

# Corporate Governance Guidelines

Sumitomo Electric Industries, Ltd.

We establish these “Corporate Governance Guidelines” (the “Guidelines”) setting forth our basic ideas and policy concerning corporate governance based on a resolution of the Board of Directors while disclosing specific measures based on the Guidelines in the “Corporate Governance Report.”

## 1. Basic Views

The unchanging basic policy of Sumitomo Electric Industries, Ltd. 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, we aim to achieve sustainable growth and enhance corporate value of the Sumitomo Electric 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” which focusing on contributing to the public benefit and mutual prosperity with all of our stakeholders. We thus work to ensure and enhance the transparency and fairness of management based on proper corporate governance.

## 2. Appropriate Cooperation with Stakeholders

We recognize 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 stakeholders while taking their interests into consideration in order to achieve sustainable growth and enhance 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, we promote appropriate collaboration with stakeholders by upholding specific indicators and targets and take measures to achieve co-creation of values and shared prosperity with stakeholders. Specifically, we aim to provide high-quality and safe products and services to our “customers,” achieve compensation growth and improve the working environment for our “employees,” promote fair and impartial trade with our “suppliers,” contribute to CSR activities in our “regional communities,” and promote dialogue, information disclosure and returns for our “shareholders/investors.”

## 3. Enhancement of Effectiveness of Authority and Functions

In order to contribute to appropriate collaboration with stakeholders, we strive to enhance the effectiveness of authority and functions of the Board of Directors and Directors, the Audit & Supervisory Board and Audit & Supervisory Board Members, the General Meeting of Shareholders and shareholders, executive operations and internal control and work to ensure and enhance the transparency and fairness of management.

### (1) Board of Directors and Directors

We place importance on the function of the Board of Directors to make decisions on basic management policies

and to supervise management and focus on the development of a system and the operation of the Board of Directors in order to further enhance the effectiveness of these functions.

### **(2) Audit & Supervisory Board and Audit & Supervisory Board Members**

From a viewpoint of further ensuring sound management, we commit to strengthening audits by Audit & Supervisory Board Members and adopting a supervisory system under which Independent Outside Corporate Auditors and Audit & Supervisory Board Members work with the Internal auditing Department and Accounting Auditors to ensure the lawful and proper management.

### **(3) General Meeting of Shareholders and shareholders**

We take appropriate measures to substantively secure shareholders' rights and develop an environment in which shareholders can exercise their rights appropriately. In addition, we treat all shareholders in proportion to their equity interest and disclose information in a timely and appropriate manner to avoid causing any information gaps between shareholders.

As for dialogue with shareholders, in order to contribute to sustainable growth and enhance corporate value of the Sumitomo Electric Group over the medium to long term, we engage in constructive dialogue with shareholders to a reasonable extent.

In terms of the General Meeting of Shareholders, we take necessary measures and work to enhance efforts to enable shareholders to have sufficient time to consider the proposals for the General Meeting of Shareholders and to exercise their voting rights appropriately.

### **(4) Executive operations**

In respect of executive operations, we have introduced the Executive Officer System and the 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.

### **(5) Internal control**

As for internal control, we will make further efforts to ensure the propriety of operations within the organization by establishing the basic policy for an internal control system by the Board of Directors pursuant to the Companies Act and other laws and supervising the status of the development and operation of the system.

## **4. Enhancement of Information Disclosure**

While appropriately disclosing information pursuant to laws and regulations (statutory disclosure and timely disclosure), we make active efforts in providing information other than disclosure in accordance with laws and regulations to contribute to adequate collaboration with stakeholders.

End

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