

# CSR-Based Procurement | FY2023 Archive

## | Basic Approach to Procurement



Driven by the importance we attach to the discharge of social responsibility throughout the overall supply chain including our suppliers, we have set out Sumitomo Pharma's Ethics in Procurement.

Consistent with the Ethics in Procurement, we continually work to achieve full compliance, fair and equitable deals, rational supplier selection and mutual growth. In this same spirit, we promote stable and safe procurement and achieve CSR-based procurement together with our suppliers to ensure a stable supply of our high-quality pharmaceutical products to the patients.

## Ethics in Procurement

---

### 1 **Balanced and fair transactions with our business partners**

- We will enter into and maintain transparent transactions, while striving to always create business opportunities with new business partners based on balanced, fair and free competition.
- We will enter into transactions by observing mutual benefit and establishing trustful relationships.

### 2 **Reasonable selection of suppliers**

- In the selecting suppliers, we will base determinations on economic rationality, with comprehensive consideration of suppliers' management base stability, quality, price, supply stability, technical development, environmental stance, etc.

- We will not enter into a reciprocal transaction for the direct purpose of selling Sumitomo Pharma's products and services

### **3 Mutual growth**

- Through sound transactions with business partners, we will strive for mutual growth while deepening mutual understanding.

### **4 Thorough compliance with laws and regulations and protection of confidentiality**

- We will prevent the illegal or otherwise inappropriate acquisition or leaking of confidential and proprietary information of Sumitomo Pharma and business partners, while complying with the letter and spirit of all relevant laws, rules and regulations.

## **| CSR-Based Procurement**

### **(1) Business partner selection criteria for evaluating CSR procurement at partner companies**

---

In determining whether to start partnering with companies, we evaluate businesses according to the standards outlined in our Criteria for Selecting New Business Partners. These criteria provide standards for selecting new business partners on the basis of their business activities in such areas as compliance, trustworthy business activities, social contribution, information management, respect for human rights, and environmental protection and considerations, thereby confirming their adherence to CSR procurement. We also conduct regular evaluations of the companies with whom we have a standing business relationship, through inspections and visits to their plants and interviews.

### **(2) Stable and secure procurement**

---

We implement ongoing and systematic measures to prevent disruptions in the supply of raw materials. These measures include using multiple suppliers, investigating the use of alternative materials, and stockpiling of inventory. We have been implementing concrete measures for raw material items used in each specific product as well as those used in multiple products. These measures also extend outside the Company to encompass the business continuity planning of manufacturers and suppliers.

We are also rapidly expanding procurement from overseas sources. In addition to swiftly responses to problems, we strive to prevent problems proactively and guarantee stable supplies, by building up stronger trusting relationships with overseas business partners and fostering smooth communication and trustworthy procurement activities with them. We will continue to build optimal global procurement systems and enhance the skills of our entire procurement-department team.

### **(3) Compliance education and training**

---

Monthly procurement-department meetings held at Sumitomo Pharma provide opportunities to share information and educate employees on compliance with relevant social norms and laws, including the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and the Customs Act. In addition, we strive to appropriately respond to all inquiries and inspections by authorities, implement continuous procurement activities based on balanced, fair, and free competition, and exert effective internal controls on procurement issues.

We have also continued to provide in-house education on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and the Customs Act.

## (4) Green procurement


---

We promote green procurement throughout the Company in line with Sumitomo Pharma's Green Procurement Guidelines. In fiscal 2022, green procurement accounted for 51.3% of all office supplies.

## (5) Promoting White Logistics

---

Sumitomo Pharma endorses the White Logistics Movement, which started with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Ministry of Economy, Trade and Industry (METI), and Ministry of Agriculture, Forestry and Fisheries (MAFF) calling for the participation of listed companies and leading enterprises in each prefecture. We have published a Declaration of Voluntary Activities <sup>\*1</sup>, which includes "Policy for Initiatives," "Consideration of Legal Compliance," and "Clarification and Observance of Contract Details."

<sup>\*1</sup> Declaration of Voluntary Activities for the Sustainable Logistics: <https://white-logistics-movement.jp/wp-content/themes/white-logistics/docs/declarations/01573.pdf>  (in Japanese only)

## | Global CSR-Based Procurement

Each year, Sumitomo Pharma does business with more than 1,000 partner companies. For these business partners, the procurement-department represents the key contact at Sumitomo Pharma, and the conduct of this department is directly linked to the evaluation of the company. Recognizing this, we strive to put into practice full compliance and CSR-based procurement on the basis of our "Declaration of Conduct" and Procurement Ethics.

Grounded in an awareness that responsible procurement on a global level is an obligation that corporate entities owe to their stakeholders, our entire procurement department regard CSR-based procurement as an essential part of our corporate activities not only within Japan but also throughout the world.

For more information on global procurement, please see "[Provision of Stable Supplies](#)."

## | Partnership Building Declaration

Sumitomo Pharma has endorsed the purpose of the "Partnership Building Promotion Conference to Pave the Way for the Future," promoted by the Cabinet Office and the Small and Medium Enterprise Agency, and established and announced Sumitomo Pharma's "Partnership Building Declaration."

We aim to foster new partnerships by promoting collaboration and mutual prosperity with our business partners, including supply chain partners and value-creating entities.

[Sumitomo Pharma's Partnership Building Declaration \(January 2025\) \(PDF/241KB\)](#)  (in Japanese only)

For details on the "Sustainable Action Guidelines for Business Partners" stipulated by our company as stated in the Partnership Building Declaration, please see "[Sustainable Code of Conduct for Business Partners](#)."

Please see the portal site on "Partnership Building Declaration" at <https://www.biz-partnership.jp/index.html>  (in Japanese only).