



Our websites present that Sumitomo Riko's CSR management policy and activities. We hope this helps our stakeholders deepen understanding of them.

Message from the President & CEO

Sumitomo Riko Group 2022 Vision and SDGs

Dialogue with Employees 2019 for Realization of 2022V



CSR Activity Reports





Disclosure Policy
and Archives



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Message from the President & CEO

Shareholders and Investors, Customers, Suppliers and Other Trade Partners,
Employees, Local Communities, Global Environment

Strive to
Strengthen Competitiveness and
Achieve Consistent Growth by
Turning Changes in Society into
Opportunities for Dramatic Growth

President & CEO

Chairperson of CSR Committee

Tetsu Matsui

Endeavor to Become a Corporation that Contributes to Safety, Comfort, and the Environment for People, Society, and the Earth

Amid a rapid change in the business environment surrounding corporations, the Group aims to achieve consistent growth and strengthen the structure by promoting the 2022V under the following three business strategies: creation of new businesses and new customers, MONOZUKURI Innovation, and strengthening of global business foundations.

What the 2022V aims at

Our mid-term management vision, the 2022 Sumitomo Riko Group Vision (2022V), aims to simultaneously enhance both corporate value and public value to create new social value. By fully leveraging our core competences of polymer materials technology and comprehensive evaluation technology, we work not only to grow our existing businesses, but also engage in research and development for products and materials with new value. The products and services generated from these efforts will be expanded into the four business fields of automotive (mobility), infrastructure and housing environment, electronics, and healthcare, to create new social value.

Become a global system supplier that continues to provide new value

The Group has established a product development and supply system in five key regions of the world: Japan, the Americas, Europe and Africa, China and South Korea, and other Asian countries. Our aim now is to become a global system supplier capable of proposing optimal systems and modules, combining multiple components and functions to meet the new needs of customers and end users.

Reinforcing manufacturing capabilities

We have a global system that extends to 106 locations across 23 countries, through which we can steadily supply superb quality products to consistently satisfy our customers in every region of the world.

The issue we face now is to reinforce our manufacturing capabilities in our production bases worldwide. By firmly establishing the manufacturing foundation in Japan where our mother factory is based, fully maturing it in Japan and then implementing it overseas, we can further strengthen our manufacturing foundation overseas and create strong workplaces to prevail over competition.

Achieving targets in environmental and social domains

A corporation has a mission to protect safety and environment of the Earth and society through generating sales and profit, and thereby contributing to the people who live there. The Group undertakes several initiatives to attain non-financial targets according to issues addressed by United Nations' Sustainable Development Goals (SDGs), etc., such as reducing CO₂ emissions and waste, coping with water-related risks, eliminating industrial accidents, and complying with laws and regulations.

From the viewpoint of diversity, we aim to create a workplace where diverse human resources can work with vitality. For example, in terms of gender, we set our goals to have a female employment rate of 30% or more and 30 female managers (non-consolidated). Under these goals, we work on our hiring activities, expansions of systems to support childrearing and family care, internal and external networking, and trainings for qualified employees. From a global perspective, with a target of 30% or more of locally hired site managers, we offer leadership training to prospective candidates in order to promote the appointment of promising global human resources.

The Group also works on responsible procurement. One of the examples is our ongoing visits since 2016 to natural rubber plantations and processing manufacturers in Southeast Asia from which we mainly procure rubbers, in order to observe working environments and human rights.

Sumitomo Riko Group Mission

At the Sumitomo Riko Group,

Inspired by the Sumitomo Spirit, through technological innovation, we strive to resolve the issues facing society, as embodied in the SDGs and other initiatives.

By enhancing corporate value and public value simultaneously, we aim to create social value and achieve sustainable growth together with society.

Creation of Social Value

— Global Excellent Manufacturing Company —

A corporation that contributes to safety, comfort, and the environment for people, society, and the Earth

**Corporate Value
Financial Objectives**

Definition: Economic value that a company created during a fixed period

KPIs: Net sales, profit, ROE, ROA, rate of return of investment, WACC, etc.

**Public Value
Non-financial Objectives**

Definition: SDGS promotion through contribution to the society and local community such as resolving social issues and creating jobs

KPIs: Enhancement of environmental technology, development of environmentally friendly products, zero occupational accidents, business expansion in emerging markets

Related information: [Sumitomo Riko Mid-term Business Vision \(2022V\)](#).

2022V Financial Objectives

Indicators	Numerical objectives
Net sales	¥530 billion
Operating profit	¥25 billion
Operating profit ratio	5%
ROA (Operating profit to total assets)	6%
ROE (Return on equity attributable to owners of the parent company)	7%

2022V Non-financial Objectives

	Items	Objectives	FY2018 results
Environment	CO2 reduction	8% reduction*	2% reduction
	Waste reduction	5% reduction*	2.4% reduction
Society	Addressing water risk	Develop wastewater recycling technology	Surveyed water-related risks at all production bases of the Group and confirmed that pressing risks were minor
	Frequency rate of all industrial accidents	Zero industrial accident	Frequency rate of all industrial accidents 0.46
	Compliance training	Participation rate of global executive training shall be 100%	Participation rate 92%

* compared with the emission intensity in 2017

Related information: [2022V Non-financial objectives](#)

Turning a Once-in-a-century Grand Transformation Phase into an Opportunity for Dramatic Growth

The automotive products business, which is our primary line of business, is undergoing a grand transformation phase symbolized by CASE. Leveraging our long-cultivated technology, we will offer products that support the transformation of society.

Business opportunities made possible by CASE

Ever since automobiles became a part of our lives from the early 20th century, the industrial world as well as our daily lives have become vastly convenient. Yet at the same time, the automotive industry, which Sumitomo Riko is a part of, is confronted by global issues such as a rising number of traffic accidents due to the rapid increase in the number of vehicles, along with air pollution and destruction of the environment.

Against such background, CASE—standing for Connected (C), Autonomous (A), Sharing (S), Electrification (E)—assigns completely new value standards and roles to automobiles.

In order to seize the opportunities offered by the changes and needs generated by the advances in these four domains, Sumitomo Riko will leverage its vibration and noise control technology refined in the development of anti-vibration rubber products, together with fluid conveyance technology

honed through hose development, to respond to the once-in-a-century paradigm shift through contributions to the safety, comfort, and the environment of people, society, and the Earth.

Sumitomo Riko's initiatives aimed at CASE

The Company appraises these changes in the business environment both in terms of business opportunities and risks. In order to turn these into an opportunity for dramatic growth, we engage in creation and development of products which bring new value to automobiles, not to mention working on expanding sales of promising products in our existing business fields.

Anti-vibration rubber products

In our existing business fields, the electrification of vehicles and the advancement of autonomous driving are expected to spur new demand for highly-functional anti-vibration rubber products to counter motor vibrations and other road noise while driving. The Company supplies a motor mounting system exclusively designed for commercial electric vehicles (EVs).

Automotive hoses

Though fuel hoses will decrease with the rise of EVs, the demand for cooling systems such as batteries and inverters will increase. In particular, EVs which consume large amounts of electricity require high-efficiency air conditioning systems consuming as little electric power as possible. Greater use can be expected for air conditioning hoses that achieve highly efficient heat exchange. The Group has commercialized a compact IHX (internal heat exchanger) utilizing modular technology from the former Dytech, and a highly efficient piping layout that reduces the weight and space required, and has supplied them to a wide range of vehicle models.

Examples of EV Application Initiatives

Nissan LEAF

- Motor mounts
(first and current models)
- Stabilizer bush (same as above)
- Water hose (first model)



Nissan LEAF



Sumitomo Riko products used in successive models of LEAF

Mitsubishi i-MiEV

- Components of motor mounts

Polyurethane and seal products

As EVs develop, the expansion of demand is expected for heat conducting & sound reducing materials to counter the heat and noise generated by motors. Our sound reducing enclosure for EV motors currently under development minimizes noise from the motor through the sound-absorbing property of urethane foam, while lowering the surface temperature of the

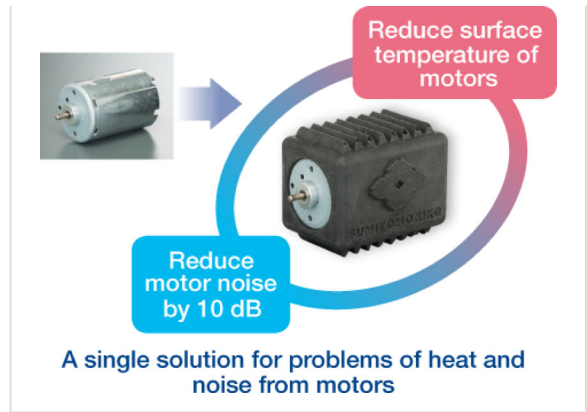
Example of Development for EVs

Sound reducing enclosure for EV motors

motor by creating escape paths for heat within the urethane foam. This is already commercially available for small motors, and is now in the process of being upscaled for EV motors.

Sealing materials tightly seal connectors linking wire harnesses of automobiles and protect the wiring inside by preventing ingress of water or dust.

Demands for wire harnesses in automobiles are increasing year by year due to the shift to EVs and other factors, and also greater demands for sealing materials is anticipated in the future.



New fields for automobiles initiated by CASE

The Advanced Automotive Systems R&D Center was launched in 2016 in readiness for changes in forthcoming social needs and the evolution of automobiles. This was followed by the New Energy Vehicle Devices Business Unit, established within the Automotive Anti-Vibration Business Headquarters in 2019 to reinforce product developments for next-generation advanced vehicles and acceleration of strategic sales expansion.

We focus especially on biological sensing, heat management, and sealing as new fields expected to grow under CASE.

New Fields for Automobiles Initiated by CASE

New fields	Examples of initiatives
Biological sensing	Steering wheel to detect the switchover to autonomous driving
Heat management	High heat insulation materials to improve in-vehicle comfort Cooling systems utilizing fluid conveyance technology for electric vehicles
Sealing	Cell gasket, a rubber sealing material for fuel cell vehicles (FCVs)

Biological sensing

In biological sensing, a steering touch sensor used in hands off detection steering wheel is considered promising, which utilizes Smart Rubber (SR), a proprietary rubber material of the Company that conducts electricity. This product is embedded in the steering wheel to sense via SR whether the driver is actually gripping the handle or not. In the next generation of autonomous driving, this could, for example, enhance the safety of driving when a driver switches between autonomous driving and manual driving, by accurately sensing the status of the driver. In view of the coming of the age of autonomous driving, it is a product expected to take a role in avoiding dangerous situations.

Steering Touch Sensor Used in Hands Off Detection Steering Wheel



Embedded in a steering wheel, it detects whether a driver is actually gripping the handle or not. It corresponds with levels 2 to 3 of autonomous driving.

Heat management

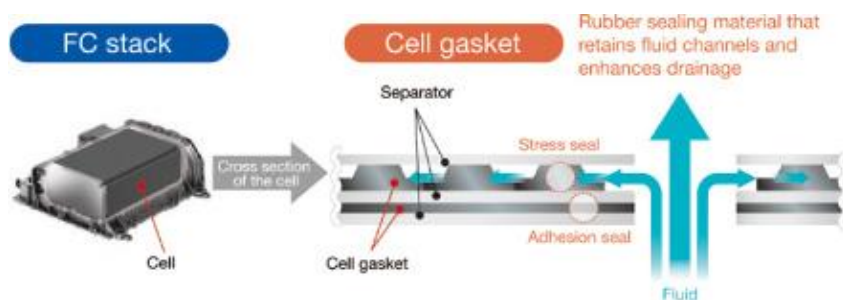
In heat management, we have successfully developed a high-performance coating which can insulate heat with only a tenth of the thickness of previous products, making a high heat insulation possible with a thin coating. Applying this coating to various base materials works effectively in improving the rate of electric power consumption especially for electric vehicles, and at the same time adds to the spaciousness and comfort inside the vehicle.

We are also developing a cooling system by applying the fluid conveyance technology perfected in our hoses. A key factor in EVs is a need to process the heats generated by batteries and motors. Managing these heats improves the rate of electric power consumption, and is particularly effective in preventing a fall in the cruising distance when the air conditioning is in use. In addition, Sumitomo Riko's heat management products, which make efficient use of the heat generated by batteries and motors, are highly expected for their potential.

Sealing

In sealing, our efforts are focused on rubber sealing materials for fuel cell vehicles. Since 2014, Sumitomo Riko has supplied a cell gasket, a rubber sealing material that bonds components, for use in fuel cell stacks of Toyota Motor Corporation's fuel cell vehicle MIRAI. The highly functional rubber developed by our proprietary compounding technology, combined with our precision processing technology, ensures the performance enhancement, downsizing and lightening, and long-term reliability of fuel cell stacks.

Cell Gasket Adopted in MIRAI



Toyota MIRAI

Unearthing value for the future

The seeds of future businesses for the Group are already beginning to take root in business fields outside automobiles. To take healthcare as an example, we have jointly developed with Kyushu University the Active Mattress "Taiatsu Bunsan," which utilizes the aforementioned SR. This mattress constantly measures pressures on the entire body, pinpointing high-pressure areas to help prevent bedsores. It is highly rated by both patients and caregivers for its user-friendliness.

SR Active Mattress "Taiatsu Bunsan"



It prevents bedsores by enlarging or compressing air cells inside the mattress according to the user's body frame and sleeping position, making a tailor-made pressure distribution possible.

Supporting society through manufacturing

Sumitomo Riko will support the transformation of society heralded by CASE through manufacturing, making full use of present and future technologies. Furthermore, the Company is giving its focus on the development of SR sensors in the healthcare field, looking toward a balance between industry and society that benefits people with better lives.

As such, Sumitomo Riko seeks to contribute to solving social challenges of the SDGs, such as climate change, good health and well-being, and the development of sustainable cities and communities.

Forming a Sound Governance Structure as a Listed Subsidiary

The ideal state of corporate governance has been a significant focus of attention. Sumitomo Riko is ceaselessly working on improvements, aiming for a sound management with consideration to minority shareholders, incorporating opinions from outside the Company through efforts such as increasing the number of Outside Directors.

Election of Outside Directors and measures to strengthen governance

Sumitomo Riko is a subsidiary of Sumitomo Electric Industries, which has a 50.7% equity stake in the Company (including indirect ownership). As a listed company, it is our duty to pay consideration to stakeholders such as our minority shareholders, while engaging in highly transparent management looking outside the Company.

The scandals reported about some other companies over recent years are lessons we should objectively learn from. We have explored the ideal state of a sound corporate governance and given priority to improving our management structure to incorporate the opinions of external stakeholders through efforts such as increasing the number of Outside Directors.

As one of the initiatives, we started to elect two Outside Directors from 2014, increasing the number to three from 2018, with the inclusion of one female Outside Director. In June 2019, we established a Governance Committee as an advisory body to the Board of Directors, appointing an Outside Director to be the chairperson. Outside Directors now make up a third of the total Directors, promptly complying with the directive to raise the percentage of Outside Directors, which are discussed by the government at Growth Strategy Council-Investing for the Future, etc.

Our relationship with Sumitomo Electric Industries and its merits

(1) Relationship

Name	Attribution	Ratio of voting rights held (%)			Financial instruments exchanges, etc. on which shares issued are listed
		Portion directly owned	Portion subject to aggregation	Total	
Sumitomo Electric Industries	Parent company	49.66	1.03	50.69	First Section, Tokyo Stock Exchange, Inc. First Section, Nagoya Stock Exchange, Inc. Securities Membership Corporation, Fukuoka Stock Exchange

(as of March 31, 2019)

(2) Merits

Category	Description
Business foundation	Shared customer base, use of infrastructure, joint purchasing, etc.
Global deployment	Strategic and collaborative cultivation of global markets, etc.
Research and development of next-generation technology	Development of new automotive products through collaboration within the Sumitomo Electric Industries Group

Ensuring objectivity in officer election and remuneration

In corporate management, a greater objectivity is desirable for both the election of officers and their remuneration. Regarding the election of officers, our stance is to elect persons who are knowledgeable of the Company's management and business and capable of meeting shareholder expectations concerning execution of duties. Moreover, the Company elects persons with a high degree of independence as Outside Directors, taking into consideration the fact that the Company is a listed subsidiary. In order to enhance objectivity in the procedures for the election and/or dismissal of Directors and Audit & Supervisory Board Members as well as remuneration for Directors (monthly remuneration and bonuses), the Nomination and Remuneration Advisory Committee provides opinions on matters to be resolved at the General Meeting of Shareholders. The Board of Directors in turn makes a decision while respecting such opinions.

The Nomination and Remuneration Advisory Committee consists of one Representative Director and three Outside Directors. An Outside Audit & Supervisory Board Member also serves as an observer. Previously, the Nomination and Remuneration Advisory Committee was chaired by the Representative Director. However, from February 2019, the Lead Independent Outside Director has taken the role of the chairperson, in order to realize a structure with greater objectivity.

Column

Leveraging the merits of a listed subsidiary

As a member of the Sumitomo Electric Industries Group, we aspire to leverage synergy with the parent company in our management. Sumitomo Electric Industries has multiple overseas bases, diverse technologies and customer bases, through which it provides us with supports in many ways for our overseas operations and development of new businesses.

On the other hand, we ensure that our decision making is independent from the parent company, in consideration of the common interests of our shareholders. To ensure our independence, we require regular reporting to the Board of Directors on our trade with the parent company, as well as an approval for such trade from the Board of Directors according to its scale and nature.

Our trade with the Sumitomo Electric Industries Group primarily centers on sales of products (sealing materials for wire harness connectors) for Sumitomo Wiring Systems (a 100% subsidiary of Sumitomo Electric Industries). These transactions make up approximately 1% of our consolidated net sales. Our future policy is to enhance coordination in research and development for next-generation automobiles.

Initiatives to strengthen the governance structure

2005	Executive Officer system introduced	2016	Information Exchange Meeting among Outside Directors/Audit & Supervisory Board Members launched
2012	Business Headquarters system introduced	2016	Area-based (Americas, Europe, China and Asia) GMM launched
2014	General Managers Meeting (GMM)	2017	Group Company Management Meeting launched

	launched		
2015	Group Governance Committee established	2019	Appointed the Lead Independent Outside Director
2016	Nomination and Remuneration Advisory Committee established	2019	Established the Governance Committee (upgraded from the Group Governance Committee)

Related information: [Corporate Governance](#)

The Manufacturing Capabilities Rooted on Site Are the Essentials of Sumitomo Riko's Competitiveness Our Aim Is to Become a Global Excellent Manufacturing Company

The Group practices business management based on the Sumitomo Spirit, which is to accord "Shinyo-kakujitsu" and "Fusu-furi." We will pass on to the future our manufacturing DNA embedded in our long traditions, while continuing to supply products being trusted worldwide.

To become a company we aspire to be

Since joining the Sumitomo Group in 1937, the Group has practiced business management based on the Sumitomo Spirit, which is to accord "Shinyo-kakujitsu" and "Fusu-furi," as well as on its own management philosophy.

In order to update the management foundations to meet the demands of society, in April 2019 we revised the Corporate Action Charter, which serves to put our management philosophy into practice, and the Compliance Conduct Guidelines, which outline the rules of conduct for officers and employees. This revision of the Charter of Corporate Behavior was based on the commitment to the SDGs and the revision of the Charter of Corporate Behavior of the Japan Business Federation (KEIDANREN). It added items such as sustainable economic growth and resolution of social issues by development of products and services through innovation, responsible procurement, respect for human rights, and diversity & inclusion and work style reform.

Related information: [Business Policy](#)

As a responsible member of society

Sumitomo Riko aims to achieve the 2022V vision through its commitment to and practical action for the UN Global Compact and the SDGs. We signed the UN Global Compact in 2014, and since then have practiced responsible corporate activities in line with the ten principles in the four areas of human rights, labor, environment and anti-corruption. In 2018, we also signed the Tokyo Principles for Strengthening Anti-Corruption Initiatives of the Global Compact Network Japan, and reflected them in the revision of our Compliance Conduct Guidelines. Furthermore, by adapting to transformations such as CASE in automobiles, we will contribute through our main business operations to solve the social issues as outlined in the SDGs.



Taking Japanese manufacturing to the world

Since the founding of Sumitomo Riko in 1929, we have accurately assessed the directions of the times and market needs, steadily expanded our business areas from automotive products and general industrial products to new fields, and made available to the world products with high added value.

In 1976, we started Foreman Training* as an initiative to develop human resources through improvement activities on site. This program has continued uninterruptedly down to the present day, improving onsite capabilities and developing our human resources. The Foreman Training is part of Sumitomo Riko's DNA shaping our manufacturing capabilities and culture, and also the source of our on-site capabilities. By passing on the manufacturing DNA honed in Japan to the future, while also further refining the manufacturing capabilities of Sumitomo Riko and spreading them worldwide, we intend to secure our place in the future as a manufacturing company. We will take pride in our identity as a Japanese manufacturing company that places a great value in fine workmanship and superior quality, centered on our long cultivated core competences of polymer materials technology and comprehensive evaluation technology. While faithfully continuing to cherish the Sumitomo Spirit "Shinyo-kakujitsu" and "Fusu-furi," we will continue to evolve toward a dramatic growth to become a Global Excellent Manufacturing Company that is trusted by all our stakeholders.

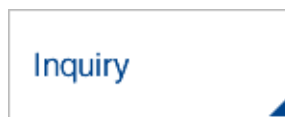
* Foreman Training is a program for those aspiring to become a supervisor.

Started in 1976, it has never ceased operation even for a single day, and is now our longest-running training program in the Company's history. The program has altered its approaches to the most important issues to be dealt with according to the changing times. By identifying facts from confirmation at the actual process with the actual part and through repeating the process of solving the issues identified, the program fosters human resources who are capable of engaging in improvement activities on site independently.



President & CEO
Chairperson of CSR Committee

** Excerpt from the Integrated Report 2019



Dialogue with Stakeholders

Shareholders and Investors, Customers, Suppliers and Other Trade Partners, Employees, Local Communities, Global Environment

Dialogue with Employees 2019 for Realization of 2022V



At Sumitomo Riko, in promoting CSR management we recognize the importance of two-way communication between management and employees who are stakeholders. We have been holding Dialogues with Employees as opportunities for communication since fiscal 2013. The Dialogue with Employees 2019 was the fourth dialogue. In fiscal 2018, on the theme "Toward realization of 2022V," employees and management discussed what actions should be taken to share the vision and realize 2022V. The dialogue was held at the JP TOWER NAGOYA Hall & Conference. Attending the dialogue were Executive Vice President Yoji Suzuki, Senior Managing Executive Officer Takehiro Ohashi, Senior Managing Executive Officer Hirohisa Maeda, Senior Managing Executive Officer Kazushi Shimizu, Managing Executive Officer Taro Noda, Outside Director Mariko Miyagi, and 30 employees from business units, sales departments, and staff departments of Sumitomo Riko and Group companies. They vigorously exchanged opinions about the "ideal future of Sumitomo Riko."

The event started with a presentation by the Corporate Social Responsibility Department titled "The Sumitomo Spirit and SDGs—Toward Realization of 2022V." Then, the participants including the executives were divided into six teams and played an SDGs card game to learn about the SDGs. Following the icebreaking, each team had a group discussion and a dialogue between management and employees was held.



Playing an SDGs card game

What are Our Challenges for Realization of 2022V?

For group discussion, participants were divided into six teams, and each team consisting of an executive and employees discussed "current situations and challenges for realization of 2022V," "ideas for resolving challenges," and "proposals for realization of 2022V" and made a presentation. The main subjects were work style reform, reform of the corporate culture, globalization, diversity, optimization of investment of resources, and the degree of seriousness in addressing global environmental issues.



How to Achieve Innovation in View of the SDGs?

Based on the results of discussion presented by each team, management and employees exchanged opinions from their respective standpoints on the theme "How to achieve innovation as a B2B company (outside-in business for SDGs)." (Listed below is a summary of the opinion examples expressed.)



Opinion examples

Management

SDGs may trigger rapid change in the needs of society and of customers and taking no action poses a great risk. Think of this risk as opportunity and take action.

As an automotive-related company based in Aichi Prefecture, we would like to contribute to reduction of traffic accidents by linking Smart Rubber pulse sensors with hospitals.

Employees

Explore the application of Smart Rubber sensors, such as for sensing walking pressure so as to illuminate only the necessary area for energy saving and sensing of the risk of a landslide.

By linking pulse sensors with physicians we would like to help prevent deterioration of healthy life expectancy and reduce the healthcare burden.

Create an Open Corporate Culture

To wrap up the dialogue, Outside Director Mariko Miyagi, sent the message below to the employees who participated in the dialogue.

Message from
Outside
Director

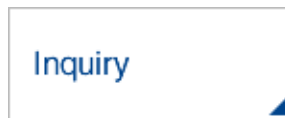
Change in the environment is an opportunity for growth. Diversity will bring about out-of-the-box thinking that leads to greater value creation. For this purpose, it is necessary to cultivate an open corporate culture. Your personal growth propels the Company's growth. I encourage you to vigorously meet people outside the Company too so as to cultivate personal relationships and enhance your value creation capabilities for the future of Sumitomo Riko.



Mariko Miyagi, Outside Director, addressing the participants

Sumitomo Riko will continue dialogues between management and employees so as to join forces to realize the vision on the basis of mutual understanding. Dialogues with Employees will continue to play a vital role in creation of social value.

(Held on February 1, 2019. The positions and titles of participants are as of the time of the dialogue.)





Sumitomo Riko Group Corporate Action Charter

3rd Revision: April 23rd, 2019

The Sumitomo Riko Group, in view of The Sumitomo Spirit, including "integrity and sound management" and to "not pursue immoral business," and in accordance with the Sumitomo Riko Group Management Philosophy, creates social value by enhancing corporate value and social value with a strong sense of ethical values and autonomous and responsible behavior to aspire to be a Global Excellent Manufacturing Company.

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.

Commitment to customers and realizing a sustainable society

1. We shall develop and provide socially beneficial and safe products and services through innovation that provide satisfaction to customers and earn their confidence. We shall contribute to sustainable economic growth and the resolution of social issues through such business activities.

Fair business practices

2. We shall engage in fair, transparent, and free competition, and ensure that transactions are appropriate and responsible. Also, we shall observe laws, regulations, and rules, as well as maintain a sound and proper relationship with political bodies and government agencies.

Dialogue with stakeholders, information disclosure, and information management

3. In addition to communicating with a wide range of shareholders constructively, we shall interact extensively with the public, and disclose corporate information actively, effectively, and fairly to create social value by enhancing corporate and social value. We shall also protect and properly manage personal and customer data and other types of information.

Respect for human rights

4. We shall conduct business that respects the human rights of all persons.

Decent workplace

5. 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.

Global environment

6. Recognizing that global environmental issues pose challenges to all humankind, and that it is an integral part of our existence and activities, we shall proactively tackle these issues.

Social contribution

7. We shall actively engage in community involvement activities and contribute to community development as a good corporate citizen.

Respect for international norms of behavior and good relations with the community

8. In line with the globalization of business activities, we shall comply with laws and regulations of the countries and regions where our business operations are based and respect human rights and other international norms of behavior. We shall also conduct business by taking into consideration the local culture and customs as well as the interests of stakeholders, and contribute toward the development of the local economy and society.

Risk management and crisis management

9. We shall assess risks that may arise in the future and develop measures to prevent their materialization; and if they do materialize, we shall endeavor to minimize the damage. We shall conduct thorough and organized crisis management in the face of actions caused by natural disasters, cyber attacks, terrorism, antisocial forces and other crises that pose a threat to civil society and corporate activity.

Initiative of top management and implementation of this charter

10. Recognizing that it is the role of top management to inculcate the spirit of this Charter throughout the Group, top management of the Sumitomo Riko Group shall take the initiative in an exemplary manner to build an effective governance system and implement the Charter within Sumitomo Riko and throughout the Group companies, while also encouraging the Group's suppliers to endorse and fulfill the principles of this Charter. Furthermore, top management shall continuously listen and respond to voices from within and outside the Group and establish internal systems to promote CSR. In the event of any violation of the Charter causing a loss of social trust, top management of the Sumitomo Riko Group shall take charge to resolve the issue, investigate and identify the causes of the lapse, and make efforts to prevent recurrence while fulfilling their responsibilities.

Sumitomo Riko Group Corporate Action Charter (detailed version) (195KB)



To display and print PDF files of web contents, Adobe Acrobat Reader is required. Adobe Acrobat Reader can be downloaded from the website of Adobe Systems free of charge.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Sumitomo Riko Group's CSR

Shareholders and Investors, Customers, Suppliers and Other Trade Partners, Employees, Local Communities, Global Environment

Endorsement of External Initiatives

United Nations Global Compact

In October 2014, Sumitomo Riko signed the Global Compact proposed by the United Nations and is a member of the Global Compact Network Japan.

The UN Global Compact is an initiative advocated by Kofi Annan, then UN Secretary-General, in 1999 and launched in 2000 by the UN Headquarters. The UN Global Compact comprises ten principles in the four areas of human rights, labour, environment, and anti-corruption. We are ensuring compliance with these principles and are committed to fulfilling our responsibility in international society while endeavoring to promote and appreciate diversity.

As of August 2019, Sumitomo Riko is participating in the following Working Groups (WGs) of the Global Compact Network Japan and promoting activities together with other companies and organizations.

ESG WG, Environment Management WG, Kansai WG, Supply Chain WG, Human Rights Training WG, Anti-corruption WG, Reporting WG, WEPs WG



Amnesty International

We revised the Sumitomo Riko Group Corporate Action Charter in April 2019, which includes a statement expressing our commitment to conducting "business that respects the human rights of all persons." In practice, we are a corporate supporting member of Amnesty International Japan, a unit of a global human rights organization, and the initiatives we pursue reflect the Guiding Principles on Business and Human Rights of the United Nations.

Tokyo Principles for Strengthening Anti-Corruption Practices

In July 2018 Sumitomo Riko signed and endorsed the Tokyo Principles for Strengthening Anti-Corruption Practices (Tokyo Principles) of Global Compact Network Japan. The Tokyo Principles are the materialization of the content of Principle 10 (Anti-Corruption) of the UN Global Compact. Having signed the Tokyo Principles, we will implement even stronger anti-corruption activities than before.

In fiscal 2018, we revised the [Sumitomo Group Global Compliance Action Guidelines](#) to reflect the Tokyo Principles.



Anti-Corruption Collective Action

Keidanren Charter of Corporate Behavior

As a member of the Japan Business Federation (Keidanren), Sumitomo Riko complies with and puts into practice the Charter of Corporate Behavior. In order to respond to changes of the recent trends in society, in light of the revision of Keidanren's Charter of Corporate Behavior, we revised the [Sumitomo Riko Group Corporate Action Charter](#) in April 2019 based on a resolution by the Board of Directors.

Declaration of Biodiversity by Keidanren

Supporting the purpose of the Declaration of Biodiversity by Keidanren (Japan Business Federation), Sumitomo Riko has endorsed "The Declaration of Biodiversity by Keidanren Promotion Partners." We are working to protect biodiversity through reduction of environmental impacts, forestation, protection of the environment in the neighborhood of our business sites and other social contribution activities.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Safety and Health Management



Message from the Chairperson

Message from the Chairperson of Safety and Health Committee

The Sumitomo Riko Group positions safety as the most important management issues, and in promoting *Monozukuri* (manufacturing) we always keep in mind that safety is our top priority based on the Safety Philosophy and the 10 Principles of Safety. The Safety and Health Committee is a subordinate organization of the CSR Committee and its members are executives and managers of business units. The Safety and Health Committee is responsible for deliberation and approval of safety and health action plans of the Group and audit check of safety and health activities.



With the aim of eliminating occupational accidents, we are promoting initiatives to identify issues at workplaces and patrol and inspection of workplaces to ensure safety of all facilities in the Group and to raise safety awareness. We are also promoting health and productivity management in order to create a working environment in which employees stay healthy and work energetically. The Sumitomo Riko Group is determined to fulfill its corporate responsibility to society and to its employees by continuing vigorous promotion of safety and health. I would be grateful for our stakeholders' understanding of the Group's safety and health activities and request their continued support.

Takehiro Ohashi

Chairperson of Safety and Health Committee
Director, Senior Managing Executive Officer

Basics of Safety and Health

Safety Philosophy

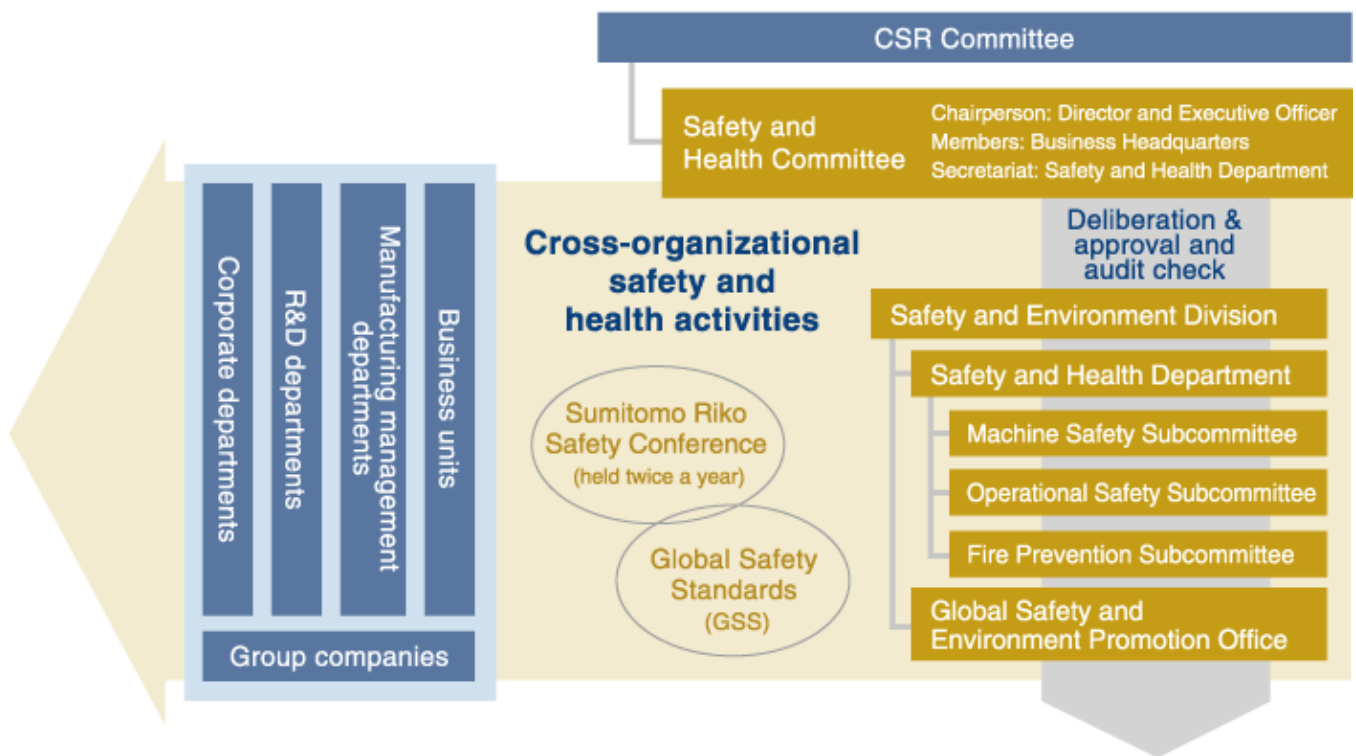
Safety is our top priority for happiness of all employees and prosperity of the company. We confirm the safety before starting operations of the day.

10 Principles of Safety

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.

Promotion Structure



Safety message from the President at the company-wide Safety Conference



Safety message from the Chairperson of Safety and Health Committee at the company-wide Safety Conference



[Inquiry](#)

Safety and Health Initiatives



Safety Activities Initiatives

Safety activity policy

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. In addition to the group-wide activities, we are stepping up efforts to enhance safety of facilities, global safety audit and safety education.



Group-wide activities

The Sumitomo Riko Group is implementing the following group-wide activities on a daily basis.

Group-wide activity name	Remarks
STOP - CALL - WAIT	Basic actions to be taken in the event of abnormality: 1) Stop operation, 2) Call the supervisor, and 3) Wait for the supervisor
Collect & Reveal Activity	Verbal communication by supervisors and early response to opinions expressed by employees
<i>Po-Ke-Te-Na-Shi</i>	Five rules to prevent occupational accidents during walking
Workplace patrol	Workplace patrol by managers for safety dialogues and risk identification to create comfortable workplaces
Enhancement of safety of facilities	Enhancement of safety of production facilities by ensuring their compliance with the GSS* for facilities.

* GSS: Global Safety Standards

Safety dialogues by the president and managers

Safety dialogues are held periodically by management including the President and managers of business units, etc. with employees to maintain good communication. In order to create a comfortable workplace environment in which employees can work safely with peace of mind, we are further promoting Felt Leadership to facilitate establishment of the safety culture.



Safety dialogue with the President



Workplace patrol by supervisors

Global Safety Standards

As the Sumitomo Riko Group's unique common standards to be shared throughout the Group, Global Safety Standards (GSS) have been established for 1) machine safety, 2) construction safety, 3) operational safety, and 4) safety management. In order to inculcate these Global Safety Standards, the GSS Workshop is held at our group companies.



Moreover, for partner construction companies, we hold the Sumitomo Riko Construction Safety Training Program once a year in cooperation with them to ensure safe construction work.



Sumitomo Riko Construction Safety Training Program held jointly with partner construction companies

Global safety audit

At the Group's production sites, education on safety and health activities and enhancement of safety of facilities are being promoted and we are conducting inspection to achieve autonomous safety activities at sites. At the GSS Workshop at various sites, we conduct a global safety audit to promote improvement and horizontal deployment of good practices throughout the Group by sharing strengths and weaknesses of safety activities at sites.

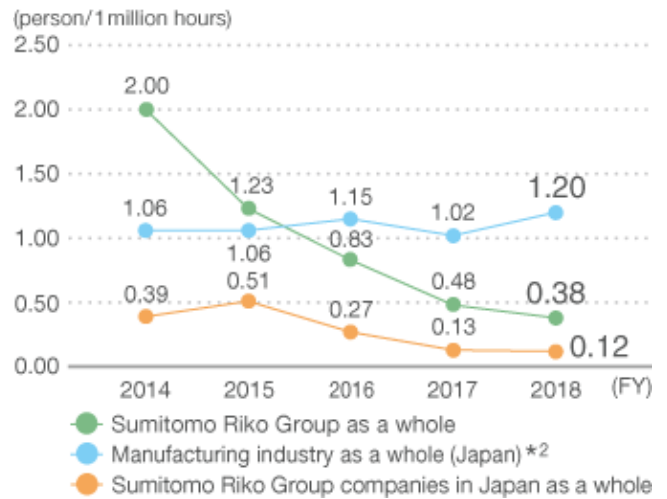
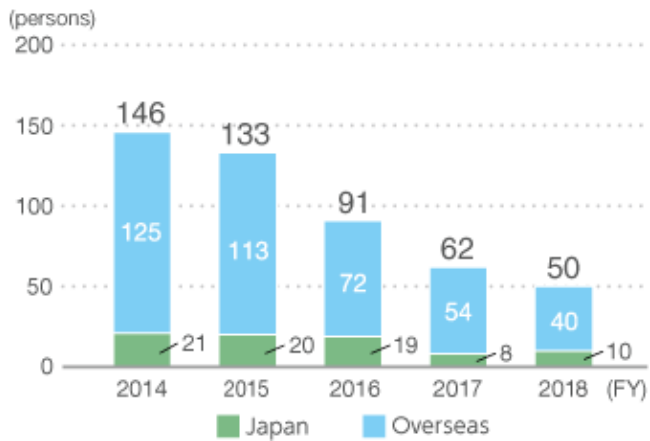


GSS Workshop at a site of the Group

Data on occupational accidents

Number of people injured by occupational accidents

Lost time injury frequency rate*1



*1 Lost time injury frequency rate: Number of lost time injuries per 1 million hours worked

*2 Source: Overview of Survey on Industrial Accidents in 2018 (survey on establishments (with 100 or more regular employees) and survey on general construction) by the Ministry of Health, Labour and Welfare. Data prepared by Sumitomo Riko based on data available from this survey result.

Approach to Employee's Health Management

Certified as health & productivity management outstanding organization for the third consecutive year

We established the Sumitomo Riko Group's Health and Productivity Management Statement in April 2017. "Health and productivity management" means strategic initiatives for employees' health management from a managerial perspective.

Sumitomo Riko Group's Health and Productivity Management Statement

The Sumitomo Riko Group places importance on managing the health of our employees and promotes initiatives to achieve "Health and Productivity Management Statement."

Based on this Health and Productivity Management Statement, we will increase health awareness among our workforce by actively supporting employees engaged in health improvement activities and implementing organizational measures for health improvement, as we aim to become "a corporate group that is highly regarded and trusted by society and whose employees work healthily and energetically".

Three priority measures

(1) Support for health improvement activities of employees and their families

(2) Mental health measures

Promoting workplace improvement by enhanced individual support and "New Job Stress Questionnaire"



(3) Lifestyle-related disease measures

Implementing passive smoking prevention and anti-smoking activities, preventing and improving metabolic syndrome

In February 2019, Sumitomo Riko was certified as a White 500 organization under the Certified Health and Productivity Management Organization Recognition Program for the third consecutive year. We consider management of employee health to be one of the vital roles of company. Under the leadership of the Healthcare Office of the Human Resources Department, personnel in charge of health management at Group companies are working together and sharing information to create invigorated organizations and improve the health of individual employees.



Group-wide meeting of personnel in charge of health management held in January 2019

Initiatives for three priority measures

(1) Health improvement activities

We encourage employees to take the opportunity to walk so as to make it their custom to take exercise, offer fitness tests, and provide various in-house education and training for health promotion. Besides education and training for all employees, we also provide training programs according to the needs of individual workplaces. Each year approximately 1,000 employees receive training.



Fitness test as part of workplace training in December 2018

(2) Mental health measures

We are implementing comprehensive mental health measures, including in-house training for all Sumitomo Riko employees designed to prevent mental illness, early response to employees with poor mental health, and prevention of recurrence by implementing a program for returning to work, which was developed by the Company. We also conduct a stress check using a questionnaire consisting of 120 questions to grasp the working environment of workplaces and reflect the results of population analysis by workplace in improvement of the working environment of the workplaces.



(3) Lifestyle-related disease measures

The Sumitomo Riko Smart Club is the name of a voluntary in-house small group activity that involves members striving to improve their lifestyles in order to prevent lifestyle-related diseases.

We also hold Seminars for Women on themes, such as countermeasures for women-specific cancers and for menopause, to help women work energetically.

For prevention of passive smoking and encouragement of non-smoking, separation of smoking and non-smoking areas at the Group's premises is thorough. To help smokers stop smoking, we have designated

the 22nd day of each month as a non-smoking day. Employees who want to quit smoking are also encouraged to participate in the Sumitomo Riko Non-smoking Challenge, a small group activity in which members support one another in their efforts to stop smoking.



Seminar for Women at Komaki Plant in October 2018

Shinnosuke-kun training simulator for chest compressions

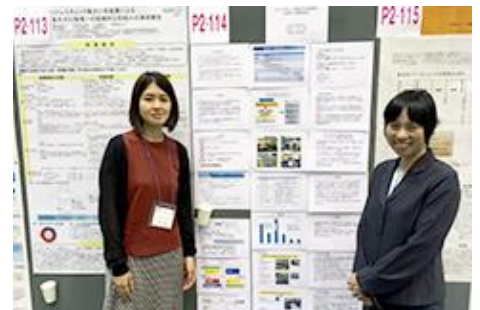
At fire drills and periodic health checkups, our employees receive training on how to perform chest compressions so that they can help save people's lives in emergencies. The *Shinnosuke-kun* training simulator for chest compressions, a Sumitomo Riko healthcare-related product, is used in the training.



Training using *Shinnosuke-kun* in May 2019

Presentations on Sumitomo Riko's initiatives for employees' health improvement and achievements to external parties

At conferences of the Japan Industrial Health & Safety Association, the Japan Society for Occupational Health, etc., Sumitomo Riko made presentations on its initiatives for employees' health improvement and achievements. Contents include passive smoking prevention measures and non-smoking measures, a proprietary program helping employees with poor mental health return to work that uses objective indicators, and workplace improvement utilizing stress check.



At the conference of the Japan Society for Occupational Health in May 2019

 SUMITOMO RIKO Company Limited

Inquiry

Environmental Management

Message from the Chairperson

Message from the Chairperson of Environment Committee

Recent global environmental issues range from climate change in line with global warming and marine plastic pollution caused by illegal waste disposal to increasing water risk due to population increase and frequent occurrence of natural disasters. In view of these various issues, initiatives to achieve a sustainable society are called for. Recognizing that responding to global environmental issues is an urgent task, the Sumitomo Riko Group is addressing these issues. We formulated three environmental objectives in May 2018 as part of the non-financial objectives of the 2022 Vision and are promoting environmental protection activities.

The Environment Committee is a subcommittee under the CSR Committee and its members are officers responsible for business units. The Environment Committee is responsible for deliberation on and approval of environmental action plans of the Group and audit check of environmental activities. As the chairperson of the Environment Committee, I promote the global environmental protection activities of the Sumitomo Riko Group to contribute to the creation of a safe, secure, and comfortable global environment in accordance with the Group's objective of earning the trust of stakeholders. I appreciate our stakeholders' continued support.



Yoji Suzuki

Chairperson of Environment Committee
Representative Director, Executive Vice President

Approach to Environmental Activities

The Sumitomo Riko Group aspires to be a "Global Excellent Manufacturing Company" and is engaging in business activities Group-wide with the aim of achieving net sales of ¥1 trillion in fiscal 2029. In keeping with "We will strive to protect the global environment and to contribute to creating better communities," a commitment articulated in the Sumitomo Riko Group Management Philosophy, we have declared our desire to be a company that contributes to the environment both globally and locally.

To put this commitment in the management philosophy into practice, we have developed an environmental management system and worked to reduce environmental impacts and environmental risks in our business activities. In addition, we have contributed to corporate value enhancement from an environmental perspective by actively pursuing development of environmentally friendly products and technologies that meet environmental regulations.

Furthermore, in fiscal 2018 we declared our commitment to globally engage in more environmentally focused business activities, making "A corporation that contributes to safety, comfort, and the environment

for people, society, and the Earth" the slogan for 2022 Sumitomo Riko Group Vision (2022V), a mid-term management vision formulated in accordance with changes in the business environment in which the Group operates.

Environmental policy

Basic policy

Sumitomo Riko 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.

Action guideline

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.

Environmental Management Structure

Establishment of environmental management systems (ISO14001 certification)

In the period from 1999 to 2002, every Sumitomo Riko plant obtained ISO14001 certification. In September 2007 we gained integrated certification covering our entire operations (Registration number: BSI-EMS713787). Migration to the 2015 edition has been completed.

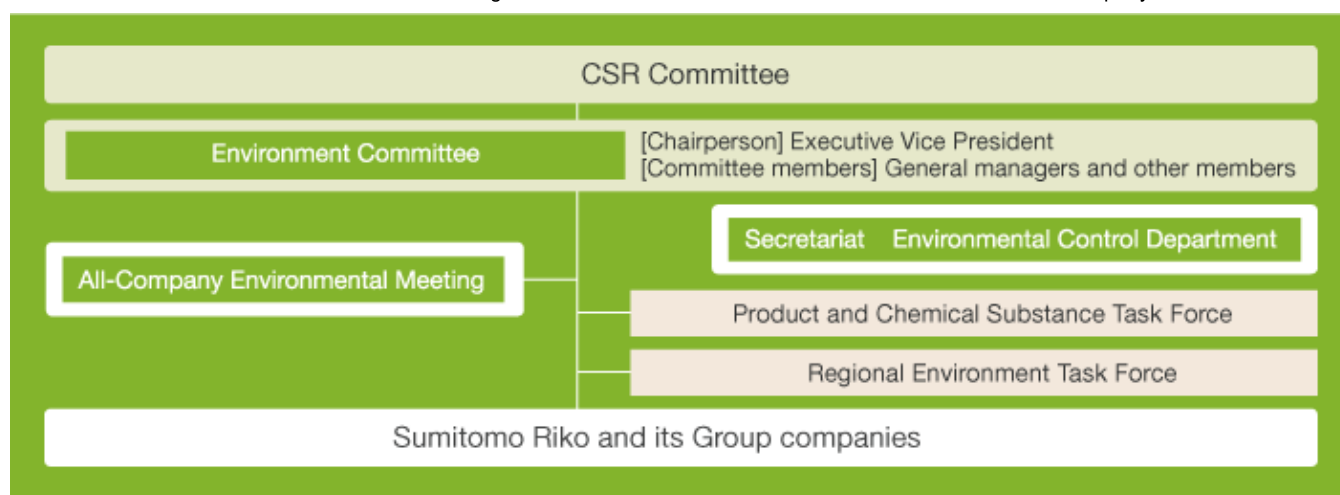
Major Sumitomo Riko Group companies are ISO14001 certified and migration to the 2015 edition has been completed.

13 sites in Japan and 45 sites overseas are ISO14001-certified.

(For the list of ISO14001-certified sites, click [here](#).)

Environmental management organization

Regarding environmental management at the Sumitomo Riko Group, while the Environment Committee positioned under the CSR Committee determines the policy and deliberates on and approves the Group's environmental activities, the All-Company Environmental Meeting is held as a forum for the business units to announce their commitment to environmental activities. The Group's global environmental activities are governed by this organizational structure.



Mid-term Vision for Environmental Activities

Regarding global environmental issues, the Paris Agreement, an international framework for climate change countermeasures, calls for activities to reduce greenhouse gases not only by countries but also companies. In 2015, the United Nations General Assembly adopted the Sustainable Development Goals (SDGs), and companies are urged to act at its own initiative to address a range of issues including human rights and safety, in addition to the environment.

In the newly formulated 2022V in fiscal 2018, we aim for consistent growth of the Company until 2022 to pave the way for dramatic growth leading up to 2029 and have revised our environmental targets. We will actively work to reduce waste emissions and other environmental impacts, focusing particularly on CO₂ reduction, and to reduce water risk and other environmental risks.

We defined mid-term environmental objectives for fiscal 2022 and objectives for fiscal 2018, as shown below, and are conducting activities globally. The progress in fiscal 2018 was as indicated below and the objectives were achieved.

Mid-term environmental objectives (2022V) and objectives and progress in FY2018

Items	Objectives (2022V)	FY2018		Judgment
		Objectives	Progress	
CO₂ reduction	8% reduction (compared with the emission intensity in fiscal 2017)	1.6% reduction	2.0% reduction	Good
Waste reduction (Excluding valuable resources)	5% reduction (compared with the emission intensity in fiscal 2017)	1.0% reduction	2.4% reduction	Good
Water risk reduction	Recycling of water at high-risk sites	Water risk at each site was identified.		Good

Environmental Impacts in FY2018

Results and plans for environmental material issues

Issue	FY2018 target and result	FY2019 target and plan
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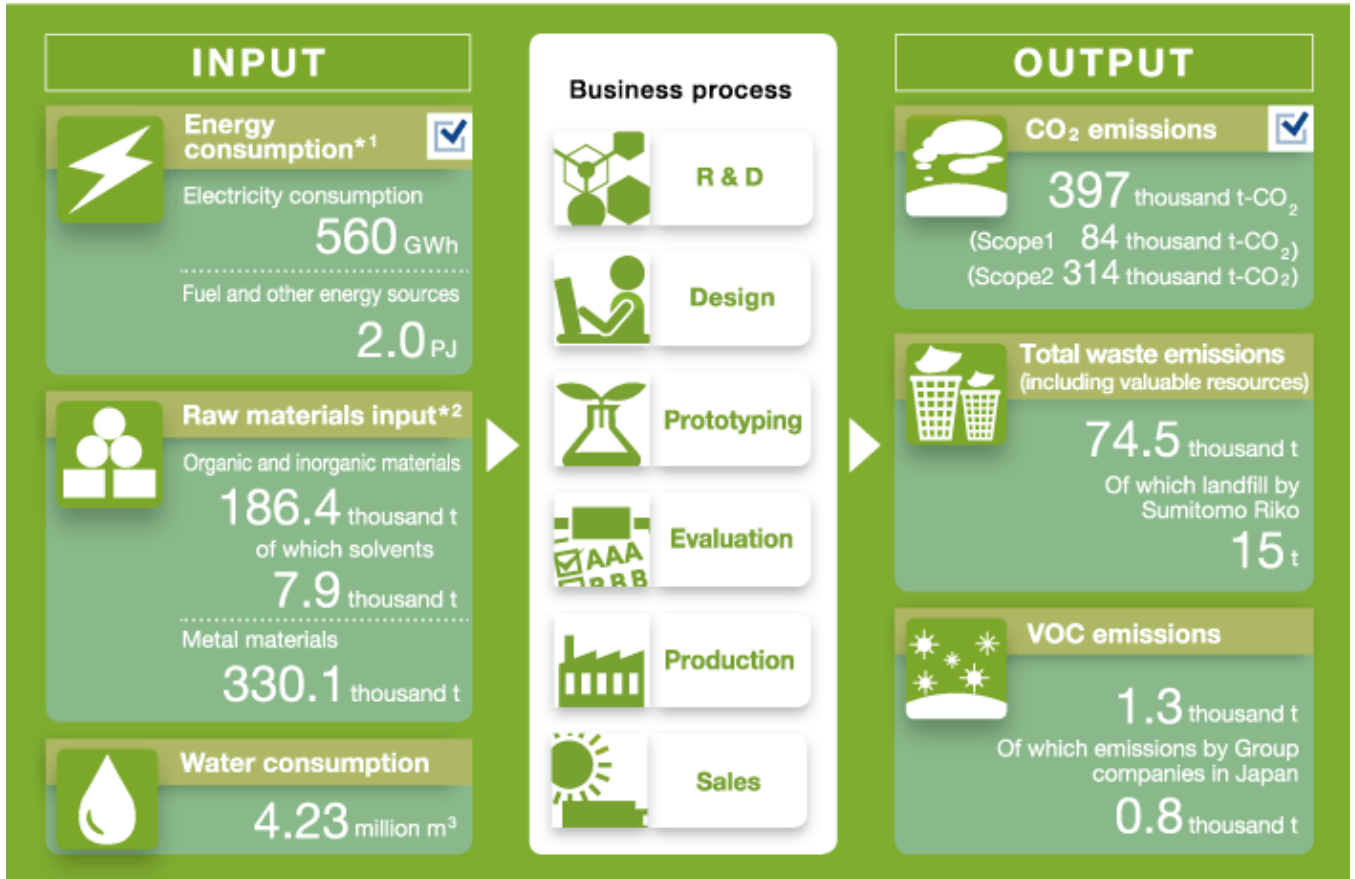
Issue	FY2018 target and result		FY2019 target and plan	
Reduction of CO2 emissions	Target	1.6% reduction of emission intensity compared with FY2017 1.0% reduction of total emissions compared with FY2017	Target	3.2% reduction of emission intensity compared with FY2017 2.0% reduction of total emissions compared with FY2017
	Result	2.0% reduction of emission intensity: Target achieved 0.8% reduction of total emissions: Target not achieved	Plan	Implement the reduction theme without fail and achieve greater reduction through energy-saving diagnostics
Reduction of waste (Excluding valuable resources) emissions	Target	1.0% reduction of emission intensity compared with FY2017 1.0% reduction of total emissions compared with FY2017	Target	2.0% reduction of emission intensity compared with FY2017 2.0% reduction of total emissions compared with FY2017
	Result	2.4% reduction of emission intensity: Target achieved 1.2% reduction of total emissions: Target achieved	Plan	Reduce defects, improve yield, and promote recycling waste into valuable resources
Waste recycling rate	Target	Recycling rate of 80% or more	Target	Recycling rate of 80% or more
	Result	Target achieved at 80.3%	Plan	Continuous promotion of recycling
Waste landfill rate	Target	6% reduction of the landfill rate compared with FY2017	Target	12% reduction of the landfill rate compared with FY2017
	Result	6.1% reduction of the landfill rate compared with FY2017: target achieved	Plan	More stringent sorting and promotion of recovery of valuable resources contained in waste
Reduction of VOC emissions	Target	Reduce emissions in Japan to the level below the results for FY2017	Target	Reduce emissions in Japan to the level below the results for FY2017
	Result	4.7% reduction of emissions in Japan compared with FY2017: target achieved	Plan	Continuous execution of the reduction plan
Chemical substance management	Target	Respond to new regulations and continue activities to reduce use of substances subject to control	Target	Respond to new regulations and continue activities to reduce use of substances subject to control
	Result	Revised the Chemical Substance Procurement Standards, performed registration in accordance with the REACH Regulation, responded to the revised RoHS Directive, and responded to the revised TSCA	Plan	Perform registration in accordance with the REACH Regulation, respond to the revised RoHS Directive, and respond to the revised TSCA
Local environmental protection	Target	Implement countermeasures for exhaust, wastewater, odor, etc., for the benefit of communities, and consider and implement measures for purification of soil and groundwater in Japan	Target	Implement countermeasures for exhaust, wastewater, odor, etc., for the benefit of communities, and consider and implement measures for purification of soil and groundwater in Japan

Issue	FY2018 target and result		FY2019 target and plan	
	Result	Purification of soil and groundwater in Japan is underway as scheduled. Additional VOC treatment equipment has been introduced at sites in China.	Plan	Maintain the effect of purification of soil and groundwater in Japan. Remodeling of the deodorizer at the Matsusaka Plant is scheduled to improve its durability.

* The denominator used for calculation of the emission intensity of performance indicators is sales.

Sumitomo Riko Group's material balance

Items for which independent assurance was received are marked with .



*1 Scope of data on energy consumption: Sumitomo Riko, 9 Sumitomo Riko Group companies in Japan, and 44 Sumitomo Riko Group companies overseas

*2 Scope of data on raw materials input: Sumitomo Riko and principal consolidated subsidiaries.



Climate Change Countermeasures



Initiatives to Reduce CO2 Emissions at Our Business Sites

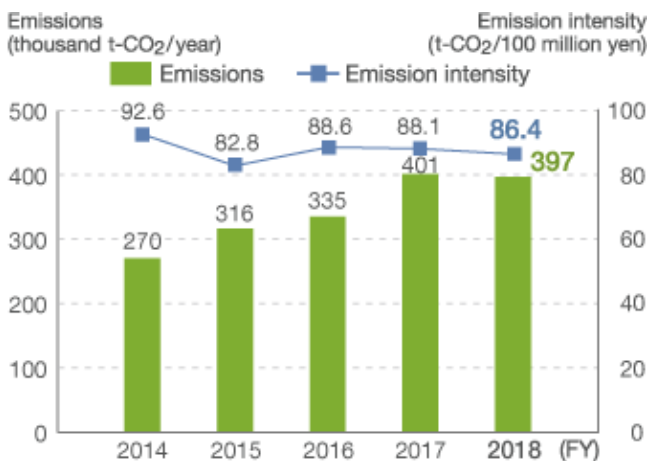
The Sumitomo Riko Group is working to reduce CO2 emissions and energy consumption through introduction of high-efficiency production facilities, maintenance to prevent steam leakage, consolidation of production lines, and wider use of photovoltaic power generation as well as undergoing energy-saving diagnostics and making proposals for reduction of energy consumption.

CO2 emissions (Sumitomo Riko Group)

CO2 emissions of the Sumitomo Riko Group as a whole in fiscal 2018 decreased 0.8% compared with fiscal 2017. CO2 emission intensity in fiscal 2018 was 2.0% lower than in fiscal 2017.

CO2 emissions (Sumitomo Riko Group)

Independent Assurance



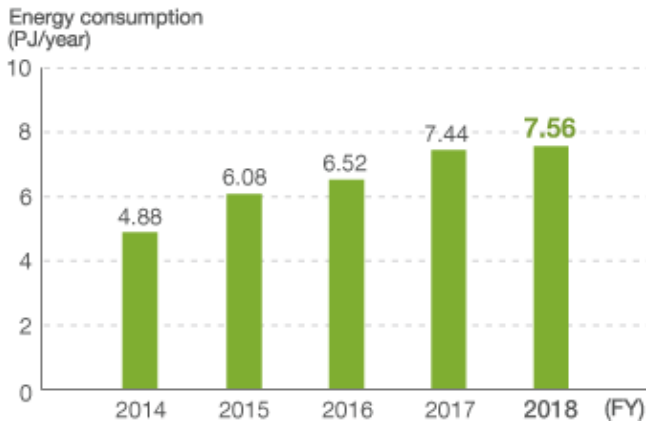
- *1 Data boundary in fiscal 2014: Sumitomo Riko, nine Sumitomo Riko Group companies in Japan, and 11 Sumitomo Riko Group companies overseas.
- *2 The two European companies acquired in 2013 and their subsidiaries were added to the above-mentioned boundary of data aggregation from fiscal 2015 and 16 companies overseas were added to the boundary of data aggregation from fiscal 2017.
- *3 The denominator of the emission intensity is net sales of companies within the scope of data aggregation (after elimination of intracompany transactions).
- *4 For CO2 emission coefficients for electricity in fiscal 2018, coefficients by country for 2015 indicated in "CO2 Emissions From Fuel Combustion (2017 edition)" published by the International Energy Agency (IEA) are applied.
- *5 For CO2 emission coefficients for non-electricity, coefficients indicated in "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 4.3.2)" (2018) published by the Ministry of the Environment of Japan are applied.
- *6 Emission intensities are not covered by the third-party assurance.

Energy consumption (Sumitomo Riko Group)

Energy consumption of the Sumitomo Riko Group as a whole in fiscal 2018 increased 1.5% compared with fiscal 2017 mainly owing to expansion of production output.

Energy consumption (Sumitomo Riko Group)

Independent Assurance

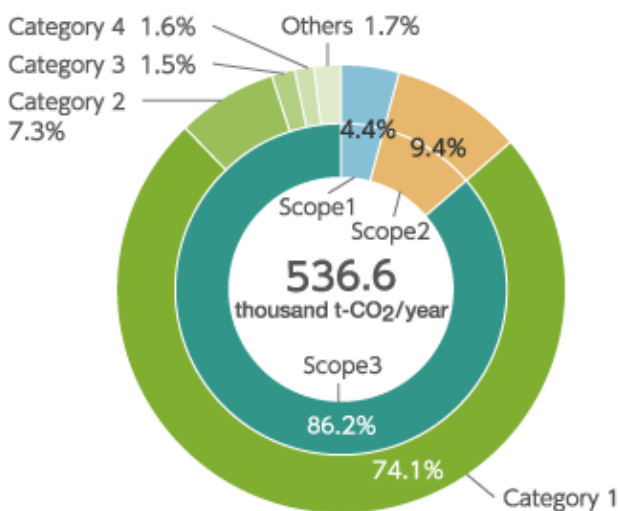


*1 Data boundary in fiscal 2014: Sumitomo Riko, nine Sumitomo Riko Group companies in Japan, and 11 Sumitomo Riko Group companies overseas (Please see the notes below for the boundary of aggregation.)

*2 The two European companies acquired in 2013 and their subsidiaries were added to the above-mentioned boundary of data aggregation from fiscal 2015 and 16 companies overseas were added to the boundary of data aggregation from fiscal 2017.

Breakdown of CO2 emissions throughout the supply chain (Sumitomo Riko, non-consolidated)

Sumitomo Riko was selected for the Ministry of the Environment's "Public Support for Supply Chain Emissions Accounting" project for fiscal 2018 to calculate Scope 3 emissions (results on a non-consolidated basis for fiscal 2017).



Breakdown of CO2 emissions

Scope1: 23.8 thousand t-CO₂/year

Scope2: 50.7 thousand t-CO₂/year

Scope3: 462.1 thousand t-CO₂/year

- * Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel and energy related activities
- Category 4: Transportation and distribution (upstream)
- Others: Category 5 to 7, 9, 10, 12 and 15

Example of reduction in CO2 emissions

Introduction of photovoltaic power generation

The Sumitomo Riko Group is vigorously introducing photovoltaic power generation because it is clean, emitting no air pollutants such as carbon dioxide (CO₂), sulfur oxides (SO_x), and nitrogen oxides (NO_x) during power generation. In fiscal 2018, Tokai Rubber (Guangzhou) Co., Ltd. (China) and Tokai Rubber Auto-Parts India Pvt. Ltd. (India) introduced a 2,440 kW system and a 365 kW system, respectively.



Solar panels installed on the roof (TRG in China)

Introduction of a wood-fired boiler

In the calculation of CO₂ emissions according to the United Nations Framework Convention on Climate Change and the Kyoto Protocol, CO₂ emissions by combustion of timber are excluded because plant-derived CO₂ is by its very nature highly recyclable. In this regard, SumiRiko do Brasil Indústria de Borrachas Ltda. (Brazil), which previously had been using an LPG-fired boiler, introduced a new boiler that can use waste wood as fuel, resulting in a great reduction of LPG consumption and CO₂ emissions because not only waste wood but also waste wooden pallets are used as fuel.



External appearance of a wood-fired boiler (SRK-BI)

Energy-saving diagnostics

Sumitomo Riko started energy-saving diagnostics in fiscal 2017, with cooperation extended by Sumitomo Electric Industries and Chubu Electric Power Co., in order to reduce energy consumption and CO₂ emissions at production processes. In fiscal 2018 one site in Japan and one site overseas were diagnosed and themes were identified that could potentially enable an approximately 5% reduction in emissions. Going forward, we will establish systems for performing diagnostics by internal human resources.



Energy-saving diagnostics (TRT in China)

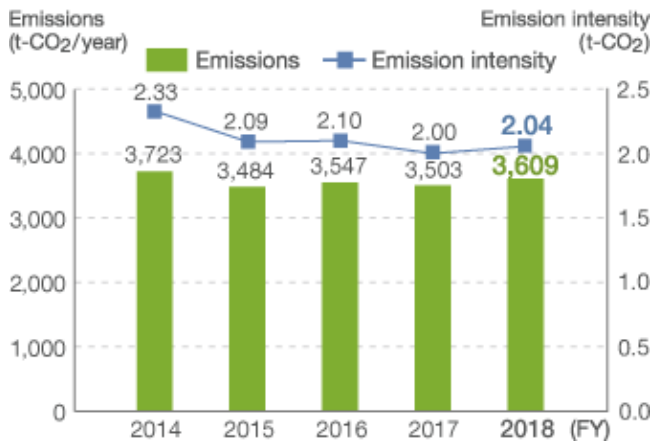
Initiatives for CO₂ Reduction in Logistics

Promotion of modal shift

To control emissions of CO₂, NO_x and floating particles (PM) discharged from our trucks traveling on the road, Sumitomo Riko has been promoting high-efficiency transportation through (1) change of transportation methods (modal shift) and (2) intensive transportation (using larger vehicles and combining deliveries to reduce the number of trips), thereby reducing the environmental burden. For this purpose, we are accelerating modal shift of transportation from truck to ship.

In fiscal 2018 we implemented measures to increase transportation efficiency by improving truck loading efficiency. Although, partly due to the occurrence of natural disasters, CO₂ emission intensity deteriorated compared with the previous year to 2.04 t-CO₂ per 100 million yen of output, it was about 12% less than prior to the wider application of modal shift (fiscal 2014).

CO₂ emissions in logistics (Sumitomo Riko, non-consolidated)



*1 CO₂ emissions calculations were made in accordance with prescriptions in the "Guidebook on Energy Saving for Shippers" authored/edited by the Energy Efficiency and Conservation Division of the Agency for Natural Resources and Energy and in the "Manual on Calculation and Reporting of Emissions of Greenhouse Gases (ver. 4.3.2)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

*2 Sumitomo Riko's non-consolidated sales amount was used as a denominator for the calculation of emission intensity.

Issues to Be Addressed and Responses

Environmental Management Promotion Officers of Business Headquarters will lead our CO₂ emissions reduction initiatives in fiscal 2019 to achieve the objective for fiscal 2022 (8% reduction of the emission intensity compared with fiscal 2017). Our CO₂ emissions reduction measures are summarized below. The progress of implementation of the reduction plan of each business unit is monitored to promote reduction initiatives.

1. Energy-saving activities: Activities to detect any energy-saving potential and implement corresponding measures (e.g. effective use of energy-saving diagnostics)
2. MONOZUKURI innovation: Activities to reduce CO₂ emissions through the development of innovative technologies for production processes

In fiscal 2019, Sumitomo Riko continues to pursue these two approaches. Regarding cases in which initiatives achieved significant CO₂ emissions reduction, Environmental Management Promotion Officers of Business Headquarters will take the lead in applying them to other sites where such measures are expected to be effective, thereby enhancing CO₂ emissions reduction initiatives throughout the Sumitomo Riko Group.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Environment

Shareholders and Investors, Suppliers and Other Trade Partners, Employees, Global Environment

Management of Chemical Substances

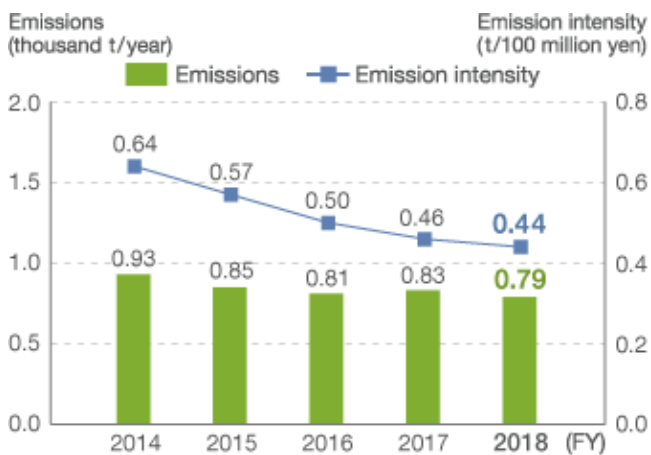


Initiatives for Reduction of Air Pollutants

VOCs*¹ emitted to the atmosphere react with ultraviolet rays from the sun, resulting in photochemical oxidants and suspended particulate matter. Among raw materials used by the Sumitomo Riko Group are adhesives mainly used for bonding rubber with fittings and gum arabic used for hoses containing VOCs, which are released to the atmosphere as they dry. Therefore, we are working to reduce emissions of VOCs, including through development of spray guns with high coating efficiency, the shift to water-soluble paints, reduction of waste from adhesive coating equipment, and prevention of volatilization. As well as continuing these activities, we will tackle new themes, such as the shift to water-soluble adhesives, in cooperation with suppliers.

*1 VOC: Volatile Organic Compounds

VOC emissions (Sumitomo Riko Group in Japan)



*2 Data boundary: Sumitomo Riko and nine Sumitomo Riko Group companies in Japan.

*3 The denominator of the emission intensity is net sales of companies within the boundary of data aggregation (after elimination of intracompany transactions).

*4 The amount of VOC emissions was calculated based on the "Voluntary Action Plan for Reducing VOC Emissions" formulated by the Japan Rubber Manufacturers Association.

Examples of countermeasures at overseas sites for VOC emissions and gases generated by vulcanization

VOC reduction measures

In order to respond to increasingly stringent legal controls of VOC emissions by various countries, as well as reducing consumption of materials containing VOCs, we have introduced combustion-type or adsorption-type VOC treatment equipment at sites in China, the U.S., Poland, and other countries where direct emissions of VOCs to the atmosphere are restricted.



Combustion-type VOC treatment equipment (TRJ)

Countermeasures for gases generated by vulcanization

Environmental regulations in China have become stricter, starting with the central environmental authority's investigation in 2016 that resulted in many companies being punished. The authority strongly urged Sumitomo Group companies to ensure compliance concerning emission concentration of non-methane hydrocarbon (NMHC) generated by rubber kneading and vulcanization. In this context, we are step-by-step introducing combustion-type equipment and equipment employing photooxidation catalyst etc., which are specifically for treating gases generated by vulcanization. As a result, emission concentration decreased to a level below 1 mg/m³ and the Group companies satisfied the requirement.



Equipment for treatment of gases generated by vulcanization (TRG)

Appropriate Storage of Equipment Containing PCBs

A polychlorinated biphenyl (PCB) is inflammable, has high electric insulation and is chemically stable. In the past, the Sumitomo Riko Group used high-voltage transformers and capacitors containing PCBs. However, following the enforcement of the Stockholm Convention on Persistent Organic Pollutants (POPs) and legal controls imposed by various countries, manufacturing and use of PCBs were banned, in principle, and stringent storage management of PCBs and systematic disposal of waste containing PCBs are mandatory. The Sumitomo Riko Group has identified items subject to control and is appropriately safekeeping them while systematically promoting appropriate disposal in accordance with the regulations of the respective countries. For example, in Japan, we completed disposal of waste containing high-concentration PCBs at the Komaki Plant in fiscal 2018. We have completed filing of applications for disposal of the remaining items at the facilities designated by the Japanese government and are awaiting our turn.

Asbestos Countermeasures

In the past, asbestos was widely used in building materials and parts and components of facilities because of its excellent properties with respect to heat resistance, fire resistance, insulation, and sound-proofing. However, since the relation between asbestos and damage to health was scientifically clarified, use of asbestos has been controlled or banned in Japan and many other countries. The Sumitomo Riko Group reinvestigated the situation of the use of asbestos in its buildings etc. in 2017 and confirmed that no problem existed. Regarding parts and materials that were subsequently identified as containing asbestos, we swiftly implemented measures to sequester or enclose asbestos and are applying appropriate management and treatment. Moreover, we have prepared a guidebook on appropriate management of

asbestos and cautions to be observed when repairing or removing materials containing asbestos, which is used for education and training.



Guidebook on asbestos countermeasures

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 endeavor 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



Environment

Shareholders and Investors, Suppliers and Other Trade Partners, Employees, Global Environment

Waste Reduction



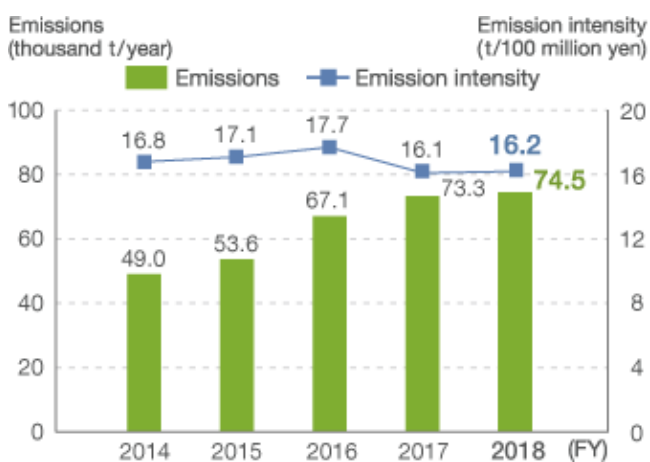
Waste Reduction Initiatives

The amount of waste discharged by the Sumitomo Riko Group as a whole excluding valuable resources in fiscal 2018 decreased 1.2% compared with fiscal 2017, and the total amount of waste discharged by the Group in fiscal 2018 increased 1.5% compared with fiscal 2017. On the other hand, the emission intensity excluding valuable resources in fiscal 2018 was 2.4% lower than in fiscal 2017, and the total emission intensity in fiscal 2018 was 0.3% higher than in fiscal 2017. These results reflected reduction of defects and improvement of yield as well as recycling of unvulcanized rubber (recovery of valuable resources). (The waste reduction target excluding valuable resources was set for fiscal 2017 onward.)

	Fiscal 2017			Fiscal 2018			Change in emission intensity (%)	Change in total amount (%)
	Emissions thousand t/year	Net sales 100 million yen/year	Emission intensity t/100 million yen	Emissions thousand t/year	Net sales 100 million yen/year	Emission intensity t/100 million yen		
Waste*	33.7	4,546	7.4	33.3	4,600	7.2	-2.4%	-1.2%
Total waste	73.3		16.1	74.5		16.2	0.3%	1.5%

※ = Excluding valuable resources from total waste

Waste emissions (Sumitomo Riko Group)



*1 Data boundary in fiscal 2014: Sumitomo Riko, nine Sumitomo Riko Group companies in Japan, and 11 Sumitomo Riko Group companies overseas.

*2 The two European companies acquired in 2013 and their subsidiaries were added to the above-mentioned boundary of data aggregation from fiscal 2016 and 16 companies overseas were added to the boundary of data aggregation from fiscal 2017.

*3 The denominator of the emission intensity is net sales of companies within the boundary of data aggregation (after elimination of intracompany transactions).

*4 The amount of waste includes the amount of substances containing valuable resources.

Example of waste reduction

Tokai Rubber (Tianjin) Co., Ltd. (China) had previously disposed of the first shot products manufactured after applying a release agent, since the release agent may cause peeling of adhesives of vulcanized products manufactured immediately after applying the release agent to the mold, resulting in a large volume of waste. Therefore, we fabricated dedicated fittings, which are to be used for the first shot of vulcanization immediately after applying the release agent to the mold, in order to identify the fittings and reuse them by dismantling the products vulcanized by the first shot. As a result, there was a great impact on waste reduction.



Workbench for dismantling vulcanized products

Issues to Be Addressed and Responses

Environmental Management Promotion Officers of Business Headquarters will spearhead our waste reduction initiatives in fiscal 2019 with the aim of achieving the objective for fiscal 2022 (5% reduction in waste intensity compared with fiscal 2017). We will especially promote recovery of valuable resources from waste and recycling and step up efforts of each business unit for reduction of defects and improvement of yields to reduce waste emissions.

Environmental Management Promotion Officers of Business Headquarters will take the lead in applying best practices with significant defect reduction and yield improvement impacts to relevant sites with the aim of stepping up waste reduction initiatives throughout the Group.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Environment

Shareholders and Investors, Suppliers and Other Trade Partners, Employees, Global Environment

Water Consumption Reduction

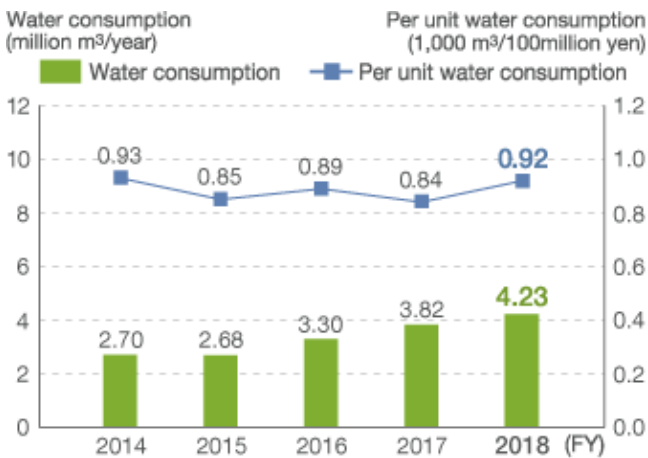


Water Consumption Reduction Initiatives

In the Global Risks Report published by the World Economic Forum, water crises are always ranked high in the risk landscape. In fiscal 2018, Sumitomo Riko surveyed water risks in the regions of Japan and overseas where the Group's production sites are located, including conducting interviews. Going forward, we will consider concrete measures for the regions whose water risks are deemed to be high.

In order to reduce water consumption, Sumitomo Riko is studying technology for recycling wastewater discharged by production processes cost-effectively. Moreover, we will clarify the actual situation of water consumption at each site and, on that basis, we will promote reduction of water consumption by saving water and through efficient use.

Water consumption (Sumitomo Riko Group)



*1 Data boundary in fiscal 2014: Sumitomo Riko, nine Sumitomo Riko Group companies in Japan, and 11 Sumitomo Riko Group companies overseas.

*2 The two European companies acquired in 2013 and their subsidiaries were added to the above-mentioned boundary of data aggregation from fiscal 2016 and 16 companies overseas were added to the boundary of data aggregation from fiscal 2017.

Examples of reduction of water consumption

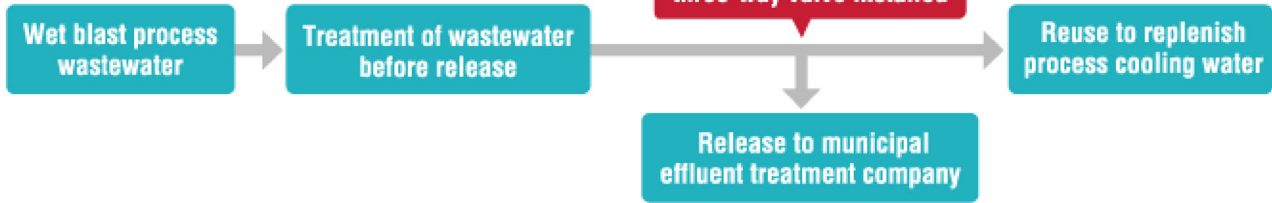
Reuse of process wastewater

SumiRiko Ohio, Inc. (U.S.) previously released wastewater discharged by the wet blast process to a municipal effluent treatment company for treatment. Improvements have been made to enable recycling of the wastewater for reuse in replenishing cooling water used in the production process. Specifically, an automatically controlled three-way valve was installed at the discharge unit and designed such that the wastewater is released to the effluent treatment company only when the process cooling water tank is full. As a result, a great benefit was achieved in terms of reducing the volume of mains water used for replenishing the water that evaporates in the cooling tower of the cooling water system used in the production process.

Before improvements enabling reuse



After improvements enabling reuse



Reuse of non-industrial wastewater

Total Rubber (Jiaxing) Co., Ltd. (TRJ) (China) has been using recycled water in the production process since January 2018, taking the opportunity of the ban on direct discharge of non-industrial wastewater in accordance with the regulations of China. TRJ's non-industrial wastewater is treated by water treatment equipment employing the reverse osmosis membrane system and then used in the production process. As a result, TRJ achieved a 20% reduction in the volume of water purchased.



Reuse of wastewater treated by a reverse osmosis membrane system (TRJ)



Environment

Suppliers and Other Trade Partners, Employees, Local Communities, Global Environment

Environmental Protection



Compliance with Environmental Laws and Regulations

The Sumitomo Riko Group is striving to ensure compliance with environmental laws and regulations. However, in fiscal 2018, three cases of omission of the submission of notifications concerning specially controlled industrial waste were detected at our subsidiaries in Japan. Each of these cases involved neglecting to submit a "notification of storage of special controlled industrial waste" required by the Aichi Prefecture Ordinance at the time of establishment of subsidiaries by spinoffs. The subsidiaries completed submission of the notifications as soon as the omission was detected. Moreover, as a result of notifying all the Group's sites of these matters, it was detected that two other sites had omitted to submit the required notifications and these omissions have been corrected.

In order to ensure the sites' compliance with environmental laws and regulations, at meetings of the Regional Environment Task Force of the Environment Committee in which environmental managers of the sites in Japan participate, the revisions to environmental laws and regulations are explained and any non-compliance detected at the Group's sites is introduced to encourage the sites to take the initiative and conduct checks. Overseas, in China where environmental regulations are drastically strengthened, we distribute information on environmental regulations obtained from an environmental consulting firm to our sites in China weekly so as to thoroughly communicate revisions to the laws and encourage the sites to consider countermeasures. Moreover, during environmental inspections, which we conduct periodically, visiting sites in Japan and overseas in turn, the situation concerning legal compliance is checked to prevent any violation.

We have prepared the "Environment Guidebook" explaining the principles of and the approach to environmental management and troubleshooting methods, which is used in education and training for general managers and executives who will be assigned overseas and environmental managers of sites. We have also prepared and made available the "Procedures for Environmentally Friendly Work Projects" summarizing items to be borne in mind in terms of environmental considerations when a site places an order for a construction/engineering project and we are endeavoring not to cause inconvenience in the neighborhood, besides ensuring legal compliance.



Biodiversity

The Sumitomo Riko Group considers that protection of biodiversity is an important environmental issue to be addressed. For example, supporting the afforestation projects promoted by Nagano Prefecture afforestation promotion project and Mie Prefecture corporate afforestation project, Sumitomo Riko is pursuing the "Sumitomo Riko Forest" initiatives in Ikeda-machi, Nagano Prefecture, and Matsusaka-shi, Mie Prefecture. Sumitomo Riko organizes a group of volunteers several times a year to engage in forest protection initiatives together with local people. In addition, Tokai Chemical Industries, a Group company, is participating in forest conservation and satoyama (a mountain ecosystem coexisting with human life) restoration activities in Mitake-cho, Gifu Prefecture.

For details, click [here](#).

Examples of Environmental Protection Measures

Purification of soil and groundwater

Groundwater contamination due to use of chlorinated solvents in the past was discovered at the Komaki and Matsusaka Plants. We have been decontaminating the groundwater systematically and continuously. We notify and report the plan and results of our decontamination work to the authorities concerned, and also disclose related information to the local residents. The current conditions of the decontamination work are described below.

Komaki Plant

Decontamination by the air stripping method began in June 2001, and water quality has been monitored since then. Contaminant concentration has been decreasing steadily, verifying the effectiveness of this decontamination method. Decontamination using the anaerobic biological method was conducted additionally in fiscal 2015. Currently, we are promoting decontamination using the air stripping method.

Matsuzaka Plant

Decontamination by the air stripping method commenced in December 2005, and the water quality has been monitored since then. Contaminant concentration has been decreasing steadily, verifying the effectiveness of this decontamination method. To enhance the decontamination efficiency, we have been using the anaerobic biological method since August 2009.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Environment

Suppliers and Other Trade Partners, Employees, Local Communities, Global Environment

Environmental Communication



Based on the conviction that sharing information is essential for stimulating environmental protection activities, Sumitomo Riko has been striving to promote smooth internal communication and activities to raise awareness of environmental issues.

Environmental Education & Training

Environmental protection is a fundamental responsibility of business activities. In the course of education and training, we take every opportunity to raise trainees' awareness of the importance of environmental protection and encourage them to be proactively involved in environmental protection. We have enriched the environmental education content of our human resources training programs.

Environmental Protection Case Studies and Related Commendations

We introduced a system for gathering information on notable environmental protection initiatives and making related commendations and awards to raise employees' awareness of environmental protection and their motivation. For the annual awards in fiscal 2018, 32 initiatives from across the Sumitomo Riko Group were considered, of which 10 were commended for excellence. For knowledge sharing and horizontal deployment, we compile information on these initiatives and distribute it to the business units.



Commemorative photo at the environmental protection award ceremony

Environment Month

Having reflected on the groundwater contamination and taken the lessons to heart, in 2006 Sumitomo Riko designated September as Environment Month throughout the Company. We hold various events during the month to promote environmental protection activities.

Main events during Environment Month

Release Management News

Poster to raise awareness

Conduct environment-related activities at each plant

Presentation of awards for outstanding environmental protection activities

Disclosure of environmental-related information/data in Integrated Report

Environmental seminars by experts



Environmental seminar: Environmental regulations trend and points in China
Speaker: President Ohnoki, Japan-China Environmental Service Center

Environmental Communication with Group Companies

In order to eliminate environmental risks of Group companies in Japan and overseas, the Sumitomo Riko Group periodically visits sites and performs inspections of the situations of compliance with environmental laws and regulations as well as of environmental protection and management at the sites. This activity was launched in 2016. In fiscal 2018, we visited nine sites in Japan, six sites in China, 11 sites elsewhere in Asia, five sites in Europe, and six sites in the Americas and performed inspections and provided advice for improvements.



Environmental inspection at SRK-ER (Thailand)

Sharing Information with Local Communities

The Komaki and Matsusaka Plants, both located adjacent to residential areas, hold regular liaison meetings with the local community associations in order to promote mutual understanding and harmonious coexistence with the communities through dialogue and other means of communication. Information on environmental issues is exchanged at these meetings.

Environmental Protection Activities in Local Communities

Sumitomo Riko is vigorously participating in environmental protection activities in local communities, including the clean-up campaign by the Group of Citizens in Love with the Ooyamagawa River (Komaki Plant), the clean-up campaign of the roads around the plant (Matsusaka Plant), and the Mount Fuji clean-up campaign to clean the peripheral road (Fuji-Susono Plant).



Mount Fuji clean-up campaign (Fuji-Susono Plant)



Ooyamagawa River clean-up campaign (Komaki Plant)

Examples of External Awards

SumiRiko Chemical and Plastic Products (Thailand) Ltd. received the Environmental Governance (Green Star) Award 2017 from the Industrial Estate Authority of Thailand (I-EA-T) for being a company with excellent environmental, safety, and CSR activities. I-EA-T, a state enterprise under the Ministry of Industry, is responsible for the development and establishment of industrial zones and for the provision of public utilities and infrastructure to them, and for their total operation and management.



GRI Standards Comparison

Disclosures		Locations	
GRI 301 : Materials 2016			
301-1	Materials used by weight or volume	Environmental Management	Sumitomo Riko Group's Material Balance
301-2	Recycled input materials used	Not available	Not available
301-3	Reclaimed products and their packaging materials	Waste Reduction	Waste Reduction Initiatives
GRI 302 : Energy 2016			
302-1	Energy consumption within the organization	Environmental Management	Sumitomo Riko Group's Material Balance
302-2	Energy consumption outside of the organization	Not available	Not available
302-3	Energy intensity	Not available	Not available
302-4	Reduction of energy consumption	Climate Change Countermeasures	Initiatives to Reduce CO2 Emissions at Our Business Sites

Disclosures		Locations	
302-5	Reductions in energy requirements of products and services	Climate Change Countermeasures	Initiatives for CO2 Reduction in Logistics
GRI 303 : Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Not available	Not available
303-2	Management of water discharge-related impacts	Environmental Performance Data (Fiscal 2018)	Environmental Performance Data of Plants
303-3	Water withdrawal	Water Consumption Reduction	Water Consumption Reduction Initiatives
303-4	Water discharge	Not available	Not available
303-5	Water consumption	Not available	Not available
GRI 304 : Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Protection	Biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	Not available	Not available
304-3	Habitats protected or restored	Environmental Protection	Certificate of CO2 absorption by afforestation
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not available	Not available
GRI 305 : Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Climate Change Countermeasures	Breakdown of CO2 emissions throughout the supply chain
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change Countermeasures	Breakdown of CO2 emissions throughout the supply chain
305-3	Other indirect (Scope 3) GHG emissions	Climate Change Countermeasures	Initiatives for CO2 Reduction in Logistics
305-4	GHG emissions intensity	Climate Change Countermeasures	Initiatives to Reduce CO2 Emissions at Our Business Sites
305-5	Reduction of GHG emissions	Climate Change Countermeasures	Example of Reduction in CO2 Emission
305-6	Emissions of ozone-depleting substances (ODS)	Not available	Not available
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental Performance Data (Fiscal 2018)	Environmental Performance Data of Plants

Disclosures		Locations	
		Management of Chemical Substances	Initiatives for Reduction of Air Pollutants
GRI 306 : Effluents and Waste 2016			
306-1	Water discharge by quality and destination	Environmental Performance Data (Fiscal 2018)	Environmental Performance Data of Plants
306-2	Waste by type and disposal method	Environmental Management	Sumitomo Riko Group's Material Balance
		Waste Reduction	Waste Reduction Initiatives
306-3	Significant spills	Environmental Protection	Compliance with Environmental Laws and Regulations
306-4	Transport of hazardous waste	Not available	Not available
306-5	Water bodies affected by water discharges and/or runoff	Environmental Protection	Purification of Soil and Groundwater
GRI 307 : Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Environmental Protection	Compliance with Environmental Laws and Regulations
GRI 308 : Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	CSR Activities on Supply Chain	Environmentally Conscious Procurement
308-2	Negative environmental impacts in the supply chain and actions taken	Not available	Not available

Environment

Shareholders and Investors, Suppliers and Other Trade Partners, Employees, Global Environment

Environmental Performance Data (Fiscal 2018)

Environmental Performance Data

Items for which independent assurance was received are marked with .

Item	Unit	Amount						Reference pages
		Japan	Americas	Europe	China	Asia	Total	
Energy consumption	PJ/year	2.39	1.86	0.91	1.48	0.92	7.56 <input checked="" type="checkbox"/>	Climate Change Countermeasures
CO₂ emissions	thousand t-CO ₂ /year	128	82	41	92	54	397 <input checked="" type="checkbox"/>	
Waste emissions	thousand t/year	16.6	26.2	13.9	9.4	8.5	74.5	Waste Reduction
VOC emissions	thousand t/year	0.79	0.05	0.03	0.07	0.39	1.33	Management of Chemical Substances
Water consumption	million m ³ /year	1.62	0.45	0.99	0.64	0.53	4.23	Water Consumption

*1 Data boundary: Sumitomo Riko and principal consolidated subsidiaries. For the data boundary of "Energy consumption" and "CO₂ emissions," please see the page on "[Climate Change Countermeasures](#)."

Major Environmental Investment

For environmental accounting, Sumitomo Riko focuses on environmental protection investment and environmental protection benefits and, in order to ensure the reliability of data, eliminates proration and estimates as much as possible.

Environmental Protection Investment			Economic benefits (millions of yen)	Environmental protection benefits
Item	Major Investment Item	(millions of yen)		
Pollution prevention	Water pollution prevention etc.	158	—	Countermeasures for air and water quality

Environmental Protection Investment			Economic benefits (millions of yen)	Environmental protection benefits
Item	Major Investment Item	(millions of yen)		
Global environmental protection	Global warming mitigation etc.	44	36*2	Reduced CO2 emissions
Resources recycling	Reduced / recycled waste etc.	4	23*3	Reduced amount of waste generated
Total		206	59	

*2 Total CO2 emissions reduction amount based on reduction themes × Average unit price of CO2

*3 Total price of the valuables

Environmental Performance Data of Plants

Komaki Plant

	Measurement item	Control standard	Actual performance values			
			Max.	Min.	Avg.	
Atmosphere (major equipment)	Boiler	Soot and dust (g/m ³ N)	0.30	<0.01	<0.01	<0.01
		Sulfur oxide (K-value)	9.0	0.08	0.05	0.065
		Nitrogen oxide concentration (ppm)	144	47	39	43
		Hydrogen-ion concentration (pH)	5.8~8.6	7.5	7.1	7.4
Water quality	Effluent	Biochemical oxygen demand (mg/L)	25	5.5	1.3	2.6
		Suspended solids (mg/L)	30	11.0	3.0	6.0
		Normal-hexane extract substances (mg/L)	5	<1	<1	<1
		Emission and transfer of substances covered by PRTR Law (t/yr)	136			

Applied laws and regulations) Air Pollution Control Act, Water Pollution Control Act, Aichi Prefectural ordinances

Matsusaka Plant

	Measurement item	Control standard	Actual performance values			
			Max.	Min.	Avg.	
Atmosphere (major equipment)	Boiler	Soot and dust (g/m ³ N)	0.10	<0.005	<0.005	<0.005
		Sulfur oxide (K-value)	17.5	<0.1	<0.1	<0.1
		Nitrogen oxide concentration (ppm)	150	44	20	37

	Measurement item	Control standard	Actual performance values		
			Max.	Min.	Avg.
Water quality Effluent	Hydrogen-ion concentration (pH)	5.8~8.6	7.5	7.1	7.2
	Biochemical oxygen demand (mg/L)	130	34.0	5.0	23.0
	Suspended solids (mg/L)	130	14.0	1.0	3.4
	Normal-hexane extract substances (mg/L)	5	2.0	0.0	0.7
Emission and transfer of substances covered by PRTR Law (t/yr)		189			

Applied laws and regulations) Air Pollution Control Act, Water Pollution Control Act, Mie Prefectural ordinances

Fuji-Susono Plant

	Measurement item	Control standard	Actual performance values		
			Max.	Min.	Avg.
Atmosphere (major equipment) Boiler	Soot and dust (g/m³N)	0.10	<0.01	<0.01	<0.01
	Sulfur oxide (K-value)	13.0	<1	<1	<1
	Nitrogen oxide concentration (ppm)	150	29	23	26
Water quality Effluent	Hydrogen-ion concentration (pH)	5.8~8.6	7.6	6.9	7.35
	Biochemical oxygen demand (mg/L)	25	18.0	0.5	2.7
	Suspended solids (mg/L)	50	2.0	1.0	1.4
	Normal-hexane extract substances (mg/L)	5	<0.5	<0.5	<0.5
Emission and transfer of substances covered by PRTR Law (t/yr)		36			

Applied laws and regulations) Air Pollution Control Act, Water Pollution Control Act, Shizuoka Prefectural ordinances

ISO14001 Certification (List of ISO14001-certified Companies)

Country	Company	Abbreviation	Certification
Japan	Sumitomo Riko Company Limited	—	○
	SumiRiko Yamagata Company Limited	SRK-YG	Scheduled to be certified in 2020
	Tokai Chemical Industries, Ltd.	TCI	○

Country	Company	Abbreviation	Certification
USA	Sumitomo Riko Hosetex, Ltd.	SRK-HT	○
	SumiRiko Metex Company Limited	SRK-M	○
	SumiRiko Engineering Company Limited	SRK-E	○
	SumiRiko Creates Company Limited	SRK-C	○
	SumiRiko Techno Company Limited	SRK-T	○
	SumiRiko Logitech Company Limited	SRK-L	○
	SumiRiko Information Systems Company Limited	SRK-IS	○
	SumiRiko Joyful Company Limited	SRK-J	○
	SumiRiko Oita Advanced Elastomer Company Limited	SRK-AE	○
	SumiRiko Kyushu Company Limited	SRK-K	○
	Tokai Chemical Kyushu, Ltd.	TCI-K	○
	SumiRiko Ohio, Inc.	SRK-OH	○
	SumiRiko Tennessee, Inc.	SRK-TN	○
Mexico	S-Riko Automotive Hose de Chihuahua, S.A.P.I. de C.V.	SRK-CHH	○
	S-Riko de Querétaro, S.A.P.I. de C.V.	SRK-QRO	○
Brazil	SumiRiko do Brasil Indústria de Borrachas Ltda.	SRK-BI	○
	S Riko Automotive Hose Holding Brasil Ltda.	SRK-HHB	○
	S Riko Automotive Hose do Brasil Ltda.	SRK-HDB	
	S Riko Automotive Hose Tecalon Brasil S.A.	SRK-HTB	
Russia	SumiRiko Automotive Hose RUS AO	SRK-HR	○
	OOO SumiRiko AVS RUS	SRK-EU	○
	SumiRiko Poland Sp. z o.o.	SRK-P	○
Poland	SumiRiko Automotive Hose Poland Sp. z o.o.	SRK-HP	Scheduled to be certified in 2019
Germany	SumiRiko AVS Holding Germany GmbH	SRK-AG	○
	SumiRiko AVS Germany GmbH	SRK-GER	
Czech	SumiRiko AVS Czech s.r.o.	SRK-CZ	○
France	SumiRiko AVS France S.A.S.	SRK-EPF	○
	SumiRiko Rubber Compounding France S.A.S.	SRK-RCF	○

Country	Company	Abbreviation	Certification	
Asia	SumiRiko SD France S.A.S.	SRK-SDF	○	
	SumiRiko Industry France S.A.S.	SRK-INF	○	
	Romania	SumiRiko AVS Romania SRL	SRK-RO	○
	Italy	SumiRiko Italy S.p.A.	SRK-ITA	○
	Spain	SumiRiko AVS Spain S.A.U.	SRK-ES	○
	Turkey	SumiRiko Hose Otomotiv Sanayi Ticaret ve Pazarlama Limited Şirketi	SRK-HTR	○
	Tunisia	SumiRiko Automotive Hose Tunisia Sarl	SRK-HTN	○
		SumiRiko Metal Tube Tunisia Sarl	SRK-MTT	○
	China	Tokai Dalian Hose Co., Ltd.	TRD	○
		Tokai Rubber (Tianjin) Co., Ltd.	TRT	○
Tokai Rubber Moldings (Tianjin) Co., Ltd.		TRM	○	
Tokai Chemical (Tianjin) Auto Parts Co., Ltd.		TCT	○	
TRFH Co., Ltd.		TRFH	○	
Tokai Rubber (Jiaxing) Co., Ltd.		TRJ	○	
Tokai Rubber (Guangzhou) Co., Ltd.		TRG	○	
Tokai Rubber (Dongguan) Co., Ltd.		TRDG	○	
SumiRiko Automotive Suzhou Co., Ltd.		SRK-SZ	○	
SumiRiko AVS Wuxi Co. Ltd.		SRK-WUX	○	
India		Tokai Imperial Rubber India Pvt. Ltd.	TIR	○
		Tokai Rubber Auto-Parts India Pvt. Ltd.	TRIN	○
Vietnam		SumiRiko Hose Vietnam Co., Ltd.	SRK-HV	○
		Inoac Tokai (Thailand) Co., Ltd.	ITTC	○
		SumiRiko Eastern Rubber (Thailand) Ltd.	SRK-ER	○
Thailand		SumiRiko Rubber Compounding (Thailand) Ltd.	SRK-RCT	○
	SumiRiko Chemical and Plastic Products (Thailand) Ltd.	SRK-CP	○	
	SumiRiko Fine Elastomer (Thailand) Ltd.	SRK-FT	○	
Indonesia	PT. Tokai Rubber Indonesia	TRID	○	
	PT. Tokai Rubber Auto Hose Indonesia	TRHI	○	

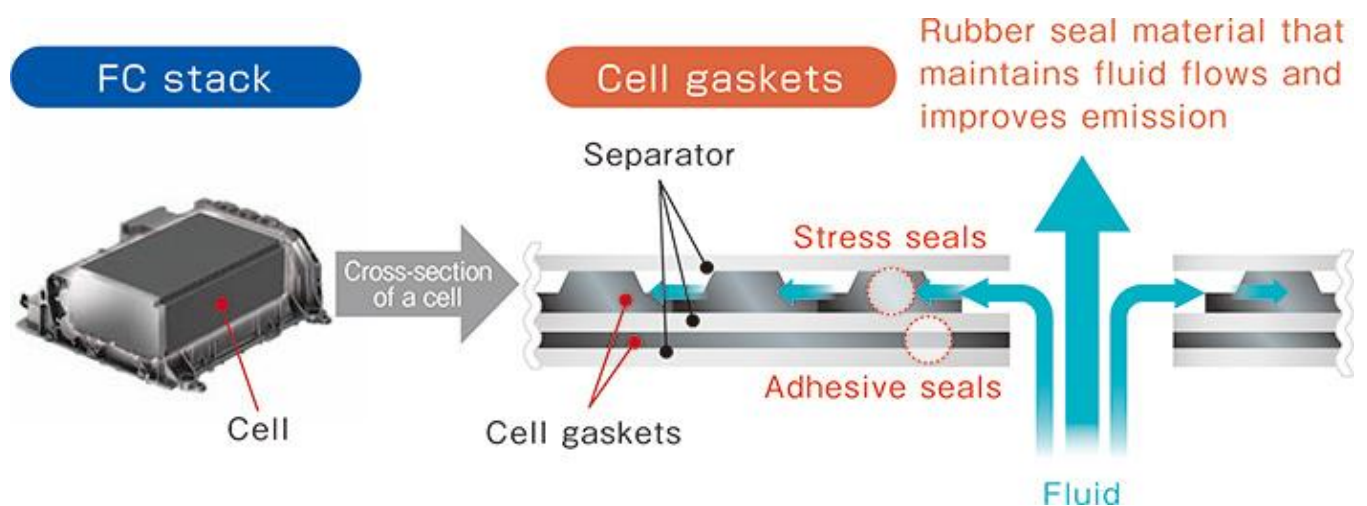


Environmentally Friendly Products

Responding to society's rising expectations of companies' environmental protection activities, including responses to global environmental issues and control of environmentally harmful substances, the Sumitomo Riko Group is reinforcing its commitment to tackling environmental issues. We are striving not only to reduce the environmental impacts of our business activities but also to develop environmentally friendly products and technologies satisfying stringent environmental regulations, thus enhancing corporate value from an environmental perspective.

Cell Gasket, a Rubber Sealant, for Fuel Cell (FC) Stacks

Sumitomo Riko developed a cell gasket, a rubber sealant used for fuel cell (FC) stacks mounted on fuel cell vehicles (FCVs). With the development of the cell that uses this gasket, high-quality performance and reduction in size and weight of FC stacks were achieved. By ensuring the long-term reliability of FCs, the product is used in the MIRAI, an FCV of Toyota Motor Corporation. The gasket will contribute to the spread and improvement of the MIRAI, the ultimate eco-car that uses hydrogen as an energy source and emits only water during driving.



Highly Functional Transparent Films for Windows "Refreshine™"

Refreshine is a series of highly functional transparent window films. When applied to the indoor surfaces of windows, these window films contribute to saving of electricity. Recognized for their transparency enabling enjoyment of natural lighting and their excellent thermal barrier and insulation performance, these films are being used for trains and buildings. With their excellent infrared reflecting performance, Refreshine

contributes to reduction of power consumption by air conditioning without compromising natural lighting, and thus it is also effective for reducing CO₂ emissions.



Flexographic Printing

Flexo printing is a relief printing method using flexible rubber plates. Whereas most other companies' flexo plates require solvents for development, Sumitomo Riko's AquaGreen™ flexo plates are water-developable and thus both environmentally friendly and worker friendly. Their added value includes high definition, superior productivity, and no effluent.



Development of Biohydriin Rubber

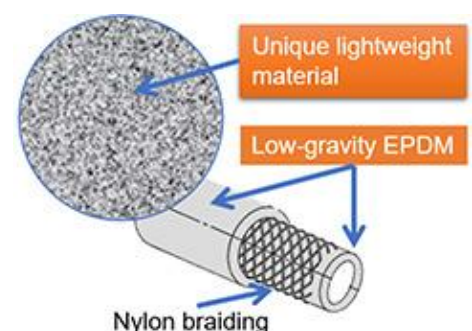
Sumitomo Riko developed biohydriin rubber jointly with Toyota Motor Corporation and Zeon Corporation. Made of plant-derived raw materials, biohydriin rubber achieves an approximately 20% reduction in CO₂ emissions in its lifecycle from manufacturing to disposal compared with conventional petroleum-based hydriin rubber. Biohydriin rubber is equivalent to petroleum-based hydriin rubber in terms of quality and mass producibility.



Contributing to Improvement of Fuel Efficiency by Lighter Vehicles

Low-gravity EPDM (ethylene propylene diene rubber) hoses were developed with the aim of achieving lightweight vehicle components. They can be applied to a variety of hoses, including water system hoses such as water bypass hoses and radiator hoses. By adopting a compounding design that incorporates newly developed lightweight reinforced materials, they are approximately 20% lighter than conventional EPDM hoses, while maintaining the same characteristics in terms of strength, durability, heat resistance, and insulation. Switching to Sumitomo Riko's low-gravity EPDM allows weight savings of about 1 kg* per vehicle.

* According to Sumitomo Riko's own trial results.



Close-up of lightweight materials and graphical image of hose cross-section

Development of the Resin Filler Neck Module

Sumitomo Riko changed the material for filler hoses that supply automotive fuel to the fuel tank from metal to resin, achieving a 40% reduction in weight compared with a conventional metal filler hose. Lighter weight contributes to improvement of fuel efficiency of automobiles.

This resin filler neck module offers excellent low fuel permeability, in which fuel is highly prevented from leaking from resin and/or rubber hoses, and meets environmental regulations. Moreover, our unique processing technology realized a bent design to make fuel-charging performance even smoother. At the same time, a flexible bellows design to absorb impact in the event of a collision, contributes to safety performance of automobiles.



 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Compliance

Shareholders and Investors, Customers, Suppliers and Other Trade Partners, Employees, Local Communities, Global Environment

Promoting Compliance



Message from the Chairperson

Message from the Chairperson of the Compliance Committee

Inspired by the Sumitomo Spirit, which enjoins us to accord prime importance to integrity and sound management in business conduct and to refrain from imprudently pursuing easy gains, we position ensuring compliance as the foundation of our manufacturing and business operations. Our aim is not only to ensure legal compliance but also to fulfill our corporate social responsibility by always remaining true to the high ethical standards embodied in our corporate philosophy.

The mission of the Compliance Committee, whose membership comprises officers responsible for business units and persons responsible for each business, is to promote Group-wide compliance activities. Through global implementation of such measures as compliance risk assessment, compliance education and training of employees, and monitoring, we are endeavoring to inculcate the importance of compliance throughout the workforce. I believe these initiatives are contributing to enhancement of our corporate value and public value as well as to creation of the Sumitomo Riko Group's social value. These values express the fundamental strengths of the Sumitomo Riko Group, as we steadily advance toward our goal of becoming a "Global Excellent Manufacturing Company."

I request our stakeholders for their understanding and further support concerning the Group's commitment to compliance.



Taro Noda

Chairperson of Compliance Committee
Managing Executive Officer

Basic Approach to Compliance

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.

Compliance Structure

The Sumitomo Riko Group is developing its compliance structure in accordance with the basic policy for internal control. The Compliance Committee, chaired by the Representative Director, periodically reports to the Board of Directors on the status of its activities. In addition, general managers, managers and supervisors in each workplace are appointed compliance leaders to inculcate compliance awareness at workplaces.

Group companies are also developing their own compliance structures suited to their risk situations based on the Basic Regulations on Group Compliance.

Compliance Action Guidelines and Education

Having established the Sumitomo Group Global Compliance Action Guidelines, we are endeavoring to ensure penetration of the guidelines through periodic education for all Group company employees. The Sumitomo Group Global Compliance Action Guidelines are revised periodically. In the revision in April 2019, S.E.C.-Q. (safety, environment, compliance, and quality), which is the basis of our business operations, "Bad News First & Thanks," "ensuring of reliability of records and reports," and other items with an important bearing on the Group's fulfillment of its social responsibility have been added in line with the Sumitomo Riko Group 2022 Vision. Furthermore, items concerning initiatives to prevent any form of corruption have been added, following our endorsement of the Tokyo Principles for Strengthening Anti-Corruption Practices.

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. A total of 689 employees, 92% of the subject employees, at business sites around the world received this training in fiscal 2018.

* Content of the Sumitomo Group Global Compliance Action Guidelines

The Sumitomo Spirit, Sumitomo Riko Group Management Philosophy, Sumitomo Riko Group Corporate Action Charter, corporate ethics, Bad News First & Thanks, 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.

Monitoring

If an important compliance problem arises, it must be promptly reported to the Compliance Committee and the departments concerned in accordance with the Compliance Regulations. Each department of Sumitomo Riko and consolidated Group companies reports the status of compliance problems to the Committee quarterly. Moreover, with "Bad News First & Thanks!"* as a slogan, we are working to cultivate a corporate culture where information on compliance problems is swiftly shared between the people in the field and management.

For the reporting of compliance issues, the Compliance Committee has established a point of contact at an external law office and an internal point of contact for Sumitomo Riko and its Group companies in Japan. A global hotline has also been established as a point of contact for overseas Group companies. No person who reports a compliance issue suffers disadvantage.

The chairperson of the Compliance Committee periodically interviews general managers of key business sites worldwide concerning the state of operation of the compliance structure. In fiscal 2018, interviews were conducted with 43 general managers. The objective of this initiative is to promote sharing of compliance awareness throughout the Group. The Compliance Committee reflects issues identified in interviews in its policies and measures.

* Bad News First & Thanks!:

The Sumitomo Group's slogan meaning that managerial personnel and managers should report bad news first and management and executives should appreciate swift reporting of bad news. In light of lessons learned from the problem at the Matsusaka Plant, Sumitomo Riko is working to inculcate this practice throughout the Group.

Compliance Review Day

On January 25, 2012, the Company and employees of the Company were reported to the Public Prosecutor's Office on the grounds of violation of the notification obligation under the Industrial Safety and Health Act at the Matsusaka Plant. The problems were the according of priority to production over legal compliance and delays in reporting a compliance violation recognized in the workplace and in dealing with the matter. To ensure the lessons learned from this incident are never forgotten, the Company designated January 25 of each year as Compliance Review Day. Measures include messages from the Chairperson and the President & CEO, seminars conducted by external experts, a compliance awareness survey, and provision of basic knowledge.

In 2016, two subsidiaries of the Company were subject to suspension for three months by the Acquisition, Technology & Logistics Agency because of erroneous entries in the inspection record for hose products manufactured and processed by the two subsidiaries. This was identified by internal inspections triggered by an employee report. Sumitomo Riko reported to the Agency voluntarily.

Regarding this matter, the "Bad News First & Thanks!" policy was adhered to in swift reporting of the matter to the authority and in responses. On the other hand, the problem revealed a lack of recognition by certain employees of the importance of ensuring trust in records and reports.

Therefore, from 2017 onward, "reliability of records and reports" is included as an objective in addition to the "the basis of business operation is S.E.C.-Q. (safety, the environment, compliance, and quality)" and "Bad News First & Thanks!" policies, and initiatives have been strengthened to learn lessons from past experience.

Anti-corruption Initiatives

Having endorsed the United Nations Global Compact in 2014 and the Tokyo Principles for Strengthening Anti-Corruption Practices of the Global Compact Network Japan in 2018, Sumitomo Riko is implementing anti-corruption measures as the practical expression of management's commitment. The details of anti-corruption activities are reported to the Board of Directors as part of the Compliance Committee's periodic activity report.

The anti-corruption policy is clarified in the Sumitomo Riko Group Global Compliance Action Guidelines, and concrete measures are implemented throughout the Group based on the Compliance Regulations. The anti-corruption policy and measures are instilled through annual education and training conducted worldwide. When starting transactions with an agent, consultant or other intermediary, we check the appropriateness of the transaction (due diligence). In addition, checking from the anti-corruption perspective is implemented in the routine payment management process.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Quality Management



Message from the Chairperson

Message from the Chairperson of Quality Committee

S.E.C.-Q. (safety, environment, compliance, and quality) management, which is the basis of the Sumitomo Riko Group's business operations, is also intimately involved in the materiality of CSR activities. Thus, we established the Quality Committee under the CSR Committee in 2017. With members appointed from organizations across the Sumitomo Riko Group, the Quality Committee is at the heart of efforts to maintain and improve the quality assurance system of the Group, which is expanding globally.

The present-day Sumitomo Riko Group embodies a long tradition of excellence in manufacturing. Having established the Quality Committee, we are redoubling our efforts to offer products of superior quality and contribute to development of society as a "Global Excellent Manufacturing Company," that is, a company contributing to safety, security and comfort of human beings, society, and the Earth.

I will be delighted if this website assists our stakeholders in their understanding of the Group's commitment to quality and request your continuing support.



Masahiko Hanazaki

Chairperson of Quality Committee
Managing Executive Officer

Basic Approach to Quality

The Quality Committee and the Quality Assurance Headquarters are spearheading quality improvement activities throughout the Sumitomo Riko Group in accordance with the Sumitomo Riko Group's quality control policy. Our quality assurance systems geared to the needs of an aspiring global enterprise assure superior product quality and safety.

Sumitomo Riko Group's quality control policy

The Sumitomo Riko Group is committed to delighting customers worldwide by offering them captivating products attuned to their needs. To fulfill our mission, we are pushing forward with quality improvement activities throughout the Sumitomo Riko Group, adhering to the Sumitomo Riko Group's quality control policy: "Every member of the Sumitomo Riko Group will accumulate improvements and pursue the customer first and quality first principles globally. —Ensuring compliance with the basics of work is the first step for 'Ji-Kotei-Kanketsu (JKK)'.—"

Approach to quality assurance in the Sumitomo Riko Group

The Sumitomo Riko Group ensures quality by applying the following two approaches in the pursuit of safety and security.

The first approach is "Ji-Kotei-Kanketsu (JKK)." JKK emphasizes that each employee should have a sense of ownership that encourages him or her to fulfill his or her duty at each process of product design, pre-production, and mass production so that no defect proceeds to subsequent processes. (See Fig. 1.)

The second approach is "appropriate quality governance." We implement meticulous quality risk management based on JKK in business units, verification/approval by the quality assurance department of each business unit, and quality control and audit by the quality audit department in pursuit of reliability. (See Fig. 2.)

Fig. 1: Ji-Kotei-Kanketsu (JKK) – Defect-free

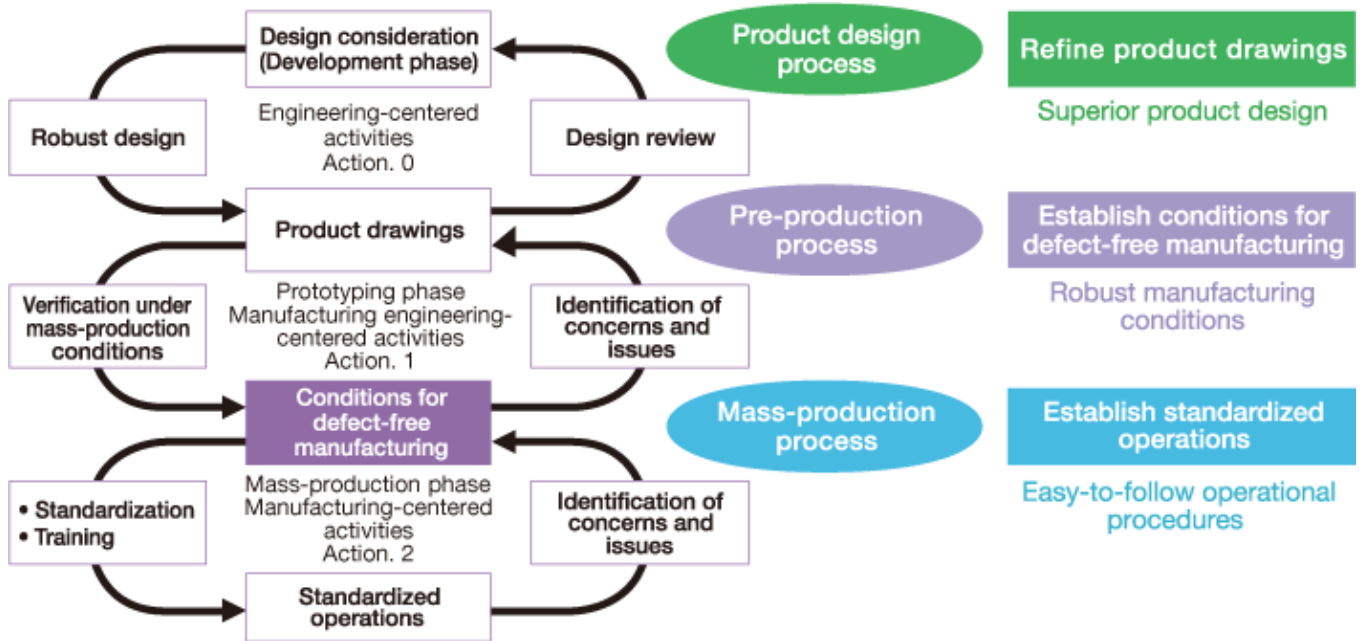
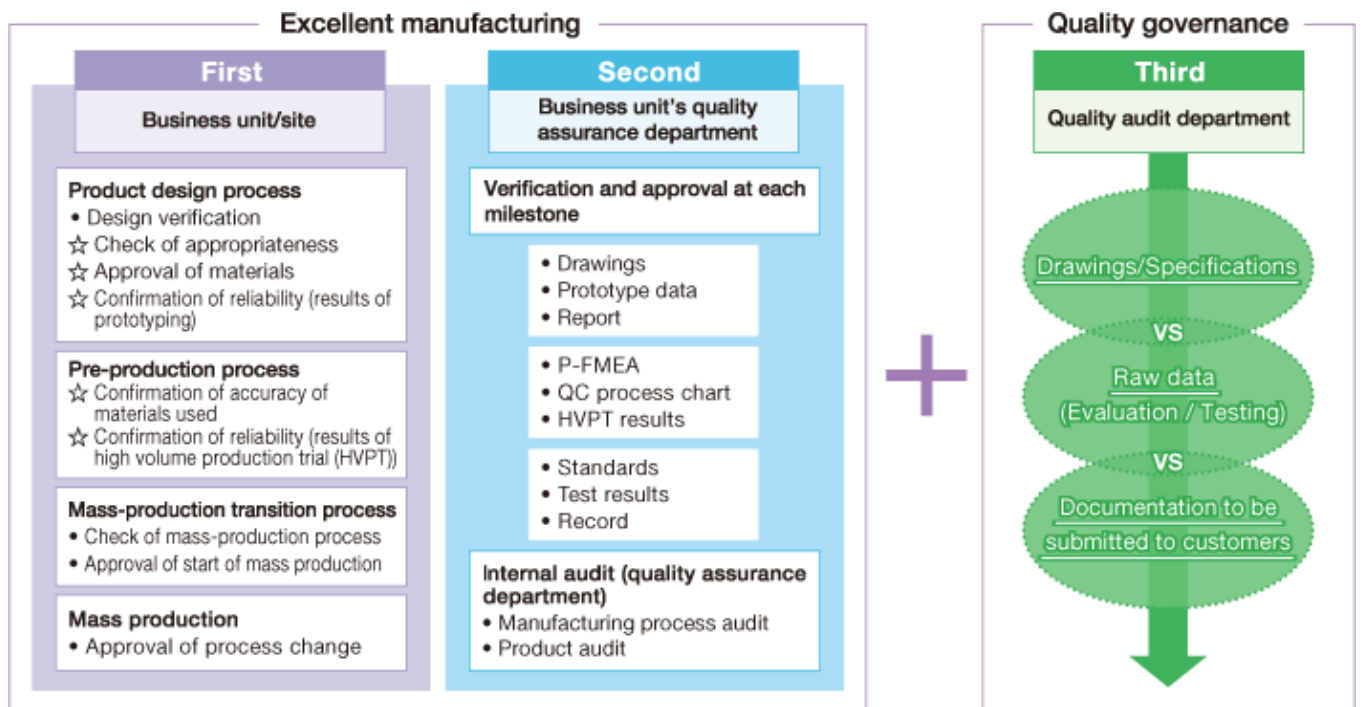


Fig. 2: Appropriate quality governance – Reliability



<In principle> 1) JKK in a business unit, 2) verification/approval by the quality assurance department of a business unit, 3) quality control and audit by the quality audit department

Mid-term Vision for Quality and Product Safety

To achieve the 2022V vision in quality-related organizations, the Sumitomo Riko Group will globally implement the following three measures as priority activities.

1) Quality assurance system

By constructing quality assurance systems that have the SRK-GQS as superordinate standards and are aligned with the standards of each business unit, realize globally consistent levels of quality, eliminate major quality problems, and link these successes to improvement in customer satisfaction.

2) Quality governance

Strengthen quality monitoring to enable management to make appropriate judgments and construct a global quality governance structure by assigning managers in each region. Furthermore, to respond to quality risks, globally implement quality control audits to find out whether there are any misconduct and link them to elimination of quality-related misconduct and major quality problems.

3) Creation of a quality culture

To foster personnel with high quality awareness and advanced skills globally, develop core quality personnel in each geographical region and construct a global quality education system. Also, create a mechanism for ensuring that lessons learned are not forgotten and mistakes are not repeated.

Quality Control Systems

Quality assurance systems

In 2016, Sumitomo Riko appointed a Chief Quality Officer (CQO) and established the Quality Assurance Headquarters, integrating the Group's quality functions.

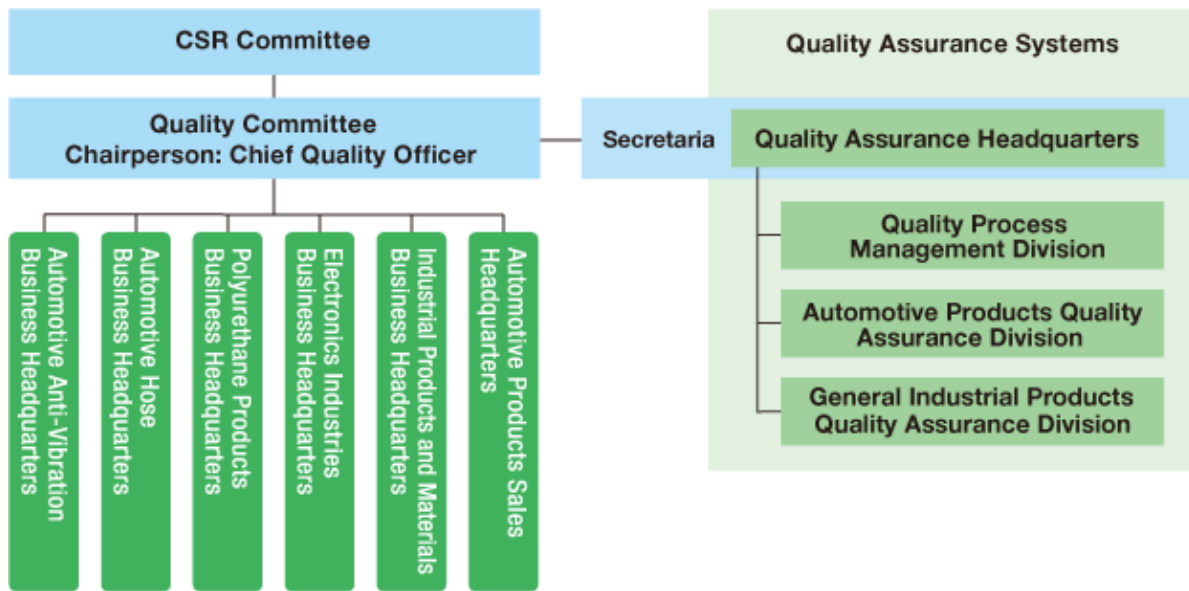
With an organizational structure designed to ensure independence from business units and objectivity, the Quality Assurance Headquarters enhances the Group's quality assurance by strengthening the auditing function and has established a collaborative framework covering business units.

By implementing quality management systems exceeding customer expectations, we are able to supply our customers as well as all other stakeholders with safe, reliable products that offer them peace of mind.

The Quality Committee

The Sumitomo Riko Group has decided to add Quality (Q) to Safety, the Environment and Compliance (S. E. C.), which are factors underpinning business operations, and position S.E.C.-Q. as the basis of business operations from fiscal 2017 onward.

In line with this change, we have established the Quality Committee under the CSR Committee to strengthen the functions for monitoring implementation of the PDCA cycle for quality.



Activities of Quality Management



Quality Assurance Systems

Acquisition of certifications for quality management systems

The Sumitomo Riko Group's quality assurance system is based on IATF16949 (new standard that superseded and replaced ISO/TS16949), the international standard for quality management for the automotive products business. In addition, we strictly observe the ISO9001 standard, which covers the general Industrial Products Business. Thus, we strive to ensure continued quality improvement for our products even after they are shipped from our plants into the market. We are also actively promoting the establishment of quality assurance systems at our overseas sites. Our aim is to obtain ISO/TS or ISO certifications at all our sites.

Currently, a total of 63 sites, consisting of 14 sites in Japan and 49 sites overseas, have gained IATF or ISO certifications.

Quality assurance systems based on SRK-GQS

In the context of the Sumitomo Riko Group's ongoing globalization, it is necessary to establish uniform rules to be observed by all the Group companies. Thus, we have instituted the Sumitomo Riko Global Quality Standards (SRK-GQS) in order to integrate quality assurance systems that vary according to businesses and business sites, eliminate variances in activities, and realize total quality assurance and complete elimination of delivery of nonconforming products. Based on ISO 9001 and IATF 16949 and incorporating Sumitomo Riko Group best practices, the SRK-GQS prescribe matters whose observance throughout the Group is mandatory.

The SRK-GQS comprise the General Regulations and nine sets of individual regulations. In fiscal 2018, we prepared the General Regulations and three principal sets of regulations, namely, the Product Design Management Regulations, Process Design Management Regulations, and Mass Production Process Management Regulations. In fiscal 2019, we plan to refine these three principal sets of regulations and promote preparation of the Business Unit Standards aligned with them, for which a collaborative structure with business units is required. We also intend to prepare the Complaints Management Regulations and the Quality Audit Regulations.

Audit of suppliers' quality systems

In order to reinforce the quality assurance system of the Sumitomo Riko Group, we have been executing suppliers' quality system audits since fiscal 2011. For this audit, each manufacturing site is audited based on the global common check sheet covering all items indispensable for establishing a quality assurance system, including top management. The objective is to communicate our quality assurance policy to suppliers. In fiscal 2018, we audited 77 suppliers, including renewal audits of suppliers for which three years have passed since the initial audit and audits of new suppliers. In fiscal 2019, we will audit 11 new suppliers in an effort to strengthen and enhance our quality assurance systems.

Application of the EDER System

The Sumitomo Riko Group is applying the Early Detection Early Resolution (EDER) System as part of field quality assurance activities. This system enables quick response to quality issues by swiftly obtaining information and is effective for averting quality risks and preventing proliferation of quality problems. The EDER System has been the norm for all Sumitomo Riko companies in Japan since fiscal 2012, and we are currently rolling out the system globally.

Quality Governance

Quality control audit

The Sumitomo Riko Group introduced quality audits from the viewpoint of internal control to monitor whether there is any wrongdoing in fiscal 2016. We have been executing this "quality control audit" globally.

In fiscal 2018, in Japan, the Automotive Hose Business Unit and the Industrial Products and Materials Business Unit, and overseas, a site in Asia were subject to the audit.

In fiscal 2019, eight sites in Asia will be subject to the audit, and we will subsequently apply this quality control audit to sites in Europe and the Americas to strengthen our response to quality risks globally.

Creation of a Quality Culture

To improve a quality culture, since fiscal 2019 we have designated the second day of each month as the "Q Day" throughout the Group, a day on which quality-related work is prioritized.

With the aim of enhancing product quality, quality of work, and communication, the Q Day is providing a valuable opportunity for departments to enhance communication between managers/supervisors and subordinates and for discussion of key issues, such as establishment of globally consistent work procedures, establishment of a system conducive to creation of high-quality products, development of human resources capable of high-quality work, etc.

We intend to continue these initiatives until fiscal 2020 with the aim of not only cultivating a quality-first corporate culture which is the objective of the Q Day, but also creating open and transparent organizations.

Recognition Received from Customers

The Sumitomo Riko Group engages in improvement activities focusing on quality, cost, and delivery at business sites in Japan and around the world. It is particularly gratifying for us that customers worldwide recognize our noteworthy initiatives each year. In fiscal 2018, the Group's 14 sites received 29 awards (five in Japan and 24 overseas).

FY2018 supplier awards received

Japan

Customer	Award	Awardee
Suzuki Motor Corporation	Overseas Contribution Award	Sumitomo Riko

Customer	Award	Awardee
Mazda Motor Corporation	Effort Award of Zero Defective Delivery for Three Consecutive Months	
Toyota Motor Corporation (Honsha Plant)	Quality Superior Award	
Caterpillar Japan Inc.	Supplier Quality Excellence Process Platinum Award	SRK-HT
Oita Canon Materials Inc.	Quality Excellence Award	SRK-AE

Overseas

Customer	Award	Awardee
Mazda de México Vehicle Operation	Supplier of Excellence FY2018	SRK-CHH
GAC Toyota Engine Co., Ltd.	Quality Cooperation Award	TRT
CVJ Drive Shafts Plant, WanXiang QianChao Co., Ltd.	Superior Supplier Technology Development Award	HTR
NTN-Yulon Drivetrain Co., Ltd.	Superior Supplier Award	
Sichuan Jian'an Industrial Ltd.	Superior Supplier Award	TRJ
GAC Toyota Motor Co., Ltd.	Quality Cooperation Award	
Guangzhou Motor Co., Ltd.	Superior Quality Award	TRG
GAC Toyota Motor Co., Ltd./GAC Toyota Engine Co., Ltd.	Quality Cooperation Award	
Toyota Motor (Changshu) Auto Parts Co., Ltd	Quality Achievement Award	
Honda Cars India Limited	Quality Gold Award	TIR
Toyota Kirloskar Auto Parts Prv. Ltd	Quality, Delivery, PPM Certificate	
Toyota Industries Engine India Prv. Ltd	Quality, Delivery Certificate	TRIN
PT. Honda Prospect Motor	Supplier Award Excellence in Delivery	TRHI
	Supplier Award Excellence in Quality	
PT. Suzuki Indomobil Motor	The Best Vendor Performance (Service & Spare Parts Department)	
P.T. Astra Daihatsu Motor	Participating on Cost Improvement	
Nissan Motor Manufacturing (UK) Limited	Regional Supplier Quality Awards	SRK-ITA
Türk Otomobil Fabrikası Anonim Şirketi (FCA Group)	Best Top 5 Quality Supplier	SRK-HTR
	Best Logistic Supplier	
UniCarriers Forklift (Anhui) Co., Ltd.	Superior Supplier Award	TRFH
Sany Heavy Industry Co., Ltd.	Outstanding Cooperation Award	
Caterpillar (Suzhou) Co., Ltd.	SQEP GOLD MEDAL	
Sany Heavy Industry Co., Ltd.	Platinum Supplier Award	
Mitsubishi Heavy Industries Forklift (Dalian) Co., Ltd.	Contribution Award	

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Corporate Citizenship Activities Management

Message from the Chairperson

Message from the Chairperson of Social Contributions Committee

In line with the Sumitomo Riko Group's aim to become a "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, we are striving to create social value through corporate citizenship activities that we are convinced will lead to creation of a better society and enhancement of public value and corporate value. The task of the Social Contribution Committee under the CSR Committee is to promote these corporate citizenship activities globally throughout the Group. Through involvement of Sumitomo Riko's plant managers and executives of Group companies, the Social Contribution Committee embraces diverse perspectives including social issues such as SDGs and examines each activity in the course of promoting corporate citizenship activities.

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. It is my earnest desire that this website will help our stakeholders understand the Group's social contribution initiative and I will be grateful for your views and recommendations.



Kazushi Shimizu

Chairperson of Social Contributions Committee
Representative Director, Executive Vice President

Basic Principles of Social Contribution Activities

The Sumitomo Riko Group participates enthusiastically in corporate citizenship activities to fulfill its responsibility as a corporate citizen and as an enterprise determined to earn the appreciation of communities all over the world. The Group's corporate citizenship policy states: "Sumitomo Riko Group recognizes that we belong to the local community and, as a good corporate citizen, make efforts to create a better society through corporate citizenship activities." The Sumitomo Riko Group defines social contributions as activities helping meet society's challenges. We aim to create social value through vigorous corporate citizenship activities addressing SDGs and solutions of social issues, 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)

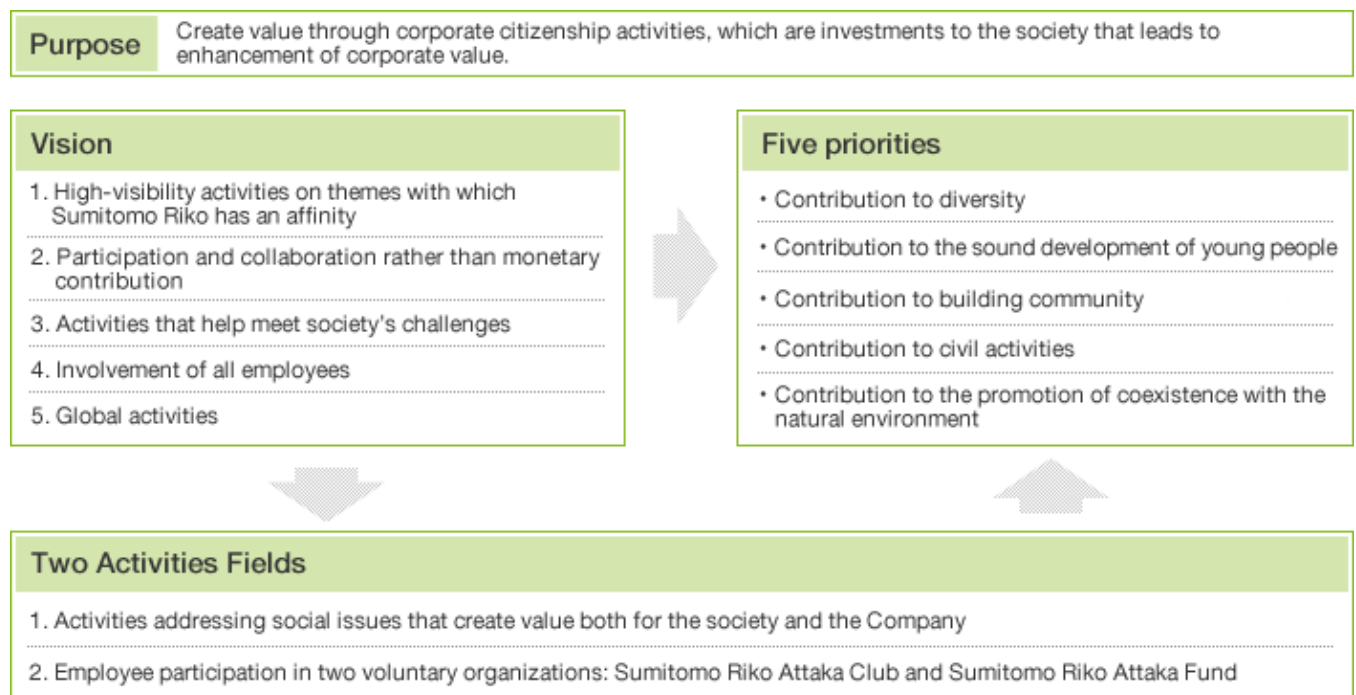
contribution to building community, 4) contribution to civic activities, and 5) contribution to the promotion of coexistence with the natural environment.

Policy on social contribution activities

Sumitomo Riko Group recognizes that we belong to the local community and, as a good corporate citizen, make efforts to create a better society through corporate citizenship activities.

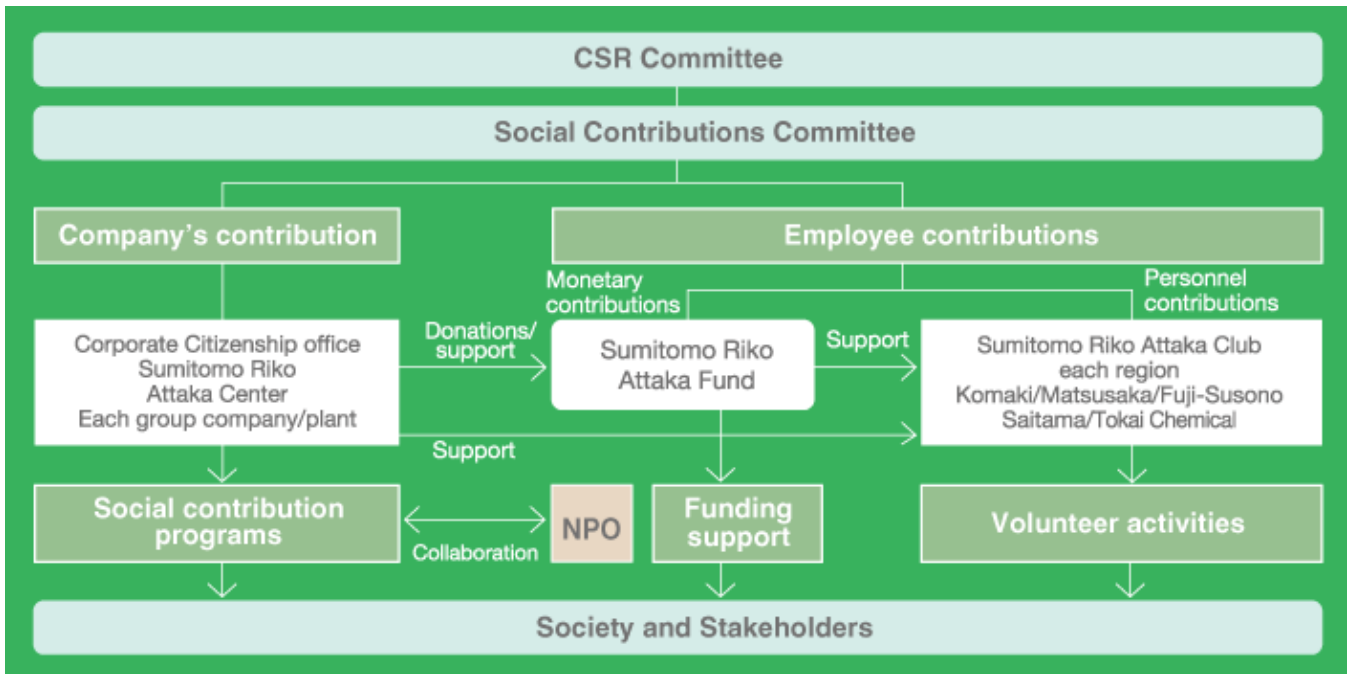
Framework of our social contribution activities

To fulfill the above-mentioned policy, the Sumitomo Riko Group clarifies its "goal," "directions of activities," "five priorities," and "two activity fields."



Social Contribution Promotion Structure

In accordance with the corporate citizenship policy and the framework, the Social Contributions Committee, which is one of the seven subcommittees under the CSR Committee established in 2005, ensures that corporate citizenship activities are systematically implemented based on discussion. At Sumitomo Riko, we classify corporate citizenship activities into employees' contribution and corporate contribution. Employees can contribute through voluntary activities and through monetary contributions. The Sumitomo Riko Attaka Club, an organization supporting employees' voluntary activities, operates at the Komaki, Matsusaka, Fuji-Susono, and Saitama Plants and a Group company, Tokai Chemical Industries. For monetary contributions, Sumitomo Riko established the Sumitomo Riko Attaka Fund. The Sumitomo Riko Attaka Fund became a general incorporated foundation under Japanese law in 2014. Employees who register with the fund donate a sum of their choice between 100 yen to 1,000 yen to the fund by automatic withdrawal from their salary each month. As a matching gift, Sumitomo Riko donates a sum equal to that donated by the employees. Sumitomo Riko's Social Contributions Committee establishes various corporate citizenship programs for which the Social Contribution Program Planning Office is the secretariat. Attaka Support Centers at plants and Sumitomo Riko Group companies support employees' social contributions through the Attaka Club and the Attaka Fund, linking the corporate contribution and employees' contribution.



Corporate Citizenship Program Assessment System

Sumitomo Riko has introduced an annual assessment system for corporate citizenship programs. Assessment of programs using uniform criteria clarifies their results. This approach allows us to apply a PDCA (plan-do-check-act) cycle to corporate citizenship activities. We are shifting the weight of our corporate citizenship activities from monetary contributions to a participatory and collaborative approach. Members of the Social Contributions Committee inspect and assess programs. Programs are revised or terminated based on the assessment and new programs are introduced.

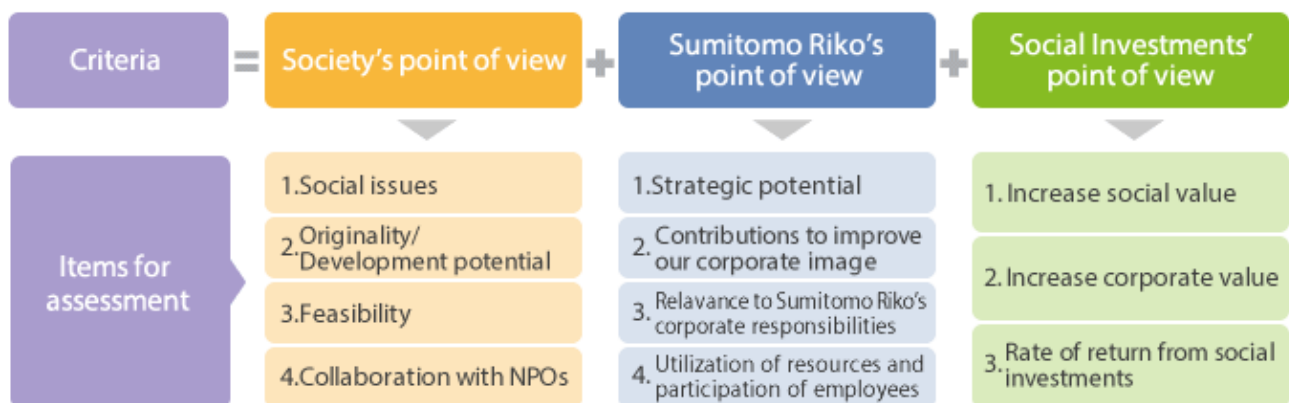
Objectives of introducing an assessment system for social contribution programs

1. To translate monetary donations into participation and collaboration
2. To promote a social contribution program that can resolve social issues

Expected effects of the program assessment system

1. Assessments using established criteria help visualize the results of activities.
2. Through a cycle of “preliminary evaluation,” “action,” “performance assessment” and “corrective measures,” we ensure that all activities are conducted with appropriate prior examinations, follow-ups for improvement and reviews in order to eliminate unnecessary activities.

Policy on assessment criteria



Corporate Citizenship

Employees, Local Communities

Sumitomo Riko Group Corporate Citizenship Activities: Contribution to Diversity



Aiming to create a society where all people are respected as they are

With the aim of creating society where "all people are respected as they are", Sumitomo Riko supports to build society free of physical and mental barriers from various aspects.

"San San Delivery Theater" Performance Presented by Sumitomo Riko

To provide a place for feeling the pleasure and greatness of theatrical performances for persons with disabilities, who have limited opportunities to visit the theater, we dispatch the "San San Delivery Theater" to facilities for people with intellectual disability. We collaborate with a theatrical company in Nagoya, which is supported by many people. By providing not only persons with disabilities but also their families with opportunities to enjoy plays together and at ease, we aim to fulfill their hearts and help them be rich in spirit.



Since FY2008, we have delivered performances to 10 facilities for a year, seeking candidate facilities that meet the criteria. Details of seeking candidacy for your facilities are published on our website.

Support for Sports Events Hosted by Ai-pic

(Athletic Union of Aichi Prefecture Schools for Intellectually Disabled Children)

Sumitomo Riko provides support for "Ai-pic" hosted by the Athletic Union of Aichi Prefecture Schools for Intellectually Disabled Children as one of the sponsored companies. "Ai-pic" is the event including track and field, basketball, frisbee, soccer, and baseball for disabled children.



Corporate Citizenship

Employees, Local Communities

Sumitomo Riko Group Corporate
Citizenship Activities:



Contribution to the Sound Development of Young People

Providing the future generation with valuable experience

In order to provide young people as the future generation with as many valuable experiences as possible that are meaningful especially at their young ages, Sumitomo Riko offers experience-based programs from them.

Preparatory School for Foreign Preschool Children

In cooperation with the Komaki International Association, Sumitomo Riko operates a preschool for the children having roots in foreign countries and residing in Komaki City, who will enter elementary school in the following year.

This preparatory school teaches the children before entering school the basic Japanese reading and writing skills they will need at school and behavioral norms at elementary schools so that they can smoothly adapt to life at school. Our preschool is run by volunteers. Before they start teaching at the preschool, they participate in an instructor training seminar held over the summer and the winter where they learn teaching methods as well as techniques for creating effective teaching materials.

Sumitomo Riko intends to continue this initiative supporting children's sound development, helping the youngsters be happy and enjoy school.



Supporting Single-parent Families

Sumitomo Riko held "Let's go to Sumitomo Riko Forest" program from summer 2016 to support single-parent families in collaboration with Nagoya-based KODOMO NPO.

Single-parent families are often hard-pressed when it comes to spending quality time together. The program offers them opportunities to relax and enjoy time together in the beautiful Sumitomo Riko Forest in Ikeda-machi, Kita-azumino-gun, Nagano Prefecture. Participants were able to enjoy the superb natural surroundings by trying their hand at thinning the forest and other reforestation activities as well as picking vegetables. They also cooked lunch together with local people in Hirotsu, Ikeda-machi, where Sumitomo Riko Forest is located. The families seemed to have fully enjoyed the whole nature experience and were able to build joyful memories of this trip during the school holidays.

Sumitomo Riko intends to offer continuous support so that children can enjoy stimulating, healthy pursuits in all their surroundings.

Application procedures for participation in this program will be announced by Sumitomo Riko's partner organization (scheduled in June every year).



Sumitomo Riko Soccer Festival

For the sound development of young people through sports and the development of soccer among kids, Sumitomo Riko has held the Sumitomo Riko Soccer Festival once a year since 2006 in collaboration with the Komaki City Soccer Association. Soccer lessons are given by Nagoya Grampus Eight soccer players and coaches, and children have an invaluable opportunity to meet the J. League players they admire. Komaki City Soccer Association will accept the event application accordingly.



Sumitomo Riko Student Essay Award

We launched the Sumitomo Riko Student Essay Award competition in 2015 as a project to support the young people who will become the leaders of tomorrow, a new social contribution activity to mark the change of the company name to Sumitomo Riko.

We hope this award will provide an opportunity for students throughout Japan to think about, and deepen their understanding of, the issues facing society and what development of a sustainable society entails, thus encouraging the contestants to broaden their horizons and achieve personal growth.

More than 100 essays we have received from university students and graduate school students in Japan and overseas, vocational school students, and from international students in Japan every year. The award-winning essays, consisting of a first-prize winner, a second-prize winner, three superior-award winners, and a special-recognition-award winner, are determined through screening by experts such as Ms. Mariko Kawaguchi (Chief Researcher, Research Division, Daiwa Institute of Research Ltd.) who chaired the screening committee, and voting by Sumitomo Riko employees. At the commendation ceremony in the end of July, the winners receive certificates of commendation, supplementary prizes, and commemorative goods.

Sumitomo Riko intends to continue hosting this Student Essay Award as a project to support the young



people who will become the leaders of tomorrow and promoting initiatives to establish a sustainable society.

Related information: [Archive](#)

 **SUMITOMO RIKO Company Limited**

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Corporate Citizenship

Employees, Local Communities

Sumitomo Riko Group Corporate Citizenship Activities: Contribution to Building Communities



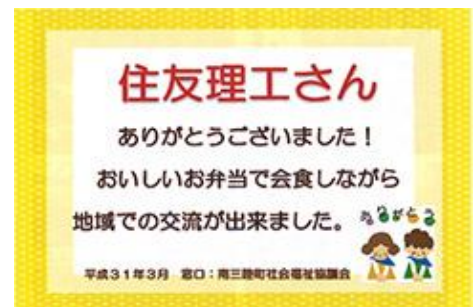
As a company that coexists with the hosting local community, Sumitomo Riko supports to create "citizen-friendly town" together with local communities by providing disaster recovery assistance.

Support for Areas Affected by the Great East Japan Earthquake

~Attaka Ticket Project~

Using the Sumitomo Riko Attaka Fund, which is based on donations by the employees (including employees of Group companies) and matching gifts by the company, the Attaka Ticket Project is providing ongoing support to Minamisanriku-cho in Miyagi Prefecture, which was devastated by the Great East Japan Earthquake.

To help recovery of Minamisanriku-cho and resurgence of the community, in cooperation with the Minamisanriku-cho Council of Social Welfare, the Attaka Ticket Project supports groups and NPOs working for community vitalization, and is a service provision system that can be utilized at each meeting or gathering. The services are offered by local people working to reconstruct the community. The project aims to enhance the quality of life of people who have been striving for recovery for a long time and helps vitalize the community. One of the people who used the services commented, "We get together and chat over the bento boxed lunches that we receive in exchange for the tickets. The relationships thus cultivated help us support one another in everyday life." Many people in Minamisanriku-cho have expressed their appreciation to us.



Emergency Medical Care Experiential Event Using Training Simulator to Solve Social Issues

We are pursuing social contribution activities rich in originality that are directly linked with Sumitomo Riko's business. Since 2017, in collaboration with NPOs working to promote first aid as well as with local civic organizations and the fire department, we have been offering the Emergency Medical Care Experiential Event in which the Shinnosuke-kun training simulator for chest compression is used. The

concept is to provide opportunities for people to learn basic life support skills and acquire knowledge so that they can protect their family and loved ones.

This program is supported by UNY Co., Ltd., an operator of shopping centers where many people are likely to notice the program. We hope that participating in this program will be an opportunity for larger numbers of people to take part in basic life support training programs and for the general public to become used to providing basic life support. The ultimate objective is to make provision of basic life support a matter of course. Going forward, we will hold this program at more locations and accelerate collaboration with local communities and other companies in order to further promote social contribution activities that help solve social issues.



Sumitomo Riko Charity Concert

Since fiscal 2000, we have taken part in a collaborative project with the certified NPO, Chubu Philharmonic Orchestra, to hold an annual "Sumitomo Riko Charity Concert" every autumn with the aim of assisting local communities to promote cultural and artistic development. We invite 1,300 residents of the Owari region, Aichi Prefecture (where Komaki Head Office and Komaki Plant are located), through selection in a drawing. The concert invites world-renowned maestro Kazuyoshi Akiyama as a conductor to provide beautiful music. Donations made by audience are used every year to support reconstruction efforts following the Great East Japan Earthquake. Information about the charity concert is available in newspapers and magazines.



Support for the Matsusaka Concert of the Chubu Philharmonic Orchestra

In Matsusaka, where there are few opportunities to enjoy classical music, the Matsusaka Plant sponsors concerts by the Chubu Philharmonic Orchestra and invites local residents as contribution to the local community.



Corporate Citizenship

Employees, Local Communities

Sumitomo Riko Group Corporate Citizenship Activities: Contribution to Civil Activities



Social contribution by utilizing the strengths of civic organizations

Examining social contribution activities, we have to admit that the amount of work Sumitomo Riko can perform alone to resolve issues directly is limited. That is why we decided to establish a subsidy system with the belief that our financial support for communities accelerates the achievement of our goals (five priorities) while contributing to the development of civic organizations at the same time. We aim to establish the subsidy system as an intermediary to support for local communities.

Sumitomo Riko Subsidy for Developing the Dreams, Town and People

Sumitomo Riko offers subsidies for civic organizations which tackle with social issues related to five priorities of Sumitomo Riko's corporate citizenship activities.

This subsidy includes two courses; "Dream course" supports new activities and "Town and People course" is awarded to activities which fill public interests and/or are large scale. It awards four activities and two activities per year respectively. Activities are selected by experts, NPOs and Sumitomo Riko.

This system was established in cooperation with the NPO Komaki Civil Activities Support Network in 2010, and its coverage was expanded into five cities and two towns in Kita-Owari area (Komaki city, Kasugai city, Iwakura city, Konan city, Inuyama city, Oguchi town and Fuso town) in 2014. In addition, Sumitomo Riko launched the same subsidy system in cooperation with NPO M-bridge in Matsusaka City in 2012. It covers 4 cities and towns in the area (Matsusaka city, Meiwa town, Taki town and Odai town) where Matsusaka Plant is located. Further, cooperating with Ayabe Volunteer Center, Sumitomo Riko established the same subsidy system covering Ayabe city in September 2016. In fiscal 2017, we will launch the subsidy program "Sumitomo Riko Subsidy for Developing the Dreams, Town and People in Susono, Gotemba, and Nagaizumi" in the eastern area of Shizuoka Prefecture where the Fuji-Susono Plant is located. As a result, our subsidy program will cover four areas. Sumitomo Riko is considering the development of this subsidy in areas where our production sites are based in.

Sumitomo Riko and organizations in cooperation with us will inform detailed information for subsidy (Information is available in every April in Ayabe area, July in Kita-Owari area and August in Matsusaka area and Fuji-Susono area).



SUMITOMO RIKO Company Limited
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Corporate Citizenship

Employees, Local Communities, Global Environment

Sumitomo Riko Group Corporate Citizenship Activities: Contribution to the Promotion of Coexistence with the Natural Environment



Do what we can as a part of the natural ecosystem

In pursuing business activities, Sumitomo Riko not only promotes eco-friendly manufacturing but also encourages each employee to do what he or she can as a part of the natural ecosystem. We promote activities from cleanups of the immediate area to afforestation step by step.

Sumitomo Riko Afforestation Project

Sumitomo Riko (Tokai Rubber at the time) approves the aim of the Nagano Prefecture's re-forestation promotion project and concluded a "foster parent" contract on July 1, 2008, a contract with the municipal government of Ikeda-machi, Kitaazumi-gun in Nagano Prefecture. As part of activities to conserve the global environment, this promotes re-forestation for CO₂ sink.

Under Nagano Prefecture's evaluation/certification scheme for carbon absorption efforts, Sumitomo Riko receives certification for achieving absorption every year from the Nagano Prefectural office.

Nagano Prefecture started the scheme in 2009, and Sumitomo Riko was the first organization to be certified as a supporter. Accumulated absorption by fiscal 2018 is 2,256.5 tons.

Sumitomo Riko provides not only financial support but also sends volunteer employees to the forests twice a year: in spring and fall. These volunteers stay overnight near the project site, to spend two days conducting tree-thinning, pruning and planting operations under the instruction of local residents. In addition, volunteers participate in various programs, including hands-on agricultural experience seminars, cooking local cuisine and social gatherings to promote a friendly exchange with local residents in the Hirotsu district.



Sumitomo Riko Afforestation Project in Matsusaka

In support of Mie Prefecture corporation's re-forestation project, Mie Prefecture, Matsusaka City, local forest owners in Seizu and Sumitomo Riko (then Tokai Rubber) concluded a four-party agreement on the five-year re-forestation project that covers the area of 24.5 hectares on August 26, 2010. Sumitomo Riko is the 19th company in Mie Prefecture to participate in forest conservation activities. However, a four-party agreement, which includes employees' participation in forest conservation activities in contracted forests, is the first case in Mie prefecture, while the contract area was the largest (as of 2019).

Every year in spring and autumn, employee volunteers engage in forest conservation activities and exchange activities with the local residents.



Tokai Chemical Industries Mitake-no-Mori Activities

In May 2017, Tokai Chemical Industries entered into an agreement with Mitake-cho and Gifu Prefecture for collaboration on forestation. With a view to realizing a sustainable low-carbon society and handing over a flourishing natural environment to the next generation, Tokai Chemical Industries' employees and other stakeholders provide support for the protection of forests owned by Mitake-cho, where Tokai Chemical Industries' headquarters plant is located, and for the rehabilitation of the Satoyama (woodlands near populated areas).



As certified by the governor of Gifu Prefecture, 290 tons of CO₂ will be absorbed through these forestation activities over the next 50 years.

In addition to monthly forest improvement activities by the employees, company-wide events are held three times a year, in spring, summer, and autumn, which include exchanges with local residents.

Cleanup Activities

At plants of Sumitomo Riko and group companies including Tokai Chemical Industries, employees regularly volunteer to conduct the clean-up of surrounding areas. More than 100 employees of the Sumitomo Riko Group participate in the clean-up activities and conservation in the Oyama River that flows near the head office of Sumitomo Riko in Komaki City, Aichi Prefecture.



Corporate Citizenship

Employees, Local Communities

Sumitomo Riko Group Corporate Citizenship Activities: Support for Volunteer Activities of Employees



Encourage volunteer activities that local communities will appreciate and employees can obtain satisfaction

With the aim of promoting activities through the participation of individual employees, Sumitomo Riko supports the "Sumitomo Riko Attaka Club," which organizes employee volunteers, and conducts activities that local communities will appreciate and the volunteers can obtain satisfaction.

Sumitomo Riko Attaka Club

The "Sumitomo Riko Attaka Club" is a volunteer organization that consists of current and former employees of the Sumitomo Riko Group. Throughout the year, the club conducts independent projects and participates in projects organized by other organizations and volunteer activities for civil activities organizations.

Over 1,400 members (as of the end of March 2019) of five local clubs, such as the Komaki Club, are engaged in various activities. The "Sumitomo Riko Attaka Club" has been operating, since its foundation, a 'points program', as an incentive for the activities the members participate in. Those who have collected 200 points become eligible to receive certification and make a donation to their preferred civil activities organization with one Attaka point equivalent to 10 yen, while various organizations receive that donation every year.

The volunteer support center (known as "Sumitomo Riko Attaka Support Center") within the Social Contribution Program Planning Office serves as the office for the "Sumitomo Riko Attaka Club". Moreover, "Sumitomo Riko Attaka Support Center Branch" has been established within general affairs section at each plant, to support for employee volunteer activities and manage the "Sumitomo Riko Attaka Network" volunteer support system. Sumitomo Riko operates an information website called the Sumitomo Riko Attaka Network as an information portal for volunteer activities of the Sumitomo Riko Attaka Club. It provides information on company projects, club projects and projects from participated external organizations and match employees and activities.

Sumitomo Riko is seeking organizations that seek volunteers and events.

For details, see "[Sumitomo Riko Attaka Network.](#)"

(Internet website URL, Japanese only)

<http://tri.genki365.net/>



The Sumitomo Riko Attaka Fund (General Incorporated Foundation)

The "Sumitomo Riko Attaka Fund" supports monetary donations by employees. Registered employees donate anywhere between one to ten "donation units". One "unit" is equivalent to 100 yen and a maximum of ten units are deducted from their salaries. As a matching contribution, the Company donates the same amount to the Fund. The Fund is used to support the "Sumitomo Riko Attaka Club", organizations tackling social issues and disaster victims. Based on this Fund, Sumitomo Riko started the "Attaka Tickets Project" in 2013 to support victims of the Great East Japan Earthquake and began participating in a project to establish the Aichi model for education using donations in 2018. About 560 employees were registered with this Fund as of the end of March 2019.

The Fund became a "general incorporated foundation" in November, 2014.

Sumitomo Riko "Pro Bono" Program

To promote employees' participation in society, Sumitomo Riko has started the Sumitomo Riko "pro bono" program.

"Pro bono" means voluntarily work by professionals contributing to society by using their specific knowledge and skills acquired through their professions.

Under this program, participants receive six-time preliminary training sessions, jointly with those of other companies, for the purpose of providing consulting services to non-profit organizations (NPOs) in Central Japan Area. Afterwards, members are selected and they can provide consulting services to NPOs. The program gives employees great opportunities for making exchanges with other departments within Sumitomo Riko and expanding their horizons to areas beyond the company.

This program started in 2013 and was undertaken for the sixth time in 2018. 45 Sumitomo Riko employees have joined so far. Members received various preliminary training from lecturers of several companies, the administrators, universities, and non-profit organizations (NPOs) who are active in the front-lines, and then provided consulting services for civil organizations such as NPOs.

Sumitomo Riko will keep promoting this program as a social contribution activity which returns working experiences to societies, and actively supporting employees' participation in society.



Volunteer Leave and Leave-of-absence System

Sumitomo Riko established a volunteer leave and leave-of-absence system in 1999 and employees can take up to 3 days volunteer leave and up to 3 years as a leave of absence.

We think that contributing to the development of society and culture through participation in social activities will establish attractive corporate culture and develop better professionalism by fostering citizenship, social skills and cultural awareness of employees.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Corporate Citizenship

Employees, Local Communities

Sumitomo Riko Group Corporate Citizenship Activities: Activities of Sumitomo Riko Group Overseas



Developing unique activities as a global company in each country based on the philosophy

In overseas offices, Sumitomo Riko is developing activities for each country in line with our corporate philosophy on social contributions and activities policy.

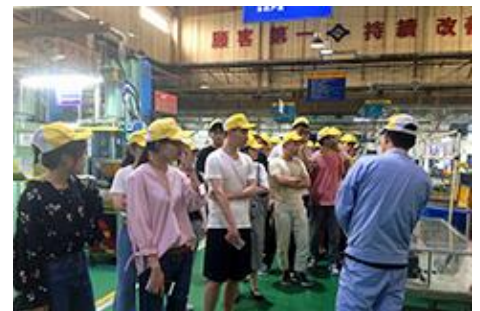
University Scholarship Programs at Group Companies in the US

Both SumiRiko Ohio, Inc. (Former DTR Industries, Inc.) and SumiRiko Tennessee, Inc. (Former DTR Tennessee, Inc.) located in the US established four-year University Scholarship Programs. SumiRiko Ohio, Inc. and SumiRiko Tennessee, Inc. offer scholarships to approximately 10 outstanding graduates of Bluffton High School and high schools in Greene County and Claiborne County respectively (after screening).

Industry-academia-government Collaboration Promoted by TOKAI RUBBER (JIAXING) Co., Ltd. (TRJ)

TOKAI RUBBER (JIAXING) Co., Ltd. (TRJ) has been supporting outstanding students studying mechanical automotive engineering at the Tongji Zhejiang College located nearby with their graduation studies and to enhance their employabilities after graduation. In this initiative, prior to graduation, TRJ staff members offer students guidance on practical training and graduation studies. Not only their graduation studies are improved, but also they can gain work experience at the company, which enable them to quickly adapt themselves to the needs of manufacturing following graduation.

Thus, this initiative has been beneficial to both the college and TRJ. Going forward, TRJ intends to file an application for an off-campus training venue for students in Zhejiang Province and launch a science and technology project in cooperation with the college to promote industry-academia-government collaboration.



Lunch Party for Children with Disabilities by SRK-CP in Thailand

SumiRiko Chemical and Plastic Products (Thailand) Ltd. (SRK-CP) organized a lunch party for children with disabilities at Special Education Center Region 12 Chonburi on June 14, 2018. Managing Director Kenya Saito and 50 employees participated in the event and provided food and school supplies to children with a budget of 10,000 baht. All children at this school are disabled and some are unable to help themselves. We held the activity to encourage these underprivileged children because we recognize the importance of them and their growth to be good citizens of the nation. This is in line with SRK-CP's policy to make Thai people love and believe in the company. As a result, the company and the community are able to live together happily.



Diversity

Employees

Diversity Management



Message from the Chairperson

Message from the Chairperson of Diversity Committee

In accordance with the Sumitomo Riko Group Management Philosophy, which states, "We will foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality," respect for diversity is at the heart of our management. Considering that nearly 80% of Sumitomo Riko Group employees work in countries other than Japan, it has become increasingly important to promote and respect diversity.

Established in 2015 under the CSR Committee, the Diversity Committee, whose membership comprises not only people who are directly involved in the Group's HR but also those from business units, is promoting initiatives from a cross-functional perspective. The Sumitomo Riko Group announced the Sumitomo Riko Group 2022 Vision (2022V) in May 2018 and, as a prerequisite for its achievement, we aim to create social value by enhancing corporate value corresponding to financial objectives and public value corresponding to non-financial objectives. In order to contribute to the enhancement of public value, through discussions at the Diversity Committee and dialogues with employees, we are determined to foster an invigorating corporate culture befitting a truly global enterprise that respects individuality and enables individuals to display their full potential. Our aim is to become an open enterprise where everyone can work with peace of mind.

I appreciate our stakeholders' understanding and support of the Group's HR initiatives and commitment to diversity.



Hirohisa Maeda

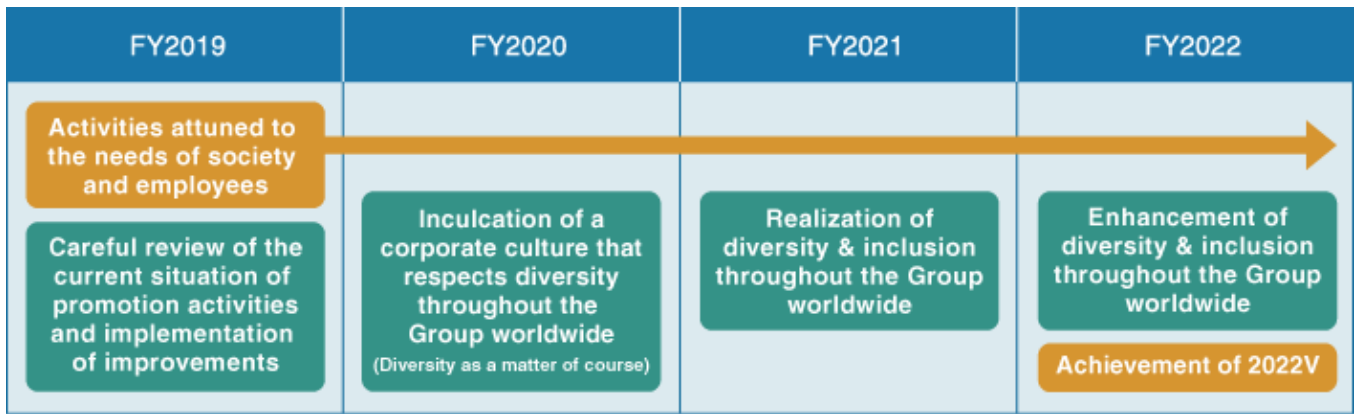
Chairperson of Diversity Committee
Director, Senior Managing Executive Officer

Approach to Diversity Management

The Sumitomo Riko Group Management Philosophy proclaims, "We will foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality." The Group engages in diversity promotion activities to create an environment in which people from diverse backgrounds can work with vigor and enthusiasm.



Mid-term Vision, Results and Challenges for Diversity



(1) Items implemented in fiscal 2018 and challenges

1) Corporate culture where diverse human resources can demonstrate their full potential, awareness reform, and creation of an inclusive environment

The proportion of women to all recruits was 25.4% (below the target of 30%).

An internal questionnaire survey about nursing care was conducted for the first time. Potential needs for balancing work and nursing care were confirmed.

2) Work style reform

The target for the paid holiday utilization rate (65%) was achieved.

A flexible time system with short working hours was introduced, which enables more flexible work styles for employees engaged in childrearing and nursing care.

3) Awareness raising and education to promote diversity

Diversity training was conducted as part of the principal position-specific training.

<Challenges>

Although a certain number of women were recruited, the proportion of women to all recruits fell short of the target.

Regarding the internal survey on nursing care, it is necessary to review the results in detail and implement measures attuned to needs.

Awareness-raising activities encompassing a wider range of positions are necessary to inculcate diversity.

(2) Targets for fiscal 2019

1) Empowerment of diverse human resources to enable them to demonstrate their full potential

Clarification of the actual situation to create a good working environment

Achievement of the target (30%) for the proportion of women to all recruits

Promotion of employment of people with disabilities

2) Work style reform

Clarification of the actual situation and review of the current reform of systems to implement necessary improvements

Strengthening of systems to support balancing work and nursing care

3) Awareness reform and cultivation of corporate culture

Distribution of information using the website and internal newsletters and strengthening of information dissemination capabilities

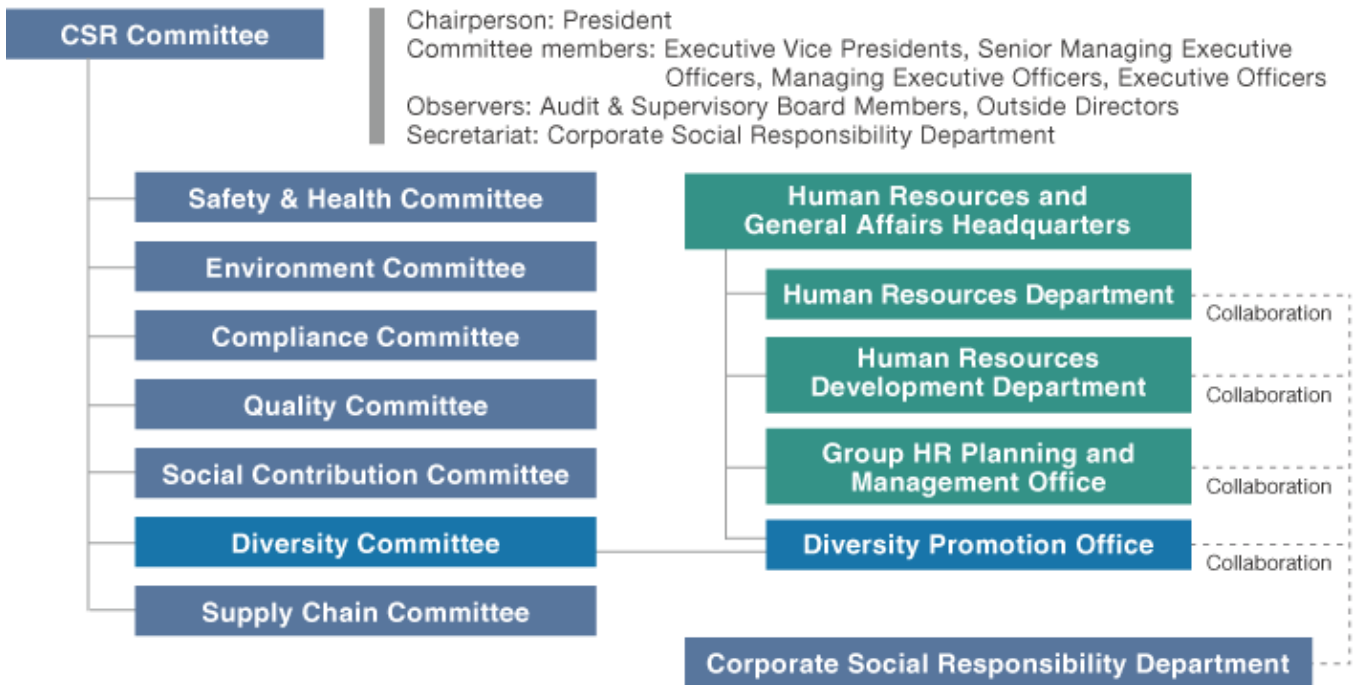
Awareness-raising activities through training

4) Clarification of actual situations at overseas sites

Conducting of a survey to clarify actual situations

Diversity Promotion Structure

At Sumitomo Riko, the Diversity Committee and the Diversity Promotion Office are taking the initiative to communicate the principles of diversity and are implementing measures throughout the Group. The Diversity Promotion Office is working to establish specific systems and improve the internal environment in cooperation with the Corporate Social Responsibility Department, the Human Resources Department, the Human Resources Development Department, and the Group HR Planning and Management Office.



Diversity

Employees

Promoting Diversity



Respect for Diversity

Sumitomo Riko engages in a variety of activities to promote respect for diversity throughout the Group.



Internal diversity training

We include diversity training in level-specific training, such as new employee training, training at the time of promotion, and training for newly appointed section managers. Diversity training covers basic knowledge of diversity, Sumitomo Riko's initiatives, case studies, etc. Various approaches are adopted corresponding to trainees' needs in order to deepen their understanding of diversity.



Support of female career development

Participation in SWING, the Sumitomo Electric Group's female employee network

SWING provides opportunities for female employees of the Sumitomo Electric Group to improve skills across company boundaries and encourage network building for the purpose of nurturing female employees, contributing to their skill development, and supporting the advancement of women at Group companies.

Currently, HR Department employees of Sumitomo Electric Industries, Sumitomo Wiring Systems, Nissin Electric, and Sumitomo Riko serve as the secretariat for SWING. The SWING* Forum for Women in General Office Work (Clerical Work) bringing together female employees of the Sumitomo Electric Group has been held on a continuous basis since fiscal 2017.

* SWING: Abbreviation of the "S(umitomo Electric Group) W(omen's) I(nnovative) N(etworking) G(roup)"



Ratio of female managers

The ratio of female managers at Sumitomo Riko was 1.05% as of the end of fiscal 2018. This figure is below the average for rubber product manufacturers (2.8%) according to the "average ratio of female managers by industry" (as of April 2019, source: Ministry of Health, Labour and Welfare).

Setting the target of a ratio of female managers of 3.80% in 2022, we are implementing measures concerning recruitment, training, systems, etc. In recruitment, our target is for women to account for 30% or more of the total recruits. We are also enriching measures supporting childrearing and nursing care so that female employees can continue to work with peace of mind. Furthermore, we are offering networking opportunities internally and externally as well as training to selected female employees who wish to pursue careers.

FY	2016	2017	2018	2022(target)
Ratio of female personnel with managerial positions	1.17%	1.01%	1.05%	3.80%

Promotion of employment of people with disabilities

SumiRiko Joyful, a special-purpose subsidiary

Sumitomo Riko is hiring people with disabilities to work in various departments. Based on the understanding of the workplaces, jobs are assigned corresponding to the person's aptitude. We established a special-purpose subsidiary, SumiRiko Joyful, in November 2013 to facilitate employment of people with disabilities and for social contributions. The range of work has expanded with each successive year to include collection and delivery of internal mail, management of the document archive, printing, document digitization, and cleaning. They are engaged in work suited to their personalities. We will endeavor to secure employment of more people with disabilities by expanding the scope of the work.



Change in the percentage of employees with disabilities

FY	2016	2017	2018
Percentage of employees with disabilities	2.47%	2.44%	2.26%

*"Change in the percentage of employees with disabilities" shows data of Sumitomo Riko (including SumiRiko Joyful).

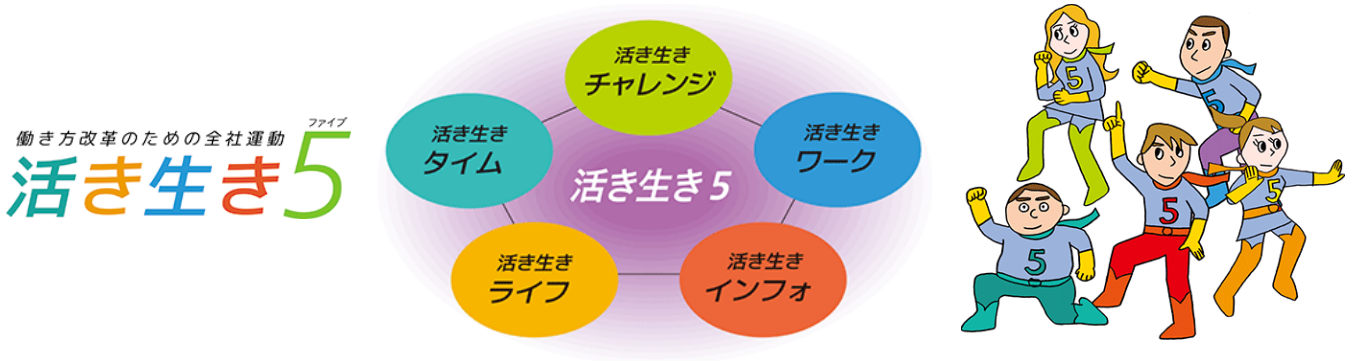
Diverse Work Styles

Sumitomo Riko engages in various initiatives that enable employees to pursue diverse work styles.

"Ikiiki 5" work style reform campaign

In April 2017 we launched "Ikiiki 5," a Company-wide campaign to increase operational efficiency, reduce working hours, promote utilization of paid holidays, and promote diverse work styles. "Ikiiki" refers to circumstances in which everyone works vigorously and happily, in good health, and with a sense of purpose in life. "5" refers to the following three aims.

1. Mindfulness of leaving work on time (at 5:00 pm)
2. Limiting overtime to a maximum of 5 hours per day
3. 5% reduction in total annual working hours



Internal employment support programs

To enable each employee to achieve a work-life balance, Sumitomo Riko has instituted programs such as "Birthday Leave," "Refresh Leave," whereby employees can take up to five consecutive days of leave depending on their years of service at Sumitomo Riko, and "Volunteer Leave" used for volunteer activities.

We have been continually upgrading systems to support childcare and nursing care. Systems introduced since 2017 include a work-at-home system, expansion of eligibility for the short-time work system, a flexible time system with short working hours, and a reemployment system for employees who left the company. We will continue to enrich the systems to help employees achieve a work-life balance.



Outline of our support programs for childrearing and family care and the number of users

Support for childrearing

Program	Outline	FY2016	FY2017	FY2018
On-site daycare center	Koala Pokke within the Komaki Plant site can accommodate up to 40 children, ranging from infants to those who are not yet at elementary school.	38	28	27

Program	Outline	FY2016	FY2017	FY2018
Parental leave	Maternity leave can be taken from 6 weeks prior to the expected birth date until 8 weeks after giving birth. Childcare leave can be taken upon completion of maternity leave until the day before the child reaches the age of 2.	40	43	19
Shorter hours and flexible time system	Since fiscal 2018, eligibility has been expanded from a child under the age of 3 to the period until the child enters third grade at elementary school, and the flexible time system was introduced.	30	36	20
Childrearing flextime	Employees rearing a child who has not completed elementary education can set the time they start and finish work at their own discretion.	63	72	76
Child sick leave	Special leave for looking after a child who has not reached elementary school age and is injured or ill. Can be taken up to 5 days a year.	13	19	16
Childcare holiday	Employees rearing a child under 1 year old can take up to 5 successive business days off.	34	48	36
Work at home	Can work at home for a maximum of 13 days per month.	-	-	13

Support for family care (available for employees with a family member requiring nursing care)

Program	Outline	FY2016	FY2017	FY2018
Nursing care leave	Can take up to 365 days nursing care leave for one reason.	3	2	1
Shorter hours and flexible time system with short working hours	Can shorten the working hours by a maximum of 2 hours per day.	1	0	1
Short-term family care holiday	Can take up to 5 days a year for 1 care receiver or up to 10 days a year for 2 or more care receivers. (Can be taken on a half-day basis.)	5	6	6
Family care flextime	If they wish, employees can set the time they start and finish work at their own discretion.	1	3	4
Work at home	Can work at home for a maximum of 13 days per month.	-	-	0

Formulation of a General Employer Action Plan and External Evaluation and Award

Formulation of a general employer action plan

An employer is required to formulate a general employer action plan for development of an employment environment and diverse working conditions that enable employees, regardless of whether they are raising children, to achieve a work-life balance. The plan includes 1) the period covered by the plan, 2) targets,

and 3) concrete measures to achieve the targets and the implementation period.

Sumitomo Riko has formulated a general employer action plan designed to expand women's employment, help female employees achieve a work-life balance conducive to their participation and advancement, and to improve the workplace environment. The Company is working to achieve the plan.

The Sumitomo Riko general employer action plan

1. Plan period

April 1, 2019 to March 31, 2023

2. Quantitative targets

- 1) Correction of long working hours, improvement of the workplace culture that makes it difficult to take paid holidays
Target: Maintain a paid holiday utilization rate of at least 65% and aim higher
- 2) Enrichment of systems to help employees balance work and childcare or work and nursing care, and promotion of activities to raise awareness and enhance understanding among employees
Target: Thorough provision of information to employees who require information and their superiors
- 3) Expansion of recruitment of women and retention of female employees
Target: Achieve a proportion of women to all recruits of at least 30% and improve the environment so that female employees can continue to work with peace of mind

Eruboshi (two stars: Level 2)

Eruboshi is a system for certification by the Minister of Health, Labour and Welfare. Of the companies that formulate an action plan for women's participation and advancement in the workplace and submit it to the labor bureau, companies with outstanding performance will receive a certification. The certification criteria consist of (1) recruitment, (2) retention, (3) working hours and other work-style-related data, (4) ratio of female managers, and (5) diversity of career paths. There are three levels, from one star to three stars. Sumitomo Riko satisfies the requirements with respect to four criteria, "recruitment" being the exception, and received the two-star Level 2 certification in March 2017. In order to receive the three-star Level 3 certification, we are working to satisfy the requirements for the remaining item.



The Kurumin mark

The Kurumin mark indicates certification by the Minister of Health, Labour and Welfare as a company that supports childcare. Companies that have formulated a general employer action plan pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children and have achieved the targets in their plans and satisfied certain criteria may apply for certification by the Minister of Health, Labour and Welfare as a company that supports childcare (Kurumin certification). Sumitomo Riko obtained the Kurumin mark in March 2016.




Family-Friendly Company

"Family-Friendly Companies" are defined as companies that actively engage in initiatives to enable employees to achieve a work-life balance. Aichi Prefecture has set up a registration system to encourage companies to strive to realize a work-life balance for their employees and publicize their initiatives. In 2009, Sumitomo Riko was selected from among registered family-friendly companies to receive a commendation from the governor of Aichi Prefecture as a company engaging in excellent activities that serve as a model for others, such as establishing onsite daycare centers.



Related information: [Family-Friendly Company good practices case study \(Sumitomo Riko \[formerly Tokai Rubber Industries\]\)](#) 

Tomonin Mark

The "Tomonin Mark" can be used by companies committed to developing a workplace environment in which employees can balance work and nursing care. Sumitomo Riko has disclosed its initiatives on the [Ryouritsu Shien no Hiroba](#)  (support for balancing work and nursing care) website of the Ministry of Health, Labour and Welfare and is striving for further improvement of the environment.



 **SUMITOMO RIKO Company Limited** 

[Inquiry](#) 

Diversity

Customers, Employees

Creation of a Good Working Environment

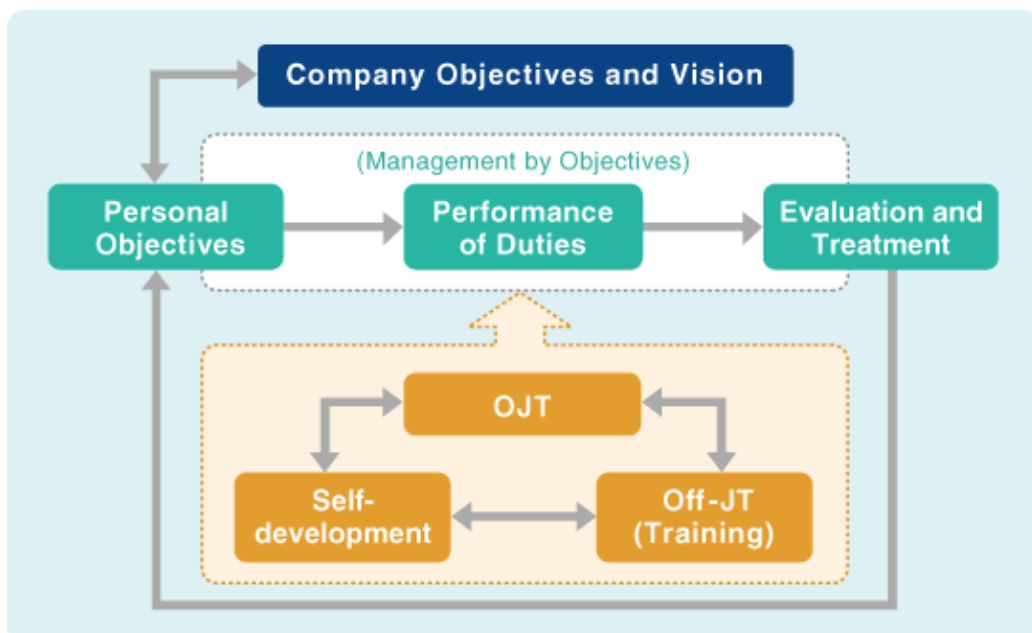


Human Resources Development

Based on the conviction that "human resources development is at the heart of every successful business strategy," Sumitomo Riko offers a range of education and training programs, including basic and periodic training, position-specific training, and needs-based training. These programs are designed to inculcate the Company's basic philosophy in employees, improve skills, and develop logical thinking. The "Basic Education for All Employees" is a long-established program for all employees, including employees of Group companies, designed to inculcate the basic philosophy. Since fiscal 2017, we have accelerated global human resources development and adopted the "missionary system," whereby executives of overseas sites receive face-to-face training in the U.S. or China and transfer what they learned through the training to their business sites. Some 2,200 executives have participated in this program. In fiscal 2018, we expanded this training to cover executives in Europe and Southeast Asia. Over 10,000 employees have participated in the training.



For systematic training of senior executives, we have been operating the Management Cram School (since fiscal 2013) for those in managerial positions (department general manager and manager positions) and the Advanced Management Cram School (since 2017) for higher management such as Executive Officers. In view of changing needs, we will introduce appropriate human resources development programs in a timely manner.



Number of participants in human resources development programs (FY2018)

Program	Needs-based training	Position-specific training	Basic and periodic training	Total
Number of participants	981	1,637	8,593	11,211

Good Labor-Management Relations

In 1987, Sumitomo Riko announced the "labor-management declaration," in which mutual trust and cooperation between employees and management are emphasized, with the ultimate goal of maintaining the prosperity of the Company and attaining a stable, improved quality of life for employees, as a result of the Company's growth. In the spirit of this declaration, the Labor-Management Committee, covering issues such as working hours, wages, health & safety and welfare, is improving various systems. In the case that restructuring, reorientation or any other substantial initiative is contemplated with respect to the business, management provides a thorough explanation to the labor union and engages in frank discussion with the labor union to achieve a consensus. We aim to further strengthen labor-management relations.



SUMITOMO RIKO Company Limited

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Diversity

Customers, Employees

Creation of a Good Working Environment

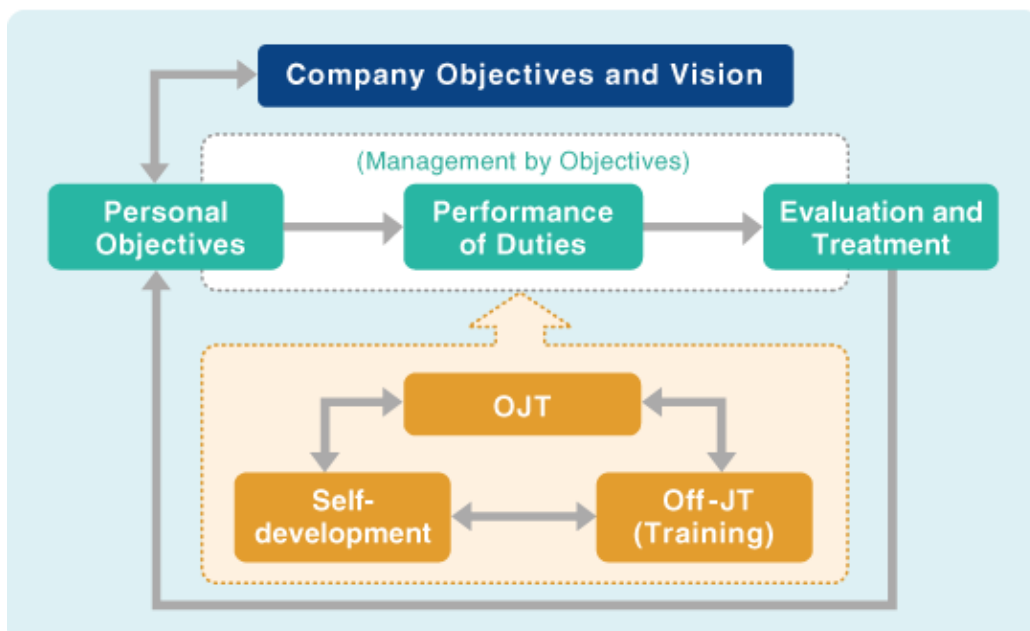


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SUMITOMO RIKO Company Limited

[Inquiry](#)

Supply Chain

Shareholders and Investors, Suppliers and Other Trade Partners

CSR Management on Supply Chain



Message from the Chairperson

Message from the Chairperson of Supply Chain Committee

Amid rising expectations of stakeholders on the commitment of companies towards corporate social responsibility (CSR), we are now facing a time where the quality of CSR activities at suppliers and other trade partners is questioned. In response, the Sumitomo Riko Group has been emphasizing CSR of the supply chain, including establishment of the "CSR Guidelines for Sumitomo Riko Group Suppliers." The Supply Chain Committee established in 2014 under the CSR Committee is stepping up activities from a Group-wide, global perspective.



In order to ensure stable business activities, the Supply Chain Committee formulates a business continuity plan (BCP), which involves securing the cooperation of suppliers worldwide, promote environmentally conscious procurement, and compliance. In addition, the Committee is spearheading cross-functional activities that respect the principles of the United Nations Global Compact to which the Company is a signatory. We need the support and cooperation of our stakeholders, above all, of our suppliers, to ensure the success of these initiatives. I would greatly appreciate our stakeholders' further understanding, cooperation and guidance.

Tsukasa Oshima

Chairperson of Supply Chain Committee
Managing Executive Officer

Approach to Procurement

Sumitomo Riko's procurement activities are governed by the "Basic Policy on Transactions" and the "Code of Conduct", which were established in May 2006. We issued the "CSR Guidelines for Sumitomo Riko Group Suppliers" in November 2011. In October 2014, taking the opportunity of the endorsement of the United Nations Global Compact, we revised the "Sumitomo Riko Group Supplier CSR Guidelines" by adding responses to conflict minerals, anti-corruption measures and other items.

We have declared to internal and external stakeholders that we will operate our business in compliance with the Basic Policy on Transactions, the Code of Conduct, and the Guidelines. We also seek our suppliers' cooperation in order to ensure transparency. For example, we request our suppliers to inform the point of contact for compliance-related matters if they detect any inappropriate behavior in our procurement activities.

Basic Policy on Transaction

We consider Sumitomo Riko and its suppliers to be partners on an equal footing, and therefore we ensure that all transactions are conducted in a fair and transparent manner and that promises and contracts are always respected.

Code of Conduct (For Sumitomo Riko Employees)

1. The selection of clients should be implemented in accordance with guidelines related to procurement. (We never decide and support a specific supplier due to personal reasons.)
2. All determinations on terms and conditions of transaction and releases of information to clients should be made in a fair manner.
3. Sumitomo Riko shall pay significant attention to management of the confidential information regarding suppliers and must not use such information for any purposes other than procurement activities.
4. Sumitomo Riko must not accept from its suppliers, nor ask a supplier for, any remuneration such as a gift or entertainment that exceeds the scope of social norms.

Reaction to Violations

If our employees violate the matters outlined above, we will take firm action as specified in employment regulations.

Basic Transaction Agreement

In fiscal 2018, we revised the template of the basic transaction agreement, which we conclude with our suppliers. Provisions on matters, such as ensuring compliance with laws and regulations, protection of personal information, elimination of antisocial forces, and promotion of socially responsible procurement, were newly included. In the agreements with our suppliers, we have clarified our resolve to promote socially responsible procurement throughout the supply chain in cooperation with our suppliers.

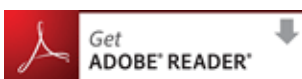
Sumitomo Riko Group Supplier CSR Guidelines

We distribute the "Sumitomo Riko Group Supplier CSR Guidelines" to our suppliers to communicate our approach to socially responsible procurement and the specific code of conduct. We also request our suppliers to communicate Sumitomo Riko's policy on socially responsible procurement to their suppliers so as to promote socially responsible procurement throughout the supply chain.

CSR guidelines for suppliers, English 3rd edition (515KB)

CSR guidelines for suppliers, Japanese 3rd edition (446KB)

CSR guidelines for suppliers, Chinese 3rd edition (467KB)



To display and print PDF files of web contents, Adobe Acrobat Reader is required. Adobe Acrobat Reader can be downloaded from the website of Adobe Systems free of

charge.

Establishment of the Supply Chain Committee

In July 2014, Sumitomo Riko established the Supply Chain Committee as a sub-committee of the CSR Committee. The organizational structure of the Supply Chain Committee is designed to respond to the Group's globalization and the increasing complexity of the supply chain. The Supply Chain Committee checks various activities of the Group concerning socially responsible procurement (activities concerning the environment, compliance, risk management, and other CSR-related themes) and provides guidance. By sharing the Group's activities with suppliers and by collaborating with them, the Supply Chain Committee spearheads the Group's initiatives to implement and strengthen socially responsible procurement throughout the supply chain.

Mid-term Vision for Procurement Activities

In procurement activities conducted across the business units, including domestic and overseas Group companies, the Group will systematically implement the following four items to strengthen cooperation with suppliers and pursue enhancement of management functions and mitigation of latent risks by increasing efficiency and speed in procurement management operations.

1. Strengthening of the supply chain:

We will strengthen mutual communication with suppliers, through unified management of information related to transactions with suppliers, CSR questionnaire surveys, etc., in order to implement socially responsible procurement and will strengthen the foundation for procurement management.

2. Legal, regulatory and contract-related matters:

We will collaborate with our suppliers to ensure compliance with laws and regulations and promotion of socially responsible procurement, in order to meet customer expectations by implementing a procurement system capable of responding to the evaluations of third-party auditing organizations, such as the Responsible Business Alliance (RBA)*.

3. Crisis management:

We will enhance supplier information in order to further strengthen the risk management structure globally.

4. Education and awareness-raising activities:

We will seek to increase understanding and awareness of procurement-related compliance by continuously engaging in education and awareness-raising activities within the Group by utilizing training and e-learning.

* RBA:

The Electronic Industry Citizenship Coalition (EICC) changed its name to the Responsible Business Alliance (RBA) in October 2017. The RBA is an NGO which major electronic products manufacturers established in 2004 to strengthen efforts to address social, environmental, and ethical issues concerning supply chains by preparing and following a common code of conduct. The RBA independently conducts surveys and audits of the state of compliance with the code.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Supply Chain

Shareholders and Investors, Suppliers and Other Trade Partners

CSR Activities on Supply Chain



Strengthening the Supply Chain

Monitoring of the status of CSR activities

To practice socially responsible procurement together with our suppliers, we request our suppliers to promote activities that adhere to the Sumitomo Riko Group Supplier CSR Guidelines issued in 2014. Since fiscal 2016 we have been conducting CSR questionnaire surveys of our suppliers as a tool for them to review the extent to which they are compliant with codes of conduct on CSR, and to identify current and future issues.

The questionnaire survey covered major suppliers in Japan in fiscal 2016 and those overseas in fiscal 2017. Going forward, we intend to expand the coverage of the questionnaire survey to suppliers of Group companies globally.*

Through these activities we will work to establish a more robust supply chain by deepening communication with our suppliers and supporting their efforts, as well as informing them of our CSR procurement policy.

* In the Sumitomo Riko Group 2022 Vision (2022V), "Suppliers accounting for at least 90% of the procurement amount in Japan to be covered by the CSR questionnaire survey by fiscal 2020" is set as a KPI.

Coverage of the CSR questionnaire survey and targets

Fiscal year	FY2016	FY2017	FY2018	KPI
Countries covered	Japan (Sumitomo Riko on a non-consolidated basis)	Group companies in Japan and overseas	Sumitomo Riko on a non-consolidated basis, Group companies in Japan and overseas	Group companies in Japan
Number of suppliers covered by the questionnaire survey	245	129	Target: 90% or more of the procurement amount*	Suppliers accounting for at least 90% of the procurement amount in Japan to be covered by the CSR questionnaire survey by fiscal 2020

* In fiscal 2019, we will expand the coverage of the CSR questionnaire survey to achieve the KPI.

Legal, Regulatory and Contract-related Matters

Environmentally conscious procurement

Our Green Procurement Standards for Suppliers identify "prohibited substances" and "substances for which monitoring is required" as defined by laws and regulations as well as additional substances in those categories specified by our customers. The Green Procurement Standards for Suppliers have been revised as necessary to reflect changes in environmental regulations.

In response to the enforcement of the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) EU Regulations, we have required our suppliers to observe the REACH Regulations since January 2008. We also hold briefings for suppliers of materials and components. In these ways, we are striving to raise awareness of our suppliers about REACH and ensure compliance.

At Sumitomo Riko, we will continue reviewing our Green Procurement Standards for Suppliers to reflect changes in environmental regulations in Europe and around the world, and promote a shared understanding among our customers and suppliers.

Green Procurement Standards for Suppliers (Japanese only)



To display and print PDF files of web contents, Adobe Acrobat Reader is required. Adobe Acrobat Reader can be downloaded from the website of Adobe Systems free of charge.

Sustainable procurement of natural rubber

Sumitomo Riko is vigorously promoting dialogues with its suppliers. We have been ascertaining the status of the CSR activities of our secondary suppliers, in addition to those of primary suppliers, step by step. In particular, regarding initiatives concerning natural rubber, which we procure mainly from Southeast Asia, the director in charge of procurement, procurement managers, and other employees of Sumitomo Riko visited natural rubber processors, which are downstream in the supply chain and confirmed that there are no problems concerning the working environment and human rights. We visited two natural rubber processors in Thailand in 2016, natural rubber farms and six natural rubber processors in Indonesia, Malaysia, and Vietnam in 2017, and five natural rubber processors in Thailand, Indonesia, and Vietnam in 2018. Going forward, we will continue on-site inspection and confirmation in cooperation with the international procurement sites in each area. Sumitomo Riko participated in the UN Forum on Business and Human Rights held in Switzerland in November 2016. In a first for a Japanese company, Sumitomo Riko participated in a session as a panelist and presented our initiative on natural rubber procurement. We are promoting sustainable procurement of natural rubber and initiatives for sustainable development of society through communication with various stakeholders.



Related information: [Archive](#)

Stance on conflict minerals

In 2012, Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act came into force with the aim of stopping armed groups engaged in abuse of human rights in the Democratic Republic of Congo (DRC) and adjacent countries from funding through the sale of certain minerals. Section 1502 requires companies that are publicly listed in the U.S. to report any usage of such "conflict minerals" (gold, tantalum, tin and/or tungsten) to the U.S. Securities and Exchange Commission. We conducted a survey to ascertain usage of such minerals by our Group companies and our suppliers. The survey indicated that a number of tin, tantalum, and tungsten compounds are used in our production processes, but that production and trade of none of them have contributed to conflict financing. We continue to conduct a

periodic survey in cooperation with suppliers and report the results to customers in a conscientious manner.

Crisis Management

Sumitomo Riko compiled the basic information list of the global supplier in 2014 to continue promoting quick information management base at the time of the disaster outbreak such as earthquakes. We have established systems that enable swift initial response and implementation of subsequent countermeasures. In 2016, we established a web-based system, including information on secondary suppliers of principal raw materials, for disseminating information to suppliers in a timely manner in the event of an earthquake or other disaster. Using this system for confirming the safety of the supply chain, suppliers will be able to inform Sumitomo Riko whether there is any impact on supply.

Going forward, we will continue to promote establishment of business continuity plans (BCPs) worldwide in cooperation with our suppliers and strengthen our crisis management capabilities.

Education and Awareness-raising Activities

Every year Sumitomo Riko holds an in-house seminar on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontractors Act) for all employees of the Group in Japan, with the head of the procurement department serving as the lecturer. The Global Purchasing Headquarters, which is a member of the Supply Chain Committee, and procurement departments of business units, which are responsible for education and training concerning procurement within the respective business units, provide education and training corresponding to practical needs. Needs are meticulously addressed, such as by responding to requests from other relevant departments and subsidiaries and affiliates to hold workshops at their premises, with an emphasis on Q&A from a practical viewpoint.

Furthermore, education and training for new employees and younger employees as well as e-learning on compliance for all employees are provided periodically to enhance understanding and raise awareness. In addition to the in-house seminar mentioned above, staff of the procurement management departments regularly participate in the seminar on the Subcontractor Act organized by the Small and Medium Enterprise Agency of Japan. Having participated in this seminar, they then provide briefings on the Subcontractor Act at meetings of departments or sections, while also responding to inquiries about practical matters. In this way, they share their knowledge with others throughout the Company.

In March 2015, we established the Sumitomo Riko Group's procurement rules in Japanese, English, and Chinese and applied the rules to subsidiaries and affiliates overseas. We are striving to inculcate socially responsible procurement throughout the Group worldwide. To that end, procurement manager meetings are held in each overseas area, while for suppliers, we hold workshops on socially responsible procurement at suppliers' meetings.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)

Disclosure Policy and Archives

Disclosure Policy

Objective

Appropriately disclose information on public value (non-financial information) of Sumitomo Riko Group to investors, customers, suppliers, students, employees and all other stakeholders in order to gain understanding and thus enhance our corporate value.

Content

Consists of 1) a message from the President, 2) progress of 2022V, 3) CSR activity reports according to themes corresponding to CSR subcommittees, and 4) stakeholder dialogues. Regarding 3), we are striving to clarify PDCA of each activity, by referring to GRI's management approaches.

Scope of report

This report covers Sumitomo Riko Company Limited and its Group companies. The scope of data is indicated individually.

Period covered in report

From April 1st, 2018 to March 31st, 2019 (Fiscal 2018). This report also refers to certain activities that are being undertaken in fiscal 2019 or were carried out in previous years.

Reference guidelines

GRI (Global Reporting Initiative) and others

Independent assurance

In order to ensure reliability (accuracy and objectivity) of information disclosed, assurance is provided by an independent organization and the independent assurance report is disclosed.

Independent Assurance Report for data for fiscal 2018 (1,986KB)

Standards for Calculation of Performance Indicators

Standards for Calculation of Performance Indicators (200KB)

Data Book / Index

CSR Information Data Book 2018 (759KB)

CSR Information Data Book 2017 (622KB)

CSR Information Data Book 2016 (492KB)

CSR Information Data Book 2015 (195KB)

CSR Information Site

CSR Information Site 2018 (5,173KB)

Integrated Report / Annual Report

From 2014, CSR report was integrated into Annual Report.

https://www.sumitomoriko.co.jp/english/ir/integrated_report.html

CSR Report

English ver.

CSR Report 2013 English ver. (PDF : 15,450KB)

CSR Report 2012 English ver. (PDF : 3,421KB)

Chinese ver.

CSR Report 2013 Chinese ver. (PDF : 13,050KB)

CSR Report 2012 Chinese ver. (PDF : 3,421KB)



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