

Human Rights

Sumitomo Osaka Cement Group Human Rights Policy

The Sumitomo Osaka Cement Group conducts its business activities with careful consideration accorded to social norms and corporate ethics, based on the Sumitomo Business Spirit and the Group's corporate philosophy. In this context, we recognize that respect for human rights is at the root of good management and is a key issue. With this in mind, in August 2023 we formulated the “Sumitomo Osaka Cement Group Human Rights Policy” (hereinafter “the Policy”) to clearly stipulate our approach to acting fairly and equitably in all our business activities, and to ensure we do not violate human rights.

However, we recognize the potential that our business activities could have a direct or indirect negative impact on human rights. We therefore strive to promote ongoing initiatives across the Group to respect the human rights of all our executives, employees, and stakeholders. Based on the above Policy, the Labor and Social Affairs Subcommittee—established within the Sustainability Committee, which is chaired by the President and comes under the supervision of the Board of Directors—will collaborate with each department to formulate plans and manage their progress in order to comply with our commitment to respecting human rights.

Human Rights Policy <https://www.soc.co.jp/csr/csr12/>

Initiatives Following the Formulation of Our Human Rights Policy

We are advancing our human rights initiatives by reviewing their content and expanding their scope in accordance with the roadmap below.

		FY2024	FY2025	
Human rights due diligence	- Human rights risk assessment map - Questionnaires for affiliated companies and key business partners - Interview surveys			Ongoing
Correction/Remedy	Launch of a human rights hotline			
Dialogue	- Labor-management dialogue - Engagement surveys - Business and Human Rights Working Groups			
Promotion of understanding and education	- Seminars for Group employees - Seminars for management - Notifications to business partners			

Human Rights Seminar and Working Group

Representatives from individual departments gathered to hold a working group on “Business and Human Rights.” During the most recent session, they examined case studies focusing on potential harassment scenarios, and held discussions under the supervision of a human rights adviser to determine what specifically constitutes a violation of human rights.



In the supply chain, human rights violations such as harassment can occur against external stakeholders, so we believe it is important to take respect for human rights seriously and to reflect it in our daily duties.

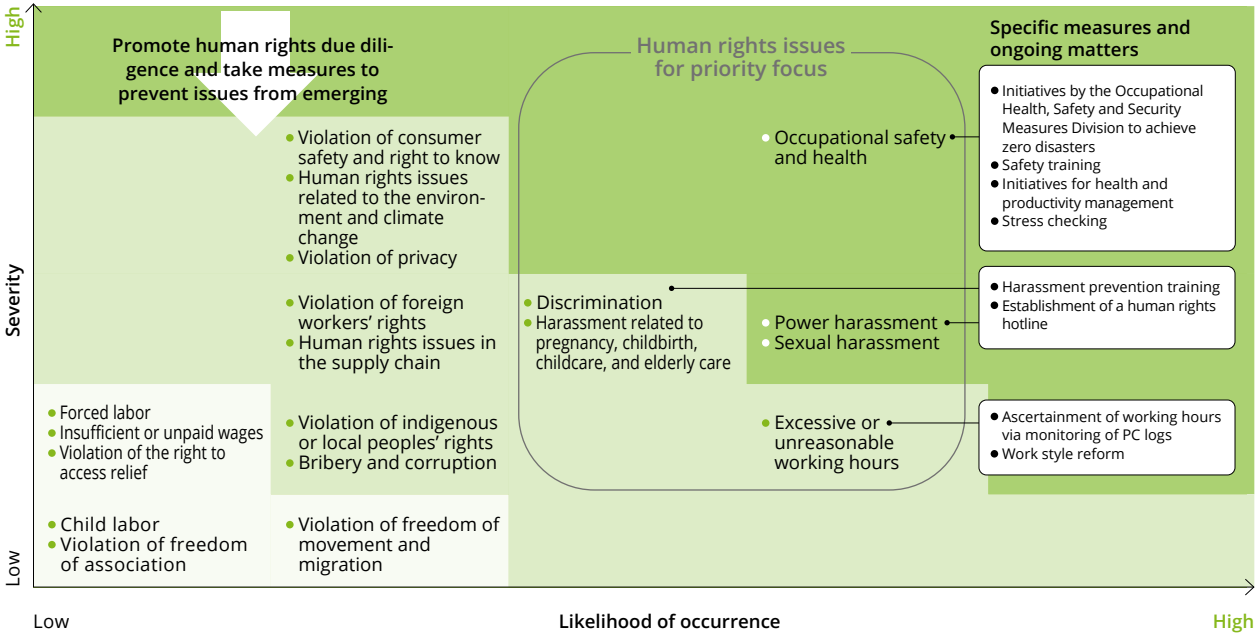
Human Rights Seminars for Management

We conducted a human rights seminar for management for all executives, including both inside and outside directors, as well as for Audit & Supervisory Board members. The seminar featured an external expert who spoke on business and human rights, focusing on the theme of addressing human rights as a management issue. The event reinforced the executives’ commitment to taking responsibility for respecting human rights throughout the value chain, along with the importance of routine risk management and rapid crisis response during emergencies.

Formulation of Human Rights Risk Assessment Map

In line with our Human Rights Policy, we developed a human rights risk assessment map to advance efforts to respect human rights within our Group and our supply chain. We convened a working group comprised of mid-level employees from individual departments to identify human rights risks in our business, including in our supply chain. We analyzed the “severity” and “likelihood” of human rights risks and organized them across departments. As shown in the diagram below, we have identified human rights risks that have a significant impact on our Group and specified our measures to address them. We will continue to work on these priority issues while conducting regular reviews.

Human rights risk assessment map (Sumitomo Osaka Cement Group)



[Supplementary explanation of risk items in the assessment map]

- Forced labor = Coercion of work through threat of punishment
- Violation of the right to access relief = Intentional blocking of access to relief hotlines
- Violation of freedom of association = Violation of the right to labor union affiliation, refusal to engage in collective bargaining, refusal to permit foreign membership
- Violation of consumer safety and right to know = Provision of products and services harmful to consumers' mental and physical health
- Human rights issues related to the environment and climate change = Environmental impact, and air, soil, and water pollution, for residents living near the plants
- Violation of privacy = Disclosure of personal information without the individual's consent
- Human rights issues in the supply chain = Harassment of employees of subcontractors committed by employees of business partners, human rights violations caused by business partners (upstream/downstream) within their own companies
- Violation of freedom of movement and migration = Decisions about individuals' place of residence or migration against their will, and evictions of residents for business land development
- Discrimination = Disadvantaging individuals on the basis of race, sex, language, religion, politics or other grounds

Conducting Human Rights Due Diligence at Affiliated Companies (Domestic Group Companies)

In fiscal 2024, we conducted human rights-related surveys at 26 affiliates. The results demonstrated that efforts such as our human rights seminars and raising awareness of compliance have been highly effective in fostering a solid understanding of the importance of having a good work environment and of prohibiting bad workplace behavior (prevention of harassment). Going forward, we will work to steadily correct and remedy any issues, focusing on the results of our due diligence and the priority human rights issues identified in our human rights risk assessment map.

Enhancing Access to Corrective and Remedial Actions (Establishment of a Human Rights Hotline)

We established our Human Rights Hotline in fiscal 2024 as a new point of contact for correction and remedy. Cases brought to our attention via the hotline were investigated by the Human Resources Department, along with other relevant departments, and measures were taken to resolve the issues.

	Opening of consultation desks
Human Rights Hotline	Consultations on general harassment, discrimination, and human rights violations in the workplace
Compliance Hotline	Reporting and consultations on misconduct that violates laws and regulations
Diversity Hotline	Individual consultations on the use of work-life balance support systems and work style reforms

Multi-Stakeholder Communication

Multi-Stakeholder Policy

Sumitomo Osaka Cement is committed to proper collaboration with multiple stakeholders in light of the growing importance in corporate management of cocreating value, not only with shareholders but also with a diverse range of stakeholders, including employees, business partners, customers, creditors, and local communities. In addition, from the standpoint that the befitting distribution to multiple stakeholders of earnings and results generated through collaborative value creation and productivity improvements will lead to sustained momentum for wage increases and sustainable economic development, and recognizing the importance of returning profits to employees, as well as taking our business partners into consideration, we will pursue the following initiatives.

1. Returns to Our Employees

We will focus on maximizing added value by concentrating management resources on growth areas, and by developing and enhancing the skills and capabilities of our employees, thereby helping to achieve sustainable growth and improved productivity. Based on the earnings and results generated, we will increase wages in an appropriate manner in accordance with Japan's Principles of Wage Determination and taking into account our company's circumstances. At the same time, as a comprehensive measure to improve working conditions, we aim to provide continuous returns to our employees through proactive efforts in areas such as education and training to improve employee engagement and productivity.

Specifically, beyond raising wages, we have introduced a stock compensation program for employees and are working on measures to further improve working conditions, following on from past improvements in compensation, while keeping social conditions and the business environment in mind. Regarding education and training, we are working to enhance various human resources development programs, including promoting the active participation of women, and we will continue to provide sustainable returns to employees through the continuous improvement of compensation and the provision of opportunities to improve their skills through various education and training programs.

2. Consideration for Our Business Partners

Sumitomo Osaka Cement will continue to make efforts to comply with the contents of the Partnership Building Declaration. In the event that the Company is removed from listing on the Partnership Building Declaration portal site, we will voluntarily withdraw the publication of our Multi-Stakeholder Policy.

Furthermore, with regard to business relationships with consumption tax-exempt businesses, we will work to establish suitable relationships by referring to the government's published guidelines on how tax-exempt businesses and their business partners should respond to the invoice reporting system. We will continue to make steady efforts to address these issues while confirming the status of initiatives.

[Partnership Building Declaration \(in Japanese only\)](https://www.biz-partnership.jp/declaration/8152-05-13-tokyo.pdf)
<https://www.biz-partnership.jp/declaration/8152-05-13-tokyo.pdf>

Quality

Approach to Quality

The Sumitomo Osaka Cement Group places great importance on quality in the Cement business, the Optoelectronics business, and the Advanced Materials business, and has established a quality control framework that responds promptly to customer needs.

In the Cement business, the use of cement is diversified from large structures, such as dams, to an array of concrete products. The cement performance must therefore be optimized, depending on the purpose of its use. The Sumitomo Osaka Cement Group, under a product assurance system built on by long-held cement manufacturing technology, considers a stable supply of safe and quality cement as the priority in fulfilling customer demand. To that end, the Group strives to implement thorough day-to-day product management to stabilize and enhance product quality.

Quality Control Framework

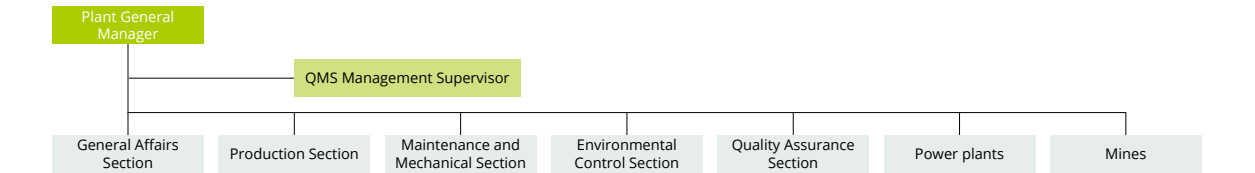
Our Group's cement production plants have acquired quality management system (QMS) certification in accordance with ISO 9001 (international guidelines on quality assurance), and have built and maintain quality control frameworks, while continuing to work on quality improvement. The five production plants of Tochigi, Gifu, Ako, Kochi, and Hachinohe Cement Co., Ltd., the Optoelectronics Business Division, the Advanced Materials Business Division, and affiliates including Shuho Mining Co., Ltd., have all obtained ISO 9001 certification.

Quality Initiatives (Cement Business)

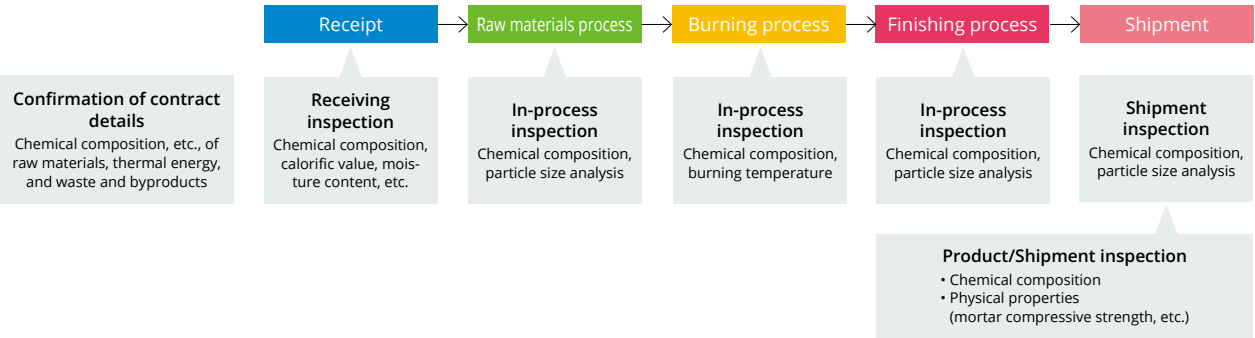
The QMS of each plant is operated under defined responsibilities and the authority of each division, as shown in the plant organization chart below. The production flow chart shows how the quality control of the plant is consistently applied from the receiving inspection of raw materials, thermal energy, and waste and byproducts to the shipment inspection of cement products, and highly accurate inspections are conducted in cooperation with the analysis center at the Ako Plant. Safety data sheets listing information about particular toxic hazards in products are also provided to enable them to be used safely.

Plant Organization

QMS Management Supervisors, as on-site plant general managers, work to establish and maintain the system by raising all employees' awareness of requests from customers, while ensuring that all employees in the plant are aware of and understand the plant's quality policy.



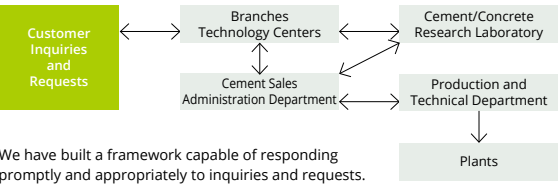
Production Flow and Quality Control at Plants



Relationship with Customers (Cement Business)

We strive to deepen our relationships with customers in ways such as holding regular meetings among divisions to exchange information on quality control communication and response flow charts, and by forming a system for assured internal communication of customer information. We also utilize this system for product development and response to customer complaints.

Quality Control Information Communication and Response Flow Chart



Technological Interaction with Customers (Cement Business)

All our branches organize technical associations led by concrete engineers in each region. Currently, we have a total of 45 technical associations active nationwide, facilitating the exchange of information on concrete technology, hosting various training seminars, and conducting study tours. Additionally, to promote cross-regional exchange and technical development, the Group holds its Sumitomo Osaka Cement Technical Report Meeting every two years for cement technical associations from across Japan. At this meeting, members of the technical associations from each region present their research findings, while academic experts are invited to give technical lectures. Through these activities, we will continue to collaborate with our customers to mutually enhance our technical capabilities.