

Message from the Chair of the CSR Committee

CSR in the Sumitomo Corporation Group



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CSR in the Sumitomo Corporation Group

In the preamble to the Corporate Mission Statement, the Group sets out its corporate vision: “We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.” The statement continues to describe the corporate mission, which is, “To achieve prosperity and realize dreams through sound business activities,” and the management style, which is, “To place prime importance on integrity and sound management with utmost respect for the individual.”

The Sumitomo Corporation Group regards CSR as working to achieve its corporate vision by staying true to the management style described in its Corporate Mission Statement, engaging in responsible corporate management, and working to fulfill its corporate mission. In other words, CSR is nothing other than putting our Corporate Mission Statement into practice, engaging in sound business activities, and having every member of the organization perform his or her daily duties with spirit and a strong sense of ethics.

Taken from a CSR viewpoint, for the Sumitomo Corporation Group to contribute to the development of a sustainable society and grow along with society, it must create and provide new social values through its business activities, which would in turn result in enhanced corporate value. Based on this belief, we develop an accurate understanding of social issues and identify new needs through dialogue with stakeholders. We then offer proposals to provide the solutions by bringing together the Group’s unique strengths and capabilities. Through these proposals, we work to improve the standard of living and contribute to the development of economies, industries, and societies

in the communities and countries where we conduct business. These efforts subsequently help boost earnings and expand business activities based on foundations of trust. We feel the Sumitomo Corporation Group’s CSR should revolve around this virtuous cycle.

The Sumitomo Corporation Group has defined its medium-to-long-term vision as “What We Aim to Be in 2019, Our Centennial Year,” which describes one of its goals as the following: “We aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity.” This endeavor entails that we constantly act from a medium-to-long-term perspective with the Corporate Mission Statement at the forefront of our minds. With this mind-set, we are working to become the leader in each industry in terms of both quantitative and qualitative aspects and a corporate group that is truly trusted by all of its stakeholders. We aim to make our vision of “What We Aim to Be” a reality and to continue to grow stably for another 50 years, 100 years, and beyond. It is therefore crucial to discuss what we want to achieve through our business activities and how these goals can be accomplished, followed by formulating growth strategies to guide us in this pursuit. I hope that all members of the Sumitomo Corporation Group will be able to unite to push us forward on this path.

Initiatives of Promoting CSR

One key step we took to put CSR into practice over the past year was working to deepen employees’ understanding of our Corporate Mission Statement—the foundation of the Group’s CSR activities. We took opportunities to further entrench this statement globally.

The Group is active a diverse range of industrial fields in countries and regions across the globe, which necessitates that we practice CSR throughout the supply chain. Recognizing this duty, we took advantage of various activities to spread awareness within the organization of the Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management.

We also undertook efforts to raise our overall level of CSR promotion and advance CSR activities on Companywide basis. To this end, we began periodically holding meetings in which representatives from the Environment & CSR Department sit down with representatives from individual sales divisions and domestic and overseas regional organizations. Through these meetings, we have instituted self-assessments based on ISO 26000, a global standard for CSR, and shared information and opinions related to CSR.

The Sumitomo Corporation Group signed the UN Global Compact in March 2009, declaring its support for the 10 principles on human rights, labour standards, environment, and anti-corruption. Our goal in the future will be to promote CSR in a manner that is suited to a global organization, and we will adhere to these 10 principles, which share the same values as our Corporate Mission Statement, and pay reference to ISO 26000 in this pursuit.

Major CSR Promotion Activities

CSR Promotion Framework

Since establishing the Environment & CSR Department in April 2008, Sumitomo Corporation has aggressively advanced CSR activities in cooperation with relevant internal departments, domestic and overseas regional organizations, and Group companies. We have also established the CSR Committee as an advisory body to the Management Council. The committee's activities include examining and discussing the Company's CSR frameworks and promotion measures. In addition, we set up the Global Environment Committee within the CSR Committee to function as an advisory body to this committee by promoting environmental management activities based on the ISO 14001 standard and holding environmental seminars.

The CSR Committee is headed by the Chief Strategy Officer, and its members are General Managers from the Corporate Group and General Managers of Planning & Administration Departments of each business unit. At the most recent CSR Committee meeting, after reviewing the steps taken in fiscal 2014, the committee confirmed the issues needing to be addressed based on changes in the circumstances relating to CSR, and future response measures were discussed.

Specifically, the committee discussed the following: 1) using ISO 26000 as a reference for measures to further raise the level of CSR promotion, 2) improving environmental management activities in consideration of the revision to ISO 14001, and 3) focusing on social contribution activities befitting our distinctive identity.



Global Promotion of Understanding and Entrenchment of the Corporate Mission Statement

We believe ongoing value creation and widespread contributions to society through business activities start with practicing the Corporate Mission Statement. Accordingly, we take every opportunity to deepen our understanding of this statement and expand its reach throughout the Group. We include employees of all ranks at domestic and overseas Group companies in our various ongoing training programs to enhance understanding and entrenchment of the Corporate Mission Statement. We also utilize tools such as e-learning and training materials developed in-house to foster greater understanding of the story behind the establishment of the Corporate Mission Statement as well as Sumitomo's business philosophy that is its underlying foundation. Recently, organizations overseas have also been strategically implementing initiatives to raise employee awareness in step with advancement of our global operations. By ensuring that every Sumitomo Corporation Group employee fully grasps the Corporate Mission Statement and puts it into practice in their daily business activities, we will demonstrate our core

competence—our integrated corporate strengths—on a global scale. We also believe that sharing these values with our business partners around the world will enable us to build a more solid, sustainable business foundation.



Training for locally hired employees

CSR Activities Based on ISO 26000

In recent years, society's expectations and demands for companies have been rising, and the degree of social responsibility requested has been growing ever higher. For this reason, the Sumitomo Corporation Group recognizes that it must further raise its level of CSR promotion. Based on this recognition, all sales departments and domestic and overseas regional organizations conducted a self-assessment based on ISO 26000,

the CSR global standard, to identify the issues needing to be addressed. Going forward, we will designate priority issues based on conditions and characteristics of the countries, regions, and industries in which each organization conducts its business activities. We will then pursue improvements in relation to these issues by instituting a plan-do-check-act (PDCA) cycle.

Major CSR Promotion Activities

Initiatives for the United Nations Global Compact

In March 2009, the Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles, as this international CSR-related initiative shares the same values as our Corporate Mission Statement. With our participation in the Global Compact, we committed ourselves to further increasing corporate value by constantly seeking out areas of our business activities that can be improved in light of the values advocated by the 10 principles.

Moreover, Sumitomo Corporation actively participates as a Board Member of the Global Compact Network Japan, a local Global Compact network. In fiscal 2014, we took part in study groups focused on the themes of human rights due diligence,

CSR Initiatives for Supply Chain Management

The Sumitomo Corporation Group has established the CSR Action Guidelines for Supply Chain Management. Through the implementation of these guidelines, we are aiming to realize a sustainable society by working together with our suppliers and business partners to achieve responsible value chain management. The Company

environmental management, and reporting. Through this involvement, we acquired information on recent global trends in these areas, learned of examples of superior initiatives, and were provided insight from specialists. This knowledge was utilized to help the Company promote CSR.

* Sumitomo Corporation also supports the Universal Declaration of Human Rights, from which the 10 principles of the UN Global Compact are derived.



provides numerous opportunities to promote the understanding and entrenchment of these guidelines, including training for new employees and locally hired employees, meetings within business units and domestic and overseas regional organizations, and pre-departure briefings with employees being sent on overseas assignments.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management

Established in November 2009

Revised in November 2013

The Sumitomo Corporation Group aims to be a global organization that, by constantly staying a step ahead in dealing with change, creating new value, and contributing broadly to society, strives to achieve prosperity and realize the dreams of all our stakeholders through sound business activities in strict adherence to our Corporate Mission Statement, and the management style principle contained therein, wherein prime importance is given to integrity and sound management with the utmost respect being paid to the individual.

In order to promote sustainability and social wellbeing in accordance with our mission, the Sumitomo Corporation Group hereby sets down these CSR Action Guidelines for Supply Chain Management. With a view to further strengthening the global relations which form one of the foundations of our core competence of integrated corporate strength, we request our suppliers and business partners to kindly accept, understand, and practice these guidelines so that together we can achieve responsible value chain management.

Our suppliers and business partners are expected to:

1. Respect human rights and not to be complicit in human rights abuses
2. Prevent forced labor, child labor and the payment of unfairly low wages
3. Not engage in discriminatory employment practices
4. Respect the rights of employees to associate freely in order to ensure open and fair negotiations between labor and management
5. Provide employees with safe and healthy work environments
6. Protect the global environment and give due consideration to biodiversity
7. Ensure the quality and safety of products and services
8. Ensure fair business transactions, to abide by all applicable laws, rules and regulations, and to prevent extortion, bribery and all other forms of corrupt business practices
9. Ensure appropriate information security
10. Cooperate with members of local host communities and contribute to sustainable regional development
11. Disclose information regarding the above in a manner both timely and appropriate.

Human Rights Seminar

The Sumitomo Corporation Group conducts its business on a global scale, operating in numerous countries, regions, and industries. We therefore recognize the necessity of thoroughly understanding the cultures, customs, and histories of the countries, regions, and industries in which we operate and the need to address various human rights issues based on these considerations. In March 2015, we held a seminar for employees of the Company and Group companies on the link between business activities and human rights. An outside specialist was invited to serve as an instructor for this seminar, through which information was provided on human rights issues that warrant particular attention in our business. The seminar covered a variety of topics with regard to the relationship between business activities and human rights. Specific topics included examples of incidents in which human rights

abuses have led to the materialization of reputation risks as well as methods of evaluating the impact of a particular activity on human rights. After participating in the seminar, one employee expressed his belief that such educational activities should be conducted on an ongoing basis to raise human rights awareness and instill these concepts into the minds of employees. Moreover, he stated these efforts were particularly necessary given the diverse and global nature of the Group's business.



Seminar on the link between business activities and human rights

For the latest information on our CSR initiatives, please visit our corporate website.

<http://www.sumitomocorp.co.jp/english/csr/>