




## Message from the President & CEO

Representative Director and President & CEO  
**Kazushi Shimizu**

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

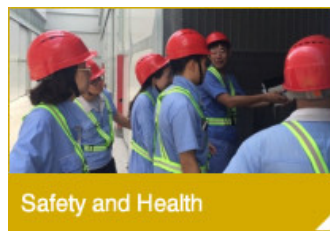
Message from the President & CEO

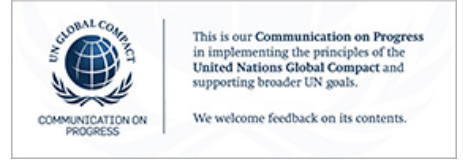
Sumitomo Riko Group 2022 Vision and SDGs

Response to COVID-19 Pandemic



### CSR Activity Reports







Sumitomo Riko Group 2022 Vision and SDGs

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

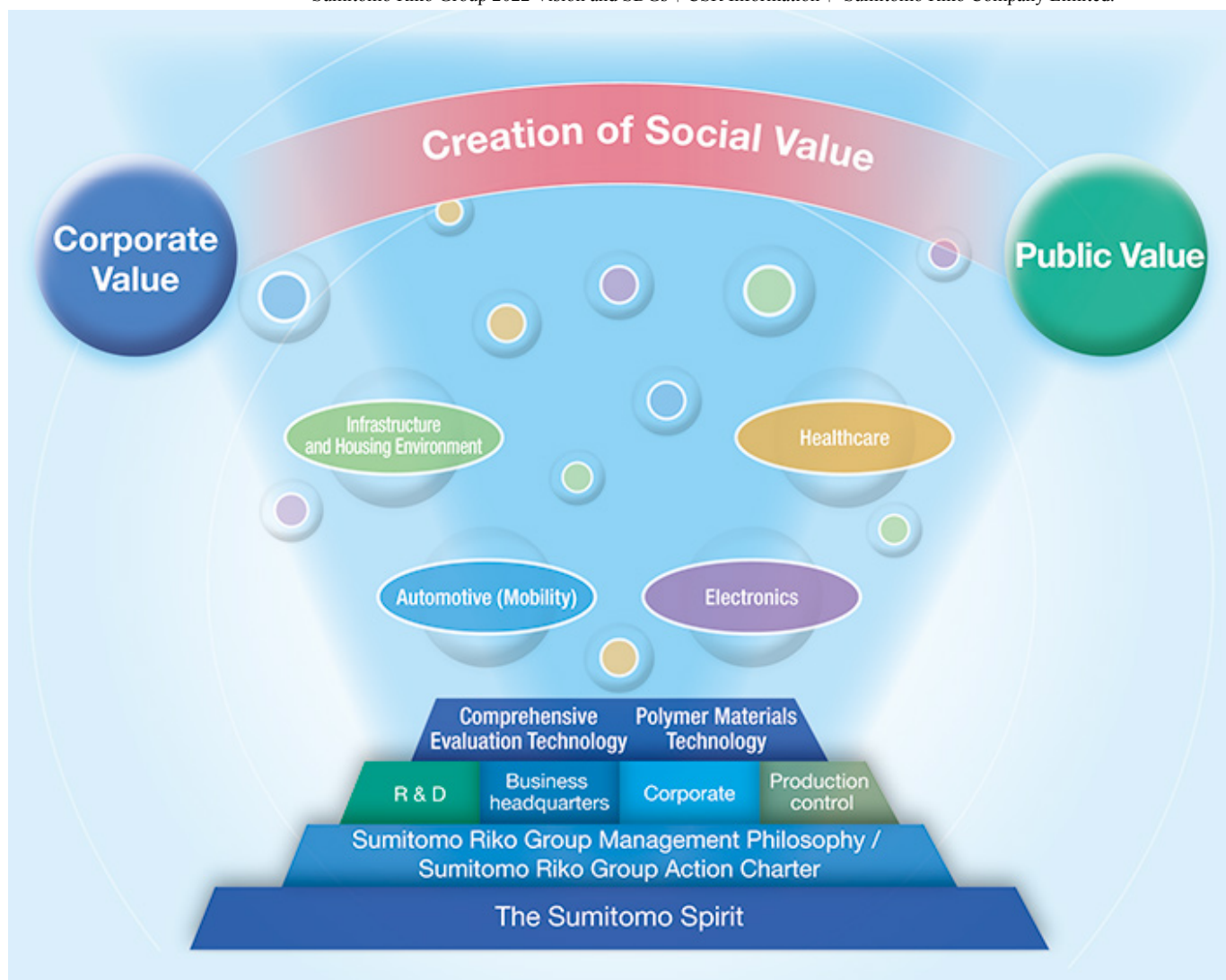


# Global Excellent Manufacturing Company

## Sumitomo Riko Group 2022 Vision and SDGs

## 2022V

Aspiring to become a "Global Excellent Manufacturing Company," that is, "a corporation that contributes to safety, comfort, and the environment for people, society, and the Earth," the Sumitomo Riko Group strategically revised the mid-term management vision formulated in 2016 (2020V) and announced the Sumitomo Riko Group 2022 Vision (2022V) in May 2018.



The Sumitomo Riko Group positions the creation of social value through enhancement of corporate value and public value as the fundamental premise of 2022V.

Specifically, our mission is twofold.

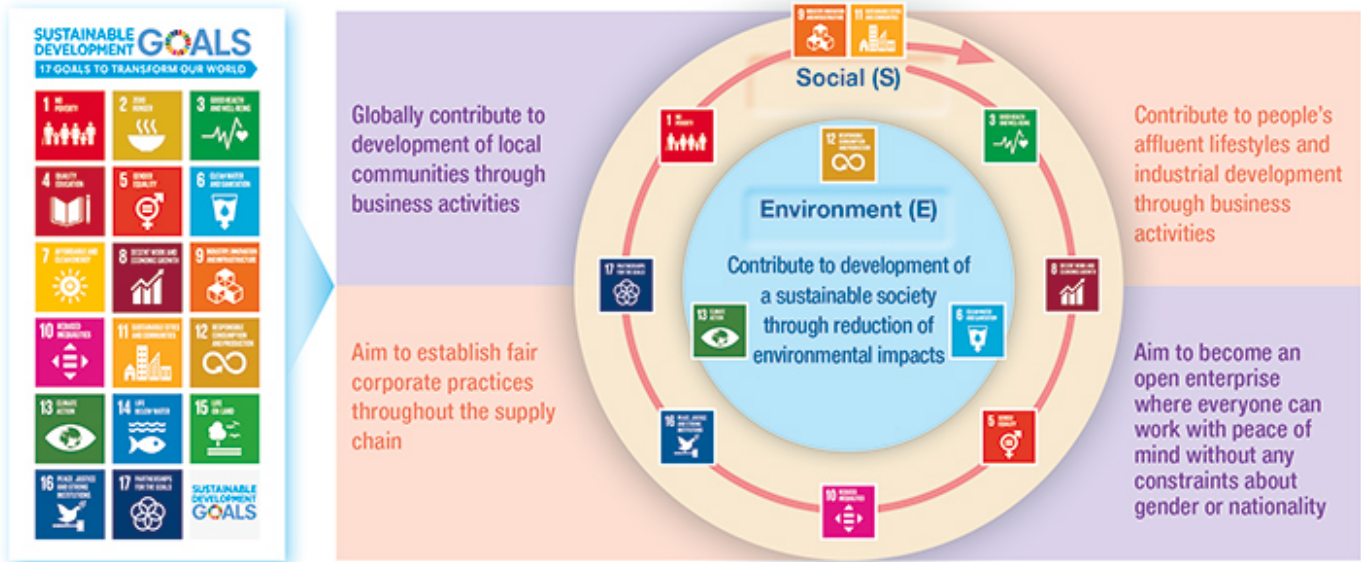
- Based on the Sumitomo Spirit, through technological innovation, strive to resolve the issues facing society, as embodied in the SDGs and other initiatives.
- By enhancing corporate value (financial objectives) and public value (non-financial objectives) simultaneously, create social value and achieve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

## Contribution to Achievement of SDGs

SDGs agreed upon by all UN member states are universal goals to be achieved by 2030 to realize sustainable societies in which "no one will be left behind." Based on the Sumitomo Spirit, the basis of Sumitomo Riko Group's management philosophy, we will work to solve these social issues through our business activities. Anticipating the vision of future possibilities, we will tackle new business and continue our efforts to create social value.

**UN SDGs  
(17 Development Goals)**

**Sumitomo Riko Group  
Aim to achieve SDGs through business activities**



Related information: ▶ [Archive 1](#) [2](#)

## 2022V Public Value (Non-financial Objectives)

The non-financial objectives mainly concern environmental and social issues in order to enhance public value through business activities by addressing social issues represented by SDGs. We manage and promote initiatives based on 10 items, including items to be monitored. The progress in fiscal 2019 toward the objectives is reported below.

### ○ FY2022 objectives and progress in FY2019

	Items	Objectives	Progress in FY2019
<b>Environment</b>	CO2 reduction	8% reduction (ratio compared with discharge rate in 2017)	3.2% reduction due to introduction of renewables and promotion of energy-saving activities as well as improvement of the electricity conversion coefficient. For details, click ▶ <a href="#">here</a> .
	Waste reduction	5% reduction (ratio compared with discharge rate in 2017)	4.1% reduction. Reduction of defects, yield improvements, and recycling of unvulcanized rubber (recovery of valuable resources). For details, click ▶ <a href="#">here</a> .
	Addressing water risk	Develop wastewater recycling technology	Reinforcement of initiatives for water risks from physical (water shortage), regulation, and reputation perspectives. For details, click ▶ <a href="#">here</a> .

	Items	Objectives	Progress in FY2019
Society	Frequency rate of all occupational accidents	Zero occupational accident	Frequency rate of all occupational accidents: 0.78 Safety dialogue and patrolling by the President and other supervisors in charge of management, promotion of safety initiatives through enhancement of global safety standards, and audit. For details, click ▶ <a href="#">here</a> .
	Compliance training	Participation rate of global executive training shall be 100%	Participation rate: 100% - Japan: Participation in compliance leader training sessions by all 319 target employees. - Overseas: Participation in group global compliance training sessions by all 772 target employees. For details, click ▶ <a href="#">here</a> .

### ○ Monitoring items

	Items
Society	Ratio of female managers
	Ratio of base managers hired locally
	Promotion of CSR procurement
	Social contribution activities
	Job creation in emerging countries



## Response to COVID-19 Pandemic

We have established infection prevention frameworks and are pursuing a range of actions in response to the COVID-19 pandemic. The current situation as of July 2020 is as follows.

▶ [Click here for Message from the President & CEO.](#)

## Basic Response Approaches

- Our top priority is the life, safety, and health of our employees, their families, and all our associates within and outside the company.
- We will fulfill our social responsibility by minimizing the negative impact of the pandemic on business and pursuing business continuity.
- We will work together with local communities in our efforts to prevent the spread of infection, adapt to the “new normal” by changing the way our people work and the preferred state of our organization.

## Establishment of Company-wide Framework

On January 28, 2020, we launched the Novel Coronavirus Countermeasures Taskforce, headed by the President and with the Risk Management Center serving as the secretariat. On February 10, to strengthen the actions being taken in our specialized functions, sub-committees for the supply chain, logistics, accounting, sales, and (later) personnel affairs were set up under the Taskforce. The Taskforce meets once a week to share information on the impact of the pandemic, countermeasures, and challenges. From a business continuity perspective, we are monitoring on a weekly basis the operation status and the existence of any cases of infected person at our customers and Sumitomo Riko Group sites around the world.

On the assumption that the COVID-19 pandemic was unlikely to be end in the near future, on June 8, we launched a “With Corona Project” under the Taskforce. With the Risk Management Center, Human Resources Department, General Affairs Department, Information Systems Department, and Corporate Social Responsibility Department acting as the secretariat, and the responsible officers of each department as members, the Project will deal with the situation in the following ways for the immediate future.

- 1) In preparation for a second wave of infections, review the countermeasures based on the outcomes of responses to date.
- 2) Develop phase-based infection prevention measures in line with trends in the spread of the disease.

## Actions for Employees

### ○ Infection prevention measures/preventing spread of coronavirus in workplaces

---

We established and implemented the company's own original, phase-based measures to prevent the spread of infection, which are linked to the guidelines of national, prefectural, and municipal governments.

- 1) Extension of work-from-home arrangements to all administrative staff departments (previously available only for childcare and nursing care reasons)
- 2) Review of infection prevention measures in all workplaces, including manufacturing processes, and infection prevention measures in canteens, etc.
- 3) Enhancement of IT tools for shifting business operations online
- 4) Restriction of domestic and overseas business travel and voluntary restraint from other travel
- 5) Special measures for attendance
  - Responses to temporarily closures of elementary schools, pregnant workers, and people with underlying conditions
  - Staggered commuting and work-from-home rotation system for employees who use public transportation

We will continue to promote the establishment of permanent work-from-home schemes as part of work-style reform for our employees.

### ○ To maintain employment

---

We temporarily suspended operations to accommodate our customers' production adjustments, on the premise of keeping our employees in employment, and expanded compensation for leave-of-absence due to those temporary suspensions (80%, compared to legislated 60%).

### ○ Workplace environment development for safety and health

---

We have continued to pursue the creation of safe and secure workplaces through the development of guidelines, action guides, and rules concerning seasonal influenza and novel influenza and awareness-raising activities among employees. With the spread of coronavirus, we are now promoting the following measures to prevent infection.

#### ✓ **Awareness raising:**

Strengthened efforts to educate employees about infection prevention measures (e.g. thorough hand-washing, hand sanitization, cough etiquette) via extra editions of the Group's health newsletter, internal directives, and other means.

#### ✓ **Health management and response in event of cases of infection:**

Stepped up health checks such as temperature checks before work, and strengthened rules in the event of a confirmed or suspected case of infection or close contact (swift communication and response, while taking privacy into consideration).

#### ✓ **Prevention of congestion, contact, and crowding:**

Various measures have been put in place, including work-from-home, staggered start times, attendance rotations, online meetings, in-principle bans on domestic and overseas business travel, and staggering mealtimes.



Going forward, we will review the measures we have taken to date and, on the assumption that we will be living with the coronavirus for some time to come, strengthen them further to prevent the spread of infection in manufacturing processes and offices. In so doing, we will place top priority on preventing infection and ensuring the safety of our employees and their families and all of our associates.

## Actions in the Value Chain

From the perspective of business continuity across the entire value chain, we continue to confirm the state of production and sales forecasts at our customers and developments in regulations in the various countries where our sites are located. At the same time, we are making continued efforts to ensure that production does not stop by interviewing our suppliers on the state of their management and cashflow situation.

Under these circumstances, problems such as refusal to accept products, unreasonable price reduction demands, and payment delays may occur, so to ensure that such issues do not inflict losses on our smaller suppliers, we have once again thoroughly applied our rules strictly in accordance with the Subcontractors Act.

Due to the impact of the coronavirus, suspension of operations has continued at overseas bases in particular, forcing us to shift production to other locations in order to secure the required shipment volumes. Therefore, to ensure quality even with the relocation of production, we have responded with company-wide centralized controls. This entails performing quality evaluations of all products at the new locations, as well as making certain to submit applications for production process changes to our customers and only shipping those products that have been approved.

We will continue to take action to ensure quality under company-wide leadership even in the event of unforeseen circumstances.

## Contribution to Society

### ○ Body Motion Sensor, Sumitomo Riko's original technology contributing to treatment research

Sumitomo Riko has developed new diagnostic equipment in the form of Body Motion Sensor (General medical devices, Class I) that can simultaneously monitor vitals such as heart rate and respiration and began supplying it to medical institutions and companies in 2019. A research and development project on the Pneumonia Severity Index (PSI) of COVID-19 patients using Respiratory Stability Time (RST) at Osaka University, in which Sumitomo Riko is participating by supplying the equipment, has been adopted as a technology development project for measures against infectious diseases such as viruses, etc. by the Japan Agency for Medical Research and Development (AMED).

The R&D team, led by Osaka University, is considering the state in which patients with severe cases of the novel coronavirus (SARS-CoV-2) develop respiratory failure, focusing on the fact that the patients are thought to start displaying abnormal breathing patterns prior to their condition worsening. The team developed a system to detect signs of cardiac arrest and respiratory failure at an early stage by calculating RST based on the state of breathing during sleep.

Sumitomo Riko's flexible, thin, and highly precise Body Motion Sensor was adopted for this system. It is hoped that, by detecting the deterioration of breathing at an early stage with little burden on the patient, prompt and effective medical treatment can be provided. Further, in pandemics of highly contagious diseases, including the novel coronavirus, in which contact needs to be avoided as much as possible, as

well as reducing the incidence of severe cases through early treatment intervention, we believe that constant online monitoring will contribute significantly to avoiding the risk of healthcare workers being infected.



Body Motion Sensor

## ○ Donation of 6,000 Masks

In response to the shortage of masks to prevent infection by virus-containing droplets in emergency medical care settings, Sumitomo Riko has donated its emergency stockpile of N95 masks (respiratory protection equipment), a total of approximately 6,000 masks, to the municipalities where our production bases are located. In June 2020, Sumitomo Riko donated 3,360 masks to the Komaki Fire Department, where the Komaki Head Office and Plant (Aichi) are located, and 1,000 masks each to Matsusaka City in Mie, Susono City in Shizuoka, and Ageo City in Saitama.



Mayor of Komaki, Shizuo Yamashita, receiving the masks from President Shimizu (left) at a donation ceremony.

## ○ Face-shield Production in Brazil

SumiRiko do Brasil Industria de Borrachas Ltda. has joined a project for the distribution of free masks being promoted by the Federal Institute of Minas Gerais (IFMG) in the State of Minas Gerais where the company is located. In this project, IFMG handled procurement of materials and distribution, and the company was in charge of the plastic molding process. In May 2020, a total of 46,000 shield-type protective masks were provided free of charge to healthcare workers, police officers, and firefighters through the health bureaus of more than 30 municipalities in the state.



Donation to the city of Mateus Leme



Manufactured face shield

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)



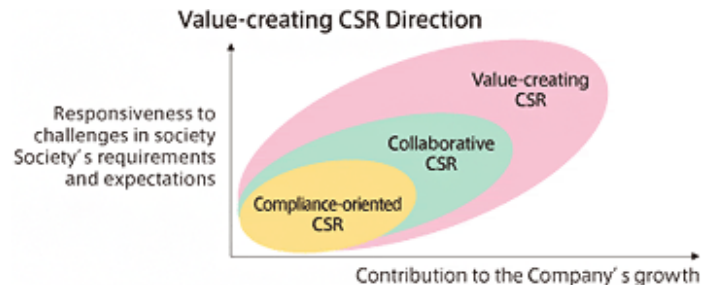
## Sumitomo Riko Group's CSR

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

# CSR Management Structure

## Steps Toward Value-creating CSR

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



The Sumitomo Riko Group considers that there are three steps to promote value-creating CSR. Currently, we undertook value-creating CSR management and are deepening CSR activities.

### Steps to value-creating CSR management

#### 1 Thorough execution of compliance management

A company imparting zero negative impact on society

- Legal compliance
- Reduced environmental burden
- Harmonious relationship with local communities

#### 2 Implement collaborative CSR management

A company in harmony with society

- Observance of international guidelines
- Balance between reduced environmental burden and environmental protection
- Contribution to local communities

#### 3 Commencement of value-creating CSR management

A company imparting a positive impact on society

- Product development in response to society's challenges
- Addressing the respect of human rights, diversity, climate change and anti-corruption
- Social contribution that provides solutions to society's challenges

## Basic Approach to CSR

### Sumitomo Riko Group Corporate Action Charter

In our efforts to realize the Vision of the Sumitomo Riko Group, we position CSR that consistently creates value at the heart of our management and the Sumitomo Riko Group Corporate Action Charter is the basis of the Group's CSR activities. Our Corporate Action Charter was established in March 2006 by resolution of the Board of Directors following deliberations by the CSR Committee that was formed in 2005. The Corporate Action Charter was revised in October 2014 and April 2019 to reflect changes in the business environment.

Related information : ▶ [Sumitomo Riko Group Corporate Action Charter](#)

## ○ CSR Management Policy

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

- (1) Take action that does not harm society and the global environment (minimization of negative impact)
  - Appropriate responses to risk in areas such as human rights, labor, the environment, and anti-corruption
- (2) Contribute to solving social and global environmental challenges (maximization of positive impact)
  - Businesses and social contribution activities that provide solutions to social challenges
  - Human diversity that contributes to the emergence of innovation
- (3) Improve engagement with stakeholders through communication and raise corporate value with a long-term view
  - Information disclosure, dialogue, collaboration

## ○ Materiality

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



## CSR Management Structure

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

of Directors twice a year.

The CSR Committee has six subcommittees, namely the Safety and Health Committee, Environment Committee, Compliance Committee, Social Contributions Committee, Diversity Committee, and Supply Chain Committee (the Quality Committee was made independent of the CSR Committee in April 2020). The CSR Committee approves the action policies of these six subcommittees and checks and follows up on the progress of their activities. In addition, the Committee manages the non-financial objectives and monitoring items set out in the 2022 Vision.



\* Each of the six subcommittees is chaired by a titled Executive Officer. Each committee assigns policies to departments and checks and follows up their activities.

## Sumitomo Riko Group's Stakeholders

In light of CSR materiality, the Sumitomo Riko Group has selected the following stakeholders. Following discussion, taking into consideration CSR issues at Sumitomo Riko classified according to the Sumitomo Riko Group Action Charter, the CSR Committee approved the definition. We have referred to ISO26000, the Charter of Corporate Behavior of the Japan Business Federation (KEIDANREN), and the GRI Sustainability Reporting Guidelines.

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

## Employee Education Measures

With the aim of dissemination of CSR and the SDGs within the Group, we conduct training at various opportunities to encourage every individual employee to take ownership of these goals and incorporate them into their work. This training was held 20 times in fiscal 2019 as part of new employee training, mid-career recruit training, and position-specific training for promotees, reaching more than 630 employees in total.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)



# 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

---

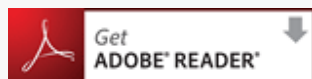
9. We shall assess risks that may arise in the future and develop measures to prevent their materialization; and if they do materialize, we shall endeavor to minimize the damage. We shall conduct thorough and organized crisis management in the face of actions caused by natural disasters, cyber attacks, 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](#)



## 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.

We participated in the following working groups (WGs) of the Global Compact Network Japan (GCNJ) in fiscal 2019.

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

We also reported on the Group's initiatives at the Nagoya SDGs Business Seminar hosted by GCNJ on August 2, 2019 and discussed SDGs initiatives with other companies.

**WE SUPPORT**



Panel discussion

### 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](#)



# Human Resources Development and Labor-Management Relations

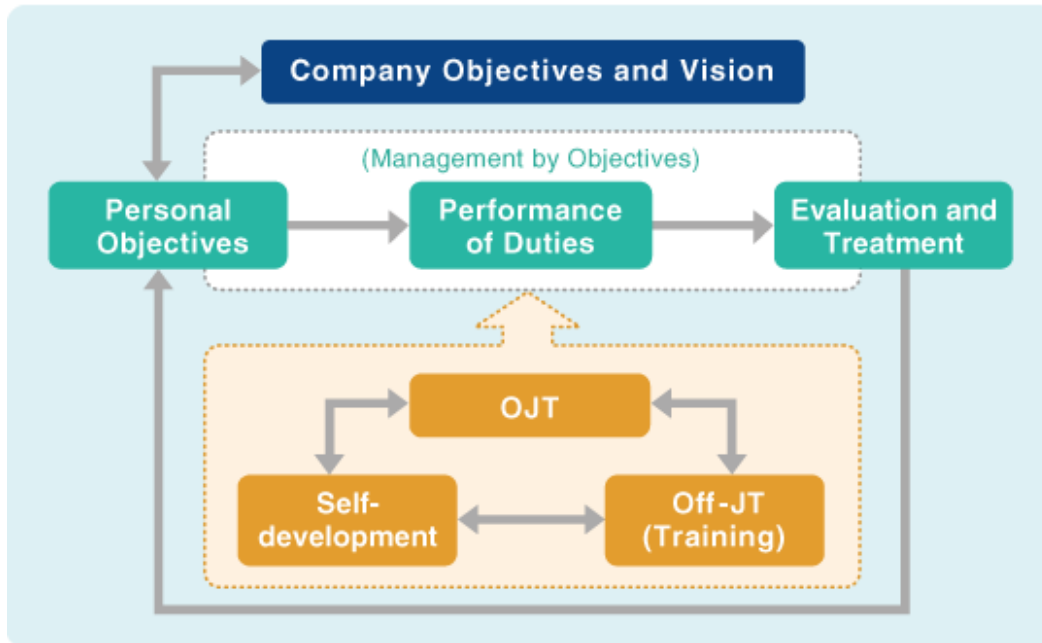


## Human Resources Development

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.

In fiscal 2019, for the systematic development of our managers and executives, we continued to hold the Management Cram School for people at the department general manager and section manager levels and the Advanced Management Cram School for higher management such as Executive Officers. These Cram Schools have been conducted since fiscal 2013 and fiscal 2017 respectively. At the managerial staff level, we launched factory manager training, as well as section manager training on the themes of communication and policy management. For professional-track and assistant positions, we planned training for promotees and people currently in those positions, which enabled us to provide training opportunities to a greater range of personnel. For career-track staff positions, with the aim of creating fully independent staff within three years of joining the company, on-the-job training was extended from first-year employees to employees in their first to third years, and regular dialogue was held with trainers and superiors on a company-wide basis. In view of changing needs, we will continue to introduce appropriate human resources development programs in a timely manner.





○ Number of participants in human resources development programs (FY2019)

Program	Needs-based training	Position-specific training	Basic and periodic training	Total
<b>Number of participants</b>	404	1,282	70	<b>1,756</b>

**Good Labor-Management Relations**

Sumitomo Riko concluded “labor-management declaration” between the company and the labor union in 1987 and announced that we would work on improvement of stability of employees’ life through prosperity of the company with mutual trust and cooperation between labor and management. 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 addition, in the case that an event such as business reorganization occurs, we will provide sufficient time for explanation and consultation with the labor union. Almost all employees (excluding contract employees, term employees and temporary employees), except for managers, are members of the labor union of Sumitomo Riko. We aim to build stronger labor-management relations in future.





# Safety and Health Management



## Commitment

### Message from the Chairperson of Safety and Health Committee

The Sumitomo Riko Group positions safety as its most important management issue and pursues Monozukuri (manufacturing) in which “safty is our top priority,” based on our Safety Philosophy and the 10 Principles of Safety. The Safety and Health Committee, whose members are managers of business units, proposes policies concerning safety, health and wellbeing, and promotes, audits, and guides relevant activities.

In the 2022 Sumitomo Riko Group Vision (2022V), with the goal of building a safety culture, we will work toward the public-value target of “zero occupational accidents” through the reduction of machinery-related and operational environment risks, the standardization of operations, staff education and training, and the enhancement of workplace patrols and dialogue. In this way, we will engage in improving the safety mindset of our workers and establish a corporate culture in which “safty is our top priority,” As part of our health improvement activities, we have also established a Health and Productivity Management Statement in our aim to be a corporate group whose employees can flourish in good health and vitality. Through company-wide measures to prevent the spread of the novel coronavirus, we will accommodate changes in working styles and continue to engage actively in the creation of safe, secure, and healthy workplace environments, to fulfil our corporate responsibility to society and to our employees. I am grateful for our stakeholders’ continued support in these activities.



**Shinichi Waku**

Chairperson of Safety and Health Committee  
Director and Managing Executive Officer

## Basics of Safety and Health

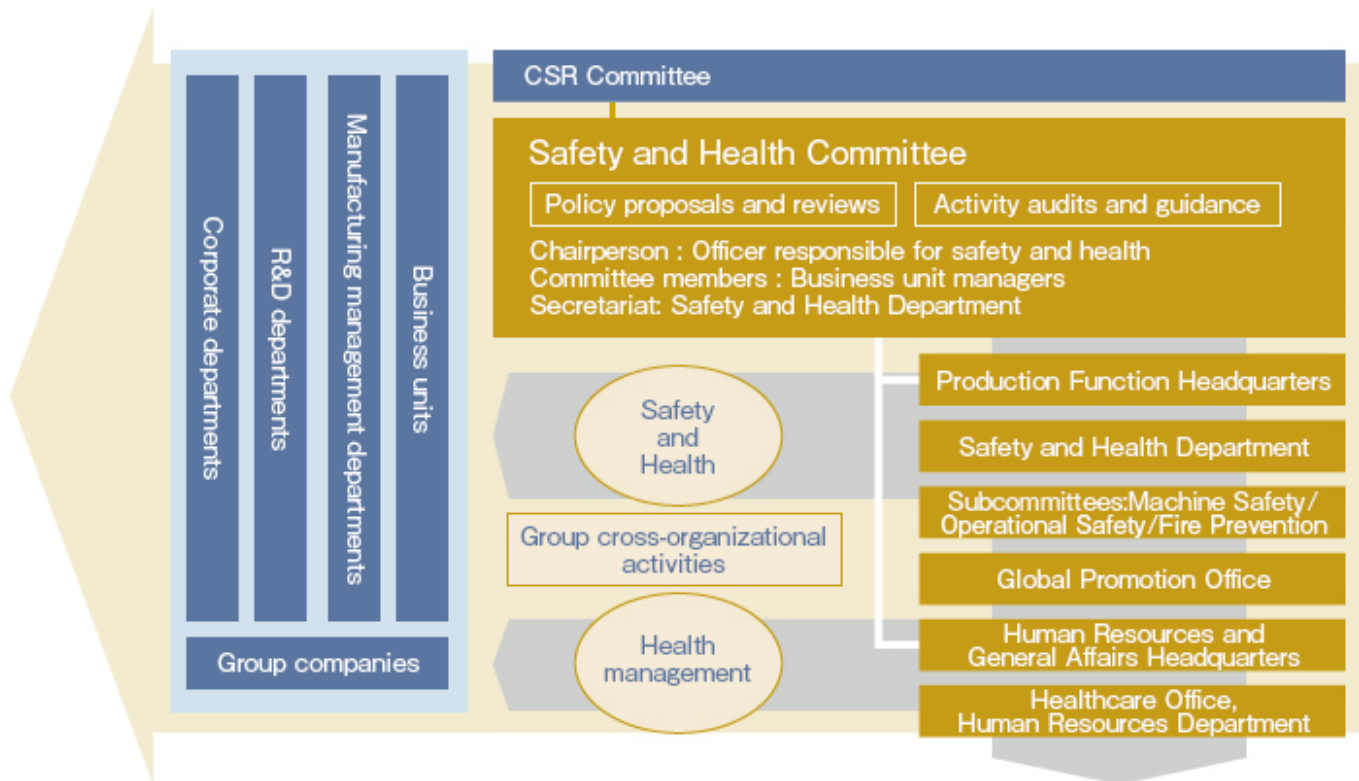
### Safety Philosophy

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



## Sumitomo Riko Safety Conference



The Sumitomo Riko Safety Conference is held twice a year in spring and fall to share the company-wide target policies and departmental activity plans and initiatives, along with the Safety Commitment declared by managers and executives from the President down to departmental managers. \*1



Safety message from the President



Safety message from the Chairperson of Safety and Health Committee



\*1 To follow through on our principle of "safty is our top priority," instead of cancelling the Spring 2020 Safety Conference due to the novel coronavirus pandemic, we held it on June 8, 2020 with appropriate social distancing measures in place.

 SUMITOMO RIKO Company Limited

[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.



#### **1. Managers themselves will take the lead in correcting unsafe behaviors and conditions.**

**Protect their own workplaces. Improve communication. Ensure that workers comply with the rules.**

#### **2. Mitigate machinery-related risks and improve the work environment.**

**Prevent forklift-to-people contact incidents. Improve machinery safety. Measures against chemical substances and heatstroke. Regular cleaning and maintenance.**

#### **3. Standardization and implementation of operations.**

**Standardization and implementation with assurance of safety. Appropriate education and training.**

#### 4. Activities for the elimination of traffic accidents.

**Analyze the causes and likely locations of accidents, communicate them to workers, and provide appropriate guidance.**

### ○ Common Group-wide activities

In addition to our activity policies, we are engaged on a daily basis in the following common Group-wide activities.

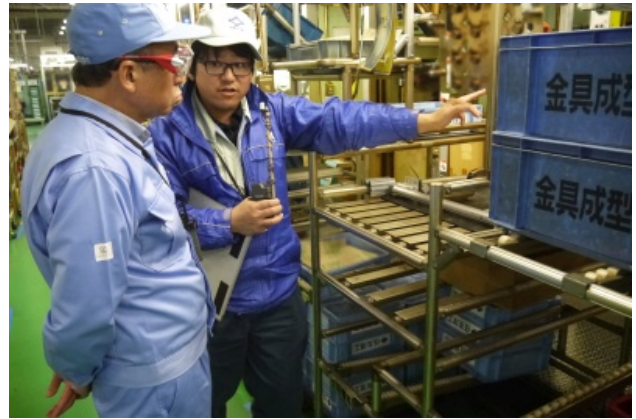
Activity name	Remarks
<b>STOP - CALL - WAIT</b>	Basic actions to be taken in the event of abnormality: 1) Stop operation, 2) Call the supervisor, and 3) Wait for the supervisor
<b>Collect &amp; Reveal Activity</b>	Verbal communication by supervisors and early response to opinions expressed by employees
<b>Po-Ke-Te-Na-Shi</b>	Five rules to prevent occupational accidents during walking

### ○ Safety dialogue with the President and managing supervisors

Executive management and managing supervisors conduct safety dialogue and maintain regular communication with employees. The leaders themselves are striving to foster a comfortable workplace environment in which employees can work in safety with peace of mind. In fiscal 2019 in particular, due to the frequent occurrence of occupational accidents in Japan, Chairperson of Safety and Health Committee himself traveled around to all of the Group's sites in Japan for patrols. He held dialogue with workers and shared safety and health approaches with managing supervisors, impressing on them that taking action after an accident happens is too late and urging them to be thorough with preventive measures.



Safety dialogue with the President



Safety patrols by Safety and Health Committee

## ○ Global Safety Standards

The Sumitomo Riko Group has established its own unique Global Safety Standards (GSS), which have been in use since 2015. GSS for forklifts, power-off, and cut prevention have since been added to the original four categories of (1) machinery, (2) construction, (3) operations, and (4) safety management. In safety management, the work site safety patrol GSS have been expanded.



We also hold the Sumitomo Riko Construction Safety Training Program once a year in cooperation with our partner construction companies to ensure safe construction work.



Sumitomo Riko Construction Safety Training Program

## ○ Global safety audit

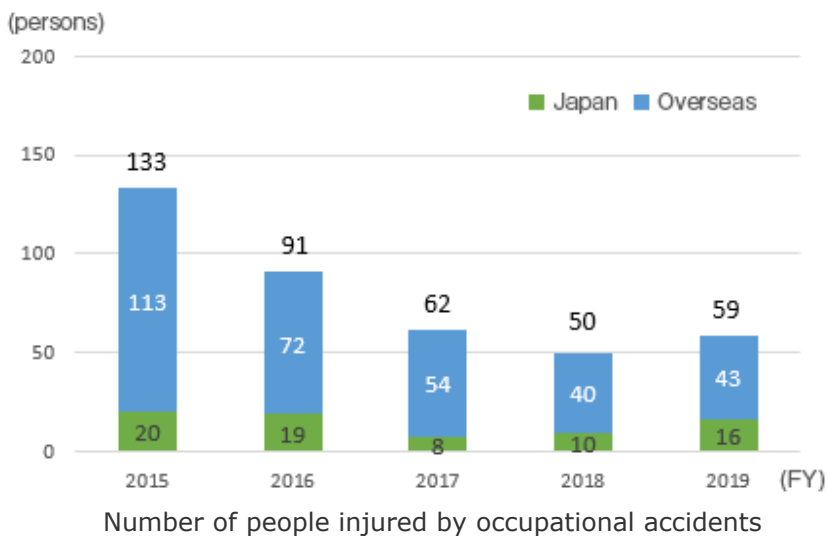
We conduct inspections at the Group's production sites to achieve autonomous safety activities at those sites. We also conduct global safety audits based on the key sections of ISO 45001 and the GSS. Improvements are promoted by sharing the strengths and weaknesses of the activities, for horizontal deployment of good practices throughout the Group. On-site audits of actual operations are the norm for these audits, but due to the novel coronavirus pandemic, we are also working on the introduction of remote audit methods.



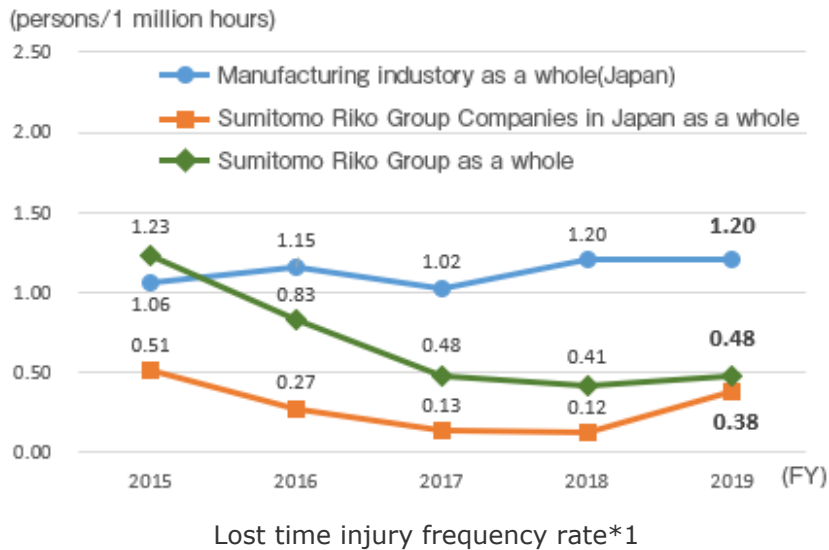
Global safety audits  
Tokai Rubber (Jiaxing) Co., Ltd., China, July 2019

○ Data on occupational accidents

Independent Assurance



Independent Assurance



\*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 2019 (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.

## Health Management Initiatives

In the belief that the physical and mental good health of all employees of the Sumitomo Riko Group and their families is the foundation of management that supports the sound, sustainable growth of the company, in April 2017, we established the Sumitomo Riko Group's Health and Productivity Management Statement.

### 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**

**(3) Lifestyle-related disease measures**

### Certified as a White 500 organization for the fourth consecutive year



In March 2020, Sumitomo Riko was certified as a White 500 organization under the Certified Health and Productivity Management Organization Recognition Program for the fourth consecutive year. We consider management of employee health to be one of the company's most vital roles. Under the leadership of the Healthcare Office of the Human Resources Department, we are working together with the personnel in charge of health management at Group companies to share information, with the aims of creating invigorated organizations and improving the health of individual employees.

	FY2018 Actual	FY2019 Actual	FY2022 Target

	FY2018 Actual	FY2019 Actual	FY2022 Target
<b>Rate of regular health checkups taken</b>	100%	100%	100%
<b>Percentage of employees who smoke</b>	33.1%	31.6%	Less than 25%
<b>Percentage of employees who exercise regularly</b>	18.4%	19.5%	At least 30%
<b>Number of participants in walking events per event</b>	228	309	At least 1,000
<b>Number of participants in health improvement training</b>	1,171	1,199	At least 1,500

### Priority initiatives

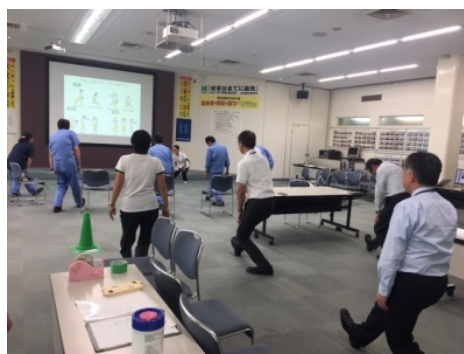
## ○ Initiatives for three priority measures

### (1) Health improvement activities

At Sumitomo Riko, all employees take part in an original health calisthenics program every morning before the start of work as a way to practice daily safety, health and fitness, and regular exercise. In particular, we have a range of initiatives in place to increase the percentage of employees who exercise regularly, such as activities to encourage walking, physical fitness measurements, in-house health improvement education and training, and health-themed events. Besides education and training for all employees, we also provide training programs to meet the needs of individual workplaces.



Health calisthenics before the workday starts



In-house training (for 50-year-olds)

At the training for 50-year-olds held in October 2019, SR Soft Vision, which was developed by Sumitomo Riko, and other equipment was



Health events  
Family walking health event

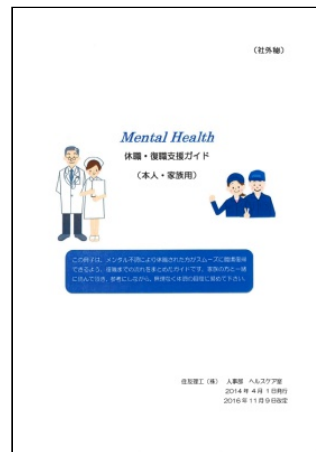
used to conduct fitness checks.

## (2) Mental health measures

Sumitomo Riko carries out comprehensive mental health measures. In addition to (1) in-house training, such as mental illness prevention education programs, (2) individual consultations with specialist psychiatrists, which are held monthly, we act promptly to assist employees who are mentally unwell and work to assist people to return to work after mental health leave and to prevent the recurrence of their condition, with our own unique return-to-work program. We also conduct a 120-question stress check to ascertain the working environment and degree of organizational vitality of each workplace and make improvements at the individual workplace level based on the outcomes of analysis.



Stress check  
Group analysis findings briefing, October 2019



Return-to-work program guidebook

## (3) Lifestyle-related disease measures

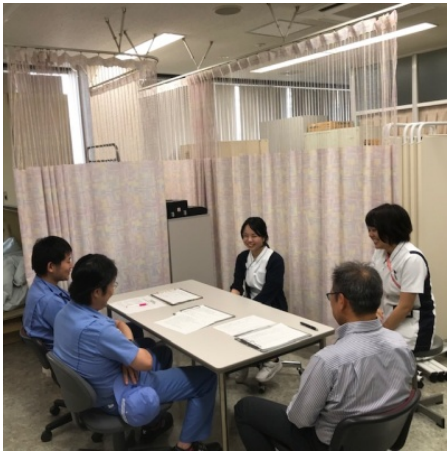
### Smart Club activities - Health seminars on women's cancers, etc.

Sumitomo Riko Smart Club (SSC) is the name of a voluntary in-house activity that involves members striving to improve their lifestyles while losing weight, in order to prevent lifestyle-related diseases. We also hold Seminars for Women on various themes, such as countermeasures against women's cancers and menopause, to help women work energetically. In fiscal 2019, 110 female employees participated in the seminar.

### Prevention of passive smoking and quit-smoking measures

One priority area that we are working on is measures to combat passive smoking and to encourage employees to quit smoking. Our current target is to lower the percentage of employees who smoke by at least 5% compared to 2019 by 2022. To this end, the 22nd day of every month has been designated as a no-smoking day, with health officers patrolling the outdoor smoking areas and encouraging smokers not to smoke. This is just one of the ongoing quit-smoking promotion activities we are undertaking. Further, in 2019, employees who want to quit smoking were invited to join in the Sumitomo Riko Quit Smoking Challenge (SKC), in which small groups of smokers support one another in their efforts to stop smoking.





Sumitomo Riko Quit Smoking Challenge  
(SKC)  
Meeting in July 2019



Quit Smoking Poster

## ○ Collaboration with all Group companies in Japan

To promote health improvement measures among employees of the Sumitomo Riko Group, we have strengthened our collaboration with all Group companies in Japan to conduct health improvement activities, such as holding our original health training programs at affiliated companies.



Health training at a Group company  
SumiRiko Yamagata, August 2019

## ○ Communicating outcomes of Sumitomo Riko Group health improvement activities outside the Group

At events such as the National Industrial Safety and Health Convention and meetings of the Japan Society for Occupational Health, we present the outcomes of our various initiatives to maintain and improve the health of our employees, such as our passive smoking prevention measures and quit-smoking campaigns, our return-to-work program for people recovering from mental illness based on objective indicators, and our workplace improvement activities using stress check surveys.



Communicating activities outside the Group. National Industrial Safety and Health Convention, October 2018

## ○ Strengthening of collaboration between the company, labor union, and health insurance association

Currently, as well as collaborative health programs with the health insurance association, we hold regular liaison meetings between the company, labor union, and health insurance associations to share the company's health-related information and to work together to devise measures. This is one example of the way in which we are strengthening this three-way collaborative relationship to engage in initiatives for the prevention of illness and improve the health of employees.



Support for labor union leaders' training sessions, May 2019

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)



## Environmental Management

### Commitment

#### 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.



#### **Tsukasa Oshima**

Chairperson of Environment Committee  
Director and Managing Executive Officer

### 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, 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 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**

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

### **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)

---

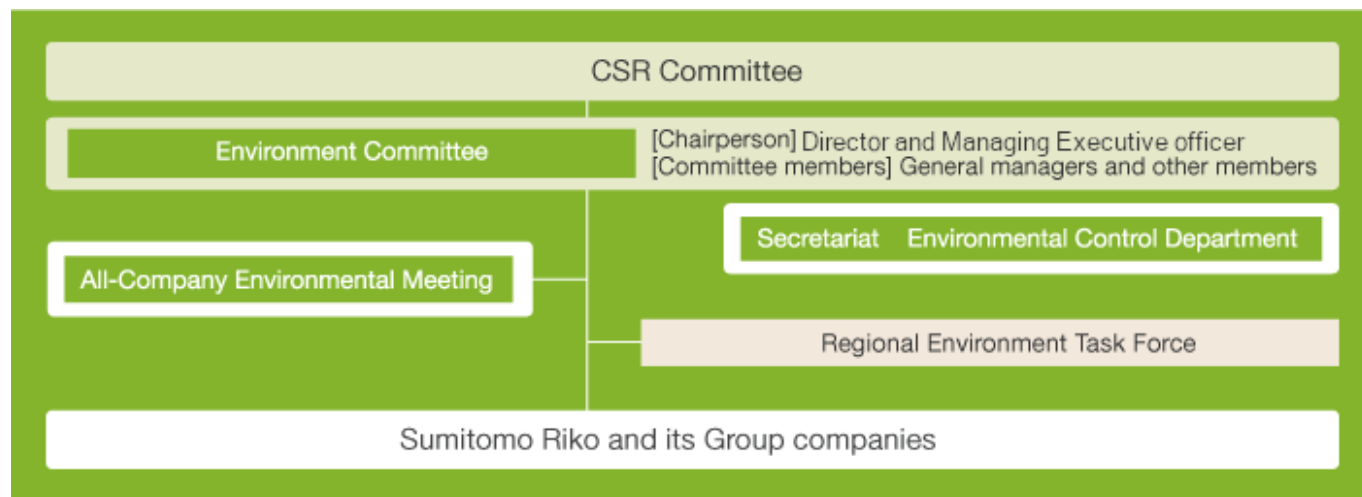
The Sumitomo Riko Group is engaged in ongoing environment improvement activities by building and operating an environmental management system based on ISO14001, the international standard for environmental management systems, at our production sites in Japan and overseas. 12 sites in Japan and 40 sites overseas are now ISO 14001-certified, accounting for 97% of sales of the Group as a whole. (For the list of ISO14001-certified sites, click [▶ here.](#))

### ○ Environmental management organization

---

Regarding environmental management at the Sumitomo Riko Group, the Environment Committee positioned under the CSR Committee determines the policy and deliberates on and approves the Group's

environmental activities. It has also established the All-Company Environmental Meeting as a forum for the business units to announce their commitment to environmental protection 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 2022V, our mid-term management vision, we aim for steady 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, with a particular focus on CO<sub>2</sub> reduction, and to reduce water risk and other environmental risks.

We defined mid-term environmental objectives for fiscal 2022 and objectives for fiscal 2019, as shown below, and are conducting activities globally. Progress in fiscal 2019 achieved the objectives.

### Mid-term environmental objectives (2022V) and objectives and progress in FY2019

Items	Objectives (2022V)	FY2019		Judgment
		Objectives	Progress	
<b>CO<sub>2</sub> reduction</b>	8% reduction (compared with the emission intensity in fiscal 2017)	3.2% reduction	3.2% reduction	Good
<b>Waste reduction (Excluding valuable resources)</b>	5% reduction (compared with the emission intensity in fiscal 2017)	2.0% reduction	4.1% reduction	Good
<b>Water risk reduction</b>	Recycling of water at high-risk sites	Water risk at each site was identified.		Good

## Environmental Impacts in FY2019

### Results and plans for environmental material issues

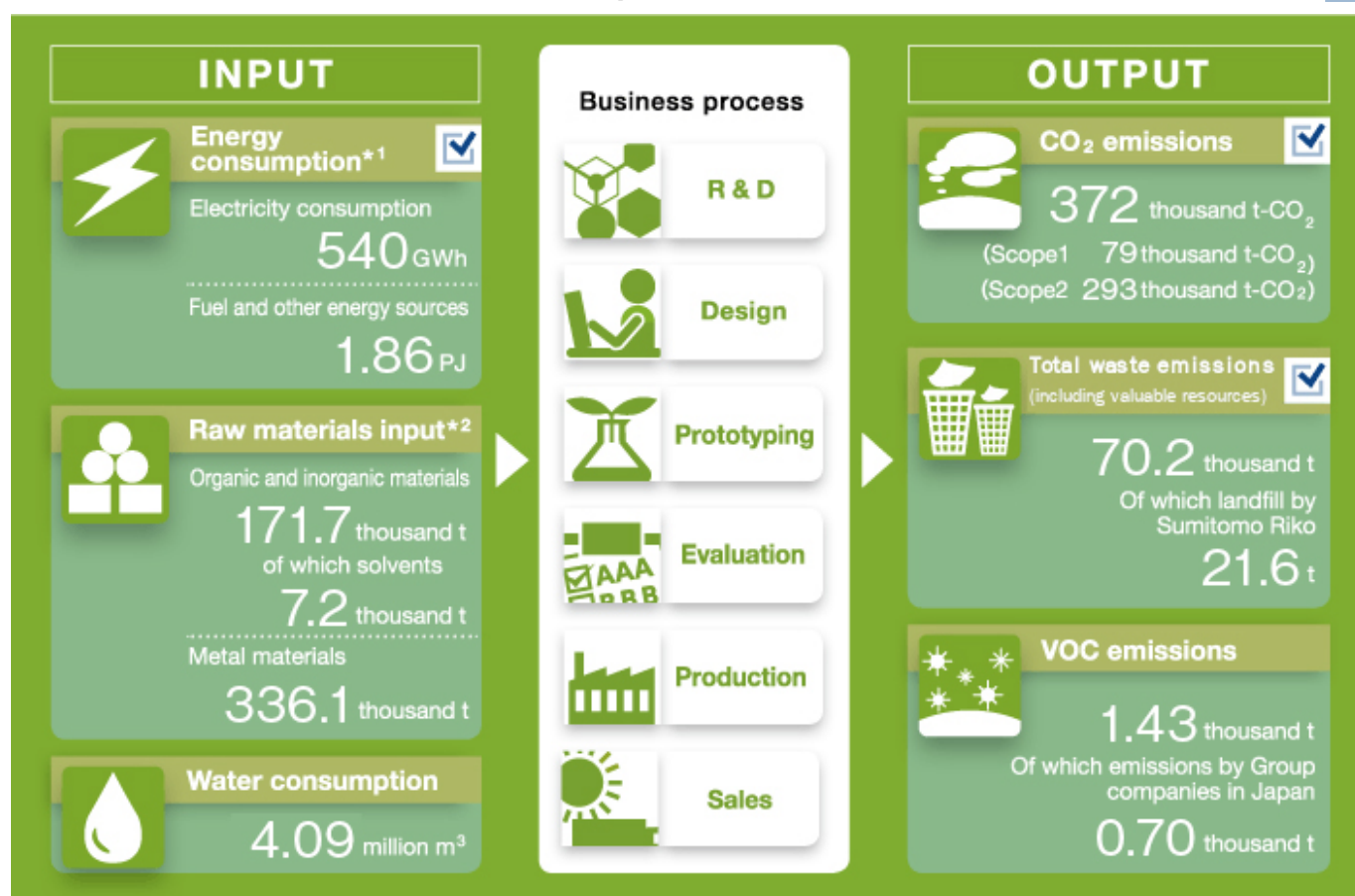
Issue	FY2019 target and result		FY2020 target and plan	
<b>Reduction of CO2 emissions</b>	Target	3.2% reduction of emission intensity compared with FY2017 2.0% reduction of total emissions compared with FY2017	Target	4.8% reduction of emission intensity compared with FY2017 3.0% reduction of total emissions compared with FY2017
	Result	3.2% reduction of emission intensity: Target achieved 7.2% reduction of total emissions: Target achieved	Plan	Implement the reduction theme without fail and achieve greater reduction through energy-saving diagnostics
<b>Reduction of waste (Excluding valuable resources) emissions</b>	Target	2.0% reduction of emission intensity compared with FY2017 2.0% reduction of total emissions compared with FY2017	Target	3.0% reduction of emission intensity compared with FY2017 3.0% reduction of total emissions compared with FY2017
	Result	4.1% reduction of emission intensity: Target achieved 8.0% reduction of total emissions: Target achieved	Plan	Reduce defects, improve yield, and promote recycling waste into valuable resources
<b>Waste recycling rate</b>	Target	Recycling rate of 80% or more	Target	Recycling rate of 80% or more
	Result	The target was not reached at 78.8%	Plan	Continuous promotion of recycling
<b>Reduction of VOC emissions</b>	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	15.7% reduction of emissions in Japan compared with FY2017: target achieved	Plan	Continuous execution of the reduction plan
<b>Chemical substance management</b>	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	Responded to revised CSCL (Japan), continued to respond to EU REACH Regulation, responded to revised RoHS Directive, and responded to revised TSCA	Plan	Revise Chemical Substance Procurement Standards, respond to revised CSCL (Japan), continue to respond to EU REACH Regulation, respond to EU Waste Framework Directive, and respond to the revised TSCA

Issue	FY2019 target and result		FY2020 target and plan	
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
	Result	Purification of soil and groundwater in Japan is underway as scheduled. Remodeled the deodorizer at the Matsusaka Plant to improve its durability. Introduced additional VOC treatment equipment at sites in China.	Plan	Maintain the effect of purification of soil and groundwater in Japan.

\* 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, 8 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.



Inquiry





## Environment

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

## Climate Change Countermeasures



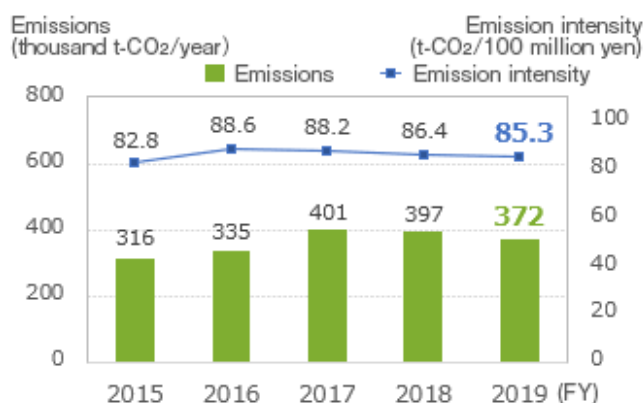
## Initiatives to Reduce CO2 Emissions at Our Business Sites

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 2019 decreased 7.2% compared with fiscal 2017. CO2 emission intensity in fiscal 2019 was 3.2% lower than in fiscal 2017.

## CO2 emissions (Sumitomo Riko Group)

Independent Assurance 

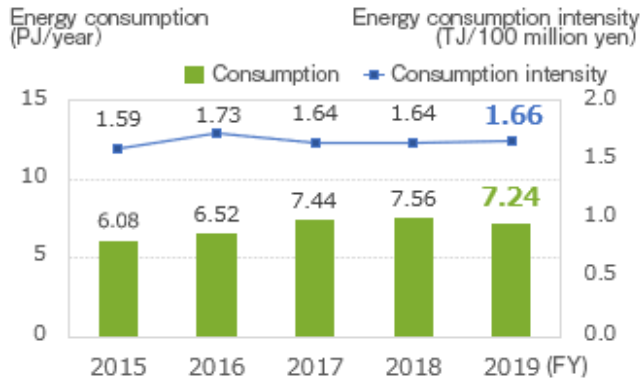
- \*1 Data boundary in fiscal 2015 and fiscal 2016: Sumitomo Riko, nine Sumitomo Riko Group companies in Japan, and 14 Sumitomo Riko Group companies overseas.
- \*2 16 Sumitomo Riko Group companies overseas were added to the boundary of data aggregation from fiscal 2017.
- \*3 The denominator of the 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 2019, coefficients by country for 2016 indicated in "CO2 Emissions From Fuel Combustion (2018 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)" (June 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 2019 fell by 2.7% compared with fiscal 2017.

**Energy consumption (Sumitomo Riko Group)**

**Independent Assurance**

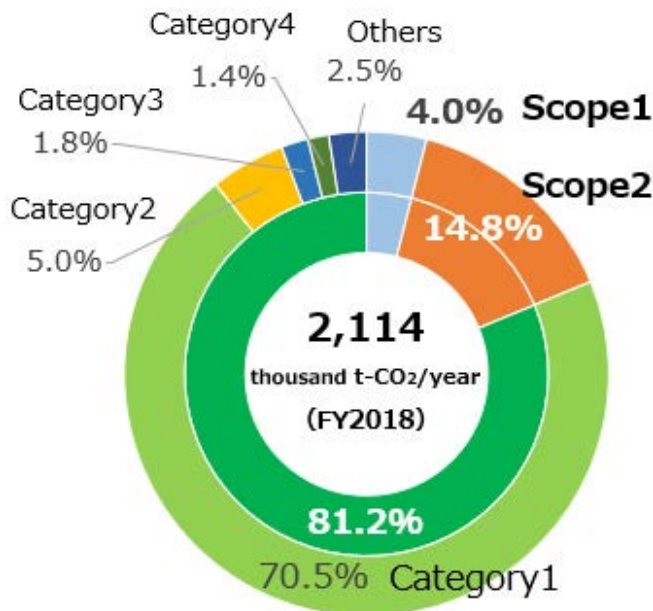


\*1 Data boundary in fiscal 2015 and fiscal 2016: Sumitomo Riko, nine Sumitomo Riko Group companies in Japan, and 14 Sumitomo Riko Group companies overseas.

\*2 16 Sumitomo Riko Group companies overseas were added to the boundary of data aggregation from fiscal 2017.

**Breakdown of CO2 emissions throughout the supply chain (Sumitomo Riko Group)**

Following its selection in fiscal 2018, Sumitomo Riko was again selected for the Ministry of the Environment’s “Public Support for Supply Chain Emissions Accounting” project for fiscal 2019 to calculate Scope 3 emissions of the Sumitomo Riko Group (calculated based on results for fiscal 2018). In future, we will proceed with the formulation of medium- to long-term reduction targets for the entire supply chain, including emissions from the use of sold products (Category 11).



Breakdown of CO2 emissions

- Scope1: 84 thousand t-CO2/year
- Scope2: 314 thousand t-CO2/year
- Scope3: 1,716 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**

**1.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 (SOx), and nitrogen

oxides (NOx) 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, TRIN (India)

## 2.Introduction of a wood-fired boiler

In the calculation of CO<sub>2</sub> emissions according to the United Nations Framework Convention on Climate Change and the Kyoto Protocol, CO<sub>2</sub> emissions by combustion of timber are excluded because plant-derived CO<sub>2</sub> 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, installed a new boiler that can use waste wood as fuel. This has resulted in major reductions in LPG consumption and CO<sub>2</sub> emissions, because not only waste wood but also waste wooden pallets are used as fuel.



Newly installed wood-fired boiler, SRK-BI (Brazil)

## 3.Energy-saving diagnostics

The Sumitomo Riko Group is working on energy-saving diagnostics in order to reduce CO<sub>2</sub> emissions at production processes. Until the previous fiscal year, we had asked outside experts to perform the diagnosis, but we are now training our employees to perform such diagnosis in-house, so that it can be carried out regularly and continuously. As a first step, we are working to build up diagnostic know-how in Sumitomo Riko for later deployment in the rest of the Group.



Energy-saving diagnostics, TRT(China)

## Initiatives for CO<sub>2</sub> Reduction in Logistics

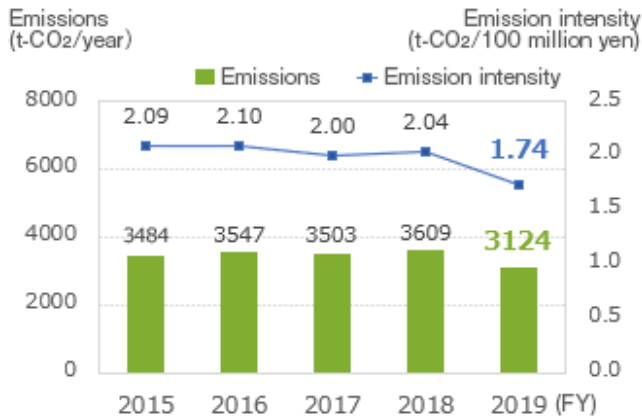
### ○ Promotion of modal shift

To control emissions of CO<sub>2</sub>, NO<sub>x</sub> 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, the impact of blocked railroads caused by natural disasters resulted in an increase in CO<sub>2</sub> emissions, but in fiscal 2019, we undertook a drastic review of cargo and transport routes and aggregation of warehouses, which led to a reduction in the number of trips. We also resumed rail transport. These and other activities resulted in a major reduction in CO<sub>2</sub> emission intensity to 1.74 t-CO<sub>2</sub> per 100 million yen of output, which was approximately 15% less than the previous year.

### CO<sub>2</sub> emissions in logistics (Sumitomo Riko, non-consolidated)



\*1 CO<sub>2</sub> emissions calculations were made as prescribed 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, June 2018), 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 CO<sub>2</sub> emissions reduction initiatives in fiscal 2020 to achieve the objective for fiscal 2022 (8% reduction of the emission intensity compared with fiscal 2017). Our CO<sub>2</sub> 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 CO<sub>2</sub> emissions through the development of innovative technologies for production processes

In fiscal 2020, Sumitomo Riko continues to pursue these two approaches. Regarding cases in which initiatives achieved significant CO<sub>2</sub> 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 CO<sub>2</sub> emissions reduction initiatives throughout the Sumitomo Riko Group.





## Environment

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

# Management of Chemical Substances

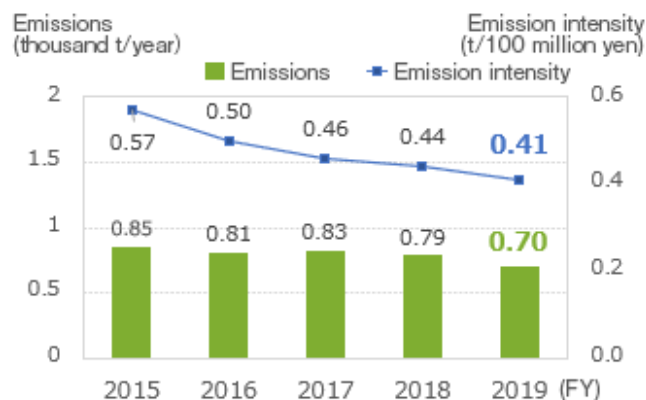


## Initiatives for Reduction of Air Pollutants

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

### 1. 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 (China)

## 2.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/m<sup>3</sup> and the Group companies satisfied the requirement.



Equipment for treatment of gases generated by vulcanization, TRG (China)

## Appropriate Management of Ozone-depleting Substances

For the protection of the ozone layer and the prevention of global warming, we are pursuing reductions in the release of fluorocarbons into the atmosphere and adopting natural refrigerants. In fiscal 2019, the volume of leakages was approximately 200 t-CO<sub>2</sub>, based on the Act on Rational Use and Appropriate Management of Fluorocarbons. We manage operations with regular inspections in accordance with the legislation, and collect waste in the appropriate manner. Going forward, we will continue to upgrade our equipment systematically to reduce the use of CFCs.

## 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 has stored them appropriately, while systematically promoting their appropriate disposal in accordance with the regulations

of the respective countries. With the completion of the disposal of waste containing high-concentration PCBs at the Matsusaka Plant in the spring of 2020, all disposal of such waste in Japan came to an end.

## 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)\*<sup>10</sup> and Measures for the Administration of Registration of Hazardous Chemicals (revised in 2011)\*<sup>11</sup>, and the US TSCA (revised in 2016)\*<sup>12</sup>.

\*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

 **SUMITOMO RIKO Company Limited**[Inquiry](#)



Environment

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

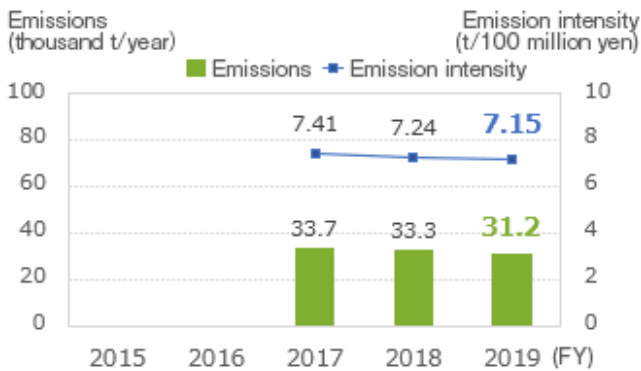
# Waste Reduction



## Waste Reduction Initiatives

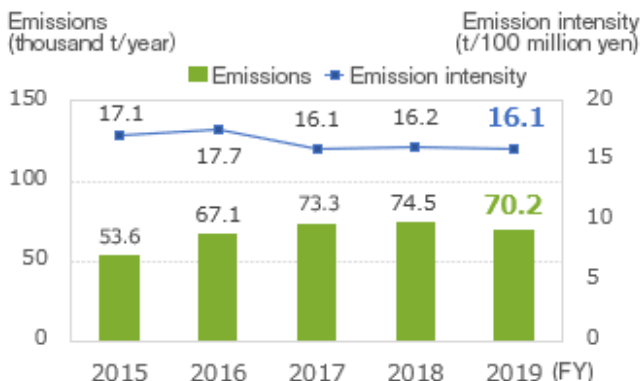
The amount of waste excluding valuable resources discharged by the Sumitomo Riko Group as a whole in fiscal 2019 fell by 8.0% compared with fiscal 2017, and the total amount of waste discharged by the Group in fiscal 2019 declined by 4.7% compared with fiscal 2017. Meanwhile, emission intensities for these two categories in fiscal 2019 were down 4.1% and 0.6% respectively from fiscal 2017 levels. These results reflected reductions in defects and the improvement of yield, as well as the recycling of unvulcanized rubber (recovery of valuable resources). (The target for reduction of waste excluding valuable resources was set for fiscal 2017 onward.)

### Waste emissions (excluding valuable resources) (Sumitomo Riko Group)



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

### Waste emissions (Sumitomo Riko Group) Independent Assurance



※2 Data boundary in fiscal 2015: Sumitomo Riko, nine Sumitomo Riko Group companies in Japan, and 11 Sumitomo Riko Group companies overseas.

※3 The two European companies acquired in 2013 and their subsidiaries were added to the boundary of data aggregation from fiscal 2016 and 16 companies overseas were added to the boundary of data aggregation from fiscal 2017.

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

※5 The amount of waste includes the amount of substances containing valuable resources.

## Example of waste reduction

For many years, the detergent used to clean molds and machinery at the Saitama Plant was of a spray can type. This meant that, once empty, these spray cans became waste, as were the cardboard boxes they were delivered in. To solve this problem, the Plant decided to abandon the use of spray cans and switch to refillable sprayers.

With this initiative, the use of spray cans was completely abolished, and the cardboard packaging was also eliminated at the same time. Because the detergent is now purchased in 18-liter drums, these drums have become a new form of waste, but overall, this initiative has resulted in a reduction in waste of 207 kg per year.



Refillable sprayer

## Approaches to ocean pollution

As an activity to improve the problem of ocean plastics for fiscal 2019, the cafeteria at the Komaki Plant switched from plastic dessert spoons to paper ones. Global Headquarters also abolished the sale of beverages in PET bottles in its drink vending machines, replacing them with canned beverages. We will continue to make improvements one step at a time wherever we can.

## Issues to Be Addressed and Responses

Environmental Management Promotion Officers of Business Headquarters will again spearhead our waste reduction initiatives in fiscal 2020, with the aim of achieving the objective for fiscal 2022 (5% reduction in waste intensity compared with fiscal 2017). In particular, we will boost the ongoing efforts of each business unit in the reduction of defects and improvement of yields, to reduce waste emissions and reuse generated waste by converting it into valuable resources for recycling.

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.





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

# Water Consumption Reduction

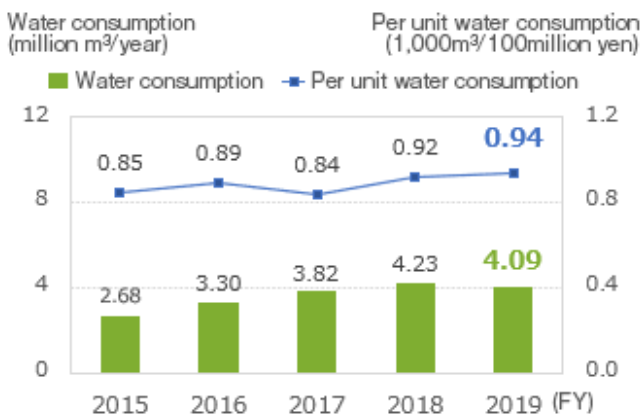


## Water Consumption Reduction Initiatives

In the Global Risks Report published by the World Economic Forum annually, water crises have always ranked high in the risk landscape. Sumitomo Riko used AQUEDUCT, an international water risk assessment tool, to assess water risk in the regions of Japan and overseas where the Group’s production sites are located. Based on this, in fiscal 2018, it conducted a water risk survey, including conducting interviews with all of production plants in Japan and overseas. Based on the survey findings, since fiscal 2019, we have been reinforcing our initiatives for water risks from physical (water shortage), regulation, and reputation perspectives.

In order to reduce water consumption, the Sumitomo Riko Group has introduced technology for the cost-effective recycling of wastewater discharged by production processes and will promote reduction of water consumption through water-saving efforts and efficient use.

### Water consumption (Sumitomo Riko Group)



\*1 Data boundary in fiscal 2015: Sumitomo Riko, five 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 boundary of data aggregation from fiscal 2016, and four Sumitomo Riko Group companies 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

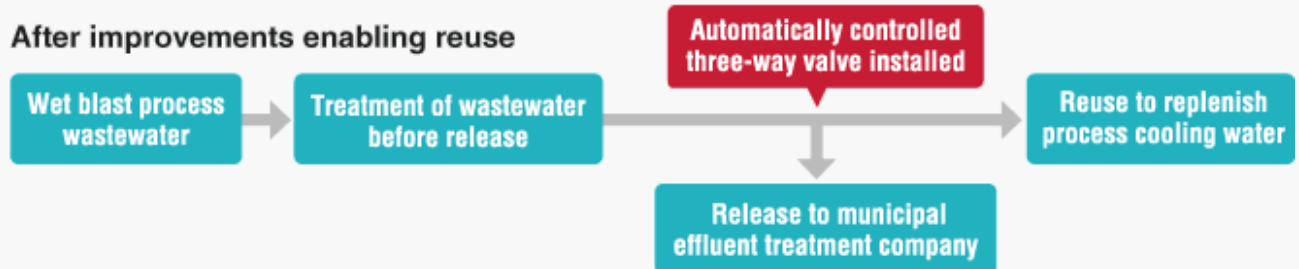
SumiRiko Ohio, Inc. (U.S.) previously released water treated after wet blast process to a municipal effluent treatment company for treatment. It has since made improvements to enable that wastewater to be reused to replenish cooling water used in the production process. Specifically, an automatically controlled three-way valve installed at the discharge unit was designed such that

wastewater is sent to the effluent treatment company only when the process cooling water tank is full. This has resulted in major benefits in terms of reducing the volume of mains water used to replenish the water for the cooling water system.

**Before improvements enabling reuse**



**After improvements enabling reuse**



**Reuse of non-industrial wastewater**

Tokai Rubber (Jiaxing) Co., Ltd. (TRJ) in China has been using recycled water in the production process since January 2018, prompted by the ban on direct discharge of non-industrial wastewater in accordance with new regulations. TRJ’s non-industrial wastewater is treated with water treatment equipment that employs a reverse osmosis membrane system, after which it is 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 (China)





## Environment

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

# Environmental Protection



## Compliance with Environmental Laws and Regulations

The Sumitomo Riko Group is thorough in its efforts to ensure compliance with environmental laws and regulations. However, in fiscal 2019, three cases of wastewater concentrations exceeding standards were detected at sites in Japan and overseas. All three cases occurred because the capacity of the sites' wastewater treatment facility to treat high-concentration wastewater was slightly inadequate. The sites will proceed with systematic improvements to their equipment to build up facilities that will not cause similar problems in the future.

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.



## Approach to Biodiversity

The Sumitomo Riko Group believes that the protection of biodiversity should be addressed as an important environmental issue. For example, in fiscal 2019, supporting the afforestation projects promoted by Nagano Prefecture afforestation promotion project and Mie Prefecture corporate afforestation project, Sumitomo Riko pursued the Sumitomo Riko Forest protection initiatives in Ikeda-cho, Nagano Prefecture, and Matsusaka, 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, Group company Tokai Chemical Industries 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

In the wake of past discoveries of groundwater contamination due to the use of chlorinated solvents at the Komaki, Matsusaka, and Saitama Plants, we have been decontaminating the groundwater systematically and continuously. We notify and report our plans and the outcomes of this decontamination work to the authorities concerned. 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.



#### **Matsusaka 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.



#### **Saitama Plant**

Decontamination of groundwater by the air stripping method began in March 2007, and water quality has been monitored since then. Contamination concentration has been decreasing steadily, verifying the effectiveness of this decontamination method. Decontamination using the anaerobic biological method was also conducted three times in 2007, 2017, and 2019 to further promote decontamination.







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.

## All-Company Environmental Meeting

Sumitomo Riko holds an All-Company Environmental Meeting twice a year, attended by all employees, from the President down. The objectives of these meetings are to communicate management's environmental commitments and raise awareness of environmental protection activities among employees. June 2020 was just after the lifting of the state of emergency declaration due to the novel coronavirus, but we were able to avoid cancelling the meeting by thoroughly exercising infection prevention measures and holding it across multiple venues with small numbers of attendees at each one. Video of the meeting was also live streamed to all employees and recorded for later viewing.



Scenes from the All-Company Environmental Meeting

## Environment Month

Sumitomo Riko had previously designated September as Environment Month, during which we conducted original events and activities, but we have since changed it to June to align it with the Environment Month proposed by the Ministry of the Environment. We hold various events for the promotion of environmental protection activities during the month, with a focus on June 5, which is designated as Environment Day under Japan's Basic Environment Act and as World Environment Day by the United Nations.

## ○ Main events during Environment Month

- All-Company Environmental Meeting
- Environmental seminars by experts (held every year)
- Environment-related activities at each plant
- Publication of Management News
- Posters to raise awareness

## 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 2019, 74 initiatives from across the Sumitomo Riko Group were considered, of which 11 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 of environmental risk reduction award recipients TRJ (China)

## 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.

In January 2020, we delivered a lecture at the FY2019 Seminar on the Limitation of VOC and Mercury Emissions and the Promotion of Appropriate Treatment or Waste Containing PCBs, hosted by the Chubu Bureau of Economy, Trade and Industry, in which we presented examples of the reduction of VOC at Sumitomo Riko.



Lecture delivered at Chubu Bureau of Economy, Trade and Industry seminar (Nagoya Municipal Industrial Research Institute)

## Examples of External Awards

### ○ Environmental Governance Award (Thailand)

SumiRiko Chemical and Plastic Products (Thailand) Ltd. received the Environmental Governance (Green Star) Award 2017 from the Industrial Estate Authority of Thailand (IEAT) for being a company with excellent environmental, safety, and CSR activities. IEAT, 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.



Certificate of commendation from IEAT SRK-CP (Thailand)

## Modal Shift Awards (Japan)

In recognition of its efforts in achieving a modal shift to marine transport, including the transport of automotive hoses and other products by ferry, SumiRiko Logitech Company Limited (Komaki, Aichi Prefecture) received the FY2019 Award for Excellent Business Entities Working on Modal Shift in the 6th Modal Shift Awards of the Japan Association for Logistics and Transport in November 2019. It was also selected as an FY2019 Eco Ship Mark Excellent Business Entity by the Eco-ship and Modal Shift Project Organizing Committee in late February 2020 and received the Ministry of Land, Infrastructure, Transport and Tourism Maritime Bureau Director-General's Award.



Commemorative photo at external award presentation ceremony, SRK-L (Komaki)

## 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 inspects the state of compliance with environmental laws and regulations, as well as that of environmental protection and management at the sites. These inspection visits began in 2016, and in fiscal 2019, we visited eight sites in Japan, three sites in China, seven sites in Europe, and four sites in the Americas, where we performed inspections and provided advice for improvements.



Global environmental audit, TCT (Tianjin, China)

## 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 forest thinning in the Sumitomo Riko Forest initiative (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).

▶ [Go to Contribution to the Promotion of Coexistence with the Natural Environment page](#)



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

## GRI Standards Comparison

Disclosures		Locations	
<b>GRI 301 : Materials 2016</b>			
301-1	Materials used by weight or volume	Environmental Management	▶ <a href="#">Sumitomo Riko Group's Material Balance</a>
301-2	Recycled input materials used	Not available	Not available
301-3	Reclaimed products and their packaging materials	Waste Reduction	▶ <a href="#">Waste Reduction Initiatives</a>
<b>GRI 302 : Energy 2016</b>			
302-1	Energy consumption within the organization	Environmental Management Climate Change Countermeasures	▶ <a href="#">Sumitomo Riko Group's Material Balance</a> ▶ <a href="#">Initiatives to Reduce CO<sub>2</sub> Emissions at Our Business Sites</a>
302-2	Energy consumption outside of the organization	Climate Change Countermeasures	▶ <a href="#">Initiatives to Reduce CO<sub>2</sub> Emissions at Our Business Sites</a>
302-3	Energy intensity	Climate Change Countermeasures	▶ <a href="#">Initiatives to Reduce CO<sub>2</sub> Emissions at Our Business Sites</a>
302-4	Reduction of energy consumption	Climate Change Countermeasures	▶ <a href="#">Initiatives to Reduce CO<sub>2</sub> Emissions at Our Business Sites</a>
302-5	Reductions in energy requirements of products and services	Climate Change Countermeasures	▶ <a href="#">Initiatives for CO<sub>2</sub> Reduction in Logistics</a>
<b>GRI 303 : Water and Effluents 2018</b>			

Disclosures		Locations	
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 2019)	▶ <a href="#">Environmental Performance Data of Plants</a>
303-3	Water withdrawal	Water Consumption Reduction	▶ <a href="#">Water Consumption Reduction Initiatives</a>
303-4	Water discharge	Not available	Not available
303-5	Water consumption	Not available	Not available
<b>GRI 304 : Biodiversity 2016</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Protection	▶ <a href="#">Biodiversity</a>
304-2	Significant impacts of activities, products, and services on biodiversity	Not available	Not available
304-3	Habitats protected or restored	Environmental Protection	▶ <a href="#">Contribution to the Promotion of Coexistence with the Natural Environment</a>
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not available	Not available
<b>GRI 305 : Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	Climate Change Countermeasures	▶ <a href="#">Breakdown of CO2 emissions throughout the supply chain</a>
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change Countermeasures	▶ <a href="#">Breakdown of CO2 emissions throughout the supply chain</a>
305-3	Other indirect (Scope 3) GHG emissions	Climate Change Countermeasures	▶ <a href="#">Breakdown of CO2 emissions throughout the supply chain</a>
305-4	GHG emissions intensity	Climate Change Countermeasures	▶ <a href="#">Initiatives to Reduce CO2 Emissions at Our Business Sites</a>
305-5	Reduction of GHG emissions	Climate Change Countermeasures	▶ <a href="#">Example of Reduction in CO2 Emission</a>
305-6	Emissions of ozone-depleting substances (ODS)	Management of Chemical Substances	▶ <a href="#">Appropriate Management of Ozone-depleting Substances</a>

Disclosures		Locations	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental Performance Data (Fiscal 2019)	▶ <a href="#">Environmental Performance Data of Plants</a>
		Management of Chemical Substances	▶ <a href="#">Initiatives for Reduction of Air Pollutants</a>
<b>GRI 306 : Effluents and Waste 2016</b>			
306-1	Water discharge by quality and destination	Environmental Performance Data (Fiscal 2019)	▶ <a href="#">Environmental Performance Data of Plants</a>
306-2	Waste by type and disposal method	Environmental Management	▶ <a href="#">Sumitomo Riko Group's Material Balance</a>
		Waste Reduction	▶ <a href="#">Waste Reduction Initiatives</a>
306-3	Significant spills	Environmental Protection	▶ <a href="#">Compliance with Environmental Laws and Regulations</a>
306-4	Transport of hazardous waste	Not available	Not available
306-5	Water bodies affected by water discharges and/or runoff	Environmental Protection	▶ <a href="#">Purification of Soil and Groundwater</a>
<b>GRI 307 : Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	Environmental Protection	▶ <a href="#">Compliance with Environmental Laws and Regulations</a>
<b>GRI 308 : Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	CSR Activities on Supply Chain	▶ <a href="#">Environmentally Conscious Procurement</a>
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 2019)

## Environmental Performance Data

Items for which independent assurance was received are marked with .

Item	Unit	Japan	Americas	Europe	China	Asia	Total	Reference pages
Energy consumption	PJ/year	2.29	1.82	0.89	1.41	0.83	7.24 <input checked="" type="checkbox"/>	▶ <a href="#">Climate Change Countermeasures</a>
CO <sub>2</sub> emissions	thousand t-CO <sub>2</sub> /year	123	77	40	85	46	372 <input checked="" type="checkbox"/>	
Waste emissions	thousand t/year	16.2	25.0	13.5	8.3	7.2	70.2 <input checked="" type="checkbox"/>	▶ <a href="#">Waste Reduction</a>
VOC emissions	thousand t/year	0.70	0.06	0.03	0.10	0.54	1.43	▶ <a href="#">Management of Chemical Substances</a>
Water consumption	million m <sup>3</sup> /year	1.66	0.38	0.97	0.65	0.43	4.09	▶ <a href="#">Water Consumption</a>

\*1 Data boundary: Sumitomo Riko and principal consolidated subsidiaries. For the data boundary of "Energy consumption" and "CO<sub>2</sub> 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)		



Environmental Protection Investment			Economic benefits (millions of yen)	Environmental protection benefits
Item	Major Investment Item	(millions of yen)		
Pollution prevention	Water pollution prevention etc.	101	—	Countermeasures for air and water quality
Global environmental protection	Global warming mitigation etc.	5	38*2	Reduced CO2 emissions
Resources recycling	Reduced / recycled waste etc.	1	14*3	Reduced amount of waste generated
<b>Total</b>		107	52	

\*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	Unit	Control standard	Actual performance values		
					Max.	Min.	Avg.
Atmosphere (major equipment)	Boiler	Soot and dust	g/m <sup>3</sup> N	0.30	<0.01	<0.01	<0.01
		Sulfur oxide	K-value	9.0	0.07	0.06	0.07
		Nitrogen oxide concentration	ppm	144	45	44	45
Water quality	Effluent	Hydrogen-ion concentration	pH	5.8~8.6	7.6	7.1	7.3
		Biochemical oxygen demand	mg/L	25	5.3	1.9	3.5
		Suspended solids	mg/L	30	18.0	2.0	8.5
		n-Hexane extracted substance content	mg/L	5	<1	<1	<1
Emission and transfer of substances covered by the PRTR Law			t/yr	—	131		

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

### ○ Matsusaka Plant

	Measurement item	Unit	Control standard	Actual performance values

		Measurement item	Unit	Control standard	Actual performance values		
					Max.	Min.	Avg.
					Atmosphere (major equipment)	Boiler	Soot and dust
Sulfur oxide	K-value	17.5	<0.1	<0.1			<0.1
Nitrogen oxide concentration	ppm	150	41	24			32
Water quality	Effluent	Hydrogen-ion concentration	pH	5.8~8.6	7.3	7.0	7.2
		Biochemical oxygen demand	mg/L	130	44.0	3.0	23.6
		Suspended solids	mg/L	130	4.0	1.0	2.4
		n-Hexane extracted substance content	mg/L	5	2.0	0	0.9
Emission and transfer of substances covered by the PRTR Law			t/yr	—	143		

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

### ○ Fuji-Susono Plant

		Measurement item	Unit	Control standard	Actual performance values		
					Max.	Min.	Avg.
Atmosphere (major equipment)	Boiler	Soot and dust	g/m <sup>3</sup> N	0.1	<0.01	<0.01	<0.01
		Sulfur oxide	K-value	13.0	<1	<1	<1
		Nitrogen oxide concentration	ppm	150	24	23	24
Water quality	Effluent	Hydrogen-ion concentration	pH	5.8~8.6	7.8	7.0	7.4
		Biochemical oxygen demand	mg/L	25	4.0	1.4	2.2
		Suspended solids	mg/L	50	5.0	<1.0	0.5
		n-Hexane extracted substance content	mg/L	5	<0.5	<0.5	<0.5
Emission and transfer of substances covered by the PRTR Law			t/yr	—	34		

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

### ○ Saitama Plant

There was no equipment that generated emissions subject to the Air Pollution Control Act or Water Pollution Prevention Act and there were no emissions or transport of chemicals subject to the PRTR Law.

## ISO14001 Certification (List of ISO14001-certified Companies)

Country		Company	Abbreviation	Certification
Japan		Sumitomo Riko Company Limited	—	○
		SumiRiko Yamagata Company Limited	SRK-YG	In planning
		Tokai Chemical Industries, Ltd.	TCI	○
		Sumitomo Riko Hosetex, Ltd.	—	○
		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 Oita Advanced Elastomer Company Limited	SRK-AE	○
		SumiRiko Kyushu Company Limited	SRK-K	○
		Tokai Chemical Kyushu, Ltd.	TCIK	○
Americas	USA	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 do Brasil Ltda.	SRK-HDB	○
S Riko Automotive Hose Tecalon Brasil S.A.		SRK-HTB	○	
Europe and others	Russia	SumiRiko Automotive Hose RUS AO	SRK-HR	In planning
	Poland	SumiRiko Poland Sp. z o.o.	SRK-P	○
		SumiRiko Automotive Hose Poland Sp. z o.o.	SRK-HP	In planning
	Germany	SumiRiko AVS Germany GmbH	SRK-GER	○
	Czech	SumiRiko AVS Czech s.r.o.	SRK-CZ	○
	France	SumiRiko AVS France S.A.S.	SRK-EPF	○

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

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)



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

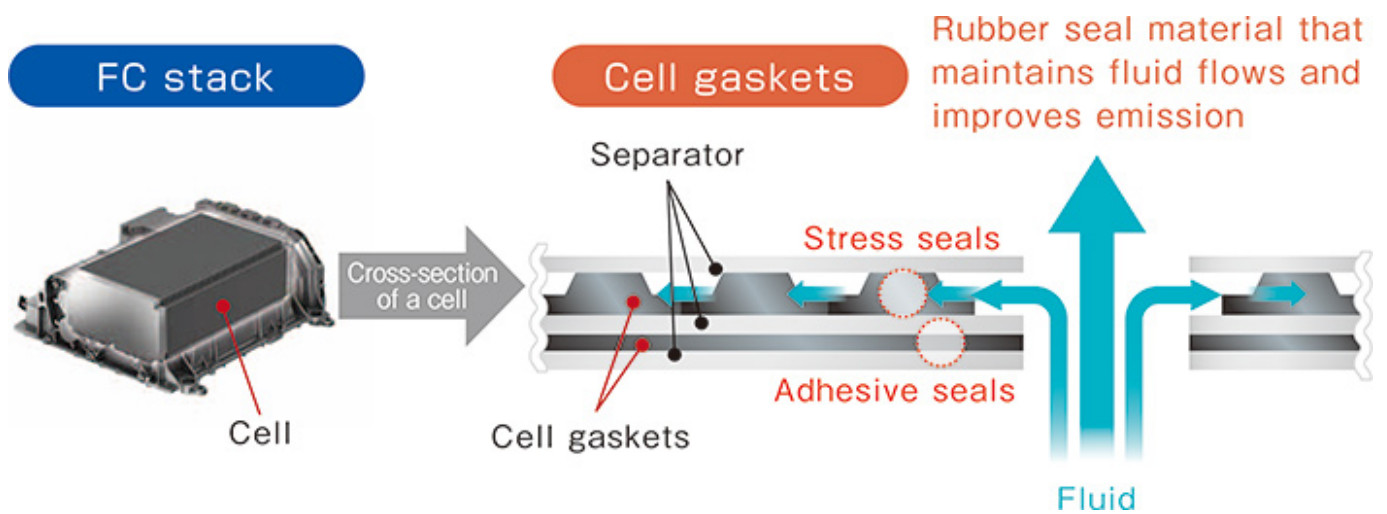
# Environmentally Friendly Products



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.

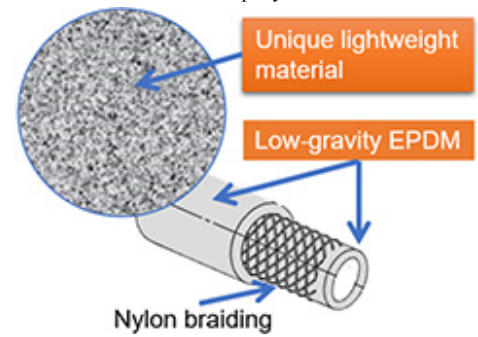


## Contributing to Improvement of Fuel Efficiency by Lighter Vehicles

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



## Commitment

### 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 the business units, is to promote Group-wide compliance activities. Through global implementation of such measures as compliance risk assessment, compliance education and training of employees, and global monitoring, we strive to inculcate the importance of compliance throughout the workforce. I believe these activities are the foundation for the steady growth toward "Global Excellent Manufacturing Company" and also contributing the creation of social value by developing our corporate value and public value set in the Sumitomo Riko Group 2022 Vision (2022V) as the mid-term management vision.

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



### Hirohisa Maeda

Chairperson of Compliance Committee  
Director and Senior 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 has developed its compliance structure in accordance with its basic policy for internal control. Chaired by the Senior Managing Executive Officer, who is also a Director, the Compliance Committee, a sub-committee of the CSR Committee, periodically reports to the Board of Directors on the status of its activities. In addition, general managers, managers, and supervisors at each workplace are appointed as compliance leaders (CL) 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 1,091 employees, 100% of the subject employees, at business sites around the world received this training in fiscal 2019.

\* 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 firm 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 will suffer any disadvantage for doing so. The chairperson of the Compliance Committee periodically interviews general managers of key business sites worldwide concerning the state of operation of the compliance structure.

**\* 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 after-mentioned, 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 in 2013. Measures include messages from 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" was included as an objective of Compliance Review Day, alongside S.E.C.-Q. (safety, environment, compliance, and quality), which is the basis of our business operations, and the "Bad News First & Thanks!" policy. Initiatives have been strengthened to learn lessons from past experience.

## Anti-corruption Initiatives

Having endorsed the United Nations Global Compact (UNGC) 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.

The logo for Sumitomo Riko Company Limited, featuring a blue diamond-shaped icon with a white cross-like pattern to the left of the text "SUMITOMO RIKO Company Limited".A rectangular button with the word "Inquiry" in blue text.





Quality

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

## Quality Management



Commitment

### Message from the Chairperson of Quality Committee

The Sumitomo Riko Group positions Safety, Environment, Compliance, and Quality (S.E.C.-Q) as the basis of its business operations.

From fiscal 2017, as a sub-committee of the CSR Committee, the Quality Committee pursued activities to check the state of compliance with laws and ordinances, contracts, and rules, focusing on quality compliance issues. In fiscal 2020, the Quality Committee became independent of the CSR Committee. Entrusting discussion of quality compliance to the existing Compliance Committee, the Quality Committee will now engage in efforts to improve quality across the entire company by enhancing the management of the Quality Activities Policy.

This Quality Committee will act as the cornerstone in the Sumitomo Riko Group's efforts to achieve product quality that is trusted worldwide. With members appointed from organizations across the Sumitomo Riko Group, the Quality Committee will strengthen the Group's quality assurance framework as it expands globally, to meet the changes in the times and the increasingly sophisticated needs of customers.

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, comfort, and the environment for people, 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.



**Shinichi Waku**

Chairperson of Quality Committee  
Director and 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 offering its customers worldwide attractive products that are attuned to their needs. To fulfill our mission, we are pushing forward with quality improvement activities throughout the Sumitomo Riko Group, adhering to our company-wide quality 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)'.—"

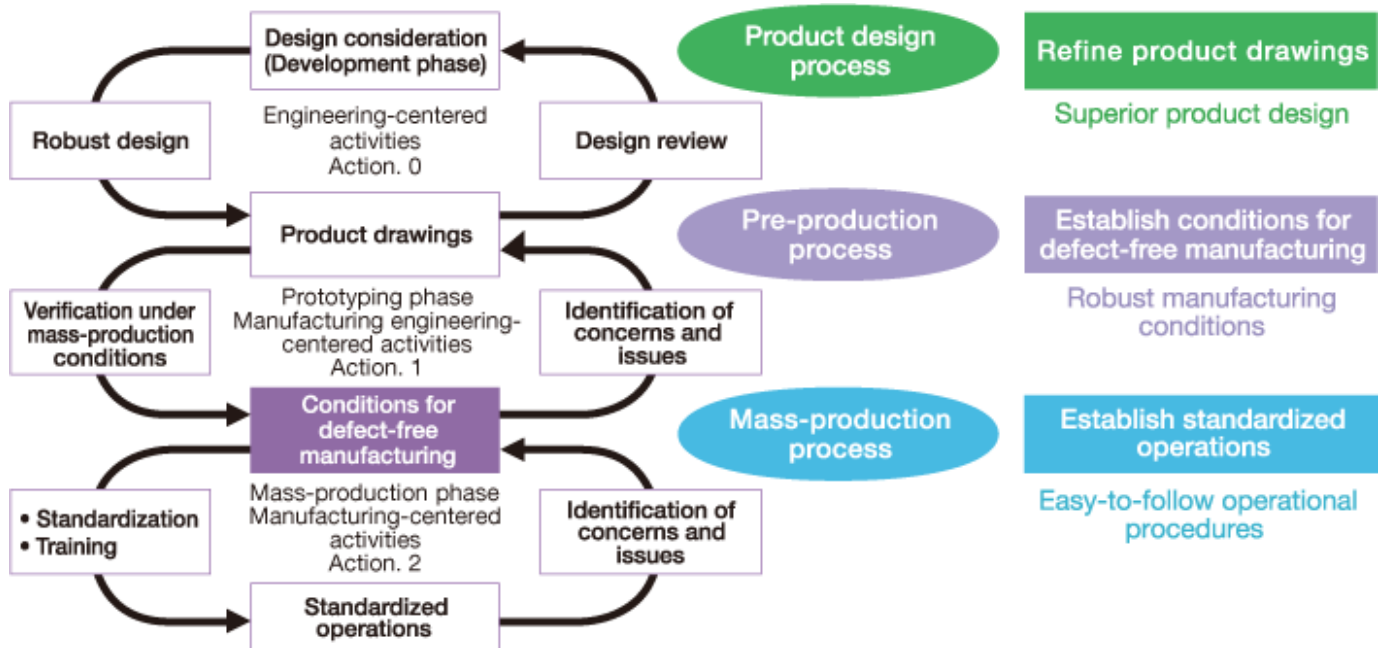
### Approach to quality assurance in the Sumitomo Riko Group

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

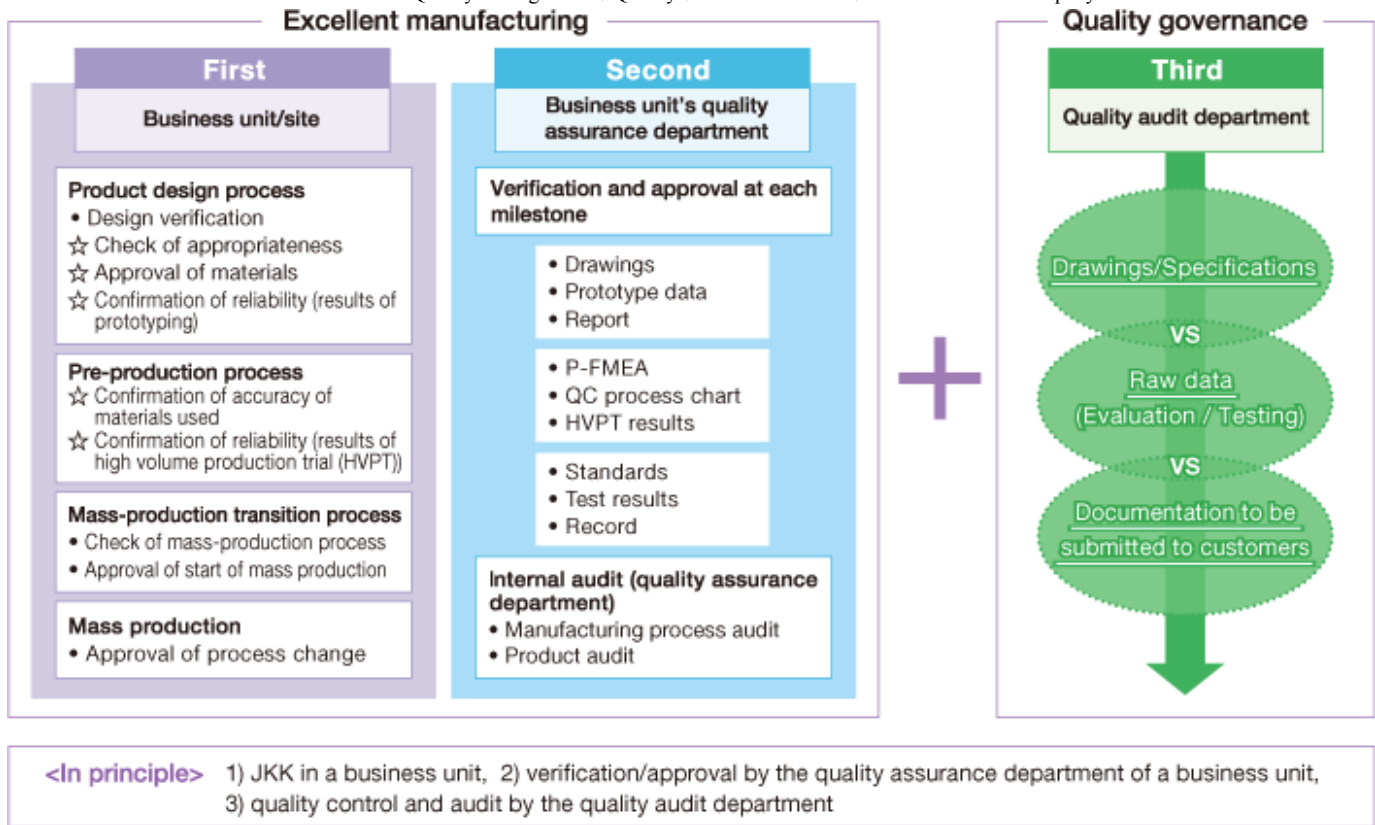
The first approach is "Ji-Kotei-Kanketsu (JKK)." JKK emphasizes that each employee should have a sense of ownership that encourages him or her to fulfill his or her duty at each process of product design, pre-production, and mass production so that no defect proceeds to subsequent processes. (See Fig.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

The second approach is "appropriate quality governance." In pursuit of reliability, we implement quality risk management based on JKK in business units, verification and approval by the Quality Assurance Department of each business unit, and quality control audits by the Quality Audit Department. (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 build a global quality governance structure. Furthermore, to respond to quality risks, globally implement quality control audits to monitor whether there has been any misconduct and link them to the elimination of quality-related misconduct and major quality problems.

### 3) Creation of a quality culture

Cultivate a corporate culture of quality-first, through the promotion of top-down, company-wide quality control activities and the establishment of position-specific quality education programs.

## 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.

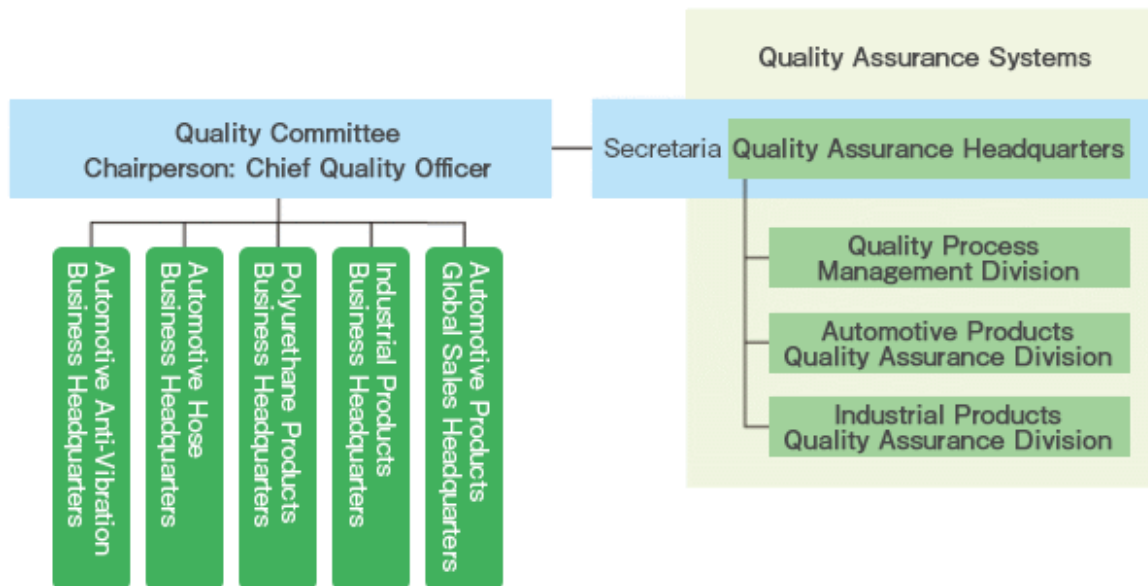
With an organizational structure designed to ensure independence from business units and objectivity, the Quality Assurance Headquarters enhances the Group's quality assurance by strengthening the auditing function and has established a collaborative framework covering business units.

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 added Quality (Q) to Safety, Environment, and Compliance (S.E.C.), which are the basis of its business operations, from fiscal 2017 onward, changing it to S.E.C.-Q. In line with this change, the Quality Committee was established under the CSR Committee to strengthen the function for monitoring the implementation of the quality PDCA cycle.

In April 2020, to further enhance our measures to improve company-wide quality, the Quality Committee was made independent from the CSR Committee, becoming a company-wide committee on the same level as the CSR Committee.







## 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 IATF or ISO certifications at all our sites.

Currently, a total of 60 sites, consisting of 10 sites in Japan and 50 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, due to the need to establish uniform rules that will be observed by all Group companies, the Sumitomo Riko Global Quality Standards (SRK-GQS) were established. 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. SRK-GQS consists of three levels: Level 1, which indicates the guidelines that form the axis of quality assurance activities; Level 2, which describes the business standards that clarify the management of milestones from product planning by each business unit to mass production; and Level 3, which prescribes the actual individual tasks. The preparation and release of a total of nine standards in Level 1 were completed in fiscal 2019. In fiscal 2020, we will work on the preparation of Level 2 (standards for milestone management) and Level 3 (actual work procedures).

#### ○ 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.

We conducted audits of 22 new suppliers in fiscal 2019. In fiscal 2020, we will audit 38 suppliers, including renewal audits of suppliers for which three years have passed since the initial audit and audits of new suppliers, in an effort to strengthen and enhance our quality assurance framework.

## ○ 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 2019, we conducted audits of six locations overseas, namely two in Indonesia, two in Thailand, and two in India. In fiscal 2020, in addition to the quality control audits, we will conduct contract fulfillment audits to ascertain whether contracts with customers are being fulfilled appropriately, in an effort to raise the standard of quality control audits. We will conduct new audit activities of all business units in Japan as well as four locations in Asia to further enhance our response to quality risks globally.

## | Creation of a Quality Culture

With the aim of fostering a corporate culture that puts quality first, in fiscal 2019 we designated the 9th, 19th, and 29th of each month as "Q Day" throughout the Company, a day on which quality-related work is prioritized.

With the aim of enhancing product quality, quality of work, and communication, since fiscal 2019, Q Day has become firmly established within the Group as a valuable opportunity for departments to enhance communication between managers/supervisors and subordinates and for discussion of key issues in the individual departments, such as the development of globally consistent work procedures, the establishment of a system conducive to the creation of high-quality products, and the development of personnel who are capable of high-quality work.

In fiscal 2020, with the aim of retaining the outcomes of these activities as operational standards and procedural manuals and turning them into assets, we will expand the scope of safety activities to include group companies in Japan, as well as Sumitomo Riko itself.

## | 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 2019, the Group's 13 sites received 24 awards (four in Japan and 20 overseas).

### ○ FY2019 supplier awards received

## ○ Japan

Customer	Award	Awardee
Yachiyo Industry Co., Ltd.	Cost Category - Competitor VA Cooperation Award	Sumitomo Riko
Yachiyo Industry Co., Ltd.	Cost Category Award	
Suzuki Motor Corporation	Overseas Contribution Award	
Caterpillar Japan LLC	Supplier Quality Excellence Process Gold Medal	SRK-HT

## ○ Overseas

Customer	Award	Awardee
General Motors Company	Quality Award for 2019	SRK-QRO
TD Deutsche Klimakompressor GmbH	Best Supplier Award(Best Clutch Part Spplier)	SRK-P
Honda Car India Ltd.	Quality Certificate	TIR
Honda Motor India Ltd.	Excellent Award(Spare Parts)	TRIN
Honda Automobile (Thailand) Co., Ltd.	The Environmental Award	SRK-ER
General Motors (Thailand) Limited,	Quality Excellence Award	SRK-ER
Dongfeng Honda Automobile Co., Ltd.	Excellent Supplier Award	TRG
Dongfeng Honda Engine Co., Ltd.	Supplier Excellence Award	TRG
Yachiyo Zhongshan Manufacturing Co., Ltd.	Quality Excellence Award and Cooperation Award	TRG
GAC Toyota Motor Co., Ltd.	Quality Cooperation Award	TRJ
	Quality Cooperation Award	TRG
General Motors do Brasil Ltda.	Supplier Quality Excellence Award	SRK-HDB
Toyota Motor Vietnam	Best Improvement Award for Cost	SRK-HV
PT.Honda Prospect Motor	Best Quality	TRHI
Mitsubishi Heavy Industries Forklift (Dalian) Co., Ltd.	Contribution Award	TRFH
Sany Heavy Industry Co., Ltd.	Superior Supplier Award	
Caterpillar (Suzhou) Co., Ltd.	SQEP GOLD MEDAL	
Zhongwang Branch, Zoomlion Heavy Industry Science and Technology Co., Ltd..	Best Quality Award	
Hitachi Construction Machinery (China) Co., Ltd.	Price Competitiveness Excellence Award	
Hefei Economic and Technological Development Zone	Growth Progress Award	

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)



## Corporate Citizenship Activities Management

### Commitment

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



#### **Takanobu Nanno**

Chairperson of Social Contributions Committee  
Managing Executive Officer

### 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 a company 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

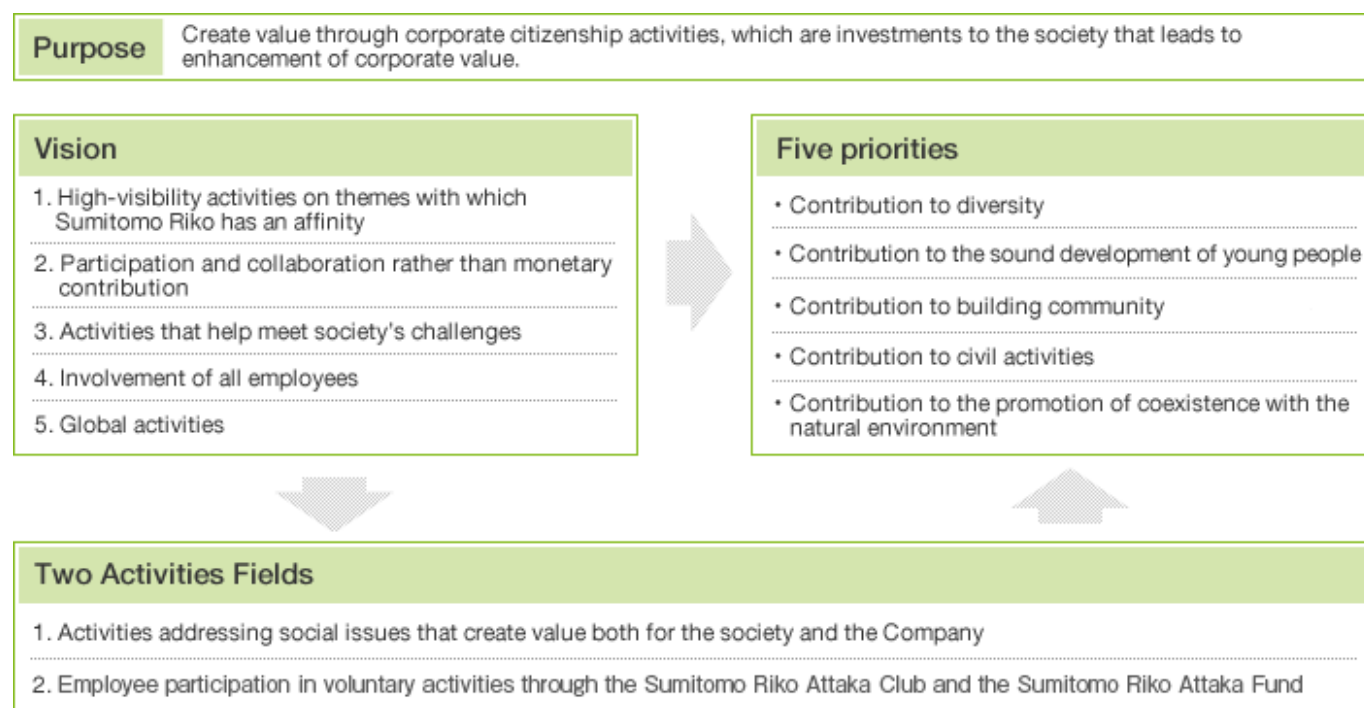
helping meet society's challenges. We aim to create social value through vigorous corporate citizenship activities, addressing solutions to social issues that will contribute to the SDGs, leading to the enhancement of corporate value. In response to social needs, we have accorded priority to the following fields: 1) contribution to diversity, 2) contribution to the sound development of young people, 3) contribution to building community, 4) contribution to civil activities, 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

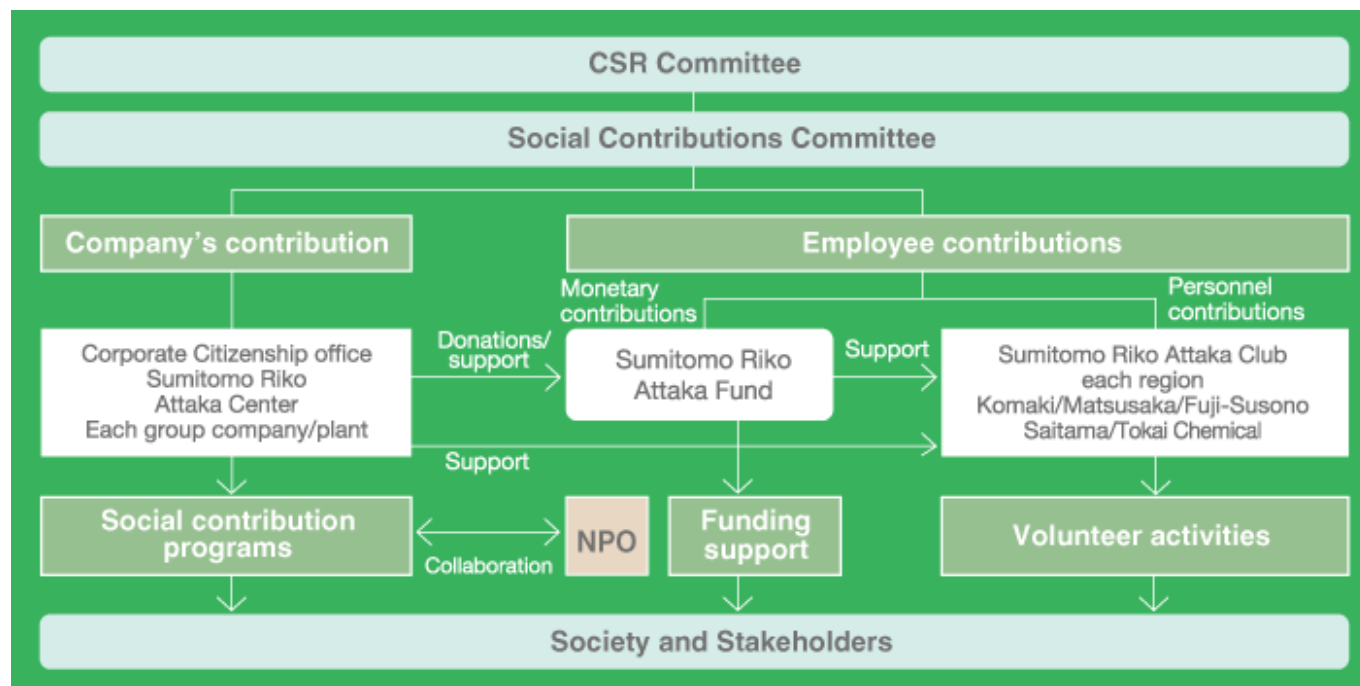
In accordance with the corporate citizenship policy and the framework, the Social Contributions Committee, which is one of the six subcommittees under the CSR Committee established in 2005, ensures that corporate citizenship activities are systematically implemented based on discussion.

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.

56 programs, including monetary contributions, were assessed in fiscal 2019, as a result of which a total of 14 programs were revised or abolished. With a focus on activities that contribute to raising public value, we shifted to corporate citizenship activities that were more relevant to the SDGs and that were more typical of Sumitomo Riko.

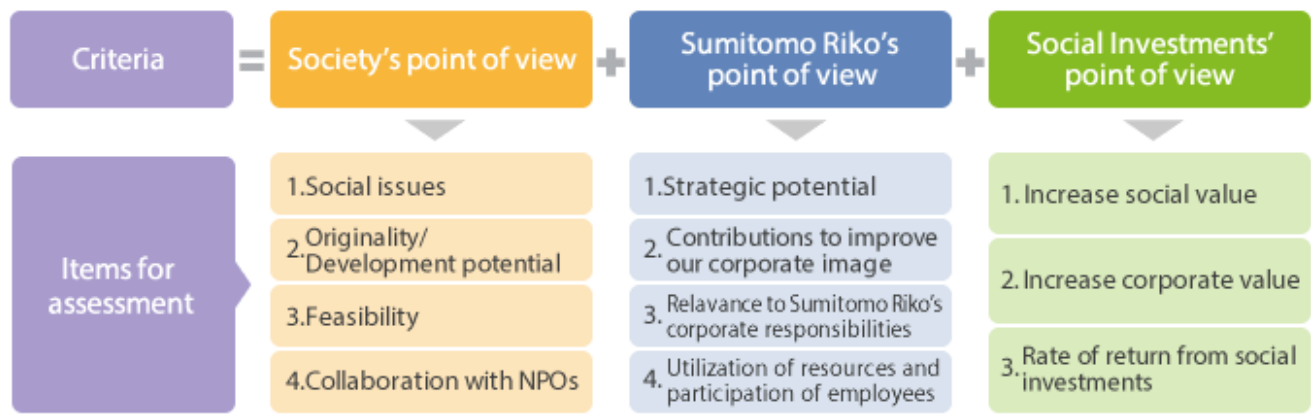
## Objectives of introducing an assessment system for social contribution programs

1. To transfer from monetary donations to employees' participation and partnership.
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

## 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.





Inquiry



## Corporate Citizenship

## Employees, Local Communities

## 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 children living in Komaki City who have roots in foreign countries, to help them prepare to 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.



## Student SDGs Essay Award by Sumitomo Riko

We launched the Student SDGs Essay Award by Sumitomo Riko (originally named Sumitomo Riko Student Essay Award) in 2015 as a project to support the young people who will become the leaders of tomorrow. This was a new social contribution activity to mark the change of the company name to Sumitomo Riko.

The aim of these awards is to provide an opportunity for students throughout Japan to learn about the issues facing society and what development of a sustainable society entails and to discuss the outcomes of their consideration of those issues, in the hope that it will encourage the contestants to broaden their horizons and achieve personal growth.

The awards attract more than 100 essays from university students, graduate school students and vocational school students in Japan and overseas, and international students 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 led by Ms. Yukari Takamura (Professor, Institute for Future Initiatives, The University of Tokyo), as chair of the screening committee, as well as voting by Sumitomo Riko employees. At the commendation ceremony held at the end of August, 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](#)



## Collaboration with Nagaoka University of Technology, Support for 4th STI-Gigaku 2019

Sumitomo Riko participated in, supported, and donated to the 4th International Conference on "Science of Technology Innovation" (4th STI-Gigaku 2019), an international conference jointly organized by Nagaoka University of Technology in collaboration with vocational high school, private-sector companies, local governments, etc., with the aim of achieving the Sustainable Development Goals (SDGs).

The objective of this initiative is to contribute to new technological



innovations and solutions for the SDGs and, more broadly, to nurture future leaders, through collaboration with Nagaoka University of Technology, which is strongly pursuing the SDGs as the only university in East Asia to be designated as a hub university by the United Nations.

STI-Gigaku is a forum to discuss issues and seek answers on the various goals for sustainable development, such as energy, climate change, poverty and hunger, based on the Sustainable Development Goals (SDGs) (17 goals and 169 targets) of the 2030 Development Agenda.

In the Poster Session, participants exhibited posters and gave short oral presentations in English on activities for solving the SDGs and the outcomes of joint research between KOSEN and Nagaoka University of Technology. We presented a certificate for the Best Poster Award by Sumitomo Riko Company Limited and a commemorative gift to the student who gave the most outstanding presentation, as our contribution to promoting students' efforts to achieve the SDGs.

 **SUMITOMO RIKO Company Limited**[Inquiry](#)



## 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, etc.

### 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 the audience are used every year to support reconstruction efforts following the Great East Japan Earthquake and other disaster assistance.



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 a contribution to the local community.





Inquiry





# 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.

The subsidy scheme has two categories, "Dream," which grants subsidies to four new projects, and "Town and People," which grants subsidies to two projects that have a significant public benefit and/or are large in scale. After a public call for applicants, the successful projects are selected by experts, NPOs and Sumitomo Riko.



This scheme was first established in the city of Komaki, where Head Office and the Komaki Plant are located, in cooperation with the NPO Komaki Civil Activities Support Network, in 2010 and was expanded in 2014 to become the Subsidy for Developing the Dreams, Town and People in Kita-Owari. In 2020, it provided support for civic activities in the cities of Komaki, Kasugai, Iwakura, Konan and Inuyama and the towns of Oguchi and Fuso in the Kita-Owari area, in cooperation with the NPO Machi Net Oguchi. In 2012, Sumitomo Riko replicated this subsidy scheme in cooperation with the Matsusaka-based NPO M-bridge to service the area surrounding Sumitomo Riko's Matsusaka Plant, specifically the city of Matsusaka and the towns of Meiwa, Taki and Odai. The scheme was further expanded to the city of Ayabe in September 2016 with the cooperation with the Ayabe Volunteer Center. Then, in fiscal 2017, the scheme was expanded to four regions with the launch of the Sumitomo Riko Subsidy for Developing the Dreams, Town and People in the cities of Susono and Gotemba and the town of Nagaizumi, in the eastern area of Shizuoka Prefecture where the Fuji-Susono Plant is located, with the cooperation of Machi Terrace Works Association.

Sumitomo Riko plans to deploy this subsidy scheme in other areas where our production sites are located. Sumitomo Riko and its cooperating organizations in each region advertise for applications for the subsidy.



[Inquiry](#)



## 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 CO<sub>2</sub> 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 2019 is 2,396 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 .

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 CO<sub>2</sub> 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.



## Initiatives for the Reduction of Plastics

### ○ Sales of PET bottles discontinued at Global Headquarters

~Initiatives to address marine pollution problems caused by plastic waste~

To help solve the problem of ocean plastics pollution, Sumitomo Riko launched an effort to reduce the use of plastic by discontinuing sales of PET bottled drinks and shifting to aluminum cans and other products. Before the discontinuation, an average of 780 plastic bottles a month, or approximately 10,000 bottles a year, were used at Global Headquarters in Nagoya. Our aim is to reduce that number to zero. This initiative will reduce CO<sub>2</sub> emissions by 80 g per 500 ml PET bottle, or approximately 748 kg a year. With the discontinuation of PET bottle sales, we are promoting the use of the tea dispensers installed in headquarters offices and encouraging employees to bring their own drink bottles.

Sale of PET bottles have been discontinued at Global Headquarters first, and the shift to canned drinks will be gradually extended to all Sumitomo Riko Group locations in Japan by 2030, the target deadline for the SDGs.

 **SUMITOMO RIKO Company Limited**

[Inquiry](#)



## 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 employees' volunteer 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 May 2020) of five local clubs, such as the Komaki Club, are engaged in various activities.

Since it was first established, the Sumitomo Riko Attaka Club has been operating a points program as an incentive, with 20 points awarded for each volunteer activity its 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.



#### 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 520 employees were registered with this Fund as of the end of May 2020.

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 seventh time in 2019. 51 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.







## 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.

#### Poland's SKR-P conducts SDGs-related youth support project, "Let's Transform the World Together!"

Seeing contributions to the local community as an investment in the future, SumiRiko Poland Sp. z o.o. (SRK-P) has been conducting corporate citizenship activities since 2000 to improve its corporate and public value.

The objective of its "Let's Transform the World Together!" project is to encourage junior and senior high school students to think about how to inculcate the SDGs in the community and about what they themselves can do to realize that aim, and to foster their ability to plan and execute projects. The students are divided into groups and asked to discuss projects that would contribute to achieving Goals 6, 12, and 13 of the SDGs. The groups then submit a proposal, with the best ones selected to receive financial support from SRK-P for their implementation. In fiscal 2018, SRK-P launched workshops in December for students of three schools in the city of Wolbrom, where SRK-P is located. Five projects were implemented under the program in April 2019. SRK-P has also signed the Partnership Declaration for Realization of SDGs organized by Poland's Ministry of Entrepreneurship and Technology and participated in government-industry activities for the promotion of the SDGs.



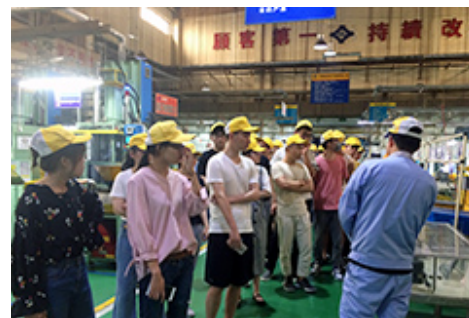
#### University Scholarship Programs at Group Companies in the US

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.



 SUMITOMO RIKO Company Limited

[Inquiry](#)



Diversity

Employees

# Diversity Management



## Commitment

### 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," promotion of diversity is at the heart of our management. With nearly 80% of Sumitomo Riko Group employees working in countries other than Japan, it has become increasingly important to respect diversity and put it into practice.

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.

Going forward, we will continue to engage proactively in the promotion of diversity, with the aim of fostering globally, across the Group a corporate culture that is accepting of every person's individuality, regardless of their race, ethnicity, nationality, religion, age, educational background, sex, gender identity, sexual orientation, or disability, in which every single person can flourish to their full potential and find reward in their work.

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

**Koji Senda**

Chairperson of Diversity Committee  
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.

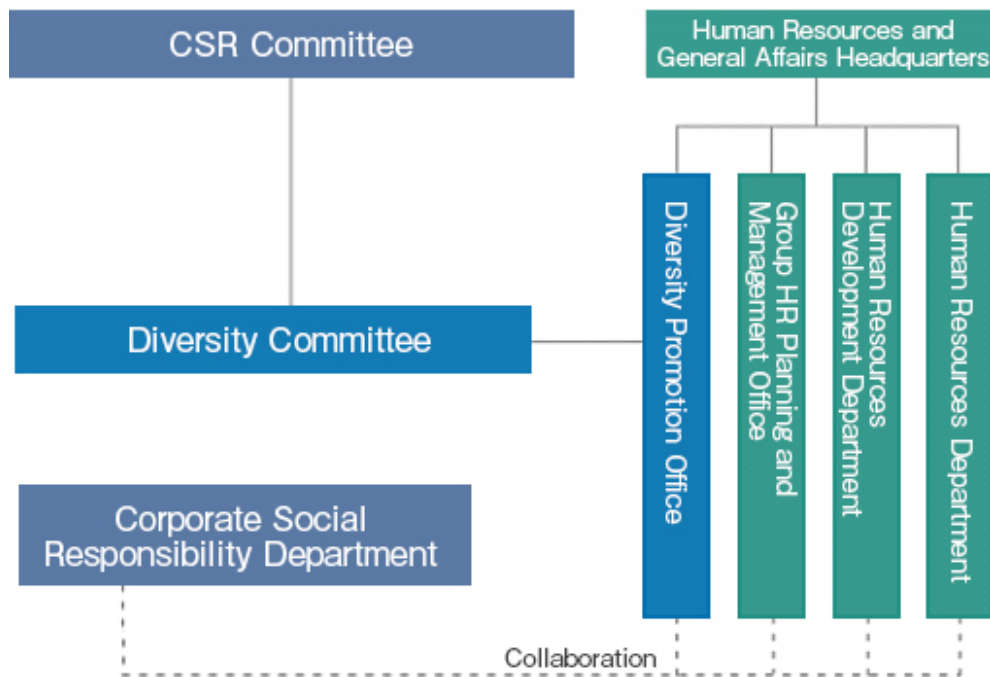
### The Sumitomo Riko Group's Diversity Logo



The establishment of a dedicated logo symbolizes the Sumitomo Riko Group's efforts to promote diversity. This logo expresses our determination to unite in the creation of things of value through connections between people and links between diverse individuality, as a symbol of Sumitomo Riko's active engagement in diversity.

## Diversity Promotion Structure

At Sumitomo Riko, the Diversity Committee, a sub-committee of the CSR Committee, and the Diversity Promotion Office are taking the initiative to communicate the principles of diversity throughout the Group and to put measures in place. The Diversity Promotion Office also works with other relevant departments, including the Corporate Social Responsibility Department, the Human Resources Department, the Human Resources Development Department, and the Group HR Planning and Management Office to establish specific systems and improve the environment within the company.



## Mid-term Vision, Results and Challenges for Diversity

### ○ Mid-term vision

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

#### Three axes

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



## ○ Key diversity challenges and outcomes in FY2019

Theme	Key Diversity Challenges in FY2019	FY2019 Actual	
<b>Empowerment of diverse people for success in work</b>	Women account for 30% of all new recruits	<ul style="list-style-type: none"> <li>- 28.6% (March 2020). Target unachieved</li> <li>- Stronger coordination with recruitment team; 3.2% increase from previous year</li> </ul>	
	Promote employment of people with disabilities (legally prescribed minimum employment rate: 2.20%)	<ul style="list-style-type: none"> <li>- 2.29% (March 2020, includes two Group companies). Target achieved</li> <li>- Started accepting two temporarily assigned employees from special-purpose subsidiary, SumiRiko Joyful</li> <li>- Established new promotion framework and strengthened connections with schools for recruitment purposes</li> </ul>	
	Clarify and analyze actual situation to create comfortable workplace environments	<p>Interviewed foreign national employees for purposes of revising personnel systems</p> <ul style="list-style-type: none"> <li>- Conducted in-house stress check, Iki-Iki Shindan</li> <li>- Promoted workplace improvement activities based on outcomes of group analysis</li> </ul>	
<b>Work style reform</b>	Examine and improve current reforms of systems	Implemented fixed-point observation of in-house programs	
	Strengthen support programs for employees balancing work with parenting or nursing care responsibilities	Nursing care	<ul style="list-style-type: none"> <li>- Established direct help line offering free advice from external experts (Number of calls received in FY2019: 8)</li> <li>- Conducted seminars on balancing work and family responsibilities (5 seminars attended by approx. 100 people)</li> </ul>
		Parenting	<ul style="list-style-type: none"> <li>- Conducted tour of on-site daycare center and program information session for employees on parenting leave (7 participants)</li> <li>- Ascertained needs through interviews before taking parenting leave and before return to work and conducted trial</li> </ul>

Theme	Key Diversity Challenges in FY2019	FY2019 Actual
<b>Mindset reform and cultivation of corporate culture</b>	Strengthening of information dissemination capabilities	<ul style="list-style-type: none"> <li>- Published bimonthly "What is Diversity?" column in in-house magazine, Mitsukumi</li> <li>- Launched monthly diversity newsletter</li> <li>- Revamped G. Portal intranet website</li> </ul>
	Awareness-raising activities through various training programs	<ul style="list-style-type: none"> <li>- Included diversity training in all position-specific training programs (over 20 times, total of over 630 trainees)</li> <li>- Conducted 3rd SWING Forum for Women in the Sumitomo Electric Group (25 participants)</li> <li>- Conducted Life Plan Seminars for senior employees (6 seminars attended by 155 employees)</li> </ul>
	Certification schemes	<ul style="list-style-type: none"> <li>- Made use of Tomonin nursing care support scheme</li> <li>- Took Nadeshiko Brand challenge</li> </ul>
<b>Global management</b>	Survey to clarify the actual situation at overseas bases	<ul style="list-style-type: none"> <li>- Survey conducted in summer 2019, responses received from 11 companies</li> </ul>

## ○ Key diversity challenges in FY2020

Theme	Key Diversity Challenges in FY2020
<b>Empowerment of diverse people for success in work</b>	[Ongoing] Follow up on recruitment efforts toward 30% target for female recruits
	[Ongoing] Promote employment of people with disabilities (legally prescribed minimum employment rate: 2.30%)
	Raise employees' motivation through career design (senior/female employees)
<b>Work style reform</b>	[Ongoing] Support workplace improvement activities through Iki-Iki Shindan
	[Ongoing] Support for balancing work with parenting or nursing care responsibilities
	Support for balancing work and medical treatment
<b>Mindset reform and cultivation of corporate culture</b>	[Ongoing] Active dissemination of information (in-house magazine, newsletter, intranet website)
	[Ongoing] Activities to raise awareness about diversity through training and events (position-specific training, various events)
	[Ongoing] Continue processes for certification schemes and confirm external evaluations (Use of in-house databases to visualize relevant figures and confirm position relative to our competitors)
<b>Global management</b>	Develop policies for connecting with overseas bases and methods of sharing information



[Inquiry](#)



Diversity

Employees

## Initiatives for Diversity Promotion



### General Employer Action Plan

We have established and published our General Employer Action Plan and are conducting various activities to achieve that plan.

<b>1. Plan period</b>	April 1, 2019 to March 31, 2023
<b>2. Quantitative targets</b>	<ol style="list-style-type: none"> <li>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</li> <li>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</li> <li>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</li> </ol>
<b>3. Plan Details</b>	<a href="#">Refer to the Ministry of Health, Labour and Welfare website.(in Japanese)</a>

### Respect for Diversity

#### Internal diversity training

Based on the conviction that human resources development is at the heart of every successful business strategy, we offer a range of education and training programs, including basic and periodic training, position-specific training, and needs-based training. In fiscal 2019, we conducted diversity training sessions in all position-specific training programs, in which we tried a variety of approaches with the trainees. They included basic knowledge of diversity, Sumitomo Riko's approach, and improvements of concrete action levels based on case studies.





More than 20 of these sessions were held over the year, with over 630 employees in total taking part.


\* For Sumitomo Riko and Group companies

## ○ Support of female career development

### **SWING, the Sumitomo Electric Group's networking forum for female employees**

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.

In fiscal 2019, the forum was held in Nagoya and Tokyo, the first time it has been held in two locations. A total of 99 women took part, 25 of whom were from Sumitomo Riko. This event attracts a high degree of satisfaction every year, with many participants keeping in touch with each other even after the conclusion of the event.

 ※ SWING: Abbreviation of the "SEG(Sumitomo Electric Group) Women's Innovative Networking Group"



### **Ratio of female managers**

The ratio of female managers at Sumitomo Riko was 1.00% (seven managers) as of the end of fiscal 2019. This figure is well below the average for rubber product manufacturers (2.7%) according to Ministry of Health, Labour and Welfare figures for the average ratio of female managers by industry (as of May 2020).

Setting a target of 30 female managers in 2022, we are undertaking a variety of measures in areas that include recruitment, training, and programs. In overall recruitment, our target is for women to account for 30% or more of total recruits. We are also expanding measures to support parenting 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 for selected female employees who wish to advance their careers.

FY	2017	2018	2019	2022(target)
<b>Sumitomo Riko</b>	9	7	7	30
	1.01%	1.12%	1.00%	
<b>Global (including)</b>	36	37	42	10.0%

FY	2017	2018	2019	2022(target)
<b>consolidated companies)</b>	7.1%	7.0%	10.8%	

\* Refers to number of women in key positions at Sumitomo Riko and in positions of general manager level and above worldwide.

## ○ Promotion of employment of people with disabilities

### SumiRiko Joyful, a special-purpose subsidiary

Sumitomo Riko hires 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.

In fiscal 2019, two members were temporarily assigned to Sumitomo Riko Global Headquarters, where they are working together with HQ staff in the same environment.



SumiRiko Joyful group photo



Printing work



Temporary assignees to Sumitomo Riko Global HQ

### Change in the percentage of employees with disabilities

FY	2017	2018	2019
<b>Percentage of employees with disabilities (as of March 31)</b>	2.44%	2.26%	2.29%

\* The percentage of employees with disabilities is calculated for the Group (Sumitomo Riko, SumiRiko Joyful, SumiRiko Creates).

## "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. Keep in mind 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

働き方改革のための全社運動  
ファイブ  
**活き生き5**



## Certification and Registration Achievements

Sumitomo Riko participates in a variety of certification and registration schemes with a view to reforming our employees' mindset and fostering a corporate culture of diversity. We use these schemes not only to promote our commitment to the outside world, but also to confirm our position in our industry and to consider our future directions and actions.

- Company committed to women's participation and advancement in the workplace: Eruboshi (two stars: Level 2)



Sumitomo Riko received the two-star Level 2 certification in March 2017 as a company that promotes women's participation and advancement in the workplace. We are aiming to receive the three-star Level 3 certification by meeting the one remaining criteria in the area of recruitment.

- Company that supports childcare: Kurumin




In March 2016, we received certification as a company that supports employees with children.

- Company committed to achieving work-life balance: Aichi Family Friendly Company



We have been registered with Aichi Prefecture as a company that strives to realize a good work-life balance. In 2009, Sumitomo Riko received a commendation from the governor of Aichi Prefecture as a company undertaking outstanding efforts that serve as a model for others, such as the establishment of on-site childcare facilities.

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

## ○ Company committed to supporting a balance between work and nursing care: Tomonin



Since fiscal 2019, as a company 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. We continue to further pursue the development of such environments.

## ○ Company engaged in outstanding health and productivity management: White 500 organization



Sumitomo Riko has consistently, since 2015, received certification as a company that considers the management of employee health from business management perspectives and carries out strategic efforts. In fiscal 2019, we began working on the balance of work and medical treatment and aim to strengthen our programs in this area in fiscal 2020.

 SUMITOMO RIKO Company Limited

[Inquiry](#)



Diversity

Customers, Employees

# Programs and Systems for the Creation of a Comfortable Working Environment



## Internal Employment Support Programs

Sumitomo Riko has instituted a number of support programs and schemes to enable each employee to achieve a good work-life balance with peace of mind and give them a comfortable working environment. These programs and schemes are available not only for traditional reasons such as parenting and nursing care responsibilities. They are very extensive, taking into consideration the diverse circumstances of our employees today.



On-site Daycare Center, "Koala Pokke" (on Komaki Plant premises)

### Examples

#### [Parenting/Nursing care]

Establishment of on-site childcare facilities, introduction of Work-from-Home scheme, extension of coverage of Shortened Working Hours scheme, Introduction of Shorter-Hours Flextime scheme, establishment of direct help line for free advice about nursing care from external experts

#### [Other]

Re-employment scheme for employees who have left the company, "Birthday Leave", "Refresh Leave" whereby employees can take up to five consecutive days of leave depending on their years of service at Sumitomo Riko, "Volunteer Leave" used for volunteer activities

### Outline of support programs for parenting and nursing care

#### Parenting

Program	Outline	FY 2017	FY 2018	FY 2019
---------	---------	---------	---------	---------

Program	Outline	FY 2017	FY 2018	FY 2019
<b>On-site Daycare Center</b>	Koala Pokke, located on site at the Komaki Plant, accepts children ranging from infants to those who are not yet at elementary school.	28	27	28
<b>Parenting Leave</b>	Maternity leave can be taken from 6 weeks prior to the expected birth date until 8 weeks after giving birth. Parenting leave can be taken upon completion of maternity leave until the day before the child's second birthday.	43	19	59
<b>Shortened Working Hours and Shorter-Hours Flextime</b>	Working hours can be shortened by up to two hours per day. In fiscal 2018, availability of this scheme was expanded from children under three years of age to the period until the day before the child enters third grade at elementary school. Flextime was also introduced the same year.	36	20	44
<b>Parenting Flextime</b>	Employees with a child who has not completed elementary school education can set their own start and finish times at will. The use of this scheme can be changed flexibly at one-month intervals.	72	76	99
<b>Child Sick Leave</b>	Special leave for looking after a child who has not reached elementary school age and is injured or ill. Eligible employees can take up to five days per year.	19	16	22
<b>Childcare Holiday</b>	Employees with a child under one year of age can take up to five successive business days off.	48	36	50
<b>Work-from-Home</b>	Can work remotely from home for a maximum of 13 days per month.	-	13	11

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

Program	Outline	FY 2017	FY 2018	FY 2019
<b>Nursing Care Leave</b>	Up to 365 days nursing care leave can be taken per event	2	1	5
<b>Shortened Working Hours and Shorter-Hours Flextime</b>	Working hours can be shortened by up to two hours per day	0	1	5
<b>Short-term Family Care Holiday</b>	Up to five days per year can be taken by employees caring for one family member or up to 10 days per year if caring for two or more family members. (Can be taken in half-day increments)	6	6	10
<b>Nursing Care Flextime</b>	Employees can set their own start and finish times at will. The use of this scheme can be changed flexibly at two-month intervals.	3	4	6
<b>Work-from-Home</b>	Can work remotely from home for a maximum of 13 days per month.	-	0	0

Program	Outline	FY 2017	FY 2018	FY 2019
<b>Use of Expert Advice Help Line</b>	Employees can seek advice by e-mail or telephone, 24 hours a day, 7 days a week. Available to employees and their families from anywhere in Japan.	-	-	8

## Toward Even More Comfortable Workplaces

Sumitomo Riko was no exception in the major impacts it felt from the global COVID-19 pandemic that began in early spring of 2020. Under these circumstances, we took action to expand our Work-from-Home and flextime schemes (scrapping the prerequisite of parenting and/or nursing care commitments), and we have recognized this situation as an opportunity in which all employees have been forced to re-examine the way in which they work.

Until now, we have envisaged a variety of events, but we do not know when a situation that goes beyond anything we have envisaged will occur. For this reason, in our aim to provide even more comfortable working environments and, as a result, create a world in which everybody can work and live with vitality, we will continue to make improvements with a determination not to regress into old habits.



**SUMITOMO RIKO Company Limited**

[Inquiry](#)



Supply Chain

Shareholders and Investors, Suppliers and Other Trade Partners

# CSR Management on Supply Chain



## Commitment

### 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.



#### **Hideyoshi Yasuda**

Chairperson of Supply Chain Committee  
Managing Executive Officer

## Approach to Procurement

Sumitomo Riko's procurement activities are governed by its Basic Policy on Transactions and its 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 our endorsement of the United Nations Global Compact, we revised the CSR Guidelines for Sumitomo Riko Group Suppliers by adding responses to conflict minerals, anti-corruption measures and other items. In August 2019, with the formulation of our mid-term business vision, the Sumitomo Riko Group 2022 Vision, we further revised the Guidelines to reflect the Sumitomo Riko Group Corporate Action Charter.



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




---

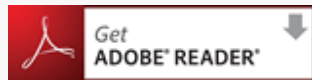
In fiscal 2018, we revised the template of the basic transaction agreement, which we conclude with our suppliers. Provisions on matters, such as ensuring compliance with laws and regulations, protection of personal information, elimination of antisocial forces, and promotion of socially responsible procurement, 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](#)



## 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.

In fiscal 2019, we were able to conduct CSR questionnaire surveys of suppliers accounting for at least 90% of the value of procurement in Japan, a target declared in the Sumitomo Riko Group 2022 Vision (2022V), confirming the status of their CSR activities and providing them with feedback. Going forward, we intend to expand the targets 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.

#### Coverage of the CSR questionnaire survey and targets

Fiscal year	FY2016	FY2017	FY2019	FY2020	KPI
<b>Countries covered</b>	Japan (Sumitomo Riko on a non-consolidated basis)	Group companies in Japan and overseas	Group companies in Japan and overseas	Overseas group companies	Group companies in Japan

Fiscal year	FY2016	FY2017	FY2019	FY2020	KPI
Number of suppliers covered by the questionnaire survey	245	129	186	United States, Thailand, China 100 companies in total	Conduct CSR questionnaire survey of suppliers accounting for at least 90% of the value of procurement in Japan by fiscal 2020 → Achieved ahead of deadline

## 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 vigorously promotes dialogue with its suppliers, and we are also progressively ascertaining the status of the CSR activities of our secondary suppliers, in addition to those of our primary suppliers. In particular, regarding initiatives concerning natural rubber, which we procure mainly from Southeast Asia, the responsible officer for procurement, procurement managers, and other employees of Sumitomo Riko visited natural rubber processors 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, five natural rubber processors in Thailand, Indonesia, and Vietnam in 2018, and one natural rubber processor in Thailand in 2019. Going forward, we will continue this on-site inspection and confirmation program with the cooperation of our overseas procurement sites in each area.

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 has compiled a list containing the basic information regarding our global suppliers and continues to promote the establishment of foundations for swift information gathering and dissemination at times of earthquakes and other disasters. In 2016, by incorporating information about our secondary suppliers, including suppliers of principal raw materials, we established a system for disseminating information to suppliers in a timely manner in the event of an earthquake or other disaster and for confirming the safety of suppliers, including any impact on supply. This system allows us to take swift initial action and to implement subsequent measures in response to the situation.

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 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 1<sup>st</sup>, 2019 to March 31<sup>st</sup>, 2020 (Fiscal 2019). This report also refers to certain activities that are being undertaken in fiscal 2020 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 Statement on Environmental and Social Data for FY2019 (311KB)
-  Assurance Statement related to GHG Emissions for FY2019 (64KB)

## CSR Information Site Archives

-  CSR Information Site 2019 (7,961KB)
-  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](https://www.sumitomoriko.co.jp/english/ir/integrated_report.html)

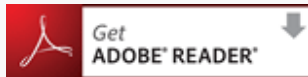
## CSR Report Archives

### ○ 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)



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](#)