



## Hand in Hand with Business Partners

### Basic Stance

The Sumitomo Chemical Group is committed to building mutually beneficial and sound relationships with business partners. In addition to ensuring fairness, equitability, and transparency in our transactions with business partners, we are promoting responsible procurement activities throughout the supply chain with an emphasis on compliance and respecting human rights, which will encourage our partners to also engage in CSR activities. Furthermore, Sumitomo Chemical's stance toward and policy on responsible procurement is clarified in the Basic Procurement Principles and the Group Business Standards of Procurement, which provide guidelines for procurement operating activities for Group companies in Japan and overseas.

#### Basic Procurement Principles (Outline)

1. The Procurement Section shall strive to conduct procurement transactions on the basis of fair, equitable, transparent and free competition without involving personal interests or arbitrary considerations.
2. The Procurement Section shall strive to select suppliers to transact with in accordance with the most appropriate and economically rational methods and shall pursue the maintenance of sound business relationships with suppliers, aiming for mutual growth and development.
3. The Procurement Section shall strive to provide corporate services globally throughout the entire Group.
4. In its procurement, the Procurement Section shall give preference to those suppliers that are active in CSR initiatives, with the aim of fulfilling its corporate social responsibilities and building sound relationships with suppliers.
5. The Procurement Section shall strive always to meet the quality requirements of Sumitomo Chemical's internal sections that request purchases of Goods and Services.
6. In performing Procurement Operations, the highest priority shall be given to safe and stable operations in order to realize zero-accident and zero-injury operations.
7. In performing Procurement Operations, the highest consideration shall be given to customer satisfaction.
8. The Procurement Section shall ensure the transparency of Procurement Operations.

#### Detailed Information

<https://www.sumitomo-chem.co.jp/english/company/purchasing/principles.html>



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### Responsible Procurement Activities

Sumitomo Chemical has added a webpage about CSR procurement to its Procurement Information page on its official website to inform more stakeholders of our responsible procurement initiatives. The webpage features the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook, which explains those CSR promotion items that the Company asks suppliers to follow. Moreover, Sumitomo Chemical has formulated the Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets to enable suppliers to conduct self-evaluations regarding all items. Suppliers can now download the guidebook and check sheets and report the results of their self-evaluations.

#### Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets (CSR Criteria Explanation)

##### 0 Overall Promotion of Corporate Social Responsibility (CSR)

The questionnaire begins with a confirmation of the company's performance regarding: clearly declaring the importance of CSR as a business policy; designating an organization and manager responsible for CSR promotion; publicly announcing the status of its CSR promotion efforts; having a system in place; and deploying its own CSR program to suppliers.

##### I Compliance with Laws and Ethics

Questions in this chapter focus on whether the company properly: ensures compliance with various business laws (including laws and regulations in Japan and overseas, such as REACH); prohibits impediments to free competition; prohibits abuse of a superior position; prohibits corruption and bribery; prohibits the offering and receiving of inappropriate profits and advantages; ensures respect for intellectual property; detects and prevents injustice promptly; and prevents the leakage of personal information, customer and third-party confidential information.

##### II Human Rights and Labor

Questions in this chapter focus on whether the company properly: ensures respect for human rights; prohibits discrimination; regulates working hours; respects the rights to freedom of association; prohibits forced labor; prohibits child labor; and pays appropriate wages.

##### III Accident Prevention and Occupational Health and Safety

Questions in this chapter focus on whether the company properly: ensures proper disaster and accident management; applies safety measures for equipment and instruments; promotes safety in the workplace; promotes hygiene in the workplace; and promotes health maintenance programs for employees.

##### IV Environmental Conservation

Questions in this chapter focus on whether the company properly: establishes and implements an environmental management system; controls hazardous chemicals in manufacturing; obtains environmental and government permits; minimizes environmental pollution (water, soil, air); promotes waste reduction; and promotes resource and energy saving by reducing, reusing, and recycling (3Rs).

##### V Product Quality and Safety

Questions in this chapter focus on whether the company properly: establishes and implements a quality management system; controls hazardous chemicals in products; provides accurate information on products and services; and furnishes prior consultation on manufacturing process change and compliance with standards and specifications.

Procurement Information, "CSR Deployment Guidebook and Check Sheets"

[https://www.sumitomo-chem.co.jp/english/company/purchasing/csr\\_procurement.html](https://www.sumitomo-chem.co.jp/english/company/purchasing/csr_procurement.html)

Refer to the Topics Columns Presented on page 92 of the Compliance Section in *Annual Report 2018*.

[https://www.sumitomo-chem.co.jp/english/ir/library/annual\\_report/](https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/)



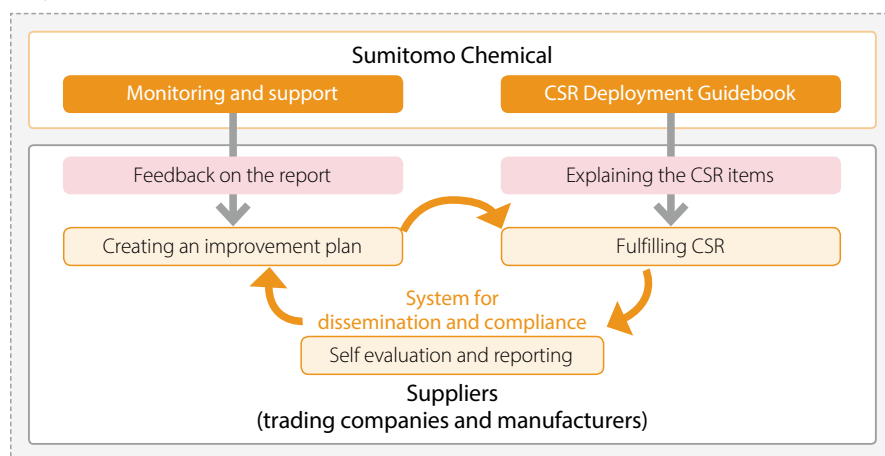
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### Using the CSR Deployment Guidebook and Check Sheets

Sumitomo Chemical promotes responsible procurement while strengthening cooperation with business partners in part by collecting Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets from suppliers of raw materials.

We collect CSR Check Sheets from all new suppliers and only enter into business with those given good evaluations. Current suppliers are also subject to monitoring via check sheets as well as quality assurance audits. We manage the data from the check sheets submitted by suppliers and periodically assess the content. For suppliers who need to follow-up on problems revealed by the monitoring, we furnish feedback, including point-by-point requests for improvement, to raise awareness of and cooperation in ensuring responsible procurement.

### System for Responsible Procurement



### Conflict-Free Procurement Policy

In an environment in which the social responsibilities of corporations are growing, if a given commitment relates to a social problem for which there is significant interest and there is a social expectation of compliance, as is the case with a U.S. rule\* on conflict minerals, for example, Sumitomo Chemical works with its suppliers to ensure the responsible procurement of raw materials.

\* Rule on conflict minerals: A final rule applying to companies that are publicly listed in the United States that was adopted by the U.S. government in August 2012 pursuant to Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act, which is known as the Conflict Minerals provision. The rule requires companies to disclose and report to the U.S. Securities and Exchange Commission the use in their products or production processes of conflict minerals, including tantalum, tin, gold, or tungsten, originating from the Democratic Republic of Congo or adjoining countries.

#### Conflict-Free Procurement Policy

[https://www.sumitomo-chem.co.jp/english/company/purchasing/csr\\_procurement\\_policy.html](https://www.sumitomo-chem.co.jp/english/company/purchasing/csr_procurement_policy.html)

### Promoting Responsible Procurement throughout the Group

We periodically hold Group purchasing information exchange meetings that gather together responsible purchasing representatives from each Group company. Through these information exchange meetings, Sumitomo Chemical is able to promote responsible procurement throughout the Group by actively sharing necessary information on the Company's responsible procurement activities.

## Looking Ahead

Under our current responsible procurement measures, we will continue to strengthen cooperation with business partners and provide support for responsible procurement.