiscal 2018 due to the impact of the restriction on the imports of waste plastic in China, it declined to 0.50% in fiscal 2020 with our efforts including the consideration of new waste disposal contractors and buyers of valuable materials. In fiscal 2021, however, it became difficult to recycle waste generated in the treatment of water to be discharged, and we therefore landfilled such waste, worsening our zero emission rate for fiscal 2021 to 1.16%. For waste plastics, 0.3 thousand tons were incinerated or landfilled, and 11.0 thousand tons (5.1 thousand tons of sold as valuable materials or recycled, and 5.9 thousand tons of incineration for heat recovering) were effectively used, including heat recovery. In summary, 97% of waste plastics used effectively. We are continuing to consider the ways to make effective use of sludge and waste plastics.

Amount of Waste and Zero Emission Rate (in Japan)



Amount of Waste by Type in FY2021 (in Japan)

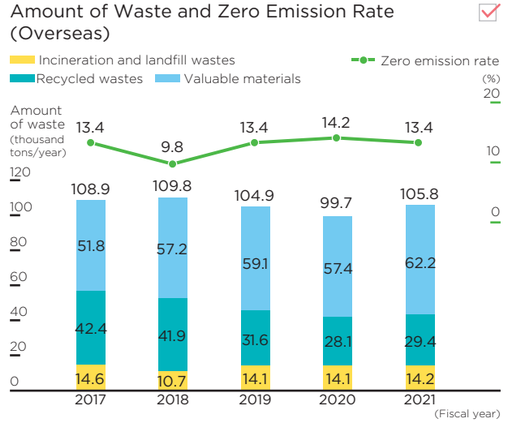


Promotion of Recycling (overseas)

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

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

Amount of Waste and Zero Emission Rate (Overseas)



(Note) The amounts for valuable materials and recycled waste from fiscal 2017 through fiscal 2020 have been corrected retrospectively to reflect the correction of a miscalculation made with valuable materials included in the amount of waste discharged at Chinese and Mexican subsidiaries. In addition, the figure for fiscal 2020 has been corrected retrospectively to reflect the correction of an incomplete entry for valuable materials of an Indonesian subsidiary.

Reduction of the Release of Harmful Chemical Substances

Chemical Substance Management System

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

The Sumitomo Electric Group established a chemical management system, and started the management of poisonous and deleterious substances and PRTR-designated substances in Sumitomo Electric's three Works in Osaka, Itami and Yokohama, and our affiliates in the Works in fiscal 2011. The system is also used to collect data for reporting under the PRTR Law*.

In fiscal 2012, domestic affiliates outside the three Works also launched the operation of this system in sequence, which enabled the search of the companies using poisonous and deleterious substances and safety data sheets (SDS) concerning all poisonous and deleterious substances used in affiliates in Japan.

From fiscal 2019, our Ibaraki Works, which was newly established, is included in the collection of data.

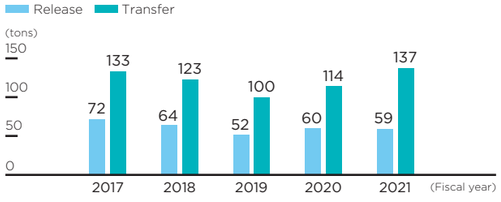
We will continue our efforts to enhance the management of chemical substances used in the Group.

Release and Transfer of Chemical Substances Specified in the PRTR Law

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

Sumitomo Electric and its affiliates in Japan, using the chemical substance management system developed by the Company, measure the amount of PRTR substances treated per month, and calculate the amount of these substances released and transferred in order to report annually in accordance with the law. A total of 37 sites of Sumitomo Electric's four Works in Osaka, Itami, Yokohama and Ibaragi, and 25 Group companies submitted such reports for fiscal 2021. Sumitomo Electric Group's total release and transfer of PRTR-designated substances in Japan were 59 tons and 137 tons, respectively.

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



(Note) Our reports submitted in the past had errors in the figures for emissions from fiscal 2017 to fiscal 2020, and therefore we have submitted a corrected report this year. The graph above is based on the corrected figures.

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

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

We will be committed to reducing the absolute amount of the release of chemical substances specified in the PRTR Law by 5% as an initiative of the Action ECO-22V Campaign from fiscal 2018 to fiscal 2022. In fiscal 2021, we made efforts to meet the target of reducing the amount by 4% from the fiscal 2017 level. We worked to cut the atmospheric release in the sites that release 1 ton or more to the air in a year to reduce the annual release by 17.4% from the fiscal 2017 level to 59.2 tons in fiscal 2021, which met the above-mentioned target.

Soil and Groundwater Remediation

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

Measures against Dioxins and Asbestos

The aluminum alloy manufacturing facility and its exhaust gas purification facility at Sumitomo Electric Toyama Co., Ltd. are subject to the Law Concerning Special Measures against Dioxins. We have ensured that emissions from these facilities remain within regulated standards.

At present, the Sumitomo Electric Group produces no products using asbestos.

Release and Transfer of Chemical Substances Specified in the PRTR Law

(Unit: tons)

Chemical substance	Release					Transfer			Total amount
	Into air	Into water	Into soil	Into landfill	Total release	By sewage	By disposal	Total transfer	
1-Bromopropane	35.4	0.0	0.0	0.0	35.4	0.0	0.2	0.2	35.6
Toluene	7.9	0.0	0.0	0.0	7.9	0.0	10.7	10.7	18.6
Phenol	3.8	0.0	0.0	0.0	3.8	0.0	9.5	9.5	13.3
Dichlorobenzene	2.9	0.0	0.0	0.0	2.9	0.0	9.4	9.4	12.3
Cresol	2.7	0.0	0.0	0.0	2.7	0.0	6.0	6.0	8.7
N,N-Dimethylacetamide	1.9	0.0	0.0	0.0	1.9	0.0	3.7	3.7	5.6
1,2,4-Trimethylbenzene	1.0	0.0	0.0	0.0	1.0	0.0	1.8	1.8	2.8
Xylene	0.8	0.0	0.0	0.0	0.8	0.0	2.3	2.3	3.1
Molybdenum and its compounds	0.0	0.5	0.0	0.0	0.5	0.0	2.9	2.9	3.4
Ethylbenzene	0.4	0.0	0.0	0.0	0.4	0.0	0.7	0.7	1.1
33 other substances	1.5	0.4	0.0	0.0	1.9	0.8	88.7	89.5	91.4
Total	58.3	0.9	0.0	0.0	59.2	0.8	135.9	136.7	195.9

(Unit: mg-TEQ)

Chemical substance	Release					Transfer			Total amount
	Into air	Into water	Into soil	Into landfill	Total release	By sewage	By disposal	Total transfer	
Dioxins	0.6	0.0	0.0	0.0	0.6	0.0	2.2	2.2	2.8

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

Glossary

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

Initiatives to Address Water Risks

Basic Approach

The impact of global warming on the global environment has attracted much attention in recent years and water resource problems are also recognized as large risks that can affect the operation of the Sumitomo Electric Group. Institutional investors and clients require us to respond to the problems to sustain the operation. In addition to the shortage of water supply, water-related issues include deterioration of water quality, flood damage, tightening of relevant government regulations and relationships with communities in the neighborhood. The Sumitomo Electric Group is working to understand the current situation of these issues and taking measures to address them.

Water Use Reduction

We monitor the total amount of water withdrawal

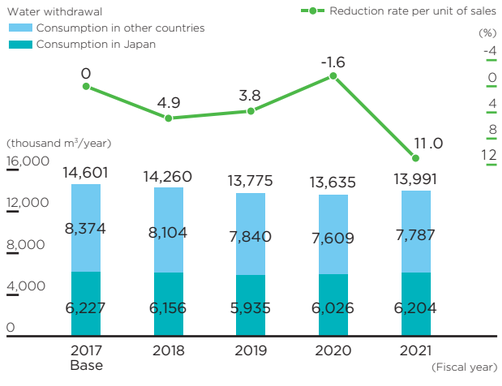
While the Sumitomo Electric Group launched activities to reduce water consumption in fiscal 2008, we set a target of reducing water consumption per unit of sales by 1% per year (with fiscal 2017 as the base year) in fiscal 2018. We are now committed to the reduction of water use to meet the target.

In fiscal 2021, while the total water consumption increased year-on-year with the impact of an increase in production volume, water consumption per unit of sales decreased by 11.0%.

In terms of water withdrawal by source, we take 83% of water from City water and 17% from groundwater. As to the destinations of the effluent, 72% is discharged into sewer systems while 19%, 8% and 1% of our effluent reach rivers, the sea and other destinations, respectively.

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

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



Evaluation of Water Risks on a Global Scale

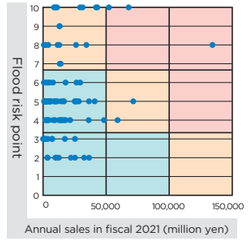
The Water Risk Countermeasure Working Group continues this initiative

Sumitomo Electric set an activity goal of "establishing a group-wide system to ensure that the production bases around the world independently understand the current situation of water risk, if any, identify the issues and design and implement measures to address them" in the second half of fiscal 2017. As the first specific initiative, we set up Water Risk Countermeasure Working Group with members recruited from divisions and affiliates in January 2018 to establish a system to promote the unification of the action procedures to be applied throughout our group.

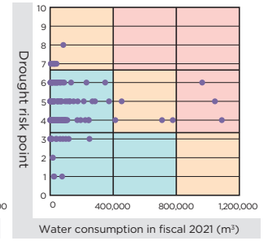
While we have evaluated water risks indicated by 13 indicators in total, including water quantity, water quality, regulations according to local laws and relations with neighboring communities, on a five-point scale by using Aqueduct*, which is a tool to evaluate such risks in Japan and overseas production bases, we focused on floods and droughts in fiscal 2020 and identified priority sites with high risks and significant challenges. This evaluation method calculates a risk point (RP) on floods and droughts for each site based on the evaluation of four risk items, which are river flooding, coastal flooding, water depletion and dry weather, on a five-point scale first and then evaluates the sites based on "the probability of occurrence of water risks" (the RP mentioned above) and "the magnitude of the impact when a risk occurs" (on sales or water consumption) as the two axes to recognize the sites in the red zones of the matrix as those with important issues. As a result, we have identified three sites with important issues on floods and three sites with important issues on droughts.

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

Matrix for sites with flood risks



Matrix for sites with drought risks



Development of the Activities on a Company-wide Scale

In addition to the above-mentioned risk evaluation with Aqueduct, we prepared a questionnaire to understand the actual situation of water risks throughout the Sumitomo Electric Group based on the CDP 2022 water security management indicators and collected information on water risks for fiscal year 2020 from 161 bases in Japan and overseas. In July 2020, the plant of a Japanese base was exposed to water due to river flooding caused by torrential rain, but the base's flood risk point was 3, which was not high. Therefore, as Japanese bases with serious flooding issues, we have listed 15 bases whose maximum flooding depth is expected to be 0.5 m or higher based on My Hometown Hazard Map, a data base prepared by the Ministry of Land, Infrastructure, Transport and Tourism. For overseas bases with serious flooding issues, we have also listed 23 bases whose flood risk point is 7 or higher (including three bases identified as bases with important flooding issues in the matrix above), regardless of the annual sales scale. We have also listed nine bases whose flood risk point is 6 or lower but which are located within 500 m of a nearby river (whose width is 20 m or greater). Consequently, the number of bases to be inspected in detail has increased. The bases listed above are now being inspected in detail in terms of: (1) communication on their hazard maps; (2) disaster prevention systems and flooding prevention measures; (3) measures to prevent outflow of hazardous substances; (4) business continuity plans (BCPs); and (5) past damage.

Glossary

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

In fiscal 2020, no bases were affected by water supply restrictions or suspensions due to drought, but four bases were hit by a water price rise, including a Philippine base experiencing a water price rise by 50%. Three Brazilian bases were asked by the government to reduce the use of water.

In fiscal 2020, water pollution incidents, including exceedance of quality standards for discharged water, occurred at four bases. However, all were minor incidents, and the bases were not subject to administrative punishment, such as a fine and/or suspension of operations. In fiscal 2020, 14 bases experienced leakage of public water supplies, with the total leakage amount estimated to be 6,200 m^3 (equivalent to 0.05% of the water used in fiscal 2020).

We will make proactive efforts, such as taking measures to avoid risks centered on flooding and reviewing the relevant bases' BCPs.

Expansion of Environmentally friendly products

Expansion of Environmentally friendly products

We are actively promoting assessment and development of Environmentally friendly products

Along with the reduction of environmental impact from our business activities, Sumitomo Electric is striving to increase environmentally friendly products as an initiative stated its environmental policy.

Our products are assessed to determine their levels of social and environmental contribution and classified into, for example, Eco Mind products, Eco-products and anti-global warming products based on the levels. The assessment results are also used for development of new products.

"Eco Mind" Products

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

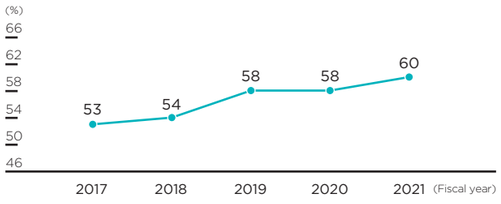
By the end of fiscal 2021, a total of 1,389 items have been registered as "Eco Mind" products.

Eco-Products (Eco Symbol Program)

Among "Eco Mind" products, the products with particularly outstanding environmental features are examined in accordance with our Eco Symbol Program, which is based on ISO14021, and those that meet the criteria are certified as "Eco-products." Through this system, we aim to promote development of environmentally conscious products and strive to penetrate the market with them.

By the end of fiscal 2021, a total of 353 items have been registered as Eco-products. The sales ratio in fiscal 2021 was 60%. The sales ratio from fiscal 2017 through fiscal 2020 has been corrected retrospectively to reflect the correction of an incorrect record of Eco-products at Sumitomo Wiring Systems, Ltd., and the target for fiscal 2022 has been revised to 62%.

Percentage of Eco-Products in Sales



Biodiversity

Basic Approach

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

We work to understand the big picture of environmental burdens and reduce them with the basic idea that all of the environmental burdens accompanying business activities have an impact on the biodiversity. In addition, we promote initiatives that can help protect the biodiversity throughout the businesses of the Sumitomo Electric Group, including the expansion of environmentally friendly products.

Action Policy for the Future

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

For the policy for our future initiatives, please see the following page.
https://sumitomoelectric.com/sustainability/csr/environment/biodiversity

Eco-Activities 2030

Activities > Growing Prickly Waterlilies at the Itami Works

Since fiscal 2021, we have participated in an effort to grow prickly waterlilies, an endangered species, in a pond on the premises of the Itami Works in cooperation with *Ike-bukai*,* a subcommittee of a civic group of Itami City.

Itami City, ranked first in a national ranking of commitment to biodiversity (in 2016), is faced with a shortage of participants in the effort, leading us to support the city in continuing the effort as part of our corporate philanthropic activities.

Prickly Waterlilies

- Nymphaeaceae
- Large, annual plant (leaf diameter: 2 m or greater)
- Decreasing population due to environmental pollution (endangered species)
- Growing in Koya Pond (where the plant disappeared sometime from the mid-1970s to the mid-1980s)

In fiscal 2021, 449 seeds (four times the target) were taken from 100 seeds.

Glossary

***Ike-bukai*:** One of the three subcommittees (for commitments to forests, ponds, and rivers) of the Itami Nature Conservation and Nurturing Association, a civic group working on the restoration of various natural settings centered on the Koya Pond Park.

Environmental Accounting

	Financial items									Non-financial items	
	Investment (million yen)			Expense (million yen)			Economic effect (million yen)			Change factors in FY2021 (in Japan)	Strategy/ opportunity and risk
	2019	2020	2021	2019	2020	2021	2019	2020	2021		
Reduction of greenhouse gas (GHG) emissions	Investment to reduce CO_2 emissions(Note 1)						Reduction of energy cost(Note 1)			GHG emissions (Note 4) (thousand tons-CO_2e/year) 900 750 600 450 300 150 0 581 0 +90 ▲63 608 2020 Change due to boundaries Change Change due to sales change Actual change 2021 (Fiscal year)	We set the reduction of CO_2 emissions by 10% from the FY2018 level as a KPI for fiscal 2022. To achieve it, we have defined the target of reducing GHG emissions reducing of sales by 7.5% from the fiscal 2018 level and make various energy saving efforts. These activities are also important for the reduction of energy cost. The knowledge learned through the activities is also introduced into overseas Group companies.
	1,651	2,181	2,537				351	268	209		
Waste reduction	Investment in resource saving and recycling(Note 2)			Waste disposal cost(Note 3)			Sale of valuables materials(Note 3)			Amount of waste (excluding valuable materials) (Note 4) (thousand tons/year) 50 40 30 20 10 0 28.3 0 +4.4 ▲3.0 29.7 2020 Change due to boundaries Change Change due to sales change Actual change 2021 (Fiscal year)	We have set the target of reducing the amount of waste per unit of sales by 4% from the fiscal 2017 level and take various resource-saving measures. To reduce the amount of waste, we are promoting the conversion of waste into valuable materials. While the amount of waste has increased due to the suspension of imports of recyclable waste by China, we will continue the activities to sell valuable materials produced from waste through the concentration of waste liquid, etc. as a method to reduce the amount.
	14	33	0	1,302	1,392	1,395	72	51	303		
Cost of management activities				859	1,458	733				Cost of environmental organization, ISO 14001 registration and maintenance, etc.	ISO 14001 is the core of our environmental management activities, and the certification is requested by customers.
Cost of social activities				9	4	5				Cleanup of areas outside company sites, external environmental education, etc.	We consider cleanup of the neighboring areas as a basic social activity, and will continue our commitment to communication with local communities through this initiative.
Cost of environmental remediation				9	13	20				Restoration of contaminated soil and groundwater	We continuously restore the contaminated soil and groundwater identified in our facilities.

Boundaries of data integration Items with Sumitomo Electric + affiliates in Japan
(Note 1) Calculation has been made only for the efforts certified by the Global Environment Department as "CO_2 emissions reduction activities."
(Note 2) The amount of investment does not include investment related to efficient use of resources but covers investment for reduction of waste generation and recycling.
(Note 3) The cost is calculated based on payment to the waste disposal contractor. Metals are not included in the calculation of either cost or economic effect.
(Note 4) Change due to boundaries change: Emissions or amount of waste in fiscal 2019 from the boundaries of collection newly added or excluded in fiscal 2020 (no boundaries were newly added or excluded in this fiscal year).
Change due to sales change: [Emissions or amount of waste in fiscal 2019 from the boundaries of collection for fiscal 2020] × (Sales in fiscal 2020 / Sales in fiscal 2019 - 1)
Actual change: Calculated by subtraction

Respect for Human Rights

Basic Approach

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

The Sumitomo Electric Group Policy on Human Rights (extract)

Date of establishment: March 19, 2019

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

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

1. Stance

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

2. Scope of Application

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

3. Responsibility to Respect Human Rights

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

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

For the entire policy, please see the following page.
https://sumitomoelectric.com/sustainability/csr/sociality/office

Human Rights Due Diligence

To ensure respect for human rights in our business activities, we are committed to human rights due diligence to assess risks of human rights violations in business activities and correct them based on the Sumitomo Electric Group Policy on Human Rights.

In 2019, we issued a detailed regulation on the employment of migrant workers. Since fiscal 2020, we have conducted an annual assessment for domestic and overseas group companies employing relevant workers, concerning the commission fee paid for recruitment, working conditions, and other issues.

Since fiscal 2021, we have expanded the list of human rights risks to be assessed. For our overseas business activities, we have set risk indexes while taking account of the business features and regional characteristics, and we have assessed human rights risks in business activities. The results show that there is no risk of forced labor of migrant workers and that no child labor takes place.

In fiscal 2022, we will expand the scope of the assessment targets regarding human rights risks to include our domestic business activities. If our due diligence results lead us to judge that any of our business activities causes or facilitates negative impact on human rights, we will engage in discussions with the relevant stakeholders and follow appropriate procedures toward correction and remedy.

Human Rights Education and Training

We are also making continuous efforts for human rights training and enlightenment to solve a wide range of human rights issues including discrimination and sexual harassment. In 2021, a total of 13,215 persons participated in the human rights-related seminars, including the education provided mainly by Human Rights Task Committee members at their worksites as well as harassment prevention training for all managers, and human rights training for officers, new employees and newly promoted employees in each position.

Establishment of Consultation Services

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

Cooperation with Human Rights Organizations and Governments

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

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

Human Resources

Basic Approach

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

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

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

Diversity & Inclusion

Global HRM Policy

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

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

The Group has traditionally placed a high value on human resources based on the Sumitomo Spirit. To clarify the basic policies on human resources, we instituted the Sumitomo Electric Group Global Human Resource Management Policy (Global HRM Policy) in September 2011.

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

Global Human Resource Management (HRM) Policy

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

The Promotion of Diversity & Inclusion

By demonstrating more than the sum of the abilities of all employees, we aim to provide even better solutions and even better creativity.

Based on the Global HRM Policy, we attach importance to diversity and strive for the promotion of diversity and inclusion to ensure that all human resources can work actively as members of the Sumitomo Electric Group to help the organization increase its creativity and grow in perpetuity. These days, while the business environment is increasingly becoming complicated to make it even more difficult to forecast the future, we consider that for the continuous growth and development of the Group, it is important to invite diverse talented human resources from around the world irrespective of nationality or gender, promote their assignment and appointment beyond the borders of individual companies and provide various career opportunities.

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

Global Grade System and SEG Global Executives

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

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

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

Area Committee

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

To incorporate the proposals presented by the Area Committees into the management of the Sumitomo Electric Group, SEG Global Executives regularly make proposals and report to the executives of Sumitomo Electric. We used to organize the SEG Global Executive Conference in Japan every year where SEG Global Executives were invited to Osaka Head Office, and also the Regional Executive Conference, which was held annually in four regions of the Americas, Europe, Southeast Asia/Australia and Greater China to gather top executives of Sumitomo Electric and its overseas affiliates. For fiscal 2020 and 2021, since the outbreak of COVID-19 made it difficult to travel across country borders, we organized online meetings periodically attended by SEG Global Executives and the executives of Sumitomo Electric as a substitute for the face-to-face conferences and exchanged various opinions based on the activity reports from each region. We will strive to keep communication active to further promote diversity management in the Sumitomo Electric Group and close coordination between affiliates.

Encouragement of international employees to work in Japan

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

Development of a global HR database with an aim to establish processes for development and promotion

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

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

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

Women's Empowerment

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

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

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

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

We are currently promoting initiatives to meet the targets in the action plan for the 4th phase.

Results of the 3rd Phase (April 1, 2020 through March 31, 2022)

		Targets	Results (Jan/16/'21)	Achievement
Recruitment	Ratio of women among new graduates in main career tracks	Administrative staff: 40%	38.6%	× (Note)
		Technical staff: 15%	16.9%	○
Appointment	Ratio of women in managerial position (assistant general managers or higher positions) and of assistant section managers	Assistant general managers or higher positions: 2.5%	2.8%	○
		Assistant section managers: 10%	10.7%	○

(Note) Caused mainly by decline of unofficial job offers

Action Plan of 4th Phase (April 1, 2022 through March 31, 2026)

		Targets	3rd phase ratio
Recruitment	Ratio of women among new graduates in main career tracks	Administrative staff: 40%	No change
		Technical staff: 15%	No change
Appointment	Ratio of women in managerial position (assistant general managers or higher positions)	Assistant general managers or higher positions: 4.0%	+1.5%

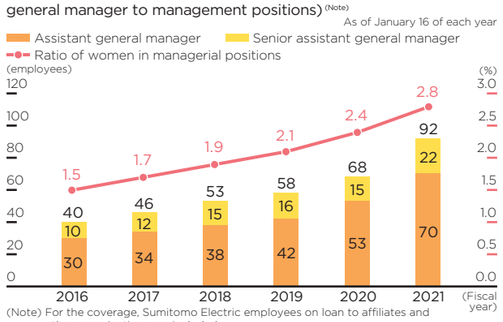
Initiatives

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

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

Number and ratio of women in managerial positions (assistant general manager to management positions) (Note)

As of January 16 of each year



(Note) For the coverage, Sumitomo Electric employees on loan to affiliates and other organizations are included.

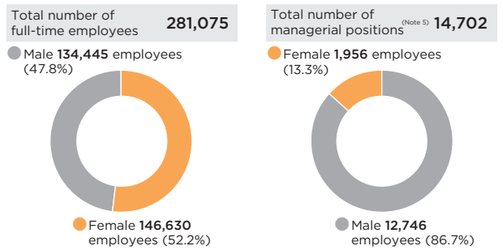
Number and Ratio of Male/Female Employees and Number and Ratio of Male/Female Managerial position in Sumitomo Electric (Note 1)

As of March 31 of 2022

	Male	Female	Total
Full-time employees	10,569 employees(85.6%)	1,772 employees(14.4%)	12,341 employees
Managerial position (Note 2)	3,174 employees(97.2%)	92 employees(2.8%)	3,266 employees

(Note 1) For the coverage, Sumitomo Electric employees on loan to affiliates and other organizations are included.
(Note 2) Managerial position: assistant general managers to management positions

Number and ratio of male and female employees/managers in the Sumitomo Electric Group (Note 3) (Note 4)



(Note 3) Sumitomo Electric and its consolidated subsidiaries
(Note 4) For the coverage, those on loan from the Group to outside are excluded, but those on loan from outside to the Group are included.
(Note 5) Managerial position: assistant general managers or higher positions

Support of Career Development

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

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

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

This group, which started its activities in 2016, aims to cultivate female employees and improve their skills by providing opportunities for mutual study and networking to female employees of the Sumitomo Electric Group, mainly Sumitomo Electric, Sumitomo Wiring Systems, Ltd., Sumitomo Riko Company Limited and Nissin Electric Co., Ltd.

In the past, we held forums for those on a general career track on site. Since fiscal 2020, however, these forums have been held online so that a wide range of employees, including superiors, can view them. In fiscal 2021, we newly organized a forum for female employees on a main career track, which consisted of a panel discussion by experts invited from outside and our female corporate officers, and a group discussion by our female employees on a main career track. For fiscal 2022, we are planning to hold a forum for those on a general career track. To continuously encourage various human resources to work actively in the Group, we will promote activities involving all employees including not only female employees, who are the main players in the initiatives, but also their superiors.

Evaluation by External Organizations

Certification with "L-boshi"

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

CSR VOICE

Through the mentoring program, I explored leadership styles that could be demonstrated while taking advantage of my own characteristics.

Michiko OTA
Manager
Advanced Tool Development Group
Diamond/CBN Development Department
Sumitomo Electric Hardmetal Corp.

I participated in the first mentoring program as a mentee. This is an about one-year program in which a woman in managerial position (mentee) and a senior assistant general manager (mentor) forms a pair regardless of the sectional difference. This year's program consisted of monthly dialogues between the mentee and mentor, lectures by outside speakers, and exchange of views between program participants.

When I participated in the program, I had just been appointed as a manager. The program was a good opportunity for me to discuss various themes freely with a mentor with whom I had no contact in my daily operations. Accordingly, it was an easy-going program for me in a positive sense. I talked about the hesitation that I felt about my new position and the gap between reality and my ideal vision, and my mentor gave me suggestions from an extensive perspective as a person with no contact with my department. In addition, since there were few role models of female manager, I felt that I needed to serve as such for younger female employees. While working under that pressure, I had opportunities to talk and think about leadership positively with other mentees, frequently giving me a lot of lessons and encouragement. I feel that I was able to expand my horizons by considering my own qualities on a periodical basis and communicating with those in other departments.

This time, I was given an opportunity as a women in managerial position. I hope that the Company will continue efforts to help us expand our networks across sections.

Selected as a Nadeshiko Brand

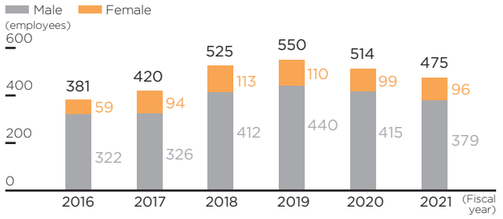
In recognition of its outstanding achievement in the encouragement of women to work actively, as well as the attractiveness of the brand that focuses on the medium to long-term improvement of corporate value, Sumitomo Electric was selected as an FY2021 Nadeshiko Brand among listed companies by the Ministry of Economy, Trade and Industry of Japan and the Tokyo Stock Exchange in March 2022 for the fourth time following the first in March 2017, the second in March 2019 and the third in March 2021.

Diversity in Recruitment

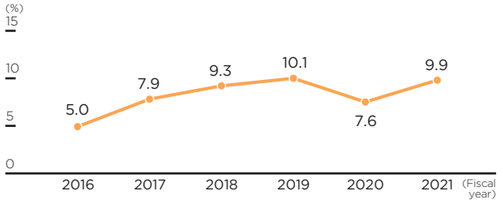
We aim to promote diversity through recruitment of a wide range of personnel

In fiscal 2021, Sumitomo Electric employed 188 new graduates for main career track, 41 of whom were female. In the meantime, with the recognition that the contribution of human resources with experience in other companies and specialized skills is important in the rapidly changing business environment, we are making active efforts to recruit mid-career employees and hired 94 persons with experience in other companies in fiscal 2021. We have also recruited non-Japanese and graduates from overseas universities (global employees) aggressively and a total of 116 employees of foreign nationality currently work and play an active role in Sumitomo Electric. We will continue to take various measures to ensure that diverse talents can demonstrate their capabilities regardless of nationality, race, gender, age or other background in the Group.

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



Turnover Rate in Sumitomo Electric



Increase of the retirement age

While a decrease in the working population due to a low birth rate and the aging of society, as well as changes in the environment including that in the personnel composition of Sumitomo Electric, is in progress, the continuous contribution of elderly employees with extensive skills is essential for the maintenance and development of our business. Therefore, we increased the retirement age from 60 to 65 in April 2021.

Promotion of Employment of the Persons with Physical or Mental Disabilities

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

Sumitomo Electric has been traditionally working to promote employment of persons with physical disabilities. To further promote employment of persons with physical or mental disabilities and increase their employment rate, in July 2008, we established a special subsidiary*, Sumiden Friend, Ltd., on the premises of Sumitomo Electric's Itami Works, specifically for employment of persons with disabilities (certified in February 2009). Beginning with loan and maintenance of foliage plants, Sumiden Friend has expanded its operations gradually to also engage in the conversion of drawings and other paper documents into electronic files and shredding and recycling of waste paper. With the establishment of Nagoya branch in January 2020 and Kanuma branch in January 2021, 135 employees are working at the company, including 86 persons with disabilities, in the six bases including Yokohama, Tokyo and Osaka branches as of June 2022. We also opened Yokohama branch Shonan Farm in October 2020 to start employment for an indoor farming business. As a result, the overall employment rate of the physically or mentally disabled for Sumitomo Electric and its qualified Group companies including Sumiden Friend (26 companies in total) was 2.39% in June 2022.

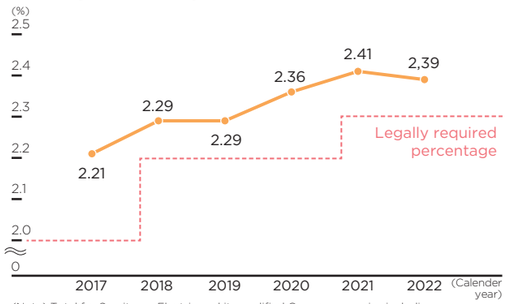
Number of Employees with Disabilities at Sumiden Friend

As of June 15 of each year

	2017	2018	2019	2020	2021	2022
The disabled (Persons)	45	54	56	62	78	86

Employment Rate of the Physically or Mentally Disabled by Year

As of June 15 of each year



(Note) Total for Sumitomo Electric and its qualified Group companies including Sumiden Friend, Ltd.

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

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

Glossary

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

Work Style Reforms

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

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

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

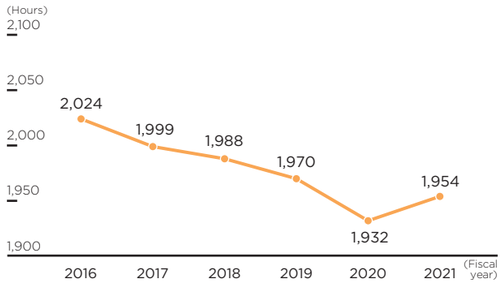
We now conduct initiatives from various perspectives including efforts to change the corporate culture and awareness, as well as enhancement of productivity through the use of infrastructure and IT tools and the review of work rules and processes. We will continue to review the work styles, which will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

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

Year	2016	2017	2018	2019	2020	2021
Average overtime hours per month	20.2 hours	19.3 hours	18.7 hours	17.5 hours	13.6 hours	16.3 hours
Average number of paid holidays taken by employees per year	14.1 days	16.0 days	16.5 days	16.9 days	15.8 days	17.1 days

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

Average Total Working Hours by Year



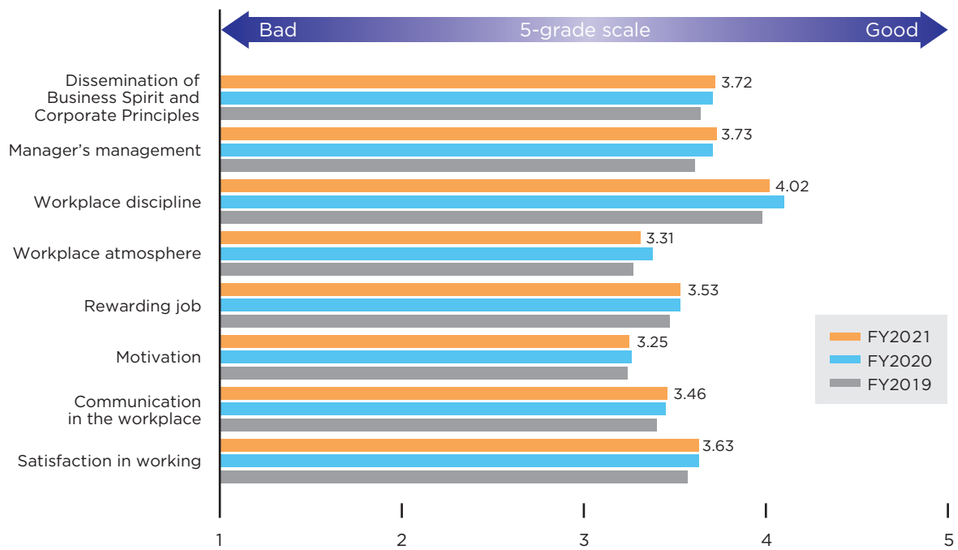
Implementation of the Survey to Create a Lively Working Environment

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

Sumitomo Electric has been conducting Survey to Create a Lively Working Environment, a questionnaire survey to investigate the awareness of employees, since fiscal 2006. In fiscal 2021 as well, about 20,000 employees of Sumitomo Electric and Group companies were surveyed.

While improvement was observed in most of the items checked for change over time, issues still remain in several areas, including "Career Development," and we have designed and implemented personnel measures and training to address them. The results of the survey are fed back directly to the managers of each organization and are reflected in the consideration of specific measures to address issues at each workplace and in the creation of healthy and lively workplaces.

Results of the Survey to Create a Lively Working Environment



Support for Balancing Work and Life

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

As part of our efforts to establish an environment where a wide variety of human resources can work vigorously, we actively provide support for employees to strike the best work-life balance. We have been certified by the Minister of Health, Labour and Welfare as a company with high-quality commitment to help employees balance work and childcare. For nursing care, in addition to the development of a nursing-care leave system, we provide relevant information through training and in-house newsletters to encourage employees to prepare themselves for the future.

"Platinum Kurumin"*

Special certification mark

Various Types of Support

We support the life of each employee in various aspects

Reemployment System

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

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

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

Childcare Centers

As a measure to foster a supportive environment for employees working full-time while raising children, Sumitomo Electric opened childcare centers at its Yokohama and Osaka Works in March and April 2008 respectively and Itami Works in March 2009. In 2018, a new childcare center was established in the neighborhood of our Tokyo Head Office. As of March 31, 2022, these centers take care of 53 children in total.

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

Babysitter discount coupon

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

Hokatsu Concierge System

In the activities to find childcare facilities to take care of children ("hokatsu" in Japanese), various kinds of know-how are needed because the approach and schedule of such activities depend on the childcare environment in the place of residence and the month of birth of the children.

This Hokatsu Concierge system, which started in November 2014, aims to help employees during childcare leave return to work smoothly at the time they hope to return. Know-how on hokatsu depending on the circumstances of individual employees, as well as information on childcare facilities, is provided in this system.

Work from Home Arrangements

We introduced work from home arrangements, which allows employees who face restrictions on their work due to childcare, nursing care, etc. to work at home or other locations in fiscal 2016. In October 2018, we started to allow other employees who meet specific requirements, such as abilities to autonomously fulfill duties and make achievements, to use the system. The purposes of the expansion of the system include the realization of flexible and efficient work styles and the improvement of productivity through the review of work styles. Since 2020, we have been actively encouraging employees to work from home by, for example, temporarily removing the monthly cap on the maximum number of days to work from home, which aimed to prevent the spread of COVID-19 infection and ensure business continuity at the same time.

We acknowledge that working from home arrangements support a more comfortable work style by allowing for the utilization of diverse human resources, shorter working hours, and eliminating the need to commute. With our eyes on a post-pandemic world, we will continue to improve the arrangements.

Volunteer Holiday System

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

Childbirth and Rearing Support Program

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

International Employees Support Project

To create a work environment where international employees can work comfortably, we set up a project team in the HR Division in 2017. The team has taken various measures to support them, including the establishment of a support desk where staff can give support in Japanese, English and Chinese, development of bilingual systems (Japanese and English) for time and attendance management, business trip transportation expenses and other items, issuance of pay slips and internal regulations in English, creation of prayer rooms in Osaka Head Office, Tokyo Head Office, Osaka Works, Itami Works and Yokohama Works and training sessions to become familiar to the business culture in Japan.

For the details, please see the following page.
https://sumitomoelectric.com/sustainability/csr/sociality/life

Glossary

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

Response to the COVID-19 Pandemic

We encourage employees to make active use of teleworking, flex work and staggered working hours systems. At the same time, considering that an early rise in vaccination against COVID-19 is an urgent demand from society, we have established COVID-19 Vaccination Leave (with salary fully paid) to ensure an environment where employees wishing to get vaccinated can do so smoothly without any worry.

For recruitment, we hold online events and organize both face-to-face and remote interviews in consideration of the infection situation. By doing so, despite the spread of COVID-19, we are committed to securing talented human resources.

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

Workplace vaccination

We arranged workplace vaccination at seven operating sites: Osaka Head Office, Tokyo Head Office, Osaka Works, Itami Works, Yokohama Works, Ibaraki Works, and Chubu Branch.

Continuation of PCR testing

We continued to cover the testing expenses for those who had no symptoms but were requested to be tested by customers or those who were judged to have had close contact with a COVID-19 patient according to the criteria set by the Company (a wider range than that specified by the health care center).

Support of overseas expatriates

We support overseas expatriates with periodical health checks, risk assessment, relief stockpiles, and care at the time of infection.

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

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

Use of online tools to continue health promotion support

In light of the spread of COVID-19, we streamed various seminars online, held remote sports events, and continued to disseminate information on mental and physical counseling amidst the pandemic.

Labor-Management Relationship

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

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

Organization of Town Hall Meetings

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

To enhance communication inside the Company, we organize town hall meetings at each of our sites, in which a group of employees from different sections directly and openly talk with board members, general managers or other executives. The participants have precious opportunities to inform the executives of problems and requests concerning human resource development, promotion of diversity and work style reforms, as well as those specific to their functions, and share such problems to seek clues and solve them. Specifically, we organized position-based town hall meetings, as well as for mid-career workers, in fiscal 2021. The opinions and other comments presented in the meetings are communicated to the relevant divisions on a timely basis and used for organizational operation, planning of personnel systems and other purposes, as well as for the facilitation of the initiative.

Promotion of Health and Productivity Management in the Sumitomo Electric Group

We are working to realize "Health and Productivity Management"

To achieve sustainable development and growth of the Group, we believe it is essential that our diverse human resources are physically and mentally healthy and that they are able to work energetically with a sense of purpose. We announced the Sumitomo Electric Group Health Management Declaration in 2015. Based on the declaration, we launched health maintenance and improvement activities under the title of "Kenkatsu!,"* in 2017 and now continue to develop the activities.

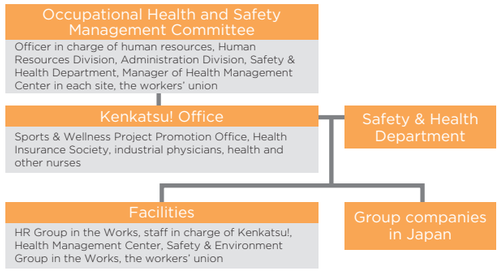
The Occupational Health and Safety Management Committee, which is chaired by the officer in charge of human resources, holds a meeting four times a year to decide the company-wide policy and discuss relevant measures. Kenkatsu! Office introduces the measures designed in coordination with Safety & Health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

For the details, please see the following page.
https://sumitomoelectric.com/sustainability/csr/sociality/health

Glossary

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

Organizations for Promoting



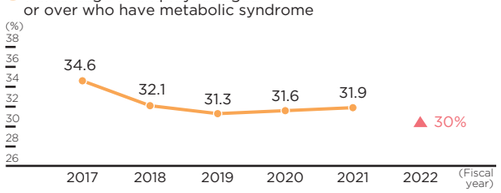
Sumitomo Electric has set a target value for each of the following four indicators to be achieved by fiscal 2022 and promotes the health development of employees through two approaches, namely the continuous implementation and dissemination of the Kenkatsu! activities (population approach) and the enhancement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

Changes in the indicators

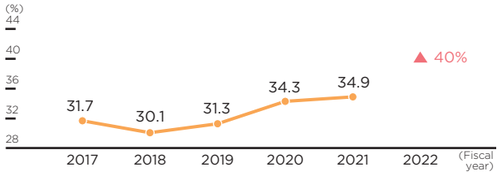
(Figures for Sumitomo Electric alone)

▲ Target value for FY2022

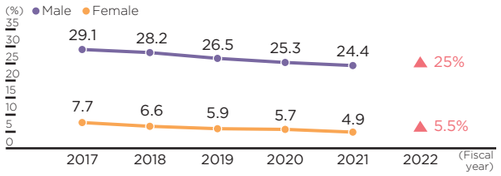
● Percentage of employees aged 40 or over who have metabolic syndrome



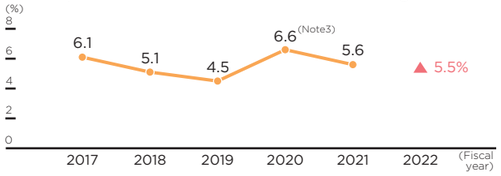
● Rate of persons with an exercise habit (Note1)



● Smoking rate



● Workplaces with an overall health risk of 120 or higher (Note2)



(Note1) Rate of persons with an exercise habit: Percentage of those who have a 30-minute exercise twice a week or more

(Note2) Overall health risk: A value obtained from the overall judgment of the likelihood of health problems (risk) in the workplace based on the results of stress check. The national average is 100

(Note3) In fiscal 2020, the unit of group analysis was changed from 10 persons to five persons. The method for calculation of figures in an organization (calculated for each of the divisions, groups, plants, sections and other units) was also revised

Other indicators: FY2021 results

Routine medical checkup rate	100.0%	Stress check rate	91.9%
Satisfaction level of sports events	93.0%	Blood pressure treatment rate*	85.9%
Rate of those maintaining their appropriate body weight	62.0%	Presenteeism*	16.4%

Main initiatives in fiscal 2021

Prevention and improvement of metabolic syndrome	Healthy Practices Campaign	Program to give incentives according to the level of achievement of the targets set on several items including daily exercise, dietary habits and drinking: Joined by 1,500 persons
	Lifestyle review	Online seminars by experts on themes such as vegetable intake, moderate drinking, and sleep
	Free dental checkup	Free dental checkup available at dental clinics in Japan in cooperation with the dental center
	Measures to prevent passive smoking	Ban on smoking during office hours (complete initiatives by the end of FY2022), subsidy for costs for treatment to quit smoking
Development of exercise habits	Athletic exchange meeting by Sumitomo Electric Track and Field Team and former team members	Holding four athletic lessons for elementary school students in Itami City Wakayama Prefecture Golden Kids Search Project (held twice for junior and senior high school students) The athletic lessons for elementary and junior high school students in Itami, Hyogo, an annual event held in October as part of the Athletic Festa, were canceled to prevent the spread of COVID-19 infection.
	Internal sports events SEI Challenge Cup & Sumitomo Electric Sports Academy	Holding of team running/walking races twice a year in a format where the participants do not gather: Joined by approx. 4,500 persons (including approx. 1,500 persons from Group companies in Japan and overseas and families of employees) Holding seminars on prevention of stiff neck and lower back pain, yoga classes, etc.
	Walking event	Held twice a year, joined by 6,000 persons in total
Mental healthcare	Training for management-level employees in workplaces with high stress	Distributed online and taken by approx. 1,000 persons
	Continued implementation of the working environment improvement initiative "workplace health checkup"	6-month improvement program implemented in workplaces that were found to have high risks based on the results of stress check
	Enhancement of self-care in response to the spread of COVID-19 infection	Review of the frequency of e-learning distribution and dissemination of information on internal and external counseling

External Assessment

Certification as a Health and Productivity Management Outstanding Organization:
Sumitomo Electric was certified as a 2022 Health and Productivity Management Outstanding Organization (White 500) by the Ministry of Economy, Trade and Industry of Japan and Nippon Kenko Kaigi in March 2022.

Recognition as a Sports Yell Company:
We were recognized as a Sports Yell Company2022 by the Japan Sports Agency in December 2021.

Glossary

*Blood pressure treatment rate: Rate of those under treatment among those who need treatment

*Presenteeism: One of the productivity indexes that are attracting attention in the field of health and productivity management. This index refers to a decline in operational performance and productivity as a result of working with some disease or disorder. We measure the rate of employees whose total score on the work functioning impairment scale (WFun) exceeds 21. (WFun: the higher the score is, the higher the level of the labor functional disorder is.)

Human Resources Development

Personnel Needed by Sumitomo Electric

Personnel needed by Sumitomo Electric are defined as those who honor the Sumitomo Spirit, understand the Sumitomo Electric Group Corporate Principles, possess high levels of skill and knowledge rooted firmly in the basics, and who can play active roles in the global community. We provide various training programs to support employees in becoming such personnel based on the concepts of the "individual employees' strong motivation for self-development" and "on-the-job coaching and close communication between superiors and subordinates."

Basic Approach to Human Resource Development

Our human resource development is based on "individual employees' strong motivation for self-development" and "on-the-job coaching and close communication between superiors and subordinates. "We ensure that the cycle of "management by objectives, dialogue on career development," "assignments" and "performance evaluation and job rotation" is underpinned by training so that we can help each individual increase his/her value by contributing to the accomplishment of corporate targets.

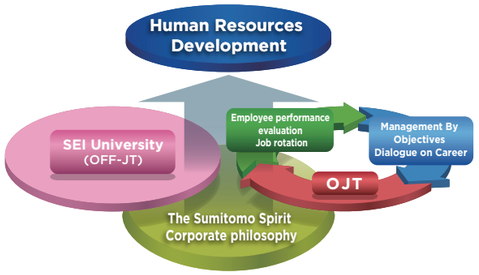
SEI University

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

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

Fundamental Principles of SEI University

SEI University will serve as a venue for:
① Disseminating the Sumitomo Electric Group's corporate philosophy,
② Sharing the Sumitomo Electric Group's management strategies and vision, and
③ Developing employees' abilities, skills and knowledge so that they may play active roles in the global community.



SEI University provides more than 300 training programs (commonly developed across the Group), including position-based compulsory programs for all group employees ranging from executives to new employees, in the three areas of human skills, problem-solving skills and technical skills. Our Group companies and divisions also organize their original training programs in the field of technical skills to have the trainees acquire the unique knowledge and skills especially required in the respective workplaces.

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

Furthermore, the president asks all employees to perform their duties in accordance with the Sumitomo Spirit via a video once in six months and the video is also translated into multiple languages and distributed to Group companies in Japan and overseas. For the employees to be assigned overseas, a preliminary training program to ensure that they can convey the Sumitomo Spirit in their own words in their new workplaces is organized before the transfer. We are also cultivating internal lecturers to enable the Sumitomo Spirit to be learned periodically in Group companies in Japan and abroad.

Global Common Knowledge (GCK) Project

In the rapidly changing business environment, while it is getting increasingly important to improve the competence of employees, the items to be thoroughly learned by employees for the strengthening of corporate governance have also been diversified. Based on this situation, we have organized and integrated the training programs and know-how that have been cultivated since the establishment of the SEI University to present them in a systematic manner as Global Common Knowledge and skills (GCK). This initiative aims to clarify the content that should be thoroughly learned on a global scale and also provide an indicator for our Group companies in Japan and overseas to further improve their understanding of the training programs to be introduced in response to their respective challenges and set priorities for the programs. Based on the GCK, we will continue to develop and provide content to be shared globally throughout the Sumitomo Electric Group, especially online materials with which employees can study wherever they are. At the same time, we will incorporate excellent external materials in order to foster our human resources. The spread of COVID-19 infection has made it difficult to organize group in-person training sessions as we did before. However, we swiftly have promoted the enhancement of our e-learning programs and the organization of online training sessions. Consequently, the training hours, especially at our group companies, are on the rise compared to pre-COVID-19 levels.

Overview of GCK

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

Record of the training sessions organized across the Sumitomo Electric Group in FY2021

	Total number of participants	Cumulative basic training hours
Sumitomo Electric employees	122,274 persons	399,874 hours
Employees of Group companies in Japan	58,922 persons	103,329 hours
Employees of overseas Group companies	26,529 persons	50,637 hours
Total	207,725 persons	553,840 hours

Record of unique training sessions organized in individual Group companies in FY2021

	Total number of participants	Cumulative basic training hours
Domestic Group companies(47 companies)	92,908 persons	190,472 hours
Overseas Group companies(96 companies)	102,329 persons	267,759 hours
Total	195,237 persons	458,231 hours

Promotion of Dialogue on Career

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

In order for each employee to grow, it is necessary for each employee to design their career visions based on their own values and ways of life and strive to realize them. They can improve their abilities by actively engaging in self-development and using the abilities developed through on-the-job training to do more challenging jobs. Sumitomo Electric, which aims to establish a win-win relationship where the improvement of necessary skills by the employees through their jobs also results in the growth and development of the company, supports employees for the purpose.

We have conventionally operated a system that has superiors have dialogue with their subordinates to support their career development when annual business targets are set. To help superiors understand the importance of and how to proceed with specific dialogues, we continue to organize a training session for them.

We also provide newly promoted managers and employees who have reached a milestone in their careers, such as age 45 or 55, with training to consider their future career according to their respective positions and ages. If they wish, they can receive career counseling from in-house career consultants after the training.

Addressing Globalization across the Group

We develop training activities globally across the Group

① Development in Group companies in Japan

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

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

② Development on a global scale

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

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

Target: Executives

▶**Executive training program**

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

Target: General Managers

▶**Global Leadership Development Program (GLP)**

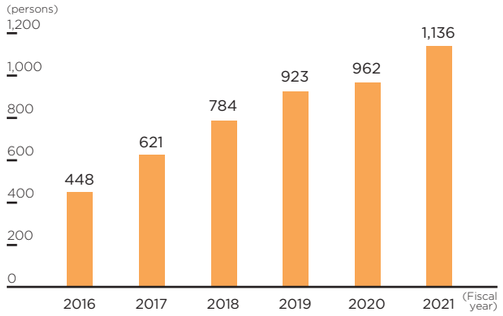
We foster human resources who can show leadership in a global business environment, through discourses of executives, leadership workshops and understanding of the Sumitomo Spirit. We held the program twice a year until 2015 and have done so once a year since 2016. Each session draws about 30 participants.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

Target: Managers

▶**SEG Management Program based on the Sumitomo Spirit (MPSS)**

This program aims to diffuse the Sumitomo Spirit and improve skills to manage subordinates. The sessions are provided in six cities in Germany, the United States, Singapore, China (Shanghai and Shenzhen) and Mexico and a total of approximately 150 persons attend the common program in those locations in a year. In fiscal 2020, we canceled the program in some regions due to the impact of the COVID-19 pandemic. In fiscal 2021, however, we resumed the program as an online session, in which 174 participated.

The Number of Participants in MPSS (cumulative total)



③ Response to globalization in the Company

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

CSR VOICE

Comment after participating in MPSS

Renato Nicolello
Supervisor
EDS Engineering
SWS Australia Pty. Ltd.

I Joined Sumitomo Wiring Systems in 2002 and have been working in SWS Australia since 2007, where I have been supporting Design Engineering with different roles. I am honoured to have the opportunity to participate the MPSS this time. I understood that the objective of this training is to improve one's managing skills through the Sumitomo Spirit.

I learned the principles of the Group, and how they have been guiding the consolidation and modernization of the Group through the years. This made me realise that embedding "Banji-nissei," "Shinyo-kakujitsu" and "Fusu-furi" in the daily work will benefit not only myself but also the people working around me, and consequently, benefitting the company as well.

Having the opportunity to exchange experiences between participants from different group companies and roles was stimulating. I realised all participants' commitment is a contributing factor to the growth of their respective companies, and ultimately, to the growth of the Group as a whole.

Cultivation of Manufacturing Personnel

Guided by the basic concept that "manufacturing is human resources development," we promote cultivation of manufacturing personnel through the three main initiatives of 1) basic training on manufacturing; 2) practical training; and 3) training of technical trainees.

The underlying concept of the basic manufacturing training is to learn with actual machines and products. The subjects in the curriculum are wide-ranging, from SEQCDD*, which are essential for manufacturing, to the Group's proprietary technologies and techniques and the latest technologies, including those related to equipment and maintenance. By expanding the scope of the curriculum into IoT and other advanced fields, we have been raising the quality of the program, with the number of participants growing year by year. Overseas as well, we periodically provide training on basic knowledge and equipment maintenance in China, Southeast Asia, and other parts of the world.

For practical training, we organize programs designed to cultivate key personnel who are anticipated to drive manufacturing innovation and reinforce SEQCDD competitiveness. To work on respective divisions' important challenges selected as themes, trainees are assigned to the theme divisions, where they engage in practical activities for the solution of the challenges and problems.

For technical training, we provide training opportunities with newly employed technical staff so that they will underpin "robust manufacturing," which the Sumitomo Electric Group strives to accomplish, in the future. Through such training, they can learn about etiquette to be followed by working professionals, obtain skills needed at manufacturing sites, and experience advanced technology. In April 2022, we opened the Technical Academy, a newly constructed four-story training facility with a total floor area of 4,341 m², at the Itami Works.

Among these activities, the priority measures taken in fiscal 2021 are introduced below.

■ Training for general managers

We have launched a new training program for Sumitomo Electric's general managers and affiliates' presidents to confirm the concepts and major efforts essential for reinforcing the manufacturing capabilities from the perspectives of safety, the environment, quality, manufacturing and HR development. In this program, participants make an action declaration to show their own commitment to proceeding with necessary activities. We held the first session in October 2021.

■ Program for developing plant managers

This program aims to develop "strong" plant managers (equivalent to the manager of a manufacturing section) who will play a pivotal role in manufacturing. Candidates for plant managers learn the concepts and knowledge essential for the position in a six-day training course and then have an opportunity to deepen their understanding through practical operations. Subsequently, those who are appointed as plant managers attend a two-day training course. They also participate in periodical plant manager networking events, thereby striving to create "strong" plants while competing with one another through friendly rivalry. We plan to develop 20 to 30 plant managers every year and also use the program to cultivate general managers of overseas manufacturing divisions in the future.

CSR VOICE

Development of training programs for advanced manufacturing technology

Tsuyoshi Shinzato
Assistant General Manager
Technical Training Center

The manufacturing training at the Technical Academy centers around practice using actual machines, along with acquisition of the basics, such as compliance with the standards and the concept of improvement. In fiscal 2021, the Academy incorporated the latest technology trends in developing three new training programs involving advanced technology, thereby striving to equip trainees with the qualities necessary for underpinning manufacturing in the future: ability to discover problems and analyze mistakes, creativity, and imagination. In the first program, trainees learn physical and chemical analysis and experience how to use a desktop scanning electron microscope (SEM). In the second, they design a miniature desk and car with 3D-CAD and experience 3D printing. In the third program, using a robot that runs on a program they have created, they work on the assignment of effectively carrying boxes that resemble containers.

The focus of the development of these programs is on attracting attention from young trainees. It is expected that the provision of such opportunities to experience new things casually, rather than to obtain in-depth knowledge, will guide trainees to a gateway to new technology and will be of use for their future assignments.

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

Safety and Health To Be the Safest Company in the World

Basic Approach

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

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

In addition, to achieve perfect occupational safety, it is essential to eliminate risk factors, and thus it is important to promote introduction of an occupational safety and health management system and strengthen risk assessments (identification and evaluation of hazard sources at work). The Sumitomo Electric Group is promoting introduction of the occupational safety and health management system and actively working to carry out risk assessments based on the system, thereby reducing risk levels in a planned manner.

Safety Philosophy

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

Principles of Safety Activities

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

Occupational Safety & Health Guidelines

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

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

Fostering Safety Culture

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

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

1. Executives in a position equivalent to or higher than a general manager or the president of an affiliate declare action targets as "safety actions of top management" and demonstrate the actions to develop the safety mind of employees.
2. Management level employees acquire skills for communicative safety patrol and practice dialogue with workers on a daily basis to eradicate unsafe actions of workers and share and improve difficult operations that can cause such actions.
3. The S-T-O-P accident campaign* and other initiatives involving all employees are activated to promote safe actions.

Safety Measures in Facilities

Safety! Power OFF Activity

In the "Safety! Power OFF Activity," we identify the risks of directly touching or approaching any rotating or moving parts and then promote equipment safety measures (hardware-related measures) to address them. We have completed hardware-related measures for about 2,200 operations at the manufacturing sites in Japan as of the end of March 2022. For challenging issues, the relevant division will take necessary measures in cooperation with the Manufacturing Management & Engineering Unit. We also launched equipment safety measures (hardware-related measures) at overseas bases according to the same standards adopted in Japan. We will ensure that all necessary measures are taken at overseas bases through cross-sectional support, such as adoption of measures taken in Japan.

Prevention of serious accidents involving forklifts

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

In the first half of fiscal 2021, we accomplished the company-wide target of "simple separation" (Level 3). Since then, we have been making efforts to realize "separation with fixed fences and temporal separation" (Level 4), a target to be accomplished under Safety VISION 2022. We are promoting improvement measures from the perspective of manufacturing such as replacement of forklifts with other transportation equipment, changes in the flow of people and goods, and reduction of transportation distance.

Development of Human Resources with High Safety Awareness

Protect your life by yourself

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

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

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

Repetitive training for those who have few opportunities to receive education

1. This year as well, we conducted repetitive training for technical staff, which will be conducted every three years starting in fiscal 2019. In fiscal 2021, 746 employees participated. (Affected by the pandemic, the attendance rate was 78%.) We are planning to hold the program in conjunction with a manufacturing training program from fiscal 2022 (as a program provided every five years).
2. Safety training for 3rd-year employees using content extracted from the curriculum of KIBAN KYOHKA training Program (KKP), the practice of theme-based activities and organization of a report meeting

Safety Performance and Future Actions

In fiscal 2021, the number of accidents involving injury increased from fiscal 2020, but the recent declining trend continued.

During fiscal 2021, we had a total of 55 accidents, which were broken down into 11 injuries resulting in lost work time, 34 no lost work time injuries, and 10 minor injuries (including employees of the Sumitomo Wiring Systems Group), and the accident score was 284. This means that we had many more accidents than in the previous year and failed to meet our target. However, the number of accidents has been on the wane since we fully launched our commitment to fostering a safety culture in fiscal 2019. We believe that this is the result of our health and safety activities.

In fiscal 2022, the final year of the Safety VISION 2022, we are making efforts to meet a target of 1) zero serious accidents and accidents resulting in remaining disabilities; 2) 31 or less accidents resulting in lost work time, no lost work time accidents or accidents causing minor injury; and 3) an accident score of 110 or less in the Sumitomo Electric Group (including the employees of the Sumitomo Wiring Systems Group) as part of our commitment to "becoming the world's safest company." Specifically, we will continue and enhance 1) Safety measures in facilities, 2) Development of human resources with high safety awareness and 3) Fostering safety culture, which are the core initiatives of Safety VISION 2022.

We will share safety activities with the three companies of Sumitomo Riko, SUMITOMO DENSETSU and Nissin Electric to create workplaces where everyone can work more safely with a sense of security and improve the safety level of our Group as a whole including listed companies. (Number of injuries resulting in lost work time in fiscal 2021, including those in the three companies: 35, an increase of 12 from the previous year)

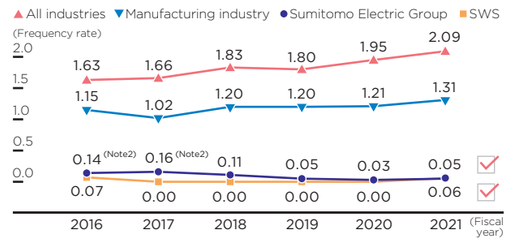
Accidents involving injuries

(persons)

		Sumitomo Electric Group			SWS Group		Total
		Employees		Temporary worker, subcontractor	Employees		
		Japan	Overseas		Japan	Overseas	
FY2021	A serious accident	0	0	0	0	0	0
	Accidents resulting in lost work time	2	2	3	1	3	11
	No lost work time injuries	4	16	5	2	7	34
	Minor injuries	0	0	0	4	6	10
	Total	6	18	8	7	16	55
FY2020	A serious accident	0	0	0	0	0	0
	Accidents resulting in lost work time	1	1	0	0	1	3
	No lost work time injuries	7	6	5	2	9	29
	Minor injuries	3	2	0	1	6	12
	Total	11	9	5	3	16	44

(Note1) A serious accident is an accident resulting in death or other serious injury.
(Note2) The data on employees of the Sumitomo Electric Group cover Sumitomo Electric and its 115 affiliates (excluding Sumitomo Wiring Systems, Ltd. (SWS) and the other listed companies), as well as the companies that are not affiliates of Sumitomo Electric but subject to occupational health and safety-related guidance and supervision by Sumitomo Electric. Employees of the SWS Group cover SWS and its affiliates.
(Note3) For some overseas companies of the Sumitomo Electric Group, the number of temporary workers and subcontractors is included in the number of employees.

Lost Time Injuries Frequency Rate for Employees in Japan by Year



(Note1) The lost time injuries frequency rate for employees in Japan in the Sumitomo Electric Group covers Sumitomo Electric and its 41 affiliates in Japan (excluding SWS and the other listed companies), and the frequency rate in SWS covers SWS.
(Note2) The lost time injuries frequency rate has been revised for some of the accidents that occurred in fiscal 2016 and 2017, due to the review of the levels of accidents.

Targets and Results in Fiscal 2021

Safety VISION 2022 ①Safety measures in facilities ②Development of human resources with high safety awareness ③Fostering safety culture

Targets for FY2021		Results in FY2021	
Action Items for FY2021 ①-1 Safety! Power OFF Activity: hardware-related measures ①-2 Forklifts (separation of vehicles from people): Promotion of Level 4 ②-1 Continuance and area expansion of repetitive training ②-2 Enhancement of safety education using hazard simulation: utilizing CG ③-1 Identification of weak points for improvement activities ③-2 Communicative safety patrol education (promotion by safety expert)	**Activities to be conducted continuously with the participation of all employees** ・Continuance of the S-T-O-P accident campaign* ・Recognition of problems through 1-2-3 activities* **Group-wide structural reinforcement activities** ・Emergency safety management and priority safety management activities ・Practical use of TRAP analysis ・Construction management, plant disaster prevention activities ・Global safety diagnosis (Promotion of remote) **Health activities** ・Enhanced management of special health examination **Disaster prevention activities** ・Preparation for natural disasters	**Action Items for FY2021** ①-1 Implementation of hardware-related measures: Completed 95.2% ①-2 Separation of vehicles from people at Level 3: Completed 100%, at Level 4: Completed 45% ②-1 CG-based education to make employees experience accidents and think about the preventative measures: Taken by 746 persons ②-2 Implementation of a hazard-simulation-based training at affiliates to foster instructors CG-based education to make people (employees) experience accidents : Create 3 new images ③-1 Best practices shared with other divisions ③-2 Communicative safety patrols: performed at domestic bases (safety expert)	**Activities to be conducted continuously with the participation of all employees** ・Continuance of the S-T-O-P accident campaign ・Recognition of problems through 1-2-3 activities **Group-wide structural reinforcement activities** ・Emergency safety management and priority safety management activities: Continuous implementation ・Practical use of TRAP analysis: Human resource development (4th and 5th terms) ・Construction management, plant disaster prevention activities: Continued construction management ・Group Global Safety Diagnosis: The third round is underway in Japan **Health activities** ・Survey of special health examination and correction of defects **Disaster prevention activities** ・Launch of measures against water disasters (heavy rain, storm surge, tsunami, etc.)

Glossary
*S-T-O-P Accident Campaign: This slogan represents basic rules to be followed while walking. **S**: Do not take a short cut and watch your step; **T**: Do not text or talk on the phone while walking; **O**: Hold on to the handrails when using stairs; and **P**: Do not put your hands in your pocket while walking
*1-2-3 activities: Twice-daily patrols of manufacturing sites and offices for communication and instruction on at least three matters

Social Contribution Activities

Basic Policies on Social Contributions

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

The Sumitomo Electric Group Basic Policies on Social Contributions

Established in April 2007

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

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

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

Social Contribution through Donations

We are making social contribution through donations from a global perspective

In fiscal 2021, we made donations in various areas including schools and education, industrial and academic development, R&D, art and culture, welfare, local development, environmental conservation, and sports (in the form of support for the training of Olympic candidate athletes, etc.). Continuing from the previous fiscal year, we also provided support for the EXPO 2025 Osaka, Kansai, Japan. In addition, we collected matching gifts* from employees to develop a wide range of social contribution activities including a donation to the Japan Committee for UNICEF, the Japanese Red Cross Society and WWF Japan, as well as the donation of relief money for the areas affected by natural disasters.

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

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

In fiscal 2021, leveraging a total of more than 167.5 million yen from Sumitomo Electric (including 2.5 million yen of donations through the matching gifts from Sumitomo Electric, Sumitomo Densetsu, and Sumiden Dengyo), our foundation proceeded with the following three programs: 1) monetary contributions of 95 million yen in total to university courses; 2) financial support of 32.6 million yen in total for academic and research activities; and 3) scholarships of approximately 37.4 million in total (for 35 Japanese students, 17 foreign students studying in Japan, and 110 local students studying at overseas universities).

In the program to make donations to university courses, we provided monetary support for 1 new courses along with the 5 courses continued from the previous fiscal year.

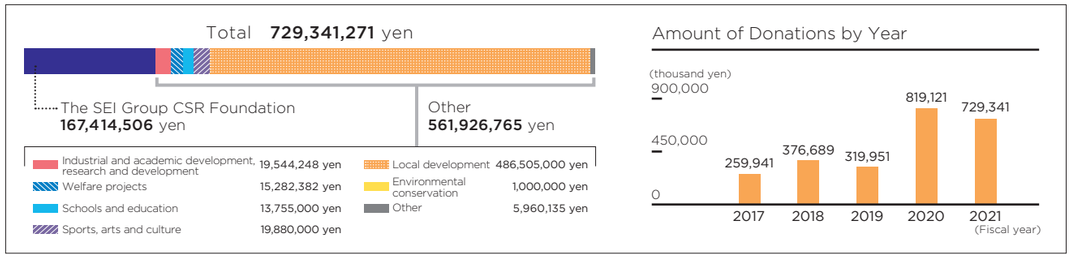
- "Development of new cancer biomarkers that allow early diagnosis of liver metastasis" at Kobe University
- "Microbial dark matter resource use and biochemical engineering" at the University of Tsukuba
- "Eco-epidemiological control of mosquito-borne disease in Southeast Asia" at Ehime University
- "Development of IoT-based domiciliary and remote individual exercise prescription system for cardiac rehabilitation"at Shinshu University
- "Development of Quantum-nano Cancer Photoimmunotherapy for Clinical Application of Refractory Cancer"at Nagoya University
- "Novel therapeutic approach for liver fibrosis on the basis of Medicinal-Engineering Collaboration" at Nagoya University (New)

For the program to support academic and research activities, we received 95 applications. Out of them, we have selected 20 research programs including basic science research that needs research funds and exploratory study by young researchers, and offered subsidies to them.

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

WEB For the details of the SEI Group CSR Foundation please see the following page.
https://www.sei-group-csr.or.jp/e/index.html

Amount of Donations by Category (Sumitomo Electric alone)



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

Nong Ngoc Ha

Hanoi University of Science and Technology
Major in English at the School of Foreign Languages

If you work hard and do your best, It will lead to good things and great results.

CSR VOICE

I was born and raised in a small village in the northern mountainous province of Vietnam. Both my father and mother died six years ago because of cancer, and it became difficult for me to continue going to school. Growing up in a less privileged community, I faced financial and academic challenges but, at the same time, I realized the importance of education.

As I have always believed, if you constantly try your best and perfect yourself, fortune smiles upon you. One of the best blessings I have been given was the opportunity to win the Sumitomo Electric scholarship in 2021. The Sumitomo Electric scholarship gave me a chance and encouraged me to continue my studies at the university. This scholarship helped me pay for my tuition and gave me the confidence to make constant efforts toward the future.

Not only have I continued studying my major and doing practical training at university but I have also participated in student voluntary organizations to help people who are in more difficult situations than myself. I have also joined the food and biotechnology club (FOBIC) at the university, where I was able to conduct various experiments different from my major, and I further broadened my horizons through interaction with overseas companies and factories.

I am grateful for the precious gifts from Sumitomo Electric. Some students would not be able to devote themselves to their studies without the patrons who provide educational support. This scholarship has given me confidence, strength, and pride, based on which I always strive to achieve high results in my exams. My greatest happiness is to pursue my dreams, and my current dream is to complete my four years of studies at the Hanoi University of Technology.

I commit to continuing my studies, working hard to graduate, and using my skills and knowledge to serve my country and become a useful member of society. Once again, I would like to express my sincere gratitude for this prestigious scholarship and the generosity of Sumitomo Electric. I hope Sumitomo Electric will continue to grow further and provide many encouraging scholarships to help students in difficult circumstances.

Social Contribution through Support for Sports Activities

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

Wataru Fujita

General Manager, Track & Field Team
General Manager, Sports & Wellness Project Promotion Office, Human Resources Division
Sumitomo Electric Industries, Ltd.

For the Promotion of Sports in Japan

CSR VOICE

The history of our track and field team started in 2012, when it was upgraded from a circle of sports enthusiasts in order to contribute to the promotion of sports in Japan so that Japanese track and field athletes could compete on par with rivals in the global arena. Since then, we have been committed not only to support for track and field athletes to be more competitive but also to the development of sports in various communities, mainly in Itami City, Hyogo, where the team has its base for training.

We continuously organize athletic lessons for children and other events, such as Sumitomo Electric Athletics Festa, where residents and our athletes interact. Moreover, last year, we cooperated in Wakayama's Golden Kids Search Project through the intermediation of the Kansai Economic Federation. This project has been designed to enable the early detection of talented children in Wakayama through the measurement of physical fitness and to foster them. In November and December, we sent some members from our track and field team to provide instruction for children wishing to become athletes in the future. We plan to do so again in 2022, hoping greatly that we can contribute to producing athletes representing Japan in the future.

In addition to fostering track and field athletes who can compete in the global arena, we would like to continue to organize and cooperate in such community-based initiatives and events, thereby striving to contribute to the development of track and field and other sports.

At an athletic lesson

Instructing the athletic lesson

Contributions to Local Communities

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

Information is collected from 74 affiliates on a consolidated basis (42 Japanese companies and 32 overseas companies), including Sumitomo Riko Company Limited, Nissin Electric Co., Ltd. and SUMITOMO DENSETSU CO., LTD., which are listed subsidiaries. The expenditure on our corporate philanthropic activities was 1.04 billion yen (Note).

(Note) Calculation methods - For donations and provision in kind, the relevant sums was used. For facility rentals, the usage fee per hour was multiplied by the lending hours. For activities, the number of participants was multiplied by the labor cost per person and the activity hours. The obtained figures was converted into equivalents.

Activities in Japan

Promoting community support activities and exchange with local communities

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

DAIKOKU ELECTRIC WIRE CO., LTD.
Cleanup activities around the factory

▲Cleaning a public road in the industrial park

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

A.L.M.T. Corp.
First aid training by firefighters

▲Firefighter demonstrating a lifesaving procedure using an AED

Opening corporate facilities (sports grounds, gyms, etc.) to the public (including organising events)

Sumitomo Electric Industries, Ltd.
Sumitomo Electric Cup, a meet for local baseball, soccer, and ground golf teams

▲Interacting with local residents at the sports ground of the Osaka Works (with 117 participants)

Sumitomo Wiring Systems, Ltd.
Sumitomo Wiring Systems Cup, a meet for local baseball, soccer, and basketball teams

▲Opening ceremony of the Sumitomo Wiring Systems Cup & Mie Prefecture School Children's Rubber Baseball Interaction Tournament

Glossary
＊STI-Gigaku (International Conference on "Science of Technology Innovation"), designed to discuss how to solve global social problems toward accomplishing the SDGs. Organized by Nagaoka University of Technology, the conference serves as an opportunity for companies, local communities, and domestic and overseas universities to exchange views and interact with each other.

Supporting education and training

Plant tours, work-experience programs, on-site classes, dispatch of instructors, etc.

Nissin Electric Co., Ltd.
On-site science classes for elementary school students

▲Environmental learning program during the COVID-19 pandemic in a *rakugo* storytelling style instead of a hands-on program

Sound development of young people

Sumitomo Riko Company Limited
Best Poster Awards by Sumitomo Riko Company Limited conferred at STI-Gigaku,＊ an SDGs international conference

▲STI-Gigaku2021 group photo

Activities in other countries

Promoting community support activities and exchange with local communities

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

PT. Sumiden Serasi Wire Products
Cleanup activities around the factory [Indonesia]

▲Management staff operators pick up litter and clean the street on the first and third Fridays every month

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

PT. Sumi Indo Kabel Tbk.
Donation of health care items for children to two public health centers in depopulated areas [Indonesia]

▲Staff and children using donated scales

Supporting education and training

Plant tours, work-experience programs, on-site classes, instructor dispatch, etc.

Sumitomo Electric (Thailand) Ltd.
Cooperation in training engineer for communications infrastructure (providing optical fusion splicers and sending instructors to seminars) [Cambodia]

◀Technical guidance

Others

Activities related to COVID-19

Sumiden Device Innovations Vietnam Co., Ltd.
Providing hospitals with supplies to prevent infection [Vietnam]

◀Donating N95 masks, pulse oximeters, etc. to Dong Nai Hospital

Product Quality & Product Safety

Basic Approach

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

Sumitomo Electric has historically strived to enhance the manufacturing competence under its basic policies including participation of all employees and continuous improvement. To promote these activities even more strongly, we set up Monozukuri Technology Improvement Committee as a company-wide organization in 2015, and promote group-wide activities to strengthen its manufacturing capabilities.

As part of the efforts to systematize the daily operation, the Sumitomo Electric Group Quality Management Global Standards were established as a common framework to be applied to divisions throughout the Group in 2013. In addition, the content of the standards is reviewed and revised on an as-needed basis. The divisions of our group make continuous efforts to develop and strengthen their own quality assurance systems based on the standards so that customers can use our products with a sense of security. A company-wide quality improvement activity called the QR-1 campaign was also developed, in which we have made continuous efforts to enhance the awareness of quality among all employees through the three activities of Own Process Quality Assurance Activities, Quality Management Education and Global Quality Management System Audits.

3 Activities That Support the Company-wide Quality Improvement Activity

1. Promotion of Own Process Quality Assurance Activities
2. Quality Management Education
3. Global Quality Management System Audits

Development of QR-1 Campaign

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

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

QR-1 campaign logo

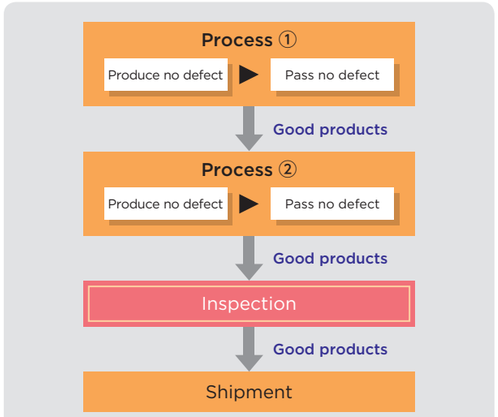
QR: Quality & Reliability

"Own Process Quality Assurance Activities" Aiming for Zero Complaints

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

Since fiscal 2010, we have promoted Own Process Quality Assurance Activities, which are comprehensive efforts to prevent defects in each process from being produced or passed down to the following process. As part of these initiatives, defect-free process conditions are established at the design stage and the conditions are maintained through process management at the mass production stage. In case that any defect still occurs, we work to identify the cause and improve the quality in the pursuit of defect-free process conditions.

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



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

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

This system has enabled an objective assessment of quality risks and made risk reduction efforts more effective. We will continue to develop these Own Process Quality Assurance Activities on global scales.

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

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

Enhancement of "Quality Management Education"

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

The Sumitomo Electric Group provides employees with training on quality control at the SEI University (see "Human Resource Development" in P42 ensure the quality of products and services at higher levels. In December 2019, a new training course on the enhancement of the quality assurance function was launched for managers in the quality assurance divisions for the purposes of accelerating the strengthening of manufacturing capabilities and quality improvement as well as ensuring thorough quality compliance. All of the managers who are required to take it completed the course by the end of December 2020. We will continue to give those training lessons to enhance the quality assurance mechanism.

We have also worked to improve various domestic education programs, such as position-based training for all employees, nomination-based training in accordance with specialized jobs and special issues and optional training to learn relevant knowledge, along with practical education including QR-J*, MKP* and GKP*. Overseas, we have conducted "North America Monozukuri Committee" activities and organized education and exchange meetings on Own Process Quality Assurance Activities in China. In fiscal 2021, a total of 8,190persons, including overseas employees, completed Quality Management Education programs. The cumulative number of persons who participated in the programs since fiscal 2010 has reached 67,943.

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

Global Quality Management System Audits

We conducted audits of 130 Japanese bases and 51 overseas bases by fiscal 2021

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

Since fiscal 2010, the audits have been conducted at a total of 130 sites in Japan (in fiscal 2021, both face-to-face and remote audits were conducted). Progress has been seen in the improvement of the quality structure as the audits are repeated. We will repeat the audits to promote continuous improvement of the quality assurance system.Overseas, the audits have been conducted at a total of 57 sites in China and Southeast Asia in cooperation with domestic units having center section having functions as a hub to raise quality awareness among local employees (in fiscal 2021, audits were conducted remotely).

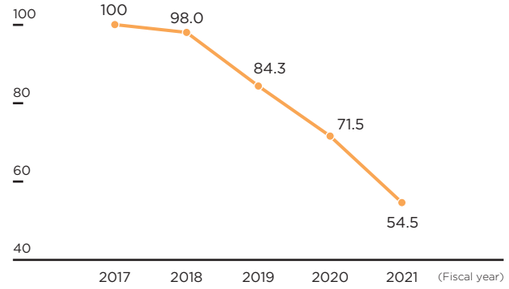
To maintain and improve the quality assurance system based on the Group Quality Management Global Standards, we will continue to check progress in compliance with the standards through the global quality management system audits.

Outcomes of the Quality Management Activities

We will continue to make steady efforts to eliminate complaints

Thanks to our ongoing quality management activities, the number of complaints is on the decrease and has been reduced by about 24% year-on-year in fiscal 2021. However, many issues still need to be improved to eliminate complaints. We will continue to make steady efforts to eliminate complaints with the three main pillars of Own Process Quality Assurance Activities, Quality Management Education and Global Quality Management System Audits, in addition to Monozukuri Technology Improvement activities.

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



(Note) The data cover Sumitomo Electric and its manufacturing affiliates in Japan and overseas (including the Sumitomo Wiring Systems Group)

Glossary

*QR-J: "Own Process Quality Assurance practitioner training course" to develop key persons for the Own Process Quality Assurance activities in each division
*MKP: Abbreviation of "MONOZUKURI-KAKUSHIN professional training Program" that is the practical training program to develop candidates for future plant managers and key personnel for manufacturing
*GKP: Abbreviation of "GENBA-KAIZEN professional training Program" that is the practical training program to develop key-personnel who are to manage and supervise manufacturing fields and promote shop-floor improvement

CS Activities by the Sales Group

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

Our Group's business activities consist mainly of business-to-business transactions, and we therefore believe that the proper identification of the opinions and demands from customers (companies) through daily sales activities and further quality improvement of products and services will lead to greater customer satisfaction.

Based on this recognition, we focus on the training of the employees engaged in sales activities to enhance their abilities to understand the problems of customers and propose solutions to them. We cooperate with external consultants to give training to sales staff to learn methodologies for accurately identifying the troubles of customers and making proposals, as well as training to management staff to learn methods to manage and instruct their subordinates. In addition, action guidelines for management staff to stimulate organizations have been formulated with CS improvement as a key factor. We will also conduct surveys to listen to the real opinions of customers, analyze the results and give feedback to ensure CS improvement.

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

Quality Compliance

We aim to become a company trusted by society

The attitude of companies towards quality is evaluated by society more strictly than ever these days. Supply of products that surely have the quality required by customers in compliance with laws and rules is an absolute foundation for companies to grow in a sustainable manner. The Sumitomo Electric Group takes the measures mentioned below to ensure quality compliance.

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

We have established the Sumitomo Electric Group Quality Management Global Standards as the basic rules on quality to be followed by all divisions as mentioned above. In consideration of the cases of other companies on quality data falsification and improper inspection, we have formulated internal rules on the prevention of quality data falsification and incorporated them into the standards to disseminate the rules and ensure compliance with them. We also initiated education on the prevention of quality data falsification in the annual compliance training for the Group's managers in Japan in fiscal 2018 and repeatedly provide the education. In addition, we have added a curriculum on the prevention of quality data falsification to the quality management education for employees in different positions (16 position-based courses and eight nomination-based courses) to expand and reinforce our education on quality compliance.

Strengthening of the Function to Check Quality Data Falsification

While the Quality Management Division conducts Global Quality Management System Audits of each division in the Sumitomo Electric Group, we will enhance inspections for the prevention of quality data falsification in the audits. Our group also has a mechanism where all divisions conduct self-examination of their main operations every year. We have added the prevention of quality data falsification to the inspection items of the self-examination to ensure the absence of quality data falsification and check the efforts of each division to develop rules for the prevention of quality data falsification and provide quality compliance training each year.

Product Safety (Product Liability)

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

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

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

Training on Product Safety

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

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

Voluntary Inspection on Product Safety

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

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

Management of Chemical Substances in Products

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

In pursuit of reducing environmental impact of the products of the Group and our customers, as well as improving compliance, the Sumitomo Electric Group is committed to proper management of chemical substances in products. To this end, we implement the "SEI Guidelines for the Management of Chemical Substances in Products" (note), which was established to specify the items to be carried out at each stage of the manufacturing process such as procurement, design, production and quality assurance based on JIS Z7201 "Management of Chemical Substances in Products - Principles and Guidelines."

We have also established the "SEI Standards for Chemical Substance Management," which are the standards for the management of chemical substances in products to be managed at each of the stages, and implement the "SEI Guidelines for Green Quality Purchases"(note) based on the standards, while conducting product assessment at the design and development stages. Through these initiatives, we strive to prevent hazardous chemical substances with large environmental impact such as mercury and cadmium from being contained in products.

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

SEI Guidelines for Green Quality Purchases	SEI Standards for Chemical Substance Management

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

Compliance with Regional Regulations on Chemical Substances across the Globe

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

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

At the same time, to comply with the REACH* regulation, we are working for final registration of chemical substances one by one as required and completed the registration of gallium arsenide (GaAs) in 2012 and tungsten carbide (WC) in 2017. We are also making efforts to ensure appropriate responses to the requirements of the REACH regulation including reporting of the SVHC* contained in products.

To quickly respond to progressive tightening of regional regulations on chemical substances across the globe, our group is working to collect information on regulations in Europe, China, Southeast Asia and other countries and share the information within the Group.

Glossary

- ＊**RoHS Directive**: RoHS stands for Restriction of the use of certain Hazardous Substances. This EU Directive restricts the use of certain hazardous substances in electrical and electronic equipment
- ＊**ELV Directive**: ELV stands for End of Life Vehicles. This EU Directive restricts the use of lead and three other hazardous heavy metals in automobiles to reduce the impact of end-of-life vehicles on the environment
- ＊**REACH regulations**: REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals. Regulations of the European Parliament and of the Council for protection of human health and the environment in the European Union
- ＊**SVHC (Substances of Very High Concern)**: SVHC stands for Substances of Very High Concern. Chemical substances designated by the EU as substances which may cause serious effects to human health or the environment

Supply Chain

Basic Approach

In accordance with The Sumitomo Spirit, The Sumitomo Electric Group Corporate Principles, the company's Charter of Corporate Behavior and Basic Procurement Policies, and based on mutual trust and cooperation with our business partners, we are operating sustainable procurement activities that are fair, equitable, focused on compliance and friendly to the global environment and human rights. In addition to optimizing procurement, manufacturing, sales and the entire logistics, we are working to 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.

Basic Procurement Policies

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

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

Basic Procurement Policies (extract)

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

For the entire policies, please see the following page.
https://sumitomoelectric.com/sustainability/csr/sociality/procurement

Group Procurement System

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

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

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

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

Initiatives to Ensure Compliance with Laws Related to Procurement

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

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

Priority Matters

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

As to the priority matters, we continued to conduct on-site inspections in Sumitomo Electric and its affiliates in fiscal 2021 to confirm compliance with the rules as mentioned in the table below.

Inspection results

Subcontract Act	In Japan: 3 affiliates (5 sites)
Internal Control	In Japan: 3 affiliates (5 sites) Overseas: 2 affiliates
Customs Law	Face-to-face survey: 25 divisions and group companies of Sumitomo Electric Desktop survey: 1 affiliate

In the on-site inspection, the Procurement Division visits the target sites to check compliance with laws related to procurement. For the inspection on the Subcontract Act and internal control, we selected the target sites again in fiscal 2021 on the assumption that we will regularly visit all domestic affiliates, and confirmed their compliance with relevant laws and rules. With respect to the Customs Law, all of the divisions and group companies importing directly from overseas were inspected to check the correctness of the amounts in custom reports and other items, and we gave guidance on revisions of the Customs Law and other laws.

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

Response with Business Continuity Plan (BCP)

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

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

In 2021, we continued to experience supply issues due to shut downs and declines in operation at some of our suppliers in China and Southeast Asia caused by the impact of the COVID-19 pandemic. We managed to avoid suffering a huge impact on production by asking suppliers to report on their operational status regarding materials with supply concerns or make adjustments to delivery schedules as needed. The tight global supply and demand situation of semiconductors has also continued. We are making efforts to minimize the impact of this situation by closely collaborating with suppliers and securing products in advance in cooperation with our customers. Furthermore, although there was an indirect impact of the invasion of Ukraine on certain rare gas, this has had no impact on production as we secured resources in advance. We will continue to make steady efforts for intense information exchange with suppliers and stable procurement and reinforce our procurement system for the secure supply of products and services.

Education System

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

As in the previous fiscal years, we provided training for Production Group and Corporate Staff Group in the Procurement Compliance Training Seminars in fiscal 2021.

The training for Production Group and Corporate Staff Group is organized with the same content every year to further enhance the understanding among the attendants and establish and improve their awareness of compliance. These programs are offered in the form of e-learning so that trainees can take the courses from home and review them repeatedly. We will continue to organize training in a way that more Group employees can receive it to further enhance the awareness of compliance related to the procurement of materials within the Group. The results of the training are presented in the table below.

Results of training

Production Group and Corporate Staff Group	■ Organized as online training ■ Number of participants: 661 persons in the basic/beginner course 789 persons in the course designed for sections in charge of purchase requests 563 persons in the course designed for sections in charge of making contracts ■ Themes: Subcontract Act, Customs Law and internal control

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

In the first half of fiscal 2021, we provided a total of seven courses including Procurement-related Laws and Regulations and CSR Procurement, and in the second half of the fiscal year, we offered a total of 12 courses including Accounting Knowledge, necessary for those engaged in procurement. The courses were held online, connecting Japan and overseas site, and drew a total of 383 participants.

We also have to make the Subcontract Act known widely not only in the divisions in charge of procurement but also in manufacturing and development divisions. For the establishment of an autonomous system to comply with the act in each division and company, we organize a training program to develop personnel who will play a key role in the system in a planned manner. In fiscal 2021, to ensure that many more staff can play a key role related to the Subcontract Act, we organized a training program for those without sufficient work experience and for administration staff.

Results of Education

	Date	Number of courses	Number of lectures	Number of participants (total)	Number of companies
OFF-JT Education program	1st half of FY2021	7	32	187(Note)	22
	2nd half of FY2021	12	43	196(Note)	25
Key personnel development program	2nd half of FY2021	1	3	6	3

(Note) Number of those who passed the final exam

From fiscal 2017, we are committed to a training program for overseas purchasing managers with an aim to improve our procurement capabilities on group-wide and global scales. In this program, we provide the managers with opportunities to learn procurement-related methods for cost reduction, risk management and other issues, as well as the Sumitomo Spirit and CSR and other procurement policies, to improve their skills and encourage them to share the learning with the procurement staff of their companies. While improving the content of the training, we will gradually expand the scope of the employees who need to attend the program in the next fiscal2022 year and thereafter.

Contribution to Preservation of the Global Environment

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

The Sumitomo Electric Group considers green procurement as part of essential quality standards and continues to strive for it.

Since we formulated the Sumitomo Electric Group Green Procurement Guidelines (currently "SEI Guidelines for Green Quality Purchases") in fiscal 2003, we have been committed to the elimination of the use of banned substances in its products, the strengthening of control of other chemical substances contained in products and other initiatives.

We also introduced the ECO Factoring System in collaboration with Sumitomo Mitsui Banking Corporation in 2009. In this system, a favorable interest rate is applied to suppliers committed to environmental conservation activities at a certain level or higher in order to encourage suppliers to perform such activities. Sixty suppliers applied for the system in fiscal 2021 and 60 of them use it now.

Glossary
*Value Analysis (VA): VA is conducted to replace "Material X" with cheaper "Material Y" that still provides the quality required for the product
*Subcontract Act: The Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors Japanese law

Glossary
*OJT and OFF-JT: OJT (On-the-Job Training) is education and training received while the trainees perform daily work. On the other hand, trainees receive OFF-JT (OFF the Job Training), such as group training sessions, when they are temporarily away from daily work
*Green procurement: Procurement activities that give higher priority to raw materials, parts and other items with less environmental impact

Commitment to CSR Procurement

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

To further promote our commitment to CSR in the procurement activities, we established the Sumitomo Electric Group CSR Procurement Guidelines based on the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles in July 2010. We established the Sumitomo Electric Group Policy on Human Rights in 2019 and the Supplier Code of Conduct in 2021 in response to the recent demands of the society that called for tangible actions on issues such as violation of human rights and climate change.

To ensure that the guidelines are fully communicated and implemented, we also ask suppliers to take proper action by specifying relevant requirements in the basic transaction agreement.

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

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

Since the results of the CSR procurement surveys showed that small and medium-sized suppliers were likely to have lower scores, we began in fiscal 2020 to reinforce our response to these suppliers. We continued the CSR procurement survey with a focus on small and medium-sized companies that depended highly on the Sumitomo Electric Group and conducted long-term transactions with the Group. In fiscal 2021, we surveyed 294 companies. Those small and medium-sized suppliers received online basic training on CSR to deepen their understanding of CSR procurement. We also interviewed them on particularly important survey items and asked them to enhance their compliance, information management, and other relevant activities. Meanwhile, we have just begun to survey secondary suppliers.

From fiscal 2022, we will further improve the conventional activities and enhance coordination with Group companies to continuously promote CSR procurement in cooperation with the suppliers. Specifically, not only will we fully communicate the newly established Supplier Code of Conduct, but we will also revise questions of the CSR procurement self-assessment sheet based on the code and survey suppliers that represent 90% of the value of domestic procurement (Note). We will expand the coverage of the survey to include small and medium-sized companies that depend highly on the Sumitomo Electric Group and secondary suppliers, aiming to increase the level of CSR procurement together with suppliers.

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

Sumitomo Electric Group Supplier Code of Conduct (extract)

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

Commitment to Compliance with the Law	- We Expect Compliance with Anti-Corruption Laws - We Expect Compliance with Competition Laws - We Expect Protection of SEG's Intellectual Property - We Expect Compliance with International Trade Laws
Commitment to Responsible Sourcing	- Engagement with Supply Chain - Conflict Minerals - Responsible and Sustainable Sourcing Practices
Commitment to People	- We Expect Compliance with Employment Laws - We Oppose the Use of Forced Labor - We Oppose the Use of Child Labor - We Oppose any Form of Human Trafficking - We Oppose Harassment - We Oppose Discrimination and Encourage Diversity - We Respect Workers' Rights of Association - We are Committed to Safe Work Environments - We Expect that Personal Data will be Protected
Commitment to Society	- We are Committed to Protecting the Environment - We are Committed to Advancing the Communities Where We Operate
Commitment to Compliance and Business Ethics	- We Expect Suppliers to Provide Employees with a Means to Report Concerns - We Expect Suppliers to Maintain Accurate Business Information - We Expect Suppliers to Adopt Appropriate Compliance and Ethics Initiatives
Issues Related to this Code	(SEG Hotline) (Audit/review/request of information) (Contacts)

WEB For the entire Code, please see the following page.
https://sumitomoelectric.com/sustainability/csr/scoc

Sumitomo Electric Group CSR Procurement Guidelines (extract)

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

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

WEB For the entire guidelines, please see the following page.
https://sumitomoelectric.com/sustainability/csr/guideline

Activities in Japan from FY2017 to FY2021 and future initiatives

FY2017 - FY2020

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

FY2021

- Sumitomo Electric Group (excluding the listed subsidiaries), Sumitomo Riko Group, and Nissin Electric Group
  - Completion of the CSR procurement survey of suppliers that represent 90% of the value of domestic procurement in each corporate group (See the table below for specific achievement rates.)
  - Implementation of the CSR procurement survey (294 companies) and the basic training on CSR (80 companies) with a focus on small and medium-sized companies that depend highly on each corporate group
  - Implementation of the survey in secondary suppliers

FY2022 -

- Sumitomo Electric Group (excluding the listed subsidiaries), Sumitomo Riko Group, and Nissin Electric Group
  - Thorough promotion of Supplier Code of Conduct
  - Implementation of the CSR procurement survey for suppliers that represent 90% of the value of domestic procurement in the Group, using the new CSR procurement self-assessment sheet revised based on the Supplier Code of Conduct
  - Continued reinforcement of measures for small and medium-sized companies that depend highly on each corporate group
  - Continuance of the survey in secondary suppliers

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

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

	as of the end of FY 2020	as of the end of FY 2021
Sumitomo Electric Group (excluding the listed subsidiaries)	90%	90%
Sumitomo Riko Group	90%	90%
Nissin Electric Group	74%	90%

Since fiscal 2016, we have also surveyed a total of 640 suppliers of our 40 overseas affiliates, mainly in China and the ASEAN region. In the future, we will expand the survey targets to include those in the US and Europe to promote our activities.

Commitment to Responsible Procurement of Minerals

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

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

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

Partners' Meetings

The Sumitomo Electric Group organizes Partners' Meetings every year to enhance its relationships with suppliers. We use this opportunity to explain the outline of our business activities and the Basic Procurement Policies and commend the suppliers that have contributed to the business activities of our group through good proposals and support activities in order to establish amicable and cooperative relationships with suppliers. At Partners' Meeting, we also present the CSR Procurement Guidelines, as well as the Basic Procurement Policies, to ask for their cooperation and promote the guidelines actively. We canceled the Partners' Meeting for two years due to the impact of the COVID-19 pandemic. In July 2022, however, we held the Meeting for the first time in three years while taking measures against infection.

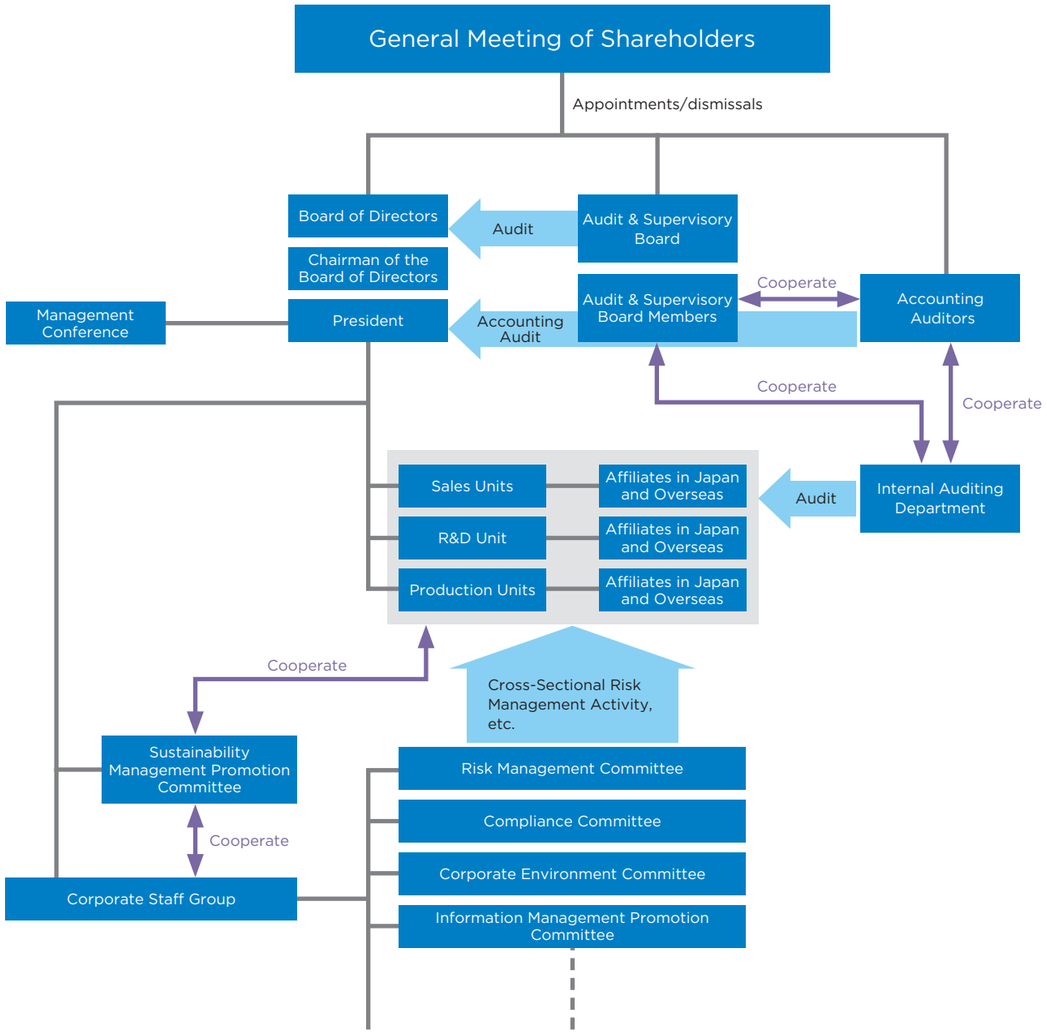
Glossary ＊**Issue of conflict minerals**: Armed groups that are involved in serious violations of human rights obtain funding from trading of tantalum, tungsten, tin, gold and their derivatives produced in the Democratic Republic of the Congo and its neighboring countries

Corporate Governance

Basic Approach

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

Sumitomo Electric Group’s Corporate Governance Structure



Outline of the Structure

Sumitomo Electric has employed the system with the audit & supervisory board. The Board of Directors, the business execution system, audit & supervisory board members and the Audit & Supervisory Board are committed to fulfillment of their respective duties in order to achieve sustainable growth and medium- and long-term increases in the corporate value based on the basic philosophy.

In addition, five outside directors are appointed to adopt an external perspective with the aims of further strengthening the supervising functions of the Board of Directors and enhancing the transparency and objectiveness of the business management. We also select three outside audit & supervisory board members with various specialized knowledge and multifaceted views so that outside audit & supervisory board members occupy the majority of the Audit & Supervisory Board, which aims to reinforce the monitoring system for the purpose of ensuring lawful and proper management.

Board of Directors and Business Execution System

Functions and Operations of the Board of Directors

In order for the Board of Directors to properly fulfill its function of determining basic matters related to the direction of the Company and its monitoring function, the Board of Directors limits deliberations on individual matters such as investments to those of high importance and focuses on deliberations and tracing of the mid-term management plan and annual plans based on the plan. Also, in order to further ensure the effectiveness of the supervisory function of the Board of Directors, the Compensation Advisory Committee, which is composed, in the majority, of Outside Directors and chaired by an independent Outside Director has been established and operates as an advisory body to the Board of Directors.

Business Execution System

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

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

As to the audit & supervisory board members and the Audit & Supervisory Board, as mentioned above, the majority of the audit & supervisory board members are independent outside audit & supervisory board members with various specialized knowledge and multifaceted views. These members of the board, along with full-time audit & supervisory board members and dedicated staff to audit & supervisory board members, are in charge of monitoring in cooperation with the Internal Auditing Department and accounting auditors to ensure lawful and proper corporate management.

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

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 an audit & supervisory board members 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 audit & supervisory board members 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.

Policy for Determining Remuneration, etc.

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

Nominating Advisory Committee and Compensation Advisory Committee

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

For the details, please see the following page.

Corporate Governance
https://sumitomoelectric.com/company/governance

Integrated Report
https://sumitomoelectric.com/sustainability/integrated

Risk Management

Basic Approach

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

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

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

Basic Policy of Risk Management

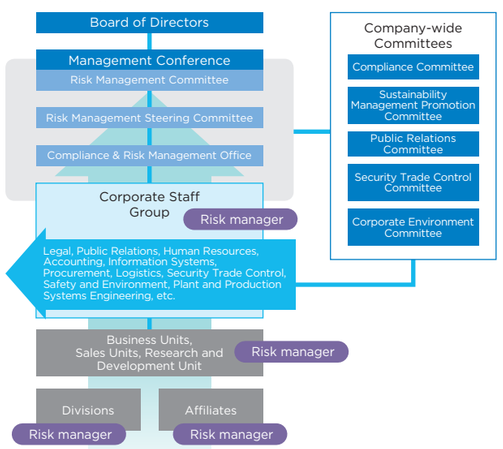
Risk management is performed based on the significance of the risks determined in consideration of the following issues:

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

Risk Management System

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

Risk Management System



Risk Management Activities

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

Creation and Management of a Risk Heat Map

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

Initiatives for Business Continuity

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

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

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

Business continuity in the event of an infectious disease outbreak

The Sumitomo Electric Group formulated the guidelines for action plans to address new influenza in 2008. Each of the divisions and Group companies in Japan has established a BCP for infectious diseases and promoted the establishment of a crisis management system.

Amid the COVID-19 pandemic, we have continued operations while thoroughly taking measures to prevent the spread of infection, including the active use of work-from-home and other styles of teleworking. Our manufacturing divisions have also maintained operations while making utmost efforts to ensure that the 3Cs (closed spaces, crowded places, and close-contact settings) are avoided in the operations, with the top priority given to the health and safety of employees.

Based on the knowledge acquired from the COVID-19 pandemic, we will further enhance the effectiveness of BCPs for coping with infectious diseases and also promote the development of BCPs in the overseas subsidiaries to further reinforce our business continuity capabilities.

Continuous Implementation of Group-wide Joint Emergency Drills

The Sumitomo Electric Group enhances disaster awareness of employees by implementing joint emergency drills to conduct the drills in Group companies at the same time twice a year (in the daytime and at night). Our production facilities carry out evacuation drills as well as inspection of places where hazardous materials are used and simulation of the initial response to emergency situations. In the meantime, drills of information transmission and sharing are also implemented by establishing headquarters of countermeasures with the aims of grasping disaster information promptly, reporting it accurately and promptly to executives and sharing the information among the Group.

Information Management System

The Sumitomo Electric Group continuously improves the information management system and revises rules to enhance the mechanism that prevents information leakage in each of its divisions and affiliates. Regarding the use of social media, we have also established a social media policy, which specifies our basic approach to its use, as well as social media guidelines, which provide specific issues to be noted. The policy and guidelines serve to raise the awareness of employees. We will continue to promote information management of the Group by improving the system in domestic and overseas affiliates and enhancing the internal training program designed for disseminating the rules.

Strengthening of Information Security Measures

Six years have passed since the establishment of the SEI-CSIRT system as the cornerstone of the Group's information security management framework. This period has seen progress in the reinforcement and advancement of the Group's information security management.

Protection and proper handling of important information, including classified trade information and other management assets, know-how to manufacture products, information entrusted with customers and other parties, and personal information of customers, employees, etc. are the cornerstone of the continuation of the Group's business operations. We introduce on a timely basis anti-malware software, intrusion prevention systems (IPSs), and technical frameworks for stopping unauthorized access, preventing email from being sent to wrong addresses, and backing up information and information processing systems. While operating them with the latest functions, we constantly assess and verify their effects to ensure that they will not become obsolete.

While implementing these technical measures, we ensure that they are taken globally through the ICT Management Committee, identify and correct any problems in the situations of Group companies through information security audits and assessments, use appropriate services and asses their safety based on an outside service assessment system, and implement periodical training. We thus make efforts to reinforce information security management from the aspect of operations.

Security Trade Control

Sumitomo Electric has set forth internal rules on security trade control to ensure compliance with export control regulations aimed at international security, and established an export control system headed by a representative director.

Our export activities are conducted after proper screening of individual business transactions and obtainment of necessary export licenses such as comprehensive export license.

Our Group-related personnel are provided with position-based training, as well as periodical training, which deals with the latest cases, and training at the time of their appointment to the position, so that they are aware of their responsibility for security trade control and obtain necessary knowledge.

We also conduct audits in the Company and its affiliates in Japan and overseas constantly to monitor export activities, and share information between different divisions within the Company and between affiliates through various committees to reduce the risks in the security trade control activities of the entire group.

Record of Various Training Sessions in FY2021

Target of the training	No. of sessions	Persons who need to receive the training	No. of participants	Achievement rate	Main content
Staff in charge of classification	4	148	148	100%	Tasks on how to classify goods and technologies
Export control sections (e-learning)	—	1,547	1,547	100%	Export control practice
General employees (e-learning)	—	(Participation is voluntary)	2,493	—	Outline of export control and internal rules
Domestic affiliates	4	26	26	100%	Outline of export control
Overseas affiliates	7	7	7	100%	Outline of export control and issues to be noted in foreign countries
U.S. Export Administration Regulations (EAR) training	3	(Participation is voluntary)	317	—	Overview of the U.S. Export Administration Regulations

Respect for and Protection of Intellectual Property

Acknowledging intellectual property rights (IPRs) as an important issue for our business management, we are committed to appropriate confidentiality management of technical know-how and internal data, as well as enhancement and use of IPRs such as patent rights and design rights. At the same time, we respect the IPRs and trade secrets of others and strive to handle them with scrupulous attention.

To set up a structure for the commitment, we have developed a rule on the handling of intellectual property and trade secrets, and established an organization in the Intellectual Property Department to provide business units and R&D units in the Sumitomo Electric Group with the necessary support, such as management of inventions, investigation of prior arts and IPRs of other companies, promotion of technology standardization activities, and formulation of strategy and response from the perspective of intellectual property-related laws and regulations. Furthermore, at IP strategy meetings, strategic IP committee members of business units and development units plan and implement activities, verify the progress and results, and correct any inappropriate points. The activities are promoted through concerted efforts among respective divisions, R&D units and the Intellectual Property Department based on the PDCA (plan-do-check-act) cycle.

To promote and improve the IP activities, we operate an invention reward program, organize IP training sessions that match the experience and level of proficiency of each employee, and publish related in-house newsletters. We also hold an Intellectual Property Right and Standardization Convention every year to commend excellent IP activities and share knowledge.

Through these activities, we are working to enhance the value of the Group's intellectual property, create business opportunities, and reduce intellectual property risks.

Compliance

Basic Approach

Efforts to Pursue Fair Business Activities Worthy of Society's Trust

The Sumitomo Electric Group believes that compliance, which represents both complying with laws and regulations and acting in accordance with corporate ethics, comprises the backbone of its management and forms the absolute basis for its continued existence and development. In light of the recent trend of various compliance items and under the principles of the Sumitomo Spirit, which values doing your sincere best not only in business but also every aspect of your life (Banji-nissei), placing prime importance on integrity and sound management (Shinyo-kakujitsu) and not pursuing immoral business (Fusu-furi), we will continue to make all efforts to ensure that all corporate activities are conducted fairly and honestly and can be trusted by society.

Organization That Supports Compliance and Its Structure

Compliance Committee

Sumitomo Electric Group has established the Compliance Committee, chaired by the President, as an organization that designs and promotes measures necessary to develop and further strengthen the compliance system and holds its meeting roughly four times a year. The Committee engages in various activities, including identification and analysis of group-wide and overall compliance risks, monitoring of the implementation of programs for the compliance items and interviews with divisions and Group companies concerning their activities to comply with laws.

Structure of the Compliance Committee

Chairperson: President
Vice Chairperson: Senior Managing Director
Committee members: Managing Director (1 person), Managing Executive Officer (1 person), General Manager of Compliance & Risk Management Office, General Manager of Legal Department, General Manager of Internal Auditing Department
Attendants: Audit & Supervisory Board Member, General Manager of Office of Audit & Supervisory Board Members
Organizer: Compliance & Risk Management Office, Legal Department

Compliance & Risk Management Office

While planning and coordinating overall compliance activities in the Sumitomo Electric Group, Compliance & Risk Management Office plans and implements relevant activities including the development of a system and organization of training for compliance with competition laws and prevention of bribery. The office also operates the whistle-blowing system (Speak-Up System) of the Group. Led by the General Manager, the office is composed of members including employees from Corporate Staff Group such as Legal Department, Human Resources Division and Internal Auditing Department as well as persons in charge of compliance tasks in Business Units and Sales Units. A compliance meeting is held every month to share relevant information and monitor the progress of compliance activities.

Compliance Steering Committee

At present, our legal bases are composed of more than 80 members in Japan, China, Thailand, Vietnam, the UK, Germany and the US. They hold a periodical meeting of the Compliance Steering Committee (CSC). At the CSC meeting, the members discuss various issues related to compliance from a global perspective and determine the direction of the activities, the work schedule and other matters to disseminate best practices in the world across the Sumitomo Electric Group.

Compliance Activities

Code of Conduct

The Compliance Committee established and issued Code of Conduct, which serves as guidelines setting out the standards of conduct expected of each of us and helping us conduct business with integrity, based on the Sumitomo Spirit with the approval of the Board of Directors in April 2018.

The Code of Conduct is basic rules on compliance commonly applied to all Group companies across the world. In addition to legal compliance, it specifies the basic policy on fair competition, prevention of bribery, protection of confidential information and intellectual property, respect for human rights, environmental conservation and other issues. Printed booklets are prepared in approximately 30 languages, including Japanese, English and Chinese, and distributed to officers and employees in our Group while the multilingual versions are also posted in all of the languages on our website and intranet.

Code of Conduct

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 check compliance risks, ensure implementation of preventive measures and develop and enhance awareness of compliance, the Compliance Committee organizes regular training seminars for officers and managers every year. New employees and newly promoted personnel are also provided with position-based training seminars. In addition, we launched an e-learning system that enables compliance training to be given online in fiscal 2019 and the program will be offered in 26 languages to our Group companies across the world. (It was available for approximately 40,000 persons as of the end of fiscal 2021). The subjects selected for the training program include the Code of Conduct, compliance with competition laws, prevention of bribery and prevention of quality data falsification and other items that are considered to be necessary and important for business operations in the Sumitomo Electric Group. We also disseminate the Speak-Up System mentioned below in the training seminars.

Targets of the Training and Number of Attendants (Period)

Target of the training	Number of attendants (period)
Officers (including executive officers)	42 (Dec. 2021)
Newly promoted personnel	576 (Feb. to Mar. 2022)
New employees of Sumitomo Electric	approx. 300 (Apr.2022)
Managers of Sumitomo Electric and its subsidiaries in Japan	approx. 2,000 (Oct. to Dec. 2021)

Speak-Up System

In the Sumitomo Electric Group, we have the Speak-Up System, designed to identify any compliance-related issues (including those related to employment and labor issues, violation of the Competition Laws, bribery) at an early stage and resolve them by ourselves in a prompt and proper manner. Specifically, we set up contacts for consultation and reporting not only internally but also externally (by appointing a specialized service provider and a law firm), and the issues reported through this system are addressed with immediate investigation to take corrective action and prevent recurrence where necessary. The contacts for consultation and reporting have been established to allow any employees of Group companies in and out of Japan as well as other interested persons to access. We present the outline of the system at the time of various internal training sessions and also disseminate it through monthly in-house newsletters, Code of Conduct, our website, intranet, workplace posters, notice to business partners and other measures. We established an external contact for consultation and reporting that can be used commonly by our Group companies worldwide (in about 30 languages 24 hours a day, 365 days a year) in 2014, and replaced the service provider to the largest company in the industry in 2019. As a result of our active efforts to disseminate the system, the number of consultations and reports continues to increase year by year, helping to eliminate inappropriate actions and circumstances.

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

FY	In-house contacts	External contacts	Total
2017	24	50	74
2018	31	63	94
2019	23	96	119
2020	29	91	120
2021	29	157	186

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

Priority Matters

Compliance with Competition Laws

The Sumitomo Electric Group prioritizes global competition law compliance as the most important compliance activity and has taken measures to prevent cartel, collusion and other acts that violate the competition laws, including suspicious acts, within the Group. These measures include the formulation of the Rules for Compliance with Competition Laws in June 2010, which contain a provision that restricts contact with competitors only in the cases with legitimate business reasons, and compliance training (including e-learning training). In fiscal 2019, we also adopted Global Antitrust and Competition Policy for our Group employees all over the world.

Prevention of Bribery

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

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

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

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 protect personal data, and we are taking measures to comply with these new regulations.

CSR VOICE

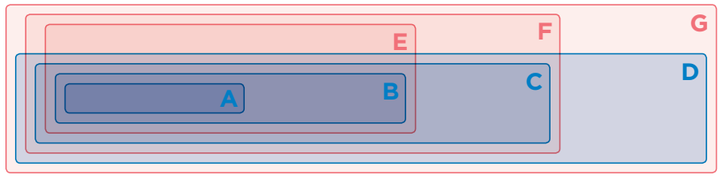
Embracing Employment Law Best Practices to Enhance Compliance Initiatives

Sophy C. Woodhouse

Assistant General Counsel – Employment
Legal Department
Sumitomo Electric U.S.A. Holdings, Inc.

I joined the Sumitomo Electric U.S.A. Holdings, Inc. (SEUHO) Legal Department in Torrance, California, in 2017. As Assistant General Counsel – Employment, I am responsible for supporting employment law compliance for the Sumitomo Electric Group (SEG) companies in the Americas. In addition to my SEUHO Legal colleagues, I work closely with our SEUHO Human Resources team and Human Resources at SEG companies. Our commitment to our people and to their workplace is a key element of our compliance program and lays the foundation for our overall success. We support this commitment everyday with our work implementing employment law best practices. For example, the SEUHO Legal and Human Resources teams have worked together to launch e-learning training programs that meet state-mandated anti-harassment training obligations across the United States and have recently launched a U.S. Diversity and Inclusion initiative. These activities support our overall compliance initiatives that each rely upon the strength and integrity of our company's culture. I am proud to work for a company that has a sincere commitment to its people and to the enduring principles of the Sumitomo Spirit.

Symbols in the boundary column



Sumitomo Electric Industries, Ltd.

Consolidated subsidiaries (Excluding Sumitomo Wiring Systems, Ltd. and the listed subsidiaries)

Consolidated subsidiaries (Excluding the listed subsidiaries)

Consolidated subsidiaries

Environment

Indicator			Detailed category	Boundary	Unit	FY2019	FY2020	FY2021
Prevention of global warming	Energy consumption			F	million MJ	27,506	26,174	28,506
		Energy consumption per unit of sales			kl/ 100 million yen	31	31	29
	Greenhouse gas emissions	(Scope 1)		F	thousand tons-CO_2e	197	199	201
		(Scope 2)			thousand tons-CO_2e	1,176	1,099	1,211
		(Scope 1 + Scope 2)			thousand tons-CO_2e	1,373	1,299	1,412
			Japan		thousand tons-CO_2e	627	581	608
			Asia (except Japan and China)		thousand tons-CO_2e	375	362	455
			China		thousand tons-CO_2e	187	198	188
			Americas		thousand tons-CO_2e	126	112	109
			Europe and others		thousand tons-CO_2e	57	46	52
		(Scope 3)		F	thousand tons-CO_2e	6,921	17,302	21,676
			Category 1		thousand tons-CO_2e	2,398	6,986	11,295
			Category 2		thousand tons-CO_2e	583	504	526
			Category 3		thousand tons-CO_2e	249	242	261
			Category 4		thousand tons-CO_2e	36	33	33
			Category 5		thousand tons-CO_2e	30	28	28
			Category 6		thousand tons-CO_2e	37	37	37
			Category 7		thousand tons-CO_2e	81	82	80
			Category 11		thousand tons-CO_2e	3,507	9,390	9,416
		(Scope 1)		G	thousand tons-CO_2e	333	327	343
		(Scope 2)			thousand tons-CO_2e	1,500	1,398	1,511
		(Scope 3)			thousand tons-CO_2e	23,702	23,027	26,324
			Category 1		thousand tons-CO_2e	9,259	8,444	13,102
			Category 2		thousand tons-CO_2e	699	598	641
			Category 3		thousand tons-CO_2e	285	284	337
			Category 4		thousand tons-CO_2e	65	60	75
			Category 5		thousand tons-CO_2e	43	45	41
			Category 6		thousand tons-CO_2e	41	41	41
			Category 7		thousand tons-CO_2e	95	96	95
			Category 9		thousand tons-CO_2e	3	0	5
			Category 10		thousand tons-CO_2e	9	4	106
			Category 11		thousand tons-CO_2e	13,187	13,443	11,871
			Category 12		thousand tons-CO_2e	15	11	12
	CO_2 emissions from transportation			E	tons-CO_2	89,489	96,773	98,755
	Per-unit CO_2 emissions from transportation in Japan			(Note1)	tons-CO_2/ million ton-km	99.5	100.5	101.1
				(Note2)	tons-CO_2/ 100 million yen	2.39	2.20	2.16

(Note1) Sumitomo Electric + 31 manufacturing companies in Japan (excluding Sumitomo Wiring Systems, Ltd.) (Note2) Sumitomo Wiring Systems, Ltd.

Indicator			Detailed category	Boundary	Unit	FY2019	FY2020	FY2021
Resource conservation and recycling	Amount of waste discharged (excluding valuable materials)			F	thousand tons	76.9	70.6	73.3
		In Japan			thousand tons	31.1	28.3	29.7
		Overseas			thousand tons	45.7	42.3	43.6
	Zero emission rate	In Japan			%	0.54	0.50	1.16
		Overseas			%	13.4	14.2	13.4
Harmful chemical substances	Chemical substances specified in the PRTR Law	Release		C	t	51.5	59.6	59.2
		Transfer			t	100.0	114.4	136.7
Environmentally friendly products	Eco-products	Percentage in sales		F	%	58	58	60
Water risks	Water withdrawal			F	thousand m^3	13,775	13,635	13,991
		In Japan			thousand m^3	5,935	6,026	6,204
		Overseas			thousand m^3	7,840	7,609	7,787
Environmental management	Non-compliance with environmental laws and ordinances			F	cases	2	1	2

Social

Indicator			Detailed category	Boundary	Unit	FY2019	FY2020	FY2021
Human resources								
Employment	Number of global employees			G + employees on loan from other companies	persons	283,910	286,784	281,075
			Male		persons	135,513	135,553	134,445
			Female		persons	148,397	151,231	146,630
		In Japan			persons	42,418	42,629	43,623
			Male		persons	33,798	33,776	34,631
			Female		persons	8,620	8,853	8,992
		Overseas			persons	241,492	244,155	237,452
			Americas		persons	43,253	45,299	42,701
			Europe, Africa and others		persons	75,415	74,278	72,418
			Southeast Asia		persons	79,623	78,365	79,523
			China		persons	43,201	46,213	42,810
		Managerial position			persons	14,244	14,096	14,702
			Male		persons	12,527	12,260	12,746
			Female		persons	1,717	1,836	1,956
	Number of employees in Sumitomo Electric			A + employees on loan to other companies	persons	11,393	11,445	12,341
			Male		persons	9,777	9,761	10,569
			Female		persons	1,616	1,684	1,772
Diversity	SEG Global Executives (as of April 1 of the following year)			F	persons	43	42	42
	Women's empowerment			D + employees on loan from other companies				
		Ratio of women in managerial position			%	3.1	3.5	3.9
		Number of women in managerial position			persons	266	284	332
		Number of those who are senior assistant general managers or in management positions among them			persons	33	34	43
		Number of those who are section managers (assistant general managers) among them			persons	233	250	289
		Ratio of women employees hired		A	%	20.0	19.3	20.2
		Number of women employees hired			persons	110	99	96
	Turnover rate (ratio of the employees who were hired as new graduates three years before the relevant year and have left the company within three years)			A	%	10.1	7.6	9.9
	Employment rate of the physically or mentally disabled (as of June 15 of the following year)			A + qualified Group companies	%	2.36	2.41	2.39
Safe and sound workplace	Average total working hour			A + employees on loan to affiliates within the Works	hours	1,970	1,932	1,954
	Average overtime hours				hours/ month	17.5	13.6	16.3
	Average number of paid holidays taken by employees				days/year	16.9	15.8	17.1

Indicator		Detailed category	Boundary	Unit	FY2019	FY2020	FY2021
Safe and sound workplace	Number of Users of the Employee Support Programs		A + employees on loan to other companies				✓
	Employees who took childcare leave			persons	226	274	286
		Male		persons	119	176	189
		Female		persons	107	98	97
	Employees who took leave when their spouses gave birth			persons	141	153	146
	Employees who used the short-time work system			persons	287	264	250
		Male		persons	29	33	29
		Female		persons	258	231	221
	Enrollment in the reemployment system			persons	24	21	14
		Male		persons	4	5	2
		Female		persons	20	16	12
	Enrollment in internal child care centers			persons	56	56	53
	Users of the volunteer holiday system			persons	5	4	2
	Users of the work from home arrangements			persons	984	4,551	4,604
Human resources development	Training sessions organized across the Sumitomo Electric Group		F				
	Total number of participants			persons	91,553	257,706	207,725
		Sumitomo Electric		persons	56,066	160,991	122,274
		Group companies in Japan		persons	21,406	56,611	58,922
		Overseas Group companies		persons	14,081	40,104	26,529
	Cumulative basic training hours			hours	555,098	604,129	553,840
		Sumitomo Electric		hours	400,491	446,138	399,874
		Group companies in Japan		hours	91,047	95,908	103,329
		Overseas Group companies		hours	63,560	62,082	50,637
	Unique training sessions organized in individual Group companies						
	Total number of participants			persons	225,699	137,812	195,237
		Group companies in Japan		persons	32,901	50,279	92,908
		Overseas Group companies		persons	192,798	87,533	102,329
	Cumulative basic training hours			hours	745,433	614,428	458,231
		Group companies in Japan		hours	171,665	157,674	190,472
		Overseas Group companies		hours	573,768	456,754	267,759
Occupational health and safety	Occupational accidents		F + subcontractors	persons	72	44	55
	Serious accidents			persons	0	0	0
	Accidents resulting in lost work time			persons	9	3	11
	No lost work time injuries			persons	40	29	34
	Minor injuries			persons	23	12	10
	Lost time injuries frequency rate for employees		B		0.05	0.03	0.05
Social contribution activities							
	Amount of donations for social contribution		A	thousand yen	319,951	819,121	729,341
Quality							
Quality control	Number of complaints (results in FY2017 = 100)		F	%	84.3	71.5	54.5
Supply chain							
CSR procurement	Cumulative percentage of implementation		D(note)	%	87	90	90
	Number of companies surveyed on CSR self-assessment sheet			companies	914	66	294

(Note) excluding SUMITOMO DENSETSU CO., LTD. ,TECHNO ASSOCIE Co., Ltd. and their group companies

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

Indicator		Detailed category	Boundary	Unit	FY2019	FY2020	FY2021
Board of Directors	Number of directors		A	persons	12	15	15
	Inside			persons	9	10	10
		Male		persons	9	10	10
		Female		persons	0	0	0
	Outside (Independent Officers among them)			persons	3 (3)	5 (5)	5 (5)
		Male		persons	2	4	4
		Female		persons	1	1	1
Audit & Supervisory Board	Number of audit & supervisory board members		A	persons	5	5	5
	Inside			persons	2	2	2
		Male		persons	2	2	2
		Female		persons	0	0	0
	Outside (Independent Officers among them)			persons	3 (3)	3 (3)	3 (3)
		Male		persons	2	2	2
		Female		persons	1	1	1

Calculation Criteria

Data index			Calculation criteria
Environmental	Greenhouse gas emissions (Scope 1 and Scope 2)		Scope 1: Direct emissions from the use of fossil fuels, etc. in our facilities (including SF6 and other greenhouse gases) Scope 2: Indirect emissions from the use of electricity and steam supplied from outside our facilities Calculated based on the Greenhouse Gas Emissions Accounting and Reporting Manual Ver. 4.8 (2022) by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry Emission factors: The latest available emission factors at the time of the calculation are used as CO_2 emission factors for purchased electricity while fixed emission factors are used for other than purchased electricity CO_2 emission factor for purchased electricity: (In Japan) Adjusted emission factor of each electricity power supplier published in the "Emission Factor by Electric Utility Operator (for Calculating Greenhouse Gas Emissions from Specified Emitters) - FY2020 Results" by the Japanese Ministry of the Environment (Overseas) Emission factor in each country for 2019 mentioned in "Emission Factors 2021" (2021) by IEA CO_2 emission factor for other than purchased electricity: (Both in Japan and overseas) Emission factor in "Greenhouse Gas Emissions Accounting and Reporting Manual Ver. 4.8" (2022) by the Japanese Ministry of the Environment and the Ministry of Economy, Trade and Industry
	Emission data for Scope 3		Scope 3: Total emissions not only from the reporting organization but also from all sources related to its business activities Category 4: Only the logistics data in Japan are collected Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 2.4 (2022) by the Japanese Ministry of the Environment and Ministry of Economy, Trade and Industry were referred to
	CO_2 emissions from transportation in Japan CO_2 emissions from exports		In Japan: Calculated on an improved ton-kilometer basis and a fuel-efficiency basis Exports: Calculated using the conventional ton-kilometer method Based on the simple calculation tool for logistics CO_2 emissions by Policy Research Institute for Land, Infrastructure, Transport and Tourism (PRILIT)
	Per-unit CO_2 emissions in logistics		Sumitomo Wiring Systems, Ltd.: CO_2 emissions / sales amount Other than Sumitomo Wiring Systems, Ltd.: CO_2 emissions / cargo transport (ton-kilometer)
	Zero emission rate		Zero emission rate (%) = (Amount of waste incinerated without heat recovery + Amount of landfill waste) / (Amount of industrial waste + Amount of general waste + Amount of valuable materials) x 100
	Release and transfer of chemical substances specified in the PRTR Law		PRTR Release Estimation Methods Manual, version 4.2 (2019) by the Japanese Ministry of the Environment and the Ministry of Economy Trade and Industry
	Water withdrawal		Sum of the withdrawal of city water, industrial water and groundwater
	Percentage of Eco-products in sales		Value of the shipments* of the products certified as Eco-products / Total value of shipments* (* Shipments are those from manufacturing departments in Japan. However, they exclude shipments from electronic conductor departments, which mainly work to supply intermediate goods within the Group.)
	Environmental Accounting	Investment in energy saving	Calculation has been made only for the efforts certified by the Global Environment Department as "CO_2 emissions reduction activities."
		Reduction of energy cost	The effect includes that of the energy saving activities in which no investment has been made in addition to that of investment in energy saving
		Investment in resource saving and recycling	Investment related to the efficient use of resources is not included Only investment for reduction of waste generation and recycling is covered
		Waste disposal cost Sale of valuable materials	The waste disposal cost is calculated based on payment to the waste disposal contractor Metals are not included in the calculation of either the waste disposal cost or the sale of valuable materials
Social	Average overtime hours		Annual average of the gaps (including negative) between prescribed monthly working hours and actual working hours
	Average total working hours		Average of the total working hours in each year from January to December of each of the Sumitomo Electric employees (including those on loan to Sumitomo Electric affiliates and other organizations within the Works)
	Turnover rate		Ratio of the number of the employees who were hired as new graduates three years before the relevant year and have left the company within three years to the total number of the new graduates hired three years before
	Lost time injuries frequency rate		Number of deaths and injuries caused by accidents resulting in lost work / total working hours x 1,000,000

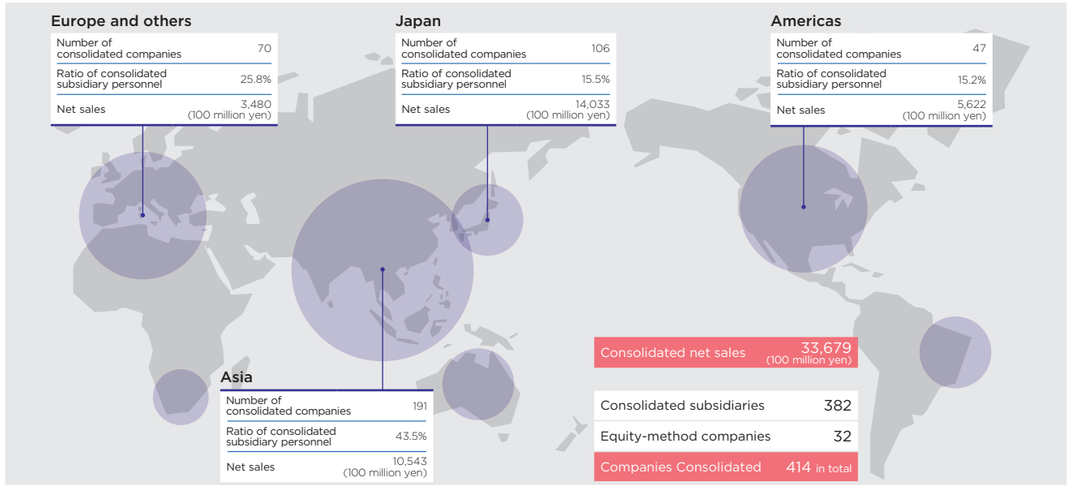
Company Profile

The Sumitomo Electric Group is developing business activities on a global scale, with 414 consolidated companies and over 280,000 employees around the world.

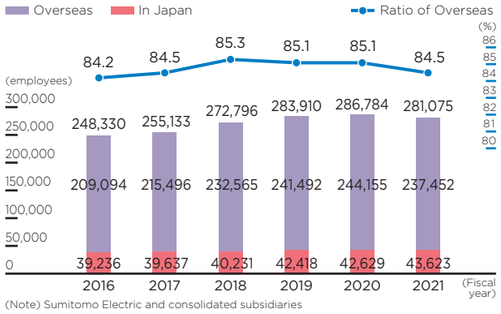
While providing superior products and services, we respect the cultures and customs of the countries and regions in which we operate. As a corporate entity we conduct business in harmony with society, so as to contribute to the sustainable development of the economy and society.

Company Name	Sumitomo Electric Industries, Ltd.
Established	April 1897
Incorporated	December 1920
President	Osamu Inoue
Capital Stock	99,737 million yen (as of March 31, 2022)
Head Office	4-5-33, Kitahama, Chuo-ku, Osaka, JAPAN

Number of Consolidated Companies / Ratio of Consolidated Subsidiary Personnel by Area

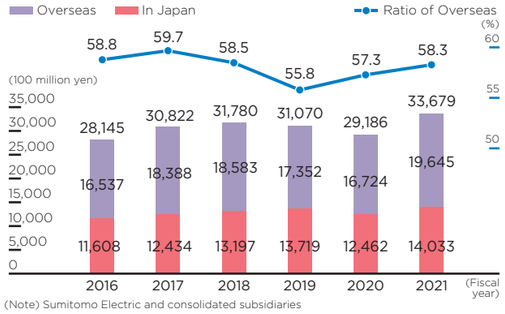


Number of Employees in Japan and Overseas and Ratio of Overseas Employees by Year



(Note) Sumitomo Electric and consolidated subsidiaries

Sales in Japan and Overseas and Ratio of Overseas Sales by Year



(Note) Sumitomo Electric and consolidated subsidiaries

Number of Group Employees in the World by Year

(employees)

	2012	2013	2014	2015	2016	2017	2018	2019			2020			2021		
								Male	Female	Total	Male	Female	Total	Male	Female	Total
Americas	24,273	29,470	34,828	33,500	37,959	38,923	40,531	21,099	22,154	43,253	20,968	24,331	45,299	20,002	22,699	42,701
Europe, Africa and others	47,644	54,245	56,477	56,273	56,797	60,537	65,747	30,018	45,397	75,415	28,938	45,340	74,278	28,259	44,159	72,418
Southeast Asia	49,868	56,408	58,278	61,848	65,844	71,529	79,245	29,238	50,385	79,623	29,224	49,141	78,365	30,325	49,198	79,523
China	47,390	47,646	52,323	50,707	48,494	44,507	47,042	21,360	21,841	43,201	22,647	23,566	46,213	21,228	21,582	42,810
Japan	37,148	37,715	38,892	38,537	39,236	39,637	40,231	33,798	8,620	42,418	33,776	8,853	42,629	34,631	8,992	43,623
Total	206,323	225,484	240,798	240,865	248,330	255,133	272,796	135,513	148,397	283,910	135,553	151,231	286,784	134,445	146,630	281,075
Ratio of overseas employees	82.0	83.3	83.8	84.0	84.2	84.5	85.3			85.1			85.1			84.5

(Note) The table above covers Sumitomo Electric and its consolidated subsidiaries. Those on loan from the Group to outside are excluded, but those on loan from outside to the Group are included.

Independent Third Party Assurance Report

Independent Assurance Report

To the President & COO of Sumitomo Electric Industries, Ltd.

We were engaged by Sumitomo Electric Industries, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with "✓" (the "Indicators") for the period from April 1, 2021 to March 31, 2022 with the exception of the "Employment Rate of the Physically or Mentally Disabled", which is as of June 15, 2022, included in its CSR Book 2022 (the "CSR Book") for the fiscal year ended March 31, 2022.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the CSR Book.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the CSR Book, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the CSR Book and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one of the Company's factories in Japan selected on the basis of a risk analysis.
- Making inquiries and reviewing materials including documented evidence of two of the factories of the Company overseas selected on the basis of a risk analysis, as alternative procedures to site visits.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the CSR Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the CSR Book.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Shinnosuke Kayumi

Shinnosuke Kayumi, Director
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
December 16, 2022

Sumitomo Electric Industries, Ltd.

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[Published December 2022]