Building on our 100 years of history, we designed the cover-page illustration, titled “Beyond our quest toward new frontiers” to express our determination to set sail into an awaiting future of growth and challenges.

The surface of the ship shows the Besshi Copper Mine where the company has its origins in, along with other buildings and facilities representing the company’s history. As stated in its Corporate Statement, Sumitomo Chemical will seek to continue to build trust and bring joy to people across the world through constant innovation. With the power of chemistry, we will strive to resolve various challenges facing human society and open up a bright future like this ship that adventures into unknown seas.

Corporate Philosophy

Celebrating its 100th anniversary, Sumitomo Chemical can trace its history back to 1915, when Sumitomo Fertilizer Works began producing fertilizers. Every facet of the Company’s operations is based on the Sumitomo Spirit, a guiding principle of the House of Sumitomo that has been passed down from one generation to the next since the 17th century.

In inheriting this Sumitomo Spirit, our Business Philosophy serves to clarify and document our fundamental ethos, mission and values. Deriving its strength from this Corporate Philosophy, the Sumitomo Chemical Group will continue to contribute to the sustainable growth and development of society through its business activities.
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The first pledge in Sumitomo’s Business Principles, advocating integrity and sound management, reflects the importance of maintaining the trust of the Company’s business partners and of society as a whole. The second pledge calls for refraining from the pursuit of easy gains—conducting thorough investigations and giving serious thought to business decisions so as not to be blinded by the prospect of immediate gains.

While not expressly stated, another traditional concept applies: harmony between the individual, the nation and society. Sumitomo manifests this concept by seeking to benefit not only its own business, but also society, and by the Company’s emphasis on maintaining harmony between its interests and those of the public.

To this day, these principles are strictly applied throughout the various Sumitomo Group companies, including Sumitomo Chemical.

Drawing on the Sumitomo Spirit, Sumitomo Chemical’s Business Philosophy serves to clarify and document our fundamental ethos, mission and values.
A Century–Old Path in Partnership with Society

Sumitomo Chemical traces its history back to Sumitomo Fertilizer Works, which was founded for the purpose of manufacturing fertilizers from sulfur dioxide using sulfur, and received from the harmful fumes and gas produced during copper smelting. From its inception, the goals of the Company have been to overcome environmental problems and to help increase the output of agricultural products. In this sense, the aspiration to solve challenges facing society has been part and parcel of the Company’s mission from its foundation.

The Company had about 160 employees at the end of 1915, when it began manufacturing fertilizers. A century later, the Company has evolved into one of the world’s leading chemical manufacturers with its founding spirit and aspirations passed down to a 30,000-strong workforce that extends across every corner of the globe.

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1915 > 1944
Building the foundation as a chemical manufacture

During the 10 years period from the 1915, the Company retained the age (Global expansion). Since then, the Company has been driven by a series of innovations in manufacturing and technology, including the development of new products and processes. The Company has also focused on reducing its environmental impact and improving its sustainability practices. In addition to its core businesses, the Company has expanded its operations to include petrochemicals, specialty chemicals, pharmaceuticals, and other specialty chemicals businesses.

1945 > 1974
Diversifying into petrochemicals and fine chemicals company

The thirty years following the end of World War II saw a transformation from the production of nitrogen-based fertilizers to chemicals that could be used in the production of synthetic fibers, resins, and polymers. The Company continued to diversify and expand its operations during this time, entering new fields of manufacturing, such as artificial resins and plastics. Fine chemicals, pharmaceuticals, and other specialties quickly became major business lines for the Company. During this period, the Company continued to make significant investments in research and development, which led to the production of new products and processes. The Company also expanded its operations into new markets, including the United States, Europe, and Asia. The Company continued to diversify and expand its operations during this time, entering new fields of manufacturing, such as artificial resins and plastics. Fine chemicals, pharmaceuticals, and other specialties quickly became major business lines for the Company. During this period, the Company continued to make significant investments in research and development, which led to the production of new products and processes. The Company also expanded its operations into new markets, including the United States, Europe, and Asia.

1975 > 2004
Active Globalization of All Businesses

Looking to the future, we will work to expand the boundaries of chemistry by combining a variety of fields, views, and technologies. We will also continue to take up the challenge facing the globe. From meeting such tasks, promoting the environment, to addressing the issues of adequate supplies of food, energy, and other resources.

In this endeavor, each of us at Sumitomo Chemical will work with enthusiasm and a strong sense of mission.

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Corporate Statement

Sumitomo Chemical started business in 1913 as a producer of fertilizers from sulfur dioxide generated by copper refining. This business, which solved the environmental problems of air pollution while meeting the social demand for more agricultural production, embodied the business philosophy of the Sumitomo family handed down from the 17th century: “Our business must benefit society, not just our interests.” Throughout our history of almost a century, we are Sumitomo Chemical have lived by this creed. We have worked to build better lives by developing various businesses that meet people’s evolving needs. At the same time, we have continuously developed technological innovation while paying special attention to product quality, safety, and the environment.

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In this endeavor, each of us at Sumitomo Chemical will work with enthusiasm and a strong sense of mission.

Sumitomo Chemical will seek to continue to build trust and being to people across the world through consistent innovation.

Corporate Slogan

Creative Hybrid Chemistry
For a Better Tomorrow

The recent decade was characterized by the movement toward globally integrated management. From the construction of the corporate headquarters in Tokyo in March 2001, Sumitomo Chemical initiated a 5-year investment plan to establish the Global Management office, which was completed in the fiscal year ending March 31, 2003. During this period, the Company has focused on improving its organizational structure and management to enhance its competitive position in the global market. The Company has also been actively engaged in research and development, as well as in the promotion of sustainability practices, to address the challenges facing the globe.

The recent decade was characterized by the movement toward globally integrated management. From the construction of the corporate headquarters in Tokyo in March 2001, Sumitomo Chemical initiated a 5-year investment plan to establish the Global Management office, which was completed in the fiscal year ending March 31, 2003. During this period, the Company has focused on improving its organizational structure and management to enhance its competitive position in the global market. The Company has also been actively engaged in research and development, as well as in the promotion of sustainability practices, to address the challenges facing the globe.

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Editorial Policy

This publication was produced to convey to all stakeholders the Sumitomo Chemical Group’s approach to fulfilling its corporate social responsibility (CSR) in an easy to understand manner.

Sumitomo Chemical’s founding principle of “contributing to the development of society through business activities” remains deeply embedded in its wide-ranging endeavors of today. In this report, employees talk frankly about specific business examples that epitomize this principle. We also provide comments from various stakeholders.

A more detailed account of the Group’s activities is presented in its CSR Report 2015, which is posted on the Company’s website.

Sumitomo Chemical’s CSR website:
http://www.sumitomo-chem.co.jp/english/csr/
The Sumitomo Chemical Group
Spreading Its Wings Across the World

At present, the Sumitomo Chemical Group is conducting business globally in five fields: petrochemicals & plastics, energy & functional materials, IT-related chemicals, health & crop sciences, and pharmaceuticals. To continue to receive the approval of its wide range of stakeholders, the Group will use its advanced technologies to create new products that reflect the changing times, contribute to improving people's lives, and help resolve global problems involving food, the environment, resources, energy, and infectious diseases.

Company Profile
Name: Sumitomo Chemical Company Limited
Head Office (Tokyo): Tokyo Sumitomo Twin Building (East) 27-1, Shinkawa 2-chome, Chuo-ku, Tokyo 104-8260, Japan
Head Office (Osaka): Sumitomo Building 5-33, Kitahama 4-chome, Chuo-ku, Osaka 541-8550, Japan
Founding: September 22, 1913
Start of business operations: October 4, 1915
Incorporation: June 1, 1925
Capital: 89,699 million yen
Number of consolidated subsidiaries: 167
Net sales*: Consolidated: 2,376.7 billion yen
Number of employees*: Consolidated: 31,039

Note: Net sales and number of employees data is as of March 31, 2015.

Net Sales by Region
- Asia: ¥964.0 billion
  Number of Employees: 18,047
- Japan: ¥948.3 billion
  Number of Employees: 2,519
- North America: ¥257.3 billion
  Number of Employees: 2,519
- Europe: ¥96.6 billion
  Number of Employees: 563
- The Middle East & Africa: ¥61.9 billion
  Number of Employees: 187
- Oceania, other: ¥12.2 billion
  Number of Employees: 24
- Central and South America: ¥36.3 billion
  Number of Employees: 109

Net Sales by Business Sector
- Petrochemicals & Plastics: 33.9%
- Energy & Functional Materials: 17.0%
- Pharmaceuticals: 17.0%
- IT-related Chemicals: 15.3%
- Health & Crop Sciences: 13.1%

Note: Effective April 1, 2015, the Basic Chemicals and Petrochemicals & Plastics sectors were restructured and reorganized into the Petrochemicals & Plastics and Energy & Functional Materials sectors.

Net Sales by Region
- Asia: 40.6%
- Japan: 39.9%
- North America: 10.8%
- Europe: 4.1%
- Oceania: 0.5%
- Central and South America: 1.5%

Number of Employees by Region
- Asia: 58.1%
- Japan: 58.1%
- Oceania: 3.0%
- North America: 3.0%
- Europe: 2.6%
- Central and South America: 1.5%
To contribute to the sustainable development of society for the next century

Sumitomo Chemical’s Corporate Philosophy and CSR

“Our business must benefit society, not just our interests.” This is a key principle of the Sumitomo family’s business philosophy, which forms the core of Sumitomo Chemical’s corporate values. The Company’s history traces back to 1913. At that time, the Sumitomo family’s copper smelting business, based at the Besshi Copper Mine in Niigata, Niigata Prefecture, Japan, was growing rapidly by employing new technologies. Meanwhile, its smelting operation emitted harmful sulfuric acid gas that did serious damage to agricultural produce in the area. With a strong determination to eliminate the problem even if it would incur considerable expenditure, Sumitomo developed a new process for the production of fertilizer, using the sulfur content extracted from copper ore—which was the cause of the sulfuric acid emissions—as a raw material. This led to the establishment of “Sumitomo Fertilizer Works,” which began commercial operations and made its first shipment of fertilizer in 1915 and later evolved into Sumitomo Chemical.

Thus founded with a view to overcoming an environmental problem and promoting the development of agriculture through the supply of fertilizer, Sumitomo Chemical has in its DNA the conviction that contributing to the sustainable development of society through business activities is the essence of corporate social responsibility (CSR).

Responsibility for Safety, the Environment, and Quality Assurance

Responsible Care (RC)—a commitment to ensuring safety, environmental protection, and high quality throughout the entire life cycles of our products, from research and development, production, distribution, and sale, to use and disposal—is a central pillar of our CSR activities, and we at the Sumitomo Chemical Group have been working as one to promote RC.

Maintaining safe and stable operations is one of our priority management initiatives. With a strong commitment to “prioritizing safety above everything else,” we are striving to further increase the level of safety of our operations by enhancing our culture of safety and strengthening our safety assurance capabilities, while also seeking to achieve zero accidents and zero injuries in all of our manufacturing and other operations around the world. At the same time, we are working to improve the RC activities across the Sumitomo Chemical Group by promoting the sharing of best practices.

In addition, we are stepping up efforts toward mitigating climate change and global environmental problems. They include the development of “green processes” for reducing environmental footprints and environmentally-friendly “clean products,” as well as our initiatives for cutting back CO2 emissions throughout the supply chain.

Toward the Next Century

The year 2015 marks the 100th anniversary of the commencement of Sumitomo Chemical’s operations, a major milestone in the Company’s history. Over the 100 years, the Company has been working to meet the evolving needs of society and to help better people’s lives through its business activities and technological innovation.

Looking ahead, the chemical industry is expected to play an increasingly important role in solving environmental problems and other pressing global challenges. With Sumitomo Chemical’s founding philosophy in mind, we will continue to deliver innovative technologies and products to the world by making full use of the creative power of chemistry. And we will strive to sustain growth as a globally-operating diversified chemical company that is trusted by society and to contribute to the sustainable development of society over the next 100 years. We would appreciate your continued support and understanding.
The Sumitomo Chemical Group’s Long-Term Goal

Contribute to increased affluence and the solving of global challenges facing humanity, including issues related to food, energy, and the environment, while achieving sustainable growth together with society as a globally-operating diversified chemical company.

Basic CSR Policy

By continuously creating and providing new value for our stakeholders, the Sumitomo Chemical Group will build the corporate worth, contribute to solving the problems facing society and our environment while enriching people’s lives.

In order to accomplish this, the Sumitomo Chemical Group will work to achieve an equitable balance between profitable business operations, preservation of the environment, safety, product quality and positive social activity. We will pursue and promote our CSR activities with consideration for the interests of all our stakeholders, including our stockholders, employees, business partners, and the local residents of all regions in which we conduct business. Through our endeavors in these areas, we hope to play a significant role in helping to build a sustainable society, while continuing to grow our business in order to achieve our goal of becoming a truly global chemical company in the 21st century.

Corporate Vision

1. Create new value based on technologies accumulated over the years
2. Through the power of chemistry, help solve global challenges (e.g., problems related to energy, the environment and food)
3. Develop a corporate culture full of “can-do” spirit and always be a company that society can trust

Change and Innovation

---for the next hundredth anniversary---

Change & Innovation Business Structure

- Downsize/exit underperforming businesses
- Improve the business portfolio

Change & Innovation Business Development

- Develop next-generation businesses
- Accelerate the development of printed electronics
- Develop new businesses in the area of life sciences

Change & Innovation Corporate Culture

- Demonstrate a “can-do” spirit
- See what’s happening on the ground and be proactive and pragmatic
- Promote diversity

Sustainability Indices

<table>
<thead>
<tr>
<th>Category</th>
<th>FY '14</th>
<th>YoY Improvement</th>
<th>FY '13</th>
<th>YoY Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions in Japan*1</td>
<td>91.1 million tons</td>
<td>3.9% improvement</td>
<td>91.1 million tons</td>
<td>3.9% improvement</td>
</tr>
<tr>
<td>CO₂ emissions outside Japan*2</td>
<td>6.9 million tons</td>
<td>0.5% increase</td>
<td>6.9 million tons</td>
<td>0.5% increase</td>
</tr>
<tr>
<td>Water usage in Japan (Non-Consolidated)</td>
<td>6.6 million tons</td>
<td>7.8% improvement</td>
<td>6.6 million tons</td>
<td>7.8% improvement</td>
</tr>
<tr>
<td>Water usage outside Japan*2</td>
<td>980 thousand tons</td>
<td>7.1% improvement</td>
<td>980 thousand tons</td>
<td>7.1% improvement</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>¥147.9 billion</td>
<td>4.7% increase</td>
<td>¥147.9 billion</td>
<td>4.7% increase</td>
</tr>
</tbody>
</table>

*1 Aggregate total of Sumitomo Chemical and Group companies outside Japan (10 companies)
*2 Aggregate total of Sumitomo Chemical and Group companies Japan (16 companies)

Major Financial Indicators

Five Priority Management Issues

- Enhance financial strength
- Restructure businesses
- Develop next-generation businesses
- Promote globally integrated management
- Ensure full and strict compliance, and maintain safe and stable operations

Net Sales and Operating Income

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Sales (Billions of yen)</th>
<th>Operating Income (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'10</td>
<td>3,907.0</td>
<td>230.5</td>
</tr>
<tr>
<td>'11</td>
<td>3,907.0</td>
<td>188.1</td>
</tr>
<tr>
<td>'12</td>
<td>3,840.1</td>
<td>160.3</td>
</tr>
<tr>
<td>'13</td>
<td>3,840.1</td>
<td>145.4</td>
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</tbody>
</table>

Net Income

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Income (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'10</td>
<td>25.4</td>
</tr>
<tr>
<td>'11</td>
<td>6.4</td>
</tr>
<tr>
<td>'12</td>
<td>-51.2</td>
</tr>
<tr>
<td>'13</td>
<td>52.2</td>
</tr>
</tbody>
</table>

Operations and CSR

Operations and CSR
Sumitomo Chemical Group must do to continue to grow strongly while meeting the expectations of stakeholders and contributing to the sustainable development of society as it celebrates its 100th anniversary in 2015.

Amid the diversification and increasing sophistication of needs in society, we held an employee round-table talk about what the Sumitomo Chemical Group must do to continue to grow strongly while meeting the expectations of stakeholders and contributing to the sustainable development of society as it celebrates its 100th anniversary in 2015.

Corporate Philosophy as a foundation in an era of globalization

Pedersen: Amid the globalization of business, I believe it has become extremely important to have a shared Corporate Philosophy that acts as a foundation during troubled times. Overseas business accounts for roughly 60% of net sales for the Sumitomo Chemical Group. Amid the advancement of global operations through the collaborative efforts of a truly diverse group of people like yourselves, I would like to start off by eliciting your opinions about Corporate Philosophy, the underpinnings of business.

Elumba: All corporate philosophies place an emphasis on the company’s relationship with society, but a differentiating factor is whether companies are putting their philosophies into practice. I think the first time this relationship can be trusted is when you see how corporate philosophy truly ties into business strategy. Since joining the Company, I have been involved in the Olyset™ Net business. I believe this business is a symbolic example of how our Corporate Philosophy ties into the Company’s core technologies.

Son: Examine new business opportunities at Dongwoo Fine-Chem Co. Ltd. and when making a decision about investing, the baseline criteria are securing profits and economic viability. Accordingly, I always think about how to keep investment amounts within a reasonable range. However, the Sumitomo Spirit embodies the idea of building trust without focusing solely on near-term profits. This spirit is broadly shared by the management team at Dongwoo Fine-Chem and it is reflected in the company’s strategy for investing with extensive consideration paid to safety and the environment.

Mukumoto: Since joining Sumitomo Chemical, I have devoted myself to the analytical research of crop protection chemicals. Sumitomo Chemical’s crop protection chemicals have been thoroughly examined for efficacy and safety and are produced in an appropriate manner. Their quality has been highly praised by customers. In addition to stressing their necessity and effectiveness, I am able to confidently recommend our crop protection chemicals to customers because these products are based on our Corporate Philosophy, which places importance on trust and harmony with the public interest.

Miyazaki: I think that perceptions of Corporate Philosophy change as one gains years of experience. When I first joined the Company, I was not that aware of the corporate philosophy. I was focusing all of my energies on developing processes that were the first of their kind in the world and finding different ways of conducting work while approaching work from the way that I thought was best. As I built up years of experience, when drafting policies of sections, divisions, and now, as president of a subsidiary, I noticed how these policies were tied into the Corporate Philosophy of Sumitomo Chemical.

Mukumoto: I admit that I am not always thinking about the Corporate Philosophy when I work. There are parts of the corporate philosophy that are strongly relevant to my own work, and this is where I begin to think of how it can be reflected in our own work. I believe this is a good starting place. By paying heed to the parts that relate to you, the Corporate Philosophy ends up being tied to your work.

Carstea: In a large organization like the Sumitomo Chemical Group, we must develop business on a global scale while considering the interests of a diverse range of stakeholders. For this reason, I believe a policy like the Corporate Philosophy is especially important. I have been involved in the diesel particulate filters (DPFs) business ever since joining the Company. Demand for DPFs has been expanding amid the tightening of emissions regulations in Europe. When a DPF production company was established in Poland, I went to the new company and had the chance to meet so many people who were working toward a common goal contributing to society through their business activities. I feel proud to be working at a company where the Corporate Philosophy was so firmly integrated in its business strategies.

How can the Sumitomo Chemical Group leverage its strengths?

Pedersen: In the early 1970s, Sumitomo-Chemical took the leadership role in a national project with the Japanese government and members of the Japanese petrochemical industry to help the Singaporean government with a petrochemical project. Singapore was led by then Prime Minister, Lee Kuan Yew.
Yew, who was an exemplary leader and visionary. The Company foresaw growth in the Singapore petrochemical industry due to the country’s proximity to brine Southeast Asian markets. I believe this is one representative case where Sumitomo Chemical anticipated changes in global economic trends ahead of time. With Corporate Philosophy and CSR as a foundation, it shows how extremely important it is to create new value while addressing the needs of society. What do you think are the strengths of the Sumitomo Chemical Group, what issues remain, and how should these strengths be leveraged going forward?

Elumba: I think that Sumitomo Chemical’s main strength lies in its technologies. I am always amazed by the level of expertise and technologies at our research laboratories. With so many employees full of creative ideas and passion, I am convinced this company can continue to draw on the passion and ideas of its employees without becoming closed off to new ideas.

Mukumoto: I think that Sumitomo Chemical’s value comes from the diversity of its business fields. For example, one laboratory is not in charge of all facets of a single analytical research project. When stuck on something, a different laboratory may provide a technology you do not have or offer alternative ideas, leading to the discovery of the key to solving the problem in an unexpected way. I believe this collaborative environment is a strength of Sumitomo Chemical as a diversified chemical company. However, I think there is room for improvement for individual employees who do not make full use of the company’s resources.

Miyazaki: I think that a strength of the Sumitomo Chemical Group is its ability to minimize hazards to people and the environment during the product development process. On another note, at the Group presidents’ meeting held the other day, one of the topics discussed was the need for deeper debate on how to sustainably translate the Group’s inventions and technologies into proprietary businesses.

Son: Speed is of the essence in the IT business. I believe further growth is possible by pairing the speed and agility footing of Korean companies with the stability and reliability of Sumitomo Chemical. Here, it is key that we increase speed without losing stability or reliability.

Aono: I think that people and the connections formed among them are the greatest asset of Sumitomo Chemical. As shown by the employees assembled here today, there are a lot of different people working in the Sumitomo Chemical Group. With more opportunities to interact with people across the Group, I am able to hear opinions from people of various backgrounds as well as ideas that differ from my own.

Carstea: I also think that diversity in human resources is strength of Sumitomo Chemical. At the Tokyo Head Office, I have never been told that I cannot do a certain task because I am a foreigner. On the contrary, I have been given opportunities to engage in challenging work together with my Japanese and foreign colleagues, without any nationality-based restrictions. It is my strong belief that each and every employee who has surmounted barriers such as multi-lingual communications and different ways of thinking strongly supports the future of the Sumitomo Chemical Group.

Son: From the standpoint of diversity, the business locations of the Sumitomo Chemical Group are based in many countries in different stages of growth and with separate fields of expertise. Instead of thinking within the context of one’s own country, being able to leverage our mutual experience and knowledge has enabled the Sumitomo Chemical Group to grow and generate profits, in my opinion.

Aono: For the Group to grow, I feel that it is necessary to create and share systems based on common standards. For example, we should have identical systems for safety and quality assurance. To operate plants around the world by local employees, we should have systems that work based on common standards, instead of giving ambiguous directions that are only understood by Japanese employees who share similar values.

CSR that Leads to Innovation

Pedersen: I think that matters such as Corporate Philosophy and CSR have come into greater focus because of the changing era we live in and the need for new demands being placed on companies by society. In the past, companies were mainly assessed by the scale of their sales and growth potential, but nowadays they are also being persistently asked how their businesses meet the needs of society. CSR that leads to such innovations as Olyset™ Net and DPF is a very important factor in the assessment of the Sumitomo Chemical Group. I believe it is a factor that draws talented people to the Company from around the world.

Carstea: I think that the idea of contributing to society through business activities is a part of our DNA. Even if CSR is not at the forefront of our thoughts, I feel that the idea of taking a balanced approach to maximizing profits for the Company and benefits for society is deeply rooted in employees. One of the missions of the Sumitomo Chemical Group is to anticipate the needs of society, in addition to satisfying society’s immediate needs. To this end, I firmly believe that we support a sustainable society by continuously developing and marketing innovative products.

Son: Since a large amount of water is used in the cleansing process at plants operated by Dongwoos Fine-Chem, we installed water recycling systems that cut the amount of water used in manufacturing to one-fourth, realizing at the same time a reduction of 13,000 tons in CO2 emissions. The cost of this investment was recovered in about two years through reductions in industrial water and fuel costs. I think that the balanced approach of this initiative to protecting the environment and securing profits is emblematic of the CSR approach by the Sumitomo Chemical Group.

Elumba: Through my involvement in the Olyset™ Net business, I am aware of the deep respect that Sumitomo Chemical has won from such external stakeholders as the World Health Organization (WHO) and NGOs for its strong commitment to preventing and reducing malaria. To make this business a meaningful one, Sumitomo Chemical believed Olyset™ Net needed to be produced and distributed in Africa, where this product is truly needed. Instead of a Japanese company investing in Africa by establishing a joint venture with a local partner, Sumitomo Chemical created local jobs by building a factory from scratch, transferred production technologies, and trained local people to work at the factory. It is deeply rewarding to produce a product that actually saves lives in Africa, even though this endeavor has not been an easy one.

Miyazaki: Through my experience in the Rabigh project in Saudi Arabia, I realized that we tried to accomplish our task, no matter how hard, with a responsible attitude. Once we decided to do the project, we wanted to do it in a way that also satisfied our partners. This persistent stance is also valued by people outside the Company, and I believe it is a strength of the Sumitomo Chemical Group.

Pedersen: Amid changes in the business environment, the Sumitomo Chemical Group needs to have a deeper debate across the entire Group about what it needs to do in order to leverage its strengths and remain a company needed by society for the next 100 years without losing its distinctive character. In order to create a sustainable society, we expect the Sumitomo Chemical Group to continue to boldly take on new challenges for solving issues on a global scale, including environmental problems, natural resource and energy problems, and infectious diseases.
Using the Power of Chemistry to Create a World without Malaria

Every year approximately 200 million people worldwide are infected with malaria and more than half a million people die annually from the disease. Malaria is an infectious disease transmitted by mosquitoes carrying the malaria parasite. Sumitomo Chemical developed Olyset™ Net, a long-lasting insecticidal net made of polyethylene resin-based fibers containing insecticide. This insecticide is gradually released onto the surface of fibers and the net retains its insecticidal effect even after repeated washing. Olyset™ Net was recognized and recommended for use as the world’s first Long-Lasting Insecticidal Net (LLIN) by the World Health Organization (WHO). The rate of malaria infections has fallen dramatically in regions that use Olyset™ Net, proving its effectiveness.

In some regions, however, it has been confirmed that some mosquitoes are becoming resistant to existing insecticides. Advancing the technologies in Olyset™ Net, Sumitomo Chemical developed Olyset™ Plus, which also shows efficacy against malaria-carrying mosquitoes resistant to existing insecticides. We have also developed a new insecticide spray for WHO recommendation as an indoor residual spray (IRS). This product has also shown the efficacy to insecticide resistance mosquitoes as well as Olyset™ Plus.

Worldwide Prevention of Infectious Diseases

Sumitomo Chemical has also been working on ways to combat dengue fever, which is said to afflict around 100 million people a year, of which about 20,000 people die from the disease. The WHO recommends using chemicals for research and development of new technologies to prevent dengue fever, and Sumitomo Chemical has also developed a new insecticide to combat mosquitoes carrying dengue fever.

Net, proving its effectiveness.

The rate of malaria infections has fallen dramatically in regions that use Olyset™ Net, proving its effectiveness.

In some regions, however, it has been confirmed that some mosquitoes are becoming resistant to existing insecticides. Advancing the technologies in Olyset™ Net, Sumitomo Chemical developed Olyset™ Plus, which also shows efficacy against malaria-carrying mosquitoes resistant to existing insecticides. We have also developed a new insecticide spray for WHO recommendation as an indoor residual spray (IRS). This product has also shown the efficacy to insecticide resistance mosquitoes as well as Olyset™ Plus.

Working Together to Prevent Infectious Diseases

Cosmo Nickel Co., Ltd (CBNC), a subsidiary of Sumitomo Metal Mining Co., periodically distributes Olyset™ Net to local residents that live near its plants in the Philippines, as well as to public facilities including hospitals, schools, and gathering places. CBNC buys Olyset™ Net from Sumitomo Chemical and fabricates*2 mosquito nets and curtains. Then it distributes and installs them for free around the region as a measure to combat infectious diseases carried by mosquitoes, such as dengue fever and malaria.

Sumitomo Chemical aims to help prevent infectious diseases more effectively by working with local companies and NGOs.

*2 Mosquitoes carrying dengue fever can easily cross national borders, so CBNC distributes Olyset™ Net as well as mosquito netting, like windows and doors and curtains, in addition to mosquito netting.
Easing the Environmental Burden

Global energy demand is forecasted to increase even further with expected population growth and improvements in living standards particularly in emerging countries. Accompanying these trends are mounting global environmental issues mainly concerning greenhouse gas emissions, depletion of natural resources, and air and water pollution. Sumitomo Chemical is working to ease the environmental burden by harnessing the power of chemistry to effectively use limited natural resources to the maximum extent possible. Along with focusing on three areas—energy generation, energy storage, and energy saving—Sumitomo Chemical is developing Green Processes, which are manufacturing processes that limit environmental impact to the maximum extent possible through product life cycles, and Clean Products, which are more environmentally friendly.

Initiatives to Comply with Gas Emission Regulations

Reflecting the heightening awareness of environmental problems, countries throughout the world have tightened regulations on gas emissions in recent years. Against this backdrop, Europe, where fuel-efficient, low-CO₂ emission diesel vehicles are prevalent, has implemented the world’s most stringent emission regulations, making diesel particulate filters (DPFs) mandatory as standard equipment in diesel vehicles. These regulations are expected to be applied to additional vehicle models.

Sumitomo Chemical has developed its DPF, SUMIPURE™, using technologies cultivated in the business of inorganic materials, such as aluminia products. The DPF features excellent heat resistance and a special structure that continuously captures a high volume of particulate.

Our simplified DPF manufacturing process has contributed to reductions in costs and waste emission volumes. A European automobile manufacturer has decided to use our DPFs and our wholly owned subsidiary Sumika Ceramics Poland Sp. z o.o. will start manufacturing and supplying the DPFs from 2015.

Supporting the Spread of Environment-Friendly Electric Vehicles

Lithium-ion secondary batteries are used in a wide array of items including electric vehicles and smartphones. With improvements in product performance, boosting power consumption, developing lithium-ion secondary batteries with higher capacity while maintaining safety has become a key theme. Sumitomo Chemical’s heat-resistant separator for lithium-ion secondary battery PERVIO™ was developed leveraging the Company’s proprietary technologies cultivated over many years involving polymerization, inorganic materials, and polymer molding, contributing to improvements in battery safety. PERVIO™ is used in lithium-ion secondary batteries produced by a major domestic manufacturer, which are then installed in luxury electric vehicles in the United States. Amid rising expectations over society’s use of clean energy and growing demand for electric vehicles, we have boosted PERVIO™ production capacity by 2.3 times between 2014 and 2015.

Shifting from Metal Components to Super Engineering Plastics

Expectations have been rising in recent years over the use of super engineering plastics as an alternative to metal components in the automotive and various other fields. Sumitomo Chemical’s super engineering plastics are lightweight, heat resistant, and highly moldable while maintaining sufficient strength. As a result, our super engineering plastics have a wide range of uses in various everyday items, such as electronic, electric, automotive, and aircraft components.

Among Sumitomo Chemical’s super engineering plastics, polyether sulfone (PES), which boasts a long track record, was the first in the world to be authorized for use as aircraft components. Carbon-fiber reinforced plastics, which contain our special epoxy resin mixed with SUMIKANE® RES, display maximum levels of durability and shock absorption. The carbon-fiber reinforced plastics help to lower aircraft weight and thus improve fuel efficiency, garnering high marks from the aviation industry.

[Green Processes]

Producing chemical products requires the use of limited natural resources and energy. Sumitomo Chemical is working to ease the environmental burden to the maximum extent possible by developing Green Processes, which are manufacturing processes that curb or effectively use the emission of unwanted substances such as by-products and waste materials during production.

Hydrochloric Acid Oxidation Process

A process called hydrochloric acid oxidation converts by-produced hydrogen into chlorine using catalyst and oxygen. This process achieves an extremely high chlorine conversion rate of 99% using far less electricity. In 2014, this process was newly registered as a method of calculating CO₂ emissions for the first time in the United Nations Framework Convention on Climate Change.

CO₂ Separation Membrane

Sumitomo Chemical has developed membranes that use CO₂ separation membranes to extract unneeded CO₂ from target gases in the production of hydrogen and refining of natural gas. It is a simple method of removing CO₂ by letting gas flow through the process, helping reduce energy used in separation and scaling down the size of facilities. Sumitomo Chemical has been accelerating efforts to start full-fledged CO₂ separation business.

Vapor Phase Caprolactam Process

Sumitomo Chemical produces caprolactam, which is used to manufacture nylon, through its proprietary super-phase caprolactam process without generating ammonium sulfate as a by-product. This process reduces the amount of wastewater required in production by 25 to 40% and extends the service life of catalysts due to the removal of ammonium sulfate.

PD-Only Process

Sumitomo Chemical manufactures propylene oxide (PO), which is used mainly as a raw material for polyurethane, through its proprietary PO-only process. This process does not generate unwanted by-products owing to the use of a new kind of catalyst, a major chemical compound. This process also contributes to the effective use of heat generated in chemical reactions, and the reduction of wastewater emission.

[Image]
Invigorating Agriculture

Since 2009, the Sumitomo Chemical Agro Group has established and operated agricultural corporations in regions throughout Japan with the aim of fostering food safety and consumers' confidence in agricultural production that is efficient. We are supporting the agricultural industry to efficiently use abandoned farmland and create employment opportunities in local communities.

In addition, we established and operate Sunrise Farm Saijo and Sunrise Farm Toyota as advanced agriculture models under the Future City Model Projects of Keidanren (Japan Business Federation). In conjunction with other manufacturers and local Japan Agricultural (JA) Cooperatives, the Group is supporting to make agricultural operations in Japan more competitive by testing and implementing next-generation agricultural technologies using ICT tools and other new technologies. Moreover, we established the Sunrise Saijo Processing Center in Saijo City, Ehime Prefecture, in February 2014. The center packages and processes lettuce, onions and other produce in association with regional businesses and local JA branches. We are working to increase the added value of agricultural products, nurture production areas, and “industrialize” Japan's agriculture by expanding the scope of agricultural produce business to include food processing, marketing, sales and services.

Aiming for Labor-Efficient Paddy Rice Cultivation

One method for expanding growing areas in recent years is direct seeding of paddy rice, which reduces costs and labor.

Sumitomo Chemical, in cooperation with agricultural equipment makers, is contributing to stable cultivation via direct planting by developing herbicides, insecticides, fertilizer one-shot basal application fertilizers, and fertilizers mixed with plant growth-regulator that can be spread via machine at the time of sowing. We are pursuing the development of technologies and materials in order to lower costs, improve efficiency, and enlarge the scale of paddy rice cultivation.

Searching for New Regional Agricultural Models

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Entering the Rice Business

Growing Delicious, High-Yield Rice Suitable for Each Region

Sumitomo Chemical began operations in autumn 2014 to support rice farmers in such areas as consistently providing seeds, crop protection products, and fertilizers, assisting in cultivation management, and purchasing and selling rice crops. Going forward, we aim to establish a planting area of 10,000 hectares. Collaborating with farmers and distributors of rice and agricultural materials, we will assist in the development of Japanese agriculture by working to develop new rice cultivation techniques that fully utilize the delicious, high-yield characteristics of various rice varieties.

V O I C E

Voice of a Participating Partner

Working Together to Revitalize Regional Agriculture

Tsuyoshi Ito
Deputy General Manager Agricultural Production & Sales Dept. JA Saijo

I was honestly surprised when I heard that Sunrise Farm Saijo would be undertaking advanced agriculture in the Saijo region. What we are interested in learning how Sunrise Farm Saijo undertakes community-based agricultural operations, such as facilitating shared prosperity among local farmers and efficient use of farmland, and we want to work together with them to revitalize regional agriculture. The Sunrise Saijo Processing Center attracts wide attention, being seen as a promising way of securing outlets for agricultural products. We are very hopeful that the center’s development will secure stable sales for local farmers.

Given the need for a trigger to stimulate the development of regional agriculture, we see the importance of establishing the Sunrise Saijo Processing Center as a means to propose new and innovative models for agricultural management. For JA Saijo, we expect the further development of agriculture and farmland in the Saijo region by turning these proposals into reality.

Sunrise Farm Toyota

Three methods for expanding growing areas in recent years are paddy rice direct seeding, transplanting, and early rice cultivation. We are supporting to create attractive farmland by developing cultivation materials, and knowledge rooted in regional agriculture that include crops grown by surrounding farmers.

Support the development of attractive farmland, developing profitable and toned networks that include rice growing by surrounding farmers.

Support cultivation technologies and know-how rooted in regional agriculture.

Support cultivation management by applying agricultural support systems developed by the Company.

Support the development of attractive farmland developing profitable and toned networks that include rice growing by surrounding farmers.

Agricultural Projects in Cooperation with Local Communities

Sunrise Farm Saiki

Established April 2014
Location: Saijo City, Ehime Prefecture
Products: Tomatoes
Package/Processing: Packaged; eggplant, etc.

Sunrise Farm Toyohashi

Established October 2015
Location: Toyohashi City, Aichi Prefecture
Products: Tomatoes
Package/Processing: Packaged; eggplant, etc.

Sunrise Farm Yamagata

Established October 2015
Location: Shinya City, Yamagata Prefecture
Products: Tomatoes
Package/Processing: Packaged; eggplant, etc.

Sunrise Farm Oita

Established February 2013
Location: Oita City, Oita Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Ibaraki

Established September 2011
Location: Moriya City, Ibaraki Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Mie

Established May 2009
Location: Shima City, Mie Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Saijo

Established November 2009
Location: Saijo City, Ehime Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Toyota

Established February 2013
Location: Saijo City, Ehime Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Kofu

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Ibaraki

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Toyohashi

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Oita

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Yamagata

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Oita

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Ibaraki

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Yamagata

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.

Sunrise Farm Oita

Established February 2013
Location: Kofu City, Yamanashi Prefecture
Products: Tomatoes
Package/Processing: Packaged; tomato, etc.
Sumitomo Chemical has developed six core technologies honed in a wide range of fields over many years. We are promoting Creative Hybrid Chemistry to develop innovative products and technologies by combining these six technologies as well as pursuing open innovation that integrates these core technologies with outside expertise. In particular, Sumitomo Chemical aims to contribute to the development of a sustainable society by focusing on the three key areas of the Environment & Energy, Information & Communication Technology (ICT), and Life Sciences.

**Developing Next-Generation Businesses**

**Portable Solar Power**

In light of the worldwide spread of solar power generation, Sumitomo Chemical continues to develop organic photovoltaics (OPV). Mainstream silicon-based solar cells are heavy, restricting where they can be installed, and require a large amount of energy to manufacture. OPV feature a superior thin, light, flexible, and transparent design as well as require minimal energy to manufacture and install. As a result, OPV can be installed in places that would be difficult for conventional solar panels, such as windows, vehicle sunroofs, and exterior building walls. OPV are suitable for a wide variety of applications as they can be folded into compact sizes, making them easy to carry and use as power sources in portable devices. Sumitomo Chemical’s OPV have achieved world class energy conversion efficiency.

**Improving Solar Cell Power Generation Efficiency**

Power output erosion during long-term use in high-voltage conditions had been a major issue for solar cells. In response, the concentration of vinyl acetate (VA) was lowered within solar cell encapsulants sheets ethylen vinyl acetate (EVA), which protect cell power generation functions. However, this method had drawbacks in terms of lowering sheet transparency, which reduces power generation efficiency. Sumitomo Chemical has developed a new grade of its longstanding product SUMITAR® EVA as a novel encapsulant sheet material for solar cells that prevents declines in power output without reducing VA concentration, thus maintaining high transparency. An accelerated Potential Induced Degradation (PID) test conducted by a third-party evaluation organization has found that the rate of decrease in solar cell power output improves significantly from 94% with the Company’s current grade of EVA to just 3% with the newly developed EVA compared with existing products.

**Contributing to Display Versatility**

Displays are widely used in mobile and other devices. While most displays use glass components, Sumitomo Chemical has been engaging in R&D to replace glass with plastic components by leveraging its materials development capabilities and optical product design technologies cultivated to date. Barrier films currently being developed are able to protect organic light-emitting diode displays and OPV from moisture, which deteriorates them on contact, in order to enable the use of plastic components with high gas barrier properties. In addition, use of plastic components reduces weight, increases flexibility, and broadens design properties, making it possible to expand their use in various fields.

Moreover, Sumitomo Chemical is focusing its efforts on developing technologies known as printed electronics, which do not require vacuum or high temperature processes to form electronic circuitry and devices on plastic substrates using printing technologies. Products developed based on printed electronics feature thin, light, flexible and bendable (yet difficult to break) characteristics, which is anticipated to significantly lower costs. This technology is expected to be used in a wide array of products, including organic light-emitting diode displays and OPV.

**Developing the Potential of Regenerative Medicine**

Throughout the world, pluripotent stem cells such as ES and iPS cells show promise in such areas as regenerative medicine, pharmaceutical development, and chemical safety assessments owing to their ability to differentiate into various types of cells within the human body. Sumitomo Chemical has been conducting research for many years using ES and iPS cells as toxicological safety assessments for chemicals, developing differentiation-inducing technologies to transform human ES cells into heart, liver, and nerve cells. Through joint research with the Riken research institute, Sumitomo Chemical has created the world’s first technologies to stably produce retinal tissue from human ES cells.

Currently, Sumitomo Dainippon Pharma Co., Ltd., a group company of Sumitomo Chemical, is conducting joint R&D with Riken to develop regenerative medicine for treating age-related macular degeneration and retinitis pigmentosa by applying these technologies from iPS cells. Taking the first step towards central nervous system-related regenerative medicine, Sumitomo Dainippon Pharma became the first company in the world to commence businesses focusing on regenerative medicine research in the ophthalmology field which has advantages in clinical applications and safety.

The Sumitomo Chemical Group aims to generate new innovations in regenerative and cellular medicine based on research results accumulated to date and by promoting open innovation.

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**Environment & Energy**

**ICT**

**Life Sciences**
CSR Management

Message from the CSR Officer

Yoshiyuki Shimizu
Managing Executive Officer

The year 2015 marks the 100th anniversary of the commencement of the Sumitomo Chemical Group’s operations. We believe that reflecting on the company’s founding philosophy at the start of the business that faithfully practiced the Sumitomo Spirit “Our business must benefit society, not just our interests,” having each and every employee put this philosophy into practice is considered the foundation of its CSR.

Even as society’s needs grow increasingly complex, no matter how significant the changes, a commitment to benefiting society should provide the power to overcome any difficulty. CSR is not a cost that must be borne; rather it contributes to the sustainable development of society and is the source of corporate competitiveness for maintaining one’s growth.

We, at the Sumitomo Chemical Group, will continue to contribute to both the solution of problems facing our environment and society and the enrichment of people’s lives by continuously creating and providing new value through our business activities.

Basic Stance

Sumitomo Chemical established its Basic CSR Policy in November 2004 based on the Sumitomo Spirit and the Sumitomo Chemical Charter for Business Conduct. Moreover, in April 2015, the Company revised its basic policy as Sumitomo Chemical Group’s policy so that it is shared throughout the Group.

Under this Basic Policy, policies for CSR activities and specific goals are set for each fiscal year and CSR activities are implemented to achieve them.

CSR Promotion System

Chaired by the President and comprised of executive officers from the Company’s corporate and Business Sectors, the CSR Promotion Committee evaluates CSR activity results and decides CSR activity policies for the fiscal year.

The CSR policies for the new fiscal year are explained at the CSR Promotion Meeting attended by representatives from each business sector and Works. This meeting is designed to identify specific goals based on the policies of each business sector and Works for the promotion of CSR activities. In the promotion of CSR at overseas Group companies, CSR policies and activities are shared at the Global CSR Meeting held for CSR managers from the regional headquarters established in each of the world’s four regions and the Regional CSR Meetings in each region.

At the CSR Promotion Committee meeting held in March 2015, Sumitomo Chemical recognized that CSR activities are a source of competitive advantage. With this in mind, we put in place the Fiscal 2015 Policies for CSR Activities in an effort to maximize our corporate value and to fulfill our corporate social responsibility as a global enterprise. In addition, steps were taken to deliberate on the need to ensure a greater understanding of the significance of CSR by each and every employee. At the same time, energies were directed toward sharing the importance of carrying out operations and activities while remaining conscious of the effect on society, and the imperative nature of repeatedly conveying this importance to the Group as a whole and providing opportunities and forums through which to think about CSR.

CSR Promotion System

CSR Promotion Committee
CSR Promotion Meeting
Secretariat: CSR Office

Petrochemicals & Plastics Sector

Energy & Functional Materials Sector

IT-related Chemicals Sector

Health & Crop Sciences Sector

Corporate Departments

Works, Research Labs, etc.

CSR Meetings in each region.

The Global CSR Meeting (July 2014)

Links with the International Community

Sumitomo Chemical believes it is crucial not only to comply with international norms, but also to cooperate with international organizations, NGOs, and other companies in meeting the myriad of challenges facing humankind and society, such as poverty, climate change, education disparity, and gender inequality.

UN Global Compact Activities

Sumitomo Chemical became the first Japanese chemical company to become a member of the UN Global Compact (GC) in January 2005 and has been a member of the UN Global Compact LEAD*1 since its launch in November 2011. In compliance with the Global Compact’s Ten Principles, we are further ramping up activities by networking with the UN and other organizations.

In the UN Global Compact, Sumitomo Chemical is participating in the GC Working Group on the 10th Principle (Anti-Corruption). In 2014, Sumitomo Chemical participated as a signatory company in activities by companies that are requesting government efforts to fight corruption. Moreover, every year the Company has participated in the GC Leaders Summit.

We actively share information with participating companies and exchange views through our participation in the Japan-China-South Korea Roundtable, the Subcommittee to Study Internal Dissemination, and the Environmental Management Subcommittee in the Global Compact Japan Network. Sumitomo Chemical reports on the progress of measures to comply with the Global Compact principles in this report as its COP (Communication on Progress). Moreover, the Company is working to ensure highly transparent information disclosure that meets the Global Compact Advanced Level reporting criteria.

*1 Launched in 2000, the UN Global Compact is a United Nations initiative in which businesses demonstrate responsible and creative leadership and voluntarily participate in efforts to establish a worldwide framework that enables them to achieve sustainable growth.

*2 A framework to bring the vision espoused under the UN GC to fruition. Launched with the participation of 54 companies (including three Japanese companies) that have made great contributions to the GC.

The Global Compact’s Ten Principles

1. Businesses shall support and respect the protection of internationally proclaimed human rights;
2. Businesses shall support the freedom of association and the effective recognition of the right to collective bargaining;
3. Businesses shall uphold the broad principles of the Declaration of Principles of Responsible Business Conduct;
4. Businesses shall act ethically in their relationships with their suppliers and customers;
5. Businesses shall uphold the broad principles of the Declaration of Principles on Fundamental Freedoms and Human Rights and Principles on the Elimination of Discrimination in Respect of Employment and Occupation;
6. Businesses shall work against corruption in all its forms, including extortion and bribery.

The Global Compact Group businesses contribute to the development of a sustainable society

Customers

Business Partners

Employees

Shareholders and Investors

Local Communities and Society

Fair transactions

Employment and human resources development

Improvement in corporate value

Environmental protection

CSR management

Society

Responsible Care

Economy

Long-lasting trust

Fair transactions

Employment and human resources development

Improvement in corporate value

Environmental protection

CSR Management

CSR Meeting attended by representatives from each business sector and Works.

CSR Promotion Committee meeting held in March 2015. Sumitomo Chemical recognized that CSR activities are a source of competitive advantage.

CSR Meeting

Global CSR Meeting

CSR Office

Secretariat

CSR Meeting in each region.

CSR Management

CSR Promotion System

CSR Promotion Committee
CSR Promotion Meeting
Secretariat: CSR Office

Petrochemicals & Plastics Sector

Energy & Functional Materials Sector

IT-related Chemicals Sector

Health & Crop Sciences Sector

Corporate Departments

Works, Research Labs, etc.

The Global CSR Meeting (July 2014)
Sumitomo Chemical places “compliance” at the bedrock of corporate management. In every country throughout the world where we do business, we are devoting earnest efforts to the activities of ensuring full and strict compliance with not only laws and regulations, but also business ethics.

The spirit and letter of ensuring compliance in business has constantly been followed at Sumitomo Chemical from generation to generation over the past 100 years since its founding. This consistent attitude towards compliance is embodied in the “Sumitomo Chemical Charter for Business Conduct” as the guideline of conduct for every employee to abide by, and it is also regarded as the backbone of our compliance-oriented activities every day. As our business continues to globalize, ensuring compliance grows further in importance. Looking to the next 100 years, all companies of Sumitomo Chemical Group will work together to enhance activities towards full and strict compliance.

Sumitomo Chemical Charter for Business Conduct

1. We will respect Sumitomo’s business philosophy and act as highly esteemed good citizens.
2. We will observe laws and regulations, both at home and abroad, and will carry out activities in accordance with our corporate rules.
3. We will develop and supply useful and safe products and technologies that will contribute significantly to the progress of society.
4. We will engage in voluntary and active initiatives to achieve zero-accident and zero-injury operations and preserve the global environment.
5. We will conduct business transactions based on fair and free competition.
6. We will endeavor to make our workplaces sound and energetic.
7. Every one of us will strive to become a professional and achieve advanced skills and expertise in our field of responsibility.
8. We will actively communicate with our various stakeholders, including shareholders, customers, and local communities.
9. As a corporate member of an international society, we will respect the culture and customs of every region of the world and contribute to the development of those regions.
10. We will strive for the continued development of our Company through business activities conducted in accordance with the guiding principles described herein.

Ensured Compliance Upholds Time-Honored History of Sumitomo Chemical Group

Sumitomo Chemical places “compliance” at the heart of every action. For this reason, we have established a regional unit, called the Regional Legal & Compliance Office (“RLCO”), in each of our major business Regions around the world. Under the guiding principle of “think globally, manage regionally, act locally,” the RLCOs are actively working with respective Group companies by supporting in the promotion of their compliance activities.

Our Recent Efforts Focus on Strengthening Activities for Bribery Prevention

Our recent efforts focus on strengthening activities for bribery prevention. The RLCOs, as legal experts with local knowledge, actively support Group companies in such areas as providing compliance trainings tailored to a particular situation of each company, whether it be face-to-face sessions or E-learning.

Looking Forward

Companies of Sumitomo Chemical Group will continue to expand and strengthen their business operations in respective Regions of the world. Critical for such business development to be successful is ensuring compliance, not just for selected companies, but throughout the Group. The Compliance Committee of Sumitomo Chemical, the RLCOs and all Group companies will work together so as to fulfill our corporate citizenship as a globally operating responsible enterprise.
Sumitomo Chemical recognizes that by engaging in responsible care (RC) activities, it is better placed to preserve the environment, safety, and product quality in all phases of the product life cycle. At the same time, the company is conscious of the need to earn the trust of society through dialogue. Taking each of the aforementioned into consideration, we are working diligently to actively engage in RC activities over a period of two decades. In light of efforts to prevent global warming and preserve biodiversity, Sumitomo Chemical is accelerating RC activities to help create a recycling-based society and to realize a sustainable society by continuing to aggressively promote and improve chemical safety, and product responsibility. In this vein, we have worked diligently to actively engage in RC activities.

Strengthening the Global Management System

Sumitomo Chemical is vigorously promoting RC activities across the entire Group, and is taking a variety of steps to support the RC activities of Group companies in Japan and overseas. Sumitomo Chemical is also strengthening the Responsible Care Global Management System. To this end, information via RC newsletters is disseminated by the Responsible Care Officer's Global Management Team, which has been established as a point of contact that assists Group companies. In addition, we convene Group company information exchange meetings in Japan as well as global meetings and have also recently established the Responsible Care Award.

Corporate Policy on Safety, the Environment and Product Quality

In conformity with the Sumitomo Spirit, our company fulfills its responsibility to develop products in a variety of functions that satisfy the fundamental necessities of human life and contribute to the growth of society. Under the concept of making safety the first priority, which is fundamental to all the Company's operations, Sumitomo Chemical has based management of its activities on the principle of (1) maintaining zero accidents and zero injury incidents, (2) ensuring customer satisfaction, and (3) promoting mutual prosperity with society. Paying due regard to these principles, our company is determined to conduct all activities, including production, R&D, marketing & sales, and logistics, in accordance with the following policy related to safety, the environment, and product quality.

1. Maintain zero accident and zero injury operations and the safety of our employees, customers and consumers, and our facilities, and take necessary precautions to prevent accidents and injuries.
2. Assure the safety of raw materials, intermediates and products, and prevent our employees' and distributors' customers and consumers from being exposed to any possible hazards.
3. Supply high-quality products and services that satisfy customers' needs and ensure safety in their use.
4. Assess and reduce our environmental impact at all operational stages, from product development to disposal, and undertake practical environmental protection measures.

All sections and employees of our Company shall be made fully aware of the significance of this policy, and shall constantly strive to improve operational performance, while at the same time abiding by all relevant laws, regulations and standards.

A Message from the Executive Officer in Charge of Responsible Care

Kazushi Tan
Manager, Executive Officer

Responsible Care Activities

Promoting responsible care activities as the basis for addressing issues facing individuals, society, and the Earth

Progress in Fulfilling Eco-First Commitments

Sumitomo Chemical has participated in the Eco-First Program of Japan's Ministry of the Environment since November 2008. As a leading company in the chemical industry, Sumitomo Chemical is committed to fulfilling its Eco-First commitments to the Japanese Ministry of the Environment while ensuring legal compliance and enhancing RC activities.

Results

Very favorable / Generally favorable

Management of Chemical Substance and the Promotion of Risk Communication

- Carrying out safety information on chemicals and conducting risk assessments
- Conducting safety information on chemicals and conducting risk assessments
- Reviewing safety information on chemicals and conducting risk assessments
- Voluntary initiative on the safety of HHP chemical substances and conducting risk assessments
- Ensuring that the safety of HHP chemical substances and conducting risk assessments is maintained
- Initiating the new initiative on the safety of HHP chemical substances and conducting risk assessments
- Initiating the new initiative on the safety of HHP chemical substances and conducting risk assessments
- Sumitomo Chemical's CSR Global Reporting System

Preventing Global Warming

- Continuously improving unit energy consumption and CO2 emissions intensity at all manufacturing sites
- Securing improvements in and energy consumption of 8.0% and captive consumption CO2 emission intensity of 14.2% from the fiscal 2005 level
- Securing improvements in energy efficiency of 8.0% and captive consumption CO2 emission intensity of 14.2% from the fiscal 2005 level
- Continuous implementation of multifaceted energy saving measures, including improved operation methods, process rationalization, and improvement of facility and equipment efficiency

Creating a Recycling-Based Society

- Reducing the generation of industrial waste and landfill through recycling and other means and achieving zero waste emissions
- Securing a 4.9% reduction in Group-wide industrial waste landfill in fiscal 2014 from the fiscal 2000 level in line with the target of 30% reduction by fiscal 2015
- Securing a 91.4% reduction in Group-wide industrial waste landfill in fiscal 2014 from the fiscal 2000 level in line with the target of 90% reduction by fiscal 2015
- Ensuring thoroughgoing risk management, systematically reduced the amount of waste generation

Implementing Sumitomo Chemical's Medium-Term Plan for Responsible Care Activities

- 2015
- 2020

Corporate Care Activities

Sustainability

Responsible Care Activities

Strengthening the Global Management System

Sumitomo Chemical is vigorously promoting RC activities across the entire Group and is taking a variety of steps to support the RC activities of Group companies in Japan and overseas. Sumitomo Chemical is also strengthening the Responsible Care Global Management System. To this end, information via RC newsletters is disseminated by the Responsible Care Officer's Global Management Team, which has been established as a point of contact that assists Group companies. In addition, we convene Group company information exchange meetings in Japan as well as global meetings and have also recently established the Responsible Care Award.

Corporate Policy on Safety, the Environment and Product Quality

In conformity with the Sumitomo Spirit, our company fulfills its responsibility to develop and market products in a variety of functions that satisfy the fundamental necessities of human life and contribute to the growth of society. Under the concept of making safety the first priority, which is fundamental to all the Company's operations, Sumitomo Chemical has based management of its activities on the principle of (1) maintaining zero accidents and zero injury incidents, (2) ensuring customer satisfaction, and (3) promoting mutual prosperity with society. Paying due regard to these principles, our company is determined to conduct all activities, including production, R&D, marketing & sales, and logistics, in accordance with the following policy related to safety, the environment, and product quality.

1. Maintain zero accident and zero injury operations and the safety of our employees, customers and consumers, and our facilities, and take necessary precautions to prevent accidents and injuries.
2. Assure the safety of raw materials, intermediates and products, and prevent our employees' and distributors' customers and consumers from being exposed to any possible hazards.
3. Supply high-quality products and services that satisfy customers' needs and ensure safety in their use.
4. Assess and reduce our environmental impact at all operational stages, from product development to disposal, and undertake practical environmental protection measures.

All sections and employees of our Company shall be made fully aware of the significance of this policy, and shall constantly strive to improve operational performance, while at the same time abiding by all relevant laws, regulations and standards.

A Message from the Executive Officer in Charge of Responsible Care

Kazushi Tan
Manager, Executive Officer

Responsible Care Activities

Promoting responsible care activities as the basis for addressing issues facing individuals, society, and the Earth

Progress in Fulfilling Eco-First Commitments

Sumitomo Chemical has participated in the Eco-First Program of Japan's Ministry of the Environment since November 2008. As a leading company in the chemical industry, Sumitomo Chemical is committed to fulfilling its Eco-First commitments to the Japanese Ministry of the Environment while ensuring legal compliance and enhancing RC activities.

Results

Very favorable / Generally favorable

Management of Chemical Substance and the Promotion of Risk Communication

- Carrying out safety information on chemicals and conducting risk assessments
- Conducting safety information on chemicals and conducting risk assessments
- Reviewing safety information on chemicals and conducting risk assessments
- Voluntary initiative on the safety of HHP chemical substances and conducting risk assessments
- Ensuring that the safety of HHP chemical substances and conducting risk assessments is maintained
- Initiating the new initiative on the safety of HHP chemical substances and conducting risk assessments
- Initiating the new initiative on the safety of HHP chemical substances and conducting risk assessments
- Sumitomo Chemical's CSR Global Reporting System

Preventing Global Warming

- Continuously improving unit energy consumption and CO2 emissions intensity at all manufacturing sites
- Securing improvements in and energy consumption of 8.0% and captive consumption CO2 emission intensity of 14.2% from the fiscal 2005 level
- Securing improvements in energy efficiency of 8.0% and captive consumption CO2 emission intensity of 14.2% from the fiscal 2005 level
- Continuous implementation of multifaceted energy saving measures, including improved operation methods, process rationalization, and improvement of facility and equipment efficiency

Creating a Recycling-Based Society

- Reducing the generation of industrial waste and landfill through recycling and other means and achieving zero waste emissions
- Securing a 4.9% reduction in Group-wide industrial waste landfill in fiscal 2014 from the fiscal 2000 level in line with the target of 30% reduction by fiscal 2015
- Securing a 91.4% reduction in Group-wide industrial waste landfill in fiscal 2014 from the fiscal 2000 level in line with the target of 90% reduction by fiscal 2015
- Ensuring thoroughgoing risk management, systematically reduced the amount of waste generation

Implementing Sumitomo Chemical's Medium-Term Plan for Responsible Care Activities

- 2015
- 2020
Environmental Protection

Protecting the global environment while contributing to the sustainable development of society

Environmental Performance

Sumitomo Chemical collects and totals the Group’s environmental data, including data on its energy and resource consumption, production quantities, and environmental impact (e.g., release of pollutants into the air and water).

Primary Environmental Performance (Fiscal 2014 Group companies in Japan)

Addressing Global Climate Change

Climate change is an important issue that needs to be urgently addressed in order to attain the sustainable development of society on a global basis. Sumitomo Chemical, along with its Energy & Climate Change Office, Business Sectors, Works and Research Laboratories, coordinates efforts to tackle key issues defined in its Medium-Term Plan for Responsible Care Activities, and Group companies follow suit.

Trends in Energy Consumption, Energy Efficiency Index, CO2 Emissions from Energy Use, and Carbon Intensity Index

Promoting the Effective Use of Water

Understanding the importance of water as a natural resource, Sumitomo Chemical strives to reduce the amount of water it uses by examining the effective use of water by application while continuing to maintain and improve the quality of water released from its business sites into public water resources, such as the ocean and waterways.

Water Usage and Unit Water Usage Index

Waste Reduction Initiatives

Sumitomo Chemical makes concerted efforts to reduce and restrict the volume of landfill waste and emissions of major byproducts (sludge) by creating ambitious targets for itself to achieve in line with the Voluntary Action Plan on the Environment To Form a Recycling Society promoted by industry organizations (Japan Business Federation and Japan Chemical Industry Association) while strictly observing related laws and regulations, such as the Waste Disposal Law and the Law for the Promotion of Utilisation of Recyclable Resources.

Assessment of Sumitomo Chemical Group’s Environmental Initiatives

Sumitomo Chemical Recognized by CDP as Climate Change Disclosure Leader for Third Straight Year

For the third consecutive year, Sumitomo Chemical has been recognized by CDP, an international organization that represents 767 institutional investors, for excellence in the CDP Japan 100 Climate Disclosure leadership index in recognition of its excellent disclosure of climate change information. This honor is in recognition of Sumitomo Chemical’s highly transparent and accurate disclosure of information related to climate change, as well as its efforts to improve its footprint through its ongoing efforts to reduce its environmental impact.

Sumitomo Chemical Receives Special Award for Excellence in Green Logistics

At the Green Logistics Partnership Conference sponsored by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transportation and Tourism, Sumitomo Chemical was honored with the Special Award. This marks the first time that a diversified chemicals company received the award in recognition of the major cuts made in CO2 emissions as a result of modal shifts in transport while contributing to the sustainable development of society.

Data Disclosure by Scope

Sumitomo Chemical’s emissions by scope in fiscal 2014 are shown on the right. This is the fourth time Scope 3 data (indirect greenhouse gas emissions by companies throughout the supply chain) has been compiled.

Status of CO2 Emissions by Scope (Non-Consolidated)

<table>
<thead>
<tr>
<th>Category Classification</th>
<th>Emissions (10,000 CO2 tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 (direct emissions from energy use)</td>
<td>2,82.1</td>
</tr>
<tr>
<td>Scope 2 (infrastructure emissions from energy used)</td>
<td>91.7</td>
</tr>
<tr>
<td>Scope 3 (other indirect emissions; upstream and downstream)</td>
<td>3318.8</td>
</tr>
</tbody>
</table>

Note: Includes seawater.
Promoting Safe and Stable Operations

Sumitomo Chemical's fundamental principle on safety is making safety the first priority. The Company uses the following three points as guides in achieving this goal.
1. Life management is fundamental to Safety and Health.
2. Each person is responsible for Safety and Health.
3. Sumitomo Chemical is united with partner companies on Safety and Health.

There are also five fundamental and personal principles that each employee is expected to follow.
- I will give safety and health the top priority in every aspect of business.
- I will identify and resolve safety and health issues as they arise.
- I will comply with rules and instructions.
- I will act with safety in mind 24 hours a day, not just during working hours.
- I will cooperate with all involved parties, including partner companies, to ensure safety and health.

Industrial Safety Action Plan

In its role as an industry operator, the Japan Petrochemical Industry Association drew up an industrial safety action plan in July 2015 in a bid to step up efforts aimed at promoting industrial safety and preventing industrial accidents. Here we introduce the Company’s initiatives in response to this plan.

1. Commitment by top management to industrial safety
   - Sumitomo Chemical has identified efforts to ensure Ul and site compliance and maintain safe and stable operations as one of the Group’s priority management issues under its Corporate Business Plan.

2. Setting industrial safety targets
   - Each year, Sumitomo Chemical sets targets for a variety of key parameters, including the elimination of all accidents resulting in lost workdays as well as all serious industrial accidents. The Company engages in a broad spectrum of activities aimed at achieving these targets.

3. Drawing up an action plan to secure industrial safety
   - Sumitomo Chemical conducts safety programs aimed at thoroughly identifying industrial safety risks that encompass regular and irregular queues.

4. Checking and evaluating progress toward achieving targets and implementing measures
   - Established by the Directly Responsible Care Committee, measures progress toward the achievement of targets and the implementation of measures. Findings under this review are reflected in the plan for the next fiscal year.

5. Initiatives aimed at promoting voluntary safety activities
   - Sumitomo Chemical observes Safety Day every year to promote the following initiatives: (1) Safety Day: A campaign aimed at continuing to focus the attention of the entire Group on the importance of industrial safety, and (2) Safety Day: A campaign aimed at promoting the program for the President’s Awards for Workplace Safety.

- Academic experts conduct seminars and underscore the awareness of industrial safety assurance capabilities.

Initiatives to Prevent Labor Accidents

There were two lost-workday injuries involving employees and four employee injuries that did not result in lost workdays in fiscal 2014 (non-consolidated). Of these, one involved missing a step on the stairs, two involved tripping, one involved falling down from a step stool, one involved a crush, and one involved an injury arising from contact with a hot object. Almost all of the direct causes of the labor accidents were related to employee actions, but some causes were also related to defective equipment. Sumitomo Chemical is improving the safety of its facilities and working to raise safety awareness among employees by enhancing accident预防対策 and hazard prediction training, also known as Kiken Yochi Training (KYT), at each workplace.

OCCUPATIONAL SAFETY AND HEALTH/INDUSTRIAL SAFETY AND DISASTER PREVENTION

Various measures are being implemented for “making safety the first priority.”

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Regard the purchase of raw materials and packaging materials, Sumitomo Chemical is committed to building sound mutual relations with business partners. In addition to ensuring fairness, equitability, and transparency in our transactions with business partners, we are also encouraging them to promote their CSR activities through our responsible procurement activities.

**Basic Procurement Principles**

1. **The Procurement Section shall strive to conduct procurement transactions on the basis of fair, equitable, transparent and free competition without involving personal interests or arbitrary considerations.**

2. **The Procurement Section shall strive to select suppliers to transact with in accordance with the most appropriate and economically rational methods.**

3. **The Procurement Section shall strive to provide corporate services globally throughout the entire Group.**

4. **In its procurement, the Procurement Section shall give preference to those suppliers that are active in CSR initiatives, with the aim of fulfilling its corporate social responsibilities and building sound relationships with suppliers.**

5. **The Procurement Section shall strive always to meet quality requirements of Sumitomo Chemical's internal sections that request purchase of Goods and Services.**

6. **In performing Procurement Operations, the highest priority shall be given to safety and stable operations in order to realize zero-accident and zero-injury operations.**

7. **In performing Procurement Operations, the highest consideration shall be given to customer satisfaction.**

8. **The Procurement Section shall ensure the transparency of Procurement Operations.**

**Responsible Procurement Activities**

**Using the CSR Deployment Guidebook and Check Sheets**

Sumitomo Chemical has created the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook, which explains those CSR promotion items that the Company asks suppliers to follow. Moreover, Sumitomo Chemical has formulated the Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets to enable suppliers to conduct self-evaluations regarding all items. Sumitomo Chemical monitors the implementation of CSR measures by all suppliers and by current suppliers, especially those outside Japan, via the CSR Deployment Check Sheets, in collaboration with overseas subsidiaries. We provide feedback to suppliers who need to make improvements as well as support and promote supplier CSR activities, which include raising awareness of and cooperation regarding responsible procurement.

**Promoting Responsible Procurement throughout the Group**

We hold Group purchasing information exchange meetings twice a year that gather together responsible purchasing representatives from each Group company. Approximately 40 people participated in the meeting held in March 2015 through these information exchange meetings, Sumitomo Chemical is able to promote responsible procurement throughout the Group by actively sharing necessary information on the Company’s responsible procurement activities.

**Voice**

Conscientiously Meeting Customer Needs with S-SBR

Noriyasu Yasuda

Solution-styrene-butadiene rubber (S-SBR) has been in the spotlight these past few years as a tire material that contributes to better fuel economy in automobiles. Stricter requirements placed on fuel-efficient tires in recent years have compelled us to provide order made products to conscientiously meet customer needs. Working to improve quality by determining the needs of customers and then sharing this information with our manufacturing, R&D and sales divisions, Sumitomo Chemical's S-SBR provides an optimal balance to customers and then sharing this information with our manufacturing, R&D and sales divisions, Sumitomo Chemical's S-SBR provides an optimal balancetailored to products and specific details.

Customer Needs with S-SBR

The customer service office of the Crop Protection Division's Marketing Department answers farmers' questions about the safety and effective use of the Company's crop protection chemicals and fertilizers. Listing the official telephone number on crop protection chemical and fertilizer labels allows those working in the fields to use their mobile phones to contact us directly. Hearing satisfied customers discuss how helpful this service is motivates all customer service staff members to diligently hone their skills on a daily basis to help customers to correctly and easily use Sumitomo Chemical’s crop protection chemicals. Since fiscal 2013, we have held the Crop Protection Chemical Safety Seminar to deepen understanding on the safe and proper use of crop chemicals. Participants indicated that they found it easy to use these chemicals’ safety-improved thanks to this seminar. We at the customer service office make every effort to maintain close contact with customers in order to help them consistently use Sumitomo Chemical’s crop protection chemicals and fertilizers properly.

Hand in Hand with Customers and Business Partners

Building fair and equitable relationships with business partners while conscientiously meeting customer needs.

Social Activities

Hearing satisfied customers discuss how helpful this service is motivates all customer service staff members to diligently hone their skills on a daily basis to help customers to correctly and easily use Sumitomo Chemical’s crop protection chemicals. Since fiscal 2013, we have held the Crop Protection Chemical Safety Seminar to deepen understanding on the safe and proper use of crop chemicals. Participants indicated that they found it easy to use these chemicals’ safety-improved thanks to this seminar. We at the customer service office make every effort to maintain close contact with customers in order to help them consistently use Sumitomo Chemical’s crop protection chemicals and fertilizers properly.

Hand in Hand with Business Partners

Sumitomo Chemical is working to supply high-quality products and services throughout the Group that satisfy customers’ needs and ensure safety in their use, and sales managers and customer consultation offices provide support tailored to products and specific details.

Sumitomo Chemical works to accurately and rapidly reflect customers’ requests into product development and improvement by sharing this information among Works, Research Laboratories and sales personnel. In addition, data on customer complaints and requests for improvements in product quality is stored on an internal database to prevent similar issues from occurring.

-acre-based crop protection chemicals and fertilizers properly.

Feedback on the report

Creating improvement plan

Fullfilling CSR

System for dissemination and compliance

Self evaluation and reporting

Suppliers (trading companies and manufacturers)

Web Page on Procurement Information

Sumitomo Chemical has a responsible procurement section in its Procurement Information website linked from the Company’s website in order to broadly inform its stakeholders about its responsible procurement initiatives. This responsible procurement web page allows suppliers to download the Deployment Guidebook and Check Sheets and report the results of their self-evaluations.

Procurement Information and “the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook and Check Sheets” URL

http://www.sumitomo-chem.co.jp/english/company/purchasing/csr/purchasing.html

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Educational Support for the Leaders of Tomorrow

As a pillar of our social contribution activities, we support children who will lead the next generation. We continue to offer a variety of educational support from our bases and Group companies in Japan and around the world.

Science Workshop Classes Held, Connecting Everyday Products to the Wonders of Chemistry

The Sumitomo Chemical Group would like children, who are responsible for the future of technology, to experience for themselves the wonders and appeal of science. We hold science workshop classes at our bases around the world for children to conduct experiments and craft things with our products, experiencing the wonders of chemistry with their own hands, in order to convey in an easy-to-understand way how everyday products are made from chemicals.

Our educational efforts take into account the needs of local communities and include on-site classes, for which instructors are dispatched to schools near our bases and Group companies, as well as exhibits at local events.

Recently, some of our business sites have offered social science studies with the addition of classes where instructors discuss their motivations for work and the meaning of work.

By collaborating at a number of bases, the Sumitomo Chemical Group proactively participates in large-scale chemical experiment events, such as the Children's Chemistry Experiment Show sponsored by the Dream Chemistry 21 Committee. In December 2014, Sumitomo Chemical (China) Co., Ltd, coordinated with Sumitomo Pharmaceuticals (Suzhou) Co., Ltd, to hold the third science workshop class for elementary school students in Beijing, bolstering the efforts among Group companies overseas.

Science Workshop Classes and Events (Fiscal 2014)

<table>
<thead>
<tr>
<th>Activity Description</th>
<th>Participants (location)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-site lectures at schools</td>
<td>(Kansai) 90 students, 181 participants (Shiga)</td>
</tr>
<tr>
<td>• On-site science workshop classes for elementary schools (two times a year), 112 participants (Shiga)</td>
<td></td>
</tr>
<tr>
<td>• Science workshop classes at local culture festivals (once a year), 75 participants (Shiga)</td>
<td></td>
</tr>
<tr>
<td>• Hands-on science experiment show (once a year), 75 participants (Tokyo)</td>
<td></td>
</tr>
<tr>
<td>• Science workshop classes (once a year), 100 participants (Kumamoto, Fukuoka)</td>
<td></td>
</tr>
<tr>
<td>• Science workshop classes (three times a year), 150 participants (Shiga)</td>
<td></td>
</tr>
<tr>
<td>• Elementary student summer vacation science classes (three times a year), 150 participants (Kumamoto)</td>
<td></td>
</tr>
<tr>
<td>• Science experiment show (once a year), 400 participants (Tokyo)</td>
<td></td>
</tr>
<tr>
<td>• Science experiment show (three times a year), 410 participants (Shiga)</td>
<td></td>
</tr>
<tr>
<td>• Elementary science experiment workshop classes, 100 participants (Beijing)</td>
<td></td>
</tr>
</tbody>
</table>

Our Motivation to Help Form a Variety of Supports

Our social contribution activities allow each and every employee to participate for the mutual benefit of local communities while helping to solve problems facing the global environment.

Sumitomo Chemical Group (SCG) Global Project

In fiscal 2014, the SCG Global Project was launched by executives and employees of the Sumitomo Chemical Group around the world, acting together in addressing issues both inside and outside our company while coordinating efforts through the four regional headquarters overseas to foster a sense of unity among Group companies.

During the project, we distributed posters and mango in 10 languages as global communications tools to emphasize the importance of communications among employees around the world.

First Round: School Aid for Africa (Fiscal 2014)

Among the elementary schools in Africa that have received educational assistance from Sumitomo Chemical (see the Voice segment), we solicited donations for buying necessary school materials in Mali and Malawi, such as textbooks and school desks.

Activities

• Participating Group Companies: 84 (in 14 countries)
• Cooperating NPO: Plan Japan, World Vision Japan
• Total donations: ¥15,106,449
• Donated materials: 972 textbooks and dictionaries, 278 sets of tables and chairs (for 2 to 3 students)

Second Round: Centennial Give Back (Fiscal 2015)

On the occasion of Sumitomo Chemical's 100th anniversary, all of our employees will participate in social contribution activities to express their gratitude to all of our stakeholders who have given their support. We aim for employees throughout the entire Group to take forward looking action on their own that tie in with the next 100 years of the Sumitomo Chemical Group.

Next, we introduce the views of people who have received assistance from the Sumitomo Chemical Group.

We've been planting trees in Thailand continually since fiscal 2007. Sumitomo Chemical has supported education in Africa since 2005. To date, the company has completed 30 projects in 11 countries, which has affected the lives of more than 10,000 people for the better.

Voice

From Africa

Education Assistance that Changed Everything

Mme Sane
Teacher at 16th Primary School, Senegal

We had been working under very harsh conditions, but the assistance from Sumitomo Chemical changed everything. The school has expanded, our curriculum is now based on educational ministry guidelines, and we have enough new chairs and desks for all of the children. Now, there are two children per desk instead of three. As a part of gender equality and fairness, having separate toilets for boys and girls is an important prerequisite for our girl students to grow at school. I think this should be implemented at all educational institutions to promote the rights of girls.

From Thailand

Growing Trees with Heart

Tomomi Kasuga
OMA Abundant Rainforest in Thailand

One characteristic of the efforts by Sumitomo Chemical is the volunteers' warm attitude toward the locals who are supporting and implementing the project. Every day, they performed tough manual labor. This energy encouraged everyone and brought smiles to their faces. We regard the volunteers as our friends from far-away countries who visit us twice a year. We are committed to planting and growing trees with heart. Their vision has helped create a forest for future generations, bridging countries around the world including Japan, Thailand, Singapore and China. I am thankful for Sumitomo Chemical’s continued assistance.
Seeking make the most of the abilities of diverse human resources and to create a workplace that is both motivating and stimulating.

Promotion of Work-Life Balance

The Company is strengthening its work-life balance efforts to help employees make their private and business lives compatible and lead a nother and more fulfilling life. In order to help employees who are experiencing strenuous life events, such as childbirth and nursing care, we have enhanced various systems and improved the work environment in different areas.

Companies are focusing on the active advancement of women and promoting employees with motivating workplaces where they can fully demonstrate from a human resource perspective. The Company is also undertaking proper workforce planning and deployment based on business expansion.

Recruitment, Human Resources Development and Human Resources System

Recruitment, Human Resources Development and Human Resources System

In addition, Sumitomo Chemical is taking steps to further bolster its global human resource initiatives in order to strengthen its global management endeavors from a human resource perspective. The Company is also undertaking proper workplace planning and deployment based on business expansion.

Diversity Initiatives

To promote diversity, Sumitomo Chemical considers it essential to provide all employees with motivating workplaces where they can fully demonstrate their skills and abilities in a variety of situations. As part of this effort, the Company is focusing on the active advancement of women and promoting priority measures aimed at creating an environment in which as many women as possible can excel.

Female Managerial Employees Ratio Quantitative Targets

Sumitomo Chemical set the quantitative targets of at least a 10% ratio of women in positions equivalent to manager (job grade M) or above and a 15% ratio of women in positions equivalent to assistant manager (job grade M) or above by 2020. As of the end of March 2015, the former ratio was 4.1% and the latter ratio was 12.6%.

Hand in Hand with Employees

From October 2014 to March 2015, the Lattened Women Leadership Development Academy which was held for four times over the period. In lectures given by outside instructors, such as every participant learned about the importance of possessing leadership skills. In addition, through lectures given by female Executive Officer, we understood why it is important for everyone to be highly motivated, which is necessary to design our future careers. At the final session, we created a career vision with our managers. What our department expects of us was written in a philosophy.

Results of Systems for Work-Life Balance (Non-Consolidated)

<table>
<thead>
<tr>
<th>System/Measure</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cessation from work for childcare</td>
<td>100</td>
<td>113</td>
<td>142</td>
</tr>
<tr>
<td>Cessation from work for nursing care</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Cessation from work for transitional care</td>
<td>96</td>
<td>96</td>
<td>132</td>
</tr>
<tr>
<td>Cessation from work due to childbirth</td>
<td>110</td>
<td>116</td>
<td>202</td>
</tr>
<tr>
<td>Family leave (materernity leave)</td>
<td>44</td>
<td>44</td>
<td>47</td>
</tr>
<tr>
<td>Family leave (paternity leave)</td>
<td>50</td>
<td>48</td>
<td>56</td>
</tr>
<tr>
<td>Work from home systems (childrearing)</td>
<td>81</td>
<td>93</td>
<td>101</td>
</tr>
<tr>
<td>Employee support for nurses (nursing care leave)</td>
<td>9</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Employee support for childcare (counseling)</td>
<td>15</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Other (telecommuting, etc.)</td>
<td>112,952</td>
<td>121,859</td>
<td>126,198</td>
</tr>
<tr>
<td>Cessation from work for childcare (inclusive of short term)</td>
<td>149</td>
<td>149</td>
<td>171</td>
</tr>
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<tr>
<td>Cessation from work for nursing care</td>
<td>2</td>
<td>3</td>
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</tr>
<tr>
<td>Cessation from work for transitional care</td>
<td>96</td>
<td>96</td>
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</tr>
<tr>
<td>Cessation from work due to childbirth</td>
<td>110</td>
<td>116</td>
<td>202</td>
</tr>
<tr>
<td>Family leave (materernity leave)</td>
<td>44</td>
<td>44</td>
<td>47</td>
</tr>
<tr>
<td>Family leave (paternity leave)</td>
<td>50</td>
<td>48</td>
<td>56</td>
</tr>
<tr>
<td>Work from home systems (childrearing)</td>
<td>81</td>
<td>93</td>
<td>101</td>
</tr>
<tr>
<td>Employee support for nurses (nursing care leave)</td>
<td>9</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Employee support for childcare (counseling)</td>
<td>15</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Other (telecommuting, etc.)</td>
<td>112,952</td>
<td>121,859</td>
<td>126,198</td>
</tr>
<tr>
<td>Cessation from work for childcare (inclusive of short term)</td>
<td>149</td>
<td>149</td>
<td>171</td>
</tr>
</tbody>
</table>

Female Managerial Employees Ratio Quantitative Targets

Sumitomo Chemical set the quantitative targets of at least a 10% ratio of women in positions equivalent to manager (job grade M) or above and a 15% ratio of women in positions equivalent to assistant manager (job grade M) or above by 2020. As of the end of March 2015, the former ratio was 4.1% and the latter ratio was 12.6%.

Results of Systems for Work-Life Balance (Non-Consolidated)

<table>
<thead>
<tr>
<th>System/Measure</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
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<tr>
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<td>113</td>
<td>142</td>
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<tr>
<td>Cessation from work for nursing care</td>
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<td>2</td>
</tr>
<tr>
<td>Cessation from work for transitional care</td>
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</tr>
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</table>
The CSR Report 2015 is an extensive and complete publication that incorporates innovations throughout, which are fitting for the Company’s milestone 100th anniversary. In terms of its composition, it can be broadly divided into the first half, which presents an overview of the Sumitomo Chemical Group’s CSR management, and the second half, which presents a detailed discussion. In this report, I found the first half to be particularly impressive.

The Corporate Philosophy is discussed from the standpoint of the Sumitomo Spirit and how the Company is contributing to the development of society through its business, and the introduction looks back over the past 100 years—the period over which today’s global management has been built. Based on this, the Message from the Executive Chairman and President boldly presents the new corporate image for the next 100 years. The Company’s approach, which continues to take on the challenge of new value creation, is impressively communicated while being unswervingly supported by Sumitomo Chemical’s Business Philosophy backed by tradition.

The next section on “the Sumitomo Chemical Group’s Operations and CSR,” presents what the Company aims to be, thus serving as a kind of portal for this report with the function of linking the management strategy for achieving this with CSR in an integrated manner. The Round-Table Talk with employees of wide-ranging backgrounds, which was held to realize the important management challenge of production, embodied the business philosophy of the Sumitomo family handed down through constant innovation.

The second half takes over the first half’s message, which is for the 100th anniversary, and evolves into a detailed discussion on responsible care (RC), society, and governance. By expanding on “CSR Management” presented in the introduction to the report, I can see the Company’s intent to better structure the report, which was an issue last year. In addition, the amount of information disclosed for each subject has been expanded since last fiscal year including quantitative data. The Company’s approach of conveying the initiatives of the entire Group in full detail is clear.

In the future, I would like to see a stronger connection between the first half and second half. I feel there is room for improvement in terms of how best to connect the business strategy and CSR, which is discussed in an integrated manner, with the itemized discussion in the second half. When CSR, which is viewed as the source of competitiveness, is broken down to an item-by-item discussion, its positive aspects are difficult to see and this concerns me. RC, which makes up the core, is focused on safety and reducing environmental impact, and while a part of this may be unavoidable, I think it would be good to focus a little more on green processes and clean products. Similarly, concerning society, in addition to the activities presented in this report, I think it would be good to go into more depth about aspects that are easier to perceive in the relationship between outcomes and Sumitomo Chemical’s competitiveness, such as providing useful products to society, the revitalization of agriculture, and creating local employment. If the “Sustainability Index,” which was applied to the Group’s “Operations and CSR” on a trial basis, had been organized in an integrated manner as a performance indicator of each item discussed, then I think the organization of Sumitomo Chemical’s CSR report would be complete.

It is rare to be able to talk about a corporate philosophy and CSR with a 100-year timeline and I look forward to an even more in-depth report in the future.
Corporate Philosophy

Celebrating its 100th anniversary, Sumitomo Chemical can trace its history back to 1915, when Sumitomo Fertilizer Works began producing fertilizers. Every facet of the Company’s operations is based on the Sumitomo Spirit, a guiding principle of the House of Sumitomo that has been passed down from one generation to the next since the 17th century.

In inheriting this Sumitomo Spirit, our Business Philosophy serves to clarify and document our fundamental ethos, mission and values. Drawing its strength from this Corporate Philosophy, the Sumitomo Chemical Group will continue to contribute to the sustainable growth and development of society through its business activities.

Cover-page illustration

The new, Sumitomo Chemical celebrates the 100th anniversary of the commencement of its operations in 1915. Building on 100 years of history, Sumitomo Chemical continues to drive innovation in the long-term advancement of people and the environment.

The illustration of the ship shows various buildings and sites that represent the company’s history. The ship is sailing forward into the unknown, symbolizing the company’s determination and commitment to innovative and environmentally sustainable solutions. The cover page is printed on Forest Stewardship Council® (FSC®)-certified paper and vegetable oil ink, which minimizes the generation of volatile organic compounds (VOCs) and helps conserve precious petroleum resources.