

Sustainable Code of Conduct for Business Partners | FY2023 Archive

| Together with Business Partners

Sumitomo Pharma Group has put forth "Mission" of "To broadly contribute to society through value creation based on innovative research and development activities for the betterment of healthcare and fuller lives of people worldwide." We define "Sustainability management" as the practice of its Mission that contributes to the realization of a sustainable society and leads to the sustained enhancement of its corporate value. In addition, we have set "Declaration of Conduct" as the code of conduct to be observed by all executives and employees of Sumitomo Pharma Group in daily work. In the "Declaration of Conduct," we have declared that we comply with laws and regulations and conduct transparent and fair corporate activities with a good sense of ethics. In order to ensure the practice of compliance in this Declaration, Sumitomo Pharma has established the "Compliance Standards" and set it as a concrete code of conduct in our business activities.

Sumitomo Pharma believes that business partners are important partners for us and that it is only possible to promote sustainability in the entire value chain with the understanding and cooperation of our business partners. Based on the above "Declaration of Conduct" and "Compliance Standards", we have compiled five priority categories that we expect our business partners to work on from the perspective of sustainability in Sumitomo Pharma Sustainable Code of Conduct for Business Partners. We expect our business partners to comply with this Code of Conduct and we promote collaboration with business partners who adopt and apply this Code of Conduct.

1. Ethics

We request Business Partners to comply with laws and regulations, conduct transparent and fair corporate activities with a good sense of ethics.

- 1.1 Prohibition of Bribery and Corruption
- 1.2 Prohibition of Unfair Trading
- 1.3 Animal Welfare
- 1.4 Information Management (Personal Information, Confidential Information, etc.)
- 1.5 Management of Conflicts of Interest

2. Respect for Human Rights and Labour

We request Business Partners to respect the human rights of their employees and treat them with dignity and respect.

- 2.1 Prohibition of Forced Labor and Child Labor
- 2.2 Non-Discrimination
- 2.3 Fair Treatment
- 2.4 Wages and Working Hours
- 2.5 Freedom of Association
- 2.6 Respect for Indigenous Peoples' Lives and Communities

3. Safety and Health

We request Business Partners to provide a safe and healthy working environment, including - where applicable - for any company-provided living quarters.

- 3.1 Safety and Health Authorizations and Permits
- 3.2 Worker Protection
- 3.3 Emergency Preparedness and Response

4. Environment

We request Business Partners to conduct environmentally friendly business activities and minimize adverse impacts on the environment. We encourage Business Partners to save resources, avoid the use of harmful substances as much as possible, and reuse and recycle.

- 4.1 Environmental Authorizations and Permits
- 4.2 Waste and Emissions
- 4.3 Environmental Efficiency
- 4.4 Spills and Releases
- 4.5 Sustainable Sourcing and Traceability

5. Management Systems

We request Business Partners to use management systems to ensure compliance with the expectations of this Code of Conduct and continuous improvement.

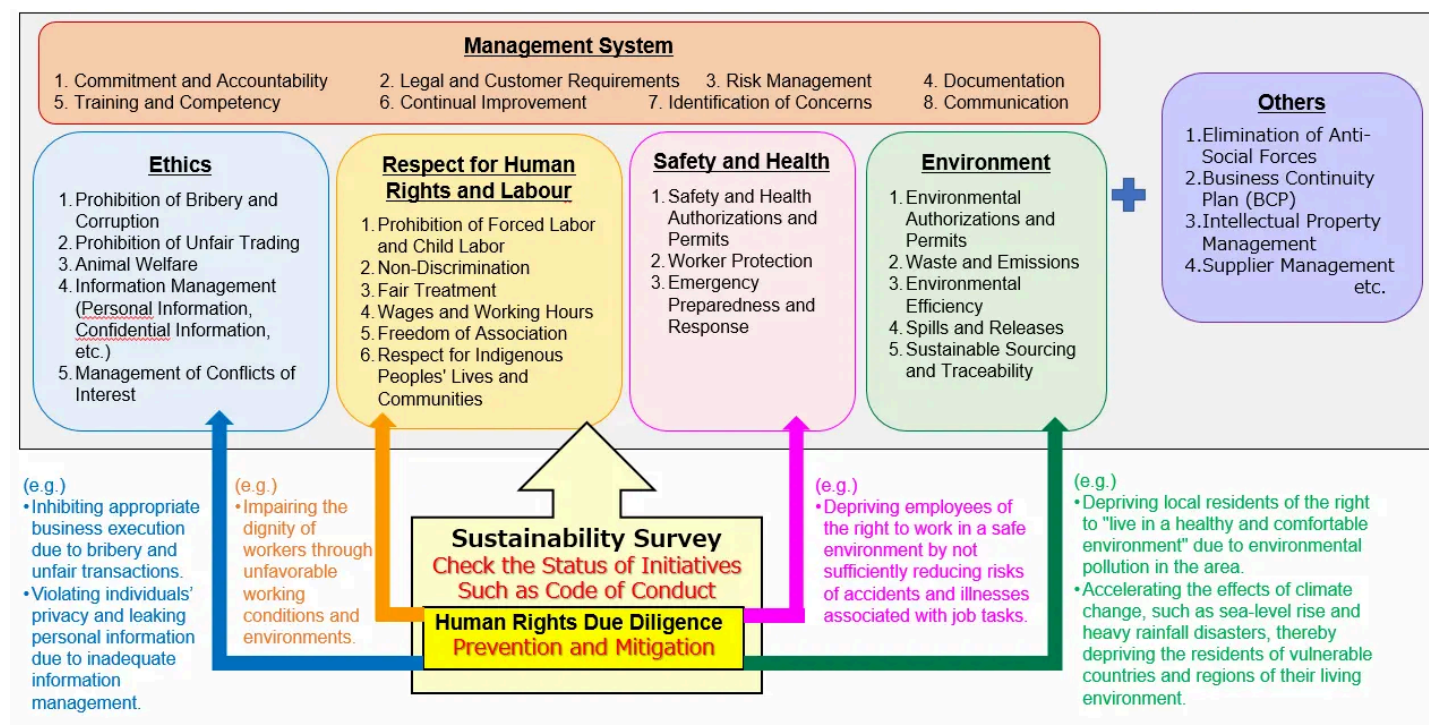
- 5.1 Commitment and Accountability
- 5.2 Legal and Customer Requirements
- 5.3 Risk Management
- 5.4 Documentation
- 5.5 Training and Competency
- 5.6 Continual Improvement
- 5.7 Identification of Concerns
- 5.8 Communication

Sumitomo Pharma Sustainable Code of Conduct for Business Partners (Revised July 2023) (PDF/269KB) 

Implementation of Sustainability Evaluation

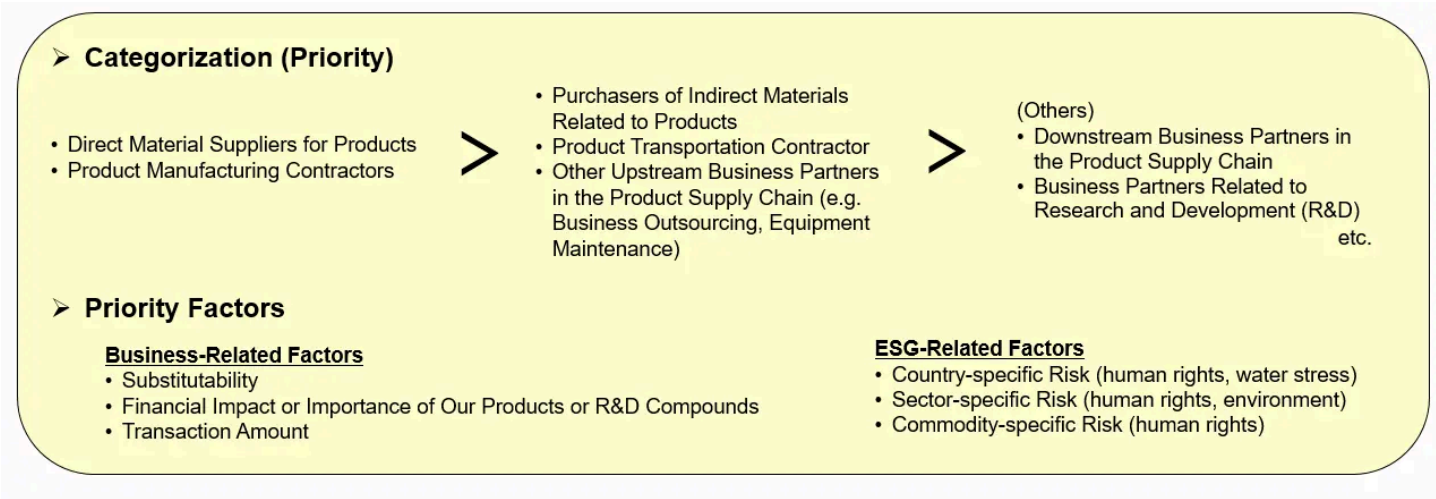
Sumitomo Pharma conducts the "Sustainability Survey" to assess the progress of our business partners in implementing the "Sustainable Code of Conduct for Business Partners" and other initiatives, such as business continuity plan. We analyze and evaluate the survey responses, encourage necessary improvements to prevent and mitigate adverse impacts, verify corrective measures, and provide support for corrective actions when needed. Through these efforts, we aim to work in collaboration with our business partners to achieve a sustainable society and environment throughout the value chain.

Furthermore, as shown in the Overview below, this Code of Conduct includes issues closely related to "Respecting Human Rights" in the areas of "Ethics," "Labour," "Health and Safety," and "Environment." Therefore, we also conduct evaluations from the perspective of preventing and mitigating adverse human rights impacts, considering the human rights due diligence process.



Overview of Sustainability Survey

Business partners eligible for evaluation are determined every fiscal year, taking into comprehensive consideration the "Categorization (Priority)" and "Priority Factors" of our business partners as described below.



Categorization and Priority Factors

Starting with the business partners of high priority, we conduct evaluations in the following five steps.

Five Steps

- ① Explanation of our sustainability policies to business partners.
- ② Receipt of consent confirmation documents to the "Sustainable Code of Conduct for Business Partners" from the business partners.
- ③ Request for responses to the "Sustainability Survey" utilizing external cloud services, followed by evaluation and analysis of the responses.
- ④ Request for improvement plan development through opportunities for feedback on evaluation results, sharing our initiatives and best practices from other companies.
- ⑤ Implementation of engagement activities, if necessary, such as exchanging information regarding sustainability efforts, sharing our progress, providing support to business partners, and conducting on-site audits.

We have set criteria for identifying "high-risk" partners based on the score rate from the Sustainability Survey. We also identify specific questions labeled as "Red Flag Questions," which demand attention regarding the possibility of compliance violations, human rights violations and environmental accidents. In cases where partners are deemed as "high-risk," proactive engagement is carried out, and if the responses to Red Flag Questions do not meet our standards, we request improvement plan development.

Achievements in Fiscal 2023

We held explanatory meetings regarding our sustainability policies with the 10 major domestic primary suppliers and requested their responses to the Sustainability Survey. All 10 companies participated and provided responses to the survey as well as consent confirmation documents. As a result of the comprehensive evaluation, no companies were classified high-risk.

Fiscal Year	Category	Number of Surveyed Companies	Number of Confirmation Documents Obtained	Number of Survey Responses	Number of Improvement Plan Requests
2023	Domestic primary suppliers (direct materials)	10	10	10	Evaluation in progress (expected to request in fiscal 2024)

Plans for Fiscal 2024

Based on the analysis of the responses from the "Sustainability Survey" conducted in fiscal 2023, we will provide feedback on evaluation results to the surveyed companies and request improvement plan development from business partners who did not meet our standards for the responses to Red Flag Questions. We will also select new business partners for evaluation to expand the scope of sustainability evaluation.

For information on our human rights due diligence, please see "[Human Rights](#)."

For information on our CSR procurement evaluation, please see "[CSR Procurement](#)."