

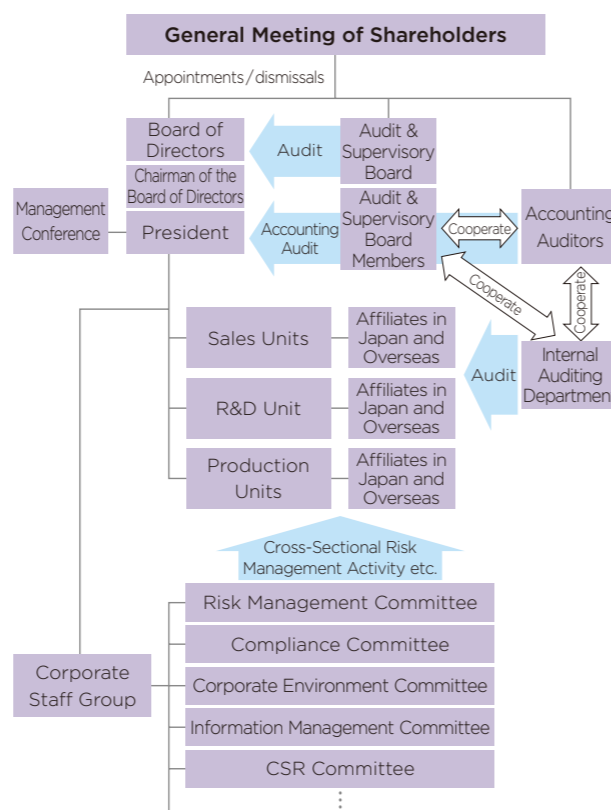
Corporate Governance

Basic Approach

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

1. We will develop an environment in which shareholders can exercise their rights appropriately.
2. We will take the interests of shareholders and other stakeholders into consideration, and will appropriately cooperate with them.
3. We will disclose corporate information appropriately and ensure transparency.
4. We will emphasize the board of directors' functions to make decisions on basic policy, including strategies, as well as to supervise management. We will also focus on organizing systems and operating the Board of Directors to ensure the effectiveness of such functions. In respect of executive operations, we have introduced an executive officer system and a business unit system, for the purpose of clarifying authority and responsibilities, and of establishing a flexible system to execute operations in response to changes in the business environment. From a viewpoint of ensuring sound management, we commit to strengthening audits by audit & supervisory board members and adopting a supervisory system under which independent outside audit & supervisory board members and full-time audit & supervisory board members work with our internal audit department and accounting auditors to ensure the lawful and proper management.
5. In order to contribute to sustainable growth and increase corporate value over the mid-to-long term, we will engage in constructive dialogue with shareholders to a reasonable extent.

Sumitomo Electric Group's corporate governance structure



Outline of the Structure

Sumitomo Electric has employed the system with the audit & supervisory board in consideration of the contribution of audit & supervisory board members and the Audit & Supervisory Board to ensuring sound business management. The Board of Directors, the business execution system, audit & supervisory board members and the Audit & Supervisory Board are committed to fulfillment of their respective duties in order to achieve sustainable growth and medium- and long-term increases in the corporate value based on the basic philosophy. In addition, three outside directors are appointed to adopt an external perspective with the aims of further strengthening the supervising functions of the Board of Directors and enhancing the transparency and objectiveness of the business management. We also select three outside audit & supervisory board members with various specialized knowledge and multifaceted views so that outside audit & supervisory board members occupy the majority of the Audit & Supervisory Board, which aims to reinforce the monitoring system for the purpose of ensuring lawful and proper management.

The Board of Directors and the Business Execution System

Functions and Operations of the Board of Directors

Our Board of Directors discusses and makes decisions on fundamental management policies and other important matters pertaining to the company, along with supervising the work of their fellow directors, to achieve ongoing growth, improve our corporate value in the mid-to-long term and improve financial performance such as profitability and capital efficiency. In order to appropriately perform these functions, the Board of Directors of Sumitomo Electric deliberates only important issues among individual subjects, such as major investment items, and focuses on the medium-term business plan, annual plans based on it and quarterly follow-ups of the plans. Independent outside directors are also appointed in the Board to ensure multifaceted and sufficient discussions in the meetings, in which independent outside audit & supervisory board members are also provided with opportunities to make their statement actively. As to supervising function of the Board of Directors, while we respect opinions of the independent outside directors and other independent outside officers to ensure the independence and objectiveness, we have set up the Nominating Advisory Committee and the Compensation Advisory Committee, which are both chaired by an independent outside director and made up of a majority of independent outside officers, to enhance the effectiveness. The Committees give advice when the Board of Directors appoints candidates for directors and audit & supervisory board members and makes a decision on the compensations of directors. Sumitomo Electric holds monthly meetings of the Board of Directors as well as extraordinary meetings when necessary. There are currently 12 Directors in the company, who are comprised of 9 Executive Directors and 3 outside Directors not involved in business execution, and one of them is a female outside Director.

Director	Business Execution	9
	External	3 (including 1 woman)

Composition of the Board of Directors

The Board of Directors will have a balanced composition, made up of members who have experience in fields central to determining corporate strategies, such as accounting, finance or management, who have excellent corporate management and international expertise, who have knowledge of laws and industrial economic policy, and who are independent and contribute to the increase in corporate value from a comprehensive viewpoint. Also, the Board of Directors will elect the appropriate number of members needed in order to perform its functions, including two or more independent outside directors. The major roles of our independent outside directors are to give advice on general management matters, such as management policy and strategies, and to supervise the directors from an independent and objective viewpoint.

Effectiveness Analysis and Assessment of the Board of Directors

The Board of Directors started to analyze and evaluate its effectiveness and disclose a summary of the results in fiscal 2015. As an initiative for fiscal 2019, it conducted a questionnaire survey of all directors and audit & supervisory board members including outside officers in March 2020 and made discussions based on the results at a Board of Directors meeting held in May of the same year. The results of the analysis and assessment and future initiatives are summarized below:

1. Operation of the Board of Directors and advisory committees for the nomination and compensation of executives, directors, etc.

The findings showed that the operation of the Board of Directors has been improved through the clarification of key points in the handouts for discussions, the review of guidelines for explaining the issues to be discussed and other efforts to ensure that sufficient time for discussions can be set aside and discussions can be further enhanced. In the meantime, it was found that efforts have been made to enhance measures to help outside officers improve their understanding of our business such as the provision of outside directors with opportunities to individually talk with the general managers of business units. The findings also showed that the operation of the Nominating Advisory Committee and the Compensation Advisory Committee and the reporting of the discussions to the Board of Directors have been conducted properly. We will continue to work for the improvement of the operation in the future.

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2. Structure of the Board of Directors

The findings showed that the increase in outside directors and other structural changes have enabled the Board of Directors to make more active and multifaceted discussions and that the structure and other aspects of the Board of Directors are generally appropriate in terms of the number of members and the overall balance of their knowledge and experience. In the future, while also considering social trends and other issues, we will continue to examine the ideal state of the Board of Directors in terms of structure and other aspects to contribute to the sustainable growth of Sumitomo Electric and mid- to long-term improvement of the corporate value.

3. Role of the Board of Directors

The findings showed that the Board of Directors basically plays its role in “deliberating and determining on the basic management policy and other important corporate issues” and “supervising the business execution of directors” through its activities including active discussions in deliberation on important matters and at the time of quarterly performance reporting and reporting on the progress of the improvement of the internal control system. On the other hand, as the future challenges, we will continuously examine the subjects to be discussed in the Board of Directors while taking a medium to long-term perspective and a group-wide perspective. We will also strive to increase opportunities for risk analysis and assessment before discussions in the Board of Directors to enhance the discussions of important matters. From 2019, outside directors and outside corporate auditors have dialogue with inside directors on the results of this analysis and assessment. In 2020, while making discussions in a similar way, we will continue to promote measures to further enhance the effectiveness of the Board of Directors.

Business Execution System

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

Auditing and Supervision Systems

As to the audit & supervisory board members and the Audit & Supervisory Board, as mentioned above, the majority of the audit & supervisory board members are independent outside audit & supervisory board members with various specialized knowledge and multifaceted views. These members of the board, along

with full-time audit & supervisory board members and dedicated staff to audit & supervisory board members, are in charge of monitoring in cooperation with the Internal Auditing Department and accounting auditors to ensure lawful and proper corporate management. Five audit & supervisory board members, consisting of two full-time members of the board and three outside members of the board including a female one, constitute the auditing system to audit the business execution of directors. The Audit & Supervisory Board establishes audit plans and policies, in accordance with which each audit & supervisory board member fulfills his role, as assigned by the Audit & Supervisory Board. Specifically, audit & supervisory board members attend important meetings including those of the Board of Directors, conduct hearings with the directors, Internal Auditing Department and other employees regarding their duties, inspect important authorization documents and visit major establishments to conduct audits. Audit & supervisory board members also receive reports from other members of the board regarding their audit status, and exchange information with the accounting auditor when required.

Audit & Supervisory Board Members	Standing	2
	External	3 (including 1 woman)

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

Ensuring Appropriateness of Financial Reporting

We have established the Financial Reporting Internal Control Committee, chaired by the President, and an organization to promote control in the Corporate Staff Group. Under their policy, guidance and support, we promote development and proper operation of the internal control system in each division and affiliate in accordance with the Financial Instruments and Exchange Act, as well as the assessment, audit criteria and enforcement criteria specified by the Financial Services Agency. Thus, we are committed to further improving the systems to ensure appropriateness of financial reporting. The Internal Auditing Department assesses the effectiveness of the internal control system of the whole group for each fiscal year. Based on the results of such assessment, the department is required to compile an internal control report to be submitted to the Financial Services Agency and obtain the approval of the Financial Reporting Internal Control Committee and the Board of Directors.

Support Structure for Outside Directors and Corporate Auditors

The secretariat of the Board of Directors will, in cooperation with other departments, provide outside directors with information regarding management, explanations on proposals of the Board of Directors and other necessary support. The full-time corporate auditors will provide the outside directors with necessary information including explanations on proposals of the Board of Directors. The corporate auditor’s dedicated staff will offer support necessary for the corporate auditor to carry out such activities.

Policy for nomination of officers

Policy and procedure to nominate candidates for Director and Corporate Auditor

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

The Nominating Advisory Committee will deliberate the candidates for director and corporate auditor from an objective viewpoint and the Board of Directors will decide on the candidates by a resolution based on the report of the committee.

Determining Criteria on the Independence of Independent Outside Directors and Independent Outside Corporate Auditors

In electing candidates for outside director and outside corporate auditor, their independence will be determined in compliance with the criteria prescribed by the relevant financial instruments exchange, through careful investigation and confirmation of whether or not they have interest in the company.

Training for Directors and Corporate Auditors

To enable the directors and the corporate auditors to appropriately perform their expected roles and responsibilities as a critical part of the governance body, we will systematically provide and arrange training opportunities along with financial support as follows: For new directors and corporate auditors, training to deepen their understanding of their roles and responsibilities; and For outside directors and corporate auditors, training to deepen their understanding of the company and its corporate group, and of the laws, risk management and business environment surrounding the corporate group.

Nomination and Compensation of Officers

Nominating Advisory Committee and Compensation Advisory Committee

We have set up a Nominating Advisory Committee and a Compensation Advisory Committee, which are both chaired by an independent outside director and made up of a majority of independent outside officers, to ensure transparency and fairness in decisions on the nomination and compensation of candidates for Director and Corporate Auditor. Our Nomination Advisory Committee discusses and decides on nominations for directors and corporate auditors of Sumitomo Electric, along with the establishment, amendment, abolition and other procedures concerning key regulations and similar concerning these matters. The Compensation Advisory Committee discusses and decides on compensation for directors and corporate auditors, either collectively or individually, along with the establishment, amendment, abolition and other procedures concerning key regulations and similar concerning these matters. Outcomes of discussions and decisions that are made are reported to the Board of Directors. The officer in charge of Human Resources attends meetings of these committees and provides operational support such as creation of minutes. Assistants may also be present.

Date	Nominating Advisory Committee/ Compensation Advisory Committee
October 7, 2019	Review of governance structure, current situation, officer structure, etc./Research on governance regulations, etc.
December 4, 2019	Confirmation of trends in compensation of executive officers throughout society, review of officer structure, etc./Organization of principles related to officer compensation systems, discussion on content to be disclosed regarding compensation of officers, etc.
February 5, 2020	Discussions on transfers of executive officers and individuals in higher roles at the shareholders' meeting, etc./Confirmation of policies and principles concerning bonuses for officers, discussion on content to be disclosed regarding compensation of officers, etc.
April 9, 2020	Discussion on structure for new officers, discussion on handling of end outside corporate auditors' terms, discussion of handling of former officers, discussion of changes to directors' terms, research on institutional design, etc./Discussion on compensation of officers transferring in April, deliberation of total bonuses for officers, confirmation of policy for officer bonus assessments, etc.
June 1, 2020	Discussion on structure for new officers, etc./ confirmation of principles for officer bonus assessments, discussion of individual bonuses and monthly compensation, etc.

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Compensation of Officers

Compensation of directors consists of monthly compensation and bonuses. With respect to monthly compensation, we establish compensation levels suitable for our directors according to their respective job positions. Compensation of an individual director will be determined in accordance with the director's role, level of responsibility and contribution to our operating results. The amount to be paid to each director will be determined in accordance with the individual's role and responsibilities, the scale, complexity and difficulty of their work and their contribution to our operating results from a mid-to-long-term standpoint. The amount shall be determined within the scope of the amount approved and resolved at the shareholders' meeting. With respect to bonuses, the total amount will be determined based on our operating results for each business year, especially profitability and dividend amounts, by a resolution of the shareholders' meeting. The amount to be paid to each director will be determined in accordance with the director's job position, level of responsibility, degree to which the director achieves major targets and contributes to our operating results for each business year from a mid-to-long-term standpoint. The ratio of monthly compensation to bonuses was around 1:0.4-0.5 in the previous five years, and has been reduced to around 1:0.25 this year to reflect our latest results. In order not only to increase motivation and raise morale to improve our operating results, but also to encourage management to emphasize shareholder value, we encourage inside directors to hold our shares through the officers' shareholding association in accordance with its specified standards. The inside directors will continue to hold our shares during their term of office. No bonus will be paid to outside directors in order to protect their independence. Monthly compensation of directors is discussed from an objective standpoint by the Compensation Advisory Committee and reported to the Board of Directors. The Board of Directors then discusses principles for directors' monthly compensation and bonuses based on this. Compensation for corporate auditors shall be determined within the scope of the amount approved and discussed and resolved at the shareholders' meeting.

Dialog with Shareholders

We will encourage constructive dialog with shareholders by observing the following policies:

1. Designating the director in charge of accounting and finance to be responsible for controlling dialog with the shareholders.
2. Establishing a cross-sectional secretariat to assist dialog.
3. Enhancing communication with institutional investors and analysts by utilizing opportunities at briefings on financial results and interviews. For general shareholders and investors, conveying wide-ranging information through our website, such as by posting financial information, press releases, materials distributed at financial results briefings and their related videos.
4. Reporting shareholders' opinions or concerns discovered through such dialog to management of the Board of Directors on a regular basis.
5. Managing information pursuant to the Sumitomo Electric Group Disclosure Policy*.

* URL: <http://global-sei.com/csr/disclosure.html>

Risk Management

Basic Approach

The Sumitomo Electric Group identifies, analyzes and assesses business risks, which include the factors that prevent the implementation of its business activities or achievement of management goals and strategies, as well as the factors that potentially have adverse impact, and then seeks to reduce and minimize them at a reasonable cost and with reasonable efforts. With respect to cross-sectional risks common to all divisions and affiliates in the Group, the relevant corporate staff divisions, as well as company-wide committees organized by officers in charge, identify, analyze and assess the risks according to their duties, and then take measures to mitigate them. The divisions and sales and R&D groups individually identify, analyze and assess the risks associated with their business operations, and then take measures to reduce them.

Basic Policy of Risk Management

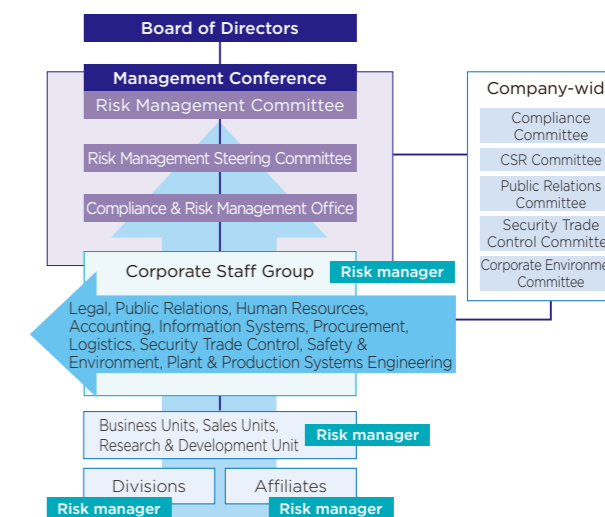
Risk management is performed based on the significance of the risks determined in consideration of the following issues:

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

Risk Management System

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

Risk Management System



Risk Management Activities

Risk management activities of the Sumitomo Electric Group are based on taking inventory of risks that is conducted by each division and each affiliate. In the inventory, which is conducted annually, the significance of each of the risk items is determined by scoring its severity, frequency of occurrence and other factors. Measures to deal with any significant risks are discussed and taken. Annual results of the risk inventory are shared with executives and the corporate staff divisions. With mutual cooperation between them, group-wide risk management activities are promoted steadily.

Creation and Management of a Risk Heat Map

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

Risk Management

Initiatives for Business Continuity

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

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

Business continuity in the event of an infectious disease outbreak

The Sumitomo Electric Group formulated the guidelines for action plans to address new influenza in 2008. Each of the divisions and Group companies in Japan has established a BCP for infectious diseases and promoted the establishment of a crisis management system. Amid the COVID-19 pandemic, we continued operation while thoroughly taking measures to prevent the spread of infection including the active use of homeworking and other styles of teleworking. Our manufacturing divisions have also maintained operation while making utmost efforts to ensure that 3Cs (closed spaces, crowded places and close-contact settings) are avoided in the operation and giving the top priority to the health and safety of employees.

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

Continuous Implementation of Group-wide Joint Emergency Drills

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

Protection of Personal Information, and Information Security

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

Protection of Personal Information

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

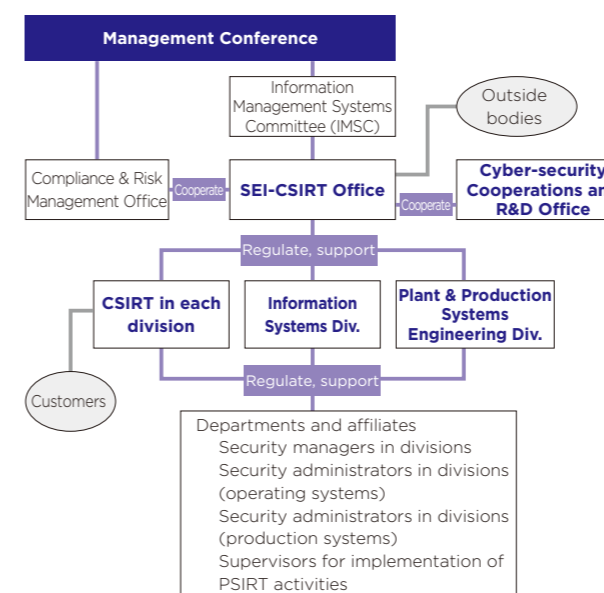
Strengthening of Information Security Measures

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

As a measure to prevent leakage of important information related to management assets, such as trade secrets, we have introduced AI-based anti-malware software to enhance protection from unknown malware and a mechanism for the detection of any illicit acts using log information of servers and network devices, in addition to conventionally used antivirus software and intrusion prevention systems (IPS). In recent years, the use of cloud services, which are services provided over the Internet, have provided greater convenience but also a new risk of information leakage. We have established a system to conduct evaluations before introducing cloud services.

With respect to the corporate structure, we have established a communication and response system, with SEI-CSIRT (Computer Security Incident Response Team) playing a central role, to promptly identify and respond to any incidents relating to information security in our Group companies. Annual information security training is held to confirm that this structure is properly entrenched. Targeted attack email training is provided once a year, which has instilled a higher level of caution in employees who receive emails on a daily basis.

Organizational structure of SEI-CSIRT



Respect for and Protection of Intellectual Property

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

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

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

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

Guidelines for CSR Procurement

Suppliers that directly or indirectly provide products and services for the Sumitomo Electric Group are required to work together with us on CSR activities as part of our principle of contributing to a better society and environment through our business activities. Initiatives for CSR in procurement are one area we focus on. We established the Sumitomo Electric Group CSR Procurement Guidelines based on the Sumitomo Electric Group Corporate Principles and Charter of Corporate Behavior in August 2010, and are concluding trade agreements containing the necessary provisions to achieve stronger compliance. These guidelines were amended in fiscal 2020 to address issues in procurement of minerals that we are responsible, and the trading partners in question were told to comply with these. For the promotion of CSR procurement, in addition to activities to disseminate the guidelines among suppliers, we check the progress in the dissemination through CSR procurement self-assessment of suppliers and also promote improvement activities in full coordination with suppliers.

Compliance

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

The Sumitomo Electric Group believes that compliance, which represents both complying with laws and regulations and acting in accordance with corporate ethics, comprises the backbone of its management and forms the absolute basis for its continued existence and development. In light of the recent trend of various compliance items, including competition laws, prevention of bribery, trade control rules and quality data issues, and under the principles of the Sumitomo Spirit, which values doing your sincere best not only in business but also every aspect of your life, placing prime importance on integrity and sound management and always acting with integrity in pursuit of business, we will continue to make all efforts to ensure that all corporate activities are conducted fairly and honestly and can be trusted by society.

Organization That Supports Compliance and Its Structure

Compliance Committee

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

Structure of the Compliance Committee



Compliance & Risk Management Office

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

Compliance Steering Committee

At present, our legal bases are composed of more than 70 members in Japan, China, Thailand, Vietnam, the UK, Germany and the US. They are brought together from around the world to hold a periodical meeting of the Compliance Steering Committee (CSC) roughly twice a year. At the CSC meeting, the members discuss various issues related to compliance from a global perspective and determine the direction of the activities, the work schedule and other matters to disseminate best practices in the world across the Sumitomo Electric Group.

Compliance Activities

Code of Conduct

The Compliance Committee established and issued Code of Conduct, which serves as guidelines setting out the standards of conduct expected of each of us and helping us conduct business with integrity, based on the Sumitomo Spirit with the approval of the Board of Directors in April 2018. The Code of Conduct is basic rules on compliance commonly applied to all Group companies across the world. In addition to legal compliance, it specifies the basic policy on fair competition, prevention of bribery, protection of confidential information and intellectual property, respect for human rights, environmental conservation and other issues. Printed booklets are prepared in approximately 30 languages, including Japanese, English and Chinese, and distributed to officers and employees in our Group while the multilingual versions are also posted in all of the languages on our website and intranet. Moreover, to inform employees of the Code of Conduct, we prepare summary posters in about 30 languages and display them in the offices and plants of relevant bases in our Group companies around the world.



Code of Conduct

Compliance Education

To check compliance risks, ensure implementation of preventive measures and develop and enhance awareness of compliance, the Compliance Committee organizes regular training seminars for officers and managers every year. New employees and newly promoted personnel are also provided with position-based training seminars. In addition, we launched an e-learning system that enables compliance training to be given online in fiscal 2019 and the program is offered in 26 languages to our Group companies across the world. (It was available for approximately 18,500 persons as of the end of fiscal 2019). The subjects selected for the training program include the Code of Conduct, compliance with competition laws, prevention of bribery, prevention of quality data falsification and other items that are considered to be necessary and important for business operations in the Sumitomo Electric Group. We also disseminate the Speak-Up System mentioned below in the training seminars.



Compliance training

Targets of the Training and Number of Attendants (Period)

Target of the training	Number of attendants (period)
Officers (including executive officers)	43 (Dec. 2019)
Newly promoted personnel	Approx. 400 (Feb. 2020)
New employees of Sumitomo Electric	Approx. 240 (Apr. 2019)
Managers of Sumitomo Electric and its subsidiaries in Japan	Approx. 6,500 (Apr. - Jul. 2019)

Speak-Up System

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

inappropriate actions and circumstances.

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

FY	In-house contacts	External contacts	Total
2016	11	54	65
2017	24	50	74
2018	31	63	94
2019	25	94	119

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

Priority Matters

Compliance with Competition Laws

The Sumitomo Electric Group prioritizes global competition law compliance as the most important compliance activity and has taken measures to eliminate, and prevent a recurrence of, cartel and collusion, including suspicious acts within the Group. These measures include the formulation of the Rules for Compliance with Competition Laws in June 2010, which contain a provision that restricts contact with competitors only in the cases with legitimate business reasons, and mandatory compliance training (including online training) organized for sales staff and other employees around the world.

Prevention of Bribery

The Sumitomo Electric Group introduced an anti-bribery program in April 2013 to enhance its anti-bribery compliance system and has developed it on a global scale. In response to the recent tightening of anti-bribery regulations on domestic and foreign public officials in the US, Europe and emerging markets, this program has established anti-bribery rules, including prohibition against bribery, prior approval and ex-post report on gifts, hospitality and donations, and requested each division to appoint a bribery prevention manager to implement the rules. Five years have passed since the anti-bribery program started. Based on environmental changes during that period, we revised it in January 2018 to focus on high risk in giving inappropriate hospitality. We have also distributed a bribery prevention manual to the bribery prevention managers of Group companies, who are in charge of operation of the program, and provided them with detailed training. We will keep working to maintain and enhance the global bribery prevention system through continuous education, improvement of the program and its manual as well as collection and dissemination of relevant information.

Officers (as of June 25, 2020)

Directors



Masayoshi Matsumoto

Chairman & CEO
Representative Director
 1967 Joined Sumitomo Electric
 2017 Appointed as Chairman & CEO



Osamu Inoue

President
Representative Director
 1975 Joined Sumitomo Electric
 2017 Appointed as President & COO



Mitsuo Nishida

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



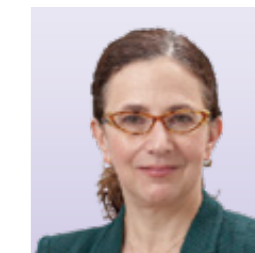
Hiroshi Sato

Outside Director
Independent Officer
 2016 Appointed as Outside Director



Michihiro Tsuchiya

Outside Director
Independent Officer
 2018 Appointed as Outside Director



Christina L. Ahmadjian

Outside Director
Independent Officer
 2018 Appointed as Outside Director



Nozomi Ushijima

Executive Vice President
Representative Director
 1980 Joined Sumitomo Electric
 2019 Appointed as Executive Vice President
 General Manager of Advanced Materials Business Unit
 Electronics Group (Fine Polymer Division and Water Processing Division)



Yoshitomo Kasui

Senior Managing Director
Representative Director
 1983 Joined Sumitomo Electric
 2018 Appointed as Senior Managing Director
 Corporate Staff Group (Compliance & Risk Management, Administration, Tokyo Administration, Secretary, Human Resources, Human Resources Development, Internal Auditing)



Akira Nishimura

Senior Managing Director
Representative Director
 1984 Joined Sumitomo Electric
 2019 Appointed as Senior Managing Director
 General Manager of Research and Development Unit
 Electronics Group (Flexible Printed Circuits Division)



Satoru Ogura

Audit & Supervisory Board Member
 (Standing Member)
 1982 Joined Sumitomo Electric
 2015 Appointed as Audit & Supervisory Board Members



Akira Hayashi

Audit & Supervisory Board Member
 (Standing Member)
 1981 Joined Sumitomo Electric
 2017 Appointed as Audit & Supervisory Board Members



Katsuaki Watanabe

Outside Corporate Auditor
Independent Officer
 2013 Appointed as Outside Audit & Supervisory Board Member



Hideo Hato

Senior Managing Director
Representative Director
 2016 Joined Sumitomo Electric
 2019 Appointed as Senior Managing Director
 General Manager of New Business Development Unit, Deputy General Manager of Automotive Business Unit
 Corporate Staff Group (Legal Affairs, Corporate Communications, Corporate Planning, Intellectual Property, Security Trade Control) and Environment & Energy Group (Energy System Division)



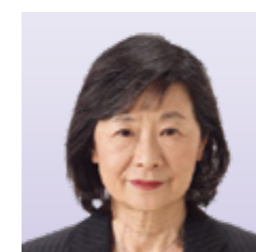
Masaki Shirayama

Managing Director
 1985 Joined Sumitomo Electric
 2017 Appointed as Managing Director
 General Manager of the Electric Wire & Cable and Energy Business Units



Nobuyuki Kobayashi

Managing Director
 1985 Joined Sumitomo Electric
 2019 Appointed as Managing Director
 Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)



Michiko Uehara

Outside Corporate Auditor
Independent Officer
 2016 Appointed as Outside Audit & Supervisory Board Member



Ikuo Yoshikawa

Outside Corporate Auditor
Independent Officer
 2018 Appointed as Outside Audit & Supervisory Board Member

Audit & Supervisory Board Members

A nominee for Independent Officer as defined by Tokyo Stock Exchange, Inc. etc.

Messages from Outside Directors

Our three outside directors have provided the following suggestions on the Sumitomo Electric Group's governance and how to increase our value as a company.



Hiroshi Sato Outside Director

Career

Hiroshi Sato began working for Kobe Steel in 1970, working in roles such as general manager of the technical development unit before becoming president of Kobe Steel in 2009 and chairman in 2013. He is now an advisor for Kobe Steel. He was appointed as an Outside Director in 2016.

Christina L. Ahmadjian Outside Director

Career

Christina L. Ahmadjian became an Assistant Professor at Columbia University's Business School in 1995. She became a Professor at Hitotsubashi University's graduate school in 2001, where her main areas of research are business administration and corporate governance. She is now a Professor in Hitotsubashi University's Graduate School of Business Administration. She was appointed as an Outside Director in 2018.

Michihiro Tsuchiya Outside Director

Career

Michihiro Tsuchiya began working for Tanabe Pharma (now Mitsubishi Tanabe Pharma) in 1976, working in roles such as the general manager of the research and development division and business planning division before becoming president of Mitsubishi Tanabe Pharma in 2009 and Chairman in 2016. He was appointed as an Outside Director in 2018.

Hiroshi Sato

One of the strengths of Sumitomo Electric is its broad range of products and technologies—materials, parts, machinery and systems—in many different areas of business. To achieve ongoing growth in the mid-to long term, the Company needs to maintain its superior competitive edge on quality, delivery and cost in its wiring harnesses, which is the Company's largest business segment. I also want to see the Company develop products and technologies that can be an alternative to wiring harnesses as its core business line. The keyword for the future of the automotive industry is CASE (Connected, Autonomous, Shared, Electric). I'm sure you can agree that these trends also apply to many areas outside automobiles. I think this is an excellent opportunity for a company like Sumitomo Electric, which has technologies and products that can be used to break into all of those areas. By bringing together the technologies and knowledge within Sumitomo Electric Group, you will get a good "chemical reaction" that creates new value. COVID-19 has drastically changed the way we work—instead of business travel and meetings, we're tending to communicate online or through teleconferencing. Digitalization breaks barriers between supervisors and

employees, genders, companies and countries. I want to see Sumitomo Electric Group ride that wave and create closer cooperation and fusions. The UN has set 17 Sustainable Development Goals (SDGs) and many nations and companies adopted them into their mid-to-long term plans. Many of the goals described in the SDGs have commonalities with Sumitomo Electric's medium-term goals in areas such as technical innovation, energy and the environment. There are also similarities with the Sumitomo Spirit, which has been fundamental in Sumitomo Electric's business activities since the Company was first established and driven Sumitomo Electric's endeavors to balance its own gains with public interest at all times. As an outside Director I look forward to continuing to work with the management team and being a part of the future that Sumitomo Electric Group creates.

Michihiro Tsuchiya

Sumitomo Electric has achieved steady results in its five areas—Automotive, Information & Communications, Electronics, Environment & Energy and Industrial Materials—through a sound financial base, inventive research and development and solid manufacturing technology and business acumen. I also see strong motivation in each and every person who works in Sumitomo Electric Group. I believe that for the Japanese manufacturing industry to continue to thrive, it must keep developing, producing, and marketing high value-added products that are resource-saving, energy-saving, and knowledge-intensive. Sumitomo Electric not only manufactures "items" but creates high value-added products by integrating knowledge, technology, information and wisdom on a global scale.

For the Company to continue to excel in the coming decades, it is very important to develop core businesses that ensue from the automotive business. The Company can build on its research and development, production technologies, and sales and marketing to strengthen the competitiveness of the current businesses, and also work with people with various ideas to boldly branch into new businesses opportunities with long-term perspectives. Sumitomo Electric's Nominating and Compensation Advisory Committees for its directors are functioning well. Active discussions take place at every Board meeting, and decisions are made with transparency and objectivity. The Company is committed to active discussion by the Board. Outside directors are adequately provided with information necessary to make decisions and enough time for consideration and discussion. Ensuring safety and

quality is critical for management decisions. As an outside Director I will continue to offer opinions on various matters including these from a broad perspective. Dramatic political, economic and social changes are taking place on a global scale. The rise of technology such as big data and artificial intelligence is bringing about digital transformation that is rapidly changing how businesses are run. COVID-19 has also caused dramatic changes to the structure of society in a short time. And the changes we expect to see in the next 10 years should make those changes in the recent day look small. As Japan's birthrate declines and average age rises, the world will be looking to us for answers on how nations could solve problems like these. Sumitomo Electric should create a vision of what the Company will be like in 10, 30, 50 years' time, and backcast from there to develop strategies and business plans to achieve such vision.

I look forward to seeing how Sumitomo Electric will further grow with its unique, lively and energetic corporate culture.

Christina L. Ahmadjian

Sumitomo Electric's strengths lie in the Sumitomo Spirit. These strengths include integrity, contribution to society, innovation, and dedication to Japanese "monozukuri" (excellence in manufacturing). I always am impressed by the commitment and dedication of everyone I meet and work with at Sumitomo Electric. Two key words that are critical for the future of Sumitomo Electric are "diversity" and "global." To thrive and continue to create value, innovation is critical. This means that the Company must both maintain its strengths of continuous improvement and close collaboration with customers as well as expand into new technologies and markets. To do this, diversity in ideas, experiences, and values is key. Furthermore, new ideas and new technologies cannot be found in Japan alone, and Sumitomo Electric must expand its global reach, not only in production and marketing, but also in development of new businesses and new technologies. The Company must also continue and build on its strong foundation of education and training for employees. I think that the Company should especially focus on training employees on how to encourage and manage the power of diversity, as well as to create a culture that best combines this diversity with the Sumitomo Spirit. The Company has been making progress in terms of gender diversity, but there are still not enough women advancing in management, and I think that progress remains too slow. I would also like to see more non-Japanese in positions where they can add their diverse perspectives to the Company's management policies.

Corporate governance at Sumitomo Electric is continuously improving, and I am encouraged by the amount of attention the Company is paying to getting feedback from board members, and acting on it. The Company maintains the traditional Japanese "kansayaku" board system, but outside directors and statutory auditors are extremely vocal, active and committed to helping the Company create value. I am impressed by the degree of transparency and information sharing between the outside board members and the executive officers. There are also a number of areas in which I hope to see further improvement. Because the Company has a "kansayaku" system, the line between execution and monitoring can sometimes be unclear, and I would like to see a much clearer distinction so that the board can focus on issues facing the Company as a whole and on longer-term strategy, in addition to its monitoring role. I believe that Sumitomo Electric is well positioned to create value for all of its stakeholders as it provides solutions to pressing global challenges in mobility, energy, and communications. But, because these areas are all fast moving, uncertain, and risky, the Company must make sure that it has the flexibility and resources to adjust. I also think that in this rapidly changing global environment, the Company must take a closer look at all of its stakeholders, from its shareholders to its employees and the local and global community, and make sure that it is providing value to all.