

Integrated Report 2024



Contents

Message from Chairman & CEO

- 02 Pursuing the Practice of “Goho Yoshi” (Five-way Win) at SEG (Sumitomo Electric Group)

Corporate Philosophy

- 04 The Sumitomo Spirit
The Sumitomo Electric Group Corporate Principles
The Sumitomo Electric Group Charter of Corporate Behavior

History of Growth

- 05 The Track Record

Management Policies

- 06 Message from the President and COO Achieving the “Mid-term Management Plan 2025”
- 08 Value Creation Process
- 09 Materiality
- 10 “Sumitomo Electric Group 2030 VISION” and “Mid-term Management Plan 2025”
- 13 Achievements of “Goho Yoshi” (Five-Way Win)

Growth Strategies

- 14 Environment & Energy / Info-Communications
- 15 Automotive / Electronics
- 16 Industrial Materials and Others Business Topics

Strengthening our Foundations

- 17 3 Key Driving Forces (R&D, Manufacturing, Supply chain)
- 19 DX Topics
- 20 3 Key Sources of Capital (Human Capital, Intellectual Capital, Financial Capital)
- 23 Overview of Key Methods and Activities for Engaging with our Stakeholders

Sustainability

- 24 Promotion of Sustainability Management Environment
- 26 Products That Contribute to a “Green and Environmentally Friendly Society”
- 27 Activities Contributing to Society (CSR Activities)
- 28 Human Rights
- 29 Compliance
- 30 Risk Management

Governance

- 30 Corporate Governance
- 32 Message from the Outside Directors

Corporate Data

- 34 Summary of Financial and Employee Data
- 35 Consolidated Financial Statements
- 37 Net Sales by Main Products
- 38 Executive Officers
- 39 Skills Matrix, Company Overview, Stock Information
- 40 Disclosure of “Governance”, “Strategy”, “Risk Management”, and “Indicators and Targets” Related to Climate Change in Line with the Recommendations of the TCFD (Task Force on Climate-related Financial Disclosure)
- 41 The Group’s Initiatives, External Accreditations, Evaluations from Third-Party Organizations, Related Links

Framework for Disclosure of Information



Editorial Policy

Period covered :

April 1, 2023 — March 31, 2024
(Some of the information provided is not applicable to this period)

Scope of coverage:

Sumitomo Electric Industries, Ltd. and Sumitomo Electric Group companies
As of the end of March 2024, 415 companies (Consolidated subsidiaries (382 companies), Equity method affiliates (33 companies))

Date of issue :

October 2024

Reference Guidelines :

IFRS Foundation “International Integrated Reporting Framework”
Ministry of Economy, Trade, and Industry “Guidance for Collaborative Value Creation”



Disclaimer regarding forward-looking statements :

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

Corporate Planning Department

4-5-33, Kitahama, Chuo-ku, Osaka-city, Osaka 541-0041 JAPAN
Phone: +81-6-622-4119



Chairman & CEO

M. Matsumoto

Pursuing the Practice of “*Goho Yoshi*” (Five-way Win) at SEG (Sumitomo Electric Group)

The “Sumitomo Spirit” as the Group DNA and how it connects to Sustainability Management

I believe that the “Sumitomo Spirit”, which has been passed down through the 400-year history of Sumitomo, is like the DNA of a human being as a basic concept for corporate management. The “Sumitomo Spirit” has its origin in the “*Monjuin shiigaki*”, a set of business principles written by Masatomo Sumitomo, the first generation of the Sumitomo family, in his later years; and at the core of the spirit are the concepts of “*Shinyo-kakujitsu*”, “*Fusu-furi*”, and “*Banji-nissei*”. In our group, the management deeply understands the context of the “Sumitomo Spirit”, properly communicates these contents to employees, and employees fully understand and practice the contents, so that this DNA is properly maintained and passed down from generation to generation.

The messages handed down by successive generations of Sumitomo executives, who passed on the DNA as they devoted themselves to the business, are quite telling. For example, Teigo Iba, the second Director-General of Sumitomo, said “A man of noble character esteems wealth and is scrupulous in seeking the ethical way to acquire it”. In the Kansai region of Japan, there has long been an understanding of the “*Sampo-Yoshi*” philosophy developed by the Omi merchants as well as the tradition of management philosophies regarding how “a company should serve as a public service to society”. At the heart of these philosophies is the idea that a company should not operate simply to make money but should strive to increase its value over the medium to long term by providing the value that society is asking

for — and at the same time return the value of its achievements to society. I believe this means that companies that have practiced this traditional management philosophy in Kansai, and by extension in Japan, have long been engaged in “sustainability management”.

The “Sumitomo Spirit” also includes the concept of “Benefit self and benefit others, private and public interests are one and the same”. “Benefit self and benefit others” is a Buddhist expression that exhorts practitioners to “Receive the merit earned from Buddhist ascetic practices for oneself and for others” while “personal interest and public interest are not in conflict, but one and the same” succinctly expresses the notion that personal interest and public interest are not in conflict but in harmony. Teigo Iba expressed this in the following words: “Sumitomo’s business must benefit the nation and society, and emphasize harmony with the public interest”.

I believe that Sumitomo’s long history has shown us that if the “Sumitomo Spirit” is properly passed on as its DNA, the Group will be able to maintain its enduring viability.

Creating Corporate Value at Sumitomo Electric Group and Practicing “*Goho Yoshi*” (Five-Way Win)

“*Goho Yoshi*” (Five-Way Win) — the Philosophy

The Group’s long-term vision, “2030 VISION”, announced in May 2022, reiterates the concept of “Multistakeholder Capitalism”. In other words, to enhance the Group’s corporate value over the medium to long term, it is essential to work with our five stakeholders: employees, customers, suppliers, regional communities, and



shareholders & investors. We reiterate our belief that appropriate engagement with all of our stakeholders is essential and that we must secure our growth as a going concern and steadily return the results of our growth to these stakeholders. We have taken a modern approach to this “Multistakeholder Capitalism” in the spirit of “*Sampo-Yoshi*” and have decided to describe it with the simple term “*Goho Yoshi*” (Five-Way Win).

Setting Quantitative Indicators and Targets

Based on this, we then decided that quantitative targets are necessary to put “*Goho Yoshi*” (Five-Way Win) into practice, rather than just stating the concept. Therefore, in the “Mid-term Management Plan 2025”, we set out the Group’s contribution policy to the five stakeholders with quantitative indicators and targets and clear management responsibilities. Specifically, for shareholders and investors, we set a payout ratio target of approx. 40%; for wages, we aim to raise wages for employees at the rate of inflation plus α ; for regional communities, we aim to contribute 1% of after-tax profits; and so on, making the targets as quantitative as possible.

Practicing “Management Chivalry”

Personally, I always keep Thomas Carlyle’s concept of “Captains of Industry”, in other words management chivalry, in mind when managing our Group. In the time of Queen Victoria, Carlyle, a philosopher of the time, was concerned that industrialists were building wealth by exploiting employees and forcing them to work in poor conditions, so he proposed the concept of management based on a love of humanity rather than the evil of commercial domination. We believe that “*Goho Yoshi*” (Five-Way Win) is the very practice of management chivalry.

Responsibilities and Role as Chairman of the Board

As the CEO

In May 2017, I was appointed Chairman of the Kansai Economic Federation (*Kankeiren*), a public interest association, and in June of the same year, I began serving as Chairman of the Group’s board of directors. Since then, with Mr. Inoue as COO in charge of general management and me as CEO in a supervisory management role, we have been jointly leading the management of our Group.

Managing the Board Meeting

As Chairman of the Board, I am personally committed to ensuring that substantive discussions take place freely and vigorously at Board meetings. In particular, I believe that the current best practice is to allow the six independent outside directors who serve on the Board to actively participate in the discussions without being constrained by whether they are external or internal, in order to

contribute to a significant improvement in corporate governance. Discussions based on candid and objective suggestions by outside directors, based on their past management experience and expertise, and in the light of the “Sumitomo Spirit”, will help prevent errors in the Board’s decision-making and lead to the improvement of Group management.

Going forward, maintaining the “Sumitomo Spirit” as our DNA, and based on our management philosophy of “contributing to the public benefit through business”, we will continue to strive for mutual prosperity with our stakeholders through the practice of “*Goho Yoshi*” (Five-Way Win).

We would like to ask all of our stakeholders for their increased support.



“Goho Yoshi” (Five-Way Win)

“*Goho Yoshi*” (Five-Way Win) is a concept that has been part of the business management of the Sumitomo Electric Group for some time and is based on the Sumitomo Corporate Philosophy.

We are committed to sustainable growth and medium to long term value creation by sharing prosperity with our multiple stakeholders: employees, customers, suppliers, regional communities, and shareholders & investors.





Corporate Philosophy

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

The Sumitomo Spirit

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

Monjuin Shiigaki

Banji-nissei

“Do your sincere best in not only business but also every aspect of your life”

The preamble admonishes us to pay attention to any matters including business and work wholeheartedly on everything. This precept, “*Banji-nissei*”, has been passed down continuously, by way of hoping that each one of us in Sumitomo does not focus only on making money but also on improving one’s personality and developing one’s character. This lofty document urges us to persist in sincere and careful effort and to cultivate good character. The Group has positioned “*Banji-nissei*” as a keyword that expresses the Sumitomo Business Spirit, along with “*Shinyo-kakujitsu*” and “*Fusu-furi*”.

of Sumitomo leadership, passed down the generations in the form of important remarks and thoughts behind critical business decisions.

Business Principles

Shinyo-kakujitsu

“Place importance on integrity and sound management”

Article 1

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

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

Fusu-furi

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

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.

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

Principles inherited over generations in Sumitomo

Attaching Importance to Technology

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

Respect for Human Resources

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

Long-Range Planning

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

Mutual Prosperity, Respect for the Public Good

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

The Sumitomo Electric Group Corporate Principles

Each company of the Sumitomo Electric Group shall

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

The Sumitomo Electric Group Charter of Corporate Behavior

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

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

1 | Provision of Useful and Safe Products and Services

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

2 | Development of New and Original Businesses and Products

We will aim to develop new, original, and profitable businesses and products by using our unsurpassed creativity to meet customers’ demands.

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

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

4 | Contribution to Preservation of the Global Environment

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

5 | Observance of Laws and Regulations

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

6 | Fair and Proper Business Activities

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

7 | Conduct as a Member of Society

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

8 | In 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 the personality and individuality of our employees and support their professional development and career to enable self-realization.

10 | Disclosure of Relevant Information and Promotion of Communication with Society

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

History of Growth

The Track Record

Developing Alongside Modern Japan: The Dawn of Sumitomo Electric



"Kado Zuroku"—Illustrated Book on the Copper Refining (Sumitomo Historical Archives)

Around 1600
Perfected *Nanban-Buki*, a copper refining technique for separating silver from copper ore containing silver

1690
Discovered the Besshi Copper Mine (opened the following year)



Sumitomo Copper Rolling Works (Sumitomo Historical Archives)

1887
Started as the Sumitomo Copper Rolling Works

1911
Established Sumitomo Electric Wire & Cable Works (the founding of Sumitomo Electric)

Supplied First Japanese-made high-voltage underground cables

1916
Opened the Osaka Works
Started production of enamel wire

1920
Reorganized into Sumitomo Electric Wire and Cable Works (establishment of Sumitomo Electric)

1922
Manufactured and installed the world's longest submarine power cable

1923
Supplied electric wiring and cables at pre-earthquake prices



1931
Started production of cemented carbide tools, IGETALLOY™



1932
Started production of special steel wires

1939
Company name changed to Sumitomo Electric Industries, Ltd.

1941
Opened the Itami Works

1943
Started production of anti-vibration rubber

Reconstruction and Growth Through Turbulent Times

1948
Started production of sintered powder metal products



Wiring harnesses in the 80's

1949
Started automotive television wiring harness business

1957
Supplied first Japanese-made television broadcasting antennas

1958
Started production of air spring for railroad vehicles

1961
Opened the Yokohama Works

1964
Started production of electron beam irradiated products (tubes, electric wires)



1968
Started traffic control system business

1969
Started flexible printed circuit (FPCs) business

Expanding Business on the Global Stage



1969
Established the first overseas production base

1970
Started production of compound semiconductors

1971
Opened the Kanto Works



1974
Started production of optical fiber cables

1975
Received an order for Electric power transmission line construction work in Iran



1976
Received an order for a large telecommunications network project in Nigeria

Leading the Times with New Technologies and Materials



1978
Started operation of the world's first bi-directional fiber optic CATV system (Hi-OVIS)

1981
Supplied first supply of fiber-optic LAN systems



1982
Succeeded in producing the world's-largest-class synthetic monocrystal diamonds (1.2 carats)

1997
Celebrated the 100th anniversary by establishing the SEG Corporate Principles

2003
Began mass production of the world's first gallium nitride (GaN) substrates



2006
Succeeded in the world's first mass production of high-performance gallium nitride transistors (GaN HEMT)

2008
Development of aluminum wiring harness

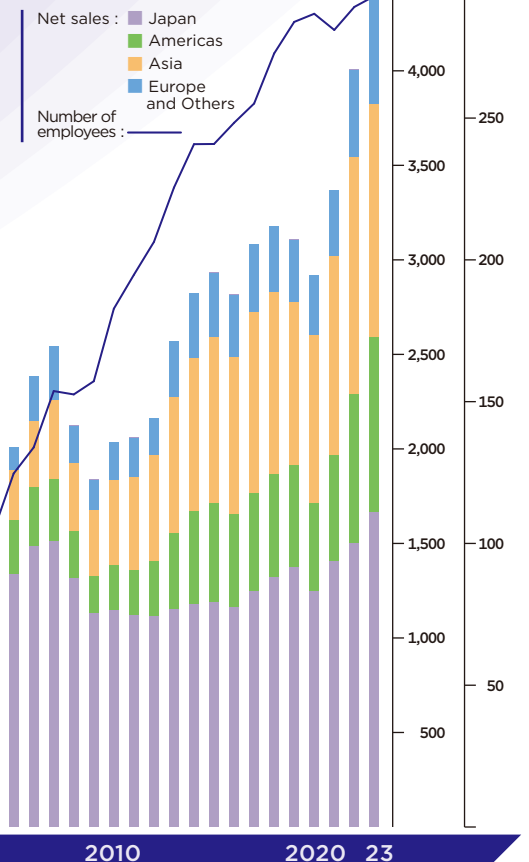


2019
Opened the Ibaraki Works
Completed the world's first 400kV HVDC XLPE cable system



2022
Started a commercial operation of the world's-largest-class redox flow battery system

Changes in net sales and in the number of employees



*1 Consolidated net sales from FY1977 *2 Number of consolidated employees from FY1999 *3 Net sales by region from FY1999 Please see the Fact Book for details on the changes.

Message from the President and COO



President & COO

Achieving the “Mid-term Management Plan 2025”

Progress and Challenges of “Mid-term Management Plan 2025”**Business and Management Environment, FY2023 Results**

Looking back at FY2023, consolidated net sales were 4.4028 trillion yen, up 10% from the previous year, due in part to the impact of the weaker yen; as well as the result of efforts to expand sales in response to a recovery in automobile production in the automotive sector following an easing of the supply shortage of semiconductors and other components; and continued strong demand in the environmental energy sector. In addition, thorough productivity improvements, cost reductions and higher sale prices resulted in an operating profit of 226.6 billion yen, setting a new record for both net sales and operating profit.

In addition, the “Mid-term Management Plan 2025” emphasizes the concept of “Multistakeholder Capitalism” called “*Goho Yoshi*” (Five-Way Win), which is the Group’s management philosophy, and sets specific indicators and targets for each of our five stakeholders: employees, customers, suppliers, regional communities, and shareholders & investors. We have set targets for each of these stakeholders/groups, and many of them have already been achieved or are progressing well.

We believe that FY2023 was a positive start as the first year of our “Mid-term Management Plan 2025”.

Challenges and Initiatives for FY2024

In FY2024, the second year of the plan, there are concerns that the global economy will slow due to a further increase in political and geopolitical risks and a prolonged period of relatively high interest rates accompanied by continued price increases. Under such circumstances, we will continue to pursue growth by seizing the abundant business opportunities resulting from the expansion of the “decarbonized and information society”, aiming to further increase sales and profits, and paving the way for achieving the goals of the “Mid-term Management Plan 2025”.

In the Environment & Energy segment, we will strive to win orders for power cables for cross-national and cross-regional interconnection lines as well as renewable energy-related power cables that will contribute to decarbonization. In addition, we will work to create further synergies through the “Nissin-Sumiden Energy System R&D Center”, newly established in April 2024 to integrate the research and development departments of both Nisshin Electric Co., Ltd., which became wholly owned in 2023, and Sumitomo Electric Industries. We will strive to further expand orders by leveraging the collective strength of the Group, including Sumitomo Densetsu Co., Ltd.

In the Info-Communications segment, we expect the business environment to remain challenging due to customers’ investment cutbacks and inventory adjustments. But we will continue to accelerate the development and expansion of sales of optical cables, optical wiring equipment, optical devices and related products to ensure that we capture demand in the data center market, which is continuing to expand due to the rapid growth in the use of generative AI. At the same time, we will strive to improve profitability through thorough cost reductions.

In the Automotive segment, global automobile production is expected to increase moderately, and we will work to advance existing wiring harness technologies through further cost reduction, thorough plant efficiency, and the expansion of new designs and new manufacturing methods that lead to production automation and cost reduction. In addition, to capture the growing CASE market, we will strive to create and expand sales of new products, such as high-voltage wiring harnesses for electrified vehicles and connectors for high-speed communications, through cooperation across the Group, as well as the strengthening of partnerships and collaboration with customers.

In addition to the above, we will aim to expand sales of high-performance products, reduce costs and further enhance functionality for flexible printed circuits (FPCs) in the Electronics segment. In the Industrial Materials segment, we will work to expand global sales of cemented carbide tools, as well as expand our market share and develop new markets in the electric vehicle, aircraft, semiconductor and renewable energy sectors.

In addition, the Group as a whole will work to further raise the level of S (Safety), E (Environment), Q (Quality), C (Cost), D (Delivery), and D (R&D), which are the basics of manufacturing, in FY2024 with the aim of enhancing capital efficiency. The Group will also further strengthen its efforts to optimize the balance of inventories, operating receivables and debt, and carefully select investment projects as well as shift to high value-added products to improve ROIC, a key indicator of capital efficiency.

Promoting Sustainability Management

Structure to promote the initiative

The Group operates the Sustainability Management Promotion Committee, which

I chair. This structure has been established to promote Group-wide efforts to address sustainability issues.

The Committee receives reports on initiatives related to topics such as environmental management, human resources, D&I and CSR, and provides necessary direction based on discussion of sustainability management policies and approaches. The Committee also discusses the disclosure of non-financial information, including the inclusion of such information in the Integrated Report, to ensure effective disclosure to stakeholders for a better understanding of the Group's initiatives.

Monitoring by the Board of Directors

The Committee meets semi-annually and reports to the Board after each meeting on the status of its activities, and the Board also discusses and reports on specific items on the Committee's agenda that require submission to the Board. The structure is in place so that the Board of Directors has oversight of sustainability management.

Priority Initiatives

As Chairman of the Committee, I will focus on the following three points to promote sustainability management.

1. For product lines that contribute to a "Green Society", we have set sales targets and are advancing the development and expansion of product offerings. Although we are making progress toward the goals we have set, the message is not reaching enough to our stakeholders, and we will consider and implement effective ways to achieve our goals.
2. To address supply chain issues, we will promote procurement activities that consider human rights and optimize transaction prices in response to rising material and labor costs.
3. In terms of promoting D&I and workplace improvements, we have focused on the role of women, and we feel that our

efforts are increasingly showing results. To further strengthen D&I, it is necessary to create mechanisms to enable employees working internationally to play an even more active role in their respective regions and in the business units concerned. In the workplace, we will return to the basics of "safety first" and create an environment where employees can work with vigor and enthusiasm.

Roles and Responsibilities as the President

As the COO

We manage the Group through a division of responsibilities, with Mr. Matsumoto, the Chairman of the Board, being responsible for overseeing management as CEO, and I, the President, being responsible for overall management of the Group as COO.

Challenges of the Group

New products are regularly developed by our existing businesses, and while we feel we are strong in technology development,

we believe our challenge lies in creating entirely new businesses. In the three priority areas of "Energy", "Info-communication", and "Mobility" set forth in our "2030 Vision" and in the areas where these three businesses/sectors are integrated, we will challenge ourselves to create new value that meets the needs of society through cross-sectoral cooperation.

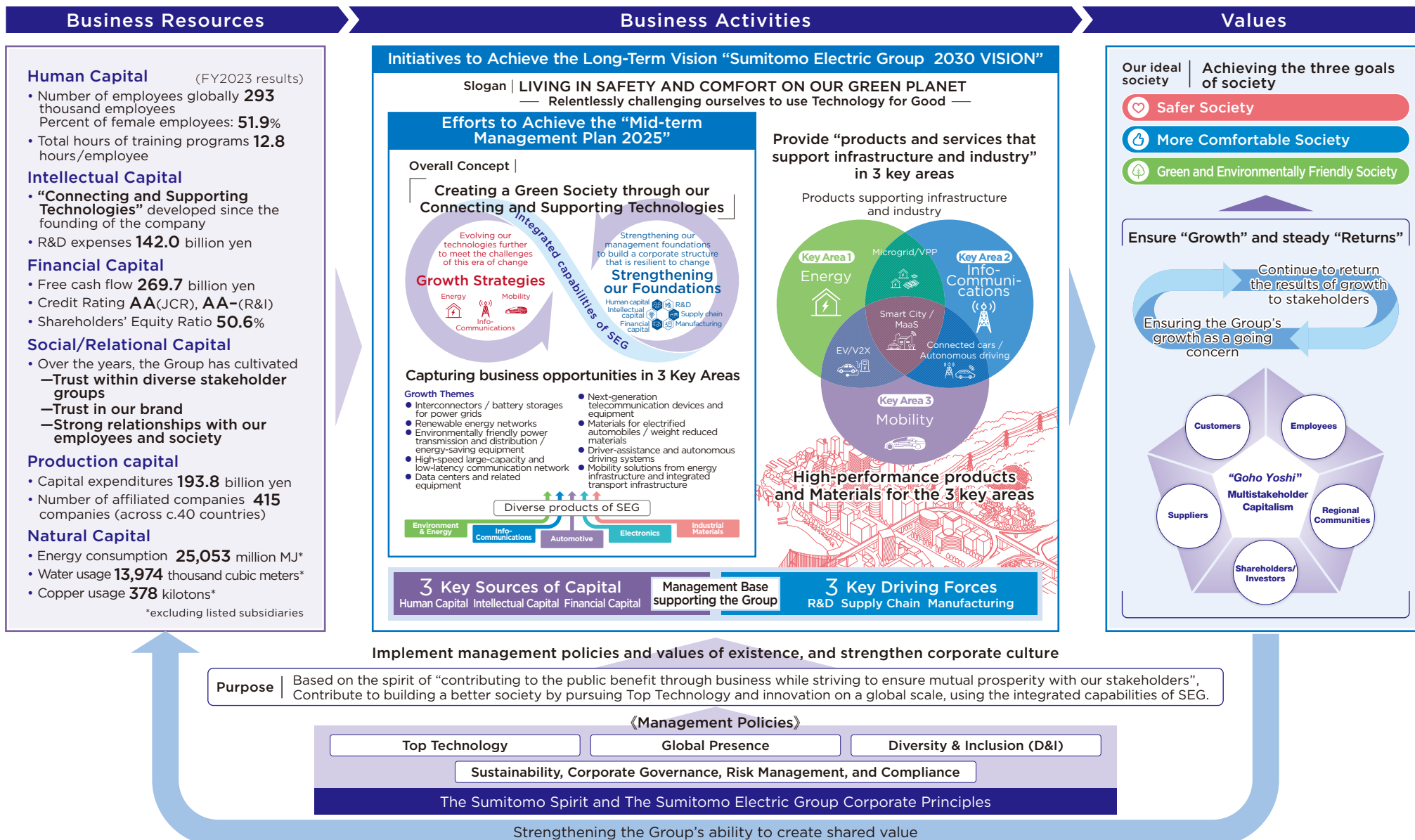
With this foundation, we will advance our management based on "Goho Yoshi" (Five-Way Win) — Multistakeholder Capitalism —, through which the results of our business activities are shared with our five stakeholders.



Value Creation Process

With the wires and cables business as its foundation, the Group has evolved its technologies to connect and support society and now operates in five business areas: “Environment & Energy”, “Info-Communications”, “Automotive”, “Electronics”, and “Industrial Materials”. Based on the concept of “*Goho Yoshi*” (Five-Way Win) —Multistakeholder Capitalism—, the Group has been developing its business in

three key areas: “Energy”, “Info-Communications”, and “Mobility”, in line with the Sumitomo Electric Group’s 2030 VISION and “Mid-Term Management Plan 2025”, in order to achieve its vision of a “Safer, More Comfortable, and Green and Environmentally Friendly Society”, and to enhance its medium to long term corporate value through the five businesses, while continuing to return the results of growth to stakeholders.

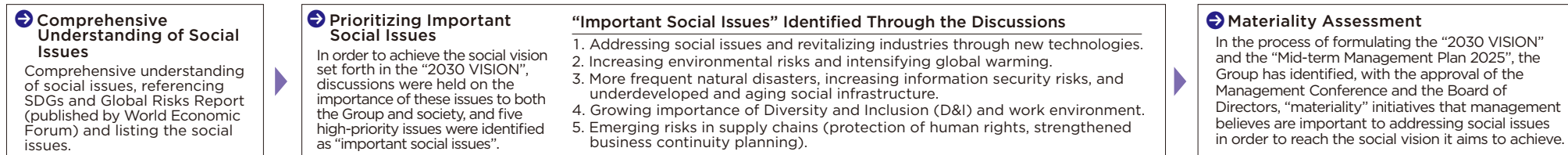




Materiality

The Group has defined “materiality” as efforts to solve social issues that the Group believes are important to achieve the “Three Goals for Society” and to “Ensure growth and steady returns”. Through the materiality initiatives, the Group will capture opportunities and reduce risks.

Summary of the Materiality Process



Values

Our ideal society | Achieving the three goals of society

Safer Society

More Comfortable Society

Green and Environmentally Friendly Society



Ensure “Growth” and steady “Returns”
“Goho Yoshi” (Five-Way Win)
— Multistakeholder Capitalism

Details of Materiality (Important Initiatives) — The Group’s Mission for 2030 —

Business Domains | SEG will contribute to the future of a Green Society by seizing business opportunities across the Group in 3 key areas as part of progress toward a Decarbonized and Information-oriented Society.

Energy Supporting GX	Info-Communications Supporting DX	Mobility Supporting CASE
<p>Challenges toward 2030</p> <ul style="list-style-type: none"> SEG will further improve our power cable technology and take on challenges to reinforce power lines on a global basis and to provide solutions addressing the various needs of power users. <p>Growth Themes</p> <ul style="list-style-type: none"> Interconnectors / battery storages for power grids Renewable energy networks Environmentally friendly power transmission and distribution / energy-saving equipment 	<p>Challenges toward 2030</p> <ul style="list-style-type: none"> SEG will rise to the challenge to developing innovative materials and devices to support the progress of large-capacity optical communications, lower power consumption and the evolution from 5G to 6G. <p>Growth Themes</p> <ul style="list-style-type: none"> High-speed large-capacity and low-latency communication network Data centers and related equipment Next-generation telecommunication devices and equipment 	<p>Challenges toward 2030</p> <ul style="list-style-type: none"> In addition to the evolution of existing products, like wiring harnesses, SEG will endeavor to advance electrification and high-speed communications of automobiles, including architectural innovations, leveraging the integrated technologies of the Group, such as energy and info-communications. <p>Growth Themes</p> <ul style="list-style-type: none"> Materials for electrified automobiles / weight reduced materials Driver-assistance and autonomous driving systems Mobility solutions from energy infrastructure and integrated transport infrastructure

Indicators and targets | Sales from growth themes supporting GX/DX/CASE 1.1 trillion yen, and capital expenditures 720 billion yen/3 years (including 300 billion yen/3 years for major capital investments in growth themes)

Management Foundation

Targets without a target year are for FY2025. Please see the CSR Book for short-term targets.

3 Key Driving Forces	Indicators and targets	Three Sources of Capital	Indicators and targets
<p>R&D</p> <ul style="list-style-type: none"> Innovate and accelerate R&D to generate returns. Backcasting from social issues More sophisticated and efficient processes Open innovation and cooperation with outside entities 	<p>R&D</p> <p>360 billion yen/3 years</p>	<p>Human Capital</p> <p>Evolve to become a Group where everyone can excel, grow and contribute to society</p> <ul style="list-style-type: none"> Promoting D&I, Respect for human rights Nurturing a corporate culture that values growth and challenges Group’s integrated power on a global scale 	<p>Compensation growth</p> <p>Aiming for inflation rate + α</p> <p>Percentage of male employees taking children leave: 100%</p> <p>Percentage of females among new graduate hires: Business 40% Engineering 15%</p>
<p>Supply chain</p> <p>Reinforce BCP through building a stable supply chain framework that is resilient to changes.</p> <ul style="list-style-type: none"> Fair and impartial trade, protection of the environment and human rights, and the BCPs Promotion of sales with a focus on presenting solutions Production at the most appropriate site and cooperation on a global scale Optimizing division of labor among operation sites and transportation means 	<p>CSR-based procurement assessments</p> <p>Implementation rate 80% (based on transaction value)</p>	<p>Intellectual Capital</p> <p>Generate long-term competitiveness by generating intellectual capital from our core technologies and manage and utilize the capital on a global basis</p> <ul style="list-style-type: none"> Intellectual Property(IP) strategy for business competitiveness Managing the Global IP network Contribution to the establishment of global regulation 	<p>Maintaining approx. 25,000 IP rights, Japan and international</p> <p>More than 2,000 new applications filed every year across the Group</p>
<p>Manufacturing</p> <p>Create resilient factories that can adapt to change.</p> <ul style="list-style-type: none"> Contributing to the global environment : promoting circular economy, preventing environmental pollution, saving, creating and purchasing energy, along with eco-friendly activities Resilient manufacturing platform : Zero accidents in all the aspects of employees, materials and equipment Building a solid shop floor operation : autonomous and continuous “maintenance and improvement” Evolving the production system : Vertical launch and simultaneous improvement of lead time and cost 	<p>CO₂ emissions reduction (FY2030 target)</p> <p>Scope 1+2 30%</p> <p>Scope 3 15%</p> <p>Zero serious accidents</p>	<p>Financial Capital</p> <p>Generate cash to maximize funds for growth and investment as well as distributions that optimize returns for our stakeholders</p> <ul style="list-style-type: none"> Reinforcing operation, implementing growth strategy, and ROIC management Effective capital investment and R&D investment Sharing returns with stakeholders 	<p>Before tax ROIC >8%</p> <p>ROE: >8%</p> <p>Dividend payout ratio: Approx. 40%</p> <p>EBITDD 1.6 trillion yen/3 years</p>

* EBITDD: Earnings Before Interest Taxes Depreciation and Development

Contribution to Society

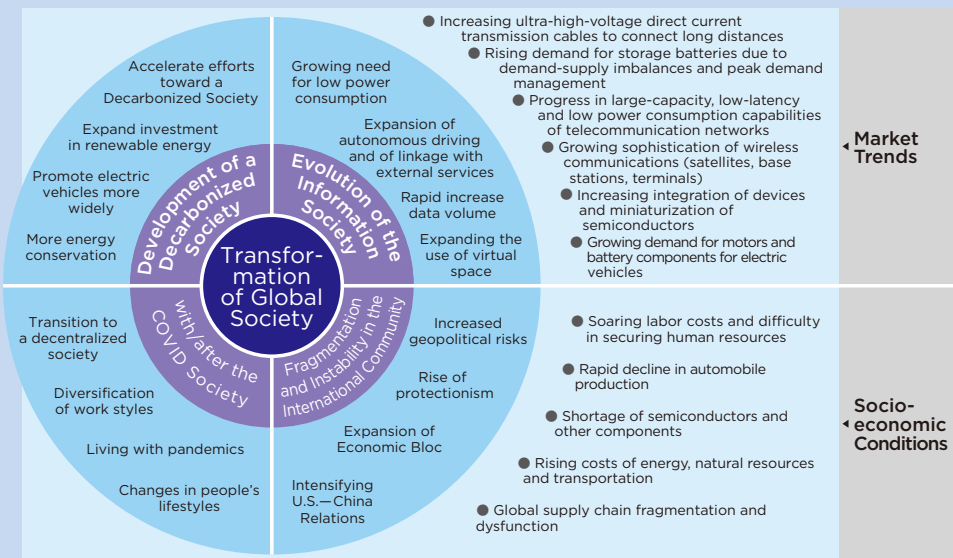
Proactively engage in voluntary activities for “Contributing to Society (CSR Activities)” as a responsible member of society

Contribution to CSR activities Approx. 1% of profit after-tax

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

Business Environment

SEG recognizes that its challenge is to seize various business opportunities arising from the Development of a Decarbonized Society and the Evolution of the Information Society, and to respond quickly and flexibly to the changes in global society.



Positioning (strategy structure)

In order to show the Group's vision in these uncertain and unprecedented times, SEG is moving forward with the “Mid-term Management Plan 2025”, formulated as a three-year action plan for FY2023 to FY2025, based on the long-term vision “Sumitomo Electric Group 2030 VISION”.



Outline of long term vision and mid-term management plan based on business environment and positioning

The long-term vision “Sumitomo Electric Group 2030 VISION”



Management Policies

The management policies laid out in the “2030 VISION” are “Pursuit of Top Technology”, “Enhance Global Presence”, and “Promote Diversity & Inclusion”.

Pursuit of Top Technology

As shown in the diagram below, the Group has evolved an entire Genealogy of Technology, like a family tree, that combines materials technology and precision manufacturing, with the wire and cable business as its foundation. The Group will continue to pursue Top Technology that connects and supports society, and use the Group's integrated power and innovation to contribute on a global scale.

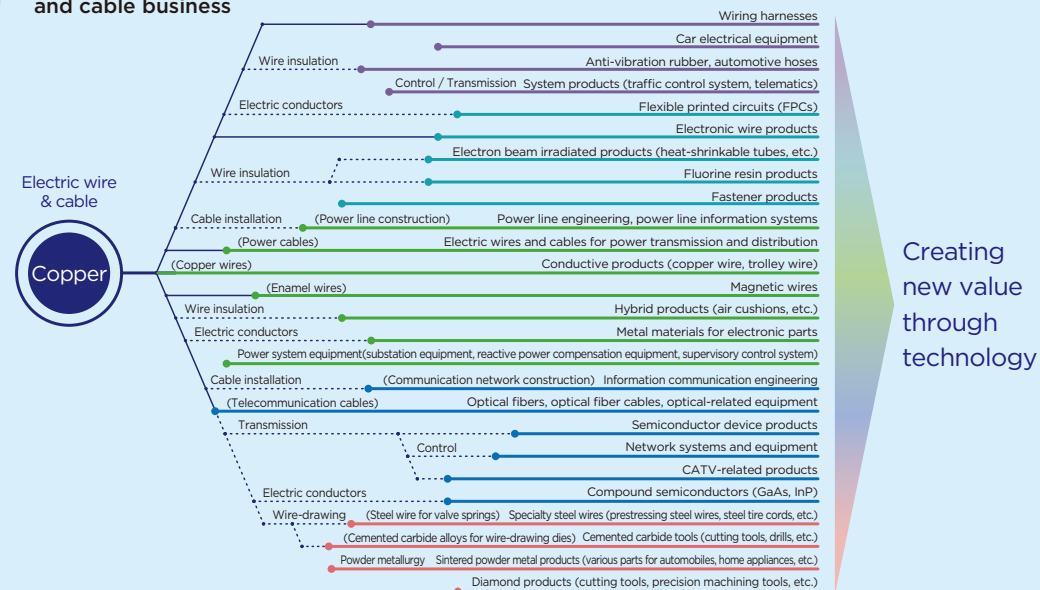
Enhance Global Presence

The Group has been meeting the needs of the global market by creating new value through Top Technology. The Group's global business initiatives will continue to contribute to the development of infrastructure and industries around the world.

Promote Diversity & Inclusion

The Group's global activities are supported by approximately 290,000 employees at over 400 group companies across many countries and regions (as of the end of March 2024). The Group will maximize its energy and competitiveness and foster Top Technology through leveraging the quality and capabilities of its diverse talents.

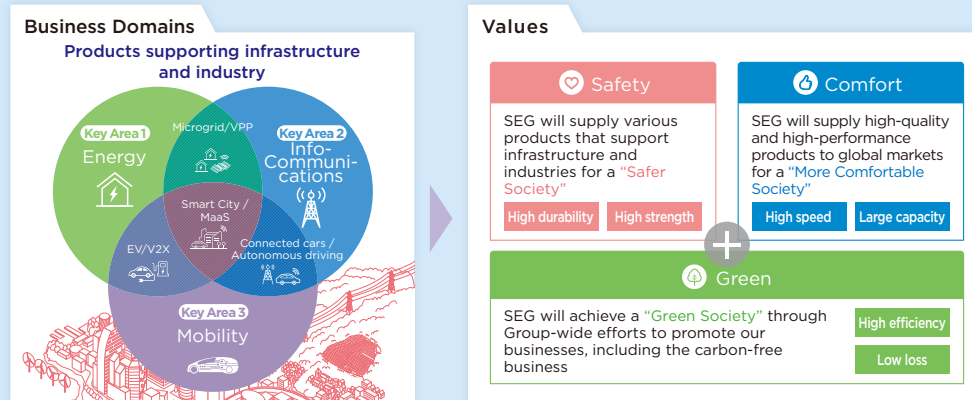
Genealogy of Technology evolved from foundation of copper wire and cable business



Business Domains and Values

Under the slogan “LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET — Relentlessly challenging ourselves to use Technology for Good —”, the Group will make concerted efforts toward the year 2030 to achieve “Safer Society”, “More Comfortable Society”, and “Green and Environmentally Friendly Society”. In particular, the Group has positioned “Energy”, “Info-Communications”, and “Mobility” as the three priority areas, and it will contribute with the collective strength of the Group, including those that work together with the priority areas.

Slogan | LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET
— Relentlessly challenging ourselves to use Technology for Good —



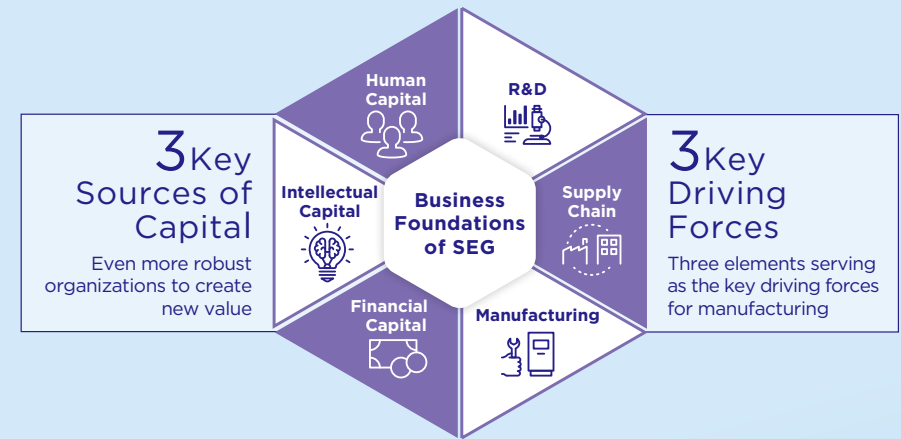
Targets to Achieve a “Glorious Excellent Company”

By 2030, SEG aims to achieve net sales of over 5 trillion yen and before tax ROIC of over 10%, while working on reducing CO₂ emissions, promoting D&I, improving engagement and ensuring compliance.

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

Business Foundations (business resources) for “2030 VISION”

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



In the 3 Key Sources of Capital, SEG will make our organization stronger and create new value during this time of rapid change by investing in Human Capital and Intellectual Capital, while increasing Financial Capital as the funding for further growth and distribution.

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

* S: Safety E: Environment Q: Quality C: Cost D: Delivery D: R&D



Mid-term Management Plan 2025 (FY2023-2025)



Basic Policy

In order to achieve the “2030 VISION”, under the slogan of “Creating a Green Society through our Connecting and Supporting Technologies”, the “Mid-term Management Plan 2025” aims to capture global business opportunities associated with the “Development of a Decarbonized Society” and the “Evolution of the Information Society,” and to promote growth strategies by leveraging the collective strengths of the Group. The basic policy of the Group is to strengthen our management foundation and continue to return the results of the growth to stakeholders.

Creating a Green Society through our Connecting and Supporting Technologies

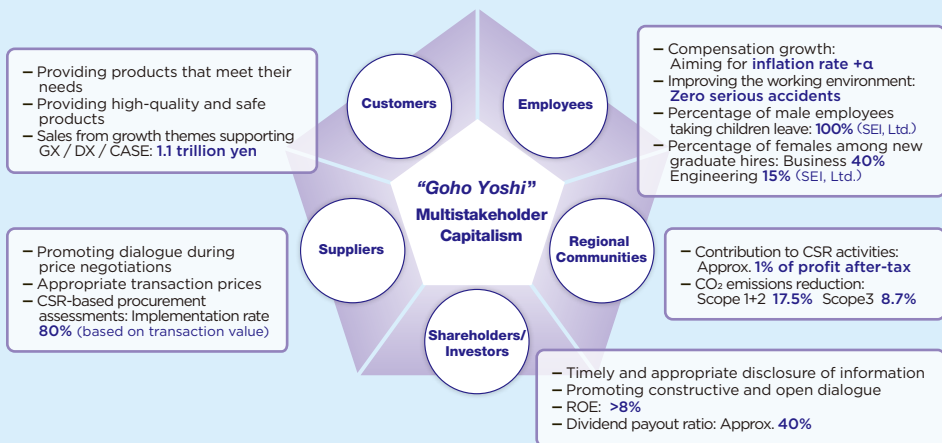


Key indicators and targets

Toward 2025, SEG aims to achieve net sales of 4.4 trillion yen, operating profit of 250 billion yen, and before tax ROIC of 8% or higher. Specifically, the Group will work to achieve the key indicators and targets shown below.

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

Indicators and targets by stakeholder

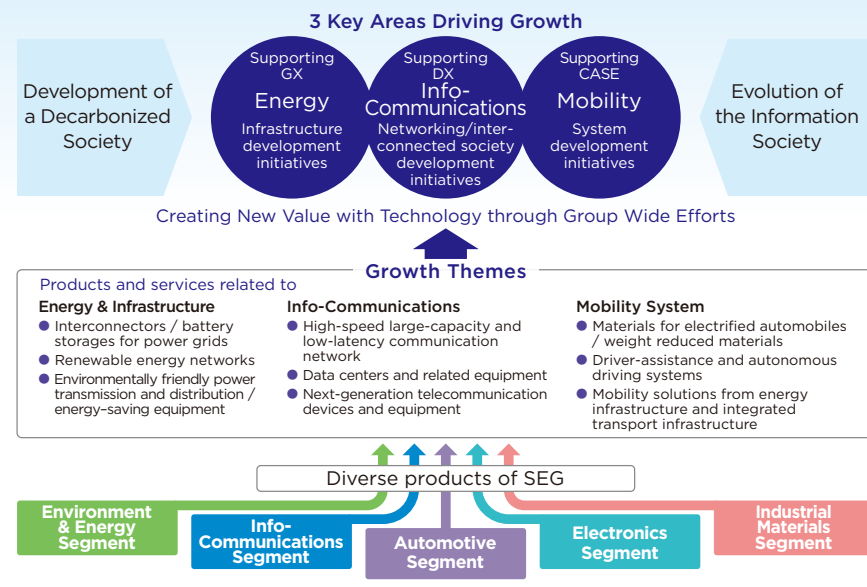


Growth and Investment Strategies

In order to capture business opportunities and achieve growth in the three key areas of “Energy”, “Info-communications”, and “Mobility”, which are expanding as a result of the “Development of a Decarbonized Society” and the “Evolution of the Information Society”, the Group has positioned nine themes across the group as “Growth Themes”. It plans to make a major capital investment of 300 billion yen over

the next three years in the growth themes, and through these efforts across the five business segments of “Environment & Energy”, “Info-Communications”, “Automotive”, “Electronics”, and “Industrial Materials”, the Group will create new value through technology to achieve our goal of “LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET”, as stated in the “2030 VISION”.

Realizing LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET



FY2023 results

Net sales totaled 4,402.8 billion yen, achieving the target of the “Mid-term Management Plan 2025” two years ahead of schedule, through efforts to expand sales of wiring harnesses, anti-vibration rubbers and power cables, as well as the impact of the weaker yen. The Group achieved a record operating income of 226.6 billion yen, reflecting its efforts to thoroughly improve productivity, reduce costs and improve selling prices. Both before tax ROIC and ROE improved from the previous year, and the Group will continue to work toward the

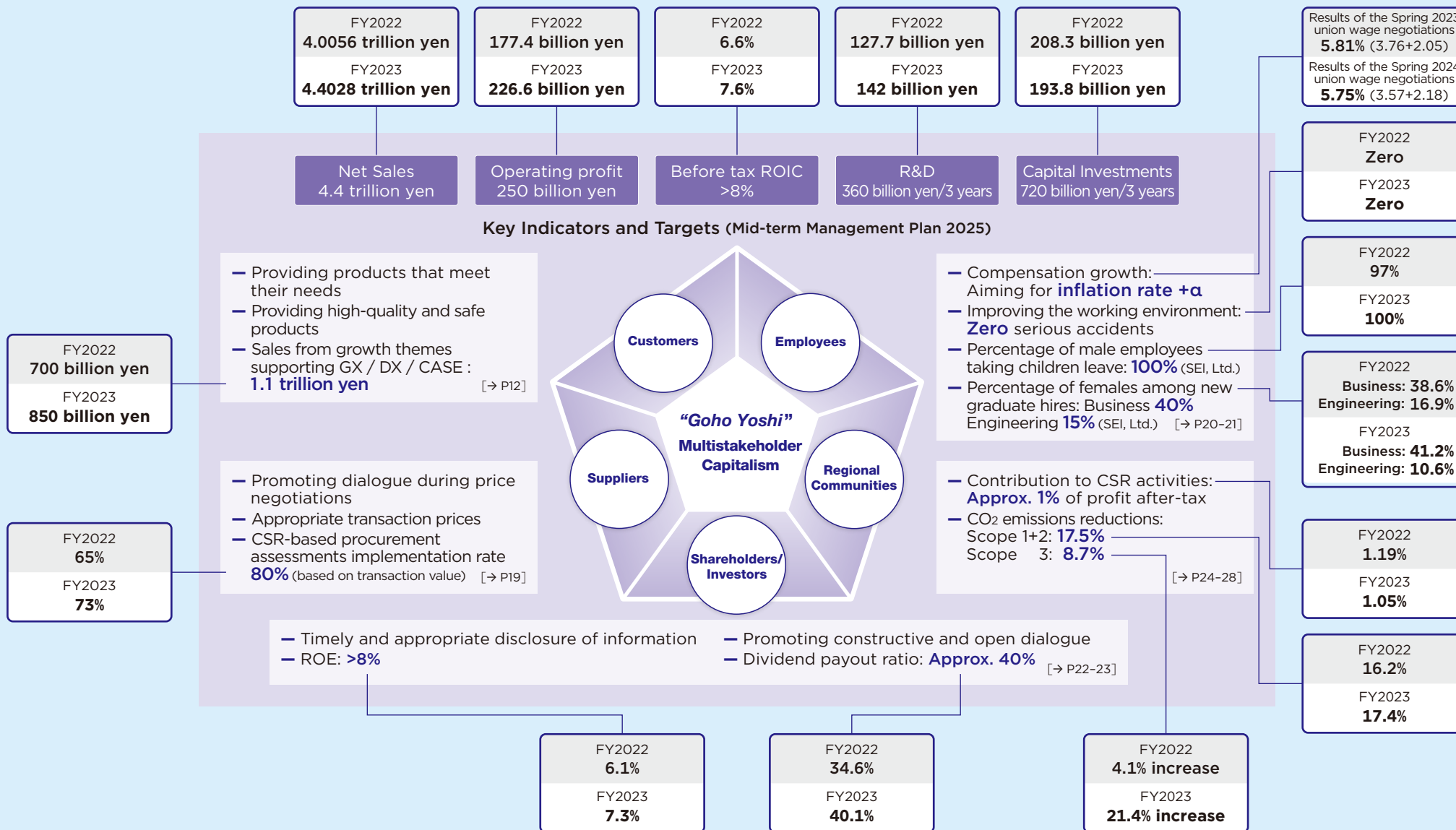
2025 target. For FY2024, the Group will aim to achieve record sales and operating profit by confidently capitalizing on business opportunities such as demand from energy infrastructure, CASE, increasing automobile production, and investment in Generative AI.

Numerical targets	FY2023 results	FY2025 target
Net Sales (Billions of Yen) (of which from growth themes)	4,402.8 (850)	4,400 (1,100)
Operating income (Billions of Yen)	226.6	250
Before tax ROIC	7.6%	>8%
ROE	7.3%	>8%



Achievements of “Goho Yoshi” (Five-Way Win)

In the “Mid-Term Management Plan 2025”, the Group set specific quantitative indicators and targets for the distribution of results to its stakeholders (employees, customers, business partners, regional communities, and shareholders and investors). It achieved its targets for many indicators in FY2023, and the Group is making steady progress toward achieving its targets for FY2025.



Growth Strategies

Below are the concepts (business models) and progress of initiatives in each business segment in response to the current business environment. Please see [→ P37] for sales by main product.

Environment & Energy

Electric wire and cable products, evolving from copper wire production since the Group's establishment, has a solid foundation and proven track record among Japan's top companies in the category of low to ultrahigh voltage electric wire and cable products. The Group's strength lies in its overall capabilities involving affiliates in the fields of heavy electrical machinery and engineering, as well as end-to-end system development from raw material to finished product.

Policy for 2030

SEG will contribute to the development of next-generation energy infrastructure by providing products and services that contribute to decarbonization and support the future of a Green Society globally

2025
Growth
Strategies

Sales and profit targets (2025)

Net sales

FY2023 Actual **980 billion yen**

FY2025 target **1.02 trillion yen**

Operating profit

FY2023 Actual **42.9 billion yen**

FY2025 target **50 billion yen**

Business Environment

As the shift toward a decarbonized society continues, and investment in energy infrastructure and renewable energy remains very active, demand for high-voltage power cables, and transmission and distribution equipment will continue to be bullish. The recovery in automobile productions has led to increased demand for rectangular magnet wires for electric vehicles.

Key Initiatives (Business Strategies)

In the electric power cable business, the Group will work to increase orders in Japan and overseas markets, expand production capacity including the construction of the new plant in Scotland, reduce costs, and strengthen project management. In the business of rectangular magnet wires for electric vehicles, the Group will work to further reduce costs and develop next-generation products, as well as work to create further synergies with Nissin Electric Co., Ltd.

Progress in FY2023

In expanding power cable capacity, construction began on the new plant in Scotland, and the Group also decided to invest in Südkabel, a German manufacturer of submarine cables see [→ P16]. The Group is also working with Nissin Electric Co., Ltd to create synergies in business foundations, general business and R&D.

Key Initiatives

Launching state-of-the-art submarine cable factories

The Group's goal is to support the launch large-scale submarine power transmission projects in various countries. Refining its DC power transmission technology, which is essential for long-distance and high-capacity transmission, and strengthening our manufacturing capability in each region will put the Group in a leading position in global decarbonization efforts



Current Minato Factory (Ibaraki prefecture)

Developing a power transmission system to support wind power generation

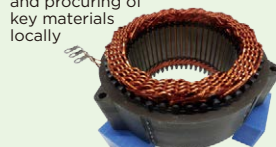
By leveraging its world-class technological capabilities, the Group will contribute to building a sustainable future by addressing challenges in floating offshore wind generation, to enable mass deployment of renewable energy systems to meet net zero commitments



Photo courtesy of Akita Offshore Wind Corporation

Increasing performance and global expansion of rectangular magnet wires

The Group will develop and market next-generation differentiated products that can respond to further increases in the high voltage required for electric vehicle adoption. The Group will also further strengthen our global supply chain by focusing on in-house production and procuring of key materials locally



Rectangular magnet wires for driving motors

Info-Communications

The Group has developed a range of products with superior transmission characteristics and high reliability, including a world record in optical fiber transmission loss reduction. The Group's strengths lie in its world-class design capabilities and manufacturing technologies for products such as optical cables, optical interconnect devices and optical connectors for data centers, imaging and optical access devices, and compound semiconductors for optical and wireless communications.

Policy for 2030

The Group will provide a variety of original products for developing all-photonics network and beyond 5G that brings high-speed large-capacity and low-latency communications with low power consumption, which are required for AI and virtual space applications

2025
Growth
Strategies

Sales and profit targets (2025)

Net sales

FY2023 Actual **206.1 billion yen**

FY2025 target **280 billion yen**

Operating profit

FY2023 Actual **△11.6 billion yen**

FY2025 target **25 billion yen**

Business Environment

Although telecom operators have tended to limit their investments due to high interest rates and inflation, data center investment is increasing due to demand for Generative AI. In addition, the demand for power savings continues to grow as data traffic increases.

Key Initiatives (Business Strategies)

The Group will work on developing data center-products (cables, connectors, optical devices and InP substrates), which are expected to expand due to the demand for Generative AI, and strengthen the development of ultra-low loss, high-capacity optical fibers for intercontinental submarine cables and high-efficiency GaN devices for high-speed large-capacity mobile wireless communication.

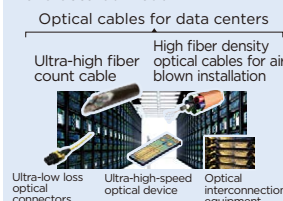
Progress in FY2023

Although demand for individual products has declined due to limited investment and inventory adjustments by telecom and data center operators, the Group successfully achieved the world's first mass production of multicore optical fiber and developed high-power optical communication light sources for data centers and high-efficiency GaN devices for 5G base stations in anticipation of future demand growth. The Group is making progress in technology development to achieve its 2025 goal.

Key Initiatives

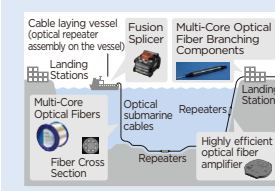
Development of higher performance products for data centers

The Group will provide high fiber density slim cable and optical interconnection equipment that supports efficient use of space for data centers, as well as ultra-low loss optical connectors and ultra-high-speed optical devices that boost energy conservation and decarbonization



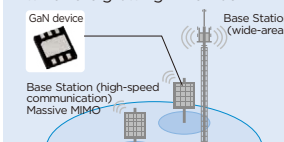
Providing multi-core optical fiber solutions

As a leader in multi-core fiber, a new key technology for high-speed large-capacity optical communications, The Group provides comprehensive solutions including fusion splicer, amplifiers and other products. The Group has introduced intercontinental optical submarine cables and will be expanding them to land use and data centers



Wideband power amplifier for mobile wireless communication of 5G and Achieving B5G

The Group is continuously incorporating new technologies to improve power efficiency in high-frequency GaN devices which are used in wireless communication base stations including mobile phones and other mobile devices. This reduces operating costs and increases decarbonization for base stations, which are growing in number



Automotive

The Group's primary product is wiring harnesses that run throughout the vehicle, transmitting power and information, and it has established a prominent presence in the market, with one in four vehicles worldwide using harnesses made by the Group*. The strength of the Group lies in our ability to expand its business globally, with operations in 32 countries and territories around the world.

*Based on market share estimates from the Group survey

Policy for 2030

The Group will expand its connection business as a mobility partner that enables connectivity by evolving wiring harnesses and responding to electrification and high-speed communication

Electronics

Flexible printed circuits (FPCs), one of the core products of the Group, are wiring materials that enable high-density and highly flexible designs in a small area and can be used for increasingly complex wiring in all types of devices. In addition to these products, the strengths of the Group lie in its unique material development, design, and processing technologies for electric wire products for high-speed transmission, heat-shrinkable tubes, and fluorine resin processing technology applied to printer toner fixing rollers.

Policy for 2030

The Group will focus on meeting new requirements for the information society and CASE, and aim to develop and supply high-performance interconnect products as well as expanding sales of products that are useful for the medical and environmental sectors

2025
Growth
Strategies

Sales and profit targets (2025)

Net sales

FY2023 Actual **2,596** trillion yen

FY2025 target **2.5** trillion yen

Operating profit

FY2023 Actual **144.7** billion yen

FY2025 target **110** billion yen

Business Environment

In China, Japanese automakers are cutting production, but global auto production is expected to increase moderately. The direction of CASE progress is expected to remain unchanged, although hybrid vehicles are expected to increase as a result of the recent sharp adjustments to the EVs.

Key Initiatives (Business Strategies)

In addition to strengthening the Group's business structure by reducing costs and improving asset efficiency, and further developing conventional harnesses through the expansion of new designs and construction methods such as split harnesses, it will work to create and expand sales of new products lines for CASE.

Progress in FY2023

Demand for wiring harnesses and anti-vibration rubber increased due to the recovery in automobile production following the easing of the supply shortage of semiconductors and other components, and both sales and operating income achieved the 2025 targets ahead of schedule. In the development of electrification/high-speed communication components for CASE, the Group is making progress with battery wiring modules and high-speed communication harnesses (metal and optical), etc.

Key Initiatives

Manufacturing innovation and better supply chain visualization

Using automation technology to create split harnesses, which will allow for a wide variety of products with a small number of parts, and will accelerate local production for local consumption and BCP. The Group will also strengthen our global supply system through digital transformation and supply chain visualization



Split wiring harness (4-5 sections)

Development of electrification / high-speed communication components for CASE

Development of unique products and technologies that boost electrification and high-speed communication that support the development of next-generation mobility

[Examples]

- High-Voltage Wiring Harnesses
- Battery Wiring Modules
- High-Voltage Junction Block
- High-Speed Communication Wiring Harnesses
- Zone ECU
- Battery Cooling Hoses
- Management System for EV Charging and Discharging



New product development of polymer materials

Anti-vibration rubber and cooling hoses for EVs, hydrogen hoses for FCVs, new technologies for polymer materials that contribute to innovation in automobiles



Anti-vibration rubber parts for EV Hoses for FCV

Increased collaboration on infrastructure

Total solution design through collaboration on mobility and social infrastructure

[Examples]

- Pedestrian/vehicle detector and AI-based traffic signal control
- Energy management through EV charging and discharging

2025
Growth
Strategies

Sales and profit targets (2025)

Net sales

FY2023 Actual **356.5** billion yen

FY2025 target **360** billion yen

Operating profit

FY2023 Actual **29.3** billion yen

FY2025 target **30** billion yen

Business Environment

Price competition is expected to intensify and demand from major customers is expected to decline for some products. In contrast, demand for automotive products is expected to be strong, and business is also expected to expand in new fields such as aerospace and medical.

Key Initiatives (Business Strategies)

The Group will work to reduce costs and enhance the functionality of FPC products, expand into automotive and medical applications, and develop new products for high-frequencies. The Group will also work to expand the supply of EV battery terminal leads (tab leads) and wires for automotive applications, increase market share in heat shrink tubing, and create further synergies with Techno Associe.

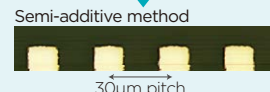
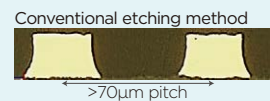
Progress in FY2023

Although demand for electronic wire and shrink tubing for consumer applications and FPC products for key customers declined, the Group made progress in its efforts to achieve the 2025 target, including the start of mass production of FPC products for high-frequencies and the establishment of a manufacturing company (in Mexico) to expand the supply of EV battery terminal leads (tab leads) and wires for automotive applications.

Key Initiatives

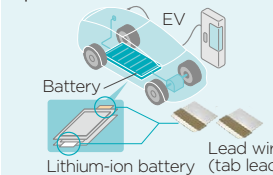
Increasing sophistication for our ultra fine pitch circuit technology used for FPC

The Group will supply reliable high-density wiring, leveraging our strengths in ultra fine pitch circuit technology using the semi-additive method, to meet the needs for further miniaturization, weight reduction, and better functionality of information terminals



Expanding the Group's supply of lead wires to support high performance EV batteries

In order to meet increasing demands for lead wires for lithium-ion batteries, the Group will enhance its global production capacity, including establishing new operating bases, and also focus on developing next-generation products



Achieving superior quality filtration and water treatment with unique high-performance membranes

The Group will increase production capacity for impurity removal filter membranes for semiconductor manufacturing equipment that requires precision filtration



Development of high-performance membrane modules and high value-added membranes that can meet the challenges of a wide range of water resources

Industrial materials & Others

Cutting and grinding tools, which were developed based on thin copper wire-making technology, now supports manufacturing in all fields throughout the world. The Group also provides other products that are essential for the growth of society and industries based on its world-class materials development capabilities, such as special steel wires used to reinforce concrete structures and tires, and sintered powder metal parts used in automobiles.

Policy for 2030

By further developing its material processing technology, the Group will broadly support the development of infrastructure and industry with high-precision, high-strength products that are useful for a Green Society

2025 Growth Strategies

Sales and profit targets (2025)

Net sales

FY2023 Actual **364.2** billion yen

FY2025 target **390** billion yen

Operating profit

FY2023 Actual **21.1** billion yen

FY2025 target **35** billion yen

Business Environment

Although demand for some products has recently declined in China and Japan, future orders are expected to increase as demand recovers and sales expand. In addition, the Group will expand into new markets such as electric vehicles, aircraft and renewable energy.

Key Initiatives (Business Strategies)

In cemented-carbide tools, the Group will expand global sales, develop new markets such as electric vehicles, and increase market share. In sintered products, the Group will develop new products for EVs and non-vehicle use applications and review the production structure to enhance cost-competitiveness. In PC steel wires and wires used in springs, the Group will improve profitability by strengthening its production and sales structure and developing new products.

Progress in FY2023

Responding to the growing demand for machining in India, the Group established a cutting tool sales company in Navi Mumbai and began operations to better serve local customers. On the development side, the Group is accelerating the development of tools for electric vehicles and sintered products.

Key Initiatives

Accelerated development and market expansion for cutting tools

Develop new materials and new processing technologies to expand into new sectors, including electric vehicles, renewable energy, and aviation. Expand the share of the growing global market by enhancing the Group's global service capability.



NCB100 Sintered binderless CBN for high efficiency finishing

Diamond-coated endmills for manufacturing electrified vehicle parts

Expanding supply of cemented carbide cutting blades that support the development of electrified vehicles and 5G

Further strengthening the Group's production system for cemented carbide cutting blades and ultra-precision processing technology to expand supply for the multilayer ceramic capacitor (MLCC) market, which is expanding due to the development of electrified vehicles and 5G.



Cemented carbide high-precision cutting blades

Strengthen development of sintered parts for EVs

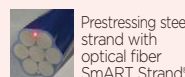
Capturing demand in new sectors such as EVs through dissimilar material bonding and sinter-forging technology



Carrier for e-Axle*1

Development of green market for prestressing steel strand

With applications, including in coated prestressing strand*2 and tower for wind-power generation*3. Monitoring achieved by SmART Strand*4



Prestressing steel strand with optical fiber SmART Strand*4



Tower for wind-power generation

Business Topics

Established power cable plant in Scotland. U.K.

The introduction of renewable energy and interconnected national and regional lines are being promoted worldwide to achieve a decarbonized society. In the European market, where such trends are active, demand for power cables is growing. In particular, the UK is expected to be one of the largest markets for power cables, as the country is planning a number of offshore wind power projects to achieve the Scottish government's Net-zero 2045 and UK's Net-zero 2050.

In 2019, the Group delivered its high-voltage direct current (HVDC) cross-linked polyethylene-insulated (XLPE) submarine cable system for the UK-Belgium interconnector (NEMO Link) and successfully completed the installation. The 400 kV HVDC XLPE cable system is the industry's highest voltage in commercial operation even today. This technical excellence has led the Group to win multiple contracts in the global market, including a project connecting the UK and Ireland (Greenlink Interconnector) and a project in Germany (Corridor A-Nord).

In April 2023, as part of its efforts to boost the UK green energy supply chain, the Group announced the start of construction of its state-of-the-art subsea transmission cable factory in the Scottish

DC XLPE cables



Highlands. Construction began in May 2024.

In May 2023, immediately after the announcement of the plant, Chairman Matsumoto and President Inoue met with the then Prime Minister of the United Kingdom, Mr. Sunak, and reconfirmed that the establishment of the plant would contribute to the establishment of an offshore wind power supply chain and technology development in the United Kingdom, and lead to the utilization of renewable energy and the development of a green society.

In August 2023, His Majesty King Charles III of the United Kingdom visited the Port of Nigg, where the plant will be built. Chairman Matsumoto was honored to receive the King's visit and explained the outline of the plant and the employment opportunities available in the area.

In addition to establishing plants in England and Scotland, the Group made the decision to invest in Südkabel, a German land cable manufacturer, in order to expand its power cable business in Europe. The Group will contribute to the local economy and employment by locally manufacturing the HVDC XLPE cables needed for Germany's energy transition.



Meeting with British Prime Minister Sunak (at the time)



Chairman Matsumoto receives His Majesty King Charles III

*1 e-Axle: The main drive system that integrates the electric vehicle motor, inverter, and speed reducer

*2 Tank: Storage tank for next-generation energy such as biomass and other liquids

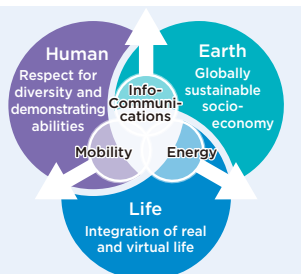
*3 Wind turbine tower: A hybrid tower (steel + concrete tower) for wind turbines, increased rigidity enabling a taller structure, benefits for the ease of transport and less cost to assemble

Strengthening our Foundations

3 Key Driving Forces | R&D

With the wires and cables business as its foundation, the Group has evolved its technologies to connect and support society by accurately grasping the needs of society, pursuing Top Technology.

The Group will continue to develop its existing businesses, particularly in the areas of “Energy”, “Info-Communications”, and “Mobility”, while embracing new themes to create new businesses and improve profitability by providing value-added products and services.

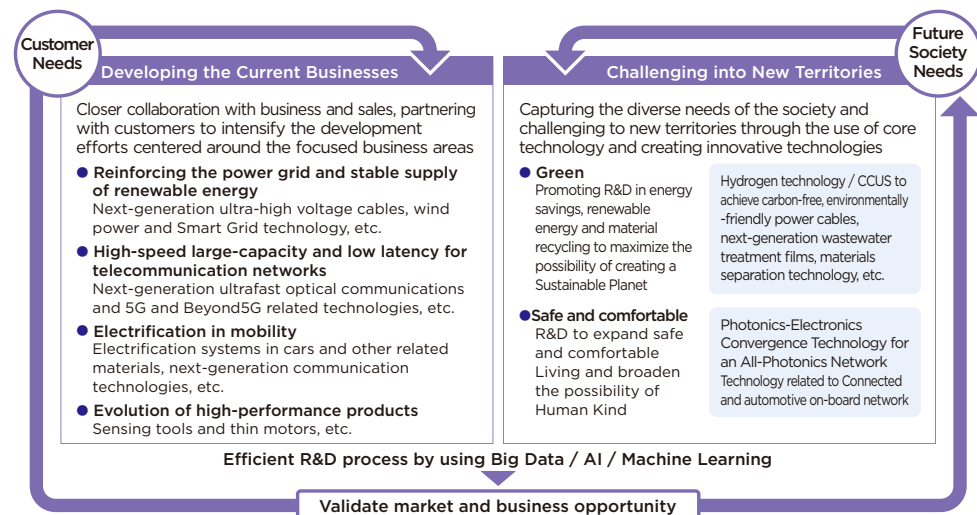


The 3 Key Sources of Capitals and 3 Key Driving Forces represent the ideals of our Group’s business resources. The efforts and progress of the Group toward achieving this vision are as follows.

Policy for 2030 Invigorate and accelerate R&D as one of the key driving forces to create an extensive range of technologies

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

Efforts looking ahead to 2025



Evolution of Current Business, Our Strength

In the energy area, the Group is promoting the development of next-generation cables and system solutions that will boost the introduction of renewable energy to achieve a decarbonized society. By developing large-capacity, low-loss power transmission systems, the Group aims to achieve efficient long-distance power transmission grids. In the Info-Communications area, the Group is developing technologies that

combine high-speed large-capacity and low latency with compact size and low power consumption in optical fiber, devices, and equipment, contributing to data center demand due to the growth in the use of Generative AI and to meet the demand for broadband mobile wireless communications for 5G and Beyond 5G. Furthermore, in the Mobility area, the Group will focus on the development of electrification and connected products and services, in addition to its core product, wiring harnesses,

to create new value in the mobility society, as electrification, automated driving, and linkage with external services represented by MaaS accelerate, and vehicles become more sophisticated.

Challenging into New Territories

The Group will backcast from the needs of future society and create new business domains toward achieving “Safer, more Comfortable society that is also Green and Environmentally Friendly”, as stated in its 2030 VISION.

In particular, the Group is taking on the challenge of R&D that contributes to the sustainability of the “the planet”, such as hydrogen and CCUS-related technologies for decarbonization, environmentally friendly power cables, next-generation water treatment membranes, and materials separation technologies. Specifically, the Group is conducting research on the application of its core technology of one of the world’s largest redox flow batteries to hydrogen and hydrogen carrier production and carbon utilization in CCUS. In the hydrogen carrier production technology, the Group will provide its electrochemical cell technology to the “Direct MCH[®] Electrolysis Synthesis (Direct MCH[®])* technology” currently being developed by ENEOS Corporation, and cooperate in a large megawatt-class plant demonstration test. Direct MCH[®] is a technology that directly synthesizes methylcyclohexane (MCH) from water and toluene, and hydrogen can be extracted through a chemical reaction. It is a liquid at room temperature and can be handled like petroleum, making it one of the most promising “hydrogen carriers” that can efficiently transport and store hydrogen. It will be possible to produce large quantities of MCH from abundant renewable energy overseas and efficiently transport inexpensive green hydrogen to Japan using existing petroleum infrastructure such as tankers.



Conceptual drawing of a large-scale manufacturing plant (Courtesy of ENEOS Corporation)

*Direct MCH[®] is a registered trademark of ENEOS Corporation

Enhancement of Strengths “R&D Process Efficiency”

In recent years, materials development has become increasingly competitive with digital development on large computers using big data and machine learning. Therefore, with the aim of quickly generating profits from new businesses and products, the Group is working to revolutionize the conventional development process by strengthening and utilizing technologies such as MI (Materials Informatics), which accelerates materials development itself, and PI (Process Informatics), which optimizes the manufacturing process of such materials.

The IoT R&D Center, which is responsible for the development of IoT and AI technologies, and each laboratory will work together to promote the development and use of advanced AI suitable for their respective materials development. The use of these methods will greatly streamline material search and shorten development time, as well as enable highly comprehensive studies, making it possible to extract optimal materials that were not possible with conventional development methods. In parallel, the Group will focus on developing the infrastructure (database) to accumulate data from experiments and extract knowledge, and on training personnel who can lead and promote MI and PI.

Establishing a New Research Facility

In order to strengthen the business of power transmission and distribution equipment and energy solutions, SEG established a new research organization, the Nissin-Sumiden Energy System R&D Center, which combines “technologies in the environmental energy field and material technologies” of Sumitomo Electric Industries, Ltd. and “power control, conversion and supply technologies and systemization technologies” of its subsidiary Nissin Electric Co., Ltd.



The Group’s recent technology trends are also detailed in Consolidated Financial Statements (P31-33)

3 Key Driving Forces | Manufacturing

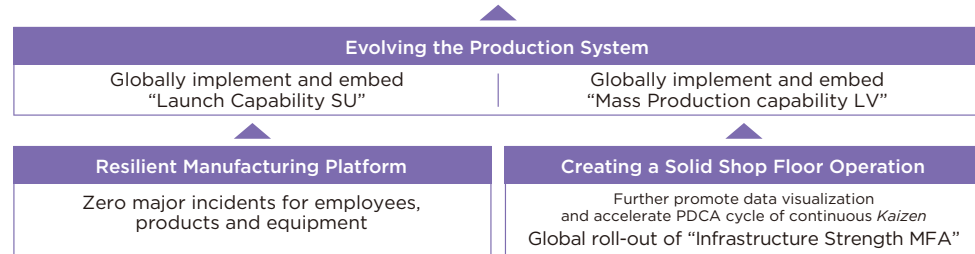
As a manufacturing company, the Group considers the evolution and deepening of “S (Safety), E (Environment), Q (Quality), C (Cost), D (Delivery) and D (R&D)” is the core of the Group’s business activities. The Group has positioned Manufacturing as a particularly important driving force, and all departments have worked to create resilient factories that continue to adapt to the changing business environment.

Policy for 2030 Create “Resilient Factories” that can adapt to change

- Contributing to the global environment
- Promoting a resilient manufacturing platform
- Building a solid shop floor operation
- Evolving the production system

Efforts looking ahead to 2025

Building a manufacturing capability that achieves world leading standards for all of SEQCDD



Resilient Manufacturing Platform

Creating a culture in which “safety is our top priority”: The Group regards ensuring the safety and health of its employees as the cornerstone of its business activities and promotes the creation of a corporate culture in which “safety is our top priority” and engages in ongoing health and safety activities with the participation of all employees with the aim of becoming the world’s top safety company. Specifically, the Group has established a “Safety Philosophy”, “Principles of Safety Activities”, and “Occupational Safety and Health Guidelines”. To achieve these policies, the Group incorporates proposals from the perspective

Number of Industrial Accidents (FY2023 actual) (Headcount)

	Japan	Overseas	Total
a serious accident	0	0	0
accidents resulting in lost work time	9	5	14

(Note 1) Sumitomo Electric consolidated subsidiaries (excluding listed subsidiaries)
(Note 2) Serious accidents are defined as severe accidents that includes fatalities

Lost time injuries frequency rate for employees in Japan (FY2023 actual)

All Industries	Manufacturing	SEG
2.14	1.29	0.04

(Note) SEG is comprised of Sumitomo Electric Industries Ltd. and its Japanese subsidiaries (excluding listed subsidiaries)

of employees at work sites into its company policies, and each fiscal year it defines priority initiatives and items to be implemented. **Quality Initiatives:** The basic philosophy of the Group is to provide a stable supply of safe, reliable, and high-quality products based on the concepts of “customer-oriented” and “quality-oriented”. In order to continue to achieve this goal, the Group has structured its daily quality operations in accordance with the “Sumitomo Electric Group Quality Management Global Standards” while strengthening its manufacturing capabilities, which form the foundation of its business, and the Group continues to implement stable practices and further improve its quality management system. Quality-related matters are discussed and decided by the Company-Wide Quality Control Committee, and are then distributed to business units and affiliates through the CQO (Chief Quality Officer), thereby promoting cooperation and strengthening the governance of the Quality Assurance Department of each division. For more information on quality compliance, please see [→ P29]

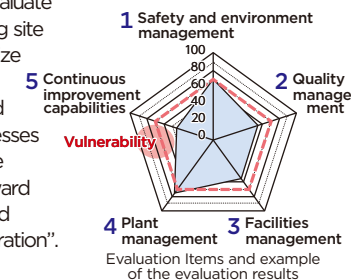
Creating a Solid Shop Floor Operation

Promoting continuous “Kaizen”: The Group aims to build a “Solid Shop Floor Operation” that has the ability to identify small defects and malfunctions that occur at production sites under the constantly changing business environment, correct them on the spot to the desired state, and maintain them, as well as the ability to find weak points and continue to improve on its own. The Group also aims to raise awareness and promote mutual learning by designating factories as “200 Kaizen Factories” that establish “Solid Shop Floor Operation” and achieve 200 or more improvements per month, and recognizing them both within the Group and globally. The Group will also focus on training key personnel to promote improvement through hands-on training programs such as GKP (GENBA-KAIZEN professional training Program).



Production line observation during the GKP

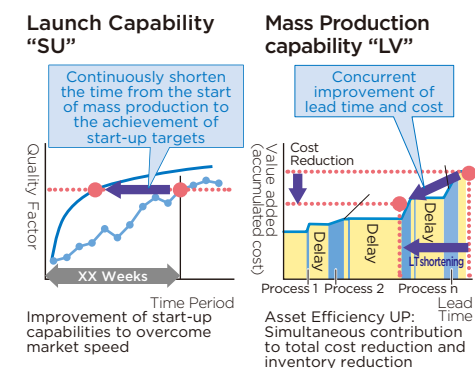
Rolling-out “Infrastructure Strength MFA” globally: The Monozukuri Fundamentals Assessment (MFA) is a generalized version of the PK assessment, which the Sumitomo Wiring Systems Group developed ahead of others and introduced in 2019 to promote “Solid Shop Floor Operation” globally. This is a unique assessment tool that defines the foundation and form that a manufacturing site should have, with 50 items in five areas: safety and environmental management, quality management, facility management, plant management, and improvement capability, and evaluates each item on a 100-point scale. Each factory uses this tool to quantitatively evaluate its manufacturing site each year, visualize strengths and weaknesses, and improve weaknesses to accelerate the PDCA cycle toward achieving a “Solid Shop Floor Operation”.



Evolving the Production System

In addition to the support provided by the Group’s “Promoting a Resilient Manufacturing Platform” and “Solid Shop Floor Operation”, the Group is strengthening its “Start-Up Capability SU” to continuously shorten the time from the start of mass production of new products and new models to the stabilization of quality and the rapid securing of profits, and “Mass Production Capability LV” to simultaneously minimize the lead time and cost of mass production and further improve delivery time and price competitiveness. The Group continues to strengthen these capabilities.

* SU= Start-up, LV= Leadtime Value



Hachinohe Plant boasts the top share of the market with its “Promoting a Resilient Manufacturing Platform” and “Solid Shop Floor Operation”

Sumitomo (SEI) Electronic Wire, Inc. (SEIW), Hachinohe, which scored more than 90 points in the MFA evaluation for four consecutive years, has been making continuous improvements in all SEQCDD aspects and won the Best President’s Award in the 200 Kaizen Factories Award Competition for two consecutive years in 2020 and 2021. The high performance wiring materials and high performance components produced at the plant have the leading market share in the global niche market.





3 Key Driving Forces | Supply Chain

In accordance with the SEG's basic philosophy and "Basic Procurement Policy"¹⁾, the Group is developing sustainable procurement activities that are fair and equitable, focus on compliance, and respect the global environment and human rights. In addition, the Group is promoting the optimization of procurement, manufacturing, sales, and logistics as a whole, and strengthening its response to supply chain risks with a focus on BCP management to respond promptly to changes such as natural disasters and changes in international circumstances, with the aim of building a robust supply chain.

Policy for 2030 "Stable Supply Chain Resilient to Changes" and "Responding Precisely and Promptly to Customers"

- Fair and impartial trade, protection of the environment and human rights, and the BCPs
- Presenting solutions ● Production at the most appropriate site and cooperation on a global scale
- Optimizing division of labor among operation sites

Efforts looking ahead to 2025

Building a Stable Supply Chain

CSR-based procurement assessments implementation rate 80% (Global transaction value equivalent)

Optimized Manufacturing Locations Advanced Inventory Management

Stabilization and Efficiency of logistics networks Improved Efficiency of Intragroup Transactions

EDI rate for transactions between group companies 100%

Building a Stable Supply Chain

Sustainable procurement activities : To ensure that our suppliers comply with the "CSR Procurement Guidelines"¹⁾ and the "Supplier Code of Conduct"¹⁾, the Group requires compliance with the guidelines in the basic transaction agreement and requests written consent from suppliers. In addition, the Group conducts training sessions for suppliers on its basic approach to CSR procurement, its response to human rights issues [→ P28 for details], and the reduction of CO₂ emissions to promote sustainable procurement activities in cooperation with its suppliers.

Strengthening risk management : The Group is working to formulate and implement a BCP for its procurement department to ensure that the interruption of purchased materials due to supply chain disruptions will not affect the production of its customers.

In the event of a disaster or other calamity, the Group quickly and accurately determines whether supply from its suppliers has been affected, based on information about production sites registered in its Vendor Management Systems (VMS), and manages the situation to minimize the impact. In addition, the Group assesses the risk of critical materials on an item-by-item basis and prioritizes actions

such as securing alternative items and securing inventory for high-risk items such as those sourced from overseas.

Optimized Manufacturing Locations Advanced Inventory Management

In addition to promoting the decentralization of production bases, local production for local consumption, and the consolidation and optimization of common functions in accordance with business characteristics and international conditions, SEG is striving for proper inventory management by sharing and utilizing data from order receipt to shipment.

Stabilization and Efficiency of Logistics Networks Improved Efficiency of Intragroup Transactions

The Group is working to create a highly efficient transportation environment by visualizing and sharing transportation conditions and optimizing the design of hubs and depots, to build a resilient logistics system that assumes risk, and to improve the EDI rate to increase the efficiency of intra-group transactions.

	FY2023 results	FY2025 target
CSR-based procurement assessments implementation rate	73%	80%
EDI rate for transactions between group companies	81.9%	100%

¹⁾ "Basic Procurement Policies" "CSR Procurement Guidelines" "Supplier Code of Conduct"



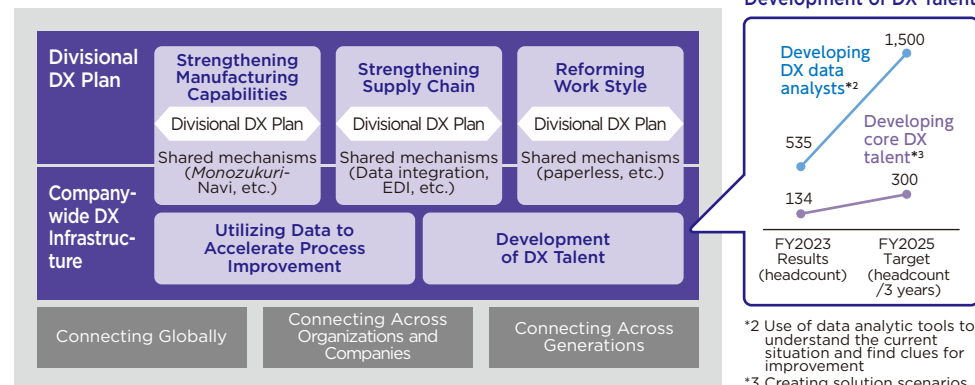
DX Topics

The Group has positioned the further acceleration and deepening of "SEQCDD" through the use of digital technology as the goal of digital transformation (DX), and is unified in promoting it as an essential element in achieving the "2030 VISION" and the "Mid-term Management Plan 2025".

Specifically, based on the "Company-Wide DX Plan" formulated by the "DX Promotion Committee" (chaired by President Inoue), the Group has established a "Company-wide DX Platform" based on the three pillars of

"strengthening manufacturing capabilities", "strengthening supply chains", and "reforming work styles". Each business division uses this platform to formulate and implement "divisional DX plans" according to individual business characteristics and issues. At the same time, the Group is strengthening "Accelerating Process Improvement through Data Utilization" and "Development of DX Talent" as company-wide shared efforts to effectively promote these initiatives.

Company-wide DX Plan



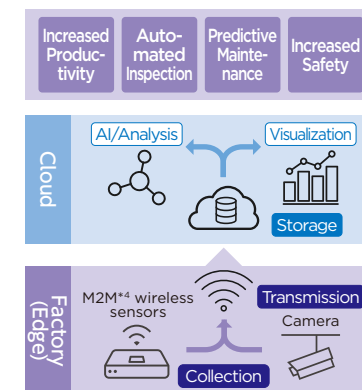
Examples of DX Promotion Initiatives

Strengthening Manufacturing Using IoT/AI Technology

The Group is promoting the development of various sensor, wireless communication, AI/data analysis, and other technologies that can be used for "productivity improvement", "inspection automation", "predictive maintenance", and "safety improvement", which are important issues at the Group's manufacturing sites. For example, in the area of "productivity improvement", the Group is minimizing product defects by measuring product characteristics and providing real-time feedback to the manufacturing process to adjust production conditions.

The Production Engineering Department, the Information Systems Department, and the IoT R&D Center are working together to develop IoT/AI-based systems as well as to develop human capital.

IoT/AI-based Systems



⁴⁾ Machine to Machine communication

3 Key Sources of Capital | Human Capital

Based on the Sumitomo Spirit of “respect for human resources”, the Group is committed to “investing in people” by “developing human capital and improving engagement” and “enhancing organizational diversity and improving workplace environment”, with the aim to becoming a group where all human capital can be excel, grow and contribute to society, and linking these efforts to increase corporate value.

Policy for 2030 Evolve to be a Group where everyone can excel, grow, and contribute to society

- Diversity and Inclusion
- Nurturing a corporate culture that values growth and challenges
- Group’s integrated power on a global scale

Efforts looking ahead to 2025

Develop Human Capital creating new value in the age of changes

Developing Human Capital and Improving Engagement

Organizational Diversity and Workplace Improvements

FY2023 results

		(FY2025 target)	
Compensation growth	Average: 5.75% (CPI increase 3.57%)	(Aiming for inflation rate +α)	SEI
Zero major incidents for employees, products and equipment	Zero	(Zero)	Global
Percentage of male employees taking children leave	100%	(100%)	SEI
Percentage of females among new graduate hires (business)	41.2%	(40%)	SEI
Percentage of females among new graduate hires (engineering)	10.6%	(15%)	SEI
Completion of Executive Training Program	36 headcount / year	(100 headcount / 3 years)	Global
Completion of MPSS	859 headcount / year	(2,300 headcount / 3 years)	Global
Developing core DX talent	134 headcount / year	(300 headcount / 3 years)	SEI
Developing DX data analysis	535 headcount / year	(1,500 headcount / 3 years)	SEI
Total hours of training programs	12.8 hours / headcount - year	(20 hours / headcount - year)	Global

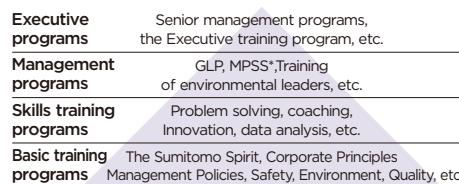
Developing Human Capital and Improving Engagement

Global Human Capital Development: SEI University

The Group defines the type of human capital it seeks as “people who adhere to the Sumitomo Spirit, understand management policies, adhere to the basics, possess advanced skills and knowledge, and are globally competitive”, and focuses on training approximately 290,000 employees. “SEI University”, the Group’s common education system, strongly supports “strong motivation for self-development” and “on-the-job training through guidance and dialogue with supervisors” as the basis for employee development.

Communicating the Vision

In order to achieve the “2030 VISION” and “Mid-term Management Plan 2025”, the Group believes that in addition to the growth of individual employees, it is



*GLP: Global Leadership development Program
MPSS: Management Program based on the Sumitomo Spirit

important for each employee to embrace the Group’s vision and goals, have a strong willingness to contribute to achieving the goals, and have a strong sense of belonging (engagement) to the Group.

For this reason, SEG has created opportunities to learn the Sumitomo Spirit through training programs such as induction training and MPSS (Management Program based on the Sumitomo Spirit), and is also developing in-house instructors to create an environment in which all Group companies in Japan and overseas can learn on a regular basis and ensure that the Spirit



MY VISION

is shared with employees.

In FY2024, senior management visited each workplace to communicate the vision and management plan directly to employees in order to ensure that the Group’s vision and management plan are embedded at the workplace level. In addition, training sessions were conducted by outside instructors to enable managers at each workplace to effectively share the vision and management plan with their team members, and video content is created and distributed to encourage individual employees to also own the vision and management plan.

Leadership Development

In today’s rapidly changing business environment, it is essential to develop leaders who can take charge of their respective workplaces. To this end, SEG provides content tailored to the needs of each leader, as well as programs that support the development of leadership perspectives, internal and external networking, and building management skills that are essential and common to all leaders.

In addition, for leadership development, the Group selects the equivalent of division heads at its domestic and overseas Group companies to participate in annual management training, which is designed to promote insight and logic by identifying management issues within the Group and examining measures to resolve them (action learning). For FY2023, 36 leaders participated in the training.

Furthermore, the Global Leadership Development Program (GLP) is held annually for managers recommended by the individual divisions. In FY2023, 34 managers from 14 countries participated in the Global Leadership Development Program (GLP), which lasted

approximately three months. They attended many classes, including the Sumitomo Spirit, manufacturing, and global environmental initiatives, lectures by the Chairman, President and other executives, and held discussions with global executives from each region, as well as participating in leadership workshops. At the end of the training, the participants gathered at the Osaka Head Office to report to executives on their vision for their own organizations and their action plans as leaders.



Engagement Survey

To determine the current level of ownership of the Sumitomo Spirit, Vision, and Management Plan, as well as the current level of establishment of a cohesive organizational climate, SEG conducts an annual engagement survey.

In FY2023, the survey was conducted among approximately 54,000 employees (an increase of approximately 26,000 from the previous year) at 120 Group companies in Japan and overseas (an increase of 53 companies from the previous year). The results will be used to examine measures to increase the value of human capital, and feedback will be provided to managers at each workplace to serve as a reference for workplace operations.

Analysis of the survey results confirms that ownership of the Sumitomo Spirit is becoming more widespread. Analyzing changes over time in the approximately 1,000 workplaces that have participated in the survey on an ongoing basis shows that approximately 60% of workplaces have improved as a result of workplace improvement activities such as improving opportunities for interaction, conducting harassment training, and strengthening the communication of departmental strategies.

3 Key Sources of Capital | Financial Capital

In addition to striving to maintain a strong financial position, the Group is working to strengthen profitability and improve capital efficiency as a top priority, with ROIC as a key indicator. By ensuring that ROIC exceeds the cost of capital, the Group will maximize the cash flow generated by its operations while achieving sustainable growth, and use the results to invest in strategic growth and return profits to its stakeholders.

Policy for 2030 Maximize cash flow, invest in growth, and return profits to stakeholders

- Generate cash through reinforcing operation, implementing growth strategy, and ROIC management
- Strategic R&D and capital investment
- Share returns with our stakeholders

Efforts looking ahead to 2025



*EBITDD: Earnings Before Interest Taxes Depreciation and Development

Promoting Activities to Improve ROIC

The Group is committed to the strategies for growth and strengthening foundations set forth in the “Mid-term Management Plan 2025” to pursue growth and efficiency and to achieve a sustainable increase in corporate value. To improve efficiency, the Group has set ROIC as the most important indicator and is working on improvements at both the corporate and business unit levels.

In addition to setting ROIC targets, the

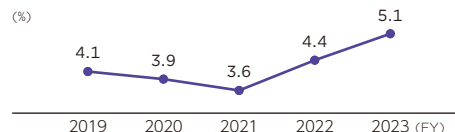
business unit uses the ROIC tree as a tool for ROIC improvement activities. By using the ROIC Tree to link field-level KPIs to ROIC improvements, the results and underlying importance of initiatives are widely understood by employees and the PDCA cycle is more effectively implemented.

Improving Earning Capacity

The Group is working to improve profitability by leveraging its advanced product development and technological capabilities to provide higher value-added products and services. In addition to creating new businesses, the Group is also actively working to improve profitability in existing businesses by renewing businesses through the creation of new high-value-added products. For specific initiatives in each business, please see [→ P14-16].

With regard to cost, the Group is working

Operating profit ratio trends



to rigorously reduce costs by pursuing innovative technologies and manufacturing methods. In addition, the Group is working to improve profit margins by focusing on improving sales prices and improving orders-received profitability, in light of recent price increases for various materials.

Initiatives to Improve CCC

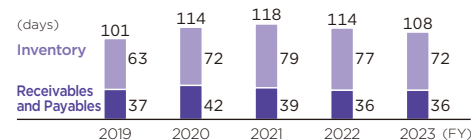
In order to improve the asset turnover ratio of invested assets, the Group is also focusing on efforts to improve the CCC (cash conversion cycle).

Since FY2020, when COVID-19 infection spread, inventories have increased due to supply chain disruptions, and the Group has identified the reduction of inventory holding days as a key initiative in its “Mid-term Management Plan 2025”.

Specifically, the Group is working to improve manufacturing and transportation lead times, strengthen inventory management by product type and customer, review standard inventory levels, and build a production management system that responds flexibly to fluctuations in demand.

The Group is also working on inventory management using DX. In the business, which operates in multiple locations globally, it is using information systems to understand and manage appropriate inventories by region and product, and is seeing positive results. The Group will promote the cross-unit application of activities that have produced results to other businesses within the Group.

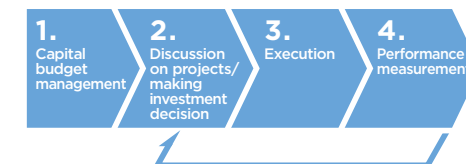
Trends of CCC results



Capital Investment Management

The Group will invest for growth by making capital investments to reinforce manufacturing capabilities and accelerate global expansion. In order to make appropriate decisions on

capital investments and to identify and share issues, the following PDCA-focused management cycle is implemented.



1. Capital budget management

Establish departmental budgets based on cash flow plans for each business. Large scale projects are managed individually as strategic investment limits after careful consideration of the details.

2. Discussion on projects / making investment decision

Business plans and investment details are scrutinized for each project, and business profitability is considered. Approval is granted only when the hurdle rates set for each business and investment category are exceeded.

3. Execution

Approved individual projects are executed according to the plan.

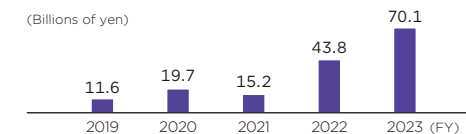
4. Performance measurement

Measure results based on ROI (return on investment) of past capital investment projects. Success factors and failure cases are shared, and the information is used for future consideration of capital investment projects.

Selling of Cross Shareholdings

Investment securities held by the Group are reviewed annually to determine the rationale for their holding. Securities that no longer have rationale for holding are sold accordingly.

Proceeds from Sales of Investment Securities



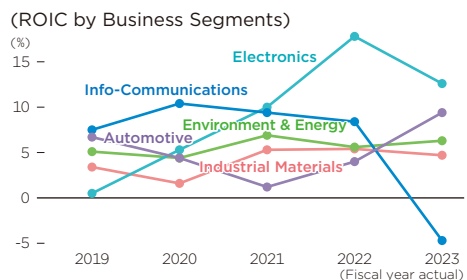
ROIC Tree Items	Focal Initiatives
Improving profitability	Improving operating margin ratio <ul style="list-style-type: none"> Improving profitability through higher added value Pursuing innovative technologies and manufacturing methods Improving orders-received profitability
	Reducing interest rate burden <ul style="list-style-type: none"> Reducing interest-bearing debt (to improve financial soundness)
Improving asset efficiency	BS overall <ul style="list-style-type: none"> Division specific B/S Strengthening free CF management Reviewing cross shareholdings
	CCC (Improving working assets) <ul style="list-style-type: none"> Optimizing inventory balances and number of days held Improving balance of receivables and payables and number of days held
	Tangible fixed assets <ul style="list-style-type: none"> Capital investment management (Improving investment certainty and strengthening investment budget management)

ROE / ROIC Trends by Business Segment

As a result of our efforts to both strengthen profitability and improve asset efficiency, before tax ROIC and ROE for FY2023 improved more than 1.0 percentage points from the prior year to 7.6% and 7.3%, respectively.

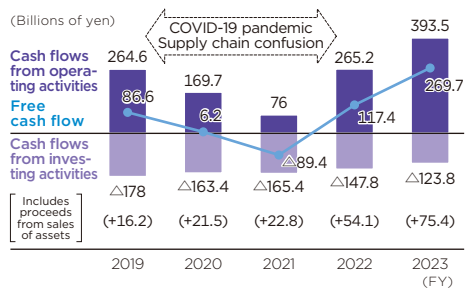
The Group will pursue further improvements to achieve the targets of ROIC of 8% or more and ROE of 8% or more set forth in the “Mid-term Management Plan 2025”.

(Group wide)	2019	2020	2021	2022	2023
Before tax ROIC	5.6%	4.4%	5.8%	6.6%	7.6%
		[Mid-term Management Plan >8%]			
ROE	4.7%	3.6%	5.7%	6.1%	7.3%
		[Mid-term Management Plan >8%]			



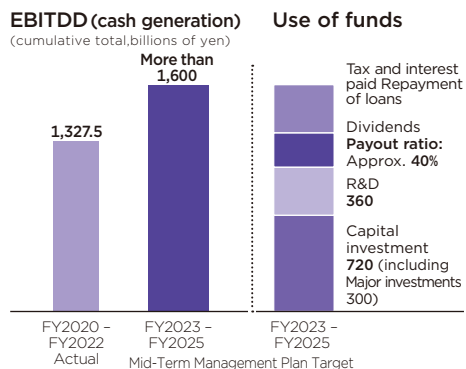
Trends in Free Cash Flow

In addition to the increase in operating income, initiatives to improve CCC and proceeds from the sale of cross shareholdings led to an upward trend in free cash flow from FY2022, reaching a record high of 269.7 billion yen in FY2023.



Cash Allocation

In the “Mid-term Management Plan 2025”, the Group has set a quantitative target for cash generation of EBITDD of 1.6 trillion yen or more. The cash generated will be invested for future growth in capital expenditures and R&D, with a total of 720 billion yen and 360 billion yen, respectively. Additionally, profits will be returned to shareholders with a payout ratio of approximately 40%.



In FY2023, EBITDD reached 574.9 billion yen, exceeding the average annual value of the mid-term plan target, owing to improvements in operating income and other factors. Meanwhile, capital expenditures reached 193.8 billion yen, while R&D investments totaled 142.0 billion yen, positioning the Group for future growth.

Dividend policy and results

Dividends were paid to shareholders at a payout ratio of 40.1%, in line with the mid-term plan. The total amount paid was 60.1 billion yen, an increase of 21.1 billion yen from the 39.0 billion yen paid in the previous fiscal year.

	Mid-Term Management Plan Target		Actual FY2023
	(Billions of yen)	3-year cumulative total	
EBITDD	1,600	533.3	574.9
Capital investment	720	240	193.8
R&D	360	120	142
Dividend payout ratio	Approx. 40%		40.1%

Overview of Key Methods and Activities for Engaging with our Stakeholders

The Group recognizes that its operations are supported by a range of stakeholders including “customers”, “employees”, “suppliers”, “regional communities”, and “shareholders/investors”, and that it is mandatory to strive to build appropriate cooperative relationships with stakeholders based on the “Goho Yoshi” (Five-way Win) philosophy, while taking their interests into consideration in order to achieve sustainable growth and enhance corporate value of the Group over the medium to long term as well as to steadily return the results to each of its stakeholders as a going concern.

	Our Focus	Key Methods and Activities
Employees  Group global awards workshop	<ul style="list-style-type: none"> Respect for human rights and workplace environment that is healthy, safe, secure and comfortable Diversity & inclusion, and sustainable growth and development Sharing of purpose/sense of fulfillment 	<ul style="list-style-type: none"> Townhall meetings (discussions between management and employees), union talks, career dialogues, and engagement surveys Training and education by SEI University, seminars Internal and external consultation services Corporate newsletters and intranet
Customers  2023 BICSI Fall Conference & Exhibition	<ul style="list-style-type: none"> Providing product value that accommodates customer needs Establishing firm relationships based on trust Providing high-quality, safe products 	<ul style="list-style-type: none"> Daily sales activities, sales force surveys Exhibitions Sumitomo Electric Group e-magazine “id”, President’s Blog, Product Catalogs, Advertisements, Websites
Suppliers  Partners Meetings	<ul style="list-style-type: none"> Expanding fair and impartial trade Building and enriching business partnerships Thoughtful approach to environment and human rights in procurement 	<ul style="list-style-type: none"> Partners meetings and meetings with important business partners Review and examine results of CSR Procurement Self-Assessment Form Compliance consulting and reporting desk
Regional Communities  BIWAKO MARATHON Water Station Volunteer	<ul style="list-style-type: none"> Appropriate tax payment in respective countries and regions Contribution to cultural/social development in respective communities Active commitment to environmental preservation 	<ul style="list-style-type: none"> Contributing to society through donations and volunteer activities, collaboration with NPOs Contribution to regional communities through business activities, exchanges with regional communities Support for education and training, contribution to sports and cultural promotion Dialogue through economic and industry associations
Shareholders / Investors  Second Quarter Financial Results Briefing	<ul style="list-style-type: none"> Prompt and appropriate information disclosure Enhancement of medium- and long-term corporate value and sharing our returns Constructive, open dialogue 	<ul style="list-style-type: none"> General Meeting of Shareholders’, IR briefings, and individual dialogues IR website, various reports (Integrated Report, Consolidated Financial Statements, Corporate Governance Report, etc.)

For details on the results in returning benefits to stakeholders in relation to key indicators and targets, please see [→ P13]



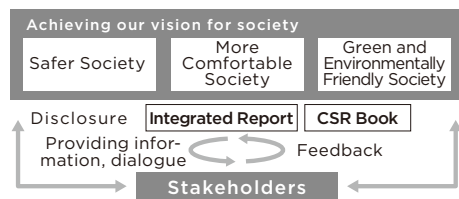
Sustainability

Promotion of Sustainability Management

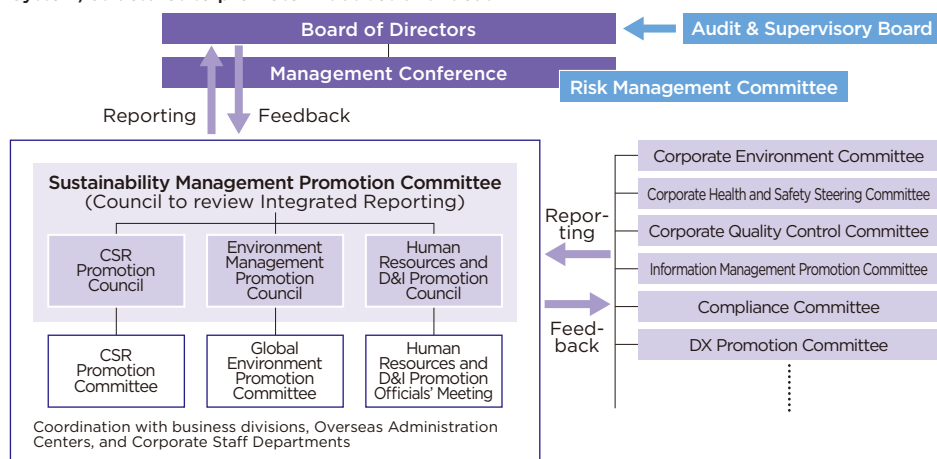
Fundamental Policy

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

More specifically, SEG is committed to achieving a Safer, more Comfortable society that is also Green and Environmentally Friendly. In addition, the Group will communicate its efforts both internally and externally through the "Integrated Reports",



System/Structures to promote initiatives and ideas



(Note) As of March 31, 2024

which summarize its value creation story, and the "CSR Book" which summarizes the achievements of its CSR activities. SEG encourages feedback from stakeholders and will aim to reflect their thoughts into its future activities.

Promotion Structure and Initiatives

The Group has established the "Sustainability Management Promotion Committee" chaired by the President. The Committee receives reports from the CSR, Environmental Management, and HR and D&I Promotion Councils on their plans and progress in addressing sustainability issues, and discusses a wide range of cross-cutting issues and initiatives, including issues related to the disclosure of non-financial information, such as the publication of integrated reports, and policies and approaches to sustainability management.

Monitoring by the Board of Directors: The activities of the Committee, which meets semi-annually, are reported to the Board after each meeting, and items on the Committee's agenda that require submission to the Board are discussed and reported on separately see [→ P30], providing a structure for the Board to oversee sustainability management.

Environment

In 1997, the Group established the "Environmental Policy"^{*1} as one of its key management challenges to address the global environment, including climate change. In accordance with the policy, the Group has continuously worked on environmental protection activities from a global perspective.



*1 Environmental Policies

Climate Change Risks and Impact on Corporate Value

In line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), the Group discloses information on "Governance", "Strategy", "Risk management", and "Metrics and Targets" related to climate change. The scenario analysis in the Group's Strategy considers two scenarios: one in which the global average temperature increase is limited to 1.5°C above pre-industrial levels and one in which the average temperature increases by 4°C. The risks and opportunities of climate change are analyzed in terms of their impact on the business and future initiatives. The risks and opportunities associated with climate change are analyzed in terms of their impact on the business, and future initiatives are discussed in the TCFD recommendations. The disclosures (including scenario analysis) based on the TCFD are described in [→ P40].



Disclosures based on TCFD recommendations are also posted on the Group website.

Go for Green 2025

To achieve the Group vision of a "Green Society" set forth in our 2030 VISION, the Group will engage in the following three

activities toward 2025 as part of the "Go for Green"^{*2} 2025 plan".

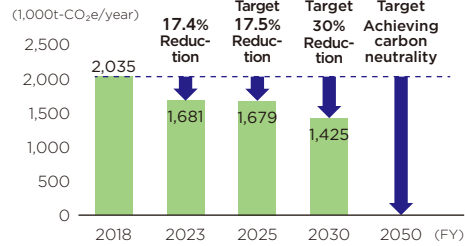
[1] Operate for a Greener Global Environment

Reduction of CO₂ emissions: Toward the GHG emissions reduction targets shown in the diagram on the next page, the Group is making efforts to reduce 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)". In order to achieve the target, the Group is promoting GHG emission reductions based on a core approach of maximizing energy conservation through productivity improvements and the introduction of new technologies, as well as creating green energy through solar power generation and other means, and supplementing the remaining unachieved targets through purchased renewable energy. As a result of these activities, the Group was able to reduce GHG emissions (Scope 1 + 2) by 17.4% in FY2023 compared to FY2018. For Scope 3, the Group asked suppliers with significant emissions from purchased goods and services to report their emissions annually and to continue to reduce them. The Group will continue to make steady efforts to achieve future targets.

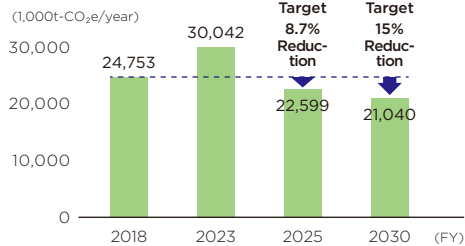
Operate for a Greener Global Environment		Contribute to the Global Environment Through Our Business	Promoting "Eco-Activities 2030"
Reduction of CO₂ Emissions (Reduction Compared to FY2018) Scope1+2 Direct Emissions and Indirect Emissions FY2025 17.5% ▶ FY2030 30.0% Scope3 Other Emissions FY2025 8.7% ▶ FY2030 15.0%		Green Contribution sales >700 billion yen (FY2025) Sales from Eco-Products >1 trillion yen (FY2025)	By FY2030... Over 300 "Good for the Planet" activities in over 20 countries and regions
Promoting circular economy ● Product design and material development for easy recycling ● Waste reduction through reducing defects and sorting, water recycling		Preventing environmental pollution ● Zero environmental incidents, reduction of environmentally hazardous substances	

*2 Go for Green is a registered trademark of Sumitomo Electric Industries, Ltd.

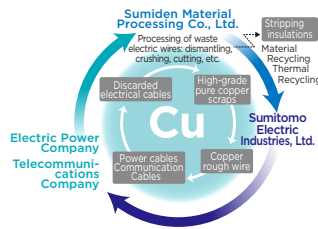
Greenhouse gas emissions (Scope 1+2)



Greenhouse gas emissions (Scope 3)



Promoting circular economy : SEG is working to reduce defects in production, reduce the amount of waste generated, reuse it within the Group and turn it into valuable resources, recycle raw materials, and reduce water consumption and promote water resource recycling. As a prime example of raw material recycling initiative, the Group dismantles used electric power and communication cables at its affiliate Sumiden Materials Processing Co., Ltd. and recycle the recovered copper using



a copper smelting furnace called a Tilting Reverberatory Furnace that the Group owns. SEG will continue to promote a circular economy

while incorporating new technologies.

Preventing environmental pollution : To comply with laws and regulations and to ensure that the customers of the Group can use our products with confidence, the Group is strengthening its management of chemical substances in our products. In addition, as

part of its efforts to reduce substances that have an impact on the environment in the business operations, the Group is promoting the reduction of emissions of substances covered by the PRTR system.

[2] Contribute to the Global Environment Through Our Business

Green Contribution : The Group has designated products and services that promote a Green Society (renewable energy transmission products, electric vehicle products, etc.), and are promoting activities to increase Green Contribution sales. Actual results for FY2023 were 553.2 billion yen.

Eco-products : The Group evaluates environmentally friendly products according to its own criteria (14 points such as reducing the use of resources) and certify those that pass the evaluation as “Eco-Products”. In 2023, sales of Eco-Products amounted to 1.7452 trillion yen.



[3] Promoting “Eco-Activities 2030”

A Group-wide effort to carry out local environmental activities such as nature environmental activities such as nature conservation, biodiversity preservation and community clean-ups. In FY2023, a total of 248 activities were carried out at 148 sites in 17 countries and regions.

Summary of initiatives in the supply chain
(e.g. traceability throughout the supply chain)

	Upstream	SEG	Downstream
Reduction of CO₂ emissions	<p>Scope3</p> <p>Require annual emissions reports and ongoing reductions from high emitting suppliers of purchased goods and services</p> <p>Reducing emissions in logistics</p>	<p>Scope1+2</p> <p>Set annual quantitative targets and promote emissions reductions as part of our activities to reduce emissions by maximizing energy conservation, creating green energy, and purchasing renewable energy</p>	<p>Scope3</p> <p>Reducing customer emissions through the use of the Group's Green Contribution products</p> <p>Reducing emissions in logistics</p>
	Using Life Cycle Assessment (LCA) to calculate environmental impact and promote lower-emission product design		
Promoting circular economy	<p>Recycled use of raw materials</p>	<p>Product design that reduces defects and facilitates recycling / Reduce waste, reuse internally, and convert to valuable resources / Reduce water consumption and recycle water resources</p>	<p>Recovering Used Products</p>
Preventing environmental pollution	<p>Aim to ensure that procured products do not contain hazardous substances that have a major impact on the environment by establishing the “SEG Standards for Chemical Substance Management” and applying the “SEG Guidelines for Green Quality Purchases”</p>	<p>Established and implemented the “SEI Guidelines for the Management of Chemicals in Products” in accordance with JIS Z7201 to properly manage chemical substances contained in products. Established a chemical substance management system to control toxic substances and substances subject to the PRTR system at domestic production sites and domestic affiliates, and aims to reduce PRTR substances by 1% of emissions per year</p>	<p>The Group provides products that comply with customer standards. Upon request, it will analyze products and provide a certificate of non-use of hazardous substances, etc</p>
	Use chemSHERPA, IMDS, etc. as a means of communicating information about chemical substances in products		

New technologies that contribute to a “green society”



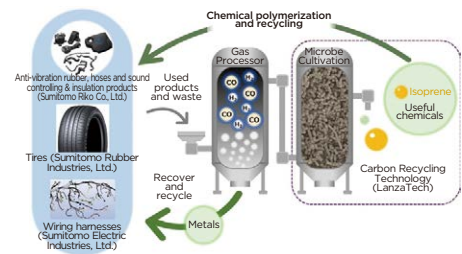
[Circular Economy] Efforts to reuse wiring harness coating resin as raw material

SEG is conducting research with Sumitomo Riko Co., Ltd. and Sumitomo Rubber Industries, Ltd. on the production of isoprene, a new rubber raw material, through a microbial biosynthetic reaction after gasification and gas purification of waste materials such as tires and resins, using LanzaTech's biorecycling technology. Ultimately, the Group will work with raw material producers to establish recycling technologies that will allow isoprene to be reused as rubber and resin. SEG, which manufactures many resin and metal products such as wiring harnesses and power/communications cables, will recycle metal recovered from the waste gasification process and reuse it as a raw material.

[CCUS] Efforts in CO₂ capture and resource utilization technologies

To enable carbon recycling, the Group is working to develop and demonstrate CO₂ capture and recycling technology and equipment that absorbs CO₂ and produces metallic carbonate powder, and to commercialize metallic carbonate powder products.

In FY2023, with the support of the Osaka Prefectural Government’s “Carbon Neutral Technology Development and Demonstration Project”, the Group opened the “Future Society Created by CO₂ Recycling” showroom and attracted great interest by displaying CO₂ recovery and recycling demonstration unit and model products as part of the exhibits.



Products That Contribute to a “Green and Environmentally Friendly Society”

Among the wide variety of products offered by our group, the following are key products that contribute to the “Green and Environmentally Friendly Society” set forth in our “2030 VISION”.

Green Green Contribution
ECO Eco-Products



Activities Contributing to Society (CSR Activities)

In accordance with the “Sumitomo Electric Group Basic Policies on Social Contributions”, the Group, as a member of society, will proactively engage in voluntary activities for “Contributing to Society (CSR Activities)”, focusing on respecting human resources, emphasizing technology, and creating a better society and environment in accordance with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principals. It will also contribute to society in a broad sense through its business activities, including the provision of products, technologies, and services that benefit society.

Contribution to Society Toward 2025

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

Contribution to CSR activities

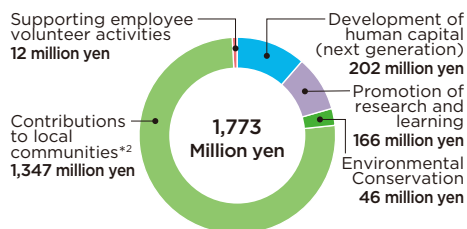
FY2023	FY2025 (target)
1.05%	Approx.1%

Structure to Promote the Initiative

Based on the Group Basic Policies on Social Contribution, the Sumitomo Electric Group CSR Foundation, Sumitomo Electric Industries, Ltd. and domestic and overseas Group companies promote CSR activities. Activities of particular importance are implemented after deliberation at meetings that include the Board of Directors.

The “Mid-term Management Plan 2025” sets a target of 1% of profit after-tax as the amount of contributed to “Contribution to CSR activities”, and developed activities in various areas such as human capital (next generation) development, promotion of

Contributions by Area (FY2023 Results)*1



*1 Sumitomo Electric Industries Ltd. and consolidated subsidiaries
*2 Includes a portion of contributions for activities related to areas other than contributions to local communities, such as environmental conservation and human capital (next generation) development

research and learning activities, environmental conservation, and contributions to local communities. In FY2023, the Group contributed 1.77 billion yen, or 1.05% equivalent of profit after-tax for “Contribution to CSR activities”.

SEG will continue to promote each of these activities contribute to the countries and regions in which it operates.

Please see the CSR Book and our website to learn more about how SEG contributes to society.



Noteworthy activities

Human capital (next generation) development	<ul style="list-style-type: none"> • Accepting work-experience programs, internships and plant tours • On-site classes and support for extracurricular activities (sports, etc.) • Scholarship grants • Sponsorship of student competitions, etc.
Promotion of research and learning	<ul style="list-style-type: none"> • Subsidies for academic and research programs • Endowed university courses provided • Donation of Research Equipment
Environmental Conservation	<ul style="list-style-type: none"> • Cleaning activities • Protection of biodiversity (forest conservation, protection of endangered species) • Environmental awareness activities
Contributions to local communities	<ul style="list-style-type: none"> • Road safety and cooperation in local disaster preparedness • Participation in and sponsorship of community events and activities
Supporting employee volunteer activities	<ul style="list-style-type: none"> • Volunteer leave program • Matching gift program

Developing next generation talents and promoting academic pursuits through the Sumitomo Electric Group CSR Foundation

The Sumitomo Electric Group CSR Foundation, established in 2009, is dedicated to human capital development and academic pursuits in a variety of areas both in Japan and overseas. Specifically, the Fund actively conducts projects such as (1) endowed university courses, (2) subsidies for academic and research programs, and (3) scholarships.

The Fund has supported 1,975 students in Japan and overseas so far, and 168 students in FY2023. In addition to a plant tour, the scholarship recipients gave reports on their research themes and other topics. The event provided a valuable opportunity for communication among the scholarship recipients, who actively asked questions and exchanged opinions.



Social event for the scholarship holders



Plant tours

Promoting community contribution activities at each site

SEG operates in more than 40 countries and regions around the world. The Group respects the culture and customs of each country and region, and engage in a variety of local contribution activities with the aim of coexisting with local communities.

Of these, more than 19 countries and regions are involved in environmental conservation. For example, in Japan, Nissin Electric Co., Ltd. and other companies are engaged in forest conservation, while in Asia, nine Indonesian Group companies are working together to plant mangroves, and Sumiden Steel Wire (Thailand) Co., Ltd. is involved with the release of fish and shrimp. In addition, as a common initiative in each country and region, the Group conduct clean-up activities around its business sites and in the mountains, rivers and oceans.



Forest conservation activity



Mangrove planting



Continued support for employee volunteer activities

The Group is also working on measures to support employees' voluntary activities for "Contributing to Society (CSR)". Specifically, the Group has introduced volunteer leave program, collaborated with NPOs such as the TABLE FOR TWO program*1 and the Ecocap Movement*2, donated to the Japan Committee for UNICEF, the Japanese Red Cross Society, and the World Wide Fund for Nature Japan through the Matching Gift program*3, and provided relief funds to areas affected by natural disasters (2024 Noto Peninsula Earthquake and 2024 East Taiwan Earthquake).

*1 A program to provide school lunches in developing countries using a portion of the proceeds from sales of special menus served in corporate cafeterias and other locations. In conjunction with World Food Day, "Onigiri Action", which donates five school lunches when a picture of an onigiri is posted on SNS, etc.
*2 Collecting plastic bottle caps and donating the proceeds from their sale to pay for vaccines for children in developing countries
*3 A program in which the Group matches employee donations by donating the same amount



Sumitomo Wiring Systems "Suwa-Daiko" Japanese Drum Team



TABLE FOR TWO "Onigiri Action"

Actively supporting sports activities and events

The Group believes that the spirit of "Banji-nissei" one of the Sumitomo Spirit, which states, "do your sincere best, not only in business, but also in every aspect of your life," can be shared by athletes and coaches who engage in sports, and aims to contribute to the development of various sports.

Since 2012, the Group has organized the Sumitomo Electric Track and Field Festa every year, an event that allows participants to interact with top athletes in track and field competition and classes. The Group also sponsors marathons, participates in volunteer activities for events, holds sports events for elementary and junior high school students, and provides guidance to local sports clubs.



Track and field classes



Supporting local judo club activities by Sumitomo Riko

Human Rights

Under the Sumitomo Electric Group Policy on Human Rights established in 2019, the Group recognizes that all of its business activities must be based on respect for human rights, and it promotes Group-wide efforts to respect human rights and linking these efforts to the enhancement of corporate value.

Efforts of the Group

Human rights due diligence : Based on the United Nations Guiding Principles on Business and Human Rights and the Guidelines on Respecting Human Rights in Responsible Supply Chains issued by the Ministry of Economy, Trade and Industry, the Group conducted human rights due diligence at Sumitomo Electric Industries Ltd. and 284 Group companies in Japan and overseas in FY2022 to uphold our responsibility to respect human rights.

The Group considers "child labor", "forced labor", "migrant workers", "young workers", "wages and benefits", "working hours", "discrimination and harassment", "freedom of association", and "employee health care" to be risks with negative impacts on human rights. The survey focused on "child labor", "forced labor", and "migrant workers", based on the magnitude of their impact on business operations. The survey did not identify any risks related to "child labor" or "forced labor". However, with regard to "migrant workers", it was confirmed that four domestic and overseas group companies that employ migrant workers have issues related to the content of contracts with staffing agencies and recruitment fees related to migrant workers.

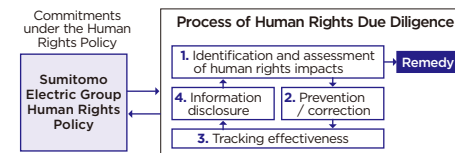
For FY2023, in addition to correcting the identified issues, the Group has conducted new human rights due diligence at certain Group companies in the Eastern Europe region, and have taken corrective actions and reviewed reoccurrence prevention measures for identified issues such as recruitment fees for migrant workers.

In addition to its ongoing efforts, the Group

will continue to establish a structure to identify serious human rights risks and will work with external experts to develop a system to identify potential human rights risks in each country. **Human rights training** : The Group also makes continuous efforts to conduct human rights training and awareness activities to address various human rights issues, including discrimination and harassment issues. In addition to human rights training for senior management, new employees, and those promoted to new positions, and harassment prevention training for all managers, a total of 22,199 employees participated in human rights training in FY2023, including in-office training led by members of the Human Rights Task Committee at their workplaces.

Efforts Outside the Group

Responsible minerals sourcing initiative : The Group recognizes risks such as human rights abuses and labor issues in Conflict Areas and High-Risk Areas (CAHRAs), as described in the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance, as among the most serious social issues in the supply chain. In order to uphold its social responsibility in sourcing activities, the Group is committed to "responsible minerals sourcing" that does not use raw materials linked to conflict minerals associated with illegal or dishonest acts. To this end, as part of its efforts related to the "CSR Procurement Guidelines" and "Supplier Code of Conduct" described on [→ P19], the Group will, where appropriate, investigate the supply chain for minerals associated with illegal or dishonest activities, and if there are concerns that the minerals may cause human rights issues and other types of social problems, or be a source of funding for armed groups, the Group will take steps to avoid their use.



The Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles

Details of our human rights initiatives can be found in the CSR Book and on our website.



Compliance

The Group believes that the backbone of its management and the absolute foundation for its continued existence and development is compliance, which encompasses both adherence to laws and regulations and business ethics. While keeping abreast of the latest trends in various compliance matters, the Group will make sincere efforts to conduct fair corporate activities that earn the trust of society, based on the Sumitomo Spirit principles of “*Banji-nissei*”, “*Shinyo-kakujitsu*”, and “*Fusu-furi*”.

Organization That Supports Compliance and Its Structure

Compliance Committee

The Compliance Committee, chaired by the President, has been established as an organization to plan and promote measures necessary to improve and further strengthen the compliance system in the Group, and meets approximately four times a year.

The Committee is responsible for identifying and analyzing compliance risks throughout the Group, reviewing and evaluating the status of compliance programs, such as competition laws, anti-bribery and anti-corruption programs, and the whistle-blowing system (the Speak Up System) as well as conducting hearings on the status of legal compliance efforts the divisions and Group companies, etc.

The activities of the Committee are also reported regularly to the Board of Directors.

Compliance Committee Structure



Compliance Activities

Code of Conduct

The Compliance Committee, with the approval of the Board of Directors, established and issued the Code of Conduct in 2018 as the Group’s common rules for compliance.

In addition to compliance with laws and regulations, it sets out the basic policies including fair competition, anti-bribery, protection of confidential information and intellectual property, respect for human rights and environmental protection. The policy has been translated into approximately 30 languages, and distributed to the executives and employees of the Group, displayed on posters, and posted on the website and intranet.

In addition, the Group has established the Supplier Code of Conduct in 2021, which asks its suppliers to follow, and is working to disseminate it throughout our global supply chain, as described on [→ P19].

Compliance Training

Ongoing training including the Code of Conduct and compliance with competition law are conducted for the purpose of implementing measures for the prevention and to raise awareness of such issues. The goal is to have 250,000 people take the course over the three-year period from FY 2023 to FY 2025, and 110,000 people took the course in FY 2023.

Employees trained in code of conduct, compliance with competition laws, etc.

Target for FY2023 – FY2025	250,000 headcount /3 years
FY2023 results	110,000 headcount /year

Whistle-blowing System (the Speak Up System)

The Speak Up System has been established to identify early signs of compliance issues and to address them promptly and appropriately ourselves. Specifically, the Group has established points of contact for reporting and consultation both inside and outside the Group (by appointing a specialized service provider and law firm), and all reports of issues received are promptly investigated and corrective actions taken, with the results shared with the person who reported the issue.

The number of reports and consultations continues to increase each year as a result of the active messaging about the points of contact, resulting in improved behaviors and situations being reported.

Number of consultations and reports

FY	2019	2020	2021	2022	2023
Number	119	120	186	188	243

Priority Matters Regarding Compliance

Compliance with Competition Laws

SEG considers compliance with domestic and international competition laws to be its most important compliance issue, and established the “Rules for Compliance with Competition Laws” in 2010, which include rules such as limiting contact with other companies in the same industry to cases where there is a legitimate reason, and conducting training on the rules. In 2020, the “Global Antitrust and Competition Policy” was established to prevent cartel and bid-rigging activities and other violations of competition laws, including suspicious activities within the Group.

Anti-bribery Compliance System

In order to strengthen the anti-bribery compliance structure of the Group, it has established the “Anti-Bribery Regulations” in 2013, and have implemented procedures

within the Group for pre- and post-application and reporting of business entertainment, gifts, and donations, and for the review of transactions with newly appointed agents (bribery risk assessment, inclusion of anti-bribery clauses, obtaining written pledges, etc.).

In addition, the Compliance Committee conducts hearings and training sessions to enhance the effectiveness of anti-bribery measures, and divisions and Group companies also conduct self-inspections.

Privacy Protection

Personal information of private individuals, business partners, employees and others is treated in an appropriate manner in compliance with national and international laws and regulations on the protection of personal information. In recent years, regulations regarding the protection of personal information have been tightened in countries around the world, including examples such as the EU General Data Protection Regulation (GDPR), and the Group is taking steps to comply with such regulations.

Quality Compliance

Complying with laws and rules and providing products of the quality expected by the Group’s customers is the absolute foundation for our sustainable development as a company. In order to ensure the quality compliance, the Group has taken measures such as clarifying rules for preventing quality irregularities, expanding training, and strengthening check functions. In 2022, the Group established the “Quality Data Falsification Prevention Regulations”, which consolidates and expands important points for preventing quality fraud from the existing “the Sumitomo Electric Group Quality Management Global Standards” and other standards. In addition, the Group rolled out quality compliance training for all Group employees to reinforce our efforts in 2023.



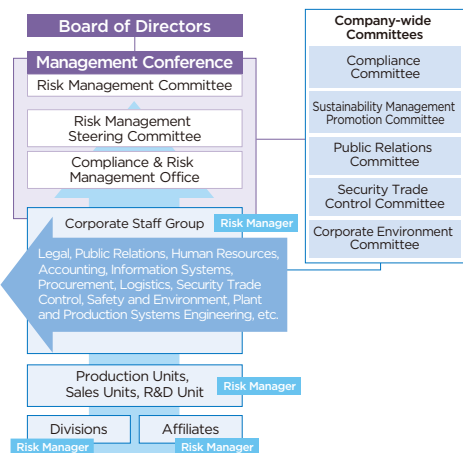
Risk Management

The Group identifies, analyzes, and evaluates risks as factors that may impede or have adverse effects on the execution of our business activities and the achievement of management goals and strategies, and works to mitigate and minimize risks with reasonable measures at reasonable costs.

Risk Management System

Our Risk Management Committee, which oversees all risk management activities, meets in conjunction with the Management Conference. The Risk Management Steering Committee, which is responsible for administering the practical operations under the Risk Management Committee, formulates risk management policies, establishes a task force in the event of a crisis, collects information, and plans and implements risk management trainings.

Risk Management System



Group Risk Categories

The Group's risk management activities are based on an "annual risk inventory" conducted by each department and affiliated companies. The Group comprehensively assesses the impact and frequency of occurrence of various risks, identifies "critical risks" that should be prioritized, and implements the necessary measures to address them. The Risk Management Committee shares awareness and discusses responses to major risks common to the Group, such as

natural disasters and infectious diseases, and monitors the risks in collaboration with Audit & Supervisory Board Members, internal audit departments, and corporate staff departments responsible for each risk. In parallel, the entire Group is updating and improving its Business Continuity Plan (BCP).

Risk Classification of the Group

Major Category	Middle Category	Minor Category
Externally generated risk	Non-financial risks	<ul style="list-style-type: none"> Disaster risk, crime risk Political, and country risks, etc
	Financial risks	<ul style="list-style-type: none"> Credit risk Market risk; e.g. interest rate, exchange rate and material prices Liquidity risks, etc.
Internally generated risk	Strategic risk	<ul style="list-style-type: none"> Competitive strategy risk, etc.
	Operational risk	<ul style="list-style-type: none"> Product quality and safety risks Occupational hazards, facility accident and safety risks Environmental risk Compliance risk Violation risk Labor, human rights and personal information risks Financial information credibility and asset protection risks Information and communication system risks Intellectual property rights risk Reputation risk, etc.

Strengthening Information Security Measures

To protect confidential and personal information, the SEI-CSIRT plays a central role in security diagnosis and auditing and in strengthening the governance of each Group company. In addition, the SEI-CSIRT has implemented various security technologies, such as a system to monitor fraudulent activities based on log information and countermeasure software to detect unknown malware.

Details of the Group's key risks and initiatives can be found in Consolidated Financial Statements, our CSR Book and on our website.



Governance

Corporate Governance

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

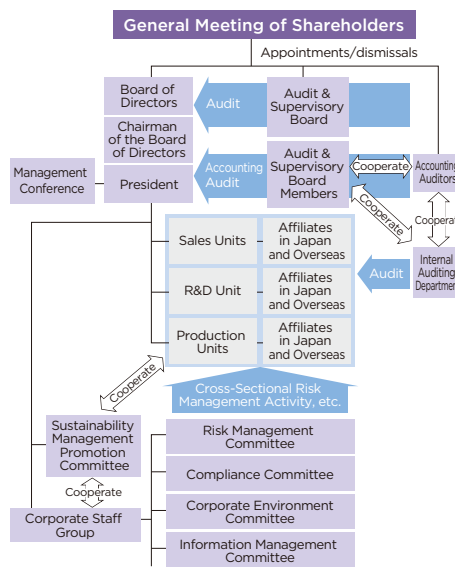
Adhering to this basic philosophy, the Group aims to achieve sustainable growth and enhance corporate value of the Group over the medium to long term as well as to steadily return the results to all of its stakeholders as a going concern based on the concept of "Multistakeholder Capitalism" ("Goho Yoshi" (Five Way Win) — Mutual prosperity with employees, customers, suppliers, regional communities, and shareholders/investors), which focusing on contributing to the public benefit and mutual prosperity with all of our stakeholders. The Group will thus work to ensure and enhance the transparency and fairness of management based on proper corporate governance.

Board of Directors and Business Operating Structure

Functions and Operations of the Board of Directors

The Group places importance on the function of the Board of Directors to make decisions on basic management policies, etc. and to supervise management, and has stipulated important matters to be resolved by the Board of Directors, and delegates decision-making on business execution other than these important matters to representative Directors and Directors responsible for business execution, to ensure mobility and flexibility in business execution.

Corporate Governance Structure



In addition, in order to further ensure the effectiveness of the supervisory function of the Board of Directors, the Group established the Nominating Advisory Committee and the Compensation Advisory Committee, which operates as an advisory body to the Board of Directors and is composed primarily of Outside Directors and chaired by an independent Outside Director.

Board of Directors - agenda and items for discussion

- Progress on initiatives to achieve the long-term vision
 - Fundamental Policy for Sustainability Management
 - Progress on mid-term management plan and annual sales profit/loss plan, status of capital efficiency
 - Strengthening of the Group's integrated capabilities, progress in efforts to improve Group governance
 - Material investments, financings, and other individual business projects
 - Progress in R&D
- Others

Business Operating Structure

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

Analysis and Evaluation of Effectiveness of the Board of Directors

The Board of Directors of the Group analyzes and evaluates the effectiveness of the Board of Directors every year and discloses a summary of the results of such analysis and evaluation. For more details, please see [→ P31].



Audit and Supervisory System

Since Audit & Supervisory Board Members and the Audit & Supervisory Board have played a certain role in ensuring the soundness of management, the Company employs the system with the Audit & Supervisory Board. The majority of corporate auditors are Independent Outside Corporate Auditors with a wide variety of expertise and perspectives who, along with full-time corporate auditors and dedicated staff, work with the internal audit department and accounting auditors to monitor the company.

The Internal Auditing Department has been established as the department responsible for internal audits. The Internal Auditing Department conducts audits such as on-site inspections of business sites, including the Group companies, in accordance with the Group's Business Audit Regulations and audit plans, investigates issues and proposes corrective measures to ensure proper and efficient business operations, confirms the status of implementation of corrective measures for the issues identified, and reports the results to the full-time audit & supervisory board members.

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

Policies on Nomination and Compensation of Officers

Nomination Policy for Director and Audit & Supervisory Board Member Candidates

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

current environment and future changes, and those who have excellent character and insight.

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

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

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

Policy for Determining Compensation

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

The Nominating Advisory Committee and Compensation Advisory Committee — Discussion in FY2023

[Nominating Advisory Committee]	[Compensation Advisory Committee]
<ul style="list-style-type: none"> • New executive structure • Treatment of retired officers • Diversity of executive personnel • Outside Audit & Supervisory Board Members Others 	<ul style="list-style-type: none"> • Total amount of bonuses to be paid to Executive officers • Policy for assessing bonuses for Executive Officers • Bonus amounts monthly compensation for individual Executive Officers Others

For the list of Executive Officers and a skills matrix, please see [→ P38-39].

For more information on corporate governance, please see our website.

Corporate Governance Guidelines and Corporate Governance Report (including policies and procedures for determining compensation of senior management, the Board of Directors and others)



Convocation notice for General Meeting of Shareholders (including the reasons for the selection of the candidates for the Board of Directors and Audit & Supervisory Board Members)



Overall



Results of Analysis and Evaluation of Effectiveness of the Board of Directors (conducted in 2023)

Efforts to Focused in 2023 Based on the Previous Year's Evaluation

Expanded opportunities for deliberation and reporting on important themes at the Board of Directors meetings, including the formulation of the new "Mid-term Management Plan 2025" based on the concept of "Multistakeholder Capitalism (*"Goho Yoshi"* (Five-Way-Win))" and measures to strengthen Group governance.

- Enhanced the executive officer system with the aim of further improving the business execution system to realize the long-term vision "Sumitomo Electric Group 2030 VISION".
- Established opportunities for Outside Officers to visit internal meetings and sites (temporarily suspended due to COVID-19, but subsequently resumed), continued to hold meetings attended only by Outside Officers, and continued to hold dialogues between Outside Directors and Executive Directors.

Analysis and Evaluation Process

After distributing a non-anonymous questionnaire on the following items to all Directors and Audit & Supervisory Board members, including Outside Officers, individual interviews were conducted with five Outside Directors and three Outside Audit & Supervisory Board members based on the results of the questionnaire. In addition, the results of the analysis and the direction of future initiatives were reviewed and confirmed at the Board of Directors' meeting in November 2023. When considering the structure of the questionnaire and the design of the questions, the Company obtained the advice of external experts (lawyers) to ensure objectivity.

[Evaluation Items]

- Role of the Board of Directors (decision-making on important matters, supervisory function over the management, etc.)
- Operation of the Board of Directors meetings (length of deliberations, quantity and quality of discussion materials, discussion environment etc.)
- System of support for Outside Officers (advance provision of information, opportunities for dialogue/exchanges with executive officers, etc.)
- Compensation Advisory Committee and Nominating Advisory Committee (operation, details of deliberations, etc.)
- Composition of the Board of Directors (allocation of responsibilities, number of directors, diversity, etc.)

Outline of Results

1. Overall Analysis and Evaluation Results

As a result of the review by the Board of Directors based on the results of the questionnaire and interviews, the Board confirmed that continuous improvements have been made in all aspects of its role, operation and composition, and that its effectiveness is ensured. As measures to enhance the effectiveness of the Board of Directors, the Company has worked to enhance the opportunities for information provision by reviewing the criteria for the agenda of the Board of Directors' meetings and means such as dialogue between Outside Directors/Outside Audit & Supervisory Board Members and inside Directors, and the Company will continue to implement measures to further enhance the effectiveness of the Board of Directors.

deliberations and reports were largely appropriate, and the Board of Directors properly fulfilled its "function of deciding on basic management policies and other important matters" and its "function of supervising management," which are considered important by the Company.

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

With regard to its operation, the Board of Directors confirmed that, as a result of the continuous review of its meeting agenda criteria, operating rules, etc., it was able to conduct appropriate deliberations through a free and open exchange of opinions. In addition, the Board of Directors confirmed the opinion expressed by all Outside Officers that appropriate support has been provided to ensure that the Outside Officers are able to perform their duties.

The Board of Directors also confirmed that the Nominating Advisory Committee and the Compensation Advisory Committee each held five meetings in FY2022, and that their activities, deliberations and reports to the Board of Directors, etc., were properly conducted.

3 | Composition of the Board of Directors

The Board of Directors has confirmed that its composition, including the number of Outside Directors, is appropriate in terms of balance with respect to the Company's business execution system, as it operates a wide range of businesses, knowledge, experience, diversity, etc.

Future Measures to Enhance Effectiveness

As a result of the review by the Board of Directors based on the results of the questionnaire and interviews, the Board of Directors confirmed that it will proceed with the following measures in order to further enhance effectiveness:

- Aim to enhance opportunities for review and information sharing regarding the progress of measures to address issues for achieving the long-term vision "Sumitomo Electric Group 2030 VISION" and the main indicators and goals listed in the "Mid-term Management Plan 2025" based on the concept of "Multistakeholder Capitalism (*"Goho Yoshi"* (Five-Way-Win))" by utilizing the Board of

Directors meetings, other internal meetings, etc.

- To further enhance the supervisory function over management, identify business risks more timely and accurately than before, share information on them, and continue to engage in prior review by various committees, business units, etc., and improve the effectiveness of risk management.
- The Board of Directors will further improve its deliberations, mainly when deciding on important matters, by conducting more efficient meetings through further improvement of meeting materials, etc.
- The Group will continue to be attentive to diversity in the composition of the Board of Directors.

Message from the Outside Directors



Outside Director
Hiroshi Sato

Brief Personal History |

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



Outside Director
Michihiro Tsuchiya

Brief Personal History |

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



Outside Director
Christina Ahmadjian

Brief Personal History |

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

Over the past decade, the Group has expanded its business and increased its corporate value. This is something that deserves great recognition. The Progress with product specialization, advanced production technology, and globalization of sales and marketing working together has been a key factor in attracting customer attention and achieving significant growth. Examples of this can be seen in automotive wiring harnesses and power cables.

So has the Group achieved its goal? I think not, and there is still room for growth. First, continue efforts to roll out products, whether existing or new. Second, work to further refine its manufacturing capabilities. The direct economic impact of reducing manufacturing defects is significant, and it will also have a significant impact when collaborating with other companies through M&A.

The Group will continue to play an active role in the world, and what is needed as its assets are comprehensive manufacturing capabilities, including intellectual property such as patents, know-how, and standardization.

While there are many management issues today, including improving capital efficiency, implementing GX and DX, etc., I hope that the Group, as a manufacturer, will continue with the golden rule of strengthening our manufacturing capabilities, which underlies these issues. It is the spirit of “*Fueki-Ryuko*” that selects what to change and what not to change.

In the “Mid-term Management Plan 2025”, the Group declared its commitment to mutual prosperity with its five stakeholders: employees, customers, suppliers, regional communities, and shareholders & investors. The theme of the plan is “*Goho Yoshi*” (Five-Way Win). I would like to work with our employees to ensure that this phrase takes root in every corner of our Group.

The Group has developed its business extensively and consistently achieved strong results through the accumulation and integration of a wide variety of technologies. In order for the Group to continue to grow in the future, it is necessary to further evolve and advance its business.

In terms of R&D, there seems to be a strong tendency towards being self-reliant and conducting all research and development activities within the Group. However, I believe that there is a need to be more proactive in promoting collaboration with industry, government, and academia, both at home and abroad, especially in the area of basic research. Benchmarking is also important. The Group should review market trends, its position and competitive advantage. It should discuss these with other companies as appropriate. This will lead to the Group’s strength, and this strength will become the source of new growth. In order to successfully collaborate with other companies, it is important to build a network of internal and external contacts, and since practical experience in the various departments is crucial, it is necessary to promote the strategic allocation of people, with a view to human capital development.

In general, businesses have a life cycle. I myself have been involved in a number of businesses. Even if you start a new business unit and develop it into a business that supports the backbone of the company, it will eventually reach maturity and then decline. In the pursuit of maximizing business value, I believe it is important not to miss the timing and to think in advance about how to manage the period of decline, which will ultimately lead to a strong corporate structure.

I will continue to encourage boldly taking on the challenges of attractive businesses by capitalizing on the unique characteristics of the Group and creating a free and energetic corporate culture that is a source of new business creation.

With a balanced portfolio of businesses in environmental & energy, info-communications, automotive, electronics and industrial materials, the Group is meeting the needs of industrial transformation, including GX, DX and CASE. The Group recently decided to establish manufacturing facilities in Scotland and Germany to produce power cables for renewable energy applications to support GX. This is a very important investment for the future growth of our Group and I look forward to a successful project.

On the other hand, I feel that one challenge the Group continues to face is the cross-organizational linkage between the business units. There is a strong sense of silos, which has led to rapid business execution, but with the various businesses (large, medium, and small), the Group should promote the sharing of knowledge and experience accumulated to date and the exchange of human capital to raise standards across the Group as a whole.

Furthermore, Diversity and Inclusion (D&I) also need to be further strengthened. Our top management has shared its thoughts with our employees, and as a result, the Group has steadily created an environment in which female employees can play an active role. The Group have been able to achieve the goal of 100% maternity leave for male employees by the end of FY2023, as stated in the “Mid-term Management Plan 2025”. This is a wonderful achievement. However, the appointment of non-Japanese executives is still insufficient. New business opportunities are emerging globally, and the Group needs to create an environment where foreign executives can play a bigger role.

The “*Goho Yoshi*” (Five-Way Win) policy of the group is characterized by the presentation of specific indicators and targets to our five stakeholders. This is highly commendable. The Board of Directors will monitor whether the Group is steadily returning profits to each stakeholder.

Message from the Outside Directors

Outside Director Katsuaki Watanabe

Brief Personal History |

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



As a B2B company, the Group considers other corporations (B) to be its customers and lacks insight into end consumers (B2C). The Group needs to strengthen its marketing capabilities by understanding the needs of the users (C) beyond the customer company (B) and develop technologies for them as well as offer ideas to them.

“Energy”, “Info-Communication” and “Mobility”, the three focus areas of the Group’s “2030 VISION”, are areas where it has long been developing its business, possessing technological expertise, and building relationships with a wide range of customers. In “Mobility”, for example, it is important to focus on responding to CASE, the revolution in the automotive industry, and seize business opportunities by leveraging the Group’s comprehensive strengths. The Group needs to further strengthen our management cross-functional capabilities to enhance cooperation between related divisions to meet the needs of not only CASE, but also GX, DX, and other social reforms. I believe that the challenge for the future is to demonstrate this new innovation in concrete terms.

The concept of “*Goho Yoshi*” (Five-Way Win) is wonderful. Expressing “Multistakeholder Capitalism” as “*Goho Yoshi*” makes it easier for each and every employee to understand the concept. I would like everyone in the Group to take a fresh look at whether we are paying attention to the “Five Ways” such as: Is there a culture in which “Employees” put the Sumitomo Spirit into practice, are we strengthening our marketing capabilities to “Customers”, are we building partnerships with “Suppliers” as manufacturing partners, and ensure that we act on this basis to reinforce it in all of us.

Outside Director Atsushi Horiba

Brief Personal History |

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



As a company with a long history, there seems to be a general atmosphere of conservative management in the Group. However, in today’s drastically changing market environment, I think it is good to take some risks and break out of the status quo. The Group has a large number of people with diverse skills. In order to build a culture that draws out the spirit of challenge from each of them and encourages them to take bold actions, the Group must first change the atmosphere of the organization.

My rule of thumb is that if you do not change your organization every five years, it will become obsolete. Organization is a strange thing - reorganization can create many opportunities and new ideas that are rarely seen in a rigid organization. The mood of the organization will change, the organization will become more energized, and the same people will demonstrate different capabilities in different situations. In addition, as the organization becomes more agile, it becomes easier to get critical information to core management, increasing the intelligence of the organization.

I think the good sense of balance in the notion of “*Goho Yoshi*” (Five-Way Win) is a culture that should be passed on with great care. As an example, Horiba, Ltd., of which I am the Chairman and Representative Director, has made “Joy and Fun” its corporate philosophy, and to make this corporate philosophy “fresh,” so to speak, I am carrying out “flood control”. By this I mean down-to-earth reforms that do not change the course of the entire river, but rather keep the river flowing while changing what needs to be changed, such as building dykes and creating tributaries to make the river flow sideways while maintaining its overall flow. I think it is also important for the Group to continue with the down-to-earth reforms by changing what needs to be changed, while at the same time keeping the river flowing.

Outside Director Kyoko Kawamata

Brief Personal History |

Kawamata joined Mainichi Shimbun in 1988, and was appointed Deputy General Manager of the Project Headquarters in 2015, Deputy General Manager of the President’s Office in 2020, General Manager of the Intellectual Property Business Headquarters in 2021 and served as a Director of the Company from 2022 to 2024. She became an Outside Director of the Sumitomo Electric from 2024.



“A manufacturer cannot survive unless it continues to innovate”. These are the words I heard as I toured our manufacturing facilities. I am convinced that it is this willingness to challenge ourselves that will enable our Group to survive and thrive in these fast-moving times.

In addition, the Group does not engage in “selection and concentration” but rather develops a wide range of businesses in five fields, including automotive and environment & energy, supported by high technological capabilities created through research and development. However, there is inevitably a strong sense of silos between departments, and there is a concern that opportunities for exposure to people with different ideas and perspectives are lost, making it difficult to generate ideas. I believe this can be improved by creating interaction through projects that cross departmental boundaries and by strategically moving people between departments.

The “2030 VISION” calls for promoting D&I. As the Group continues to build an organization that maximizes the abilities of diverse employees, global companies are now moving toward the promotion of DEI, which adds equity to D&I.

Equity, translated as fairness, is about giving everyone the opportunity to use the information, tools, and mechanisms to challenge themselves according to their individual ability. I believe the Group needs to develop DEI.

One of the stakeholders in the “*Goho Yoshi*” (Five-Way Win) concept promoted by the Group is the regional community. For example, I was wondering if it would be possible to incorporate contemporary art into our production facilities, while of course taking safety into consideration. The white factory walls are a perfect canvas. From the point of view of urban development, tourism and cultural promotion, I think it would be interesting to create a “factory x art” project that would be appreciated by the local community.

I will continue to do my utmost to support the challenges that are unique to the Group.



Corporate Data

Summary of Financial and Employee Data

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Financial Situation and Business Results (Unit: Million yen)											
Net Sales	2,568,779	2,822,811	2,933,089	2,814,483	3,082,247	3,177,985	3,107,027	2,918,580	3,367,863	4,005,561	4,402,814
Overseas Net Sales Ratio (%)	55.2	58.3	59.5	58.8	59.7	58.5	55.8	57.3	58.3	62.6	62.2
Operating Profit	120,058	134,457	143,476	150,503	173,139	166,260	127,216	113,926	122,195	177,443	226,618
Profit before Income Taxes	123,833	167,067	154,859	167,792	193,337	181,388	133,198	110,340	159,921	196,472	238,545
Profit Attributable to Owners of the Parent	66,748	119,771	91,001	107,562	120,328	118,063	72,720	56,344	96,306	112,654	149,723
Total Net Assets	1,379,912	1,646,913	1,561,289	1,628,615	1,764,086	1,776,313	1,766,647	1,892,506	2,052,938	2,110,819	2,431,888
Total Assets	2,554,819	2,925,785	2,742,848	2,907,292	2,999,903	3,053,263	3,100,260	3,381,914	3,807,390	4,013,008	4,365,397
Interest-bearing Debt	534,641	550,839	457,145	510,989	492,567	540,745	636,262	685,087	859,794	960,368	801,499
Capital Expenditure	150,800	148,200	167,300	183,700	171,100	190,300	208,800	172,200	189,700	208,300	193,800
Depreciation and Amortization	113,300	126,700	134,400	134,500	146,100	148,900	163,600	168,000	180,500	196,000	206,300
R&D Expenses	99,500	105,600	110,800	115,200	117,700	129,600	125,400	118,800	123,100	127,700	142,000
Per Share Information (yen)											
Earnings per Share	84.15	151.00	114.73	137.61	154.29	151.38	93.24	72.25	123.49	144.45	191.98
Shareholders' Equity per Share	1,499.76	1,804.34	1,715.28	1,815.32	1,973.95	1,988.58	1,946.93	2,088.51	2,269.31	2,436.14	2,830.82
Dividends per Share	22	30	35	40	46	48	40	32	50	50	77
Dividend Payout Ratio (%)	26.1	19.9	30.5	29.1	29.8	31.7	42.9	44.3	40.5	34.6	40.1
Cash Flow (Million yen)											
Cash Flows from Operating Activities	147,705	153,509	240,779	209,233	239,573	177,656	264,608	169,656	76,002	265,191	393,465
Cash Flows from Investing Activities	△ 174,102	△ 86,888	△ 117,387	△ 194,829	△ 174,265	△ 184,601	△ 178,020	△ 163,430	△ 165,447	△ 147,821	△ 123,809
Cash Flows from Financing Activities	113	△ 64,037	△ 115,912	△ 4,763	△ 66,795	△ 4,324	△ 1,277	△ 13,099	82,816	△ 98,290	△ 292,313
Free Cash Flow	△ 26,397	66,621	123,392	14,404	65,308	△ 6,945	86,588	6,226	△ 89,445	117,370	269,656
Cash and Cash Equivalents	160,129	177,107	174,055	180,002	180,108	168,873	249,011	251,441	255,540	279,432	268,273
Financial Indexes (%)											
Operating Income / Net Sales	4.7	4.8	4.9	5.3	5.6	5.2	4.1	3.9	3.6	4.4	5.1
Shareholders' Equity Ratio	46.6	48.9	49.6	48.7	51.3	50.8	49.0	48.2	46.5	47.3	50.6
Return on Equity	5.9	9.1	6.5	7.7	8.1	7.6	4.7	3.6	5.7	6.1	7.3
Operating Income / Invested Assets (ROIC)	6.6	6.5	6.8	7.2	7.9	7.3	5.4	4.6	4.5	5.9	7.2
Return on Invested Capital Before Tax (Before-tax ROIC)	6.8	8.1	7.3	8.1	8.8	7.9	5.6	4.4	5.8	6.6	7.6
Debt / Equity Ratio	44.9	38.5	33.6	36.1	32.0	34.9	41.9	42.1	48.6	50.5	36.3
Employee Data											
Number of Employees	225,484	240,798	240,865	248,330	255,133	272,796	283,910	286,784	281,075	289,191	293,266
Japan	37,715	38,892	38,537	39,236	39,637	40,231	42,418	42,629	43,623	43,960	44,020
Overseas	187,769	201,906	202,328	209,094	215,496	232,565	241,492	244,155	237,452	245,231	249,246



Consolidated Financial Statements

Consolidated Balance Sheet

(Unit: Million yen)

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Assets		
Current Assets		
Cash and Time Deposits	283,425	269,744
Trade Notes and Accounts Receivable	842,794	875,933
Securities	32,838	36,497
Inventories	851,224	885,017
Other	154,802	186,414
Allowance for Doubtful Receivables	△ 2,395	△ 11,390
Total Current Assets	2,162,688	2,242,215
Non-current Assets		
Property, Plant and Equipment		
Buildings and Structures	319,613	323,798
Machinery and Equipment (Net)	446,390	460,343
Land	99,932	101,934
Construction in Progress	73,273	75,835
Other, net	123,571	136,241
Total Property, Plant and Equipment	1,062,779	1,098,151
Intangible Assets	36,682	39,831
Investments and Other Assets		
Investment Securities	503,791	607,105
Net Defined Benefit Assets	175,997	303,740
Deferred Tax Assets	30,909	31,953
Other	40,885	43,148
Allowance for Doubtful Receivables	△ 723	△ 746
Total Investments and Other Assets	750,859	985,200
Total Non-current Assets	1,850,320	2,123,182
Total Assets	4,013,008	4,365,397

(Unit: Million yen)

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Liabilities		
Current Liabilities		
Trade Notes and Accounts Payable	445,951	479,831
Short-term Debt	601,237	385,575
Commercial Papers	7,000	—
Current Portion of Bonds	—	10,000
Contract Liabilities	50,168	74,263
Other	295,051	357,701
Total Current Liabilities	1,399,407	1,307,370
Non-current Liabilities		
Bonds	94,864	174,890
Long-term Debt	195,578	164,579
Deferred Tax Liabilities	87,895	136,103
Provision for loss on business	—	12,762
Net Defined Benefit Liabilities	45,794	52,935
Other	78,651	84,870
Total Non-current Liabilities	502,782	626,139
Total Liabilities	1,902,189	1,933,509
Net Assets		
Shareholders' Equity		
Common Stock	99,737	99,737
Capital Surplus	166,817	165,424
Retained Earnings	1,383,046	1,493,708
Treasury Stock, at Cost	△ 20,793	△ 20,803
Total Shareholders' Equity	1,628,807	1,738,066
Accumulated Other Comprehensive Income		
Net Unrealized Holding Gains or Losses on Available-for-Sale Securities	135,032	183,971
Deferred Gains or Losses on Hedges	△ 2,340	△ 2,679
Foreign Currency Translation Adjustments	85,258	155,338
Remeasurements of Defined Benefit Plans	53,122	132,966
Total Accumulated Other Comprehensive Income	271,072	469,596
Non-controlling Interests	210,940	224,226
Total Net Assets	2,110,819	2,431,888
Total Liabilities and Net Assets	4,013,008	4,365,397



Consolidated Statement of Income

(Unit: Million yen)

	Previous Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)
Net Sales	4,005,561	4,402,814
Cost of Sales	3,335,585	3,635,226
Gross Profit	669,976	767,588
Selling, General and Administrative Expenses	492,533	540,970
Operating Income	177,443	226,618
Non-operating Income		
Interest Income	1,533	2,794
Dividend Income	4,772	6,541
Share of Profit of Investments Accounted for Using the Equity Method	11,485	20,177
Other	14,206	14,536
Total Non-operating Income	31,996	44,048
Non-operating Expenses		
Interest Expenses	16,107	29,321
Other	19,984	26,004
Total Non-operating Expenses	36,091	55,325
Ordinary Income	173,348	215,341
Extraordinary Profits		
Gain on Sales of Investment Securities	32,478	66,834
Gain on sales of fixed assets	5,832	—
Fire insurance recovery gain and compensation income	2,508	—
Total Extraordinary Profits	40,818	66,834
Extraordinary Losses		
Loss on Disposal of Property, Plant and Equipment	3,123	5,834
Impairment Loss on Fixed Assets	2,823	9,421
Restructuring Expenses	9,622	15,613
Provision for loss on business	—	12,762
Fire-related losses	2,126	—
Total Extraordinary Losses	17,694	43,630
Profit before Income Taxes	196,472	238,545
Income and Enterprise Taxes	61,828	77,726
Income Taxes-Deferred	2,371	△ 8,142
Total Income Taxes	64,199	69,584
Profit for the Year	132,273	168,961
Profit Attributable to Non-controlling Interests	19,619	19,238
Profit Attributable to Owners of the Parent	112,654	149,723

Consolidated Statement of Cash Flows

(Unit: Million yen)

	Previous Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)
Cash Flows from Operating Activities		
Profit before Income Taxes	196,472	238,545
Depreciation and Amortization	195,999	206,331
Share of Loss (Profit) of Investments Accounted for Using the Equity Method	△ 11,485	△ 20,177
(Increase) Decrease in Trade Notes and Accounts Receivables	△ 41,241	4,886
(Increase) Decrease in Inventories	26,540	21,281
Increase (Decrease) in Trade Notes and Accounts Payable	△ 7,322	21,418
Other	△ 48,094	△ 12,290
Subtotal	310,869	459,994
Interest and Dividends Received	14,093	17,402
Interest Paid	△ 14,988	△ 30,330
Income Taxes Paid	△ 44,783	△ 53,601
Net Cash Provided from Operating Activities	265,191	393,465
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	△ 184,467	△ 179,323
Proceeds from Sales of Property, Plant and Equipment	10,252	5,217
Purchase of Investment Securities	△ 478	△ 4,214
Proceeds from Sales of Investment Securities	43,810	70,141
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	762
Other	△ 16,938	△ 16,392
Net Cash Used in Investing Activities	△ 147,821	△ 123,809
Cash Flows from Financing Activities		
Net Increase (Decrease) in Short-term Debt	86,272	△ 234,314
Net Increase (Decrease) in commercial paper	△ 1,000	△ 7,000
Proceeds from Long-term Debt	39,868	9,055
Repayments for Long-term Debt	△ 66,073	△ 71,014
Proceeds from Issuance of Bonds	10,000	90,000
Redemption of Bonds	△ 10,000	—
Payment for Purchase of Treasury Stock	△ 3	△ 4
Cash Dividends Paid	△ 39,004	△ 39,004
Payments for Acquiring Subsidiary Stocks without a change in scope of Consolidation	△ 91,624	△ 13,189
Other	△ 26,726	△ 26,843
Cash Flow from Financial Activities	△ 98,290	△ 292,313
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,812	11,287
Net Increase (Decrease) in Cash and Cash Equivalents	23,892	△ 11,370
Cash and Cash Equivalents at the Beginning of Year	255,540	279,432
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries	—	211
Cash and Cash Equivalents at the End of Year	279,432	268,273



Net Sales by Main Products

(Unit: Billion yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Environment & Energy segment											
Electric conductors	107.2	106.5	107.3	106.8	144.8	140.7	110.4	83.2	144.0	160.7	163.7
Power transmission wires, cables, equipment, work and engineering	59.2	140.9	171.2	155.8	175.8	207.0	190.9	163.9	213.7	262.0	284.1
Nissin Electric	109.9	107.1	113.6	126.9	127.0	126.2	117.5	124.7	132.1	142.6	145.2
Sumitomo Densetsu	161.3	144.6	148.1	135.9	146.8	157.0	172.9	154.0	167.6	175.1	185.5
Magnet wires and others	126.6	137.4	119.3	96.0	123.6	128.9	120.8	108.4	176.0	187.8	201.5
Subtotal	564.2	636.5	659.5	621.4	718.0	759.8	712.5	634.2	833.4	928.2	980.0
Info-communications segment											
Optical fiber cables, telecommunication cables and equipment, fusion splicers	72.4	78.3	83.4	82.7	90.9	96.8	89.0	84.2	100.3	112.3	86.8
Optical electronic devices	44.2	51.1	60.4	72.8	66.6	68.3	78.4	86.7	79.2	77.6	54.5
Access network equipment	17.5	19.9	23.2	25.0	26.9	25.1	31.9	34.5	39.8	39.9	43.3
Others	30.8	22.7	17.7	17.7	35.9	18.2	18.1	19.2	19.9	20.5	21.5
Subtotal	164.9	172.0	184.7	198.2	220.3	208.4	217.4	224.6	239.2	250.3	206.1
Automotive segment											
Wiring harnesses, car electronic components	982.6	1,089.6	1,116.9	1,091.0	1,176.3	1,231.7	1,232.0	1,197.6	1,304.3	1,642.3	1,976.6
Sumitomo Riko and others	368.4	398.6	425.1	422.2	455.7	477.7	451.6	404.4	449.9	544.5	619.8
Subtotal	1,351.0	1,488.2	1,542.0	1,513.2	1,632.0	1,709.4	1,683.6	1,602.0	1,754.2	2,186.8	2,596.4
Electronics segment											
Electronic wires	66.1	69.3	65.2	66.2	72.2	75.6	67.4	70.5	87.4	107.8	105.7
Flexible printed circuits	128.4	151.3	180.4	123.1	123.9	99.9	73.2	61.3	61.5	94.1	92.4
Electron beam irradiation products, fluorine resin products	21.4	23.7	24.0	22.6	24.0	24.4	21.9	19.1	22.8	26.0	23.9
Techno Associe	—	—	—	—	—	—	57.5	73.1	86.0	95.3	96.3
Others	46.7	47.7	42.4	39.2	26.2	29.0	32.2	28.6	34.8	42.8	38.2
Subtotal	262.6	292.0	312.0	251.1	246.3	228.9	252.2	252.6	292.5	366.0	356.5
Industrial Materials and Others segment											
Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord	71.5	73.3	71.5	69.5	79.6	81.4	76.8	69.6	94.6	110.7	111.6
Cemented carbide tools, diamond and CBN tools, laser optics	82.9	90.7	89.8	85.6	99.3	106.2	93.0	84.0	102.0	113.1	110.2
Sintered powder metal parts	50.3	58.1	58.1	64.5	76.2	77.9	74.8	60.8	67.5	75.1	82.9
A.L.M.T.	42.8	48.0	41.4	38.7	41.3	44.0	36.6	32.3	42.6	47.4	44.2
Others	55.8	47.3	51.4	45.6	46.7	48.3	50.2	55.8	21.2	17.0	15.3
Subtotal	303.3	317.4	312.2	303.9	343.1	357.8	331.4	302.5	327.9	363.3	364.2
Adjustments	(77.2)	(83.3)	(77.3)	(73.3)	(77.4)	(86.4)	(90.1)	(97.4)	(79.3)	(89.2)	(100.3)
Total	2,568.8	2,822.8	2,933.1	2,814.5	3,082.2	3,178.0	3,107.0	2,918.6	3,367.9	4,005.6	4,402.8



Executive Officers As of June 26, 2024

(Independent Officers are as defined by Tokyo Stock Exchange, Inc and other authorities)

Directors



Representative Director

Chairman & CEO
Masayoshi Matsumoto

1967 Joined Sumitomo Electric
2017 Appointed as Chairman & CEO



Representative Director

President & COO
Osamu Inoue

1975 Joined Sumitomo Electric
2017 Appointed as President & COO



Independent Officer

Outside Director
Hiroshi Sato

2016 Appointed as Outside Director



Independent Officer

Outside Director
Michihiro Tsuchiya

2018 Appointed as Outside Director



Independent Officer

Outside Director
Christina Ahmadjian

2018 Appointed as Outside Director



Representative Director

Executive Vice President
Hideo Hato

2016 Joined Sumitomo Electric
2023 Appointed as Executive Vice President

General Manager, New Business Development Unit, Deputy General Manager, Automotive Business Unit (Systems & Electronics Division), Corporate Staff Group (Legal, Public Relations, Information Systems, Corporate Planning, Intellectual Property, Security Trade Control)



Representative Director

Senior Managing Director
Akira Nishimura

1984 Joined Sumitomo Electric
2019 Appointed as Senior Managing Director
General Manager, R&D Unit



Independent Officer

Outside Director
Katsuaki Watanabe

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



Independent Officer

Outside Director
Atsushi Horiba

2021 Appointed as Outside Director



Independent Officer

Outside Director
Kyoko Kawamata

2024 Appointed as Outside Director



Managing Director
Masaki Shirayama

1985 Joined Sumitomo Electric
2017 Appointed as Managing Director

General Manager, Electric Wire & Cable, Energy Business Unit



Managing Director
Yasuhiro Miyata

1984 Joined Sumitomo Electric
2021 Appointed as Managing Director

General Manager, Electronics Sales Unit, Sales Group (Sales Compliance)



Managing Director
Toshiyuki Sahashi

1986 Joined Sumitomo Electric
2021 Appointed as Managing Director

General Manager, Advanced Materials Business Unit, Industrial Materials Group (Sintered Metal Components Division)



Managing Director
Shigeru Nakajima

1984 Joined Sumitomo Electric
2022 Appointed as Managing Director

General Manager, Semiconductor innovation business Unit, Deputy General Manager, R&D Unit (Transmission Devices Laboratory)



Managing Director
Yoshiyuki Ogata

1986 Joined Sumitomo Electric
2024 Appointed as Managing Director

General Manager, Automotive Business Unit, General Manager, Chubu District Office

Audit & Supervisory Board Members



Audit & Supervisory Board Member (Standing Member)
Yoshitomo Kasui

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



Audit & Supervisory Board Member (Standing Member)
Akira Hayashi

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



Independent Officer

Outside Corporate Auditor
Michiko Uehara

2016 Appointed as Outside Corporate Auditor



Independent Officer

Outside Corporate Auditor
Ikuo Yoshikawa

2018 Appointed as Outside Corporate Auditor



Independent Officer

Outside Corporate Auditor
Tatsuo Kijima

2021 Appointed as Outside Corporate Auditor



Skills Matrix — Composition of the Board of Directors

The Group is a technology-development-type manufacturer that conducts its business globally by taking advantage of advanced technologies for customers in the various areas of Environment and Energy, Info-Communications, Automotive, Electronics and Industrial Materials, based on the production technology of electric wires, and in order to fulfill the functions of the Board of Directors as a whole and to achieve the “2030 VISION” and “Mid-term Management Plan 2025”, the Group posts personnel who are familiar with important fields in the decision-making process of corporate strategies, personnel with abundant knowledge and experience in specialized fields which are taken seriously by the

Group as a manufacturer, personnel with abundant experience in corporate management and abundant international sensibility, personnel with knowledge of law and industrial economic policies, etc., and personnel with independence contributing to enhancement of corporate value in a bird's-eye-view position, in a well balanced manner.

Based on this view, and with the Nominating Advisory Committee having discussed the matter, the Group describes the necessary requirement for directors who are responsible for management of the Group in the matrix and describes the fields in which each individual has particular expertise or areas of responsibility.

Name and Attributes	Appointed Committees	Human Resources and Organization	Finance and Accounting	Corporate Governance	Research and Technical Development	Manufacturing and Production Technology*	Supply Chain, Sales and Procurement	Internationality and Global Management	Fields in which one has particular expertise or areas of responsibility in the Group
Directors Masayoshi Matsumoto Representative Director Chairman & CEO	NOM COM								Corporate Manager
Osamu Inoue Representative Director President & COO	NOM COM								Corporate Manager
Hideo Hato Representative Director Executive Vice President									DX, Intellectual Property, Corporate Disclosure, Industrial Policy, Information Systems
Akira Nishimura Representative Director Senior Managing Director									R&D, Info-Communication
Masaki Shirayama Managing Director									Environment & Energy
Yasuhiro Miyata Managing Director									Electronics
Toshiyuki Sahashi Managing Director									Industrial Materials
Shigeru Nakajima Managing Director									Transmission Devices
Yoshiyuki Ogata Managing Director									Automotive
Hiroshi Sato OUT IND	NOM COM								Experience in corporate management
Michihiro Tsuchiya OUT IND	NOM COM								Experience in corporate management
Christina Ahmadjian OUT IND	NOM COM								Academic expert
Katsuki Watanabe OUT IND	NOM COM								Experience in corporate management
Atsushi Horiba OUT IND									Experience in corporate management
Kyoko Kawamata OUT IND									Experience in mass media
Audit & Supervisory Board Members Yoshitomo Kasui									—
Akira Hayashi									—
Michiko Uehara OUT IND									Attorney at law
Ikuo Yoshikawa OUT IND									Certified public accountant
Tatsuo Kijima OUT IND									Experience in corporate management

Male Female

OUT Outside Directors / Outside Auditors & Supervisory Board Members

IND Independent Officers are as defined by Tokyo Stock Exchange, Inc., etc.

NOM Member of the Nominating Advisory Committee

COM Member of the Compensation Advisory Committee

*1 Includes expertise in environment conservation

The matrix is based on each person's experience and indicates the areas in which they can demonstrate their expertise. Please note that this does not represent all the expertise or experience possessed.

Company Overview as of March 31, 2024

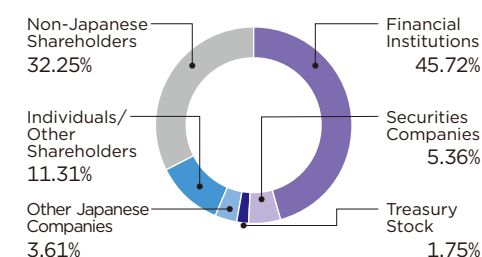
Trade Name	Sumitomo Electric Industries, Ltd.	Number of Employees	Consolidated: 293,266 Non-Consolidated: 6,995
Head Office	4-5-33 Kitahama, Chuo-ku, Osaka, JAPAN (Sumitomo Bldg.)	Settlement Period (fiscal year)	April 1 to March 31 each year
Established	April 1897	Securities Code	5802
Businesses	Environment & Energy Business, Information & Communications Business, Automotive Business, Electronics Business, Industrial Materials Business & Others	Stock Exchanges	Tokyo, Nagoya, Fukuoka
Capital Stock	99,737 million yen	Annual General Meeting of Shareholders	Every June
Net Sales (period ending March 2024)	Consolidated: 4,402,814 million yen Non-Consolidated: 1,628,376 million yen	Shareholder Register Manager	Sumitomo Mitsui Trust Bank, Limited. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
		Stock Unit Accounting Auditors	100 shares KPMG AZSA LLC

Stock Information as of March 31, 2024

Current Status of Stock

Total issuable shares	3,000,000,000
Total shares issued	793,940,571 (No change from the end of the previous period)
Number of shareholders	68,001 (Decrease of 718 from previous period)

Breakdown of Shareholders



Largest Shareholders (Top 10)

Shareholder	Number of Shares Held in thousands of shares (thousands)	Shareholding Percentage ^{*3} (%)
The Master Trust Bank of Japan, Ltd. (trust account)	137,932	17.68
Custody Bank of Japan, Ltd. (trust account)	76,990	9.87
Nippon Life Insurance Company	24,703	3.17
BBH/BBH+ Co Sumitomo Mitsui Trust Bank, Limited (London Branch) For Simplex Value Creation Fund JPY A CLT A/C	19,077	2.45
SUMITOMO LIFE INSURANCE COMPANY*2	15,556	1.99
STATE STREET BANK WEST CLIENT—TREATY 505234	13,732	1.76
The Master Trust Bank of Japan, Ltd. (trust account J)	12,590	1.61
JPMorgan Securities Japan Co., Ltd	12,424	1.59
Kochi Shinkin Bank	11,453	1.47
JP MORGAN CHASE BANK 385781	10,466	1.34

*2 SUMITOMO LIFE INSURANCE COMPANY, in addition to what is set forth in the table above, has established a trust for retirement benefits holding 8,000 thousand shares (a 1.03% shareholding) in the Company, and has retained the authority to give instructions to exercise voting rights

*3 Shareholding percentages have been calculated after deducting from the total number of issued shares the 13,867,704 of its own shares that the Company holds

Disclosure of “Governance”, “Strategy”, “Risk Management”, and “Indicators and Targets” Related to Climate Change in Line with the Recommendations of the TCFD (Task Force on Climate-related Financial Disclosure)

1. Governance

The “Sustainability Management Promotion Committee” discusses specific targets and procedures related to our response to climate change and other global environmental problems (please refer to [→ P24] for a diagram of the organization). To further explore specific measures from an expert point of view, the Group has also established a Global Environment Promotion Committee under the Environment Management Promotion Council, and initiates measures against climate change, such as reducing greenhouse gas (GHG) emissions.

2. Strategy

The Group has analyzed the business impact expected to be caused by the risks and opportunities related to climate change and consider future initiatives 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 scenario analysis are shown in the table on the right.

3. Risk Management

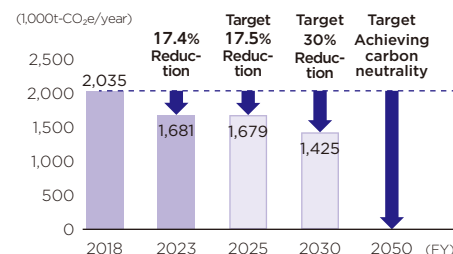
For top-priority issues such as global environment preservation, targets and approaches are set under the lead of the “Risk Management Committee”, with the Safety & Environment Department serving as the main player and ensuring cooperation with the relevant Corporate Staff Group in consideration of the deliberations of the “Corporate Environment Committee” and the “Global Environment Promotion Committee”. Based on these targets and approaches, each Production Group sets its own targets and proceeds with the necessary activities. To address risks related to climate change, the Compliance & Risk Management Office plays the main role in encouraging business continuity plans (BCPs) to be established. As indicated by this, while placing the first priority on ensuring safety, SEG also focuses on

minimizing damage generated at the time of a disaster and ensuring business continuity.

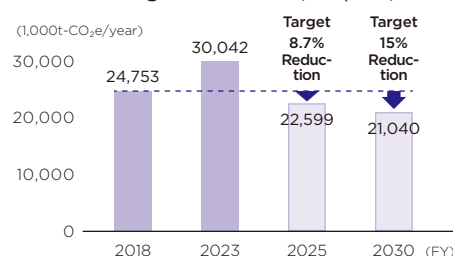
4. Metrics and Targets

Toward the GHG emissions reduction targets shown in the diagram below, the Group is making efforts to reduce 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)”. In order to achieve the target, the Group is promoting GHG emission reductions based on a core approach of maximizing energy conservation through productivity improvements and the introduction of new technologies, as well as creating green energy through solar power generation and other means, and supplementing the remaining unachieved targets through purchased renewable energy. As a result of its activities, the Group was able to reduce GHG emissions (Scope 1 + 2) by 17.4% in FY2023 compared to FY2018. The Group will continue to make steady efforts to achieve future targets.

Greenhouse gas emissions (Scope 1+2)



Greenhouse gas emissions (Scope 3)



1.5°C (well-controlled) scenario

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

	Possible Circumstances	Assessment of the Impact on the Group	Major Efforts	
Opportunities	Energy	<ul style="list-style-type: none"> ■ The market for renewable energy, such as offshore wind power and solar power, expands toward the realization of a carbon-free society. ■ Electricity providers change the way they operate toward the realization of a new form of energy mix for each country. 	<ul style="list-style-type: none"> ■ 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 Group’s sales. 	<ul style="list-style-type: none"> ■ 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. ■ Expand the sale of solutions for regional micro grids. ■ Work on growth themes related to energy infrastructure in the “Mid-term Management Plan 2025”.
	Info-Communications	<ul style="list-style-type: none"> ■ Explosive increase in the use volume, in line with the progress of a data-driven society. ■ Increase in the number of data centers of various sizes. ■ Growing demand for low-power consumption and high-speed communications. 	<ul style="list-style-type: none"> ■ Growing demand for energy-saving and high-performance products for effectively establishing information networks, leading to an increase in the sales of the Group. 	<ul style="list-style-type: none"> ■ 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. ■ Work on growth themes related to Info-Communications networks in the “Mid-term Management Plan 2025”.
	Mobility	<ul style="list-style-type: none"> ■ Electrified vehicle market, including EVs, will expand. ■ The number of gasoline-powered vehicles will decline. ■ New EV manufacturers will be established. 	<ul style="list-style-type: none"> ■ Many more related items, such as harnesses and system products centered on harnesses, will be adopted for electrified vehicles. The Group will add higher value to such items, leading to an increase in the sales of the Group. ■ The markets for gasoline engine components will decline. ■ Products of the Group will be adopted by many more new customers, leading to expanded sales. 	<ul style="list-style-type: none"> ■ The Group will proceed with the development of EV-related products and components for lightweight vehicles and improve their performance, thereby contributing to the electrification of automobiles and energy savings. ■ Work on growth themes related to “Mobility in the “Mid-term Management Plan 2025”.

Sales under the growth themes of “Mid-term Management Plan 2025” FY2025 Target: 1,100 billion yen FY 2023 Results: 850 billion yen

	Possible Circumstances	Assessment of the Impact on the Group	Major Efforts	
Risks	Tightening of Policies and Legal Regulations	<ul style="list-style-type: none"> ■ The call for reductions in GHG emissions will be more pronounced. ■ There will be a rise in GHG emissions trading prices. ■ Each country’s material recycling regulations and certain countries’ legal regulations will be tightened. 	<ul style="list-style-type: none"> ■ Operating costs will rise due to the introduction of a carbon tax, the start of emissions trading, and the response to regulations on recycling. 	<ul style="list-style-type: none"> ■ Further reduction in the use of energy in the manufacturing process. (Scope 1+2)
	Rise in Demand from the Market	<ul style="list-style-type: none"> ■ There will be a rise in customer demand in response to climate change, making products and technology less competitive if they are not sufficiently tuned in to the carbon-free trend. 	<ul style="list-style-type: none"> ■ Operating costs will rise due to capital investment for the introduction of energy-saving equipment and the purchase of green electricity. ■ There will be calls for the Group to reduce GHG emissions throughout its supply chain, including raw material suppliers, requiring the Group to reinforce and review its supply chain. 	<ul style="list-style-type: none"> ■ Control the cost increases by reducing its energy costs through energy creation efforts and by achieving “Net Zero Plant” in accordance with the Group’s plans. ■ Proceed with the development and sale of products that will contribute to achieving a carbon-free society. ■ Proceed with lifecycle assessments in cooperation with component and material suppliers.
	Rise and Appreciation of Raw Material Prices	<ul style="list-style-type: none"> ■ Growing demand for raw materials (e.g., copper) necessary for supplying EVs and other products that will contribute to mitigating climate change. Expectation that this will lead to a rise and appreciation of raw material prices. 	<ul style="list-style-type: none"> ■ The appreciation of raw material prices will increase the Group’s costs. 	<ul style="list-style-type: none"> ■ Make further energy-saving and recycling efforts. ■ Reinforce its resilience in terms of raw materials by, for example, proceeding with the development of aluminum electric wires/harnesses.
	Evaluation by Stakeholders	<ul style="list-style-type: none"> ■ Attitude toward addressing climate change will be evaluated by each stakeholder. 	<ul style="list-style-type: none"> ■ A delay in response or a failure to achieve targets will lead to a decline in the Group’s credibility, a decrease in sales, a loss of customers, a decline in the stock price, and an increase in financial arrangement costs. 	<ul style="list-style-type: none"> ■ Make efforts to achieve the GHG emissions reduction targets set under the SBTi. ■ 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.
- ▶ Appreciation in the cost of energy and resources, widening regional gaps.

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







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



The Group's Initiatives and External Accreditations

<p>TCFD</p>  <p>TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>	<p>SBTi</p>  <p>SCIENCE BASED TARGETS</p> <p>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p>	<p>CDP</p>  <p>DISCLOSURE INSIGHT ACTION</p>	<p>GX Acceleration Agency</p>  <p>Acceleration Agency</p>
<p>GX League</p>  <p>League</p>	<p>Sports Yell Company</p>  <p>SPORTS YELL COMPANY 2024</p>	<p>2024 Health and Productivity Manage- ment Organization (White 500)</p>  <p>2024 健康経営優良法人 Health and productivity ホワイト500</p>	<p>Nadeshiko Brands</p>  <p>NADESHIKO BRAND 2024</p>
<p>Platinum Kurumin</p>  <p>プラチナくるみん 子育てをサポートしています</p>	<p>Eruboshi</p>  <p>女性が活躍しています！</p>	<p>Top 100 Global Innovators</p>  <p>Top 100 Global Innovator 2024 Clarivate</p>	<p>Digital Transformation Certification</p>  <p>Digital Transformation Certification</p>

Evaluations from Third-Party Organizations

<p>FTSE4Good Index Series</p>  <p>FTSE4Good</p>	<p>FTSE Blossom Japan Index</p>  <p>FTSE Blossom Japan</p>	<p>FTSE Blossom Japan Sector Relative Index</p>  <p>FTSE Blossom Japan Sector Relative Index</p>	<p>DBJ certification programs</p>  <p>DBJ 環境格付 2018</p>															
<p>S&P/JPX Carbon Efficient Index</p>  <p>S&P/JPX Carbon Efficient Index</p>	<p>Morningstar Japan ex-REIT Gender Diversity Tilt Index</p>  <p>MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2024</p>	<p>Rating Information (as of June 2024)</p> <table border="1"> <thead> <tr> <th></th> <th>Rating</th> <th>Outlook</th> </tr> </thead> <tbody> <tr> <td>Japan Credit Rating Agency (JCR)</td> <td>AA</td> <td>Stable</td> </tr> <tr> <td>Rating and Investment Information (R&I)</td> <td>AA</td> <td>Stable</td> </tr> <tr> <td>S&P Global Ratings</td> <td>A</td> <td>Stable</td> </tr> <tr> <td>Moody's Investors Service</td> <td>A2*</td> <td>Negative</td> </tr> </tbody> </table>			Rating	Outlook	Japan Credit Rating Agency (JCR)	AA	Stable	Rating and Investment Information (R&I)	AA	Stable	S&P Global Ratings	A	Stable	Moody's Investors Service	A2*	Negative
	Rating	Outlook																
Japan Credit Rating Agency (JCR)	AA	Stable																
Rating and Investment Information (R&I)	AA	Stable																
S&P Global Ratings	A	Stable																
Moody's Investors Service	A2*	Negative																

*Equivalent to an A rating by other agencies

Related Links

<p>Company / Product Information</p> <p>Sumitomo Electric Website</p> <p>Company Profile / Company Profile Catalog</p> <p>Products</p> <p>R&D</p> <p>Offices & Group Companies</p>	<p>IR Information</p> <p>Long-term vision "Sumitomo Electric Group 2030 VISION"</p> <p>Mid-term Management Plan 2025</p> <p>IR Library Consolidated Financial Statements, Supplementary Sheet, Fact Book, Presentation Materials</p> <p>Integrated Report</p>	<p>News and others</p> <p>News & Press Release</p> <p>Sumitomo Electric Group e-magazine "id"</p> <p>President's Blog</p> <p>Chairman & CEO Matsumoto's Photo Diary</p> <p>Technical Papers "Sumitomo Electric Technical Review"</p>
<p>Careers</p> <p>Job Opportunities</p>	<p>Sustainability</p> <p>Environment Climate change, conserving waste and resource, biodiversity, and others</p> <p>Information disclosure of climate change in line with the TCFD Recommendations (including scenario analysis)</p> <p>Society Human Rights, Developing Human Capital, Contributing to Society, Supply Chain, and others</p>	<p>Governance Corporate Governance Guidelines, Corporate Governance Report</p> <p>CSR Book</p>



©Expo 2025

Sumitomo Electric is a proud supporter
of Expo 2025 Osaka, Kansai, Japan



SUMITOMO
EXPO2025

Sumitomo Electric is a partner
of the “SUMITOMO PAVILION” of Expo 2025
Osaka, Kansai, Japan

 **Sumitomo Electric Industries, Ltd.**

<https://sumitomoelectric.com/>