



# Respect for Human Rights

## Examples of Initiatives

### Fiscal 2019 Initiative Details

In fiscal 2019, we conducted human rights risk assessment (risk mapping) for Sumitomo Chemical and 162 consolidated Group companies. With the help of external experts, we estimated potential human rights risks in each company based on their businesses, location (country and region), personnel composition, and the raw materials and products they handle. Then we examined how each company addresses risks, by referring to the results of internal audits and responsible care audits that had been conducted for the Company. These processes were aimed to make our assessment objective and pertinent to actual situations.

### Risk Evaluation Items

For this risk assessment, we first set the four categories of society, environment, occupational safety and health, and governance as major focal areas, and for each category, we determined items in detail for assessing risks. For example, in the category of "society," we selected such diverse items as forced labor, child labor, discrimination, harassment, freedom of association, indigenous people, and cultural heritage. In other categories, we conducted risk assessment as to those items that we had addressed in audits, by examining them from a human rights perspective.

#### Society

S1	Forced labor and human trafficking
S2	Child labor
S3	Work hours
S4	Wages and employment contract
S5	Discrimination
S6	Harassment and punishments
S7	Freedom of association
S8	Land rights
S9	Negative social impact on local communities
S10	Indigenous people and cultural heritage
S11	Privacy
S12	Countermeasures and management procedures (supply chain)

#### Environment

E1	Environmental pollution
E2	Resource management
E3	Noises, vibrations, and odors

#### Occupational Safety and Health

HS1	Countermeasures and management procedures
HS2	Machine safety
HS3	Fires and explosions
HS4	Hazardous operations
HS5	Infectious, dusty, and asbestos operations

#### Governance

G1	Prevention of bribery
G2	Prevention of accounting fraud
G3	Prevention of quality-related fraud
G4	Examples of violations

### Policy for Calculating Risk Scores

Regarding each item, we confirm activities as factors either contributing to or reducing risk. When there are activities that could become risk factors, we add to the risk score, and when there are activities that reduce risk factors, we subtract from the risk score, thereby quantifying risk. The higher the risk score, the higher the human rights risk.

#### Examples that add to the risk score:

- Employing foreign national workers and migrant workers
- Operational region of the Group company ranked as a high-risk country in indices published by international institutions (for example: the Global Child Forum & UNICEF's Children's Rights and Business Atlas)
- Businesses considered labor-intensive (business categories considered to have a relatively high ratio of low-wage workers)

#### Examples that subtract from the risk score:

- Confirming the personal IDs of migrant workers and storing copies
- Formulating policies related to prohibiting child labor
- Confirming the provision of employee wages in an amount adequate to provide for a family and meet basic needs, such as food and housing



### Fiscal 2020 Initiative Details

We conducted an on-site or written survey as a detailed investigation of 30 Group companies that were rated as having a relatively high risk in the human rights risk assessment (risk mapping) conducted in fiscal 2019 for Sumitomo Chemical and its Group companies.

#### **Document Inspection – Targets: 26 companies, in locations including China, India, Thailand, and Japan**

Under the four categories: Society, the Environment, Health & Safety, and Governance, questionnaires were sent and answers were collected. The companies were asked whether they conducted any business activities with high human rights risks and about the implementation status of risk mitigation measures.

#### **On-site Inspection – Targets: 4 companies total, in China, Thailand, and Tanzania**

For the Group companies identified to have particularly high human rights risks, outside experts were appointed to conduct inspections including reviewing documents such as employment and wage regulation documents, conducting interviews with local employees (including temporary employees), and inspecting the work environment (including the remote investigation).

As a result of these investigations, we learned the following.

#### **Good initiatives that should be referenced by other Group companies to mitigate human rights risk:**

- Environmental conservation and occupational safety and health measures are being rolled out at a high level (all 4 companies) (for example: working on continual improvement, including waste reduction activities and rain water recycling, going beyond legal and regulatory requirements)
- The basic procurement principles are translated into local languages and communicated to all primary suppliers (Tanzania)
- External attorneys are invited every year to conduct training for employees on regulations and the latest trends related to labor problems (China)

#### **Issues that need improvement:**

- Measures are taken as a practical matter, but mandatory matters for suppliers regarding human rights and labor are not specified in evaluation methods or standards (China, Thailand)

### Initiatives in FY2021

Human rights risk evaluations (human rights risk mapping) were conducted by external specialists in fiscal 2019, and in fiscal 2020 we conducted detailed surveys (written and on-site) for Group companies thought to have relatively high levels of risk in the human rights risk evaluations. In fiscal 2021, we conducted follow-up surveys to the detailed surveys. Specifically, we held hearings with external specialists and local Group companies to determine differences in regulations and standards depending on the country and region and confirmed the status of respect for human rights initiatives, from the provision of a living wage to ensuring that foreign national workers are able to hold their own passports. As a result, at Group companies where we conducted detailed surveys, measures are being taken in line with the laws and regulations of each country, and we did not discover major risks that violate matters required by international standards, such as the International Labor Organization's Core Labor Standards.\* Nevertheless, to further strengthen respect for human rights, we take such measures as highlighting human rights and labor when making requests of suppliers. In addition, Group-wide we are rolling out good initiatives identified in the previous fiscal year's survey that should be referenced by other Group companies with the aim of mitigating human rights risks.

\* The ILO's Core Labor Standards established minimum standards related to labor, specifically singling out the right to freedom of association and collective bargaining, prohibition of forced labor, prohibition of child labor, elimination of discrimination, and safe and healthy working conditions.