

## **Sumitomo Corporation Group Anti-Corruption Policy**

### **Preface**

At Sumitomo Corporation, compliance is based on the Management Principles rooted in the Sumitomo Business Philosophy of maintaining integrity and sound management and avoiding the pursuit of easy gains, and on its Activity Guidelines that include the obligation “(t)o comply with laws and regulations while maintaining the highest ethical standards.” Compliance has the highest priority in all corporate activities, and must never be sacrificed in the interest of profits.

Under the overriding principle of giving top priority to compliance at all times, we have undertaken strict measures to prevent bribery, improper provision of benefits, and other forms of corruption. In 2009, we became a signatory to the “Ten Principles of the United Nations Global Compact,” which advocate for values common to our own Management Principles and which include the principle of anti-corruption.

We have long internally made it known that, in keeping with the provisions and spirit of the law, any provision of entertainment, gifts, or other such favors to the Japanese government or other public officials is as a principle prohibited. Also, upon Japan’s revision of the Unfair Competition Prevention Act in 1999, we launched an internal screening system for preventing improper payments to foreign government or other public officials, to ensure the appropriateness of entertainment, gifts, and invitations given to such officials, as well as payments to agents, consultants or other business intermediaries engaged to solicit business from customers. In 2014, the screening system was expanded into our internal Rules for Prevention of Bribery to Foreign Public Officials. Thereafter, we have continued to modify the internal rules and expand them to our business sites outside of Japan, as a way to take comprehensive measures for preventing corruption in Japan and overseas.

Now, in response to the frequently asked questions and expectations of our stakeholders, we hereby establish and announce this Sumitomo Corporation Group Anti-Corruption Policy laying out our basic approach to anti-corruption.

### **Sumitomo Corporation Group Anti-Corruption Principles**

The Sumitomo Corporation Group will not commit bribery or conduct any activity raising the suspicion of bribing Japanese government or other public officials; and will as a principle prohibit its officers and employees from providing such officials with entertainment, gifts or the equivalent. It will not make any offer, payment, promise to pay, or authorize the payment of any money or anything of value to any foreign government or other public official, for the purpose of influencing any act or decision of such official in order to assist it in obtaining or retaining business.

In the event that anyone in the Sumitomo Corporation Group receives a request from a domestic or foreign public official for such an act, we will reject the request and contact the relevant authorities as the situation demands.

The Sumitomo Corporation Group will actively and sincerely engage in efforts to prevent corruption through various internal control systems and ongoing initiatives.

## **Internal Control and Initiatives for Anti-Corruption**

### **1. Internal System for Anti-Corruption**

Sumitomo Corporation complies with the Japan's Penal Code and Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other domestic and foreign anti-bribery laws and regulations applicable to its business activities. It establishes and administers the internal anti-corruption system described below to comply with those laws and regulations and implement the Group Anti-Corruption Principles. In the event that an officer or employee acts in violation of anti-bribery laws and regulations, it will punish the violator under the relevant employment regulations.

#### **(1) Internal Review**

##### **(a) Review of entertainment, gifts, and invitations**

We review these matters in advance by taking procedures as stipulated in our internal rules, taking into account the country of the government or other public officials, the value of the entertainment and gifts and other details, the timing and timeline of the matter and related events, the reason and purpose, the frequency, the standing of the government officials, and other aspects, in order to avoid not only the violation of applicable laws but even the appearance of providing improper benefits to government or other public officials going beyond the appropriate social courtesies.

Small payments to government or other public officials for the purpose of facilitating procedures in ordinary administrative services ("facilitation payments") are prohibited as bribery of officials in many countries. Sumitomo Corporation likewise has internal rules prohibiting facilitation payments.

Even for entertainment and gifts between private companies or private citizens, we confirm in advance that there are no improprieties under the applicable laws and social norms in the country concerned.

##### **(b) Review of donations**

Regarding charities, political contributions, sponsorships, and other donations, we review matters in advance by taking the procedures stipulated in our internal rules in order to avoid bribery or provision of improper benefits.

(c) Review of service providers

Regarding the appointment of agents, consultants, or other business intermediaries from which Sumitomo Corporation requests cooperation in promoting its business overseas, such as gathering and analyzing information in marketing activities, or in obtaining orders (“service providers”), Sumitomo Corporation prohibits its officers and employees from instructing, suggesting, or assisting such service providers to commit bribery. Additionally, to prevent bribery of public officials by service providers, we make efforts to manage them by implementing internal procedures and contractual and other measures, as stipulated in our internal rules.

The head of a department undertaking the above matters is required by our internal rules, in order to self-assess and manage such matters properly, to obtain in advance various information about the government officials or service providers including credit reports, to prepare the prescribed checklist and confirm that there is no issue for concern, and, especially in appointing service providers, to receive from each of them written agreements or confirmatory documents incorporating anti-corruption provisions. If, as a result of the internal review in the department involved, there are found to be matters which need caution, then the department is required to have an additional review conducted by the responsible administrative department and is allowed to carry out only the matter finally approved (if applicable, under the approval conditions).

**(2) Record management and accounting**

Our officers and employees are obligated to keep accurate books and records of the above matters, to record expenses under the proper accounts, and to preserve the documents for the period stipulated in the internal rules.

**(3) Immediate internal reporting and whistleblower program**

Our internal rules require our officers and employees to immediately report any acts of or suspicion of corruption to the head of the Legal Department if and when they become aware of them. We also maintain and administer a whistleblower program so-called the “Speak-Up System” to enable our officers and employees to report compliance problems, including corruption, directly to the Chief Compliance Officer, and to discover and correct such problems promptly, ensuring that they are also able to report and consult outside attorneys and corporate auditors.

**(4) Raising awareness**

To ensure awareness of anti-corruption and the internal control system for achieving it, we maintain and administer our internal rules as described above as well as guidelines and manuals, also taking into account worldwide trends of anti-bribery laws and enforcements, prior cases in other companies, and advice from outside experts.

We also obtain written pledges for compliance including anti-corruption from our officers

and employees, and conduct e-learning including case studies and practice and various other in-house training geared to the nature of the business operations, on a repeated and ongoing basis.

In addition to the above, by providing guidance for our officers and employees on specific matters, we continue to make ongoing efforts to devise and administer effective and efficient mechanisms for anti-corruption.

Please also see the Sumitomo Corporation website on [Compliance](#) for details of the overall compliance program.

## **2. Initiatives in investment activities and our domestic and overseas subsidiaries**

When considering investments, the Sumitomo Corporation Group conducts risk-based due diligence and obtains representations, covenants and other confirmations from parties to investment contracts, from the standpoint of anti-corruption.

Sumitomo Corporation also encourages its local offices and subsidiaries in Japan and overseas to set up and maintain compliance and anti-corruption systems similar to those in the Sumitomo Corporation headquarters, if appropriate from the perspective of corruption risk, and actively work on anti-corruption on a group-wide basis.

## **3. Monitoring and internal audits**

We review our anti-corruption programs from the perspective of whether they are adequately and efficiently provided and administered in line with the nature of the business operations, and modify the programs and improve our administration as necessary.

The Internal Auditing Department, which reports directly to the President and CEO, was established as an independent organization to monitor the operations of the Sumitomo Corporation Group. The Internal Auditing Department reports all the internal audit results directly to the President and CEO, and also regularly reports to the Board of Directors. It comprehensively checks assets, risk management, and the status of compliance and business processes to determine their problems and inherent anti-corruption risks, and also helps to raise the quality of organizational management by encouraging voluntary improvements and evaluating the effectiveness and validity of each process.

## **4. Request to business partners for cooperation**

Essential for thoroughgoing anti-corruption compliance, including this Anti-Corruption Policy, are the understanding and cooperation not only of Sumitomo Corporation Group officers and employees, but also of its business partners. Accordingly, we would appreciate our business

partners' understanding of this Anti-Corruption Policy and their cooperation regarding the following matters.

**(1) Cooperation with due diligence and investigations and written agreements**

Particularly in transactions involving acquisitions, joint business including joint ventures, consortiums and other partnerships, and service transactions, business partners and their affiliates may be asked to undergo due diligence or investigation by the Sumitomo Corporation Group to determine and confirm their internal systems for anti-corruption, to provide written confirmation of their anti-corruption status and other related information, and to execute agreements including anti-corruption-related provisions. Your understanding and cooperation are requested.

**(2) Familiarization with anti-corruption**

Business partners are requested also to institute training or other means to make sure that their officers and employees, as well as third parties such as subcontractors, are familiar with the applicable anti-bribery laws and the essentials of this Anti-Corruption Policy.

**(3) Proper record management**

In carrying out your business operations in relation to the Sumitomo Corporation Group, you are asked to prepare and maintain accounting books and other records for all transactions and disposition of assets accurately and in a timely manner.

**(4) Cooperation with response to suspected violations**

Should any corruption or accounting fraud or suspicion of the same arise in your business operations in relation to the Sumitomo Corporation Group, you are asked to promptly contact the Sumitomo Corporation Group and to give your full cooperation with audits or investigations whether by the Group or by the relevant authorities.

April 1, 2017

Hideki Iwasawa  
Representative Director and Executive Vice President  
Chief Compliance Officer  
Sumitomo Corporation