

Sumitomo Chemical Group Policy for Responsible Procurement of Minerals / Raw Material (Established March 17, 2020)

Recognizing the principles set out in our Sumitomo Chemical Group Human Rights Policy, Sumitomo Chemical Group (Sumitomo Chemical Co., Ltd. and its group companies, hereafter “Sumitomo Chemical Group”) defines those raw materials that involve a high risk of having a negative impact on human rights in the supply chain (including but not limited to Tantalum, Tin, Gold, Tungsten, Cobalt, Mica, Graphite, Pulps etc.) as high-risk raw materials (“HRRM”). Sumitomo Chemical Group recognizes the adverse impact against human rights which may be associated with mining, extracting, refining, manufacturing, trading, handling and/or importing/exporting HRRM, and sets out the following Policy for Responsible Procurement of Minerals/Raw Materials. Sumitomo Chemical Group will comply with this policy, and requests all of its suppliers to acknowledge the contents of this policy and comply with it.

Incorporating the essence of the standards set out in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the “OECD Guidance”) with necessary adjustments, Sumitomo Chemical Group adopts the following 6-step framework in conducting due diligence in respect of HRRM:

1. Establish Strong Company Management Systems

Sumitomo Chemical Group will clearly communicate and explain to suppliers and to the public the contents of this policy, and appoint a senior executive and staff assigned to supply chain management of HRRM. Sumitomo Chemical Group will request HRRM suppliers to comply with this policy by abiding by the standard contract clause or commitment letter.

2. Identify and Assess Risks in the Supply Chain

Sumitomo Chemical Group will establish a system of controls and transparency over the supply chain of HRRM, and will periodically identify and assess risks of HRRM suppliers through an approach consistent with OECD Guidance Annex II. In identifying and assessing the risks, Sumitomo Chemical Group will (i) request HRRM suppliers to map its supply chain to origin and maintain a database of the same, and (ii) conduct additional due diligence procedures against the HRRM supplier, when red-flags of adverse impact on human-rights are discovered in its supply chain, with due attention to the geographical characteristics of conflict-affected and high-risk areas.

3. Design and Implement a Strategy to Respond to Identified Risks

Once risks are identified and mitigation measures are undertaken, the senior executive

assigned to HRRM, will compile a risk management plan and will implement either of the following measures:

- i) continuing trade throughout the course of measurable risk mitigation efforts;
- ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation efforts;
- iii) disengaging with the HRRM supplier after failed attempts at mitigation, such as where lack of cooperation, refusal to follow improvement requests etc.

Sumitomo Chemical Group will implement the risk management plan, monitor and trace the risks and progress of risk mitigation efforts, report them to the assigned senior executive of HRRM, and keep record of the same for a designated period. Sumitomo Chemical Group will undertake additional assessments of the identified risks once there is change of circumstance.

4. Sumitomo Chemical Group will request HRRM suppliers who is in a position to more directly and effectively mitigate the adverse impact on human rights in the supply chain to undergo supply chain due diligence audits conducted by Sumitomo Chemical Group or by Sumitomo Chemical Group's designated independent third-party auditor.

5. Sumitomo Chemical Group will report the above HRRM related activities through our web site, annual report, sustainability data book etc. If required, Sumitomo Chemical Group will request HRRM suppliers to report its HRRM related activities periodically to Sumitomo Chemical Group, and to promptly report to Sumitomo Chemical Group any signs of adverse impact on human-rights discovered in their supply chain, and to follow any instructions of corrective measures by Sumitomo Chemical Group.

6. Sumitomo Chemical Group will support relevant industry initiatives in respect of HRRM and respond to changing situations flexibly.

Sumitomo Chemical Group requests all of its suppliers to develop and implement its own initiatives in accordance with the above 6-step framework, and to cause its upstream suppliers to do the same.