SUMCO Corporation

Fundamental Policy on Corporate Governance < Rev.5 >

Chapter 1 General Provisions

Article 1: Purpose

The purpose of the Fundamental Policy on Corporate Governance is to contribute to the sustained growth of the Company and to enhance corporate value over the medium to long term by establishing fundamental principles on corporate governance.

Article 2: Basic Stance on Corporate Governance

1. SUMCO is committed to contributing to the development of industries and to the improvement of people's living standards by supplying high-quality silicon wafers used as substrates for semiconductor devices. At the same time, the Company places importance on responding to the expectations of shareholders by increasing corporate value as well as establishing and preserving sound relations with all stakeholders. With this in mind, the Company shall implement a broad range of corporate governance measures such as strengthening the audit and supervisory functions of the Board of Directors, ensuring the efficient execution of the duties of the directors, and reinforcing internal control in the SUMCO Group. The principal aim of these measures is to achieve speedy decision-making and to maintain a high level of transparency and fairness in the execution of business operations. As part of this commitment, the Company shall strive to increase management transparency with timely and appropriate information disclosure.

2. SUMCO believes that, in addition to compliance with applicable laws and regulations, sound corporate activities must be guided by an awareness of social values and morals. Toward this end, the Company has adopted and is implementing the SUMCO Charter of Corporate Conduct as a standard of behavior to be upheld by the Company and its officers and employees. All SUMCO employees are united in the goal of making SUMCO an excellent company. The SUMCO Vision has been formulated as a means to realizing this goal.

   SUMCO Vision
   1. World's Best in Technology
   2. Stable Profitability Even During Economic Downturns
   3. Empower Employee Awareness of Profit
   4. Competitiveness in Overseas Markets

Article 3: Ensuring Shareholder Rights and Equal Treatment

SUMCO believes in substantively equal treatment of all shareholders including minority and foreign shareholders. To protect shareholder rights and to contribute to

the proper exercise of such rights, the Company shall commit itself to timely and appropriate information disclosure and an investor friendly environment.

Article 4: Basic Stance on Dialogue with Stakeholders

SUMCO believes sustained growth and medium- to long-term increase in corporate value require a management approach that pays close attention to investors, shareholders, business partners, employees, and all other stakeholders. The Company shall create opportunities for engaging in appropriate dialogue with stakeholders and shall strive to promote the understanding of stakeholders in the Company's operations.

Article 5: Basic Stance on Corporate Social Responsibility

SUMCO aspires to serve society as a good corporate citizen by playing a leading role in the development of industries and improvement of living standards through the supply of silicon wafers used as substrates for semiconductor devices. To be a good corporate citizen, the Company shall engage in a wide spectrum of Corporate Social Responsibility (CSR) activities in accordance with the SUMCO CSR Policy.

Article 6: Basic Stance on Information Disclosure

SUMCO believes timely and appropriate disclosure of corporate information to investors is a core element in ensuring a sound stock market. The Company shall commit itself to speedy, accurate, and fair disclosure of corporate information while always adopting the perspective of investors. Corporate information that is useful in investor decision-making shall be actively disclosed even when not mandated by laws and regulations.

Chapter 2 Corporate Governance Structure

Article 7: Basic Stance on Corporate Governance Structure

SUMCO is organized as a company with an audit and supervisory committee. The Company believes the effectiveness of audit and supervision can be enhanced through audits conducted by directors who are Audit and Supervisory Committee members and have voting rights at Board of Directors meetings. The Company also believes the effectiveness of internal controls can be enhanced through audits conducted with the support of the Internal Audit Department.

Article 8: Roles of the Board of Directors

1. The Board of Directors shall, in accordance with laws, regulations, the Article of Incorporation, and the Rules of the Board of Directors, make decisions on business strategies, management plans, and other important matters pertaining to the management of the Company; receive reports from individual directors on the

execution of their duties; and supervise affiliated companies in the execution of important business matters, compliance, internal control, and risk management operations. The Board of Directors shall, with the participation of outside directors, appropriately assess the performance and other factors of the Company through the free exchange of their views, and shall appropriately reflect its assessments in personnel affairs of senior management.

2. Matters to be submitted for deliberation by the Board of Directors are stipulated in the Rules of the Board of Directors. The Company is committed to the basic stance of making decisions on the execution of important business matters—such as matters pertaining to the General Meeting of Shareholders, the settlement of accounts, management plans, and internal control—after thorough deliberation by the Board of Directors with the participation of independent outside directors. For this reason, the Articles of Incorporation does not provide for the delegation of decisions on the execution of important business matters to directors.

3. Independent outside directors shall perform the following duties with an aim to realize the SUMCO Group's sustained growth and to enhance corporate value over the medium to long term: Based on their knowledge and experience, independent outside directors shall provide advice and counsel on management policies and business improvement; shall supervise management from the perspective of minority shareholders and other stakeholders; shall participate in decision-making by the Board of Directors on the appointment and dismissal of directors and other important matters; shall supervise the Board of Directors and senior management in the execution of business operations; and shall monitor conflicts of interest between the Company and senior management.

4. SUMCO believes that responding appropriately to social and environmental problems is essential to achieving sustained business growth. As part of its environmental initiative, including tackling to climate change, and contribution to local communities, the Company implements initiatives to reduce the environmental impact in our business activities and preserve the environment, including combatting global warming, promotion of resource conservation activities and contributing to the creation of a recycling-oriented society, and social contribution activities, including activities aimed at the safety and disaster prevention, activities aimed at providing education, culture promotion and sports promotion and activities to support persons with disabilities. These activities are reported to the Board of Directors and regularly published in Sustainability Reports and other publications.

Article 9: Composition of the Board of Directors

1. SUMCO's Board of Directors shall have not more than fourteen (14) directors (excluding directors who are Audit and Supervisory Committee members) and not more than seven (7) directors who are Audit and Supervisory Committee members, as stipulated in the Articles of Incorporation. The basic stance of the Company is that the Board of Directors must be comprised of appropriate persons, while taking into account a proper balance of knowledge concerning the operations of the Company, experience, capabilities, and other factors.

2. SUMCO's Board of Directors shall be comprised of inside directors with a proven record of performance in their respective areas of responsibility and outstanding management abilities, and outside directors with expert knowledge and abundant experience, with a view to achieving an overall balance and diversity in the knowledge, experience, and capabilities of the Board of Directors.

Article 10: Qualifications of Candidates for Director and Nomination Policy

1. The Board of Directors shall select candidates for director from a broad and diverse range of individuals in possession of the following qualifications:

   (1) Individuals with abundant knowledge and experience pertaining to the management control and business operations of the SUMCO Group.

   (2) Individuals with sufficient understanding of the social responsibilities and mission of the Company's businesses, and the capacity to fairly and appropriately execute management control and business operations based on strict self-discipline.

2. Notwithstanding the provisions of the preceding paragraph, candidates for outside director shall be selected from a broad and diverse range of individuals in possession of the following qualifications:

   (1) Individuals who satisfy the criteria for independence as defined by the Company (see Appendix) in accordance with the criteria for the independence of independent directors/auditors as determined by the Tokyo Stock Exchange, and are judged not to have a conflict of interest with general shareholders.

   (2) Individuals who appreciate the Company's mission statement and vision, and who have sufficient understanding of the social responsibilities and roles of the SUMCO Group.

   (3) Individuals with sufficient awareness of the role of outside director, and the capacity to supervise the Company's directors and management, and to provide appropriate and precise advice and counsel based on their expert knowledge and experiences in the areas of corporate management, economics, law, accounting, taxation, auditing, etc.

Article 11: Policies Related to Determination of Remuneration of Directors

The Company's basic policy for Executive Director remuneration aims to align the interests and risks of Executive Directors and shareholders and provide an incentive to improve business performance and medium- to long-term corporate value. To this end, Executive Director remuneration comprises basic remuneration, performance-linked monetary remuneration based on short-term performance, and performance-linked stock remuneration based on medium- to long-term corporate value, depending on each

Executive Director's office and rank, within the total amount determined by resolution of the General Meeting of Shareholders.

Article 12: Nomination and Remuneration Committee

1. SUMCO shall have a Nomination and Remuneration Committee as an optional advisory body to the Board of Directors for the purpose of reinforcing corporate governance. The majority of the Nomination and Remuneration Committee members shall be independent outside directors.

2. Matters such as the selection process, qualifications, and reasons for nomination of candidates for director and executive officers, and remuneration systems for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers, shall be submitted by the Board of Directors to the Nomination and Remuneration Committee for deliberation. The Nomination and Remuneration Committee shall examine the appropriateness of the above matters in light of its assessment of the Company's performance and other factors, including the perspectives of gender and other diversity as well as expert knowledge and experience, and thereupon report its conclusions to the Board of Directors.

3. Membership of the Nomination and Remuneration Committee shall be comprised of inside directors and independent outside directors, and its deliberations and reports shall be undertaken with the appropriate participation and advice of independent outside directors.

4. The Board of Directors shall make decisions on such matters as the nomination of candidates for director and executive officers, and remuneration for directors (excluding directors who are Audit and Supervisory Committee members) after receiving the report of the Nomination and Remuneration Committee.

Article 13: Composition of the Audit and Supervisory Committee

1. Independent outside directors shall account for the majority of Audit and Supervisory Committee members. In order to ensure the effectiveness of the activities of the Audit and Supervisory Committee, Audit and Supervisory Committee shall appoint full-time Audit and Supervisory Committee Members by its resolution.

2. Efforts shall be made to ensure that at least one Audit and Supervisory Committee member has considerable knowledge and experience pertaining to finance and accounting.

3. The Board of Directors shall obtain the consent of the Audit and Supervisory Committee when making a decision on a candidate for director who is an Audit and Supervisory Committee member.

Article 14: Roles of the Audit and Supervisory Committee

1. The Audit and Supervisory Committee shall exercise its statutory powers of investigation to inspect and confirm the status of compliance with laws, regulations, the Articles of Incorporation, and other rules, and to monitor the status and management of internal control systems, including internal controls over financial reporting. In so doing, the Audit and Supervisory Committee shall conduct audits to confirm that the directors are executing their duties appropriately in compliance with laws, regulations, and the Articles of Incorporation.

2. The Audit and Supervisory Committee shall determine criteria for the evaluation, and guidelines for dismissal and non-reappointment, of Accounting Auditors. The Audit and Supervisory Committee shall evaluate Accounting Auditors in conformity with these criteria to confirm that an Accounting Auditor possesses the required independence and expertise. Based on such evaluations, the Audit and Supervisory Committee shall make decisions as needed on the dismissal or non-reappointment of Accounting Auditors.

3. The full-time Audit and Supervisory Committee members shall attend Management Conference and other important meetings to grasp the status of management execution, and shall share information on important matters with other Audit and Supervisory Committee members.

Article 15: Support System for the Audit and Supervisory Committee

1. An Audit and Supervisory Committee Office shall be established and staff shall be assigned to support the activities of the Audit and Supervisory Committee and to facilitate the smooth conduct of audit.

2. The staff of the Audit and Supervisory Committee Office shall abide by the instructions of Audit and Supervisory Committee members and the Audit and Supervisory Committee. Changes in staff members shall be subject to the prior consent of the Audit and Supervisory Committee. Personnel evaluation of staff members shall be conducted by the full-time Audit and Supervisory Committee members.

Article 16: Remuneration of Directors Who Are Audit and Supervisory Committee Members

The directors who are Audit and Supervisory Committee members shall receive only fixed remuneration from the perspective of ensuring the appropriate conduct of their duties such as auditing and the supervision of the execution of business operations. The remuneration shall be determined through the deliberations of the Audit and Supervisory Committee members within the total amount determined by resolution of the General Meeting of Shareholders, and shall take into account the role and duties of each such director and whether he or she is a full-time or part-time member.

Article 17: Basic Stance on Education of Directors

1. With regard to directors, SUMCO shall promote the acquisition of necessary knowledge and understanding of the role and responsibilities of directors by holding training sessions as appropriate, led by outside experts or departments in charge, on the Companies Act and other matters depending on current business conditions and developments, and by creating opportunities for participating in outside training sessions and exchange meetings. With regard to directors who are Audit and Supervisory Committee members, the Company shall promote the acquisition of necessary knowledge and understanding of the role and responsibilities of Audit and Supervisory Committee members by providing opportunities to participate in outside training sessions and exchange meetings as deemed necessary.

2. In addition to the provisions of the preceding paragraph, SUMCO shall distribute copies of the Articles of Incorporation and other basic materials pertaining to the Company to newly appointed directors when taking office, and shall hold study sessions to promote their understanding of the role and responsibilities of directors. When outside directors take office, the Company shall provide them with information on the current conditions of the SUMCO Group, including the status of business operations, finance, and organization, and promote their understanding of the Group businesses through inspection tours of the Company's plants or other means as deemed necessary. The Company shall continue to provide opportunities for regular explanation of the Company's management issues, etc., as well as opportunities for presentation of reports, explanations, etc., as deemed necessary to outside directors after they have taken office.

Chapter 3 Measures to Protect Stakeholder Rights

Article 18: Mechanism to Control Related-Party Transactions

1. The engagement of SUMCO directors in competition transactions or conflict-of-interest transactions shall be subject to the deliberation and resolution of the Board of Directors.

2. With the exception of transactions that are obviously being conducted on the same terms that apply to transactions in general, the engagement of the Company in transactions with close relatives of directors or with major shareholders, etc., shall be submitted to the Board of Directors for prior review and approval, to ensure that such transactions do not undermine the interest of the Company and the common interest of its shareholders.

Article 19: Basic Stance on Policy-Oriented Holding of Listed Stocks

1. SUMCO shall make decisions on policy-oriented acquisition and policy-oriented holding of listed stocks based on a comprehensive evaluation of business strategies and relations with the business partners, and confirmation that the holding of such stocks contributes to enhancing the Group's corporate value over the medium to long term.

2. The Board of Directors shall regularly every year review principal holdings of listed stocks acquired or held in accordance with the provisions of the preceding paragraph (hereinafter referred to as "policy-oriented stock holdings") to verify the medium- to long-term economic rationale, future outlook for such holdings, and the effect of such holdings as examined from the perspective of maintaining and strengthening overall relations with the business partners.

3. In exercising its voting rights pertaining to policy-oriented stock holdings, SUMCO shall base its decisions on the criteria of whether a proposed agenda will contribute to enhancing the Group's corporate value over the medium to long term, and whether the proposed agenda will not undermine the purpose of the Company's holding of the stock.

Article 20: Whistle-Blowing System

1. SUMCO shall develop and maintain a whistle-blowing system. A report on the status of the whistle-blowing system shall be submitted to the Board of Directors regularly every year.

2. To facilitate both open and anonymous whistle-blowing, SUMCO shall maintain an internally located contact office for receiving internal reports and an externally located contact office situated in an outside law firm as well as a " SUMCO suggestion box".
3. The Company rules shall protect whistle-blowers by explicitly prohibiting disadvantageous treatment by reason of having engaged in whistle-blowing.

Chapter 4 Dialogue with Shareholders and Others

Article 21: Basic Stance on Constructive Dialogue with Shareholders and Others

1. SUMCO's Public Relations & IR Department led by the officer in charge of Public Relations & IR Department shall be responsible for engaging in dialogue with investors including shareholders. The content and outcome of such dialogue shall be reported to the Board of Directors and senior management as deemed necessary. Senior management shall make presentations at quarterly financial briefings, and shall participate in one-on-one meetings as deemed necessary.

2. Information necessary for IR activities shall be collected from the Sales and Marketing Division, Corporate Planning and Accounting Department, Finance Department, Purchasing Department, General Affairs Department, and other relevant sections of the Company, and arranged and summarized by the Public Relations & IR Department. The contents of IR activities shall be reviewed and confirmed in advance by senior management, and due attention shall be paid to the proper control of insider information.

3. Through these activities, SUMCO shall pursue sustained growth and enhancement of corporate value over the medium to long term by reflecting the views and requests of shareholders and investors in corporate management.

Chapter 5 Miscellaneous Matters

Article 22: Revision and Repeal

Revision and repeal of the Fundamental Policy on Corporate Governance shall be subject to resolution of the Board of Directors. However, simple modifications pursuant to changes made in the names and titles of organizations and posts, etc., may be carried out upon approval of the chairman of the Board of Directors.

Supplementary Rules

< Enactment > The Fundamental Policy on Corporate Governance shall come into effect on March 29, 2016.

< Rev.1 > The Fundamental Policy on Corporate Governance shall come into effect on November 30, 2021.

< Rev.2> The Fundamental Policy on Corporate Governance shall come into effect on January 4, 2023.

< Rev.3> The Fundamental Policy on Corporate Governance shall come into effect on March 29, 2023.

< Rev.4> The Fundamental Policy on Corporate Governance shall come into effect on March 27, 2025.

< Rev.5> The Fundamental Policy on Corporate Governance shall come into effect on March 27, 2026.

Appendix

Criteria for Independence

In addition to the criteria for independence determined by the Tokyo Stock Exchange, SUMCO deems a person who falls under any of the following definitions not independent:

1. A person who currently meets any of the definitions listed in (1)-(7) below.
   (1) A major shareholder of SUMCO (shareholder with 10 percent or more of total voting rights in SUMCO), or an executive of the same.
   (2) An executive of a major lender of funds to SUMCO (lender of amounts equivalent to 2 percent or more of SUMCO's consolidated total assets).
   (3) An executive of a securities company acting as SUMCO's lead managing underwriter.
   (4) An executive of a business partner of SUMCO (business partner that accounts for 1 percent or more of SUMCO's consolidated net sales, or for which SUMCO accounts for 1 percent or more of its consolidated net sales).
   (5) A partner to SUMCO's Accounting Auditor, or an employee of the same who is engaged in auditing SUMCO.
   (6) An expert or consultant in law, accounting, taxation, etc., receiving remuneration in excess of 5 million yen per year from SUMCO, excluding remuneration received as a director (provided that, when the entity receiving the said remuneration is a juridical person, a partnership, or other form of organization, an executive of the entity receiving such remuneration in excess of the smaller of 10 million yen or 1 percent of the entity's total annual revenue).
   (7) An executive of an organization receiving donations in excess of 5 million yen per year from SUMCO.

2. A person who fell under any of the definitions listed in (1)-(7) above at any time during the past three years.