



Supplier Corporate Social Responsibility Guidelines Sumitomo Riko in Europe



Overview:

- Corporate Social Responsibility (CSR) Definition
- The Sumitomo Spirit
- The Sumitomo Riko Group Management Philosophy
- The Sumitomo Riko Group CSR Concept
- Business Ethics
- Human Resources Management and Human Rights
- Environmental Sustainability
- Occupational Health and Safety
- Corporate Citizenship
- CSR Supply Chain Management

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 behaviour that is consistent with sustainable development and the welfare of society; considers the expectations of stakeholders; is following applicable law and consistent with international norms of behaviour; and is integrated throughout the organization

Generally, CSR is understood to be the way corporations 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.

Sumitomo Riko Company Limited and its group companies recognize that contributing to the sustainable development of society through Corporate Social Responsibility (CSR) initiatives is an essential management issue to achieve sustainable development.

In November 2011, Sumitomo Riko established the first Supplier CSR Guidelines and asked its suppliers to implement CSR management.

In September 2015, "Sustainable Development Goals (SDGs)" were adopted by the United Nations to realize a sustainable society.

In May 2018, Sumitomo Riko revised its 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.

These Supplier CSR Guidelines reflects the Sumitomo Spirit and the Sumitomo Riko Group Management Philosophy. Sumitomo Riko Group will continue to conduct CSR-conscious procurement activities with our business partners. We ask you to observe the spirit of these guidelines in your activities and to cascade it through to your suppliers.

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.

- 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.

The Sumitomo Riko Group Management Philosophy

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

1. provide superior products and services to meet customer needs based on technological innovation.
2. place top priority on safety and work to ensure the safety of people and society.
3. strive to protect the global environment and to contribute to creating better communities.
4. maintain a high standard of corporate ethics and observe all laws and regulations to earn public trust and confidence worldwide.
5. foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality.

The Sumitomo Riko Group CSR Concept

The Sumitomo Riko Group CSR Concept identifies six fields of activity:



Business Ethics

Compliance with Laws and Code of Conduct

Suppliers must always observe the laws, regulations, and statutes applicable to their business and the business relationship with Sumitomo Riko Group. We expect Suppliers to observe the principles stipulated in the Sumitomo Riko Group's Code of Conduct.

Fair Trade

Suppliers shall comply with applicable antitrust laws and any regulations protecting free competition. We expect Suppliers not to abuse dominant market position or enter into anti-competitive agreements with competitors, business partners or other third parties.

Preventing Corruption and Bribery

We do not tolerate any act of corruption and/or bribery. We expect Suppliers to refrain from any corrupt practices and behaviour, including but not limited to offering, paying, soliciting, or accepting any kind of bribery or inappropriate payment.

Avoiding Conflicts of Interest

Suppliers are expected to make decisions based on solid business judgment, not influenced by personal interest or relationship. Supplier shall have in place appropriate mechanisms to avoid situations where decisions can be influenced by employee's personal interests.

Data Privacy

We expect Suppliers to comply with applicable data protection laws. Suppliers must not use personal data for any purposes beyond the purpose authorized by the data subjects. Supplier must use lawful methods to obtain, keep and process personal data.

Protection of Intellectual Property

We always expect suppliers to respect Sumitomo Riko Group and other third parties' Intellectual Property Rights. Supplier shall protect such Intellectual Property with the same degree of care they use to protect their own Intellectual Property. Supplier must comply with applicable IP-laws, regulations, and industry standards.

Counterfeit Parts

Suppliers are expected to develop, implement, and maintain methods and processes appropriate to their products and services to minimize the risk of introducing counterfeit parts and materials into deliverable products.

Suppliers are expected to establish effective processes to detect counterfeit parts and materials and, if detected, quarantine the materials, and notify the customer and/or law enforcement as appropriate.

Export Controls and Economic Sanctions

Suppliers must comply with all applicable export controls and economic sanctions laws and regulations when importing and/or exporting goods and services. Suppliers are expected to have in place appropriate procedures to ensure compliance with such laws and regulations.

Promoting sound management

We aim to create long-term relationships with suppliers who demonstrate sound management practices, and to build together bonds of trust and cooperation. Therefore, we ask our suppliers to share information concerning their policies and current management situation (including financial condition).

Information disclosure and promoting public dialogue

We ask suppliers to disclose in a timely and appropriate manner any information useful for stakeholders concerning management, finance, environmental protection or contribution to the society, and to promote public dialogue.

Human Resources Management and Human Rights

Respecting Human Rights

Suppliers must always respect internationally recognized human and labour rights. Suppliers must not treat workers in a manner that is or may be construed inhumane, including physical and psychological abuse, coercion, or harassment. We expect Suppliers to promote and oversee compliance with human rights within their organisations.

Prohibiting Child Labour

Suppliers shall under no circumstances allow children who are under the minimum age for employment. The age of employment must always be in accordance with applicable domestic regulations or with the ILO conventions on minimum employment age.

Prohibiting Forced labour

We do not tolerate any use of forced or compulsory labour. Suppliers must at all times respect their employees' freedom to terminate their employment relationship in compliance with applicable laws.

Decent Working Hours

Suppliers must not allow workers to work exceeding the maximum working hours set by local laws and regulations, and appropriately manage working hours and days off in consideration of the law and internationally recognized standards.

Adequate Wages and Benefits

Suppliers must comply with all applicable laws and regulations regarding payments of work (including minimum wage, overtime payments, and allowances and deductions required by law). Furthermore, it is expected that companies pay wages at a level that allows workers to support their basic needs (a living wage).

Freedom of Association and Right to Collective Bargaining

In conformance with local laws and regulations, Suppliers shall respect the right to collective bargaining of workers and openly communicate with workers for improving working environments and wage conditions.

Conflict minerals

Regarding the supply of raw materials and materials which might result in social problems related to human rights, work or the environment (e.g. conflict minerals (*1)), it is recommended that such materials should be used reasonably, only after their impact on society has been carefully analyzed and, in case of doubt, it is recommended that their use be abandoned.

(*1) minerals extracted within territories affected by armed conflicts including, without limitation, the Democratic Republic of the Congo and neighbouring countries (tantalum, tin, gold, tungsten), which are used to fund military actions (conflict minerals).

Environmental Sustainability

The Sumitomo Riko Group intends to do business always in harmony with natural environment, sticking to social expectation and rules, and to carry out all the activities from product development, design, procurement, sales to waste disposal under these principles.

Suppliers shall have or be in the process of having a documented environmental management system that ensures effective planning, action, and control of the most relevant environmental aspects of its activity. This system shall satisfy the requirements of ISO 14001 or other similar internationally recognized standards.

Suppliers are expected to ensure that all legally required permits, licenses, inspection, and testing reports are in place, up-to-date and always available for review.

Energy Consumption, Greenhouse Gas Emissions (CO2 reduction) & Climate change

Suppliers are expected to take measures to minimize the impact on climate change resulting from its activity, considering in this analysis the whole value chain (scopes I, II and III of its greenhouse gas emissions chain).

Suppliers are expected to track and document energy consumption and greenhouse gas emissions at the facility and/or corporate level.

Suppliers are expected to look for cost effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

Suppliers are expected to define short-term, mid-term and long-term targets to increase the share of green and/or renewable energy and to reduce its greenhouse gas emissions in line with stakeholders' requirements.

A comprehensive energy management strategy reduces greenhouse gas emissions occurring from raw materials extraction, product manufacturing, transportation, and end-of-life operations.

An effective energy management program gains management commitment, identifies constraints, establishes a baseline, and sets goals and energy reduction projects. On a regular cadence, the project execution is evaluated, measured, and verified against the performance to baseline and sets targets to close gaps or re-evaluates the process.

Water Quality & Consumption

Suppliers are expected to preserve water resources through an assessment of water stress in operations and throughout the life cycle and integrate water management into the business plan.

Suppliers are expected to develop a water assessment and water balance for each operation and site, establish a baseline, set goals for reduction (e.g., cubic meters per unit), set objectives and methods to reduce with efficiency and conservation projects and measure and compare progress to goals to close gaps.

Air Quality

Suppliers are expected to routinely monitor air emissions, integrate air emissions controls into the business plan and establish an air emissions management plan that meets or exceeds regulatory requirements for each facility

Air emissions include, but are not limited to, volatile organic compounds (VOCs), corrosives, particulate matter (PM), ozone-depleting substances, air toxics and combustion by-products generated from business and manufacturing operations.

Natural Resources Management & Waste Reduction

Suppliers are expected to set targets for waste reduction and establish a waste management hierarchy that considers in priority order: prevention, reduction, reuse, recovery, recycling, removal and finally disposal of wastes.

Suppliers are expected to encourage and support the use of sustainable, renewable natural resources in an efficient manner such that waste and residual products are minimized over the products' lifecycle.

Suppliers are expected to handle and dispose of all waste generated through safe and responsible methods that protect the environment and the health and safety of employees and local communities.

Suppliers shall have in place systematic waste-management processes, especially those derived from its activity with Sumitomo Riko Group, giving priority wherever possible to reuse and recycling treatments wherever possible, to reuse, recycle and contribute to the circular economy.

Suppliers shall act to reduce the use of single-use plastics in their supply to Sumitomo Riko Group and in their internal operations wherever possible.

Responsible Chemical Management

Suppliers are expected to identify and manage chemicals to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

Suppliers shall provide Safety Data Sheets/ Material Safety Data Sheets that comply with all applicable laws and regulatory requirements.

Suppliers are expected to work towards establishing programs (IMDS or equivalent) to collect data from material manufacturers for all components, identifying all process chemicals and intermediates that are identified as classified hazardous substances according to local law, or being considered for classified hazardous evaluation.

Suppliers are expected to measure data completeness against bill of materials (BOMs), identify data shortages, and take corrective measures to assure data is traceable to the material manufacturers.

Suppliers shall comply with the EU Registration Evaluation Authorization and restriction of Chemicals (REACH) requirement. "REACH makes industry responsible for assessing and managing the risks posed by chemicals and providing appropriate safety information to their users. In parallel, the European Union can take additional measures on highly dangerous substances, where there is a need for complementing action at EU level."

Reference: http://ec.europa.eu/growth/sectors/chemicals/reach_en

Occupational Health and Safety

Suppliers shall have or be in the process of having a documented health and safety management system that ensures effective planning, action, and control of the risks of the activity. This system shall meet the requirements of ISO 45001 or other similar internationally recognized standards.

Suppliers shall assess their risks and establish preventive measures in all positions and processes to ensure the health and safety of workers, as well as train and communicate with workers on these risks. Likewise, the company must provide the necessary personal protective equipment and make it available.

Suppliers shall develop emergency plans and instruct workers on such plans in accordance with local legislation. Suppliers shall maintain and monitor fire detection, alarm and suppression always mean and systems.

Suppliers shall use tools and equipment complying with safety regulations and shall provide adequate training to its employees.

We expect suppliers to ensure the best environment for the workers by also assessing the psychosocial risks of the workplaces.

Suppliers shall ensure that all required permits, licenses, inspection and testing reports are in place, up to date and available as required by law.

Corporate citizenship

We encourage our Suppliers to create social value through vigorous corporate citizenship activities, addressing solutions to social issues leading to the enhancement of corporate value.

CSR Supply Chain Management

Delivery of the highest quality products and services

Sumitomo Riko Group aims to provide products and services useful for life in terms of safety, high quality, competitive costs, and meeting customer expectations.

Therefore, we ask our suppliers to supply goods and services complying with ordered specifications, safety and quality standards, at commercially attractive prices, and to respect delivery dates and stability.

Enhancing technological level

Sumitomo Riko Group carries out ongoing monitoring of customers' needs, and demonstrates its creativity in an effort to develop original new products and solutions. To this end, we ask our suppliers of products and services to continuously improve technological standards, develop new technologies and materials, and persistently apply VE / VA and to submit proposals for solutions.

*VE / VA (Value Engineering / Value Analysis): analysis of a project in order to optimize costs before / after the start of production

Supply Chain Risk Management

We expect our suppliers' cooperation with respect to appropriate preventive measures and risk management activities undertaken by Sumitomo Riko and its affiliates.

We expect our suppliers to treat the safety of local society and employees as a priority.

Subject to this principle we expect our suppliers' support to ensure a stable supply to our customers, especially in unforeseen circumstances.

To ensure short reaction time in cases of emergency, we expect our suppliers to have established a prevention measurement system such as a Business Continuity Plan (BCP).

Extending and promoting CSR values along the supply chain, we encourage our suppliers to extend the spirit of these CSR guidelines to their suppliers.

Valid for the following SumiRiko entities

- SumiRiko AVS Holding Germany GmbH
- Sumitomo Riko Europe GmbH
- SumiRiko AVS Germany GmbH
- SumiRiko Rubber Compounding France S.A.S.
- SumiRiko SD France S.A.S.
- SumiRiko AVS Romania S.R.L.
- SumiRiko AVS Spain S.A.U.
- SumiRiko AVS Netherlands BV
- SumiRiko AVS Czech s.r.o.
- SumiRiko AVS Wuxi Co. Ltd.
- SumiRiko AVS RUS LLC
- SumiRiko Poland Sp. z.o.o