

Sumitomo Canada Limited

Annual Report on Forced and Child Labour in Supply Chains for FY 2023

Sumitomo Canada Limited (SCL) is committed to preventing and reducing the risk of modern slavery (including forced labour, child labour and human trafficking) in its business and supply chains. This report provides an overview of the steps SCL took in fiscal year 2023 (from April 1, 2023 to March 31, 2024) to prevent and reduce the risk of forced labour and child labour in its business and supply chains, in compliance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. This statement was approved by the board of directors of SCL on May 22, 2024.

SCL's Structure, Activities, and Supply Chains

Prior to FY2022, Sumitomo Canada was owned 49% by Sumitomo Corporation and 51% by Sumitomo Corporation of Americas. As of April 1, 2021, Sumitomo Canada is 100% owned by Sumitomo Corporation as a result of a structure change.

Sumitomo Corporation is one of the world's leading sogo shosha. As a result, many of the general characteristics of the industry which are described above for sogo shosha provide an accurate description of the financial and operational characteristics of the company.

Sumitomo Corporation promotes trade and development through its head office in Tokyo, Japan. The company was founded in 1919 and entered the trading business in 1945.

The 1960s and 1970s saw the tremendous expansion and internationalization of the Japanese economy, spurred on by heavy industry, such as the steel and chemical sectors. In response, Sumitomo Corporation evolved into an integrated trading company, diversifying its product range to include iron and steel; non-ferrous metals; electrical and electronics products; machinery, agricultural and marine products; chemicals; textiles; natural resources; and real estate. Sumitomo Corporation also expanded its business to

cover areas such as resource development, plant construction, joint venture formation, financing and investment.

Sumitomo Corporation can bring together producers and consumers in almost every part of the world. It does this through its 131 locations in 66 countries, which comprise the headquarter, offices, branches and subsidiaries.¹

The employees of Sumitomo Corporation (including those on temporary assignment to its subsidiaries) have significant expertise in the fields of economics, legal, technical and business information, management, credit risk control, international financing arrangements, research, marketing, technology transfer, and product distribution. In addition, Sumitomo Corporation has extensive networks of long-standing customers and suppliers on a worldwide basis. To a somewhat lesser extent, Sumitomo Corporation's subsidiaries, branches and offices also have similar networks.

Over time, Sumitomo Corporation has evolved into a globally focused enterprise, with an ongoing focus on strengthening and reinforcing its overseas operations.

In most of its business transactions, Sumitomo Canada acts as an agent for Sumitomo Corporation or other affiliates. Even when Sumitomo Canada acts as a principal in a transaction, it rarely accepts all the risks that would typically be borne by principals for such transactions. Instead, many of the typical risks of principals in such transactions are borne either by Sumitomo Corporation or by other parties such as suppliers or customers to the transactions. In virtually all cases, Sumitomo Canada's role is simply to provide services in support of the overall transaction.

In recent years, Sumitomo Canada has dedicated some resources and incurred some costs to identify business opportunities with new or existing customers and suppliers. However, these activities represent a relatively small portion of the Company's total business operations.

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For more information on SCL's business, activities and supply chains, please visit the following link: <http://www.sumitomocanada.com/>

¹ Sumitomo Corporation Integrated Report FY2022, page 20.

Policies and Due-Diligence Processes in Relation to Forced and Child Labour

SCL, as a member of the Sumitomo Corporation Group, shares the [Sumitomo's Business Philosophy](#), which has been passed down and followed faithfully for more than 400 years since Masatomo Sumitomo (1585-1652) founded the business. [SC Group's Corporate Mission Statement \(Management Principles and Activity Guidelines\)](#) is based on this philosophy and represents our fundamental and ultimate value standard. The Corporate Mission Statement clearly states that we respect the personality of each individual and places prime importance on integrity and sound management.

SCL has adopted the [Sumitomo Corporation Group Compliance Policy](#). This policy highlights that compliance is a top priority for group companies, mandating that business operations adhere to laws and regulations. It urges us to respect the human rights of all individuals, including the rights of those with whom we have a relationship or contact.

We take our commitment to tackling modern slavery including forced labour, child labour and human trafficking very seriously. The followings are the steps which we have taken to help ensure that modern slavery including forced labour, child labour and human trafficking are not taking place in our business or supply chains:

[SC Group's Human Rights Policy](#)

SCL is committed to compliance with global labour and human rights standards and law. We respect [the International Bill of Human Rights](#) and [the International Labour Organization \(ILO\)'s Declaration on Fundamental Principles and Rights at Work](#), and we operate in accordance with [the United Nations \(UN\) Guiding Principles on Business and Human Rights](#).

SCL has a zero-tolerance policy against violation of human rights including forced labour, child labour and related activities, which is set forth in detail in the SCL employee handbook. In line with [SC Group's Human Rights Policy](#), we are working towards identifying and preventing or mitigating any adverse impact on human rights. Where we identify that our group's practices have caused or contributed to an adverse impact on human rights, we will endeavour to take appropriate remedial measures, and we will seek to improve and progress human rights measures through engagement and dialogue with relevant stakeholders.

[The SC Group CSR Action Guidelines for Supply Chain Management](#)

SCL strives to implement [the SC Group CSR Action Guidelines for Supply Chain Management](#). Through the implementation of these guidelines, we are aiming to realize a sustainable society by working together with our suppliers, business partners and contractors, etc. to achieve responsible value chain management. As part of these guidelines, we set out SCL's values to "Respect for human rights and not to be complicit

in human rights abuses” and to “Prevent forced labour, child labour and the payment of unfairly low wages.” These principles establish the overarching guidelines encompassing our commitment to preventing modern slavery including forced labour, child labour and human trafficking.

In the event that we find violations of these guidelines in our supply chains, we will urge the suppliers, business partners or contractors to remedy and improve the situation, while providing support to them as needed. However, if the violations continue, we will consider carefully whether to continue our business with the suppliers, business partners or contractors in question. No violations of these guidelines relating to child and/or forced labour were identified in 2023.

[Human Rights Due Diligence](#)

The SC Corporate Sustainability Department has led the identification of the [Six Key Social Issues and the Long-term Goals for the SC Group](#). The six key social issues consist of two themes: the sustainability of society and development and evolution of society. One of the six key social issues is “respect for human rights,” and its long-term goal is “respect human rights through all of our businesses and supply chains.”

SC also established [the Medium-term Goals for each Key Social Issue](#) on behalf of the SC Group. With regards to “respect for human rights,” one of our medium-term goals is “promote and ensure respect for human rights in accordance with the UN Guiding Principles on Business and Human Rights and SC Group’s Human Rights Policy.”

SC commenced a human rights due diligence process in fiscal 2020. As a first step in that process, SC identified eight salient human rights issues that should be addressed with priority so that we can assess impacts concerning human rights throughout SC Group. The eight salient human rights issues are as follows: Labour conditions (wages and working hours), Freedom of association and the right to collective bargaining, Forced labour and child labour, Occupational health and safety, Health and safety of local residents, Land rights, Discrimination and harassment and Personal information and privacy.

To further hone SCL’s key areas of focus building upon the foundational work that SC began, SCL is participating in the human rights due diligence study that Sumitomo Corporation of Americas, another regional subsidiary of SC, started at the end of fiscal year 2023 with their expert consultants on business and human rights. SCL is committed to making improvements in human rights due diligence as an outcome of this project. After receiving results and recommendations from the consultants, we aspire to make improvements to our human rights due diligence practices in the years to come.

Risks and steps taken to reduce risks of forced and child labour.

At present, SCL has not identified any parts of its business or supply chains that carry a risk of forced labour or child labour.

In fiscal year 2023, we did not identify any cases of forced or child labour in our supply chains. As a result of that, we have not faced a situation to remediate forced labour or child labour and to remediate loss of income for vulnerable families.

Reporting Mechanisms

There are several ways SCL employees may report violations of the Human Rights Policy, including to their immediate manager, Human Resources, or to a member of the SCL Legal & Compliance Group. Alternatively, an employee or third-party may report the matter anonymously or ask questions regarding the same to SCL's Ethics Helpline at www.scamericas.ethicspoint.com or by calling 1-888-279-1912. Note that employees may report suspected ethical and other compliance violations without any fear of retaliation. We also have an internal incident management system to ensure that supply chain issues are communicated to the SCL management team for proper review and remediation.

Training

SCL is deploying a new e-learning training module on business and human rights. This mandatory e-learning will provide overall information of international initiatives and regulations on business and human rights, as well as SC Group's own policies and procedures. SCL implemented the e-learning on its own Human Resource System in May 2024 for all SCL executives and employees to take in 2024.

In early 2024, SCL employees and leaders will participate in a human rights workshop with our external consultants covering the background of business and human rights, training on human rights due diligence and further training on SC Group's human rights initiatives.

Assessing Effectiveness

For FY2023, no actions have been taken to assess our effectiveness in preventing and reducing risks of forced labour and child labour in our activities and supply chains.

We will continue to undertake these efforts aimed at ensuring that no modern slavery including forced labour, child labour or human trafficking of any form exists in our business and supply chains and that our actions are effective in preventing and reducing risks of forced and child labour in our activities and supply chains.

Attestation

In accordance with the requirements of the Acts, and in particular section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, I attest that I have reviewed the information contained in the report for the entity (or entities listed above). Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Acts, for the reporting year listed above. I have the authority to bind Sumitomo Canada Limited.

May 22, 2024

Signed by:

A handwritten signature in cursive script, appearing to read "Tim Sander", written in black ink.

Timothy E. Sander
President
Sumitomo Canada Limited