

Sumitomo Chemical Participates in the World Bank “BioCarbon Fund”

Sumitomo Chemical announced today its contribution of US\$2.5 million, by 2017, to the BioCarbon Fund, an initiative launched by the World Bank. With this contribution, Sumitomo Chemical can expect to acquire 400,000 Carbon Credits (*1) over the period of the next thirteen years through 2017.

The World Bank founded the BioCarbon Fund in May 2004, a mechanism that enables its participants to obtain Carbon Credits in return for investment in projects such as the use of biofuel, afforestation and forestry management. The Fund utilizes two of the platforms available under the Kyoto Mechanisms (*2) of the Kyoto Protocol; the Clean Development Mechanism (CDM)(*3) and Joint Implementation (JI)(*4).

Sumitomo Chemical’s decision to contribute to the Fund was prompted not only for the acquisition of Carbon Credits, but also to broaden the company’s environmental and societal contributions, through the Fund’s projects, such as preserving the natural environment, bettering the livelihood in developing countries, etc.

Sumitomo Chemical places one of its top management priorities on the contribution to the sustainable development of society by providing environmentally friendly and economical products through innovations in chemical technology. Among other things, Sumitomo Chemical is striving to reduce its carbon dioxide emissions, as part of its environmental preservation activities, by promoting thoroughgoing thermal recovery and utilization and vigorous measures to attain energy saving within respective manufacturing complexes, and developing innovative production processes that generate no undesired by-products by the use of its proprietary high performance catalysts.

Sumitomo Chemical will continue to actively work on various measures, while fully utilizing the Kyoto Mechanisms, towards its ultimate aim of preventing global warming,.

***1 Carbon Credits**

Carbon Credits are awarded upon implementation of a project to reduce greenhouse gas emissions. The amount of emission reductions or absorption increments resulting from the project is converted to credits that can be used to meet emission reduction targets.

***2 Kyoto Mechanisms**

Mechanisms enacted by the Kyoto Protocol that will permit flexible implementation of the reduction targets for greenhouse gases. In an energy efficient country such as Japan, the volume of emission reduction that can be achieved domestically is limited. Therefore, such a country can make investments to reduce emissions in other countries and earn credits, which are computed in whole or in part on the basis of the resultant emission reductions and are designated as its own country's credits.

***3 Clean Development Mechanism (CDM)**

The Clean Development Mechanism is one of the Kyoto mechanisms under the Kyoto protocol whereby a developed country financially assists a developing country to implement projects that reduce greenhouse gas emissions. Carbon Credits accrued from the project, computed on the basis of the resultant emission reductions or absorption increments, are allocated among individual participants in the project.

***4 Joint Implementation (JI)**

One of the Kyoto mechanisms provided by the Kyoto Protocol whereby developed countries jointly undertake a project to reduce gas emissions in each country. Carbon Credits accrued from the project, as computed on the basis of the resultant emission reductions or absorption increments are allocated among individual participants in the project.