

# **Sumitomo Chemical Group Supplier Code of Conduct**



**August 2022**

## **Introduction**

We at the Sumitomo Chemical Group are committed to contributing through our businesses to building a sustainable society, based on Sumitomo's business principles represented by the words "*Jiri-Rita Koushi-Ichinyo*," which mean that Sumitomo's businesses must benefit society at large, not just our own interests.

The world now faces enormous challenges that require urgent action, such as environmental problems caused by greenhouse gases and plastic waste, human rights issues and other social problems. Meanwhile, businesses see their operations becoming more far-reaching and more complicated, driven primarily by continued diversification and globalization and ever-expanding supply chains. Under these circumstances, when procuring products, machinery/equipment, raw materials, services and other resources, companies need to pay more attention than ever to elements of sustainability, including the natural environment, the work environment and human rights, not just considering the traditional set of transaction terms, such as quality, performance, price and delivery.

Society has high hopes for the corporate sector stepping up efforts to create a sustainable society. Although most of the social issues we need to address are difficult to solve if we work on them alone, we believe that we will be able to break through by working together with you, our business partners.

In January 2009, we issued the "Sumitomo Chemical Group Sustainable Procurement Guidebook" to request cooperation from our suppliers in our sustainability efforts. This time, we have revised it in view of the developments over these years and newly produced this "Sumitomo Chemical Group Supplier Code of Conduct," putting forward the initiatives in four key areas that we would like to request that you implement to promote sustainability. We sincerely hope that we will be able to continue to work with you, the Group's important business partners, based on a shared vision as we strive to advance sustainability across our entire supply chain.

We at the Sumitomo Chemical Group will remain committed to solving major social issues in cooperation with our business partners toward achieving a sustainable society and to creating shared value for customers and for society by putting our principle of "*Jiri-Rita Koushi-Ichinyo*" into action. We would truly appreciate it if you could study the contents of this Supplier Code of Conduct and join in our efforts.

August 2022  
Sumitomo Chemical Co., Ltd.

## **Sumitomo Chemical Group Supplier Code of Conduct**

### I. Compliance and Ethics

- I-1. Comply with laws and regulations and uphold and respect international norms
- I-2. Comply with competition laws
- I-3. Maintain sound relations with governments and administrative agencies and prohibit bribery
- I-4. Prohibit the offering and receiving of inappropriate profit
- I-5. Respect intellectual property
- I-6. Establish a system for the prevention, early detection, and remedy of wrongdoings and protect whistleblowers
- I-7. Make appropriate information disclosure
- I-8. Protect the organization's confidential information and personal information and develop cyber security measures

### II. Society

- II-1. Respect human rights and prevent complicity in human rights violations
- II-2. Prohibit all forms of discrimination and harassment
- II-3. Comply with law and regulations regarding working hours, leave, etc. and labor agreements, respect the ILO standards and reduce excessive working hours
- II-4. Respect basic labor rights including employees' freedom of association and the right to collective bargaining
- II-5. Prohibit forced labor through coercion, detention, inhumane prison labor, slavery, and human trafficking
- II-6. Prohibit child labor and give due consideration to young workers
- II-7. Comply with legal minimum wage requirements and give due consideration to living wages
- II-8. Establish and implement a product quality management system
- II-9. Ensure safety of products and services, and clarify and comply with relevant laws and regulations, customer requirements and internal quality control standards
- II-10. Properly manage chemical substances used or contained in manufacturing processes and in products and services and comply with relevant laws and regulations
- II-11. Make appropriate information disclosure for products and services
- II-12. Take proper measures in the event that an accident occurs related to a product or service or that a defective product should be shipped out
- II-13. Advance efforts to reduce any negative impact of the supply of products and services on local communities and contribute to local communities
- II-14. Supplier Management
- II-15. Establish a system necessary to ensure a stable supply of products and services, including formulating the Business Continuity Plan (BCP)

II-16. Properly control imports and exports

II-17. Responsible procurement of raw materials (advancing efforts to identify and assess raw materials that pose a risk of causing a negative impact on human rights, including conflict minerals, and to mitigate the risk)

### III. Occupational safety and health

III-1. Establish and implement an occupational safety and health management system

III-2. Prepare emergency scenarios including natural disasters and accidents, take measures to improve facilities, formulate manuals for emergency response measures, and provide awareness-raising and training programs

III-3. Assess safety and health risks, implement proper safety and health measures, and provide awareness-raising and training programs regarding safety and health information

III-4. Provide a safe and hygienic work environment for all workers and implement proper health management measures, including mental health support programs

III-5. Categorize and record cases of occupational accidents and illnesses, provide necessary treatment, and conduct investigations, report and take remedial measures

### IV. Environment

IV-1. Establish and implement an environment management system

IV-2. Properly control and reduce chemical substances released to the environment in the form of wastewater, sludge, waste, etc.

IV-3. Take measures to respond to climate change, such as greenhouse gas (GHG) emissions reduction and adaptation to climate change

IV-4. Properly manage, reduce, and responsibly treat and dispose of waste

IV-5. Sustainably and efficiently utilize resources (energy, water, raw materials, etc.)

IV-6. Conserve biodiversity

This Code of Conduct was prepared with reference to the following:

- “Version 7.0 of the Responsible Business Alliance (RBA) Code of Conduct,” Responsible Business Alliance
- “Responsible Business Conduct Guidelines - Promoting Responsible Business Conduct in the Supply Chain-,” Japan Electronics and Information Technology Industries Association (JEITA)
- “Building the Sustainable World Vol. 9: CSR/Sustainable Procurement Self-Assessment Tool Set,” Global Compact Network Japan

---

## I. Compliance and Ethics

---

### I-1. Comply with laws and regulations and uphold and respect international norms

When conducting business activities, suppliers shall fully understand and comply with industrial laws and other relevant laws and regulations and shall also uphold and respect international standards. Where national or local laws and regulations and international standards are in conflict, suppliers shall endeavor to respect international standards.

Industrial laws and regulations mean all laws applicable to a certain business under which operators engaged in the business are required to fulfill various obligations such as notification to government agencies, acquisition of permits and approvals, and reporting.

Suppliers shall understand all relevant industrial laws and regulations regulating their business activities, acquire permits, approvals and licenses and give notifications as required under the industrial laws and regulations, and comply with the requirements of the industrial laws and regulations regarding quality standards, labelling, delivery of required documents, periodic reporting, preparation of transaction records, and other matters.

International standards mean customary international laws, generally accepted principles of international law, and universally or almost universally accepted expectations for socially responsible conduct of organizations deduced from intergovernmental agreements (including treaties and conventions) and include, for example, the United Nations Guiding Principles on Business and Human Rights, the United Nations Sustainable Development Goals (SDGs), the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

### I-2. Comply with competition laws

Suppliers shall promote free and fair competition and comply with applicable competition laws, including Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, as well as with applicable laws and regulations related to competition, including Japan's Unfair Competition Prevention Act, Act against Unjustifiable Premiums and Misleading Representations and Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, and shall not conduct any acts that may restrict or limit free and fair competition, including the following:

- (1) to enter into an agreement with competitors on price, production and sales quantities, or allocation of customers or sales territories for products or services;
- (2) to make a transaction with a counterparty that may cause a competitor to be excluded from the market (including exclusive purchase, bundling, discriminatory treatment, unfair dumping, and discriminatory provision of rebates and discounts);
- (3) to restrict the right to determine its price including designating resale price of their products sold to a counterparty, and to cause the counterparty to resell at such price:

- (4) to cause a counterparty to provide money, services or other economic benefits for them or otherwise cause a counterparty to suffer a disadvantage in a manner unjust in light of normal business practices, by taking advantage of their superior position over the counterparty; and
- (5) to unlawfully obtain or use a third party's trade secret, or to make a false representation or a misleading representation about a third party's products.

### **I-3. Maintain sound relations with governments and administrative agencies and prohibit bribery**

Suppliers shall maintain sound and normal relations with governments and administrative agencies and shall not engage in bribery or illegal political donations.

Bribery means giving (or offering or promising to give) money or other benefits to a government official (which means an officer or employee of a public organization including a government agency, a state-run enterprise, a local government, an international agency and a political party and a member of his or her family and is hereinafter referred to simply as a "government official") in order to have the government official conduct a certain activity or make a certain decision, including awarding a contract in a bid or public procurement project, granting a permit, approval or license, providing a subsidy, giving special treatment on customs clearance or tax collection, and giving special treatment in court. Bribery also includes entertaining or giving gifts to a government official in a situation in which that could be seen by the government official or a third party as done with unjust intent, such as the case where it is given immediately before or immediately after bidding procedures or negotiations and the case where it is given immediately before or immediately after applying for a permit, approval or license of, or registration of, a business or a product, as well as engaging in excessive entertainment and gift giving that is beyond social courtesy regardless of its context.

### **I-4. Prohibit the offering and receiving of inappropriate profit**

Suppliers shall not give or receive improper advantages in their relations with stakeholders. Suppliers shall reject all relations with antisocial forces and organizations. Suppliers shall not get involved in money laundering or terrorist financing activities.

Giving or receiving improper advantages means giving or receiving (or offering or promising to give or receive) any item valuable, whether directly or indirectly, in order to win a business or gaining improper advantages. That includes, for example, acts that are regarded as bribery, such as giving to or receiving from customers premiums, prizes or prize money beyond the extent provided for by laws and regulations and giving or receiving money or entertainment beyond the scope of social courtesy, as well as unjust acts such as extortion and embezzlement, acts of offering benefits to antisocial forces (including criminal organizations and terrorist organizations), and insider trading, which involves trading in shares of a related company, etc. based on material non-public information obtained through business activities.

### **I-5. Respect intellectual property**

Suppliers shall respect intellectual property and shall not infringe a third party's intellectual property rights. Intellectual property means creations of the mind such as inventions, designs, new species of plants, ideas, and copyrighted materials, as well as trademarks, tradenames and other representations for a product or service used in business activities, and technological or business information that is useful for business activities such as trade secrets and technological knowhow.

Intellectual property rights mean the rights provided for in laws and regulations and the rights to benefits protected by law pertaining to intellectual property (for example, patents, utility model rights, design rights, copyrights, rights pertaining to trade secrets, etc.). Suppliers shall carry out a sufficient investigation and confirm whether third-party intellectual property could be infringed prior to the development, production, sale and provision of a product or service. Unauthorized use of third-party intellectual property constitutes an infringement of intellectual property rights without legitimate grounds. Illegal use, duplication, etc. of mold drawings, computer software and other copyrighted materials also constitutes an infringement of intellectual property rights. Unlawful acquisition and use of third-party trade secrets also constitutes an infringement of intellectual property rights.

### **I-6. Establish a system for the prevention, early detection, and remedy of wrongdoings and protect whistleblowers**

To prevent wrongdoings, suppliers shall provide training and awareness-raising programs for employees and shall also create an open workplace culture.

To detect wrongdoings at an early stage, suppliers shall establish internal and external whistleblowing hotlines that their employees, employees of their suppliers and other relevant parties can use and shall endeavor to ensure that a wrongdoing is detected as soon as it arises.

Suppliers shall also endeavor to take proper measures to protect whistleblowers, including protecting whistleblowers' confidentiality and anonymity and prohibiting disadvantageous treatment of whistleblowers.

Suppliers shall quickly deal with any wrongdoing and provide feedback as appropriate to the whistleblower on the outcome of any actions taken.

### **I-7. Make appropriate information disclosure**

Suppliers shall disclose their corporate information such as information about their corporate management and the status of their business activities including sustainability initiatives in an accurate and timely manner in accordance with relevant laws and regulations and the disclosure rules established by stock exchanges. Suppliers shall also actively make disclosures not only about the material matters designated by relevant laws and regulations but also about other matters such as decisions by their Board of Directors on the management, operations, and property of their companies and subsidiaries and matters that occurred and were recognized in divisions of their organizations and may impact an investor's decision making.

## **I-8. Protect the organization's confidential information and personal information and develop cyber security measures**

Suppliers shall properly manage and protect the personal information of customers, business partners, shareholders, third parties, their employees, and others. Suppliers shall also implement security measures against threats of cyber-attack, etc. on their computer networks.

Personal information means information about a living individual containing the name, birthdate or other descriptions by which the specific individual can be identified (including information that can be compared with other information and by which the specific individual can be identified). Properly managing personal information means establishing and implementing a comprehensive management system for personal information and includes preparing standards and guidelines to be observed by employees, etc. and formulating plans, implementing measures and conducting audits and reviews based those standards and guidelines. Properly protecting personal information means preventing the wrongful or unjust acquisition, use, disclosure, or leak of personal information.

Confidential information generally means information disclosed in documents, etc. (including electromagnetically or optically recorded data information) that are understood to be confidential and information disclosed orally with advance notice of its confidentiality.



---

## II. Society

---

### **II-1. Respect human rights and prevent complicity in human rights violations**

Suppliers shall uphold and respect internationally accepted norms concerning human rights.

Suppliers shall also urge all stakeholders related to their business to respect human rights and ensure that they will neither violate human rights nor be involved in human rights violations, whether directly or indirectly. Suppliers shall refer to international norms about human rights including the United Nations Universal Declaration of Human Rights and International Bill of Human Rights and the International Labour Organization (ILO) Core Labor Standards.

### **II-2. Prohibit all forms of discrimination and harassment**

Suppliers shall provide fair employment and training opportunities for their employees and shall not engage in discrimination or harassment.

Discrimination means providing differential opportunities or treatment in terms of employment, promotion, remuneration, offering of training programs, etc., not on reasonable grounds such as ability, competence, and performance but for other reasons. Grounds for discrimination include race, ethnicity, nationality, place of origin, skin color, age, gender, sexual orientation, having a disability or not, religion, political views, belonging to a union or not, having a spouse or not, among others. Suppliers need to give adequate consideration to requests from employees regarding religious practices. A medical examination or a pregnancy test will be regarded as a discriminatory act if that may undermine the principle of equal opportunity and fair treatment.

Harassment means making someone feel uncomfortable by annoying or bullying them and specifically includes sexual harassment, sexual abuse, physical punishment, mental or physical coercion, verbal abuse, and the failure to provide facilities for basic physical comfort (chairs, personal protective equipment, etc.), as well as power harassment and maternity harassment.

### **II-3. Comply with law and regulations regarding working hours, leave, etc. and labor agreements, respect the ILO standards and reduce excessive working hours**

Suppliers shall not make employees work longer than the maximum hours provided for by laws and regulations applicable to the regions where they work and shall properly manage employees' working hours and leave, respecting international standards.

For example, the ILO standards, which represent international standards, provide that:

- The hours of work shall not exceed eight hours in the day and 48 hours in the week.
- The hours of work in the week may be so arranged that hours of work in any day do not exceed ten hours.
- Workers are entitled to an uninterrupted weekly rest period comprising not less than 24 hours in the course of each period of seven days.

#### **II-4. Respect basic labor rights including employees' freedom of association and the right to collective bargaining**

Suppliers shall respect employees' right to organize to bring about labor-management talks on the work environment, wage levels, etc., in compliance with local laws and regulations.

Respecting employees' right to organize means giving due consideration to employees' freedom to associate, freedom to participate in labor unions in accordance with laws and regulations, freedom to stage a protest, and freedom to participate in workers' councils, etc. without suffering retaliation, threats or harassment.

#### **II-5. Prohibit forced labor through coercion, detention, inhumane prison labor, slavery, and human trafficking**

Suppliers shall not use labor that is forcefully obtained through coercion, detention, inhumane prison labor, slavery, or human trafficking. Suppliers shall not force employees to engage in any work and shall respect employees' right to leave a job or terminate their employment at their discretion. Forced labor means all forms of work that is performed involuntarily. Forced (or forced labor) means, for example: forced labor, the act of forcing someone to work against their will; bonded labor, the act of restricting someone's freedom to leave a job to make them repay their debt, etc.; slave labor, which comes with human trafficking; inhumane prison labor, the act of forcing prisoners to work in harsh conditions; denying the right to freely leave a job; and obliging workers to leave their identification documents, passports, or work permits in the custody of their employer.

#### **II-6. Prohibit child labor and give due consideration to young workers**

Suppliers shall not make children work who are younger than the minimum age for admission to employment or work and shall not engage young workers under 18 years of age in any work that may be detrimental to their health or safety such as late-night work or overtime work.

Child labor means employing children who are under the minimum age for admission to employment or work provided for in the International Labor Organization (ILO) conventions and recommendations and failing to provide protection for young workers.

#### **II-7. Comply with legal minimum wage requirements and give due consideration to living wages**

Suppliers shall comply with all laws and regulations applicable to remuneration paid to employees (including the minimum wage, overtime pay, and legally required allowances and payroll deductions).

The minimum wage mean the minimum wage provided for by wage-related laws and regulations of the country where suppliers operate, and for the purposes of this item, it also includes other allowances paid including overtime allowances and statutory benefits.

Suppliers are expected to consider paying living wages or a level of wages that covers expenses for necessities.

#### **II-8. Establish and implement a quality management system**

Suppliers shall establish and implement a quality management system.

A quality management system means a comprehensive management framework for implementing quality assurance that includes the organizational structure, systematic activities, the division of responsibility, practices, procedures,

processes, and management resources. Quality assurance activities as used herein mean preparing a quality policy, setting quality targets, implementing measures in accordance with the policy, monitoring the state of achievement of the quality targets, and maintaining, as well as reviewing as needed, the quality management system, namely, making continuous improvements on quality assurance by repeating the PDCA(\*) cycle. Representative examples of a quality management system include the ISO9000 family of standards of the International Organization for Standardization (ISO).

\* PDCA: Plan-Do-Check-Act. A management methodology for improving quality, business operations, etc. by repeating the cycle of preparing a detailed work plan, implementing it (while adjusting the direction along the way as needed), assessing the results, and making improvements.

### **II-9. Ensure safety of products and services, and clarify and comply with relevant laws and regulations, customer requirements and internal quality control standards**

Suppliers shall ensure the safety of products and services and shall also clarify and comply with applicable laws and regulations, customer requirements and internal quality control standards regarding products and services.

Ensuring the safety of products and services means making sure that risks (hazards) are controlled at tolerable levels so that products and services can be used safely.

### **II-10. Properly manage chemical substances used or contained in manufacturing processes and in products and services and comply with relevant laws and regulations**

Suppliers shall properly manage chemical substances used or contained in their manufacturing processes and in their products and services and shall comply with relevant laws and regulations regarding the handling of chemical substances.

Properly managing chemical substances means, for example, conducting the mandatory tests and assessments for chemicals designated as prohibited substances under the laws and regulations of each country and complying with mandatory labelling requirements.

### **II-11. Make appropriate information disclosure for products and services**

Suppliers shall make appropriate and accurate information disclosure for products and services.

Accurate information disclosure means, for example:

- accurately describing specifications, quality and handling methods for products and services;
- providing accurate information about substances contained in materials and parts used in products;
- making no representations that are false, mislead consumers or customers, or contain contents defaming or libeling other companies or individuals or infringing their rights in catalogues and other presentations and advertisements for products and services; and
- making no falsification of numerical information or data, making no pretense that numerical information or data has been obtained when actually not, and making no descriptions or indications that are not supported by data.

#### **II-12. Take proper measures in the event that an accident occurs related to a product or service or that a defective product should be shipped out**

Suppliers shall take proper measures in the event that an accident occurs related to a product or service or that a defective product should be shipped out.

Proper measures include quickly detecting and communicating information of the accident related to a product or service or the shipment of a defective product, and recalling the relevant product or service, as well as establishing such response procedure in advance.

#### **II-13. Advance efforts to reduce any negative impact of the supply of products and services on local communities and contribute to local communities**

Suppliers shall advance efforts to reduce any negative impact of their supply of products and services on local communities and shall implement initiatives that contribute to sustainability.

Negative impacts mean material risks to, and material effects on, the environment and society, including effects on environmental preservation and protection, biodiversity protection, and human rights issues.

#### **II-14. Supplier Management**

In order to implement sustainable procurement not only themselves but throughout their supply chain and fulfill their social responsibility in business activities, suppliers shall establish their policy for sustainable procurement regarding the matters described in the items of this Code of Conduct and shall ensure that their suppliers are fully informed of this policy, monitor the suppliers' compliance and promote improvements.

#### **II-15. Establish a system necessary to ensure a stable supply of products and services, including formulating the Business Continuity Plan (BCP)**

In order to be prepared for cases where they face risks that impede the continuation of business, suppliers shall establish a system necessary to ensure a stable supply of products and services, including formulating the Business Continuity Plan (BCP).

The Business Continuity Plan (BCP) means a plan for enabling the continuation or early resumption of business while minimizing damage when facing a risk that makes it difficult to continue operations. Risks that impede the continuation of business include large-scale natural disasters (such as earthquakes, tsunamis, floods, torrential rains, heavy snows and tornados) and associated disruptions in power and water supply, transportation, etc., accidents (such as fires and explosions), pandemics, acts of terror, and riots.

#### **II-16. Properly control imports and exports**

In the process of making transactions involving export or import, suppliers shall comply with the export control regulations set out in the Foreign Exchange and Foreign Trade Act of Japan, etc. and shall also comply with the export control, economic sanctions and trade-related laws and regulations of each country, including the regulations of the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury and the Export Control

Reform Act and the Export Administration Regulations of the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce.

Suppliers shall establish a proper management system and transaction screening process regarding transactions that may involve items regulated by those laws and regulations and shall follow export and import procedures and carry out transactions properly.

Items regulated by those laws and regulations means raw materials, materials, parts, products, technologies, facilities, and software programs that are subject to regulations under the Foreign Exchange and Foreign Trade Act of Japan and export control, economic sanctions and trade related laws and regulations of other countries.

**II-17. Responsible procurement of raw materials (advancing efforts to identify and assess raw materials that pose a risk of causing a negative impact on human rights, including conflict minerals, and to mitigate the risk)**

Suppliers shall identify raw materials that have a high risk of causing a negative impact on human rights in the supply chain (tantalum, tin, tungsten, gold, etc.) and shall conduct due diligence to find out whether those materials cause, or play any part in, issues such as serious human rights violations, destruction of the environment, corruption and conflict in conflict areas, high-risk areas, and other areas.

Due diligence for responsible procurement of raw materials means establishing a policy for responsible procurement of raw materials, communicating expectations to suppliers, identifying and assessing risks in the supply chain, and formulating and implementing a strategy to address identified risks.

---

### III. Occupational safety and health

---

#### **III-1. Establish and implement an occupational safety and health management system**

Suppliers shall establish and implement an occupational safety and health management system.

An occupational safety and health management system means a comprehensive management framework for implementing safety and health management activities that includes the organizational structure, systematic activities, the division of responsibility, practices, procedures, processes, and management resources. Safety and health management activities as used herein mean preparing a safety and health policy, implementing measures in accordance with the policy, achieving targets, and reviewing and maintaining the safety and health management system, namely, making continuous improvements on safety and health by repeating the PDCA cycle in the improvement process based on risk assessment. Representative examples of a safety management system include ISO45001 and Japan Industrial Safety & Health Association (JISHA) standards-compliant Occupational Safety and Health Management System (OSHMS).

#### **III-2. Prepare emergency scenarios including natural disasters and accidents, take measures to improve facilities, formulate manuals for emergency response measures, and provide awareness-raising and training programs**

Suppliers shall prepare emergency scenarios including natural disasters and accidents, take measures to improve facilities, formulate manuals for emergency response measures, and provide awareness-raising and training programs based on the manuals.

Measures to improve facilities mean, for example, establishing evacuation centers, storing supplies of pharmaceuticals for emergency, installing a fire detection system and fire-fighting equipment, and securing means of external communication.

Emergency response measures mean, for example, communicating, reporting on, and informing employees of developments in the event of an emergency, establishing evacuation methods and formulating recovery plans in advance, and cooperating with local communities in the event of a disaster.

Awareness-raising and training programs include providing employees with awareness-raising programs regarding emergency response (including evacuation drills) and storing or displaying emergency response manuals in easily accessible places in the workplace to ensure that all in the workplace are fully informed of emergency response measures.

#### **III-3. Assess safety and health risks, implement proper safety and health measures, and provide awareness-raising and training programs regarding safety and health information**

Suppliers shall assess work-related safety and health risks and implement proper safety and health measures and shall also provide awareness-raising and training programs regarding safety and health information.

Work-related safety and health risks mean potential risks of accidents and health hazards that may occur when working due to electricity and other forms of energy, fire, vehicles, floor surfaces that are likely to cause a slip or a stumble, falling objects, exposure to hazardous chemical substances, and other causes.

Proper safety and health measures include, for example, giving due consideration to tasks that are physically demanding to workers such as carrying heavy loads, monitoring high-risk places with sensors, implementing LOTO (lock-out, tag-out) procedures (securing safety by shutting off the power source of machinery and equipment and locking the power shutoff device and attaching a tag to it that clearly states that it should not be operated), and providing protective equipment such as protective glasses, safety helmets and gloves.

#### **III-4. Provide a safe and hygienic work environment for all workers and implement proper health management measures, including mental health support programs**

Suppliers shall provide a safe and hygienic work environment and implement proper health management measures, including mental health support programs, for all who work for them, including those of contractors.

A safe and hygienic work environment means an environment in which with regard to exposure to chemical substances harmful to humans (including smoke, soot, steam, mist, dust, etc. as well as toxic and deleterious substances, radioactive rays and chronically harmful substances (lead, asbestos, etc.)), noise and unpleasant odors, measures are taken such as identifying possible exposure scenarios, assessing risks, establishing and implementing management standards, providing workers with proper awareness-raising programs, and providing protective equipment and healthcare supplies.

Proper health management measures means implementing health examinations, etc. at least on the level required by laws and regulations and seeking to prevent and detect in early stages diseases of employees. Suppliers also need to give due consideration to preventing workers' health problems due to overwork and caring for their mental health, etc.

In addition, suppliers need to endeavor to properly ensure that the facilities provided for supporting employees' life (dormitories, canteens, rest rooms, etc.) are kept safe and hygienic.

#### **III-5. Categorize and record cases of occupational accidents and illnesses, provide necessary treatment, and conduct investigations, report and take remedial measures**

Suppliers shall categorize and record cases of occupational accidents and illnesses and shall make necessary treatment available, conduct investigations, report and take remedial measures.

Categorizing and recording cases of occupational accidents and illnesses includes, for example, categorizing accidents and illnesses based on laws and regulations, etc., assessing their seriousness, dangerousness and risks, and making necessary treatment available, studying recurrence prevention measures and taking remedial measures based on the categorization and assessment.

---

## IV. Environment

---

### IV-1. Establish and implement an environment management system

Suppliers shall establish and implement an environmental management system.

An environmental management system means a comprehensive management framework for implementing environmental activities that includes the organizational structure, systematic activities, the division of responsibility, practices, procedures, processes, and management resources. Environmental activities as used herein mean preparing an environmental policy, implementing measures in accordance with the policy, achieving targets, and reviewing and maintaining the environmental management system, namely, making continuous improvements on environmental protection by repeating the PDCA cycle. Representative examples of an environmental management system include ISO 14001, in which a third-party certification can be obtained.

### IV-2. Properly control and reduce chemical substances released to the environment in the form of wastewater, sludge, waste, etc.

Suppliers shall endeavor to properly control and reduce chemical substances released to the environment in the form of wastewater, sludge, waste, etc.

Suppliers shall comply with legal requirements under the laws and regulations applicable where they operate and shall, without omission, obtain and maintain the permits, licenses and approvals necessary for business and file necessary registrations and reports.

Properly controlling and reducing chemical substances released to the environment means not only preventing pollution but also implementing additional improvement activities such as establishing environmental impact reduction targets (voluntary standards) beyond the levels required by laws and regulations, etc., improving methods for monitoring, controlling, and treating chemical oxygen demand (COD), etc. in wastewater and NO<sub>x</sub>, SO<sub>x</sub>, etc. in exhaust emissions, and reducing these emissions.

### IV-3. Take measures to respond to climate change, such as greenhouse gas (GHG) emissions reduction and adaptation to climate change

Suppliers shall take measures to respond to climate change, such as greenhouse gas (GHG) emissions reduction and adaptation to climate change.

Greenhouse gas emissions includes carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons, substitutes for chlorofluorocarbons. Suppliers shall work to reduce greenhouse gas emissions to mitigate and reduce the impact of climate change.

Continuous emissions reduction activities include setting medium- to long-term voluntary reduction targets for these greenhouse gases and formulating and consistently implementing reduction plans. In addition, suppliers can set reduction targets and have them certified by Science-Based Targets (SBTs) initiative, thereby demonstrating to stakeholders that they are aligned with the Paris Agreement. Measures for adaptation to climate change include



conducting scenario analyses based on the TCFD (\*) recommendations, identifying the effects of climate change (in terms of risks and opportunities), and reviewing businesses accordingly.

\*TCFD: Task Force on Climate-related Financial Disclosures

#### **IV-4. Properly manage, reduce, and responsibly treat and dispose of waste**

Suppliers shall properly manage and reduce waste and shall also properly treat and dispose of waste, fulfilling their responsibility for generating waste. Suppliers shall comply with the legal requirements under the laws and regulations applicable where they operate and shall, without omission, obtain and maintain the permits, licenses and approvals necessary for business and file necessary registrations and reports.

Waste means worthless unneeded materials emitted from business sites, etc. to the environment.

Continuous waste reduction activities include setting voluntary reduction targets for waste emissions and consistently implementing measures to achieve them, such as installing a submerged combustor for the treatment of aqueous waste.

#### **IV-5. Sustainably and efficiently utilize resources (energy, water, raw materials, etc.)**

Suppliers shall utilize resources (energy, water, raw materials, etc.) sustainably and efficiently.

Resources as used herein mean resources consumed in production activities, mainly energy, water, and raw materials. Utilizing resources sustainably and efficiently means further advancing the 3Rs (Reduction, Reuse and Recycling) and Renewable(\*) initiatives, and more specifically, reducing the volumes of, and repeatedly utilizing, various resources used in manufacturing and making use of more recycled materials and parts.

\* Renewable initiatives: Efforts to switch to sustainable resources, which include recycled materials, biomaterials and renewable energy.

#### **IV-6. Conserve biodiversity**

Supplies shall endeavor to conserve biodiversity.

Approaches to biodiversity conservation activities include (i) grasping the relationship between business activities and biodiversity and implementing biodiversity conservation activities based on that understanding, (ii) enhancing efforts to conserve natural habitats, (iii) cooperating with stakeholders, and (iv) endeavoring to prevent climate change and utilize resources effectively. In addition, raising employees' awareness about the importance of biodiversity can help advance biodiversity conservation activities.

Furthermore, incorporating biodiversity initiatives into the environmental management system such as ISO14001 can lead to continuous improvement (driven by the PDCA cycle).

[Reference]

**The Sumitomo Chemical Group’s Corporate Philosophy**

The Sumitomo Chemical Group’s Corporate Philosophy consists of four parts: Sumitomo’s business principles; the Business Philosophy, which expresses our vision, mission and values; the Basic Principles for Promoting Sustainability, which articulates our approach and commitment to sustainability; and the Sumitomo Chemical Charter for Business Conduct, which stipulates the guidelines for our business conduct with the aim of promoting the sound development of the Group.

We are convinced that as we strive to effectively advance our endeavors to achieve a sustainable society, it is essential that every one of our Group officers and employees, totaling more than 30,000, share the Corporate Philosophy and work together as one, while also collaborating with our business partners.



■ Sumitomo’s Business Principles

Sumitomo’s business principles are expressed in the words of the “Sumitomo Business Principles” and “*Jiri-Rita Koushi-Ichinyo*.” The Sumitomo Business Principles states that fulfilling the trust placed by business partners and society in us should be our first priority, while also firmly warning us to avoid being preoccupied by pursuing easy gains. “*Jiri-Rita Koushi-Ichinyo*,” a verbal phrase passed down through generations, is said to represent Sumitomo’s business principle that Sumitomo’s businesses must benefit the nation and society at large, not just our own interests.

For more information, please visit [here](#).

■ Business Philosophy

The Business Philosophy expresses the Sumitomo Chemical Group's vision, mission and values based on Sumitomo's business principles, including the "Sumitomo Business Principles" and "*Jiri-Rita Koushi-Ichinyo*," which have been passed down from generation to generation.

For more information, please visit [here](#).

■ Basic Principles for Promoting Sustainability

The Basic Principles for Promoting Sustainability articulates the Group's approach and commitment to sustainability. In the framework of our Corporate Philosophy, we place these principles just below our Business Philosophy to show our commitment to working on the promotion of sustainability as a management priority.

For more information, please visit [here](#).

■ Sumitomo Chemical Charter for Business Conduct

The Sumitomo Chemical Charter for Business Conduct stipulates the guidelines for our business conduct with the aim of promoting the sound development of the Group and serves as the foundations of our efforts to promote compliance.

For more information, please visit [here](#).

Based on the Sumitomo Chemical Group's Corporate Philosophy, we have set out our policy for procuring products, machinery/equipment, raw materials, services and other resources in the Policy on Sustainable Procurement, the Basic Procurement Principles, and the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials. In addition to ensuring fairness, equitability, and transparency in our transactions with business partners, we are promoting sustainable procurement activities throughout the supply chain with an emphasis on compliance and respecting human rights, which will encourage our partners to also engage in sustainability initiatives.

### Policy on Sustainable Procurement

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 sustainable procurement activities throughout the supply chain with an emphasis on compliance and respecting human rights, which will encourage our partners to also engage in sustainability initiatives.

Furthermore, Sumitomo Chemical's stance toward and policy on sustainable procurement is clarified in the Basic Procurement Principles and the Group Business Standards of Procurement, which provide guidelines for procurement operations for Group companies in Japan and overseas.

For more information, please visit [here](#).

### Basic Procurement Principles

1. The Procurement Section shall strive to conduct procurement transactions based on 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 sustainability 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

For more information, please visit [here](#).

## Sumitomo Chemical Group Responsible Minerals and Raw Materials Procurement Policy

Recognizing the principles set out in our Sumitomo Chemical Group Human Rights Policy, 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.

For more information, please visit [here](#).

### Sumitomo Chemical Group Human Rights Policy

The Sumitomo Chemical Group regards respect for human rights as part of the foundation for its business continuity. We at the Group have been working together on respect for human rights as one of the material issues that we address as management priorities, and making disclosures on our measures and progress. We formulated the Sumitomo Chemical Group Human Rights Policy in April 2019. We will continue to call for respect for human rights, hoping that our business partners, including suppliers in our supply chain, and other stakeholders will join us acting in accordance with the principles presented in the Human Rights Policy.

For more information, please visit [here](#).

### Speak-Up Reporting System

In order to detect any compliance violations as early as possible or to prevent them from occurring in the future, the Sumitomo Chemical Group has introduced an internal reporting system called the Speak-Up Reporting System, which enables reporting a compliance violation or a suspected compliance violation directly to the Compliance Committee or external lawyers. The Speak-Up Reporting System can be used by Sumitomo Chemical’s and Group companies’ officers and employees (including contract employees) and their families, retirees from the Company and Group companies, and anyone involved in the Group’s businesses (including business partners).

In conducting investigations based on a report provided under this system, the utmost care will be taken to protect the reporting person’s privacy and maintain the confidentiality of provided information, and the reporting person will not suffer any disadvantages such as termination of transactions.

For more information, please visit [here](#).