FINAL ASSESSMENT
SUMITOMO CORPORATION

The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>35%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>7</td>
<td>14.3%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>16.7%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>24.4%</strong></td>
</tr>
</tbody>
</table>
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:

1

Comments:
Based on public information, there is evidence that the Chief Executive Officer publishes statements supporting the broader ethics agenda of the company. However, although anti-corruption is a part of the company’s ethics agenda, these statements do not address anti-corruption specifically. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.16:
‘Message from Our President to the Stakeholders
...believe the first and most crucial step to achieving this objective is to go back to Sumitomo’s Business Philosophy, Business Principles, and the Sumitomo Corporation Group’s Corporate Mission Statement (including our Management Principles and Activity Guidelines), and promote business activities in line with these core documents.
In keeping with their directives to “place prime importance on integrity and sound management” and “never pursue easy gains,” we will stay true to our corporate character even as we gauge the changing times, formulate our own plans, and steadily execute our strategies, leveraging the strengths and abilities that we have amassed so far to create value that only we can. And above all, we will operate openly and squarely, rooting our business in activities that not only expand our earnings but also contribute to the nation and society so as to fulfill the tenet of Sumitomo’s Business Philosophy, “Benefit for self and others, private and public interests are one and the same,” thereby winning broad recognition of the Sumitomo Corporation Group as an essential organization that exceeds the high expectations directed toward us.’

(pp.18-19): ‘What are your views on corporate social responsibility (CSR)?
For the Sumitomo Corporation Group, CSR is nothing other than putting our Corporate

SUMITOMO CORPORATION 29/06/14
HTTP://WWW.SUMITOMOCORP.CO.JP/
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Fulfilling our responsibilities to society and the environment is deeply related to Sumitomo’s Business Philosophy, which I touched on before. The concept of “Benefit for self and others, private and public interests are one and the same” (meaning that Sumitomo’s business activities must benefit not only Sumitomo’s own business, but also society and the nation) is connected to the precepts of the Sumitomo Corporation Group’s Corporate Mission Statement: “We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society,” and “To achieve prosperity and realize dreams through sound business activities.” For the Sumitomo Corporation Group, CSR is nothing other than putting our Corporate Mission Statement into practice. We see the fulfillment of our responsibilities as something to be accomplished through the conduct of sound business activities and through the planning and implementation of business strategies based on consideration of what we can and should do as a corporation to help solve social issues, accompanied by dialogue with various stakeholders.’


Report on Responsibility & Sustainability (2013), pp.3-4:

‘Message from the President and CEO

I am delighted to present to you with the Sumitomo Corporation Report on Responsibility & Sustainability 2013.

… CSR at the Sumitomo Corporation Group

The Sumitomo Group has embraced and practiced Sumitomo’s Business Philosophy for more than 400 years of its history. One of the credos of this philosophy says: “Benefit for self and others, private and public interests are one and the same.” This means that “Sumitomo’s business activities must benefit not only Sumitomo’s own business, but also society and the nation.”

The idea behind this credo—i.e., we must always view our business activities from the perspectives of society—represents the essence of corporate social responsibility (CSR). It also provides the foundation for the Sumitomo Corporation Group’s Corporate Mission Statement, which includes “We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society,” and “To achieve prosperity and realize dreams through sound business activities.” Therefore, in the Sumitomo Corporation Group, CSR is embedded in our longstanding practice of following our Corporate Mission Statement. In other words, our social responsibilities as a corporation are fulfilled in the course of our sound business activities, and our CSR activities are planned and implemented as business strategies after engaging with various stakeholders and considering what we can and should do as a corporation to help solve social issues.

Given the extensive breadth and depth of its geographical and sectoral reach, the Sumitomo
Corporation Group must use its full capabilities to create far-reaching value to make a difference in society. More specifically, we must obtain an accurate understanding of social issues to identify new social needs in the course of our operations, and deliver solutions to those issues identified by leveraging our strengths and functions. We aim to create a virtuous cycle where we make various contributions to the economic and social development of the countries and regions in which we operate, and build and strengthen our relationships of trust with them, and achieve mutual growth.

In March 2009, the Sumitomo Corporation Group signed the UN Global Compact and declared its support for the 10 principles on human rights, labour standards, the environment, and anti-corruption. In conducting our CSR activities as a global business group, we will respect these 10 principles, which share similar values with our Corporate Mission Statement. We also refer to ISO 26000, the international standard on social responsibility, in designing and implementing specific activities. Toward our centennial year Sumitomo Corporation will celebrate the centennial of its foundation in fiscal 2019. With this major milestone on the horizon, we aim to lay a solid foundation for steady, continuous growth for another 50 years, 100 years, and beyond under the slogan, “Be the Best, Be the One.”

By having every employee work with spirit and pride, we aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity. In other words, we will go to the greatest lengths to realize our vision, “Be the Best, Be the One.”

November 2013
Kuniharu Nakamura
President and CEO’
A2: Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score: 0

Comments: Based on public information, there is no readily available evidence that the Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company.

References:

Public:
NA
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure.

References:
Public:
NA
A4:
Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

2

Comments:
Based on public information, there is evidence that the company publishes its mission statement and management principles within which there are some high standards of business conduct, including integrity, transparency, and openness. These standards are clearly demonstrated into company policies and codes.

References:
Public:
Company Website: Corporate Mission Statement
'Sumitomo Corporation Group's Corporate Mission Statement, consisting of the Management Principles and Activity Guidelines, is the fundamental and ultimate value standard of the Group.'

Sumitomo Corporation Group's Management Principles are a contemporary translation of Sumitomo's Business Philosophy, which was devised 400 years ago, using simplified language and a clear structure, and rewritten from a more global perspective. The Activity Guidelines provide guidance on how each company as well as their executives and employees should behave as they conduct daily business activities to realize the Management Principles.

As declared in the Management Principles, our corporate mission is to support our shareholders, clients, local communities, employees, and everyone else around the world in their endeavors to achieve economic and spiritual prosperity and realize their dreams through our sound business activities. We also maintain—throughout our business practices—a unique management style that respects the personality of each individual and places prime importance on integrity and sound management, which represent the essence of Sumitomo's Business Philosophy, while cherishing a corporate culture that allows each
employee to take the initiative and demonstrate creativity that is conducive to continuous reform and innovation.

By sharing the values presented in the Management Principles and the Activity Guidelines across the Group to materialize them in specific business activities, we aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.’

‘Corporate Vision
We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles
<Corporate Mission>
To achieve prosperity and realize dreams through sound business activities

<Management Style>
To place prime importance on integrity and sound management with utmost respect for the individual

<Corporate Culture>
To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines
To act with honesty and sincerity on the basis of Sumitomo's business philosophy, and in keeping with the Management Principles
To comply with laws and regulations while maintaining the highest ethical standards
To set high value on transparency and openness
To attach great importance to protecting the global environment
To contribute to society as a good corporate citizen
To achieve teamwork and integrated corporate strength through active communication
To set clear objectives and achieve them with enthusiasm’
http://www.sumitomocorp.co.jp/english/company/policy/principles/
http://www.sumitomocorp.co.jp/company/policy/principles/

Corporate Profile, p.7:
In order to realize our vision of ideal human resources, the required character from human resources we seek has been summarized into the following three points, each representing essential qualities, actions, and abilities.

1. People with spirit and a strong sense of ethics
2. People who accept diverse values but think for themselves and act on their own initiative
3. People who can create new business themselves without being constrained by existing frameworks

Employees who boast a wealth of knowledge and skills but who lack spirit and a strong sense of ethics end up creating increased risk for companies. The most important priority for employees is to maintain modesty and build solid fundamental human virtues.

To ensure further global expansion of the Sumitomo Corporation Group over the years to come, we need leadership capable of understanding diversity in nationality, race, religion, culture, and other aspects, and communicating with and mobilizing commitment from people of various backgrounds inside and outside the Group.

We also need human resources who have the imaginative capabilities required to combine disparate elements into something new without being constrained by existing frameworks, along with planning ability, implementation drive that turns plans into actual business, and negotiation power—in short, all the elements necessary to create new businesses. This is the very job of a saigo shomin (an integrated trading company) and a driving force to create new value.

I believe that the sum of all the abilities and experiences of every employee represents the true value of Sumitomo Corporation, and that the continuous growth of individuals is a driving force for the perpetual growth of the Group. We will devote ourselves to the continuous development of human resources through coordinated and unified efforts across the Group.
### Sumitomo Corporation Group’s Corporate Mission Statement Founded on the Sumitomo’s Business Philosophy

#### 1600s

**The Founder’s Precepts “Monoju Shifuku”**

The Founder’s Precepts “Monoju Shifuku” is a letter sent by Masatomo Sumitomo (1595–1632), the founder of Sumitomo and a religious man, to his family members in his old age. It succinctly describes the guiding principles of his business operations. At the beginning, it urges the reader, “Not only in matters of business but in all situations, make efforts with steadfast gratitude in every aspect.” The precepts also include such teachings as, “When goods are offered to you below the normal market price, under no circumstances should you ever purchase such goods, for their origins are unknown and they are probably stolen property.” “Never give shelter to a stranger, no matter how innocent they might appear.” These teachings have been handed down and form the basis of Sumitomo’s business philosophy. They are still seen in today’s principles, such as “no pursuing easy gains” (i.e., only making a profit on a fairly priced product).

#### 1800s

**Rules Governing the House of Sumitomo**

The Besashi Copper Mine (opened in 1691) encountered many adverse conditions during the Muromachi period (in the late 1600s). When the price of copper fell, operating costs increased sharply due to rising prices of rice and other items, and loans to the feudal lords were uncollectible. At one point, it was almost forced to sell out. Saisui Hirezō (1825–1914), manager of the mine who later became Sumitomo’s first Director-General, acted boldly and modernized the operation with Western-style technologies. Hirezō’s operational reforms saved the mine.

#### 1900s

**Business Principles**

In 1891, the Rules Governing the House of Sumitomo were separated into two parts, the family code (corporate rules) and the family constitution (the principles of the family head), to distinguish ownership from business operations. On that occasion, the principle of “Integrity” was introduced and placed at the beginning of the Rules Governing the House of Sumitomo with the principles in Article 1, which are the foundation of all Sumitomo’s business. In Article 2, the principle of “Integrity” was expanded into a variety of areas, including the steel, machinery and chemical industries. Sumitomo’s Business Rules were established. The two articles of the Business Principles have been passed on for generations and still serve as the corporate rules of all group companies.

**Article 1:** Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

**Article 2:** Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.
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CSR in the Sumitomo Corporation Group

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

The Sumitomo Corporation Group regards CSR as working to achieve our corporate vision by staying true to the management style described in our Corporate Mission Statement, engaging in responsible corporate management, and working to fulfill corporate mission. In other words, CSR centers on sound business activities. Specifically, every member of the organization is expected to perform their daily duties with spirit and a lofty sense of ethics, thereby putting into practice our Corporate Mission Statement.

This approach is founded on gaining an understanding of social issues by engaging in dialogue with a variety of stakeholders, and working strategically through business activities to resolve them. In doing so, we create new value and promote sustainable growth of society and the Group.

We will celebrate the centennial anniversary of our founding in 2019. To ensure that we are among the first to respond to the dramatically changing business environment and continue to grow along with society for another 100 years, 200 years, and beyond, we believe it is critical that we consider what we can and should do as an organization, and then follow up by devising and implementing business strategies.

Annual Report (2013), p.88:

http://www.sumitomocorp.co.jp/company/about/order/
http://www.sumitomocorp.co.jp/english/company/about/order/
Vision of the Human Resources We Seek

Human resource development will play an essential role in realizing our vision for the Company in its centennial year in 2019. In developing a vision of the human resources we seek to build our foundation for the next 100 years, we are promoting the following three factors, starting with the necessary qualities, action, and abilities:

1. People with spirit and a lofty sense of ethics
2. People who accept diverse values but think for themselves and act on their own initiative
3. People who can create new businesses themselves without being constrained by existing frameworks

This vision of human resources has been determined on the basis of the value standards defined by the Management Principles and Activity Guidelines of the Sumitomo Corporation Group as well as in light of the nine core behaviors of the SC VALUES, which all employees are expected to share and practice. Sumitomo Corporation is seeking human resources who have clear visions and strong commitment, as well as demonstrate leadership at their respective levels of the organization through the practice of the SC VALUES. We also seek professionals who can take responsibility for what they do, display a broad spectrum of knowledge and high-level expertise in a particular area and achieve superior performance.

<table>
<thead>
<tr>
<th>SC VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Integrity and Sound Management</td>
</tr>
<tr>
<td>To comply with laws and regulations, while maintaining the highest ethical standards.</td>
</tr>
<tr>
<td>2. Integrated Corporate Strength</td>
</tr>
<tr>
<td>To create no boundaries within the organization; always to act with a company-wide perspective.</td>
</tr>
<tr>
<td>3. Vision</td>
</tr>
<tr>
<td>To create a clear vision of the future, and to communicate to share it within the organization.</td>
</tr>
<tr>
<td>4. Change and Innovation</td>
</tr>
<tr>
<td>To accept and integrate diversity in values and behavior, and to embrace change as an opportunity for action.</td>
</tr>
<tr>
<td>5. Commitment</td>
</tr>
<tr>
<td>To initiate, own, and achieve organizational objectives.</td>
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<tr>
<td>6. Enthusiasm</td>
</tr>
<tr>
<td>To act with enthusiasm and confidence, and to motivate others through such action.</td>
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<tr>
<td>7. Speed</td>
</tr>
<tr>
<td>To make quick decisions and act promptly.</td>
</tr>
<tr>
<td>8. Human Development</td>
</tr>
<tr>
<td>To fully support the development of others’ potential.</td>
</tr>
<tr>
<td>9. Professionalism</td>
</tr>
<tr>
<td>To achieve and maintain high levels of expertise and skills.</td>
</tr>
</tbody>
</table>
A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:
2

Comments:
Based on public information, there is evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption. Specifically, the company joined the UN Global Compact in 2009 and remains a signatory.

References:
Public:
Annual Report (2013), p.80:
‘Message From the Chair of the CSR Committee
... One key step we took to put CSR into practice over the past year was working to deepen employees’ understanding of our Corporate Mission Statement—the foundation of the Group’s CSR activities. We took opportunities to further entrench this statement globally. Meanwhile, since signing the UN Global Compact in March 2009, the Sumitomo Corporation Group has also been an active participant in a local network—the Global Compact Japan Network. In fiscal 2012, we took part in workshops on supply chain CSR and human rights. We used these opportunities to exchange views with individuals from companies in diverse industries and learn from other firms’ examples and experts, working to improve upon our promotion of CSR. I serve as the Chair of Sumitomo Corporation’s CSR Committee, an advisory body to the President and CEO. At the end of fiscal 2012, the CSR Committee conducted a review of CSR-related measures, and established a policy for fiscal 2013. Based on this policy, we are working to further enhance the quality of our measures to promote CSR.’

(p.81): ‘The Sumitomo Corporation Group has declared its support for the 10 principles of the UN Global Compact, as this international CSR-related initiative and our Corporate Mission Statement share similar values. With our participation in the Global Compact, we
committed ourselves to making further improvements by constantly considering enhancements to our business activities in light of the values advocated by the 10 principles. Additionally, we continued to participate in the activities of the Global Compact Japan Network. In the Human Rights Subcommittee, we discussed CSR practices related to human rights with corporate participants from diverse industries. Topics of discussion included perceptions of human rights issues in international codes of conduct, methods of establishing human rights policies, and ways of promoting due diligence with respect to human rights. We learned from both the knowledge of experts and examples set by leading companies.'

A6:
Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:

1

Comments:
Based on public information, there is evidence that the company has appointed a Board committee, the Compliance Committee, with responsibility for the compliance manual and the company’s whistleblowing system. TI also notes that ethics and anti-corruption within the company appears to fall under the umbrella of CSR; however, the remit of the CSR Committee is also not clear based on publicly available information. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.69:
‘Corporate Governance System
...From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and regulations by establishing a Compliance Committee and introducing a “Speak-Up System” for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the “Sumitomo Corporation Corporate Governance Principles” that in principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total.’

(p.74): ‘Compliance
Positioning compliance as a basic premise for all corporate activity, Sumitomo Corporation is building a compliance structure in accordance with clearly defined policies. In maintaining strict adherence to this compliance structure, we are ensuring our existence as a going concern and securing our credibility and status.
Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company’s Compliance Manual and distributing it to all officers and employees. The Compliance Manual covers the following 19 Compliance Guiding Principles to ensure the Company’s bottom line: “If there is even a trace of doubt, do not do it.” If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

Compliance Training and Education

Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company’s intranet. We also offer various training programs and educational activities on compliance, including programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas officers and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the “Speak-Up System” was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.


Annual Report (2013), p.80:
Message From the Chair of the CSR Committee

Yasuyuki Abe
Director, Senior Managing Executive Officer, General Manager, Corporate Planning & Coordination Group

... One key step we took to put CSR into practice over the past year was working to deepen employees' understanding of our Corporate Mission Statement—the foundation of the Group’s CSR activities. We took opportunities to further entrench this statement globally. Meanwhile, since signing the UN Global Compact in March 2009, the Sumitomo Corporation Group has also been an active participant in a local network—the Global Compact Japan Network. In fiscal 2012, we took part in workshops on supply chain CSR and human rights. We used these opportunities to exchange views with individuals from companies in diverse industries and learn from other firms’ examples and experts, working to improve upon our promotion of CSR. I serve as the Chair of Sumitomo Corporation’s CSR Committee, an advisory body to the President and CEO. At the end of fiscal 2012, the CSR Committee conducted a review of CSR-related measures, and established a policy for fiscal 2013. Based on this policy, we are working to further enhance the quality of our measures to promote CSR.

We have started working on a mechanism for performing self-checks of current CSR initiatives making reference to the ISO 26000 international CSR guideline, identifying priority tasks, and implementing related improvement activities.’


Company Website: Corporate Governance

‘Compliance Committee: Enhancement of Group compliance focused on "maintaining sound management”’

Corporate Governance System
Company Website: Compliance
http://www.sumitomocorp.co.jp/english/company/governance/compliance/
http://www.sumitomocorp.co.jp/company/governance/compliance/
A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda. TI notes that the Chair of the CSR Committee, Yasuyuki Abe is also Director, Senior Managing Executive Officer, General Manager, Corporate Planning & Coordination Group and appears to have overall responsibility for CSR under which ethics and anti-corruption appears to fall, at least in part. However, based on public information it is not clear that he has overall responsibility for implementing the company’s ethics and anti-corruption agenda.

References:
Public:
NA
A8:
Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:
1

Comments:
Based on public information, there is some evidence that there is senior level monitoring and review of the performance of the company’s compliance agenda based on checks conducted by the Internal Auditing Department. However, there is no evidence of a major periodic review of the ethics and anti-corruption agenda. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.73:
‘Internal Audits
The Internal Auditing Department, which reports directly to the President and CEO, was established as an independent organization to monitor Company-wide operations. Internal audits are performed at all organizations within the Company and Group companies. All the internal audit results are reported directly to the President and CEO and also to the Board of Directors.

The Internal Auditing Department checks comprehensively organizations’ assets, the way of risk-management, status of compliance and business processes to find their problems and risks inherent. The Internal Auditing Department helps to raise the quality of organizational management by encouraging voluntary improvements and evaluating the effectiveness and the validity of each process.’


Company Website: Internal Control and Internal Audit
‘The Internal Auditing Department, which reports directly to the President, was established as an independent organization to monitor Company-wide operations. Internal audits are performed at all organizations within the Company and Group companies.'
The internal audit results are reported directly to the President on a monthly basis, and reported regularly to the Board of Directors.

The Internal Auditing Department checks comprehensively organizations' assets, the way of risk-management, status of compliance and business processes to find their problems and risks inherent. The Internal Auditing Department helps to raise the quality of organizational management by encouraging voluntary improvements and evaluating the effectiveness and the validity of each process.

http://www.sumitomocorp.co.jp/english/company/governance/scic/
http://www.sumitomocorp.co.jp/company/governance/scic/
A8(a):
Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:
0

Comments:
Based on public information, there is no readily available evidence that there is a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and no evidence of improvement plans being implemented when issues are identified.

References:
Public:
NA
A9: Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a formal process for review and where appropriate updates its policies and practices in response to actual or alleged instances of corruption.

References:

Public:
NA
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

1

Comments:
Based on public information, there is evidence that the company has a formal risk assessment procedure; this includes the management of ‘non-quantifiable risks’ including ‘fraud or illegal acts by management or employees’. However, TI notes that anti-corruption is not mentioned specifically. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.75:
‘Risk Management
In order to cope effectively with the diversifying risk environment, we have built a risk management framework by developing our risk management approach from a micro to a macro perspective, and shifting our focus from “minimizing losses from individual transactions” to “maximizing corporate value.” This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.’
The Purpose of Risk Management

We define “risk” as the “possibility of losses due to the occurrence of anticipated or unanticipated situations” and as the “possibility of not achieving the expected return on business activities.” We have set the following three items as the purpose for our risk management activities.

1. Stabilize Performance: Minimize discrepancies between the plan and the actual results
2. Strengthen Financial Base: Maintain Risk-adjusted Assets within the buffer (shareholders’ equity)
3. Maintain Corporate Reputation: Fulfill CSR requirements and preserve corporate reputation

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as “value creating risk,” which we proactively take to generate a return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer.

Non-quantifiable risk is defined as “value breaking risk,” which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk from materializing.

Risk Management Framework

Managing Quantifiable Risk

Managing Investment Risk

Once an investment is made, it is often difficult to make a withdrawal decision and the loss impact is usually significant in scale. To manage the investment risk, we have in place an integrated framework covering the entry process to the exit process. For the entry process, we carefully select investments that exceed the hurdle rate, a threshold for the rates of return on new investments relative to the cost of capital. In case of new investments for large-scale, important projects, cases are put forward to the Loan and Investment Committee for thorough examination. According to business performance, financial conditions and/or business environment, the Committee discusses how to enhance the value of the business including expansion, downsizing or disposal when necessary. When the performance of investments falls short of required standards after a certain period from their inception, we have an Exit Rule that shall designate those investments as “investments to withdraw from.”

Managing Credit Risks

Our business is exposed to credit risks, as we extend credit to our customers in the form of accounts receivables, advances, loans, guarantees and other instruments. We have incorporated our original credit rating model, the Sumitomo Credit Rating (SCR), to assess our customers’ credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating. In addition, we regularly review customers’ credit limits and appropriately manage the credit exposure under those limits.

At the same time, we continuously perform credit evaluations on the financial condition of customers, and based on such evaluations, take collateral to secure the receivables if necessary.

Managing Market Risks

We set limits on contract balances as well as the loss limits for six months or a full year for commodity and financial instrument transactions. At the same time, we constantly monitor the potential amount of loss, Value at Risk (VaR)—an estimate of potential risk or in case the total figures of realized and unrealized gains/losses are negative at the time of monitoring, the total of VaR and the relevant negative figures, to ensure that the potential amount of loss falls within the loss limits. In addition, we conduct liquidity risk management for each product on an individual futures market basis in order to be prepared in the event that it becomes difficult to close positions due to shrinking liquidity. The Financial Resources Management Group undertakes both the back and middle office functions in order to completely separate those functions from the Business Units, thereby enabling us to maintain the soundness of internal checks.

Managing Concentration Risks

As we are operating globally and engaging in a variety of business fields, we need to ensure that the risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a country risk management system. In addition, in order to avoid the excessive concentration of resources in any specific field and refine our business portfolio, we thoroughly discuss the amount of Risk-adjusted Assets distributed to each unit and business line in meetings such as the “strategy conference,” which is held among the President and CEO and general managers of each unit and the “Loan and Investment Committee,” which deliberates on important investment and financing.
Managing Non-quantifiable Risks

Non-quantifiable risks are those that must be borne, but for which we cannot expect returns. These include litigation and other legal risks, operational risks such as clerical mistakes or fraud acts, and natural disaster risk. Some of these risks involve events that rarely occur but could have a critical impact on our operations once they arise. Our basic policy is to prevent or minimize the probability of these risks to materialize. Accordingly, we periodically assess non-quantifiable risks on a global and consolidated basis. We do this through a range of initiatives to strengthen our internal control across the Group under the leadership of the Internal Control Committee as well as through independent activities by our Business Units and regional organizations in Japan and overseas. Based on the assessment result, we continuously search for a more efficient and effective organizational structure and procedures to improve the quality of our business operations.

Embedding the Sense of Risk Management

Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information that allows for the systematic analysis of the causes of loss-incurred events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyesing the Future of Risk Management

Over the past decade, Sumitomo Corporation has created a formidable risk management framework by studying advanced methods and processes. Our goal is to implement the best practices in risk management while maintaining the flexibility to adapt to changes in the business environment. The surrounding environment is continually changing; however, and new business models that we could never have imagined are emerging on a daily basis. Responding to changing circumstances in a timely and effective manner, we continually upgrade our risk management under the direction of top management.

Information Security Control Structure

Sumitomo Corporation works to enhance its information management system to maintain and improve information security. Our approach to this end includes the development of internal rules and manuals as well as the provision of employee training and awareness-raising activities, with a focus on taking preventive measures against risks relating to leakages of confidential information and compliance with the Personal Information Protection Act, which came into full effect in April 2005.

A10:
Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:
0

Comments:
Based on public information, there is evidence that the company has a formal risk assessment procedure; however, its application when assessing proposed business decisions is not clear.

References:
Public:
TI notes:
Annual Report (2013), p.75:
‘Risk Management
In order to cope effectively with the diversifying risk environment, we have built a risk management framework by developing our risk management approach from a micro to a macro perspective, and shifting our focus from “minimizing losses from individual transactions” to “maximizing corporate value.” This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.’
The Purpose of Risk Management
We define “risk” as the “possibility of losses due to the occurrence of anticipated or unanticipated situations” and as the “possibility of not achieving the expected return on business activities.” We have set the following three items as the purpose for our risk management activities.
1. Stabilize Performance: Minimize discrepancies between the plan and the actual results
2. Strengthen Financial Base: Maintain Risk-adjusted Assets within the buffer (shareholders’ equity)
3. Maintain Corporate Reputation: Fulfill CSR requirements and preserve corporate reputation

Risk Management Basic Policy
We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as “value-creating risk,” which we proactively take to generate a return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer.

Non-quantifiable risk is defined as “value-breaking risk,” which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk from materializing.

Risk Management Framework
Managing Quantifiable Risk
- Managing Investment Risk
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Evolving the Future of Risk Management

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Information Security Control Structure

Sumitomo Corporation works to enhance its information management system to maintain and improve information security. Our approach to this ends includes the development of internal rules and manuals as well as the provision of employee training and awareness raising activities, with a focus on taking preventive measures against risks relating to breaches of confidentiality information and compliance with the Personal Information Protection Act, which came into full effect in April 2005.

A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents.

References:
Public:
NA
A12: 
Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score: 
0

Comments: 
Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption.

References: 
Public: 
NA
A13:

Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:

1

Comments:

Based on public information, there is evidence that the company makes clear to contractors, sub-contractors, and suppliers, through policy terms, its stance on bribery and corruption; however, it is not clear that this stance and the consequences of breaches to this stance are made clear in contractual terms. The company therefore scores 1.

References:

Public:

Company Website: CSR Promoting Activities
‘CSR Action Guidelines for Supply Chain Management

The Sumitomo Corporation Group sets down the CSR Action Guidelines for Supply Chain Management. By implementing these guidelines, we are aiming to achieve a sustainable society by working together with our suppliers and business partners in order to achieve responsible value chain management in such areas as strict compliance with laws and regulations, respect for human rights, and protection of the environment.

The Sumitomo Corporation Group CSR Action Guidelines for Supply Chain Management

Established in November 2009
Revised in November 2013

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

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

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

http://www.sumitomocorp.co.jp/english/csr/policy/activities/
http://www.sumitomocorp.co.jp/csr/policy/activities/
A13(a): Does the company explicitly address the corruption risks associated with offset contracting?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company explicitly addresses the corruption risks associated with offset contracting.

References:

Public: Ti notes:
Sumitomo Corporation of Americas website: Trade
‘The magnitude of our operations and solid financial support from parent company Sumitomo Corporation, allows us to absorb risk, support the expansion of trade with investment, bring suppliers and buyers together and handle complex counter-trade arrangements.’
http://www.sumitomocorp.com/Business-Solutions/Trade/
### A13(b):

**Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?**

**Score:** 0

**Comments:**

Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting its offset partners and offset brokers.

**References:**

**Public:**

Sumitomo Corporation of Americas website: Trade

‘The magnitude of our operations and solid financial support from parent company Sumitomo Corporation, allows us to absorb risk, support the expansion of trade with investment, bring suppliers and buyers together and handle complex counter-trade arrangements.’

A15: Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score: 1

Comments: Based on public information, there is some evidence that the company has an anti-corruption policy that prohibits corruption in some of its various forms. TI notes that the company has ‘19 Compliance Guiding Principles’ which cover prohibition of giving bribes, prevention of unlawful payments to foreign government officials, political contributions and conflicts of interest. However, research revealed no readily available evidence of a clear statement on anti-corruption and TI notes that only the giving of bribes is covered. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.74:
DEFENCE COMPANIES ANTI-CORRUPTION INDEX

Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company’s Compliance Manual and distributing it to all officers and employees. The Compliance Manual covers the following 19 Compliance Guiding Principles to ensure the Company’s bottom line: “If there is even a trace of doubt, do not do it.” If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

Compliance Training and Education

Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company’s intranet. We also offer various training programs and educational activities on compliance, including programs for specific groups, such as employees, managers, and corporate officers, as well as seminars to the Business Unit or seminars targeted at all officers and employees, and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.

Guiding Principles

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* Based on the Universal Declaration of Human Rights

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the “Speak-Up System” was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will result from such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.

Speak-Up System Diagram

Investigation and appropriate response based on results

Reporting Individual

Speak-Up Feedback

A16:
Is the anti-corruption policy explicitly one of zero tolerance?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company’s anti-corruption policy is one of zero-tolerance.

References:
Public:
NA
A17:
Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

1

Comments:
Based on public information, there is some evidence that the company’s anti-corruption policy is easily available. TI notes that the company’s full compliance manual is not publicly available and was therefore not assessed. The company therefore scores 1.

References:
Public:
Company Website:
http://www.sumitomocorp.co.jp/
http://www.sumitomocorp.co.jp/english/
http://www.sumitomocorp.co.jp/chinese/
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:

1

Comments:
Based on public information, there is some evidence that the company’s anti-corruption policy is easily understandable and clear. The documentation available is understandable; however, TI notes that the company’s full compliance manual is not publicly available and was therefore not assessed. The company therefore scores 1.

References:
Public:
Company Website:
http://www.sumitomocorp.co.jp/
http://www.sumitomocorp.co.jp/english/
http://www.sumitomocorp.co.jp/chinese/
A18:

Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

0

Comments:

Based on public information, there is no readily available evidence indicating who the company’s anti-corruption policy applies to. TI notes that it is only implicit that all employees are covered by the policy.

References:

Public:
NA
A20:

Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

1

Comments:

Based on public information, there is some evidence that the company has a policy on potential conflicts of interest. Conflicts of interest are one of the company’s 19 Compliance Guiding Principles outlined in the Compliance Manual; however, no further information was found about this subject. The company therefore scores 1.

References:

Public:
Annual Report (2013), p.74:
Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CCO. The Compliance Committee is responsible for preparing the Company’s Compliance Manual and distributing it to all officers and employees. The Compliance Manual covers the following 19 Compliance Guiding Principles to ensure the Company’s bottom line: “If there is even a trace of doubt, do not do it.” If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately so that the best countermeasures can be implemented swiftly.

Compliance Training and Education

Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company’s intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.

Guiding Principles

**Business Activities**
- Observing Antimonopoly Laws
- Safety/Health
- Customs/Compliance
- Compliance with Applicable Laws
- Respecting and Protecting Intellectual Property Rights
- Prohibition of Anti-Competition
- Information Management
- Preservation of the Environment
- Overseas Business Activities

**Corporate Citizen as a Member of Society**
- Promotion of Giving Bribe
- Prevention of Unlawful Payments to Foreign Governments/Officials
- Political Contributions
- Confrontation with Anticorruption

**Maintenance of a Good Working Environment**
- Respect for Human Rights
- Prohibition of Sexual Harassment
- Prohibition on Abuse of Authority
- Based on the Universal Declaration of Human Rights

**Personal Interests**
- Insider Trading
- Conflict of Interest
- Proper Use of Information System

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A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery.

References:
Public:
NA
A22:
Does the company's anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

0

Comments:
Based on public information, there is no readily available evidence of a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery.

References:
Public:
NA
A23:
Does the company have a policy that explicitly prohibits facilitation payments?

Score:

0

Comments:
Based on public information, there is insufficient evidence that the company has a policy that explicitly prohibits facilitation payments. TI does not that ‘prevention of unlawful payments to foreign government officials’ is one of the company’s 19 Compliance Guiding Principles; however, no further information is provided about this publicly and as such, it is not considered enough to score more here.

References:
Public:
TI notes:
Annual Report (2013), p.74:
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A24:
Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:
0

Comments:
Based on public information, there is insufficient evidence that the company prohibits political contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent. TI does not that one of the company’s 19 Compliance Guiding Principles covers political contributions; however, no further information is provided about this publicly and as such, it is not considered enough to score more here.

References:
Public:
TI notes:
Annual Report (2013), p.74:
DEFENCE COMPANIES
ANTI-CORRUPTION INDEX

Policies and the Reporting Structure of Corporate Compliance

It is our policy that all officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company’s Compliance Manual and distributing it to all officers and employees. The Compliance Manual covers the following 10 Compliance Guiding Principles to ensure that the Company’s bottom line: “If there is even a trace of doubt, do not do it.” If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately so that the best countermeasures can be implemented swiftly.

Compliance Training and Education

Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company’s intranet. We also offer various training programs and educational activities on compliance, including programs for specific groups, such as employees, managers, and corporate officers new to the Company, seminars provided by each Business Unit, seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the “Speak-Up System” was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will be recorded on the reporting employee due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.

Guiding Principles

<table>
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<tr>
<th>Business Activities</th>
<th>Corporate Citizen as a Member of Society</th>
<th>Maintenance of a Good Working Environment</th>
<th>Personal Interests</th>
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<tr>
<td>• Obeys Anti-corruption Laws</td>
<td>• Promotion on Giving Bribes</td>
<td>• Respect for Human Rights</td>
<td>• Insider Trading</td>
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<td>• Security Trade Control</td>
<td>• Prevention of Undue Payments to Foreign Government Officials</td>
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<td>• Compliance With Applicable Laws</td>
<td>• Co-operation With Anti-social Forces</td>
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<td>• Respecting and Protecting Intellectual Property Rights</td>
<td>• Preservation of the Environment</td>
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<td>• Computer Protection</td>
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<td>• Information Management</td>
<td>• Chain of Business Activities</td>
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<tr>
<td>• Protection of the Environment</td>
<td>• Publication of the Company’s Corporate Citizenship</td>
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</tr>
<tr>
<td>• Customer Business Activities</td>
<td>• Cooperation With Anti-social Forces</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the Universal Declaration of Human Rights.

A25:
Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, or discloses the issues on which the company lobbies.

References:
Public:
NA
A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:

0

Comments:
Based on public information, there is insufficient evidence that the company prohibits charitable contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent. TI notes that the company affirms to try to maintain high levels of transparency around its social contributions; however, no further evidence is provided regarding this and as such, the available evidence is not considered enough to score here.

References:
Public:
TI notes:
Annual Report (2013), p.93:
The Sumitomo Corporation Group's Basic Principles on Social Contribution Activities

OBJECTIVE
We, as a global organization, will work on social issues through our business activities and social contribution activities with the aim of building a sustainable society by implementing the Sumitomo Corporation Group’s Management Principles and Activity Guidelines.

ACTIVITIES
We will engage in social contribution activities aimed at developing the next generation of human resources who will shape the sustainable development of society and contributing to local communities in areas we do business all over the world. We will also take part in various activities as a good corporate citizen.

APPROACH
We will perform and seek to continuously improve our activities with modesty and high aspirations and endeavor to maintain a high level of transparency while strengthening our relationships with all our stakeholders.

IN ASIA - OCEANIA
- Sumitomo Corporation Scholarship to help university students in Asia and various Asian countries (see pages 94–95)
- Internship programs, work experience programs, and office tours for students (various Asian countries)
- Courses bearing the Sumitomo Corporation name at Tsinghua University (Beijing) and Hankou University (Tianjin) in China, and National Economics University and Foreign Trade University in Hanoi, Vietnam (see page 98)
- Educational assistance for students in poverty-stricken areas in Anhui, Guangdong, and Henan provinces (China) [11]
- Donation of uniforms and school supplies to elementary school children in Myanmar [12]
- Support for educational and health care improvements in local communities in India (see page 90)

IN AMERICAS
- Support for the Center on Japanese Economy and Business, Columbia Business School (US)
- Support for organizing Japan Day, an event to introduce Japanese culture (US) [13]
- Support for art museums such as the Metropolitan Museum of Art and the Museum of Modern Art (MoMA) (US)
- Support for efforts to develop a cure for leukemias, Alzheimer’s, and other diseases (US)
- Donation of funds to support areas affected by catastrophic hurricane Sandy (US)
- Support for The First Tee of Columbia Basin, a youth development program for children and teens ages 5 to 18, providing educational programs and life enhancing values through the game of golf (US)
- Support for the Dreschel Foundation (Dreschel Trust) through its Research Scholarship (US)

A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there is some evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. TI notes that the company has a Compliance Manual and affirms to provide employees with access to other manuals via the company intranet. Given these documents are not publicly available, TI could not award a higher score here. The company therefore scores 1.

References:

Public:
Annual Report (2013), p.74:
‘Compliance Training and Education
Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company’s intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies.
We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.’
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score:
2

Comments:
Based on public information, there is evidence that the company has a training programme that explicitly covers anti-corruption.

References:
Public:
Annual Report 2013, p.74:
‘Compliance Training and Education
Employees have access to the latest version of the Compliance Manual and other manuals detailing applicable laws and regulations on the Company’s intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies.
We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.’

Company Website: Comparative Table with GRI Guidelines (2013)
‘Percentage of employees trained in organization's anti-corruption policies and procedures – 55’
A28:
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:
2

Comments:
Based on public information, there is evidence that compliance training is provided to employees in all countries where the company operates.

References:
Public:
TI notes that the company has 70,000 employees, located at 140 sites in 63 countries.
http://www.sumitomocorp.co.jp/english/company/movie/
http://www.sumitomocorp.co.jp/company/movie/

Company Website: Comparative Table with GRI Guidelines (2013)
‘Percentage of employees trained in organization’s anti-corruption policies and procedures – 55’

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We also make use of various domestic and overseas conferences for compliance education. In addition, we continuously hold e-learning compliance seminars open to all officers and employees from all levels.’
A29:
Does the company provide targeted anti-corruption training to members of the Board?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board.

References:
Public:
NA
A30: Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

References:
Public: NA
A31:
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a clear and formal process by which employees declare conflicts of interest.

References:
Public:
NA
A32:
Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company is explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities.

References:
Public:
NA
A33:

Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

1

Comments:

Based on public information, there is evidence that the company has multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity. However, TI notes that no independent channels are offered. The company therefore scores 1.

References:

Public:
Annual Report (2013), p.69:
‘Corporate Governance System
...From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and regulations by establishing a Compliance Committee and introducing a “Speak-Up System” for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the “Sumitomo Corporation Corporate Governance Principles” that in principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total.’

(p.74): ‘Speak-Up System
If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the “Speak-Up System” was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of
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<td>• Respect for Human Rights</td>
<td>• Insider Trading</td>
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<td>• Security Trade Control</td>
<td>• Prohibition of Bribery</td>
<td>• Prohibition of Sexual Harassment</td>
<td>• Conflict of Interest</td>
</tr>
<tr>
<td>• Quota/Quota/Coordinated Items</td>
<td>• Prohibition of Anti-social Forces</td>
<td>• Prohibition on Abuse of Authority</td>
<td>• Inappropriate Use of Information System</td>
</tr>
<tr>
<td>• Compliance with Applicable Laws</td>
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<td></td>
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<td>• Reporting and Proceeding Intellectual Property Rights</td>
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<td>• Prohibition of Unlawful Toleration</td>
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<td>• Information Management</td>
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<td>• Preservation of the Environment</td>
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<tr>
<td>• Overseas Business Activities</td>
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</table>


SUMITOMO CORPORATION 29/06/14
HTTP://WWW.SUMITOMOCORP.CO.JP/
HTTP://WWW.SUMITOMOCORP.CO.JP/ENGLISH/
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has whistleblowing channels available to all employees in all geographies. Limited information is provided about the company’s ‘Speak-Up’ system and it is not clear if email or telephone options are available.

References:
Public:

TI notes:

Annual Report (2013), p.69:
‘Corporate Governance System
...From the perspective of maintaining sound management, we have developed a system for ensuring compliance with laws and regulations by establishing a Compliance Committee and introducing a “Speak-Up System” for internal reporting, among other measures. Guided by the belief that management itself must conduct its duties with high ethical standards, we have clearly stated in the “Sumitomo Corporation Corporate Governance Principles” that in principle, the term of office for the Chairman of the Board of Directors and the President and CEO are each limited to six years in total.’

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</tr>
</thead>
</table>
| • Complying with Applicable Laws                                                   | • Prohibition on Using Illicit or Illegitimate Income to Finance Governmental Affairs  
• Reporting and Preventing Intellectual Property Rights  
• Prohibition of Under-Competition  
• Information Management  
• Preservation of the Environment  
• Overseas Business Activities                                                                 |
| • Prohibition of Organized Crime                                                   | • Respect for Human Rights  
• Prohibition of Sexual Harassment  
• Prohibition of Abuse of Authority                                                                                   |

### Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the “Speak-Up System” was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in the appropriate manner.


A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:
Based on public information, there is some evidence that the company treats whistleblowers supportively. However, TI found no readily available evidence of formal and comprehensive mechanisms to ensure that whistleblowing by employees is not deterred.

References:
Public:
NA
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:
0

Comments:
Based on public information, there is insufficient evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues.

References:
Public:
NA
A35:
Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

1

Comments:
Based on public information, there is evidence that there is a commitment to non-retaliation for bona fide reporting of corruption. However, there is no readily available evidence that disciplinary measures are applied to employees who breach this policy. The company therefore scores 1.

References:
Public:
Annual Report (2013), p.74:
‘Speak-Up System
If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the “Speak-Up System” was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner.’
Information Sources:

Company website:
http://www.sumitomocorp.co.jp/ [Japanese]
http://www.sumitomocorp.co.jp/english/ [English]

Corporate Profile (date not known):
http://www.sumitomocorp.co.jp/company/about/order/
http://www.sumitomocorp.co.jp/english/company/about/order/

Annual Report (2013):

Report on Responsibility & Sustainability (2013):