



SUMITOMO RIKO GROUP

 SumiRiko Italy S.p.A.

# Corporate Social Responsibility Policy



# Overview:

## CSR definition

- ❖ **Foreword from the Sole Shareholder**
- ❖ **Preamble**
- ❖ **Environmental Sustainability & Occupational Health and Safety**
- ❖ **Human Resources Management and Human Rights**
- ❖ **CSR Supply Chain Management**
- ❖ **Business Ethics**
- ❖ **Corporate Citizenship**

## References

## Corporate Social responsibility (CSR) definition

"Social responsibility (is the) responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization."

Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision-making, strategy and operations in a transparent and accountable manner, and thereby establish better practices within the firm, create wealth and improve society

### ❖ **Foreword from the Sole Shareholder**

Sumitomo Riko Group aims to realize "Global Excellent Manufacturing Company" which we define as a company that contributes to safety, comfort and the environment of human beings, society, and the Earth. The CSR activities the Sumitomo Riko Group is promoting are value creation-based, designed to meet the expectations of society while contributing to our sustainable growth and development. We are convinced that promoting such value-creating CSR will speed our emergence on the international stage as an aspiring "Global Excellent Manufacturing Company" by pursuing the following mission.

- Based on the Sumitomo Spirit, through technological innovation, strive to resolve the issues facing society, as embodied in the SDGs and other initiatives.
- By enhancing corporate value (financial objectives) and public value (non-financial objectives) simultaneously, create social value and achieve sustainable growth together with society.

### ❖ **Preamble**

In September 2015, "Sustainable Development Goals (SDGs)" were adopted by the United Nations in order to realize the sustainable society "leave no one behind", and efforts to address social issues on a global scale have are expected, and the situation related to CSR has changed dramatically.

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Sumitomo Riko Company Limited (SRK) and its group companies (ref. SUMIRIKO) recognize that contributing to the sustainable development of society through corporate social responsibility (CSR) initiatives is an essential management issue in order for a company to achieve sustainable development.

For the promotion of CSR management, the CSR Committee was formed in 2005, chaired by the President, with titled Executive Officers as committee members, meets three times a year and reports its outcomes to the Board of Directors twice a year.

The CSR Committee has six subcommittees, namely the Safety and Health Committee, Environment Committee, Compliance Committee, Social Contributions Committee, Diversity Committee, and Supply Chain Committee (the Quality Committee was made independent of the CSR Committee in April 2020). The CSR Committee approves the action policies of these six subcommittees and checks and follows up on the progress of their activities. In addition, the Committee manages the non-financial objectives and monitoring items set out in the Mid Term Vision.

This Corporate Social Responsibility (CSR) Policy describes our focus areas and voluntary self-commitment to fulfill the necessary measures in these areas and in compliant with the following guidelines and policies of Sumitomo Riko Group (SRK).

### The Sumitomo Spirit

The Sumitomo Spirit has been refined through the generations for 400 years based on the Founder's Precepts "Monjuin Shiigaki," which Masatomo Sumitomo, the founder of the Sumitomo family, wrote and handed on to describe how a merchant should conduct business. The basic points of the Sumitomo Spirit have been passed on in the form of the two articles of the Business Principles as management guidelines of Sumitomo companies.

#### Business Principles

Article 1. Sumitomo shall achieve prosperity based on a solid foundation by placing prime importance on integrity and sound management in the conduct of its business.

Article 2. Sumitomo's business interests must always be in harmony with the public interest. Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

\*Quoted from the Sumitomo Goshi Kaisha Administrative Regulations formulated in 1928

### Sumitomo Riko Group Management Philosophy

In light of the Sumitomo Spirit, all of us at the Sumitomo Riko Group will:

1. We will provide superior products and services to meet customer needs based on technological innovation.
2. We will place top priority on safety and work to ensure the safety of people and society.
3. We will strive to protect the global environment and to contribute to creating better communities.
4. We will maintain a high standard of corporate ethics and observe all laws and regulations to earn public trust and confidence worldwide.

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5. We will foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality.

The Sumitomo Riko Group Corporate Action Charter is the basis of the Group's CSR activities. (\*)

To contribute to realizing the sustainable development of society in harmony with people and the Earth, we act in line with the following 10 principles.

1. Commitment to customers and realize as sustainable society;
2. Fair business practices;
3. Dialogue with stakeholders, information disclosure, and information management;
4. Respect for human rights;
5. Decent workplace;
6. Global environment;
7. Social contribution;
8. Respect for international norms of behavior and good relations with the community;
9. Risk management and crisis management;
10. Initiatives of top management and implementation of the Charter.

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(\*) please refer to <https://www.sumitomoriko.co.jp/English/csr/portal/policy/codeofbehavior.html>

#### CSR Management Policy

With the UN Sustainable Development Goals (SDGs), the Global Compact, and other global initiatives in mind, we have categorized aspects of CSR management into the following three perspectives for the establishment of our CSR Management Policy.

(1) Take action that does not harm society and the global environment (minimization of negative impact)

- Appropriate responses to risk in areas such as human rights, labor, the environment, and anti-corruption

(2) Contribute to solving social and global environmental challenges (maximization of positive impact)

- Businesses and social contribution activities that provide solutions to social challenges

- Human diversity that contributes to the emergence of innovation

(3) Improve engagement with stakeholders through communication and raise corporate value with a long-term view

- Information disclosure, dialogue, collaboration

Legal compliance is the basis of our acting whereas the Corporate Action Charter and its ten principles are the overall guidance and orientation for our approach and business. Internal rules and requirements, voluntary commitment(s) and self-agreement(s) as well as customer requirements provide an additional framework.

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We strive to meet the needs of **SRK and SUMIRIKO stakeholders** in terms of CSR and to evaluate and include those in its daily operations whenever possible.

Stakeholders	Our commitment
Shareholders and Investors	Striving to realize sound and transparent management for sustainable growth
Customers	Providing value that meets the expectations of our customers and consumers
Suppliers and Other Trade Partners	Treasuring partnership and practicing socially responsible purchasing
Employees	Respecting employees' diversity, human rights and providing workplaces in which they can take pride in places of their personal development
Local Communities	Contributing to solve society's challenges as a corporate citizen
Global Environment	Striving to minimize adverse impacts on the global environment

Aiming to be a company that is loved, trusted and respected by local communities around the world, in promoting CSR management, we base our actions on the CSR materiality, underpinned by our two fundamental principles of respect for human rights and compliance, while emphasizing four priority themes: safety, environment, quality, and contribution to society.



Based on these tenets, we have identified six fields of activity: Business Ethics, Occupational Health and Safety, Environmental Sustainability, CSR Supply Chain Management, Corporate Citizenship, as well as Human Resources Management and Human Rights.

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This Policy must be considered in the day-to-day business of all SUMIRIKO employees and in all business relationships with stakeholders. This document cannot answer all questions related to CSR programs and strategy. Therefore, it refers to important further documents in the description of each CSR focus area.

### ❖ Environmental Sustainability & Occupational Health and Safety (guiding principle 5 and 6)

We shall realize work practices that will improve the capability of employees and that respect the diversity, character and personality of employees. We shall ensure a healthy, safe and comfortable working environment, thereby cultivating a sense of belonging and plenitude.

The Sumitomo Riko Group intends to do business always with natural environment preservation in mind sticking to social expectation and rules, and carry out all the activities from product development, design, procurement, sales to waste disposal under the principles of "MOTTAINAI" and "OMOIYARI." Sumitomo Riko also aims to formulate sustainable society contributing to global environment preservation under the spirit of social contribution.

## **ENVIRONMENT ACTION GUIDELINES:**

1. Make the environmental preservation deep-rooted activities in corporate culture and encourage all employees to participate.
2. Encourage the entire Sumitomo Riko group to be involved in the preservation activities.
3. Develop Sumitomo Riko's own improvement plan besides complying with environment related regulations imposed by national and municipal governments to lower environmental load.
4. Establish target and goals for environmental protection and carry them out systematically and continuously.
5. Make efforts to develop products and a production system with low environmental loads and push forward with more active environmental protection activities.
6. Disclose environment related information and promote opinion exchange in local community and society.

We continuously work to further increase of ecological net benefit with our products and solutions on one hand and with our efficient processes and productions on the other hand.

Regarding global environmental issues, for climate change countermeasures, we will actively work to reduce waste emissions and other environmental impacts, with a particular focus on CO<sub>2</sub> reduction, and to reduce water risk and other environmental risks.

### **Reduction of CO<sub>2</sub> emissions**

The Sumitomo Riko Group is working to reduce CO<sub>2</sub> emissions and energy consumption through introduction of high-efficiency production facilities, maintenance to prevent steam leakage, consolidation of production lines, and wider use of photovoltaic power generation as well as undergoing energy-saving diagnostics and making proposals for reduction of energy consumption.

### **Management of Chemical Substances in Procured Items**

Sumitomo Riko Group manufactures a wide range of industrial rubber and resin products, including automotive components, office equipment components and industrial materials. We use raw materials and other items containing various chemical substances to manufacture such products. We manage these materials appropriately to minimize their hazardous properties and thereby prevent contamination of the local area, ensure workplace and product safety and comply with products requirements from customers

### **Establishment of controlled chemical substances and its operation**

Sumitomo Riko specifies chemical substances to be managed in light of laws and regulations of various countries and customers' requirements. It determines which chemical substances are subject to management based on the EU's ELV Directive\*5, the RoHS Directive\*6, REACH\*7, laws and regulations in Japan, GADSL\*8, and IEC62474\*9. To ensure that all our products are free of chemical substances subject to control, we strictly adhere to all the rules concerning each department's role and the application procedures, monitor the substances contained in our products, and are making efforts concerning information disclosure.

*\*5 ELV Directive: Directive of the European Parliament and of the Council on End-of Life Vehicles*

*\*6 RoHS Directive: EU restrictions on the use of certain hazardous substances in electrical and electronic equipment*

\*7 REACH: *Registration, Evaluation, Authorization and Restriction of Chemicals, an EU regulation on chemicals and their safe use*

\*8 GADSL: *Global Automotive Declarable Substance List*

\*9 IEC62474: *Material Declaration for Products of and for the Electro-technical Industry*

## **Compliance with Overseas Regulations of Chemical Substances**

Sumitomo Riko exports materials, parts and finished products from Japan to the Group's production sites overseas. With the cooperation of suppliers and importers, we endeavour to ensure full compliance with applicable regulations such as the EU REACH Regulations (2008), China's Measures on Environmental Administration of New Chemical Substances (2010)\*10 and Measures for the Administration of Registration of Hazardous Chemicals (revised in 2011)\*11, and the US TSCA (revised in 2016)\*12.

\*10 *Measures on Environmental Administration of New Chemical Substances: China's regulations on registration of chemical substances*

\*11 *Measures for the Administration of Registration of Hazardous Chemicals: China's regulations on management of hazardous substances*

\*12 *Toxic Substances Control Act (TSCA): U.S. regulations on record-keeping relating to chemical substances and management of hazardous substances*

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Safety is our top priority for happiness of all employees and prosperity of the company. We confirm the safety before starting operations of the day as well to mitigate our impact to environment.

We will further strengthen global safety activities to eliminate occupational accidents. Elimination of occupational accidents cannot be achieved without development of safety-conscious human resources and facilities. We are promoting establishment of a safety culture such that individual employees are always aware of safety and autonomously take action to ensure safety.

### **SAFETY PRINCIPLES:**

1. Always keep in mind that safety is our top priority.
2. Have conviction that all kinds of injuries and industrial diseases are preventable.
3. It is the responsibility of the company and individuals to establish, sustain, and improve the safe condition.
4. The management has the direct responsibility to prevent injuries and industrial diseases.
5. It is the basic responsibility of individuals in the society to follow the rules.
6. Sufficient education and training must be provided to all employees to ensure safe operations.
7. Safety and health audit in which all employees take part must be conducted to establish PDCA of the safety and health control system.
8. Report and investigate all accidents as well as unsafe actions and conditions leading to accidents.
9. All defects on safety and health must be remediated immediately.
10. Cooperation and participation of all employees are inevitable to attain our zero-accident goal.

Our Environmental Protection strategies, processes, objectives and our globally internal requirements are included in our Program for the environment issues including energy, waste, chemical substances, water, etc., which is, certified according to the ISO 14001 standards.

## ❖ Human Resources Management and Human Rights (guiding principle 4)

As part of the business community, SUMIRIKO has a responsibility to respect human rights, labor standards and fair business practices, providing a better environment for business.

- Forced, bonded or indentured labor or involuntary prison labor is not tolerated. All work is voluntary, and workers shall be free to leave upon reasonable notice.
- Child labor is not tolerated. The term “child” refers to any person under the age of 15. Exceptions apply to employment relationships in developing-countries operating under the International Labor Organization (ILO) Convention 138 (minimum lowered to 14) or to governmental authorized job trainings or apprenticeship programs that would clearly benefit the persons participating.
- Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits.
- There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers, nor is there to be the threat of any such treatment.
- We respect the rights of workers to associate freely in accordance with local laws.
- We shall conduct business that respects the human rights of all persons.
- We value and appreciate our employees’ diversity. We are convinced that mixed teams and diverse workforce are crucial to securing long-term success. *Diversity shall be actively supported.*



Sumitomo Riko has established a vision that revolves around three axes and strives to promote diversity in the Group worldwide through engagement in this vision.

### Three axes

1. Empowerment of diverse people for success in work: Mindset reform toward independent success
2. Work style reform: Establish comfortable workplace environments for all employees of all kinds
3. Mindset reform and cultivation of corporate culture: Deepen understanding in workplaces, invigorate individuals

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## ❖ CSR Supply Chain Management (guiding principles 2 and 8)

According to the United Nations Global Compact we voluntarily address our commitment to communicate our policies and expectations to suppliers as an integral part of our CSR understanding.

In May 2018, we revised the former mid-term vision "Sumitomo Riko Group Vision (2022V)" with the aim of creating social value and achieving sustainable growth together with society by simultaneously enhancing corporate value represented by financial objective and public value presented by non-financial objectives. We also revised our "Sumitomo Riko Group Vision (2022V)" to reflect the needs of the global society.

We have revised the "Supplier CSR Guidelines" to reflect the latest "Sumitomo Riko Group Corporate Action Charter". Sumitomo Riko Group will continue to conduct CSR-conscious procurement activities with our business partners, so we ask for your continued cooperation.

Acting in accordance with "Sumitomo Riko Group Corporate Action Charter" and revised "Supplier CSR Guidelines", together with our suppliers, we are going to continue to perform procurement activities based on CSR awareness. Therefore, we are asking for SUPPLIERS' cooperation.

Consequently:

- CSR aspects are part of our supply chain management.
- We expect our suppliers to support the 10 principles of the UN Global Compact Initiative (Human Rights; Labour; Environment; Anti-corruption).
- Our suppliers shall adhere to our Principles of Purchasing, which are aligned with our Suppliers CSR Guidelines.
- Our suppliers have to comply with all applicable laws and regulations.
- We encourage our suppliers to have an environmental management system according to ISO 14001 and an adequate safety & health management system in place.
- We adequately analyze our supply chain, when mapping risks, opportunities and impacts.
- We adequately monitor suppliers' CSR performance within our sphere of influence.

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## ❖ Business Ethics (guiding all principles)

The Sumitomo Riko Group is developing and operating a compliance structure based on the Sumitomo Spirit with the aim of practicing management that meets the expectations of all stakeholders by creating social values with enhancement of our corporate value and public value. We are placing particular importance on responding to the risk of violating laws and regulations accompanying the globalization of business and development in new fields and creating an open and transparent corporate culture that forms the foundation of compliance.

The Business Conduct Guidelines respectively SUMITOMO RIKO GROUP GLOBAL COMPLIANCE ACTION GUIDELINES and THE CODE OF ETICHS are binding for all employees and form an integral part of each individual employment agreement.

The Business Conduct Guidelines contain the basic rules and principles for the conduct within the company and in relation to the external partners and stakeholders.

The Business Conduct Guidelines intend to help employees deal with ethical and legal challenges in their daily work.

They define how to perceive the ethical and legal responsibility as a company and also contain specific requirements for instance for

- ✓ fair trade (compliance with antitrust laws),
- ✓ prohibition of money laundering,
- ✓ elimination of antisocial forces,
- ✓ prevention of bribery,
- ✓ respect of human rights and diversity,
- ✓ prohibition of conflict of interest,
- ✓ quality and safety, information security,
- ✓ co-existence and co-prosperity with communities and society,
- ✓ Information on hotlines, etc.

We provide systematic compliance education to all employees when they join the Company and according to positions, from non-managerial personnel to executives. Each year we conduct training on compliance with the principal laws and regulations, such as antitrust laws and anti-bribery and anti-corruption laws, for executive-level employees of Group companies worldwide.

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## ❖ Corporate Citizenship (principle 7)

The task of the Social Contributions Committee under the CSR Committee is to promote these corporate citizenship activities globally throughout the Group. Through the involvement of Sumitomo Riko's plant managers and executives of Group companies, the Social Contributions Committee works to examine and improve each activity in the course of promoting corporate citizenship activities, with the aims of helping to achieve the SDGs and creating a sustainable society. Under the slogan "Along with You, Together with Society," which was established based on the ideas of employees throughout the Sumitomo Riko Group, and recognizing that the Sumitomo Riko Group is a corporate citizen of every local community where it has a presence, we are working to fulfill our corporate responsibility also through corporate citizenship activities with the aim of becoming an enterprise trusted by the communities we serve.

SUMIRIKO recognizes its voluntary responsibility to be a good citizen for the societies, which we directly interact with.

We aim to create social value through vigorous corporate citizenship activities, addressing solutions to social issues that will contribute to the SDGs, leading to the enhancement of corporate value. In response to social needs, we have accorded priority to the following fields:

1. contribution to diversity,
2. contribution to the sound development of young people,
3. contribution to building community,
4. contribution to civil activities,
5. contribution to the promotion of coexistence with the natural environment.

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References:

- Sumitomo Riko Group Corporate Action Charter;
- Sumitomo Riko Group – SUPPLIERS CSR Guidelines;
- SumiRiko Italy – Code of Ethics;

<http://www.sumitomoriko.co.jp/english/csr/portal>

<http://www.it.sumiriko.com>

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