**Basic Stance on Occupational Safety and Health**

Sumitomo Chemical’s core principle on safety is “making safety the first priority.” The Company uses the following three points as guides in achieving this goal.

1. Line 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 at the source.
- 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.

**Enhancing a Culture of Safety**

The chemicals industry has to date increased safety at its plants through the introduction of risk management systems and improved safety-related technologies. However, there have recently been a number of high-profile large-scale accidents where the source can be traced to erroneous operations or flawed decisions. Accordingly, attention is now focused on promoting a culture of safety that is based on safety activities involving mutual understanding, operational management and traditional learning. Sumitomo Chemical continues to promote policies to enhance a culture of safety and has set specific areas for focus based on a clear grasp of the strengths and weaknesses of each departmental unit and each individual workplace.

**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, one involved tripping, one involved falling from a foot stand, one involved a crash, 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 preparedness and hazard prediction training, also known as Kiken Yochi Training (KYT), at each workplace.

**Measures to Prevent Accidents Involving being Caught or Entangled in Machinery**

We have taken steps to eliminate accidents involving being caught or entangled in machinery by distributing documents on the prevention of such accidents in April 2014, standardizing our accident prevention measures, and raising the awareness of all employees. Despite these efforts, the percentage of accidents involving employees being caught or entangled in machinery accounted for all workplace injuries remains high.

In fiscal 2014, we visited Group companies inside and outside Japan to ascertain the status of their accident prevention measures. Going forward, we will verify the status of these measures by making use of opportunities such as RC audits.

**Five fundamental and personal safety 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 at the source.
- 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.

**Increasing Safety Awareness among Employees**

The Company uses the following three points as guides in achieving this goal.

1. Each person is responsible for Safety and Health.
2. The Company uses the following three points as guides in achieving this goal.
3. Sumitomo Chemical’s core principle on safety is “making safety the first priority.”

In fiscal 2014, we visited Group companies inside and outside Japan to ascertain the status of their accident prevention measures. Going forward, we will verify the status of these measures by making use of opportunities such as RC audits.

**Frequency Rate of Lost-Workday Injuries (Sumitomo Chemical (Non-Consolidated))**

| Fiscal Year | Lost-Workday Injuries | Rate of Lost-Workday Injuries%
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 2012</td>
<td>15</td>
<td>2.2</td>
</tr>
<tr>
<td>Fiscal 2013</td>
<td>14</td>
<td>2.1</td>
</tr>
<tr>
<td>Fiscal 2014</td>
<td>11</td>
<td>2.0</td>
</tr>
</tbody>
</table>

**Enhancing the Level of Safety!**

Sumitomo Chemical has placed particular emphasis on raising the level of safety across every facet of its operations since fiscal 2013. In a bid to foster greater awareness toward safety among employees, steps are being taken to publish and distribute information via the Company newsletter that covers specific examples of disasters that can easily occur and detailed explanations of safety issues and countermeasures.

**Safety Education to Prevent Labor Accidents**

With the goal of improving each employee’s sensitivity, foresight, and hazard prediction abilities, the Company continues to implement safety measures that include disaster preparedness training and “know-how, know-why” education.

1. Examples at the Works and Research Laboratories
2. Examples at the Head Office and Branch Offices

**Slogan and Poster for Occupational Safety and Health**

As part of its effort to foster the safety awareness of employees, Sumitomo Chemical each year collects ideas submitted from all the employees and uses the best suggestions to create a Slogan for Occupational Safety and Health and a Poster for Occupational Safety and Health. These are then displayed in each workplace to bolster employee awareness.

**Thoughts of the Slogan Writer**

Reaffirming the importance of safety fundamentals rooted in a well-entrenched culture of safety, I would like to encourage everyone to help create safe workplaces in the years ahead.

**Looking Ahead**

With the aim of putting in place a structure that is capable of achieving and maintaining “zero accidents,” Sumitomo Chemical will continue to implement activities to enhance a culture of safety. At the same time, the Company will look to calculate the degree of improvement.

**TOPIC**

**Sumika Logistics Receives G Mark Transportation Award**

Sumika Logistics Co., Ltd., Sumitomo Chemical’s logistics partner, provides a variety of logistics services. At Sumika Logistics, the transportation division at its Ehime business site has received the G Mark*1 certification for business sites that excel in safety since the inception of the system in 2003. In September 2014, in recognition of its many years of safety initiatives to ensure safe and reliable transportation operations, Sumika Logistics was honored with the Ehime Transport Bureau Branch Office Bureau Chief’s Award*2 for its major contributions to merchants and society as a safe business site.

*1 An award system that began in March 2014. A large number of criteria must be satisfied to receive the award. In order to receive the award, each business site must be certified following systematic assessments by the Ehime Transport Bureau Branch Office Bureau Chief.

*2 A national award system that began in March 2014. A large number of criteria must be satisfied to receive the award. In order to receive the award, each business site must be certified following systematic assessments by the Ehime Transport Bureau Branch Office Bureau Chief.

**Reaffirming the importance of safety fundamentals rooted in a well-entrenched culture of safety, I would like to encourage everyone to help create safe workplaces in the years ahead.**
Responsible Care

• Accidents that result in equipment and facility damage exceeding ¥10 million
• Accidents that cause injuries to local residents requiring outpatient/hospital treatment

*1 “Severe industrial accidents” refers to any of the following workplace incidents:

1. The foremost mission of industrial safety and disaster prevention management is to prevent unforeseen plant accidents including fires, explosions, and the leakage of hazardous substances. At the same time, every effort must be made to minimize damage in the event of a disaster such as a major earthquake. Through these means, the Company is committed to securing the safety and peace of mind of employees and local communities. With this in mind, Sumitomo Chemical takes voluntary steps to put in place a safety management structure, undertakes stringent plant risk assessments, and works to continuously strengthen safety measures based on its evaluation of risks.

Process Hazard Management (three routes)

Information collection and compilation about process safety

Pre-startup safety review

Process risk assessment

Proceedure of revised process

Evaluation of changes

Fiscal 2014 Industrial Safety and Disaster Prevention Results

Sumitomo Chemical achieved the target of “no severe industrial accidents”* set in fiscal 2014, while there was one severe industrial accident in fiscal 2013. However, regrettably, there were six minor industrial accidents. In addition, there were five industrial accidents in Group companies in Japan and abroad. Among these, at the waste material warehouse fire that took place at a Group company at Ehime Works on June 8, 2014, there was no human injury attributable to the incident or impact on local residents. Sumitomo Chemical does, however, extend its sincere apologies to the local community and all concerned for the inconvenience and anxiety caused.

The Sumitomo Chemical Group has fully analyzed the causes of the aforementioned accidents and is reflecting on them to enhance safety management throughout the Group and prevent serious industrial accidents from occurring.

Severe industrial accidents* refer to any of the following workplace incidents:
- Accidents that cause injuries to local residents requiring outpatient/hospital treatment
- Accidents that result in fatalities or injuries to workers on the site
- Accidents that result in equipment and facility damage exceeding ¥10 million

Sumitomo Chemical performs safety assessments at each stage of product development and industrial scale production from new chemical process R&D to plant design, construction, operation, maintenance, and even disposal. The items and procedures essential to safety assessment are specifically outlined in the Safety Management Guidelines that provide the standard for the Company.

1) Evaluation of new processes

The Process Safety Review Committee (levels 1 to 3) convenes at every step, from R&D through to industrial scale production. In essence, this Committee plays a technical audit role focusing on process safety assessment results and whether safety countermeasures are appropriate. This mechanism ensures that processes do not proceed to the next step unless adequate safety has been confirmed.

2) Regular review of existing processes

Even without a change in the process, Sumitomo Chemical is conducting regular reviews to ensure the latest information on industrial safety technologies and whether there will be a significant impact from the long-term use of a plant.

3) Management of changes

When certain changes are made to, for example, improve plant facilities or modify operating conditions, the Company conducts all necessary safety assessments before such changes are made in order to ensure safety levels are maintained after each change has been completed.

As this system is utilized within the Company, it is well known among Group companies and continues to ensure a deep level of process safety throughout the organization.

Earthquake Countermeasures

Sumitomo Chemical drew up a basic policy on earthquake countermeasures in 2004 taking the initiative to improve the earthquake resistance features of equipment and structures that were especially susceptible to the risk of damage. Moreover, the Company has accelerated the pace at which it implements earthquake resistance and risk reduction measures while actively utilizing government subsidies for the seismic reinforcement support business in accordance with recent directives by government authorities to improve the seismic adequacy of existing facilities.

In 2014, we implemented measures including:

- Acceleration of operating facilities
- Strengthening of existing operating facilities
- Accelerating the performance of seismic adequacy evaluation

The Company implements fundamental measures including the analysis and management of risk through a risk assessment system. The earthquake countermeasures are also an example of fundamental management. The process risk assessment and regular reviews to ensure the latest information on industrial safety technologies are examples of fundamental management measures.

In addition, in order to ensure safety management is strengthened, in place are also measures such as the following:

- Prioritizing activities for the promotion of countermeasures against severe industrial accidents
- Prioritizing activities for the promotion of countermeasures against severe industrial accidents
- Prioritizing activities for the promotion of countermeasures against severe industrial accidents

To ensure the sustainability of these activities, regular meetings are held at the top management level, and the Group's prioritized management issues under its Corporate Business Plan.

Moreover, with the goal of reducing severe industrial accidents to zero, Sumitomo Chemical will upgrade and expand efforts aimed at strengthening safety assurance capabilities. Initiatives will promote the ongoing improvement of safety assurance capabilities. Initiatives will promote the ongoing improvement of safety assurance capabilities. Initiatives will promote the ongoing improvement of safety assurance capabilities. Initiatives will promote the ongoing improvement of safety assurance capabilities. Initiatives will promote the ongoing improvement of safety assurance capabilities. Initiatives will promote the ongoing improvement of safety assurance capabilities.

Industrial Safety and Disaster Prevention Education

Sumitomo Chemical has a variety of disaster prevention educational programs that conform to the operational roles of employees throughout the Company. The programs are aimed at bolstering the ability of employees to acquire knowledge and skills in order to ensure process safety.

- E-learning

In-House Safety Management System Training aimed at fostering a deep understanding of the information contained in the “Safety Management Guidelines,” one of the documents summarizing the basic rules of safety management.

- Group Training (Classroom Training, Hands-on Training)

Disaster Prevention Theory: Training that aims to promote the acquisition of basic knowledge regarding safety and disaster prevention.

Fire and Explosion Training: A training course to improve and maintain awareness of industrial safety and disaster prevention measures that gives students a real feel for the danger involved in fire and explosions. The course includes not only the study of safety and disaster prevention theory, but also hands-on experience.

Company-wide Safety Education Training that covers the latest topics each fiscal year. The training in fiscal 2014 drew on information of major accidents at other companies within the industry in Japan and abroad and explained the reasons for each accident, ensuring that the appropriate lessons were learned.

Initiatives for Ensuring Safety in Logistics Operations

The Sumitomo Chemical Logistics Partnership Council was formed by Sumitomo Chemical and the logistics subcontractor (94 companies at 116 locations) for the Sumitomo Chemical Group companies. The Council maintains committees for Works in each area, for logistic centers (transport and storage) nationwide, and for marine transport-related operations. Commendations have also been presented in appreciation of member companies whose actions have served as an example to other companies. Under its core principle of “making logistic safety the first priority,” the Council is expanding the Logistics Department’s Responsible Care activities. Among these activities, we took a focused approach to eradicate forklift accidents, accidents involving being caught or entangled in machinery, and labor accidents involving falling on the job. However, since 2009, as we have been unable to achieve zero accidents for six consecutive years, we are planning and implementing additional measures for improvement.

Looking Ahead

Moreover, with the goal of reducing severe industrial accidents to zero, Sumitomo Chemical will upgrade and expand efforts aimed at strengthening safety assurance capabilities. Initiatives will promote the ongoing improvement of knowledge of process safety technologies from the “know-how” perspective.

*1 "Severe industrial accidents" refer to any of the following workplace incidents:
- Accidents that cause injuries to local residents requiring outpatient/hospital treatment
- Accidents that result in fatalities or injuries to workers on the site
- Accidents that result in equipment and facility damage exceeding ¥10 million

Note: Accidents caused by logistic subcontractors on the premises of Sumitomo Chemical workplaces and accidents caused by four major logistics subcontractors outside the premises of Sumitomo Chemical workplaces.