SUMITOMO CHEMICAL

CSR REPORT 2010

Sustainable Chemistry

CSR Report 2010

In fiscal 1998, Sumitomo Chemical Co., Ltd. began publishing its annual "Environment, Health and Safety Report" focusing on its Responsible Care (RC) activities, in particular those involving occupational health and safety, environmental protection, safety and disaster prevention, chemical safety, and product quality assurance.

The title of the report was changed to "CSR Report" in fiscal 2004 to reflect broader coverage of corporate social responsibility (CSR) initiatives, which include social and economic activities.

In this report we have included "TOPIC" (topical news and initiatives) and "VOICE" (employees' reports, opinions and ideas) columns to ensure that readers across a broad spectrum can gain a solid understanding of Sumitomo Chemical's CSR activities. In addition, we have compiled detailed numerical data in a separate booklet titled "CSR Report 2010 DATA BOOK" for easy reference.

This report was prepared with reference to the Japanese Ministry of the Environment's "Environmental Reporting Guidelines" (2007 edition) and "Environmental Accounting Guidelines" (2005 edition), and the Global Reporting Initiative's (GRI) "Sustainability Reporting Guidelines" (third edition). For a list of the GRI principles with which we comply, please see pages 82 and 83. KPMG AZSA Sustainability Co., Ltd. provided limited assurance on this report to ensure the reliability and transparency of its content.

Boundary of this report

Environmental performance (excluding environmental accounting and environmental efficiency)

The environmental performance data included in this report cover Sumitomo Chemical Group companies that have production divisions as well as sales above a certain level or whose environmental impact is relatively large, namely Sumitomo Chemical and 16 Group companies in Japan, and nine Group companies overseas. Environmental performance data for overseas companies are also available in the "CSR Report 2010 DATA BOOK."

Environmental accounting

The environmental accounting data included in this report cover Sumitomo Chemical Group companies that have production divisions as well as sales above a certain level, namely Sumitomo Chemical and 17 Group companies (12 domestic, five overseas).

Environmental efficiency

The environmental efficiency data included in this report cover Sumitomo Chemical Group companies with production divisions, namely Sumitomo Chemical and 10 domestic Group companies.

There is no major change in the boundary of this report from CSR Report 2009.

In this report, "Sumitomo Chemical" and "Sumitomo Chemical Group" are distinguished as follows.
Sumitomo Chemical: Sumitomo Chemical Co., Ltd.
Sumitomo Chemical Group: Sumitomo Chemical and Group companies
(When "Group companies" are referred to, this does not include Sumitomo Chemical. The applicable scope of "Group companies" is indicated as necessary.)

Period covered by this report: April 1, 2009–March 31, 2010
(with specific exceptions outside this time frame)
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Hiromasa Yonekura, Chairman　　Hiroshi Hirose, President

Our Commitment to the Sustainable Development of the Global Community

"Our business must benefit not only ourselves but also communities and society at large." This is a principle of the Sumitomo Family's Business Philosophy, which forms the core of Sumitomo Chemical's corporate values.

Sumitomo Chemical was founded in 1913 as Sumitomo's fertilizer manufacturing company, which produced fertilizers by converting harmful emissions from smelting operations at the Besshi Copper Mine in Niihama, Ehime Prefecture. Created to provide solutions to overcome an environmental problem and help increase agricultural production, the Company is a perfect example of the Sumitomo Family's Business Philosophy, and the conviction that the essence of corporate social responsibility (CSR) is to contribute to the sustainable development of society through business activities is encoded in the Company's DNA.

In formulating our recently announced Corporate Business Plan for fiscal 2010 to 2012, we have developed our Corporate Vision that sets out our long-term management policies. One of the central policies is that we will aim to help meet global challenges, from improving people's lives and health to increasing energy and food security, to building a low-carbon society, and will contribute to the sustainable development of the global community by taking full advantage of the power of chemistry. In January 2010, we established our CSR Department to promote our CSR activities while stepping up efforts to achieve our Corporate Vision.

Responsible Care (RC), an initiative for ensuring safety, protecting the environment and maintaining high product quality throughout the lifecycle of our products, from development to manufacturing and sale, to use and disposal, is a central pillar of our CSR activities. In aiming to help solve problems related to resources, energy and the environment—particularly the issue of climate change—all of which are becoming more pressing globally, we have been putting forth significant efforts to achieve the world's highest energy efficiency and develop processes and products that help reduce CO_2 emissions. In January 2010, we established our Energy & Climate Change Office to promote concerted efforts by the entire Sumitomo Chemical Group and respond more effectively to the issues of energy and climate change.

We are also actively participating in international initiatives led by the global chemical industry. The International Council of Chemical Associations (ICCA), the global organization of major chemical industry associations representing

chemical companies worldwide, has established a climate change and energy working group, and Sumitomo Chemical has been playing a central role in the group and leading its activities since its inception. The group demonstrated leadership in the ICCA's initiative in 2009 to quantitatively study and analyze how products of the chemical industry, such as insulation materials and photovoltaic cell materials, as they are used by consumers and other industries in various applications, contribute to the reduction of greenhouse gas emissions. The findings revealed that the reduction in greenhouse gas emissions from the use of chemical products is approximately double to triple the amount of greenhouse gas emissions attributable to chemical products over their entire lifecycles.

The chemical industry, which provides a wide range of products in various forms, from raw materials and components to finished goods, and makes vast contributions to daily lives of people around the world, should continue to play a major role in meeting the global challenges of climate change. We, the Sumitomo Chemical Group, will remain firmly committed to tackling these issues by making full use of the power of chemistry and our technological prowess and to providing leadership in the efforts of the global chemical industry.

We have been providing support for Africa by working on the prevention of malaria, which is one of the Millennium Development Goals (MDGs), a set of goals defined by the United Nations to address the most pressing challenges facing human society. Malaria is a mosquito-borne infectious disease that claims the lives of more than one million people every year. Many of the victims are children under the age of five living in the Sub-Saharan region of Africa.

Sumitomo Chemical developed the Olyset® Net, a special insecticidal mosquito net for controlling malaria. The Olyset® Net is highly durable and also retains its insecticidal efficacy for more than five years because our technology enables the insecticide contained in the material of its fibers to migrate gradually to the surface of the fibers. In 2001, our Olyset® Net was endorsed by the World Health Organization (WHO) as a long-lasting insecticidal net, becoming the first of its kind in the world, and has since enjoyed strong demand growth as one of the most effective means of preventing malaria.

To increase Olyset® Net production capacity, we licensed our manufacturing technology free of charge to a mosquito net manufacturer in Tanzania and started local production in 2003 in the hope of creating new jobs and supporting self-sustaining economic growth in Africa. In 2007, we started operation of a joint venture with this local manufacturer, and we currently have an annual production capacity of 29 million nets and employ as many as 7,000 people in Africa. This year, we expanded our global production capacity to 60 million nets per annum in response to a request from the WHO, which has set the goal of providing one long-lasting insecticidal net for every two people in areas at high risk of malaria infection.

We are also supporting projects to build schools and related facilities in Africa by returning a portion of the revenues from the Olyset® Net business. We are thus implementing a variety of initiatives to help meet the major challenges facing Africa and accelerate progress toward the MDGs.

As a framework for businesses to contribute directly to solving international problems caused by globalization and achieving sustainable growth, Kofi Annan, then Secretary-General of the United Nations, proposed the Global Compact, which sets forth ten principles for corporate behavior in the areas of human rights, labor standards, the environment, and anti-corruption. Sumitomo Chemical joined in this initiative in 2005. Since becoming the first Japanese company to participate in the Global Compact working groups in 2008, we have helped prepare guidelines on the tenth principle for anti-corruption as well as on the contribution of businesses to peace and development. We will continue to work closely together with a variety of stakeholders, including the United Nations and other international organizations, NGOs, and other companies, and promote CSR activities as a member of the global community.

We, the Sumitomo Chemical Group, will strive to help address pressing global challenges, such as the improvement of the lives of people around the world, the issues of energy and the environment, and the creation of a low carbon society, and contribute to the sustainable development of the global community through our businesses. We would greatly appreciate your continued support and cooperation.

Hiromasa Yonekura
Chairman of Sumitomo Chemical Co., Ltd.

米倉弘昌

Hiroshi Hirose
President of Sumitomo Chemical Co., Ltd.

廣瀬　博

Feature 1

For the Future of Africa

The Olyset® Net, an insecticidal mosquito net that helps prevent the spread of malaria, symbolizes the CSR initiatives of Sumitomo Chemical, which is committed to business activities that contribute to the creation of a prosperous society.

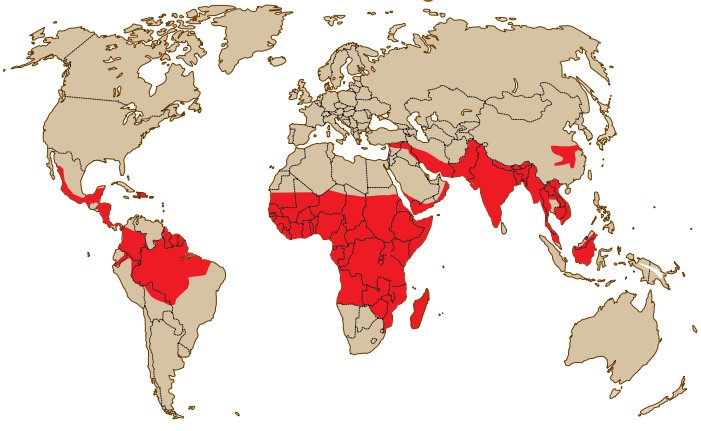
Malaria Takes the Life of One Child Every 30 Seconds

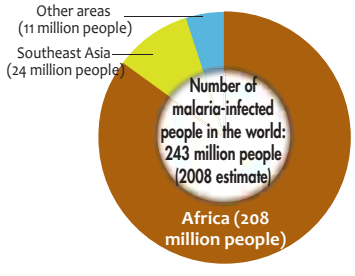
To many people, mosquito nets may sound like an obsolete technology, but a great many people worldwide are still in need of the protection they provide. Children in Africa, in particular, are especially vulnerable to malaria, an infectious disease transmitted by the Anopheles mosquito.

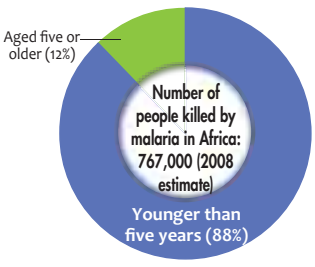
Every year, over 300 million people around the world develop malaria and more than one million people die from the disease. People living in Africa account for 90 percent of these deaths, and most of the victims are children under the age of five living in the Sub-Saharan region. It is a sad fact that malaria takes the life of one child every 30 seconds.

Those who survive malaria still suffer from a high fever and must stay in bed for several days, which leads to increased poverty due to the loss of employment and educational opportunities added to the high cost of medical treatment. If the economic growth of a whole country is hindered by the spread of malaria, funding for anti-malaria measures dries up and the country falls into a vicious circle. Malaria is one of the biggest barriers to economic

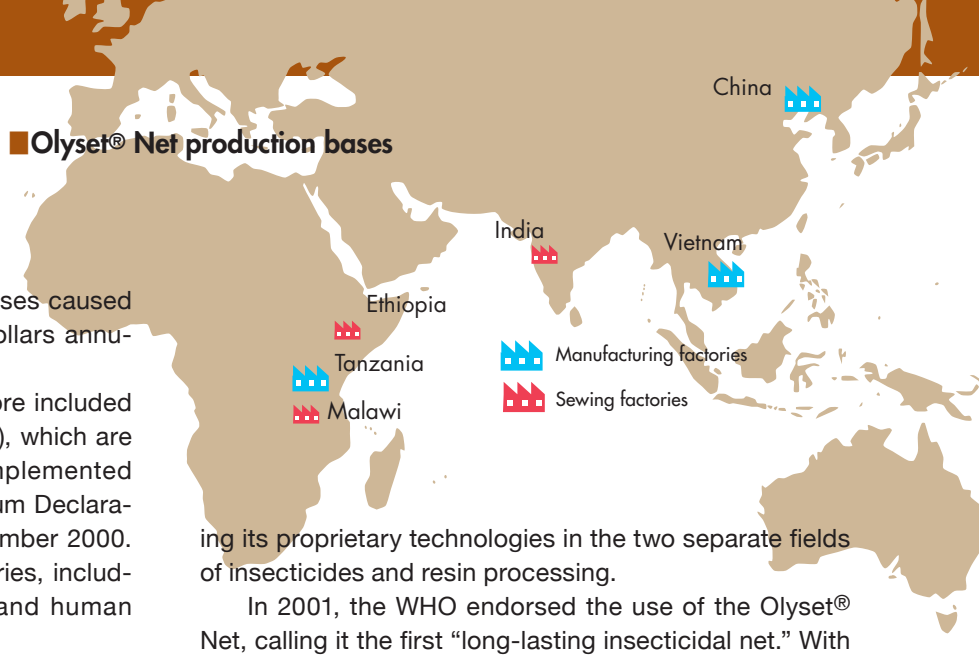
Malaria-Prone Regions







Source: "World Malaria Report 2009" (WHO)



development in Africa, and the economic losses caused by the disease are estimated at 12 billion dollars annually.

Stopping the spread of malaria is therefore included in the Millennium Development Goals (MDGs), which are targets with action plans to be urgently implemented and achieved by 2015 based on the Millennium Declaration adopted by the United Nations in September 2000. These targets are grouped into eight categories, including poverty, education, the environment, and human rights.

Millennium Development Goals (MDGs)

Goal 1	Eradicate extreme poverty and hunger
Goal 2	Achieve universal primary education
Goal 3	Promote gender equality and empower women
Goal 4	Reduce child mortality
Goal 5	Improve maternal health
Goal 6	Combat HIV/AIDS, malaria and other diseases
Goal 7	Ensure environmental sustainability
Goal 8	Develop a Global Partnership for Development

Source: Website of the United Nations Development Programme (UNDP)

Malaria Control Initiatives and the Olyset® Net

The World Health Organization (WHO) has been implementing the Roll Back Malaria campaign since 1998. Recognizing the added effectiveness of mosquito nets when insecticides are applied, the WHO initially tried to encourage people to apply insecticide to mosquito nets themselves. This method, however, was not very effective because most people failed to repeat the application process regularly and the effect was lost through washing and the passing of time.

The WHO's attention was then drawn to the Olyset® Net developed by Sumitomo Chemical, which retains its insecticidal efficacy for five years or longer even with repeated washing. The fibers of this highly durable net are made from polyethylene resin kneaded together with an insecticide, which is then gradually released to the surface of the netting fibers. Because it is designed to be used in Africa, where it is very hot, the mesh is twice as large as that of an ordinary mosquito net in order to improve air circulation. Sumitomo Chemical developed the Olyset® Net through Creative Hybrid Chemistry, combining its proprietary technologies in the two separate fields of insecticides and resin processing.

In 2001, the WHO endorsed the use of the Olyset® Net, calling it the first "long-lasting insecticidal net." With results from a limited regional trial indicating an impressive decline in the local rate of malarial infection, the distribution of long-lasting insecticidal nets has become one of the major means of controlling malaria.

Creating Employment through Local Production

In 2003, Sumitomo Chemical provided its Olyset® Net manufacturing technology free of licensing fees to A to Z Textile Mills Limited, a Tanzanian manufacturer, with the aim of kick-starting local production of the net in Africa and building a framework for public-private partnerships with international organizations such as the WHO and United Nations Children's Fund (UNICEF). Subsequently, in order to respond to a rapid increase in demand, Sumitomo Chemical and A to Z Textile Mills established the joint venture Vector Health International Limited in 2007. As of July 2010, the local production capacity in Tanzania totaled 29 million nets, and the number of people employed by the company reached approximately 7,000. The Olyset® Net business is thus contributing to local economic development.

In 2008, the WHO, promoting the policy of "universal

Photograph © M. Hallahan/Sumitomo Chemical

Olyset® Net manufacturing factory in Tanzania

coverage," enlarged its pool of candidates for malaria control, which had previously been limited to pregnant women and infants. Under this policy, the organization aims to distribute one long-lasting insecticidal net per two people in malaria-prone areas. It is estimated that the fulfillment of this aim will require 250 million nets. To meet the demand, Sumitomo Chemical has increased the total Olyset® Net production capacity of its production bases in the three countries of Tanzania, China and Vietnam to 60 million nets per year.

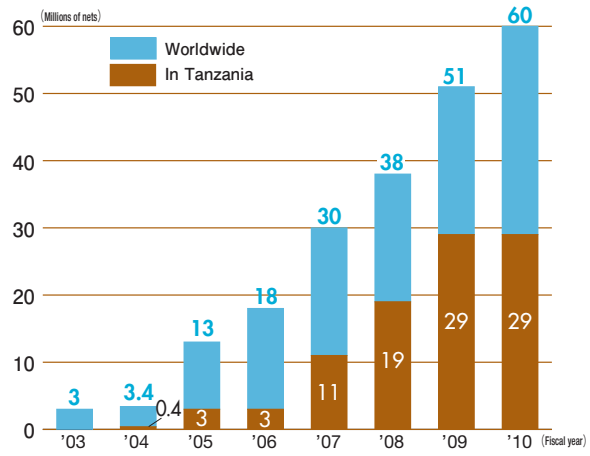
Educational Support for the Leaders of Tomorrow

For Africa to achieve development, it is critical to provide local people with education. African countries, however, have a shortage of schools and a great number of children have to study outdoors or in overcrowded classrooms.

Sumitomo Chemical has been supporting education in Africa by returning a portion of its revenues from the Olyset® Net business to local communities. In cooperation with an NPO called World Vision Japan, we have supported nine projects to construct primary and secondary school buildings as well as dormitories for teachers and school lunch facilities in the five countries of Ethiopia, Kenya, Uganda, Tanzania, and Zambia.

Once the construction is complete, we continue to provide support for school fees and supplies, thereby helping the next generation of leaders get the education they need.

Production Capacity for the Olyset® Net



Second TICAD Ministerial Follow-up Meeting

On May 2, 2010, the Second TICAD Ministerial Follow-up Meeting was held in Arusha, Tanzania.
The meeting brought together a total of 430 people from Africa and around the world representing international organizations, NGOs, and the private sector. The meeting was co-chaired by President Kikwete of Tanzania and Mr. Katsuya Okada, then Japan's Minister of Foreign Affairs. Participants reviewed progress on the implementation of the Yokohama Action Plan drafted at the Fourth Tokyo International Conference on African Development (TICAD IV) held in Yokohama in 2008 and discussed future challenges.
Representing Japanese industry, Sumitomo Chemical's Chairman, Hiromasa Yonekura, also attended the meeting and delivered a speech in which he considered the roles to be fulfilled by the private sector for the growth and development of Africa, emphasized the importance of public-private partnership, and shared examples of how the Olyset® Net has been used. During his stay in Tanzania, Mr. Okada visited the local Olyset® Net factory to see how the nets were sewn, inspected and put through other processes.

History of Sumitomo Chemical's Support to Africa

- **1994** Develops the Olyset® Net.
- **1998** The Roll Back Malaria campaign starts.
- **2000** The UN Millennium Development Goals formulated.
- **2001** The WHO endorses the long-lasting insecticidal Olyset® Net.
- **2003** A to Z in Tanzania begins local production of the Olyset® Net.
- **2005** Mr. Yonekura, then President of Sumitomo Chemical, attends the World Business Forum held in Davos, Switzerland.
- The Olyset® Net is chosen as one of the "Coolest Inventions of 2004" by Time magazine.
- **2006** About 330,000 Olyset® Nets are donated to NPO Millennium Promise.
- Supports the construction of schools in Tanzania and Kenya (and subsequently provides educational support also in Uganda, Zambia, and Ethiopia).
- Receives a corporate citizen award from The Asahi Shimbun Company.
- **2007** Vector Health (joint venture between Sumitomo Chemical and A to Z) begins production of the Olyset® Net.
- **2010** Decides to donate 400,000 Olyset® Nets to Millennium Promise.

Donating 400,000 Olyset® Nets to Millennium Promise

Millennium Promise is an international nonprofit organization solely committed to supporting the achievement of the Millennium Development Goals (MDGs) to halve extreme poverty by 2015. Sumitomo Chemical has been supporting the Millennium Village Project* started by this NPO and donated 330,000 Olyset® Nets to the organization in 2006. The end of the five-year effective lifespan of those nets is drawing near, and therefore, in 2010, the Company decided to donate another 400,000 nets to Millennium Promise, which will be distributed from 2010 to 2011.

***Millennium Village Project**
A plan to help eliminate extreme poverty, one of the MDGs, by assisting people living in approximately 80 villages in 10 African countries to lead self-sufficient lives. Comprehensive support is given in areas including agriculture, health and sanitation, and education.

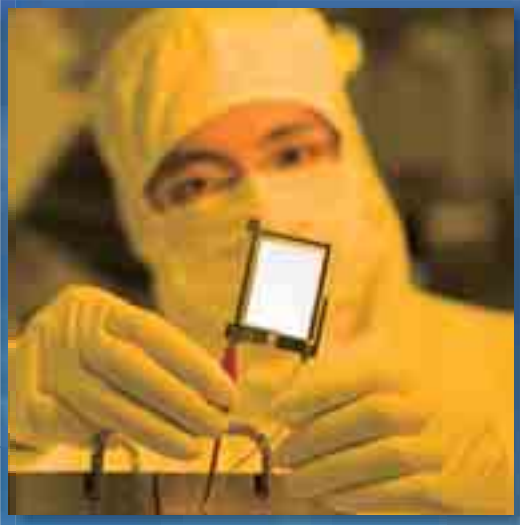
Toward Achievement of the MDGs

Nations, regions, international organizations, NGOs, and businesses are working together to achieve the MDGs throughout the world.

Through its Olyset® Net business, Sumitomo Chemical is working to prevent the spread of malaria and thereby reduce child mortality and improve maternal health. Moreover, we are conducting a wide range of other activities to contribute to the achievement of the MDGs. For example, local production of the Olyset® Net contributes to the elimination of poverty and providing educational support using a portion of the revenues from the business contributes to achieving the goal of universal primary education.

We will continue to make contributions to the sustainable development in Africa through our business operations.

Photograph © M. Hallahan/Sumitomo Chemical



Feature 2

Sumitomo Chemical's Next-Generation Technologies to Meet the Challenge of Climate Change

Sumitomo Chemical continues to leverage the power of chemistry to provide products that contribute to bettering people's lives. Our technological prowess has also enabled us to boast a variety of achievements in the fields of energy and the environment. Here, we present the past achievements and future initiatives of Sumitomo Chemical, where we are promoting a broad spectrum of activities with our sights set on the future of the global environment.

Emergence of Global Warming

The problem of climate change, particularly the issue of global warming, is becoming increasingly evident worldwide, and it is essential that the international community make a concerted effort to address this urgent problem.

It is said that without greenhouse gases such as carbon dioxide (CO_2) and methane in the Earth's atmosphere, the global average temperature would drop to 18°C below zero. It is indeed thanks to atmospheric greenhouse gases maintaining comfortable temperatures that plants and animals, including humans, can live on Earth.

Minor changes in the concentrations of greenhouse gases in the atmosphere, however, can exert an impact on the surface temperature of Earth, and it is said that global warming is caused by increases in greenhouse gases resulting from the increased use of oil and coal in industrial activities.

Amid concerns about the grave consequences, such as rising sea levels, desertification, and changes in the ecosystem if global warming continues at its current pace, international guidelines have been formulated for reducing greenhouse gas emissions. The report of the Intergovernmental Panel on Climate Change (IPCC) is one prominent example. The report asserts that CO_2 emissions must be reduced by 50-80% from 2000 levels by 2050 in order to limit rises in average temperatures to 2.0°-2.4°C above temperatures prior to the Industrial Revolution.

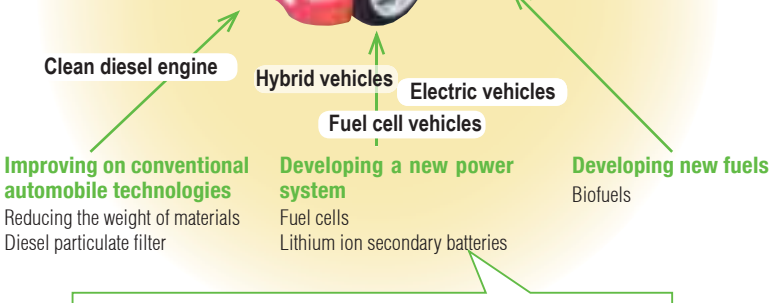
Chemical Products Contributing to Reduction of Greenhouse Gas Emissions

As the problem of climate change escalates, it is crucial for industries to set more ambitious reduction targets and devise and implement multifaceted measures. Ac-

Sumitomo Chemical's major petrochemical manufacturing plants have been proven to be among the world's most energy-efficient through surveys conducted by the IEA and other organizations. This photo shows the ethylene plant (naphtha cracker) at the Chiba Works.

How the Chemical Industry Contributes to the Prevention of Global Warming

For example, the development of a more environmentally friendly car requires:



Several approaches can be taken to developing a more environmentally friendly car, all of which require chemical technologies. The chemical industry contributes to the prevention of global warming by providing products that help reduce greenhouse gas emissions.

cordingly, the Japanese chemical industry has set a non-binding target to reduce the entire industry's average unit energy consumption for the period from 2008 to 2012 by 20% relative to the fiscal 1990 level. Sumitomo Chemical has taken a further step in this direction by making an Eco-First commitment to the Japanese Minister of the Environment, in which we promised to reduce the energy intensity* of all our plants by 25% relative to fiscal 1990 levels by fiscal 2015, and we are currently working toward fulfilling this commitment. We have already made significant progress, having achieved the world's highest energy efficiency at our petrochemical manufacturing plants, as demonstrated by the results of many surveys conducted by the International Energy Agency (IEA) and other organizations.

Many chemical products used in a range of industrial fields are based mainly on naphtha, a byproduct of refined crude oil, and the chemical industry is generally thought of as a vast consumer of energy and resources. What is less known, however, is that the industry provides a variety of products that help reduce greenhouse gas emissions. For example, light-weight resin products have contributed to reduced vehicle weight, which has in turn led to higher fuel effciency. In addition, resin-based insulating materials have substantially improved housing insulation while panels for solar power generation systems were developed through chemical technologies.

***Energy intensity**
Energy consumption per unit production amount

Climate Change Initiatives from a Medium- to Long-Term Perspective

Sumitomo Chemical has been promoting activities to reduce its environmental impact and has achieved steady results based on the idea that the Company should promote energy conservation in production processes while manufacturing products based on innovative technologies that contribute to energy conservation in various sectors of society worldwide. We regard the problem of climate change as one of our management's top priorities, and established the Energy & Climate Change Office in January 2010 in order to respond appropriately to the problem from a medium- to long-term perspective.

In our Three-Year Corporate Business Plan started in fiscal 2010, we have also positioned achievement of the world's highest energy efficiency and development of processes and products that help reduce CO_2 emissions as our important missions.

We have already been working for many years on the development of next-generation products that contribute to the reduction of CO_2 emissions in numerous areas of R&D and are accelerating the development of related technologies for early commercialization. On the following pages we will introduce some of these technologies.

Sumitomo Chemical's Next-Generation Technologies Bring You the Future

Sumitomo Chemical's Next-Generation Technologies that Contribute to Preventing Climate Change

Polymer Organic Light-Emitting Diodes (PLEDs)

Polymer organic light-emitting diode (PLED) technology is attracting global attention as a technology for next-generation displays and lighting devices. PLEDs use polymer materials that emit light when an electric current is applied, and consume little power and are environmentally friendly. The production process itself is also more energy-efficient because these products, which have a thinner and simpler structure than that of LCDs, can be manufactured using printing technology. Furthermore, they do not contain hazardous substances, making it possible also to reduce energy consumption during their disposal.

For the development of its unique PLED technology, Sumitomo Chemical has brought together a range of its related proprietary technologies, including those for polymer materials, thin film formation, and the design and synthesis of organic compounds. We are now making determined efforts toward the early commercialization of this technology.

Lithium Ion Secondary Battery and Fuel Cell Materials

Gasoline-powered vehicles are increasingly being phased out and replaced with hybrid, electric, and fuel cell vehicles. In response to this trend, Sumitomo Chemical is developing the materials for lithium ion secondary batteries and fuel cells, which will be used mainly in automobiles.

We have already commercialized our heat-resistant separator for lithium ion secondary batteries, which has won the praise of customers, and have begun studying commercial production of our cathode material, following the mass production of our heat-resistant separator, which has won the praise of customers. The development of electrolyte solutions has also started at one of our Group companies. We are thus seeking to supply general materi-

More Energy-Efficient TV and Lighting Equipment

Sumitomo Chemical's next generation technologies [Keyword]

1

Organic Thin Film Solar Cell

Organic thin film solar cells are next-generation solar cells made using organic photoelectric conversion materials. Compared with conventional silicon-based solar cells, these cells are thinner, lighter, and more flexible, and also require less energy for manufacture and installation. The organic thin film photoelectric conversion materials that Sumitomo Chemical is now developing have achieved some of the highest energy conversion efficiency in the industry, and we are now engaged in R&D for the practical use of these materials and related technologies within several years.

Sumitomo Chemical's next generation technologies [Keyword]

2

Cobalt-Free Cathode Material

Cathode materials are a major determinant of the performance of lithium ion secondary batteries. Sumitomo Chemical's innovative cathode material is made without using cobalt, a rare metal that is in short supply worldwide. Moreover, compared with conventional cathode materials that contain cobalt, our product has achieved a higher output in batteries of the same capacity.

Non-CO_2-Emitting Vehicles

Climate Change-Resistant Crops

als by promoting R&D.

In the area of fuel cells, we are developing a polymer electrolyte membrane, which is one of the main components of fuel cells. We are developing a hydrocarbon polymer electrolyte membrane which is more enviromentally friendly, and are now working to achieve higher performance.

Plant Growth Regulators (Stress-Resistance Inducing Compound)

High temperatures, dryness, and salinity levels are examples of environmental stress, which hinders the growth of green plants. Sumitomo Chemical is focusing efforts on the development of plant growth regulators that increase resistance to such environmental stress. These regulators are expected to help prevent a decrease in crop yields due to climate change.

In addition to developing technologies for reduction of CO_2 emissions, Sumitomo Chemical has been developing next-generation technologies to deal with the impact of climate change on agriculture, capitalizing on its R&D strengths in the area of agrochemicals—strengths that the Company has cultivated since its foundation.

Sumitomo Chemical is continually seeking to further develop its current cutting-edge technologies in order to remain a company that contributes to society and people's quality of life as well as helping to address the issue of climate change.

Sumitomo Chemical's next generation technologies [Keyword]

3

Crop Stress Management

Crop stress management is designed to mitigate the effects of environmental stress—such as global warming, desertification, harmful insects, and diseases—on agricultural products, and thereby increase agricultural yields. It is attracting attention as a means to help redress projected food shortages resulting from an increase in the global population.

Sumitomo Chemical's Corporate Philosophy

Sumitomo Chemical dates back to the House of Sumitomo, a business with a history spanning more than three centuries. The fundamental principles of the House of Sumitomo are upheld from its founding to this day.

Pursuing Harmony with the Public Interest Based on Sumitomo's Traditional Business Principles

Sumitomo Chemical's corporate philosophy is contained in Sumitomo's Business Principles, Sumitomo Chemical's Business Philosophy, our Corporate Slogan and Statement, and the Sumitomo Chemical Charter for Business Conduct.

Sumitomo's Business Principles set forth the fundamental philosophy of Sumitomo Chemical, which is to meet the expectations of society and not to be blinded by the temptation of short-term profits. The Company also follows the unwritten principle of "harmony between the individual, the nation and society," an imperative by which the Company seeks to benefit not only its own business but also both the nation and society, attributing great importance to maintaining harmony between its interests and those of the public.

Sumitomo Chemical's Business Philosophy outlines the Company's basic management principles, missions, and values based on Sumitomo's Business Principles.

The Corporate Slogan and Statement are intended to help instill "pride and commitment" among employees, and the Sumitomo Chemical Charter for Business Conduct provides the basis for the Company's compliance system and also constitutes the guidelines to be followed by individual employees in performing their duties.

Sumitomo's Business Principles

Pledge 1

Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.

Pledge 2

Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

Sumitomo Chemical's Business Philosophy

1. We commit ourselves to creating new value by building on innovation.
2. We work to contribute to society through our business activities.
3. We develop a vibrant corporate culture and continue to be a company that society can trust.

Corporate Slogan

Creative Hybrid Chemistry For a Better Tomorrow

Corporate Statement

Sumitomo Chemical started business in 1913 as a producer of fertilizers from sulfur dioxide gas emitted by copper smelters. This business, which solved the environmental problem 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 at Sumitomo Chemical have lived by this credo. We have worked to build better lives by developing various businesses that meet people's evolving needs. At the same time, we have continuously delivered technological innovation while paying special attention to product quality, safety, and the environment.

Looking to the future, we will create new value beyond the boundaries of chemistry by combining a variety of ideas, views, and technologies. We will also continue to take up the challenges facing the globe, from meeting basic needs, to protecting 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 together to enhance our capabilities, explore new possibilities every day, and overcome the challenges lying ahead with enthusiasm and a strong sense of mission. Sumitomo Chemical will seek to continue to build trust and bring joy to people across the world through constant innovation.

Sumitomo Chemical Charter for Business Conduct

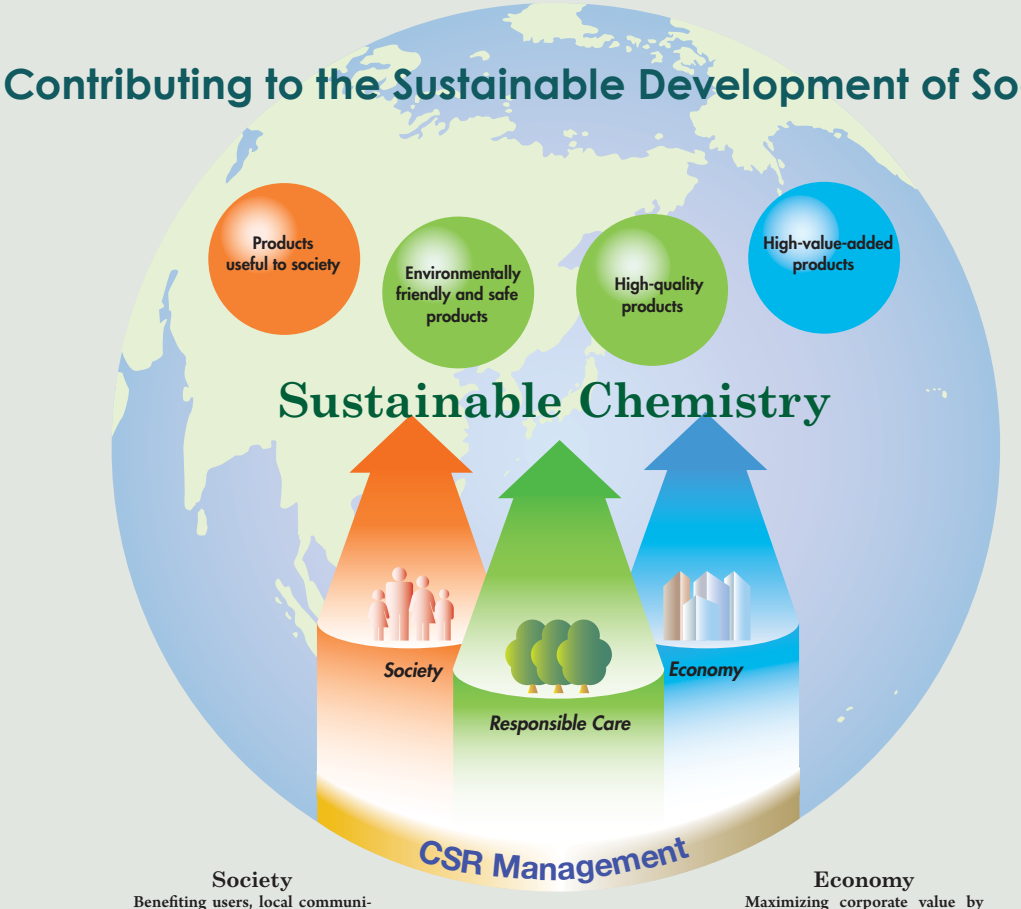
1. We will respect Sumitomo's business philosophy and act as highly esteemed good citizens.
2. We will observe laws and regulations, both at home and abroad, and will carry out activities in accordance with our corporate rules.
3. We will develop and supply useful and safe products and technologies that 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.

Sustainable Chemistry

Sumitomo Chemical will contribute to the sustainable development of society based on its proven technologies.

Sumitomo Chemical contributes to the sustainable development of society through "Sustainable Chemistry" built on its CSR-based management.

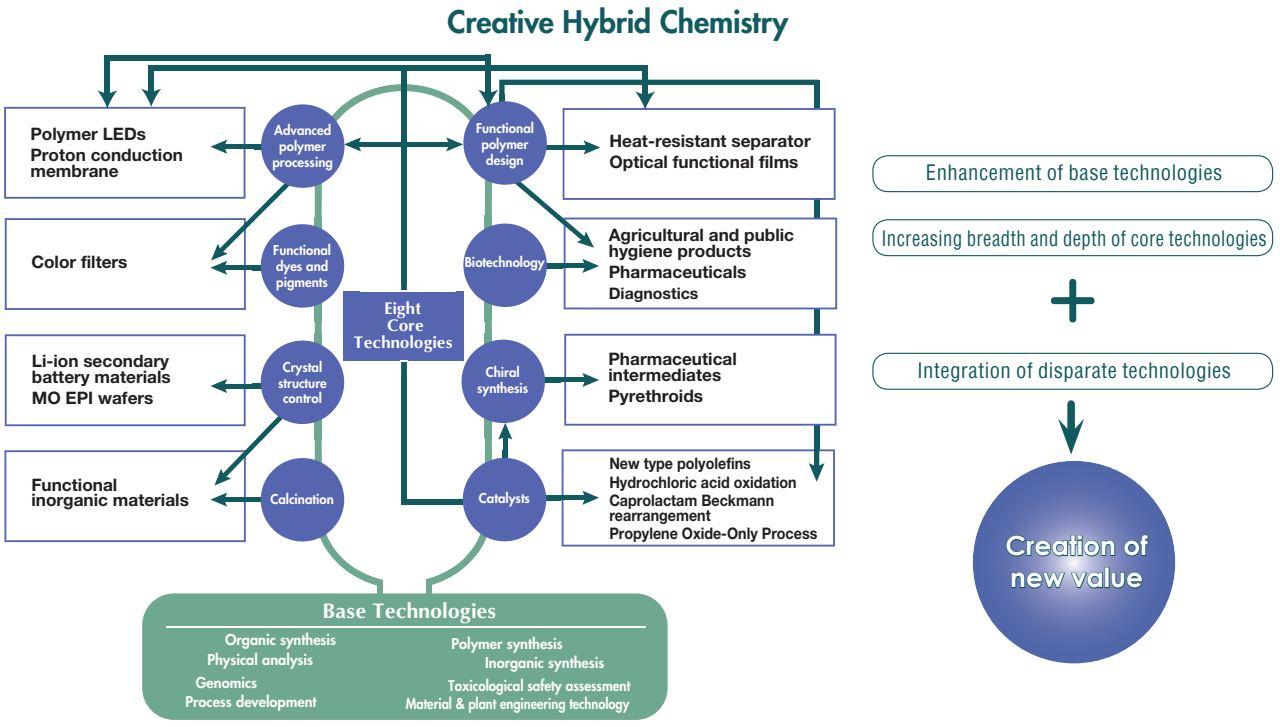
"Sustainable Chemistry" represents the concept of continuously providing useful products and services in an environmentally and socially friendly manner by exploiting the full potential of chemistry.
Sumitomo Chemical will practice "Sustainable Chemistry" built on its CSR-based management to achieve balance among the three areas of "economy," "responsible care (RC)," and "society" in all aspect of its business.



Society
Benefiting users, local communities, and the world while abiding by the rules of society

Responsible Care
(safety, environment, health, product quality)
Eliminating accidents and disasters, protecting the environment by most effectively using natural resources and energy, producing safe products, and protecting the health of customers and employees

Economy
Maximizing corporate value by continually providing better products



Sustainable Chemistry

The chemical industry plays an essential role in society: it helps better people's lives by delivering a variety of products related to the basic necessities of food, clothing and housing, and supplies materials to a wide spectrum of industries, including the automotive, home appliance, IT, electronics, and medical industries. The chemical industry has contributed to the development of various industries and society through technological innovation.

At present, we are facing a variety of global problems, especially with regard to energy, resources, and the environment, and the chemical industry is expected to play an even greater role than ever in solving these problems.

Sumitomo Chemical, as a member of the chemical industry, has defined its corporate mission as the achievement of Sustainable Chemistry. To fulfill this mission, we are providing useful, high-quality and high-value-added products to society while giving due consideration to energy and resource conservation as well as to safety and the environment.

Creative Hybrid Chemistry

In order to practice Sustainable Chemistry, it is necessary to have scientifically proven technologies. Sumitomo Chemical is pursuing Creative Hybrid Chemistry, which links and combines technologies, know-how, and the ideas and different perspectives of individuals both inside and outside the company to create new value beyond existing frameworks.

Sumitomo Chemical has been accumulating a variety of "base technologies" in organic synthesis, inorganic synthesis, polymer synthesis, physical analysis, toxicological safety assessment, genomic development, process development, materials and plant engineering technology, and others through extensive research activities over many years. In addition, through the development of various products, we have expanded our "core technologies," namely advanced polymer processing, functional dyes and pigments, crystal structure control, calcinations, functional polymer design, biotechnology, chiral synthesis, and catalysts.

Sumitomo Chemical combines these "base technologies" and "core technologies" in diverse ways to develop greater breadth and depth in its own unique technologies. Furthermore, the Company promotes industry-government-university collaboration through joint projects with the New Energy and Industrial Technology Development Organization (NEDO), the Japan Agency for Marine-Earth Science and Technology, the Japan Synchrotron Radiation Research Institute, the University of Tokyo, and Tokyo Institute of Technology. This collaboration is driving the development of innovative new technologies and products.

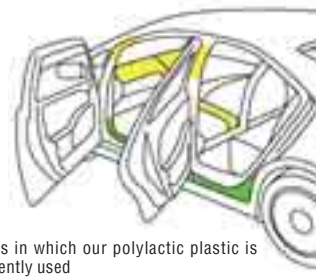
Green Processes and Clean Products

Sumitomo Chemical is committed to developing environmentally friendly products and processes.

We need to use energy and resources, which are in limited supply, to manufacture chemical products. In the production process, unneeded substances (byproducts) or waste may also be generated. Sumitomo Chemical is pursuing Green Processes, which minimize the environmental impact of manufacturing to the greatest extent possible, and developing Clean Products, which are safer, more environmentally friendly, and of higher quality.

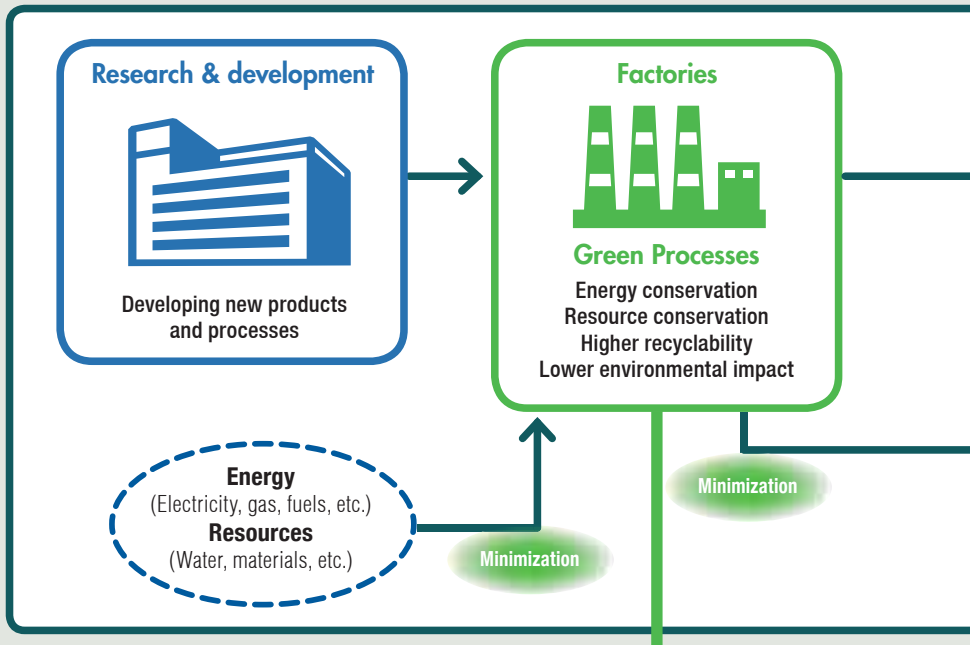
Polylactic Acid-Based Eco-Friendly Plastic

The polylactic acid-based plastic developed by Sumitomo Chemical is the world's first eco-friendly plastic to find applications in automobile parts. The eco-friendly plastic, a polymer alloy of polypropylene with 25% or more of plant-based polylactic acid, has sufficient rigidity, impact resistance strength, and heat resistance for use in automobile interiors. By using this plastic, total life cycle CO_2 emissions can be reduced by approximately 10% compared with conventional polypropylene.



Areas in which our polylactic plastic is presently used

Areas in which our polylactic plastic is expected to be used



Proprietary Propylene Oxide-Only Process (PO-Only Process)

In the propylene oxide-only process, propylene oxide can be manufactured without byproducts by recycling cumene. Furthermore, this process helps conserve energy and resources by the effective use of the heat generated by reactions, and produces less wastewater. In addition, the facilities used for the process are more compact than those used for conventional processes, enabling high cost competitiveness.

Caprolactam (Beckmann Rearrangement) Proces

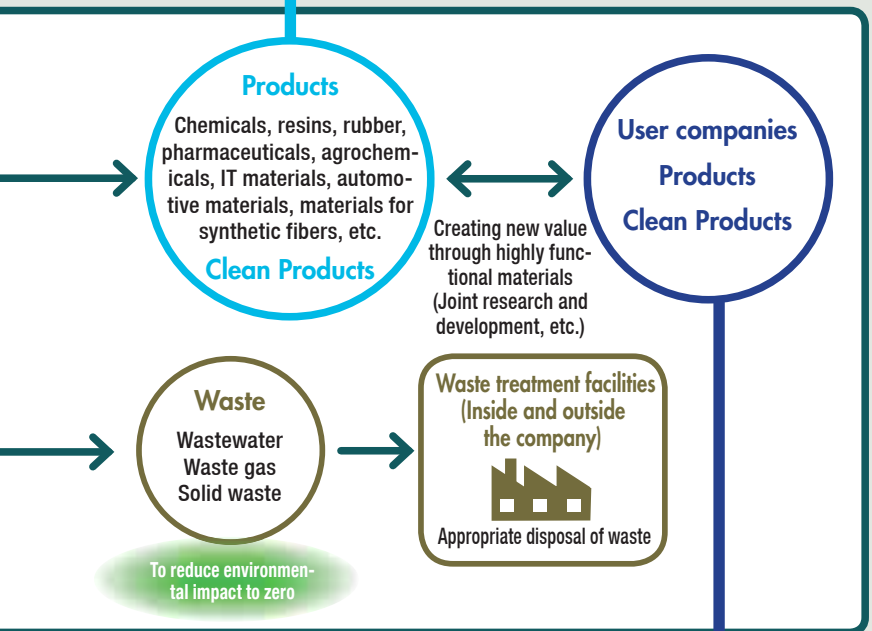
In the caprolactam (Beckmann rearrangement) process, caprolactam can be manufactured without producing the byproduct ammonium sulfate. This process also allows for a significant reduction in the amount of raw materials used as well as a shortened manufacturing process. In addition, it uses a safer catalyst.

Sumifix® HF (Environmentally Friendly Reactive Dye)

With its high level of affinity for fibers and good dyeing reactivity, Sumifix® HF enables us to achieve high fixation rates with less inorganic salt and to significantly reduce the impact of discharged wastewater on the environment. In addition, on a molecular basis, the unfixed dyes of Sumifix® HF are designed so that their function is reduced after dyeing, shortening the washing process and reducing energy consumption.

Pluto® MC

Pluto® MC is an insecticide for use only in the control of mulberry scale, a serious insect pest, on tea plants. With only one winter application to the crop, this product will provide effective long-term control of mulberry scale. This allows tea growers to reduce the frequency of insecticide spraying and eliminates the need for spraying during the busy summer season. Furthermore, this product has little adverse impact on natural enemies of this pest, such as parasitic wasps, making it also suitable for integrated pest management (IPM).



Super Engineering Plastics

Super engineering plastics are plastics with considerably higher thermostability than typical engineering plastics. Sumitomo Chemical's super engineering plastics, Sumika Super® LCP and Sumika Excel® PES, are used in various fields—from electronics and electrical parts to automobiles and aircraft. Sumitomo Chemical's super engineering plastics, free from flame retardants, have cleared top-level fire-retardant standards. They have also been evaluated as an excellent material in terms of environmental protection, because they can also be used for lead-free soldering.

Hydrochloric Acid Oxidation Process

In the hydrochloric acid oxidation process, hydrochloric acid generated as a byproduct in the manufacture of chemical products is recycled through conversion to chlorine using a catalyst and oxygen. This process is considerably more energy-efficient than conventional processes.

Materials for the Manufacture of LEDs

The use of light-emitting diodes (LEDs) is highly effective for CO_2 emissions reduction, and therefore demand for LEDs for use in TVs and long-life lights has been rapidly expanding. Sumitomo Chemical supplies the materials indispensable for the manufacture of LEDs. These include high purity alumina for the sapphire substrates of LED elements, metalorganics for semiconductor thin film formation, and aluminum hydroxide and alumina powder, which are used to disperse the heat released from the light-emitting component.

CSR and Compliance Promotion System

Sumitomo Chemical is further improving its CSR and compliance system in order to continue to fulfill its CSR and maintain the trust of society.

CSR History from the Foundation of the Company

Sumitomo Chemical's business dates back to 1913, when the Company sought to solve the problem of sulfur dioxide emissions from smelting operations at the Besshi Copper Mine in the Shikoku region of Japan. The Company got its start producing sulfuric acid and calcium super phosphate fertilizers using the emitted sulfur dioxide. This not only solved environmental problems by curbing the emission of pollutants, but also helped increase crop yields through the provision of useful fertilizers.

Since then, we have laid out and implemented policies in the areas of safety, the environment, product quality, risk management, and business conduct to ensure that we fulfill our responsibilities as a member of society.

Basic CSR Policy

Sumitomo Chemical established its Basic CSR Policy in November 2004 based on Sumitomo's Business Principles and the Sumitomo Chemical Charter for Business Conduct. Under the Policy, specific goals are set and CSR activities are implemented to achieve them. Subsequently, in January 2010, we established our CSR Department, which is devoted to the further enhancement and development of our CSR initiatives.

CSR Milestones

1913	Company founded.
1966	Sumitomo's Business Principles established.
1974	Pricing committee formed.
1979	Environment and safety committee formed.
1994	Corporate Policy on Product Quality, Safety and the Environment established.
1995	Policy for Responsible Care Activities established.
1997	Our Code of Conduct established.
1998	Environment, Health and Safety Report first published.
2001	Improved compliance with the Antimonopoly Act of Japan.
2002	Risk crisis management committee formed.
2003	Sumitomo Chemical Charter for Business Conduct established.
	Compliance system enhanced.
2004	CSR Report first published.
	Basic CSR Policy established.
2005	Participation in Global Compact
2007	Internal control committee established.
2008	Corporate Slogan and Statement created.
2009	Sumitomo Chemical's Business Philosophy formulated.
2010	CSR Department established.
	Energy & Climate Change Office established.

Basic CSR Policy

By continuously creating and providing useful new technologies and products that have never before existed, Sumitomo Chemical will increase corporate value while contributing to both the solution of problems facing our environment and society, and the betterment of people's lives.

In order to achieve this, the Company will work to achieve a balance between profitable business operations, safety, preservation of the environment, and product quality as well as social action. In addition, we will actively pursue and promote our CSR activities with consideration for the interests of all our stakeholders, including our shareholders, 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 building a sustainable society, while continuing to grow to realize our goal of becoming a truly global chemical company in the 21st century.

CSR Promotion Coordinating Board meeting held in March 2010

CSR Promotion System

Sumitomo Chemical has established a company-wide CSR Promotion Coordinating Board to promote CSR activities. The CSR Promotion Coordinating Board, consisting of members from each Business Sector, Works, and other sites, communicates and coordinates CSR-related activities and compiles company-wide CSR implementation plans. The CSR Department serves as the Board's secretariat.

In March 2010, the CSR Promotion Coordinating Board convened and determined priority tasks for initiatives in fiscal 2010 based on the Basic CSR Policy. Each Business Sector, Research Laboratory, and Works, and other sites set specific targets in line with the priority tasks, and are implementing their CSR activities accordingly.

These activities are described in this CSR Report.

CSR Promotion Coordinating Board Organization

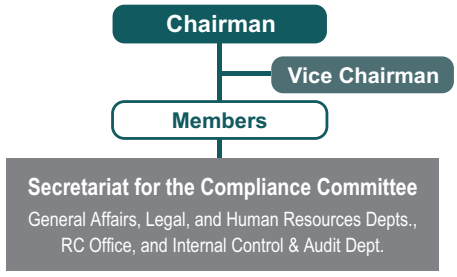
Promoting Compliance

The Sumitomo Chemical Group promotes compliance-oriented management with the firm belief that ensuring legal and ethical compliance is the linchpin of corporate management and that we must neither violate the rules nor ethics of society as we carry out business activities all over the world. In order to sustain and enhance society's trust and confidence in our compliance-oriented management, we have established common guidelines for business conduct to be followed by all companies of the Group. Employees, officers and Board members of the companies are required to fully familiarize themselves with the guidelines. We regularly review the guidelines and update them when necessary.

Fully determined to achieve compliance-oriented management from an impartial and objective perspective, we have a dedicated organization, the Compliance Committee, which operates independently from our business units. The Secretariat Office of the Committee, composed of members from various corporate departments of the Company (as shown in the chart below), supports the Committee in performing its activities.

As part of our day-to-day efforts on promoting compliance, we appoint departmental managers and those in higher positions as Compliance Supervisors, persons in charge of ensuring compliance in respective workplaces to prevent unlawful or unethical conduct or improve conduct in our daily operations from a compliance viewpoint. In addition, various internal systems are available to reinforce the compliance-related activities of each workplace, such as compliance auditing by a specialized department, the Speak-Up System (by which employees can inform the Compliance Committee or designated external lawyers of incidents violating compliance) and compliance educational and training programs. *(For details, see pages 29 to 31.)*

Compliance Committee Organization



Achievements in Fiscal 2009 and Initiatives for Fiscal 2010

	Key CSR initiatives in fiscal 2009	Item	
General	Instilling and enhancing the "CSR Mindset"	CSR promotion	CSR promotion system
			CSR Promotion Coordinating Board
		Compliance	Compliance promotion
		UN Global Compact	Working group on the 10th principle (anti-corruption)
Social activities	Conducting balanced social contribution activities Promoting dialogue with internal and external stakeholders Enhancing responsible procurement	Hand in hand with local communities and society	Social contribution activities at each site
			Global social contribution activities such as support to Africa
			Communication with stakeholders
		Hand in hand with business partners	Responsible procurement
		Hand in hand with employees	Expansion of childcare support measures
			Supporting employees in conducting social contribution activities and participating in public life
			Promoting health management by employees
			Maintaining a diverse workforce
			Social contribution activities with the participation of employees
			Human resource development
Responsible Care (RC) activities	Endeavoring to achieve the annual RC targets set for fiscal 2009 Strengthening initiatives against global warming (including social activities)	Environmental protection	Environmental management
			Global environmental protection
			Establishment of a recycling-based society
			Protection of the living environment and prevention of damage to health
		Safety	Occupational health and safety
			Industrial safety and disaster prevention
			Chemical safety
		Auditing	Audit
		Quality assurance	Quality assurance
Economic activities	Endeavoring to further improve performance in a challenging business climate	Three-Year Corporate Business Plan	Three-Year Corporate Business Plan

Major achievements	Ref. page	Key CSR initiatives for fiscal 2010
Newly established the CSR Department.	p.18	
Convened the CSR Promotion Coordinating Board.	p.19	**Improve the corporate brand value through better CSR activities.**
Held a meeting of the Compliance Committee.	p.29	
Improved the compliance promotion systems of Group companies (80% progress) and their operation.	p.29	
Provided training on the Antimonopoly Act (20 times in total with the participation of about 1,000)	p.30-31	
Conducted a questionnaire survey on employees' compliance awareness (with 775 respondents).	p.30	
Participated in the creation of a Guide for Customers and Suppliers.	p.31	
Conducted local cleanup activities.	p.32	
Conducted activities to support educational programs for children, including School Science Visits.	p.33	
Organized and sponsored community sports events.	p.33	
Supported malaria prevention by donating Olyset® Nets.	p.4-7	
Supported education in Africa.	p.6-7	
Conducted "Sumitomo Chemical's forest" tree-planting activities.	p.23	
Held local RC dialogues.	p.37	
Started the self-check initiative through use of the Supply-Chain CSR Deployment Check Sheets mainly targeting new business partners.	p.38	
Introduced and made proposals on the use of the Supply-Chain CSR Deployment Check Sheets to Group companies in Japan.	p.39	**Continue to engage in social activities integrated with business activities.**
Exchanged information with employees in charge of responsible procurement at other companies in the same industry.	p.39	
Opened a childcare facility at the Chiba Works.	p.22	
Improved the working environment for participants in the citizen judge system.	p.41	
Number of employees taking volunteer leave: 16 (from April 2008 to the end of March 2010)	p.41	**Deepen communication with internal and external stakeholders.**
Provided new employees and employees promoted to higher grades with mental health training.	p.42	
Introduced a rehabilitation work system, and seven persons returned to work using this system.	p.42	
Continuously conducted health checkups and guidance for lifestyle-related diseases.	p.42	
Female employment rate: 22.4% (up 3.3% from the previous fiscal year)	p.43	
Female manager rate: 4.8% (up 0.2% from the previous fiscal year)	p.43	
Employment rate of people with disabilities: 2.01% (up 0.06% from the previous fiscal year)	p.43	
Reemployment: 116 of 176 retirees were reemployed. (Reemployment rate: 65.9%, up 13.2% from the previous fiscal year)	p.43	
Cooperated with the TABLE FOR TWO program.	p.43	
Implemented the Matching Gift program.	p.44	
Distributed copies of the workplace management guidebook to section managers and above.	p.45	
Launched new training rotation system and formulated rotation plans for 898 employees.	p.45	
Achieved certain results relating to items in the Eco First commitment made to the Minister of the Environment.	p.46	
Performed risk assessment to formulate medium- to long-term reduction targets for PRTR substances and VOCs.	p.58	
Conducted follow-up activities to achieve the Group's environmental protection management targets.	p.59	
Conducted studies of environmental impact assessment methods for the introduction of an environmental efficiency indicator for the Group.	p.59	
Implemented material flow cost accounting on a trial basis and evaluated the results.	p.59	
Reduced per-unit CO_2 emissions from the use of fossil fuels by 5.7% from the previous fiscal year (a 21.6% reduction from the fiscal 1990 level).	p.60	
Implemented the plan to completely eliminate the use of freezers with CFC coolants, with no coolant leakage.	p.62	**Proactively promote climate change prevention and energy strategies.**
Reduced per-unit energy consumption by 6.3% from the previous fiscal year (a 17.4% reduction from the fiscal 1990 level).	p.60	
Reduced the amount of industrial waste desposed of in landfills by 3.9% from the previous fiscal year (a 83.3% reduction from the fiscal 1990 level).	p.62-63	
Continued to study specific measures to cease the sea dumping of red bauxite	p.63	
Reduced per-unit water use by 27.3% from the fiscal 1990 level.	p.62	**Raise the level of the Sumitomo Chemical Group's RC activities around the world.**
Reduced the total release of PRTR substances (into the air and water) by 61.6% from the 2002 level.	p.62	
Employees: Frequency rate of lost-workday injuries: 0.16/Severity rate of lost-workday injuries: 0.006	p.64	
Contractors/affiliate companies: Frequency rate of lost-workday injuries: 0.29/Severity rate of lost-workday injuries: 0.012	p.64	
Serious industrial accidents: two	p.65	
Promoted the operation of the comprehensive chemical management systems (SuCCESS)	p.68-69	
Increased the number of RC auditors and improved efficiency to respond to an increase in the frequency of RC audits.	p.70	
Achieved zero serious quality problems.	p.71	
Determined a new evaluation method for quality risks.	p.72	
Disseminated the concept of "quality engineering" throughout the company.	p.72	
Final profit increased by 73.9 billion yen from the previous year, returning the Company to profitability.	p.77	**Achieve the first-year targets of the Three-Year Corporate Business Plan.**
The Rabigh Project started operation within the designated timeframe. Undertook measures for further growth, including investments to acquire a US pharmaceutical company and to conduct R&D in PLED technology.	p.78	

Opening Sumika Kids Chiba, an In-house Childcare Facility


Sumika Kids Chiba

Sumitomo Chemical has been enhancing measures and systems for helping employees achieve and maintain a good work-life balance, including shortening working hours and supporting employees caring for children or other relatives. Due to the decreasing birth rate, which is becoming a significant social concern in this day and age, it is more important than ever that companies provide employees with working conditions that allow them to continue working while raising their children. Therefore, in addition to such systems as childcare leave and shortened working hours, Sumitomo Chemical is also promoting the establishment of in-house childcare facilities to assist employees with children.

In October 2009, we opened an in-house childcare facility called Sumika Kids Chiba on the premises of the Company-owned employee housing located near the Petrochemicals Research Laboratory at the Chiba Works. Sumika Kids Chiba takes care of infants less than a year old (whose mothers have finished postpartum childcare leave) to preschool-aged children of Sumitomo Chemical Group employees during working hours, with extended care till eight o'clock at night. The facility has a grassy area and a vegetable field where children can learn about growing vegetables, ensuring the well-rounded development of the children.

Sumika Kids Chiba is the third in-house childcare facility, following the establishment of Sumika Kids Ehime in Ehime and Izumi Kids in Osaka in April 2008. As of April 1, 2010, 37, 14, and 19 children are regularly taken care of at the Ehime, Osaka, and Chiba facilities respectively. The facility in Osaka also accepts children of local residents not employed by the Group.

In August 2010, the Company opened its fourth childcare facility, Sumika Kids Tokyo, on the first floor of its Tokyo head office.

Sumitomo Chemical will work to make further improvements to the workplace environment to enable employees to work with even more peace of mind.


Growing vegetables at Sumika Kids Chiba


Sumika Kids Tokyo opened in August 2010

"Sumitomo Chemical's Forest" in Ranong Province, Thailand

To help prevent global warming and conserve biodiversity, Sumitomo Chemical has been conducting a mangrove planting project in cooperation with OISCA in Thailand's Ranong Province since fiscal 2008.

Many mangrove trees were felled in Thailand to provide land for shrimp cultivation and charcoal production, and as a result the forest area has decreased substantially. Mangrove trees are said to be especially effective in the prevention of global warming because they have a high capacity to take in and fix CO_2. These trees also help mitigate tsunami damage and conserve biodiversity. Their disappearance would have a serious negative impact on the lives of local people.

The project's aim is to plant mangrove trees in order to recover a rich forest that was devastated by destructive felling. It is being fostered through cooperation between the Thai government, local residents, OISCA, and Sumitomo Chemical. Sumitomo Chemical provides funding for the project in the form of donations made by directors and employees of the Sumitomo Chemical Group, matching the amounts under the Matching Gift program, which is promoted in cooperation with the Company's labor union *(p. 44)*.

Planting trees with local residents (delegation sent in February 2010)

The area for which the Company is providing support as of March 2010 consists of about 125,000 mangrove trees over 50 hectares and is managed as "Sumitomo Chemical's forest." In February 2009, Sumitomo Chemical employees visited the area and worked as volunteer tree-planters and in February 2010, the Company sent a delegation to inspect the growth of the trees in the forest.

Support to the Victims of the Major Earthquake in Haiti

Donating Olyset® Nets

To support the victims of the major earthquake that struck the Republic of Haiti on January 12, 2010, Sumitomo Chemical donated Olyset® Net insecticidal mosquito nets via a US NGO and the UN Secretariat.

Approximately 3.7 million people fell victim to the earthquake, and at least 1 million of those have lost their houses and been forced to live as refugees in tents.

As the Republic of Haiti is in a malaria-prone region, Sumitomo Chemical donated 5,000 Olyset® Nets to local victims through a US NGO called "Population Services International" (PSI) as well as to UN peacekeeping staff engaged in support activities in Haiti. PSI distributed the mosquito nets to refugee camps across the country in cooperation with local volunteer organizations.

Initiative by a Group Company

Sumika Electronic Materials (Shanghai) and
Sumika Electronic Materials Trading (Shanghai)

Giving Support to Local Schools

Two Group companies in Shanghai have been donating funds to schools in nearby poor districts in cooperation with their labor unions. The donations are made by both employees and the companies themselves.

In fiscal 2009, they provided support to an elementary school in Huoqiu County, Anhui Province, helping the school refurbish its classrooms and open a library as well as donating furnishings, supplies, and books to the school. At the donation ceremony held on October 30, 2009, representatives from the companies made friends with the students, who expressed their excitement about the new classrooms and donated items.

Submitting a Follow-up Report for the Eco-First Program

Sumitomo Chemical became the first diversified chemical company to be certified as an Eco-First company by the Japanese Ministry of the Environment in November 2008. In February 2010, we submitted a follow-up report to the Minister on the progress in implementing the initiatives we had committed to and the results.

The Eco-First program was launched by the Ministry of the Environment in April 2008 with a view to encouraging leading companies in each industry to undertake more environmental activities. Under the program, companies make Eco-First commitments to the Minister of the Environment. Specifically, they promise to implement advanced measures for global environmental protection, including measures for the management of chemical substances and the prevention of global warming.

Sumitomo Chemical reported to the Minister that it was making "very favorable" progress on seven out of the 11 items, including "Reviewing safety information for chemicals and conducting risk assessments" and "Voluntarily inspecting the safety of HPV chemicals and conducting LRI activities to study the impact of chemicals on human health and the environment"

As a leading company in the chemical industry and a member of the global community, Sumitomo Chemical will continue to fulfill its Eco-First commitments for a better future and the sustainable development of society. *(For an outline of the progress on the 11 items, see pages 46 and 47.)*

Follow-up Report Submitted to the Ministry of the Environment (February 2010)

Sakihito Ozawa (left), Minister of the Environment, and President Hirose of Sumitomo Chemical

On the day, a total of six companies submitted reports, including Sumitomo Chemical

Progress in fulfilling Eco-First commitments

Category		Achievement Status
Management of chemical substances and promotion of risk communication	Reviewing safety information for chemicals and carrying out risk assessments	◎
	Voluntarily inspecting the safety of HPV chemicals and conducting long-range research (LRI) to study the impact of chemicals on human health and the environment	◎
	Reducing the release of substances subject to the PRTR* Act into the air and water	○
	Disclosing information and communicating risks	◎
Preventing global warming	Improving unit energy consumption (at all Works)	△
	Reducing unit CO_2 emissions from the captive consumption of fossil fuels (at all Works)	◎
	Implementing an innovative low-temperature heat recovery project (at petrochemical plants)	○
	Improving unit energy consumption (in the logistics divisions)	◎
	Reducing CO_2 emissions from households in cooperation with the labor union to prevent global warming	◎
Creating a recycling-based society	Reducing the generation of industrial waste and landfill	○
	Achieving zero waste emissions at all Works	◎

◎ : Very favorable ／○ : Generally favorable ／△ : Further studies needed

***PRTR**
System to identify, collect, and disseminate data on the sources from which hazardous chemical substances were released into the environment or transferred as waste

Energy- and Climate Change-Related Initiatives at the ICCA

The International Council of Chemical Associations (ICCA) established the Energy & Climate Change Leadership Group in 2007 in response to a proposal made by Japan. Since then, led by this country, the United States, and Europe, the group has been holding regular discussions on what measures the chemical industry should take to contribute to solving the problem of global climate change. Mr. Yonekura and Mr. Kawachi, Chairman and Senior Advisor respectively of Sumitomo Chemical, served as the first leader and chairman of this group, and the group has been achieving excellent results with the Japan Chemical Industry Association (JCIA), including Sumitomo Chemical, playing a leading role.

Specifically, the group focuses its activities on (1) policy, (2) establishing a common energy efficiency evaluation indicator based on benchmarking, (3) quantifying contributions made to reductions in greenhouse gas emissions by the chemical industry through carbon life cycle analysis (cLCA), and (4) public relations.

With regard to cLCA initiatives, the group published a report titled "Innovations for Greenhouse Gas Reductions" to predict the influence of the chemical industry over global greenhouse gas emission reductions, and the ICCA presented the report worldwide in Japan, the United States, and the EU in July 2009. This report shows quantitatively and objectively that, though the global chemical industry emits vast amounts of greenhouse gases from its production activities, it has made great contributions to reducing global greenhouse gas emissions through the use of insulators, solar power generation materials, and other products it provides.

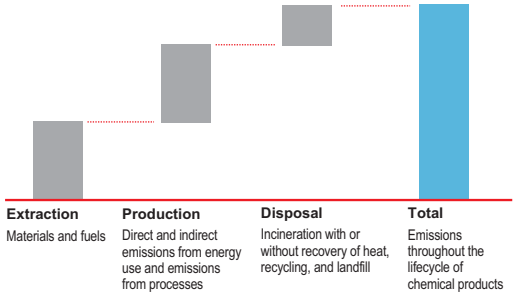
The chemical industry will utilize these findings and analysis data effectively for the good of nations, industries, and people's daily lives and make even greater contributions to more efficient and effective measures to combat global warming.

Meeting of the ICCA Energy & Climate Change Leadership Group
(In Horgen, Switzerland in January 2010)

cLCA Method

(1) Emissions

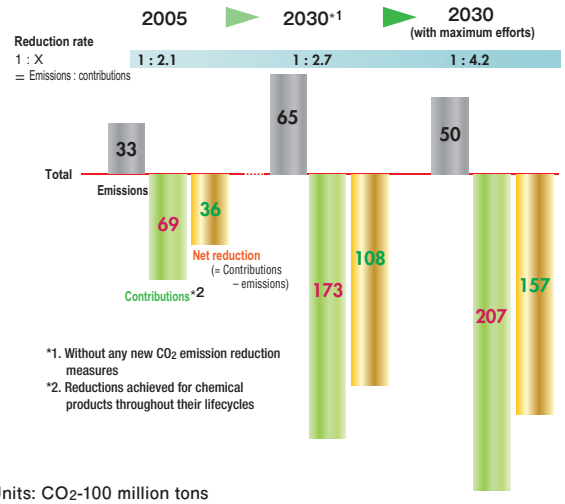
Total CO_2 emissions during the lifecycles of chemical products (from the extraction of materials to manufacture, distribution, consumption, recycling, and disposal) will be analyzed.



(2) Results of calculating emissions and contributions

The chemical industry is said to consume large amounts of energy, but the industry as a whole contributes greatly to preventing global warming through reductions in greenhouse gas emissions achieved by chemical products throughout their lifecycles. According to the ICCA's report, CO_2 emissions from extraction of materials, production, and disposal by the chemical industry will double relative to the 2005 level by 2030, but indirect CO_2 emission reductions achieved by chemical products while they are being used will be 2.7 to 4.2 times greater than the industry's emissions.

Impact of the Chemical Industry on Greenhouse Gas Emissions



Units: CO_2-100 million tons
Source: ICCA greenhouse gas reduction report (2009)

For details, please visit the Japan Chemical Industry Association's website.
☞ **http://www.nikkakyo.org/index.php3?sessLang=English**

Three-Year Corporate Business Plan for Fiscal 2010 to 2012

Sumitomo Chemical is currently implementing its Three-Year Corporate Business Plan for fiscal 2010 to 2012.

In formulating this new Corporate Business Plan, the Company first conceived its Corporate Vision based on analysis of the long-range prospects for the global economy and business environment in conjunction with its portfolio of businesses. The new Corporate Business Plan is positioned as the first step toward achieving the Company's Corporate Vision, and under this new plan the Company is striving to achieve seven goals, including the prompt improvements in profit and cash flow from the major investments made under the previous Corporate Business Plan and enhancement of its financial strength.

In fiscal 2012, the final year of the plan, we aim to achieve sales of 2,400 billion yen, operating income of 190 billion yen, ordinary income of 220 billion yen, and net income of 140 billion yen. *(For details, see pages 78 and 79).*

Corporate Vision

(1) Achieve sustainable strong growth as a stronger, more innovative global company.
(2) Help meet pressing global challenges, such as energy and food security, and contribute to sustainable development of the global community.
(3) Continuously enhance the value of the company.

Performance Targets

	Fiscal 2009	Fiscal 2012
Sales	1,620.9 billion yen	2,400 billion yen
Operating income	51.5 billion yen	190 billion yen
Ordinary income	35 billion yen	220 billion yen
Net income	14.7 billion yen	140 billion yen

Completion of All the Petro Rabigh Facilities

Rabigh Refining and Petrochemical Company (Petro Rabigh), an equally-owned joint venture between Sumitomo Chemical and the Saudi Arabian Oil Company (Saudi Aramco), held a completion ceremony for the Rabigh Project on November 8, 2009.

The Rabigh Project was started as a project to establish a world-scale integrated oil refinery and petrochemical complex (1) by constructing a high olefin fluid catalytic cracker (HOFCC) at the existing refinery and (2) by constructing a new petrochemical plant with an ethane cracker for cracking ethane gas and facilities to produce a variety of derivatives at Saudi Aramco's oil refinery. The oil refinery, which has a crude oil processing capacity of 400,000 barrels per day, is located in Rabigh on Saudi Arabia's Red Sea coast.


Ethane cracker

Petro Rabigh is proceeding with its oil refining and petrochemical business utilizing a stable supply of highly competitive feedstocks from Saudi Aramco, and is maximizing economies of scale.

The Rabigh Project is expected to help the growth of downstream industries and contribute to industrial diversification and creation of employment opportunities in Saudi Arabia, thereby helping the country develop its economy sustainably while contributing to closer relations between Japan and Saudi Arabia.

Establishing Agricultural Corporations to Support Agriculture

In May 2009, Sumitomo Chemical established Sumika Farm Nagano, an agricultural corporation for growing strawberries in Nakano City, Nagano Prefecture, and in November, Sumika Farm Oita, an agricultural corporation for growing tomatoes in Bungo Ohno City, Oita Prefecture.

Harvesting strawberries in a greenhouse at Sumika Farm Nagano

The Sumitomo Chemical Group handles a variety of agricultural products, including pesticides, fertilizers, irrigation tubes, and polyolefins for agricultural use, and Sumika Farm Nagano and Sumika Farm Oita are producing high-quality crops using these products. Sumitomo Chemical is committed to its "total solution provider" business, which comprehensively supports the efficient production of safer, healthier agricultural products. The Company will accumulate cultivation technologies, agricultural management know-how, and various other skills gained through establishing and managing agricultural corporations, and will spread these technologies throughout the country in cooperation with agricultural producers, cooperatives, and local governments to help revitalize local agriculture.

Starting Sales of the SUMILOOK Edge-Light Type LED Light

Sumitomo Chemical has developed an edge-light type LED light, and started sales of this product, called "SUMILOOK," through Sumika Acryl in February 2010.

SUMILOOK has special features, including (1) being gentle to the eyes because it has small variations in brightness and is not dazzling; (2) being very thin (15 mm or thinner), and (3) reducing power consumption and CO_2 emissions by approximately 20%, thus reducing operating costs while achieving the same brightness as conventional fluorescent lights.

SUMILOOK is expected to be used in mainstream lighting equipment, and we plan to promote sales of this highly efficient light first to schools and offices and then further expand our sales targets.

Classroom equipped with SUMILOOK

Developing an Aluminum Titanate DPF

Sumitomo Chemical has developed an aluminum titanate diesel particulate filter (DPF) that can be attached to the muffler of a diesel-powered vehicle. The aluminum titanate DPF outperforms conventional silicon carbide (SiC)-based DPFs in several parameters, including the amount of soot it can continuously filter.

In Europe, the use of diesel-powered vehicles is being promoted for higher fuel economy and lower CO_2 emissions, and in the future DPFs will be attached to diesel-powered vehicles as standard equipment to comply with exhaust gas regulations.

Sumitomo Chemical will begin providing samples of its aluminum titanate DPF to automobile manufacturers in 2010 for practical evaluation on actual vehicles, and once these evaluations have been completed, is targeting full-scale commercial production by 2015, when use of DPFs in diesel-powered vehicles are expected to come into widespread use in Europe.

Aluminum titanate DPF

Foundation of CSR-based Management

Sumitomo Chemical, as a corporate citizen, will further enhance the foundation of its CSR-based management to gain the greater trust of people worldwide.

Corporate Governance

Sumitomo Chemical regards serving the interests of its various stakeholders, including shareholders, customers, and employees, amid changing social and economic conditions as the very foundation of corporate governance, and has endeavored to improve its approaches to this end.

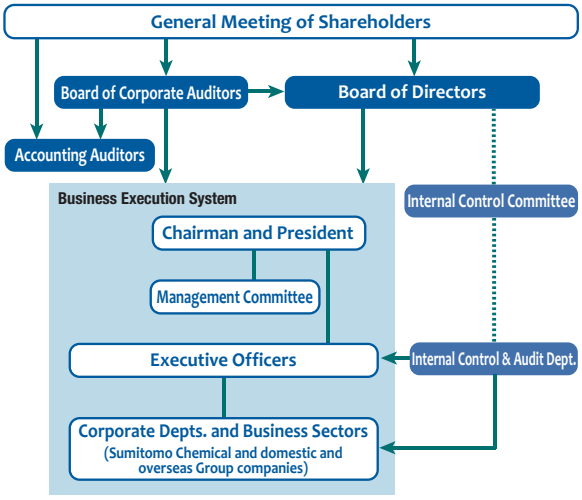
We will continue to implement measures to expedite important decision-making, more clearly define responsibilities in the execution of our business, enhance and strengthen the compliance system and internal control, and promote the timely disclosure of information.

Management Structure

Sumitomo Chemical has a board of corporate auditors and has also introduced an executive officer system to expedite important decision making and more clearly define responsibilities in the execution of our business. The company's management structure currently consists of 10 directors and 32 executive officers (including those who serve in a dual capacity as directors). The Board of Directors ensures that important management decisions are appropriately made in accordance with laws and regulations, the Articles of Incorporation and the regulations concerning the Board, and also monitors and supervises the performance of the directors. The executive officers are responsible for ensuring that business operations are carried out in accordance with the Board's strategic management planning.

There are five corporate auditors, three of whom are from outside the Company (as of July 2010).

Corporate Governance Organization



Internal Control

We consider the continuous development and enhancement of our internal control system as a necessary process in maintaining a sound organization, and and believe this system should be actively utilized for the achievement of business objectives.

We have established the Internal Control Committee, in accordance with the Basic Policy for Enhancement of Internal Control formulated in 2006, for the purpose of building an internal control system to conduct appropriate business operations throughout the Sumitomo Chemical Group, and to inspect and maintain the system in response to changing circumstances. This committee is administered by the Internal Control & Audit Department, which proposes and promotes various measures for improving the internal control system and monitors their implementation.

Internal Auditing

The Internal Control & Audit Department also conducts internal auditing for the following in the execution of business duties by executives and employees of the Sumitomo Chemical Group: (1) effective and efficient operations; (2) reliability of financial reporting; (3) enhancement, operation, and appropriate functioning of internal control concerning compliance with relavant laws and statutes in all business activities; and (4) proper and appropriate execution of business duties.

In addition, the Internal Audit Committee has been established to improve the effectiveness and efficiency of internal audits throughout Sumitomo Chemical and all Group companies.

Information Disclosure System

Sumitomo Chemical is committed to providing its various stakeholders, including shareholders, business partners, and local communities, with information in a prompt, accurate, and fair manner. Our Corporate Communications Department, established exclusively to engage in investor relations (IR) and public relations (PR) activities, promotes timely and appropriate information disclosure and dialogue with society.

In addition, we endeavor to build stronger relationships of trust with society and capital markets by publishing documentation in accordance with the rules stipulated by the securities exchanges in Japan, including a corporate governance report that details the Company's corporate governance philosophy and system, and notification of independent directors and auditors that eliminates conflicts of interest between our general shareholders and outside directors and auditors. These documents are viewable on the websites of the Tokyo Stock Exchange and Osaka Securities Exchange where Sumitomo Chemical is listed.

Compliance

The Sumitomo Chemical Group's Compliance Policies

The Sumitomo Chemical Group promotes compliance-oriented management in accordance with the Sumitomo Chemical Charter for Business Conduct, which outlines the fundamental standards of conduct to be observed in all business activities *(see page 13),* and is based on the firm belief that legal and ethical compliance constitutes the cornerstone of corporate management and that we must never tolerate violations of social ethics or rules in any aspect of our business operations.

Guidelines for Business Conduct Common to the Entire Group

Each of the Sumitomo Chemical Group companies in Japan adopts a Business Conduct Manual (written in Japanese), while those overseas have a Code of Ethics or documents of the same nature (in English or other local languages). These documents serve as shared guidelines for business conduct with which all employees, officers and Board members of the Group companies operating both in Japan and overseas must fully familiarize themselves with these guidelines so that we may gain the greater trust and stronger confidence of society in the compliance-oriented management of the Group as a whole and of its individual companies alike.

We regularly review and update the Business Conduct Manual and the Code of Ethics to reflect the latest changes in relevant laws and regulations as well as continuing developments in the socioeconomic environment and specific business operations of each Group company. In particular, the Code of Ethics in place at overseas Group companies is revised and updated in a timely manner with close support from local external specialists such as lawyers, in light of the vital importance to keep abreast of various changes evolving in what society requires of business corporations, including changes in local legal systems.

TOPIC

Initiative for Enhancing Operation of Compliance Systems in Group Companies

Sumitomo Chemical is undertaking a variety of concrete initiatives to assist its Group companies in enhancing their compliance systems. As part of these efforts, the Company provides Group companies, both domestic and overseas, with specific common criteria for establishing a compliance system, based on which each of the companies reassess their current compliance system and, if necessary, improve the system. Sumitomo Chemical is thus working closely with each of its Group companies in Japan and overseas, not only to establish their respective compliance system, but also optimize its operation.

Operation of the Compliance System by an Independent Organization

Sumitomo Chemical has a Compliance Committee chaired by one of the executive vice presidents, which is an organization set up independently of business operating units, aiming to promote compliance-oriented management from an impartial and objective perspective. The Compliance Committee investigates and supervises the activities of Sumitomo Chemical and its Group companies for their proper legal and ethical compliance and advises on improvement as necessary. The Committee also plans and provides compliance education programs to help enhance compliance-oriented management of the Sumitomo Chemical Group. In order to support the Committee in fulfilling these functions, a Secretariat Office for the Committee, composed of members from various corporate departments, actually engage in day-to-day compliance activities.

Likewise, the Group companies adopt their own compliance systems equivalent to that of Sumitomo Chemical to ensure their compliance-oriented management. As of April 2010, 80% of the Group companies have completed introducing the systems, and Sumitomo Chemical is continuing the same efforts not only on the remaining Group companies, but also as companies are incorporated or acquired anew.

Meeting of the Compliance Committee (April 2010)

Daily Efforts in the Workplace to Prevent or Correct Illegal or Unethical Conduct

Sumitomo Chemical considers it fundamental to its compliance-oriented management to have in place and maintain mechanisms for effectively preventing or promptly correcting any illegal or unethical conduct in the day-to-day business operation. Accordingly, all those employees holding the position of department managers or higher posts are appointed to serve as Compliance Supervisors for their individual workplaces. The Compliance Supervisors have the clear responsibility to make sure that legal and ethical compliance is always maintained in their workplaces, to prevent and take corrective action in the event of any illegal or unethical conduct having taken place, and to report such conduct to the Compliance Committee without fail. If employees uncover illegal or unethical conduct inside or outside their workplaces, they are required to promptly report such conduct through their superiors to a Compliance Supervisor and the relevant departments.

Along with these efforts, at Sumitomo Chemical, the Responsible Care Committee, the Antitrust Law Compliance Committee, the Internal Audit Reporting Meeting and other committees are conducting a host of activities on a daily basis to ensure compliance in their respective fields of responsibility.

Reinforcing Workplace Initiatives

To support the workplace initiatives mentioned above, we are working actively in the following manner, expecting that those activities will restrain illegal or unethical conduct and at the same time will bring their self-cleansing effects into play effectively against such conduct.

Compliance Auditing System

The Internal Control & Audit Department at Sumitomo Chemical specializes in internal audits and monitors the Company's compliance activities from a third-party perspective. Specifically, it verifies that initiatives toward compliance undertaken by Sumitomo Chemical and its Group companies in Japan and abroad are appropriate and identifies items requiring improvement, thereby further heightening the level of compliance by the entire Group.

Speak-Up System (Direct reporting to the Compliance Committee)

Virtually all Sumitomo Chemical Group companies have adopted their Speak-Up Systems. Under the system, an employee[*1] who has found any illegal or unethical conduct and believes it cannot be resolved promptly via the ordinary business reporting route may report such conduct directly to the Compliance Committee. The Committee Secretariat Office, or alternatively, designated external lawyers serve as contacts for this reporting system, and employees may choose to whom they report the case[*2]. All information provided in the reporting is kept strictly confidential, and the informant incurs no risk of unfair treatment, such as dismissal, transfer, or discrimination, for reporting such conduct. The Speak-Up System has been in operation for several years now, and cases actually reported under the system at Sumitomo Chemical and domestic or overseas Group companies have been handled promptly and in good faith in accordance with the purpose, objectives, and specified procedures of the system. We will continue our steady efforts to maintain and improve this reporting system.

Other Initiatives for Promoting Day-to-Day Compliance

In addition to the compliance activities conducted in the course of daily operations as mentioned above, Sumitomo Chemical and its Group companies provide a variety of educational and training programs periodically to raise the level of compliance awareness among employees, officers and others, and deepen their understanding of specific compliance-related issues. In fiscal year of 2009, following the enforcement of the revised Antimonopoly Act in Japan in January 2010, a total of 20 training seminars on the Act were held for approximately 1,000 employees, officers and others at Sumitomo Chemical

Compliance seminar

TOPIC

Second Survey on Employee Compliance Awareness

We conducted our second survey on employee compliance awareness in January 2010, utilizing it as on opportunity to raise awareness of compliance among employees and with the aim of looking into any potential compliance risks (risk factors and unidentified problems) at workplaces. The survey targeted 1,000 employees who had been chosen randomly, and we received 775 valid responses. According to the results, employees are highly aware of the inportance of compliance, but with regard to compliance risk managment efforts within each workplace, there may be still room for inprovement. We will utilize the results in our future educa tional activities and, more broadly, to enhance our risk management.

***1.** In the event of any violation of compliance by Sumitomo Chemical personnel, this system is available also to those people who are involved in any manner in the activities of the Company, such as the families of the Company's employees, officers and Board members as well as the Company's affiliates and business partners.

***2.** While some of the Group companies currently employ no external lawyers to serve as the contact for the reporting, they are supposed to retain one as far as possible in the future.

and its Group companies in Japan. Furthermore, we actively and continually hold various kinds of seminars, including those on the basics of compliance as geared to the participants' job grades, years of employment or other conditions, and those handling individual compliance issues, as well as utilizing external educational resources such as participation in lectures or inviting lecturers from outside the Company.

We are also developing ways and means of sharing information about periodic changes in laws and regulations in Japan with domestic Group companies for use in their day-to-day operations. For example, we operate an electronic system by which information on the revision of laws and other developments related to compliance issues are disseminated to the companies automatically via the Internet.

UN Global Compact

In January 2005, Sumitomo Chemical became the first Japanese chemical company to announce its participation in the UN Global Compact* advocated by then UN Secretary-General Kofi Annan. Since then, we have been further promoting our CSR activities in compliance with the ten principles of the Global Compact, while networking with the United Nations and other institutions and reporting on the status of our efforts in our CSR Report.

Contributing to Society through Our Business

Sumitomo Chemical is committed to contributing to the sustainable development of society as the core of its CSR and believes it crucial to comply with international norms and cooperate with international organizations, NGOs, and other companies in meeting the challenges faced by society. The Global Compact initiative is fully consistent with the Company's conceptions.

Sumitomo Chemical conducts all its business activities with due consideration for the principles of the Global Compact regarding human rights, labor, the environment, and anti-corruption.

Initiative Taken by the Global Compact Working Group on the 10th Principle (Anti-Corruption)

In December 2008, Sumitomo Chemical became the first Japanese company to participate in the Global Compact Working Group on the 10th Principle (Anti-Corruption). This working group, which comprises companies, NGOs, and others with divergent interests, discusses companies' needs and their efforts in combatting corruption. As a member of the task force on supply chains, whose duty was to prepare a Guide for Customers and Suppliers, Sumitomo Chemical prepared parts of the draft. This guide was completed and announced at the general assembly of the Working Group on the 10th Principle held on June 23, 2010.

As a member of the global community, Sumitomo Chemical will continue to address the global challenge of anti-corruption in cooperation with other organizations.

***UN Global Compact**
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 act as good corporate citizens and achieve sustainable growth.

The Global Compact's Ten Principles

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Social Activities

As a member of society, Sumitomo Chemical strives to enhance its relations with local communities and employees.

Hand in Hand with Local Communities and Society

As a member of society, Sumitomo Chemical endeavors to build better relations with local residents and employees, believing that its business must be based on mutual prosperity with society.

Promotion of Social Action Unique to Sumitomo Chemical

Sumitomo Chemical undertakes its social contribution activities with a focus on covering three different areas: coexistence with local communities, sustainable future-oriented support for society, and responsible business as a global company.

Sumitomo Chemical has been promoting efforts at its Head Office and other worksites as well as at Group companies to (1) ensure safety and health, and protect the environment; (2) raise children who will lead the next generation; and (3) assist in natural disaster relief. Contributions are categorized into the following three areas: (1) Community Contribution supporting the communities in the vicinity of its worksites; (2) Future Contribution building a world for the next generation; and (3) Global Contribution providing assistance to the international community.

For the Future of Local Communities and Children

Sumitomo Chemical conducts a variety of localized activities at its worksites for information disclosure and communication with local residents on a daily basis, and education of children who will be the next generation of leaders. We are endeavoring to help local residents deepen their understanding of our activities and to build and maintain good relations with them.

Tours of Manufacturing and Research Facilities

Sumitomo Chemical's Works and Research Laboratories organize tours of their facilities as a way of educating local children, who will lead the next generation and of disclosing information to local residents and governments.

Plant tour (Osaka Works)

Community Beautification Activities

Sumitomo Chemical's worksites are also conducting cleanup and beautification activities around their premises and actively participating in community cleanup events.

Community beautification activities (Tokyo head office)

VOICE

Showing Gratitude to Local Communities

The head office in Tokyo has been engaged in local cleanup activities in cooperation with neighboring companies since May 2009, advocating the Clean Day campaign promoted by Chuo City, Tokyo. Once every two months during lunch time, employees volunteer to clean up the area surrounding the Sumitomo Twin Building, where our Head Office is located. Although we walk on these streets every day, unless we take the trouble to look, we don't notice the various types of trash or the surprising amount of litter people casually toss away. We intend to continue this activity as a way of showing our gratitude to the local community.

Hiroyuki Yada
CSR Department

Participating in and Supporting Community Events

As part of their local communication activities, Sumitomo Chemical's worksites participate in local events and support them by providing public access to their premises. For example, the Oita Works participated in the Honba Tsurusaki Dance Festival, employees at the Osaka Works volunteered to support the table tennis championship for the disabled, and the Misawa Works provided special support for the Misawa International Wheelchair Tennis Tournament.

Participating in the Honba Tsurusaki Dance Festival (Oita Works)

Employees participating in the Misawa International Wheelchair Tennis Tournament (Misawa Works)

Accepting Student Interns

The internship program is intended to provide students with an opportunity for work experience related to their chosen subject area or future career and to nurture their own view of occupation and work. Every year, we accept local senior high school and junior technical college students as interns at our worksites, where they are deepening their understanding of what it means to work and the kind of work people do in a chemical company.

Accepting student interns (Okayama Plant)

Giving Special Lessons at Elementary and Junior High Schools

Sumitomo Chemical sends instructors to elementary and junior high schools for School Science Visits and to give classes on environmental issues to stimulate children's interest in science and contribute to science education. Every year the instructors prepare creative programs to show children how fascinating science is, and they always have fun interacting with the children.

In addition, the Chiba Works continues to promote the Ichihara-Sodegaura Young Inventors' Club, which receives the enthusiastic support of employees, retirees, school teachers, and local residents.

School Science Visit (Ehime Works)

Ichihara-Sodegaura Young Inventor's Club (Chiba Works)

Promoting Sports

We also sponsor or support various sporting events to provide local children with opportunities to develop mentally and physically through sport.

Ice hockey competition for boys (Misawa Works)

For the Global Community

The Sumitomo Chemical Group is conducting localized social contribution activities. The following shows some representative examples of these activities in various regions.

Europe

Hungary
University scholarship program

Africa

Uganda
Supporting activities to improve the educational environment and construct school buildings
Ethiopia
Supporting activities to improve the educational environment
Kenya
Supporting activities to improve the educational environment and donating Olyset® Nets
Tanzania
Donating Olyset® Nets
Mozambique
Donating Olyset® Nets
Senegal
Donating Olyset®Nets
Congo
Donating Olyset® Nets
(Others)
Donating Olyset® Nets to Millennium Villages across Africa

Asia

China
University scholarship program
Acceptance of student interns
Support for elementary schools in Anhui Province
Assistance with tree-planting activities
Thailand
Assistance with tree-planting activities
Beach cleanup activities
Indonesia
Assistance with tree-planting activities
Malaysia
Assistance with tree-planting activities

Oceania

Australia
Assistance with the control of red imported fire ants
Fiji
Assistance with tree-planting activities

Controlling Red Imported Fire Ants in Australia

Sumitomo Chemical Australia is supporting the control of red imported fire ants in Australia by providing specially developed ant baits containing insect growth regulators, which are not directly toxic to ants and other fauna but target reproduction and growth in the ant colony.

Red imported fire ants are native to South America. They have an irritating and painful sting, which sometimes causes serious allergic symptoms or anaphylactic shock. The habitat of the red imported fire ant has been expanding.

Red imported fire ant

They have spread to many parts of the world including Australia, where they were first detected in 2001. Fire ants and other invasive ant species in Australia and nearby Pacific nations are a serious threat to both human health and local ecosystems.

In response, the Australian government began developing a program to prevent damage caused by the fire ant and other non-native ants. Sumitomo Chemical Australia is helping the government develop this program by providing ant baits as well as its knowledge and expertise. Distance® Ant Bait, containing Pyriproxyfen developed by Sumitomo Chemical, is one of the major tools used by the Australian Government to combat fire ants and other invasive ant species. Sumitomo Chemical Australia has also donated ant bait to villages in Papua New Guinea to help combat the effects of another species of fire ant, the Little Fire Ant.

Sumitomo Chemical Australia will continue to cooperate with relevant organizations to eliminate non-native invasive ants, including the red imported fire ant.

America

United States of America
Protection of a forest preserve in Mettawa
Support for NGOs through donations
Haiti
Donating Olyset® Nets

VOICE

We Also Launched a Matching Gift Program

Valent U.S.A. Corporation launched a Matching Gift program in fiscal 2009, which is a fund that matches, dollar for dollar, an employee contribution to qualified charitable organizations.

During the initial program year, 47 matching donations were made to 35 different organizations and totaled 6,264 dollars. The donee organizations included University programs, school music and athletic programs, public television, a historical museum, local humane societies, food banks, and the American Red Cross. This program, along with environmental and local community activities conducted by Valent U.S.A., gives employees many ways to make a difference at home and around the world.

Leslie Kvasnicka
Corporate QA & EHS Manager
Valent U.S.A. Corporation

Removing non-native plants in Illinois, United States

Valent BioSciences Corporation (VBC), a Group company in the United States, partnered with the Lake Country Forest Preserve District to remove garlic mustard (*Alliaria petiolata*), an invasive plant, from the Wright Woods Forest Preserve in Mettawa, Illinois in July 2009.

Garlic mustard, a biennial plant of the mustard family, is a non-native plant that was introduced into North America as a culinary herb in the 1860s. The plant is fertile and kills bacteria around it by emitting chemical substances, thereby preventing other plants from growing. At Wright Woods, garlic mustard is expanding its range at the expense of other native woodland plants.

Armed with gloves and plastic bags, 12 VBC employees volunteered to remove the bothersome weed.

It was the first experience of this kind for VBC, which will continue to help maintain and restore the natural harmony and biodiversity of Wright Woods.

Volunteering to remove garlic mustard

Environmental Activity Program in Thailand

Recently, environmental protection has also become a major issue in Thailand due to global warming and a decrease in the forest area. Bara Chemical Co., Ltd., a Group company in Thailand, conducts unique environmental activities that include seaside cleanups and tree planting.

In July 2009, the company conducted a cleanup activity at the beach of Rayong, 200 km south of Bangkok, during a company trip there, with the participation of 108 employees. In addition, a total of 15 employees also planted 50 mangrove trees on the coast south of Bangkok near Bara Chemical.

The company believes that these activities not only contribute to society but also raise employees' awareness of the environment, and it will continue to conduct these volunteer activities.

Seaside cleanup in Rayong, Thailand

Donating to Society

Sumitomo Chemical regards donating as an integral part of its corporate social responsibility and makes donations taking into consideration all factors including social impact, long-term continuity, and urgency. Specifically, the company matches the donations made by employees and donates the total amount under the Matching Gift program, and employees can also donate through the TABLE FOR TWO meals available in the Company cafeteria. We are also continuing to donate the Olyset® Net to help prevent malaria. In fiscal 2009, we made 349 donations totaling 237.47 million yen.

Promoting Closer Ties of Friendship
Providing scholarships for Chinese students

Since fiscal 2006, Sumitomo Chemical has been providing scholarships for students at Dalian University of Technology, which is located in Dalian, Liaoning Province, a city with which the Company has close relations through the manufacture of its Olyset® Net and local business operations by its affiliates.

Scholarship award ceremony at Dalian University of Technology in China

In fiscal 2009, 64 students were chosen as scholarship recipients, and the award ceremony was held in November 2009.

We hope this scholarship program will encourage students and also help promote friendship between Japan and China.

Donations Made in Fiscal 2009

(Unit: Donations)

Local community activities	124
Sports	23
Social welfare	17
Health and medicine	2
Science and research	8
Education and social education	16
Culture and art	15
The environment	8
Preservation of historic sites and traditional culture	3
International exchange and cooperation	33
Support for disaster-affected areas	2
Support for the creation of disaster-resiliant communities	1
Formulation of the basis for an NPO	2
Others	96
Total	**349**

(Total donated amount: 237.47 million yen)

Major Donations Made in Fiscal 2009

(Unit: millions of yen)

Providing funding for the Sumitomo Foundation	38
Supporting the Southern African Development Community through the use of the Olyset® Net	32
Sponsoring the organization of the Japan Pavilion of Expo 2010 Shanghai China	25
Constructing school buildings in Uganda	7
Cooperating with a malaria control campaign in Senegal	7

Regional Safety and Risk Communication

Sumitomo Chemical is committed to promoting mutual understanding with various stakeholders, including local communities, through information sharing. To this end, we give first priority to increased information disclosure and the promotion of dialogue.

We are also making efforts to improve the landscape and environment at our worksites in response to comments we have received.

Company-Wide Promotion of Risk Communication Activities

Sumitomo Chemical actively works to improve risk communication by developing company-wide policies on risk communication and further clarifying challenges and initiatives.

Localized Information Disclosure by the Works

CSR reports and other materials are issued annually by the Company and all its Works. Works versions are called "Report on the Environment, Health and Safety," and complement the Company's CSR Report with regard to local efforts. In addition, three Works (Ehime, Osaka and Oita) publish local newsletters for the distribution of area-specific information.

Engaging in a Variety of Risk Communication Activities

Each Works engages in a variety of risk communication activities for various purposes. These include risk communication model projects carried out jointly with local governments, environment and safety support projects for domestic and overseas governments and businesses, regular meetings with local residents, and dialogues with the community based on cooperation with the chemical industry.

Company-wide policy	Promoting communication with society
Tasks	● Increased information disclosure ● Promoting dialogue
Specific initiatives	● Information disclosure through the Report on the Environment, Health and Safety and local newsletters ● Broad risk communication ● Cross-divisional implementation

TOPIC

RC Regional Dialogue and a RC Small Meeting (Oita Works)

In February 2010, the 7th Oita Region Responsible Care (RC) Regional Dialogue was held on issues regarding environmental protection, industrial safety and disaster prevention by the local members of the Japan Responsible Care Council (JRCC), including Sumitomo Chemical's Oita Works.

The dialogue meeting, which was designed to deepen communication between the companies and local residents, was a success, with a total of 170 people participating, including some 80 local residents and representatives of residents' associations, as well as local government officials, school staff, and employees of related companies.

Representatives of local residents, environmental NPOs, universities, governments, and companies took part in a panel discussion, during which they enthusiastically discussed issues such as corporate RC activities and global warming. At the Q&A session, the audience raised candid questions and offered their comments, making the session quite exciting.

The Oita Works participates in each regional dialogue meeting as the leader of the companies and facilitator of discussions, and is committed to improving the content. To this end, the Works proposed to organize a plant tour for both the JRCC member companies and non-members.

Also, in March 2009, JRCC member companies in Oita held

a small RC meeting, which they had been holding biennially. At the meeting, representatives of the companies and local residents exchanged opinions, and a panel exhibition was held in response to strong requests from residents. At the exhibition, the Oita Works showed videos illustrating its 70-year history and introduced downstream products made using products from the Works as well as the social contributions made through the Olyset® Net. A number of participating residents expressed their desire for these kinds of dialogues to continue.

We will continue to promote active communication with local residents to ensure harmonious coexistence with local communities.

Kozo Tamai
Responsible Care Department, Oita Works

Hand in Hand with Business Partners

Sumitomo Chemical has started implementing its responsible procurement initiatives for the purchase of raw materials and packaging materials.

Sumitomo Chemical is committed to building sound mutual relations with business partners based on the Basic Procurement Principles. In addition to ensuring fairness, equitability, and transparency in our transactions, we are also promoting responsible procurement by purchasing preferentially from suppliers of raw materials and packaging materials that are committed to CSR.

Basics of Responsible Procurement

Clarifying regulations within the Company

Sumitomo Chemical clearly states the following basic principle of responsible procurement in its Basic Procurement Policies *(shown below)*:

"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."

In addition, we clearly state our basic responsible procurement policy in the Group Business Standards of Procurement, which apply to Group companies both in Japan and overseas.

Clarifying regulations within the Company

(1) Using the Sumitomo Chemical Supply-Chain CSR Deployment Check Sheet

Sumitomo Chemical has created the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook, which explains CSR items to be focused on by suppliers. Sumitomo Chemical aims to help its suppliers address their issues by monitoring and providing feedback on the results of their self evaluation using the Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets and helping them promote CSR activities by repeating the PDCA cycle. *(See Figures 1 to 3)*

(2) Webpage on Procurement Information

Sumitomo Chemical has a CSR Procurement webpage on its Procurement Information website linked from the Company homepage in order to broadly inform its stakeholders about its CSR procurement initiatives. This CSR Procurement webpage allows suppliers to download the guidebook and check sheets and report the results of their self evaluation.

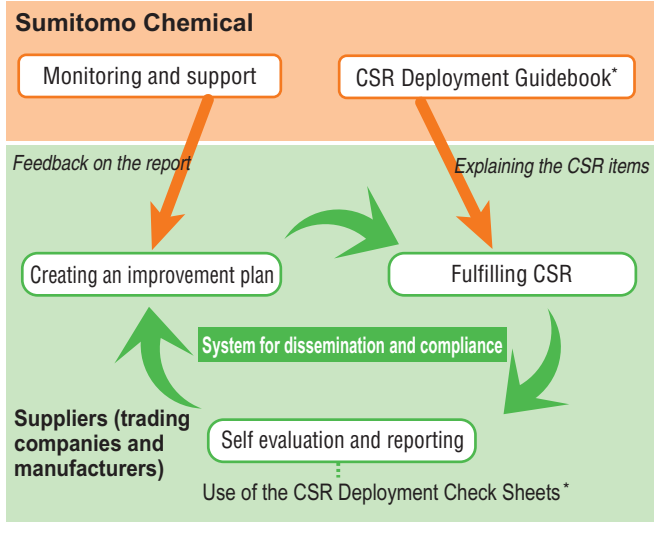
Procurement Information website:

☞ http://www.sumitomo-chem.co.jp/english/purchase/index.html

Basic Procurement Policies

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 and shall pursue the maintenance of sound business relationships with suppliers, aiming for mutual growth and development.
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 safe and stable operation in order to achieve 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.

Figure 1 System for Responsible Procurement



* The guidebook and check sheets can be downloaded from the website.

Figure 2 Sumitomo Chemical Supply-Chain CSR Deployment Guidebook (Extract)

Ⅰ. Compliance with Laws and Ethics

Ⅰ－1. Compliance with various business laws

Suppliers are requested to fully understand relevant business laws and comply with these laws, in carrying out business operations.

Business laws means are generally referred to as "business laws," which apply to certain businesses, and impose various duties upon relevant business enterprises, such as the submission of notifications or reports to, and the acquisition of permits of licenses from, government and municipal offices. You must understand the various business laws that regulate business activities, acquire or submit permits or licenses specified in the various business laws, and comply with the requirements specified in these laws, such as quality standards, markings, the submission of documents or periodical reports, and the preparation of transaction records.

Ⅰ－2. Prohibit impediments to free competition

Suppliers are requested not to impede fair, transparent, and free competition.

"Competition restrictive activities" mean . . .

Ⅱ. Human Rights and Labor

Ⅲ. Prevent Accident and Occupational Health and Safety

Ⅳ. Environmental Preservation

Ⅴ. Product Quality and Safety

Figure 3 Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets (Extract)

Ⅱ. Human Rights and Labor

Ⅱ－2. Prohibit discrimination

Suppliers are requested to prohibit discrimination during the process of job offering and hiring, and to endeavor the equal opportunity and fairness of treatment.

A. Please self-check your actual status for the following questions.

A -1. Do you practice appropriate controls to avoid discrimination in recruiting process or at employment?

(Pls. Select)

[Evaluation Guide] *(Violation herein means not only legal violation but also deviation from social disciplines.)*

(5) = No violation/problem is confirmed by periodical investigation and audit.

(3) = No violation is reported as far as we grasp, neither investigation nor audit were performed.

(1) = Big violation is identified or the actual condition/status is not grasped.

B. Please provide relevant information when your company corresponds to the cases below.

-Violation is identified in the past for 2 years if it is applied.

-Improving plan for CSR program.

(Pls. fill in)

Initiatives in Fiscal 2009

(1) Monitoring

Sumitomo Chemical distributed copies of the CSR Deployment Guidebook mainly to new domestic and overseas suppliers and launched the self evaluation system using the CSR Deployment Check Sheets.

(2) Introduction to Group companies and information exchange among domestic Group companies

The CSR Deployment Guidebook and Check Sheets were introduced to domestic Group companies and they were shown how we suggest they use them. We regard the promotion of responsible procurement activities with Group companies as one of our tasks for fiscal 2010.

(3) Exchange of responsible procurement information with competitors

To actively encourage responsible procurement, we exchanged information with procurement heads at other companies in the industry. Specifically, we checked Sumitomo Chemical's and other companies' ideas on and systems for responsible procurement and exchanged information on monitoring methods.

Fiscal 2010 Tasks for Responsible Procurement Initiatives

In fiscal 2010, Sumitomo Chemical will utilize its responsible procurement system in some specific overseas areas, mainly China, India, and Southeast Asia, and will monitor and provide feedback on CSR initiatives undertaken by local manufacturers to further promote responsible procurement.

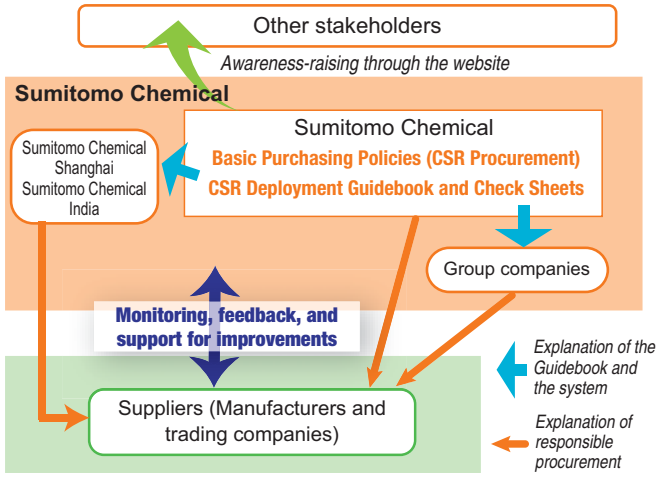
(1) Cooperation with Sumitomo Chemical Shanghai and Sumitomo Chemical India

We will monitor the self evaluation results for suppliers in China and India, including factory visits, through Sumitomo Chemical Shanghai and Sumitomo Chemical India.

(2) Deployment at both domestic and overseas Group companies

Sumitomo Chemical will propose activities for promoting responsible procurement to Group companies according to their actual status of implementation, including the joint use of the CSR Deployment Guidebook and Check Sheets *(Figure 4)*.

Figure 4 Deployment of Responsible Procurement



Hand in Hand with Employees

Sumitomo Chemical is working to create a workplace environment in which individual employees can feel motivated and make the most of their abilities.

Priority Targets for Fiscal 2010 to 2012

Sumitomo Chemical will plan and implement a variety of human resources measures, giving due consideration to compliance and diversity among employees. Most importantly, the Company will strengthen its human resources system from a global perspective, promote talent development, practice the "right person to the right position" principle, and enhance the workplace environment.

HR System that Maximizes Employees' Potential

Sumitomo Chemical will work to further enhance and appropriately implement its role- and performance-based human resources system to enable employees to maximize their potential. The Company will address challenges in the retention, deployment and development of its diverse talent, while paying special attention to changes in the business environment inside and outside the Company as well as trends in globalization.

Implementing our Manpower Plan

Sumitomo Chemical will secure and retain the optimum talent and workforce to support its business development, and will deploy the right person to the right position throughout the Group, so that each employee can conduct his or her duties with a sense of fulfillment and job satisfaction, contributing to the overall strength of the Company.

Diverse Employees at Work

In response to the global business environment as well as the aging society and declining birth rate in Japan, Sumitomo Chemical will work to diversify its workforce, including rehiring retirees, so that each employee can fully demonstrate his or her abilities regardless of nationality, gender or age. The Company will also work on the development of talent who can play a role internationally to contribute to its globally expanding business operations.

Creating a Vibrant Workplace

The Company will work to create a vibrant workplace by encouraging communication so that each employee can make use of his or her own strengths and further enhance teamwork.

Health Management

Sumitomo Chemical will enhance its health management and promotion measures to enable its employees to work in good health, both mentally and physically, by addressing mental health issues as well as challenges in enhancing the health management system for expatriates.

HR System that Inspires Greater Motivation

Role-Based HR System

Sumitomo Chemical has introduced a role-based human resources system for both managerial and non-managerial employees.

The system operates on the same concepts of performance evaluation, salary, and other HR parameters for both managerial and non-managerial employees.

Evaluation System

Both managerial and non-managerial employees are evaluated not only for performance but also for competencies, behavioral processes and attitude. The aim of this system is not merely the pursuit of short-term achievements, but rather employee development and medium- to long-term corporate development.

Since fiscal 2009, evaluation items for attitudes and actions that contribute to the organization have been given greater weight in evaluations in order to highlight the importance of achieving results through teamwork.

Compliance and CSR Evaluations

Compliance and CSR are included in the items evaluated for non-managerial employees with a view to raising compliance and CSR awareness. CSR evaluations focus on Responsible Care (safety, environment, and product quality).

Creating a Comfortable Workplace
(1) Promoting Work-Life Balance

Sumitomo Chemical continuously implements measures for improving employees' work-life balance and also seeks to further raise their motivation and morale by offering shortened working hours and increased time off.

Support for Childcare and Nursing Care

To help employees respond to various developments in their lives at different stages, and also to ensure that we retain talent, we are providing a number of childcare and nursing care support systems, including an enhanced childcare leave system and new in-house childcare facilities *(see page 22)*.

In April 2008, in recognition of the formulation and implementation of an action plan to support employee childcare, we obtained approval from the Japanese Ministry of Health, Labour and Welfare to use the "Kurumin" mark, which certifies a business operator as supporting the upbringing of children who will become the leaders of the next generation.

Since fiscal 2008, we have been implementing a five-year plan to help employees make work and childcare compatible.

Supporting Employees' Social Contribution and Fullfillment of Social Duties

Sumitomo Chemical has been enhancing its working environment to actively support employees' social contributions and fullfillment of social duties.

Specifically, we have instituted a volunteer leave system that enables employees to take paid volunteer leave of up to two consecutive working days per year to support their social contribution activities. Since launching this system in April 2008, 16 employees have made use of it (as of March 31, 2010).

We made improvements in the working environment to enable employees to participate easily in the lay judge system that started in Japan in May 2009. When employees of Sumitomo Chemical are selected to be lay judges, they will be allowed to take paid holidays and will also receive a daily allowance from the court.

Systems and Measures for Better Work-Life Balance

	System/Measure	Description	Number of users in fiscal 2009
Support for childcare and nursing care	Nursing care leave (paid)	Up to 20 days per event; available when taking care of sick children or nursing family members	67
	Nursing care leave (unpaid)	Available when nursing family members (one year)	1
	Childcare leave (unpaid)	Available for up to 18 months, regardless of the reason	63
	Maternity leave (paid)	Available once a month, when the applicant undergoes an antenatal examination under the Maternal and Child Health Act	25
	Reduced working hour system	Working hours are reduced by up to three hours per day for employees with children in the third grade at elementary school or younger and for employees nursing family members.	51
	Establishment of in-house childcare facilities	Established on the premises of the Ehime, Chiba, and Osaka Works Opened at Tokyo head office in August 2010	88
	Special reserve leave	Available for the number of days reserved (up to 60) as leave from among paid holidays for which the right of claim has expired, when employees cannot work for five consecutive days or more because of nursing care, childcare, or illness	8 (*1)
	Grant for childcare (Mutual aid association)	Every month 10,000 yen is paid per child to working employees if they have children younger than school age who attend childcare facilities.	–
	Childcare and nursing care support services	Childcare and nursing care services are provided by welfare services with which the Company has formed partnerships.	–
	Reemployment system	Employees who left the company because of childbirth, or for childcare, nursing care, etc. are given the opportunity for reemployment subject to certain conditions.	10 (*2)
Leave and working hours	Introduction of a "refreshment day"	Employees are encouraged to leave work on time on "refreshment days" designated by each individual workplace and worksite at least once a week.	–
	Number of annual paid holidays	Twenty days paid holiday are granted to all employees from the first year of work.	–
	Systematic allocation of annual paid holidays	Annual paid holidays are allocated systematically by each worksite.	–
	Increase in the number of employees eligible for half-day paid holidays	Employees under the flextime program without any core time can also take half-day holidays now.	–
	Special leave for employees going abroad because of job transfer of spouse	Employees going abroad because of the job transfer of their spouses can take this special leave subject to certain conditions.	4 (*3)

*1. Only for childcare and nursing care
*2. Number registered as of the end of March 2010
*3 Number of users as of the end of March 2010

(2) Managing Physical and Mental Health

Sumitomo Chemical has developed its comprehensive Sumika Health Improvement Plan (SHIP) to ensure that employees can remain both physically and mentally healthy. In January 2009, the Company assigned a chief occupational health physician to centrally manage the health of employees, and has been implementing a variety of measures to help employees manage and improve their health.

Mental Health

Employees can use the counseling services provided by the in-house mental health facilities and also by specialist external institutions. In fiscal 2009, seminars on caring for mental health were held for new employees and newly promoted employees.

In addition, in order to help employees who have been absent from work for extended periods due to mental health problems return to work, we introduced a work rehabilitation system in April 2009. Under this system, an employee can work shorter hours or days and with reduced responsibilities for up to three months, and the on-site occupational health physician, HR staff member, and the employee's manager cooperate in helping the employee to start working again. In fiscal 2009, seven employees returned to work under this system.

Mental health training

Physical Health

By law, all employees and their dependents aged 40 or older are entitled to special health checks and guidance on preventing metabolic syndrome. Sumitomo Chemical works with its health insurance association to ensure that all employees undergo this special health check regardless of age and employees aged 35 or older receive guidance on early diagnosis and prevention of lifestyle-related diseases.

In fiscal 2009, the company sent its chief occupational health physician to provide medical counseling and evaluate the medical service environment to Saudi Arabia three times and to the United States and Singapore once each to provide support for employees working overseas and their families.

VOICE

Supporting Employees Both Physically and Mentally

At Sumitomo Chemical, internal occupational health physicians, health workers, and nurses cooperate with the HR department and workplace to prevent employees from becoming physically or mentally unwell and to improve their physical and mental health.

Employees are the company's main players in its global business operations, and we will support them in many different ways to enable them to lead both physically and mentally healthy lives, reviewing and improving these services as required.

Hiroaki Itatani
Chief occupational health physician

TOPIC

Holding Experiential Health Seminars

The Misawa Works has been holding experiential health seminars as part of its health management efforts. In fiscal 2009, the Works held a seminar on preserving physical and mental health, in which employees learned a relaxation method, listened to talks by external lecturers (a nationally registered dietitian and a health fitness instructor), ate a healthy lunch, and did stretches and walking exercises.

Through this seminar, employees learned about good nutrition, exercise, and rest, and how to use this knowledge to manage their health through delicious meals and pleasant exercise.

Health seminar

Participating in the TABLE FOR TWO program

Sumitomo Chemical has been participating in the TABLE FOR TWO program since May 2008 to promote employee's health and contribute to society. The Company serves healthy menu options at the cafeterias at its sites according to the criteria set down by the "TABLE FOR TWO" (TFT) organization. When employees choose to eat any of the healthy meals, 20 yen per meal is donated to the TFT secretariat and the money is used to pay for a school lunch for one child in an African country. In this way the company is helping to alleviate hunger in Africa while also helping employees avoid obesity and lifestyle-related diseases at the same time.

Furthermore, as a Matching Gift, the Company makes a donation to the TFT secretariat matching employees' donations, and donations to this organization totaled 5,668,280 yen as of March 2010.

VOICE

Social Contribution through TABLE FOR TWO

I sometimes go on business trips to Africa, where people face serous food shortages. I feel pleased that I can contribute to solving this problem by choosing a TFT meal. TFT meals, which are composed of a low-calorie main dish and a small side dish, are also good for my own health: although I go jogging at least one hour every morning and exercise at a sports gym on weekends, I used to find it difficult to improve my diet.

Hiroshi Sakka
Production Planning Department
Vector Control Division

Use of Diversified Human Resources

Diversified Employment

Sumitomo Chemical looks for and recruits talented people, regardless of age, background, gender or nationality in a wide range of areas, and a diverse spectrum of people are working in the Company. In fiscal 2009, the Company recruited 149 university graduates, including 17 foreign nationals.

We are also committed to providing employees with a workplace in which they feel comfortable working regardless of gender, and an increasing number of women feel able to exercise their talents at the Company.

Numbers of New Women Employees and Female Managers

Fiscal year	2006	2007	2008	2009
New women employees	61	78	81	45
(Percentage of the total number of new employees)	15.6%	17.0%	19.1%	22.4%
Number of female managers*	104	127	149	155
(Percentage of the total number of managers)	3.3%	4.1%	4.6%	4.8%

* As of August 1 of each fiscal year

Employment of People with Disabilities

Sumitomo Chemical has been actively employing people with disabilities. When we accept them, we assign them suitable work, and modify the workplace where necessary so that they can make the most of their abilities.

Employment Rate for People with Disabilities

Fiscal year	2006	2007	2008	2009
Employment rate	1.89%	1.93%	1.95%	2.01%

* As of March 1 of each fiscal year

Reemployment of Retirees

We began reemploying retirees in fiscal 2001 and introduced a new reemployment system in April 2006, in response to the revision of the Japanese Act on Stabilization of Employment of Elderly Persons. In fiscal 2009, we reemployed 116 (65.9%) from among 176 retirees (of Sumitomo Chemical). They are able to continue demonstrating the skill and expertise they have gained through working for the Company.

Reemployment of Retirees (of Sumitomo Chemical)

Fiscal year	2006	2007	2008	2009
Retirees	158	205	167	176
The reemployed	98	129	88	116
Reemployment rate	62.0%	62.9%	52.7%	65.9%

Human Rights

Protection of Human Rights

To educate employees on human rights issues and responsible behavior, Sumitomo Chemical holds a meeting on human rights every year, formulates annual policies on human rights, and holds seminars and other activities based on these policies. The Company also undertakes company-wide efforts to prevent sexual harassment and other disturbing behavior. In order to create a workplace where employees of both genders can demonstrate their abilities, the Company is working continuously to raise awareness among employees by giving new managers training on sexual harassment, discrimination and other problems.

Labor-Management Relations

Maintaining and Improving Good Labor-Management Relations

Sumitomo Chemical and its labor union have been cooperating as good management partners to meet challenges and achieve targets based on long-term mutual understanding and trust.

Providing opportunities for exchanges, semi-annual central labor-management meetings and regional labor-management meetings are held at all worksites.

The Company and the labor union also hold meetings to discuss and formulate various programs for non-managerial employees to enable them to increase their morale and motivation at work.

Labor-Management Initiatives

Sumitomo Chemical has been cooperating with its labor union in combating global warming and in social contribution activities initiated by employees.

(1) Promoting CO_2 emissions reductions in the household

In cooperation with its labor union, Sumitomo Chemical is encouraging reductions in CO_2 emissions, not only in its factories and offices, but also in its employees' households.

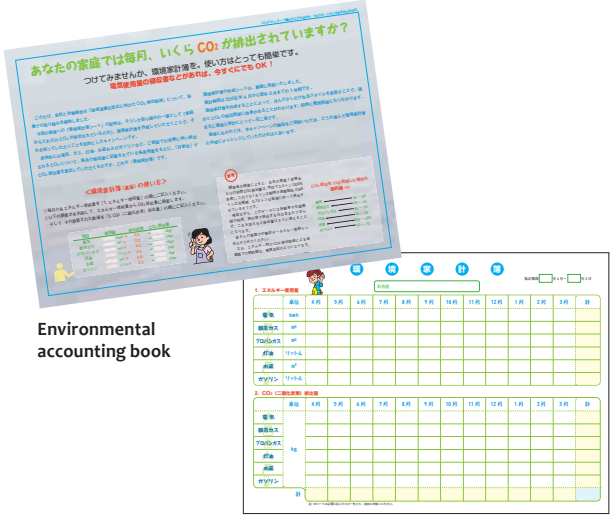
Since fiscal 2008, the Company has been distributing its own "environmental accounting books" to all employees and encouraging them to identify the sources of CO_2 emissions in their homes. In fiscal 2009, we started a program to encourage employees to reduce CO_2 emissions at home and to commend those who achieve substantial reductions.

(2) Matching Gift Program

In fiscal 2007, Sumitomo Chemical started its Matching Gift program jointly with its labor union. In this program, donations are solicited from employees and executives of Sumitomo Chemical Group companies, and the Company matches the amount collected. The total is then donated to the organizations selected as recipients of support.

In fiscal 2009, we donated to ASHINAGA* a private NPO, as part of our support for children's upbringing and education. We also made a donation to the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA)† to support its tree-planting activities as part of our support for global environmental protection and the prevention of global warming. Amounts of 5798,733 yen and 6,390,633 yen were donated to ASHINAGA and OISCA respectively by employees and executives, and the Company matched the amounts.

Using part of the money donated to OISCA, we are helping them to plant mangrove trees in Ranong in the south of Thailand. *(For details see "Highlights" on page 23.)*



Environmental accounting book

Donations to ASHINAGA (top) and OISCA (bottom)

*ASHINAGA is a private NPO established to provide physical and mental support for children who have lost their parents because of illness, accidents or for other reasons. The money donated to this organization is used to provide a scholarship fund for these orphans.

†OISCA is a global NGO engaged in rural development and environmental protection mainly in the Asia-Pacific region. The money donated by Sumitomo Chemical to this organization is used for its Children's Forest Program and to plant mangrove trees in Ranong, Thailand.

Human Resources Development

Sumitomo Chemical implements training rotations and offers a variety of human resources development programs with a view to enabling personnel to fully demonstrate their abilities as world-class professionals who can contribute to the Company's global expansion.

Enhanced Human Resources Development

In fiscal 2009, we provided all employees with training that meets the requirements of their individual job grades and various other measures focusing on the following four items.

(1) Planned development of global leaders who will play a central managerial role
(2) Smooth inter-generational transfer of technologies and skills that support our business
(3) Development of the human resources required for global business expansion
(4) Support for employees in acquiring and developing the knowledge, skills, and competencies necessary for their job grades

As a new initiative, we held training sessions to enable individual employees to carry out their business duties based on a full understanding of the Company's Business Philosophy. We also created a workplace management guidebook to help employees "develop a vibrant corporate culture and continue to be a company that society can trust," as stated in the Business Philosophy, and distributed copies of the guidebook that outlines the basics of workplace management to all section managers and above.

Training Rotation System

Since fiscal 2004, Sumitomo Chemical has been carrying out systematic training rotations of younger employees to ensure that individuals are placed in the positions for which they are best suited. To date, nearly 200 employees have undergone training rotations.

In fiscal 2009, we started a new training rotation system and expanded it to include all non-managerial employees regardless of their job categories and some managerial employees. Under the system, we are using the preferences submitted by employees and the development plans made by their managers to help employees plan and develop their ideal careers. In fiscal 2009, rotation plans were made for 898 employees and these plans are being steadily implemented.

Trainer System

Sumitomo Chemical introduced a Trainer System in January 2008, under which older employees who are highly skilled and have an aptitude for teaching the young are certified as trainers. These trainers provide instruction and advice to younger employees to facilitate their development and to ensure the succession of skills from generation to generation. As of April 2009, a total of 51 employees have been certified as trainers throughout the company.

In April 2010, we also introduced a Mentor System to give supervisors and potential supervisors on-the-job training. We are using this system to enhance the development of core talent for manufacturing departments.

VOICE

Certified as a Trainer

Since I was certified as a trainer in January 2008, I have been engaged in training young employees and passing on my skills to them. Every day, I feel both the difficulty and pleasures of helping young employees acquire professional skills. I will work harder to foster communication with young employees and become a trainer they want to consult.

Masamitsu Takahashi
Niihama Third Manufacturing Department, Ehime Works

Trainer Takahashi teaching a young employee how pipes are arranged to prepare for regular repairs and possible emergencies

Responsible Care Activities

Sumitomo Chemical is conducting Responsible Care* activities throughout the Sumitomo Chemical Group both in Japan and overseas, because it regards Responsible Care as one of its top management priorities, which it is developing globally.

Progress in the Fulfillment of the Eco-First Commitments

As a leading company in the chemical industry, Sumitomo Chemical is committed to fulfilling its Eco-First Commitments to the Japanese Minister of the Environment through the appropriate management of chemical substances while ensuring legal compliance and promoting RC activities. *(For details, also refer to page 24.)*

***Responsible Care (RC)**
This is a voluntary initiative undertaken by the chemical industry to ensure safety, preserve the environment, protect health, and maintain product quality throughout the lifecycles of its products and to gain the trust of society through continuous dialogue.

Eco-First Commitments

1. **We will manage chemical substances and promote risk communication in an appropriate and proactive manner.**
   - We will review the information on the safety of all our products manufactured or sold in annual amounts of one ton or more by fiscal 2016 in order that all members of society may use Sumitomo Chemical's products more safely and with peace of mind, and we will conduct the appropriate risk assessments based on the results by fiscal 2020.
   - We will collaborate with chemical companies globally on voluntary projects for inspecting the safety of high production volume (HPV) chemicals and studies of the impact of chemical substances on human health and the environment (the Long-range Research Initiative : LRI) in order to improve the safety of chemical substances. We will complete the necessary work on the three HPV chemical substances for which Sumitomo Chemical is taking the lead responsibility by fiscal 2010.
   - We will halve the total release into the air and water of chemical substances subject to the PRTR* Act relative to fiscal 2002 levels by fiscal 2010.
   - All the offices and facilities at Sumitomo Chemical will communicate effectively with and voluntarily promote information disclosure to consumers and other stakeholders in creative ways that suit the local community.

2. **We will actively promote initiatives to prevent global warming.**
   - We will work to improve unit energy consumption by 25% at all our Works and unit CO_2 emissions from the captive consumption of fossil fuels by 20% over fiscal 1990 levels by fiscal 2015.
   - As a member of the Japan Petrochemical Industry Association, we are committed to the heat recovery technology (HEART) Project with a view to developing and commercializing innovative energy-saving technologies to recover low-temperature heat (130 degrees Centigrade and lower) generated by our petrochemical plants that has not been recycled and reuse it at our manufacturing plants by fiscal 2015.
   - We will promote a modal shift in logistics and upsize transport containers to improve the efficiency of our logistics divisions, thereby improving their unit energy consumption by 1% annually.
   - In cooperation with the labor union, we will implement measures to help prevent global warming through the reduction of household CO_2 emissions by encouraging employees to make continuous efforts to reduce CO_2 emissions at home.

3. **We will actively promote initiatives for building a recycling-based society.**
   - We will endeavor to reduce waste and promote recycling, aiming at achieving a 90% reduction in industrial waste landfill relative to fiscal 1990 levels by fiscal 2010.
   - We will reduce the ratio of landfill to total waste generated at all our Works to less than 3% by fiscal 2015.

***Pollutant release and transfer register (PRTR)**
A system for recording emissions and movement of environmental pollutants. This system enables collection, totaling, and reporting of data from each source and also allows measurement of the extent to which a toxic chemical substance is emitted into the environment or carried out in waste from a site.

Progress in fulfilling Eco-First commitments (Nov. 2008 to Feb. 2010)

Management of chemical substances and promotion of risk communication

Result

Reviewing safety information on chemicals and conducting risk assessments ◎

-Proceeding favorably as planned

-Approximately 40% of hazard assessment completed and risk assessments performed for 51 chemical substances

Voluntarily inspecting the safety of HPV chemicals and conducting LRI activities ◎

(1) Voluntary inspection of the safety of HPV chemicals

-Conducted in cooperation with the world chemical industry and led the inspection on three substances, completing the assessments for two substances *1

*1 2-tert-butyl-5-methylphenol and 2,2'-methylene-bis-(6-tert-butyl-4-methylphenol)

-The remaining substance (resorcinol) is under final assessment by the OECD.

(2) LRI

-Participated in the LRI project implemented by the Japan Chemical Industry Association as leader of the planning and management panel *2

*2 Commissioned expert research into endocrine disruption, carcinogenicity, immunotoxicity, more precise risk assessment, and neurotoxicity, and held a meeting to report the research results.

Halving the release of substances subject to the PRTR Act into the air and water ○

-Systematically reduced the amount released based on risk management

-Achieved the initial target (50% reduction from the baseline year level) earlier than planned in fiscal 2008

Enhancing information disclosure and risk communication ◎

-Published the Sumitomo Chemical CSR Report (in Japanese and English) and also the Report on the Environment, Health and Safety by each individual Works on a regular basis

-Published local PR newsletters, made school visits, accepted student interns, and engaged in dialogues with local residents at each of our worksites

Preventing global warming

Improving unit energy consumption and reducing unit CO_2 emissions at all Works △ *3 / ◎ *4

-Unit energy consumption increased in fiscal 2008 due to a decrease in production, but began to decrease in fiscal 2009.

-Implemented multifaceted energy conservation measures, including improved operation methods, process rationalization, improvement of facility and equipment efficiency, and efficient use of energy in cooperation with neighboring companies

*3. Unit energy consumption / *4. Unit CO_2 emission

Developing and making practical use of innovative energy conservation technologies to recover previously unusable low-temperature heat (130°C or below) generated by our petrochemical plants and reuse it at manufacturing plants ○

- Basic studies carried out to identify technological problems and set specific targets jointly with universities

-Helped NEDO implement its Eco Innovation project and made a “national project” proposal to the Japanese Agency for Natural Resources and Energy.

Continuously improving unit energy consumption in our logistics division ◎

-Continuing to implement measures to increase the rate of transportation by rail and ship and to upsize transport containers

Reducing CO_2 emissions by households in cooperation with the labor union ◎

-Conducted a wide range of activities, including creating posters, introducing examples of energy conservation in the in-house magazine, opening a CSR webpage on the intranet, and distributing our environmental accounting book

Creation of a recycling-based society

Reducing the generation of industrial waste and landfill through recycling and other means and achieving zero waste emissions ○ *5 / ◎ *6

- Made favorable progress in modifying manufacturing processes and recycling incineration ash

*5 Reducing the generation of industrial waste and landfill / *6 Zero waste emissions

◎ : **Very favorable** / ○ : **Generally favorable** / △ : **Further study needed**

Responsible Care

In its efforts to realize sustainable chemistry, Sumitomo Chemical is promoting Responsible Care (RC) activities based on its Corporate Policy on Safety, the Environment and Product Quality and on the fundamental principle of Making Safety the Top Priority. We will continue to conduct active and systematic RC activities to ensure stable zero-accident, zero-disaster operations and to promote global environmental protection, chemical safety management, and communication with society. Thus, we seek to raise society's expectations of and trust in the Company and improve our competitiveness, while pursuing the development of a wide range of industries and helping people lead more fulfilling and comfortable lives and contributing to the sustainable development of society.

Promoting RC Activities Together with Group Companies

Corporate Policy on Safety, the Environment and Product Quality

Sumitomo Chemical has set forth safety, the environment, and product quality as top priorities for all phases of its business activities in its Corporate Policy on Safety, the Environment and Product Quality. This policy has been communicated to all employees of Sumitomo Chemical and its Group companies to ensure that each and every employee is fully aware of it.

Policy on Responsible Care Activities

Sumitomo Chemical has summarized its key Responsible Care initiatives in its Policy on Responsible Care Activities, which is incorporated into the specific activity targets and plans formulated annually by the Company and each workplace.

Corporate Policy on Safety, the Environment and Product Quality

Revised: November 1, 2005
(Established April 1, 1994)

In conformity with Sumitomo's Business Principles, our Company fulfills its responsibility to develop, manufacture and supply a variety of products 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 principles of (i) maintaining zero-accident and zero-injury operations, (ii) ensuring customer satisfaction, and (iii) promoting mutual prosperity with society.

Paying due respect 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 neighboring communities and our employees.
2. Ascertain the safety of raw materials, intermediates and products, and prevent our employees, distributors, customers and consumers from being exposed to any possible hazard.
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 all 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.

Hiroshi Hirose
President
Sumitomo Chemical Company, Limited

Policy on Responsible Care Activities

Revised: March 2, 2006
(Established: January 1995)
Responsible Care Committee

In accordance with the Corporate Policy on Safety, the Environment and Product Quality, Sumitomo Chemical will strive to promote Responsible Care activities in developing its business, and will also do its utmost to achieve sustainable development and earn the trust of society.

1. We will achieve our zero-accident, zero-disaster targets to ensure stable operations.
2. We will conduct risk management throughout the life cycle of our products, throughout the stages of development, manufacturing, transport and disposal, and strive to conserve the environment, and ensure the safety and health of our employees as well as that of the local community.
3. We will comply with all domestic and international laws and standards relating to safety and the environment, and strive to meet even stricter targets than those legally required.
4. We will promote both risk reduction and accident prevention from the perspectives of product safety and quality.
5. We will promote energy and resource conservation and seek to reduce our environmental impact.
6. We will implement the requisite education and training for our employees relating to safety, the environment and product quality, and will promote effective Responsible Care activities.
7. We will be mindful of the interests of both local residents and regulatory authorities in connection to safety, the environment and product quality, and will fulfill our responsibility to provide related information through dialogue.
8. We will evaluate the content of our activities and seek to implement improvements through Responsible Care audits pertaining to occupational health and safety, security and disaster prevention, environmental protection, chemical safety, product safety and quality assurance.
9. We will support the Responsible Care activities of Group companies, contractors and other business partners, including located overseas.

The Sumitomo Chemical Group's Corporate Business Plan for Responsible Care

Sumitomo Chemical has formulated a three-year plan for Responsible Care activities for the entire Sumitomo Chemical Group in the fields of occupational safety and health, industrial safety and disaster prevention, environmental protection, chemical safety, product safety, and quality assurance. In this plan we clarify our medium-term targets (for fiscal 2010 to 2012) and main items for implementation *(see Figure below)*.

Based on this plan, each Group company formulates its own medium-term and annual RC action plans and repeats the PDCA cycle* to implement the plan and further raise the level of their RC activities.

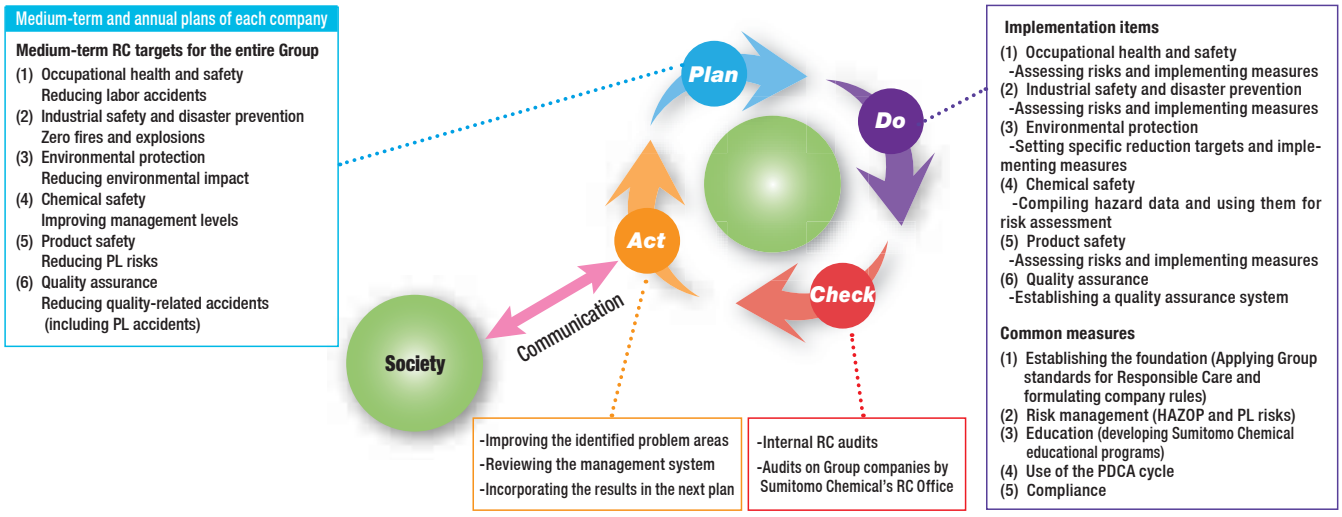
Formulating Group Standards for Responsible Care

In fiscal 2009, Sumitomo Chemical formulated its Group standards for Responsible Care with the aim of strengthening internal control and management efficiency throughout the Sumitomo Chemical Group. The standards set out the basic Responsible Care requirements to be met by the Group, including policies, measures, and procedures. The Company is now raising employee awareness of the standards at both domestic and overseas Group companies.

At present, each Group company is striving to improve their RC management based on these standards, including enhancing their RC systems and establishing the necessary rules and regulations.

***The PDCA cycle**
The PDCA (Plan-Do-Check-Act) cycle is the process of making a plan, carrying it out, evaluating the results, and improving the plan.

Figure The Sumitomo Chemical Group's Corporate Business Plan for Responsible Care



VOICE

Launching a Chemical Safety Group in the Responsible Care Office

In April 2010, we established a Chemical Safety Group within the Responsible Care Office to improve our management of chemical substances. This group will cooperate with our Environmental Health Science Laboratory to ensure scientific management of chemical substances, complying with relevant regulations both in Japan and overseas, and encouraging voluntary risk-based management of chemicals.

Shinoi Sakata
General Manager (Chemical Safety)
Responsible Care Office

TOPIC

Holding Regular RC Global Meetings

In March 2010, Sumitomo Chemical held its fourth RC Global Meeting at its head office in Tokyo and also at the Chiba Works. This meeting has been held annually for overseas Group companies since fiscal 2006, and a large number of employees from 19 overseas Group companies involved in RC participated in the fourth meeting. At the meeting, people from Sumitomo Chemical and overseas Group companies reported on the challenges and topics related to their RC activities and actively exchanged opinions and comments.

Primary Responsible Care Initiatives: Targets and Progress

	Category	Target	Measures Taken	Object
Environmental Protection	Sustainable environmental management	Promotion of sustainable environmental management	Making economic activities and environmental protection compatible	Non-consolidated/ Group
	Global environmental protection	Prevention of global warming	Reduction in CO_2 emissions	Non-consolidated
				Group
		Prevention of ozone layer depletion	Reduction of CFC emissions	Non-consolidated/Group
	Establishment of a recycling-based society	Energy savings	Improvement in unit energy consumption	Non-consolidated
				Group
		Waste reduction	Reduction in the amount of generated waste; promotion of recycling	Non-consolidated
				Group
		Reduction in water use	Improvement in unit water usage	Non-consolidated
	Preservation of the living environment and prevention of health hazards	Appropriate chemical substances management Proper handling of PRTR substances	Promotion of risk management according to the environmental risk	Non-consolidated
				Group
		Reduction in VOC emissions	Reduction in VOC emissions	Non-consolidated
		Prevention of soil and groundwater contamination	Promotion of soil and groundwater contamination risk management	Non-consolidated/ Group
		PCB countermeasures	Proper storage and disposal of PCB waste	Non-consolidated/ Group
		Prevention of accidents causing environmental contamination	Reduction of environmental risks involving operating activities	Non-consolidated
Safety	Promotion of occupational health and safety	Prevention of occupational accidents	Elimination of accidents resulting in lost workdays for employees of Sumitomo Chemical and contractors/affiliate companies Use of Occupational Safety and Health Management System (OSHMS) to reduce potential occupational safety risks	Non-consolidated
			Prevention of problems caused by human factors	
	Promotion of disaster prevention activities	Prevention of major accidents	Reduction of process-related risks	Non-consolidated
	Promotion of chemical safety management	Ensuring chemical safety	Enhancement of safety information and proper management of chemical substances	Non-consolidated
	Promotion of safety activities in logistics	Ensuring safety, environmental protection, and maintaining product quality during logistics operations	Reducing risk of occupational accidents and injury in logistics; Promotion of a transport system that exerts less impact on the environment; Promotion of measures to prevent quality irregularities in logistics	Non-consolidated
Auditing	Continuous improvement of Responsible Care activities Strengtheningcorporate governance	Use of audits to evaluate and improve Responsible Care activities Strengthening of compliance	Promotion of integrated Responsible Care activities and Responsible Care audits throughout the Group Determination of priority areas for auditing: zero accidents, measures to strengthen compliance	Non-consolidated/ Group
Quality Assurance	Promotion of quality assurance activities	Prevention of quality problems (including PL problems)	Enhancing product safety activities Continuous improvement of all employees' quality awareness Enhancing "management at source"	Non-consolidated

● : Target achieved or satisfactory progress
◆ : Almost achieved
■ : To be achieved

Target	Performance in Fiscal 2009	Achievement Status
-Promote measures to fulfill the commitments made under the Ministry of the Environment's Eco-First program -Formulate medium- to long-term emission reduction targets for PRTR substances and VOCs based on risk assessments -Meet the environmental protection and management targets for the Group -Study the possibility of introducing environmental efficiency indicators within the Group -Introduce material flow cost accounting (MFCA) on a trial basis	-Achieved definite results for each of the items -Continued risk assessment work -Conducted follow-ups to ensure targets were achieved -Continued studying environmental impact assessments based on JEPIX and LCA methods -Continued trial implementation of MFCA	●
-Reduce unit CO_2 emissions from fossil fuels for captive consumption by 20% relative to fiscal 1990 levels by fiscal 2015	-Improved unit CO_2 emissions by 5.7% relative to the previous fiscal year (by 21.6% from fiscal 1990)	●
-Reduce unit CO_2 emissions by 6% relative to fiscal 2002 by fiscal 2010	-Improved unit CO_2 emissions by 3.1% relative to fiscal 2002	■
-Eliminate the use of refrigeration units that use specified CFCs as coolants by fiscal 2025	-Promoted systematic replacement of refrigeration units -No coolant leakages occurred	●
-Reduce unit energy consumption by 25% relative to fiscal 1990 by fiscal 2010	-Improved unit energy consumption by 6.3% relative to the previous fiscal year (by 17.4% from fiscal 1990)	●
-Reduce unit energy consumption by 9.5% relative to fiscal 2002 by fiscal 2010.	-Improved unit energy consumption by 5.2% relative to fiscal 2002	■
-Reduce volume of waste disposed of in landfill by 90% relative to fiscal 1990 level by fiscal 2010 -Stop the disposal of red bauxite through sea dumping by fiscal 2015	-Landfill disposal: Reduced the volume of waste disposed of in landfill by 3.9% relative to the previous fiscal year (83.3% reduction from fiscal 1990) -Sea dumping: Decided to use aluminum hydroxide instead of bauxite as the material for alumina products	●
-Reduce volume of waste disposed of in landfill by 48.9% relative to fiscal 2002 levels by fiscal 2010	-Reduced the volume of waste disposed of in landfill by 66.8% relative to fiscal 2002	●
-Reduce unit water usage by 25% relative to fiscal 1990 levels by fiscal 2010	-Improved unit water usage by 27.3% relative to fiscal 1990	●
-Reduce total emissions (into the air and water) of substances subject to the PRTR Act by 50% relative to fiscal 2002 levels by fiscal 2010	-Reduced total emissions by 61.6% relative to fiscal 2002	●
-Reduce total emissions (into the air and water) of substances subject to the PRTR Act by 60% relative to fiscal 2002 levels by fiscal 2010	-Reduced total emissions by 49.1% relative to fiscal 2002	■
-Reduce VOC emissions by 30% relative to fiscal 2000 levels by fiscal 2010	-Reduced VOC emissions by 14.9% relative to fiscal 2000	■
-Keep hazardous materials strictly within Company premises and conduct the required inspections and improvements. Company premises to be kept under continuous monitoring/supervision.	-Soil contamination survey, evaluations, and required remediation currently near completion -Monitoring of groundwater near boundaries has confirmed that levels of hazardous materials are below those stipulated by environmental standards -Continued monitoring of groundwater	●
-Promote appropriate storage and recovery of PCB waste and complete PCB waste treatment by March 2014	-Continued the strict recovery and appropriate storage of PCB waste -Completed pre-registration with JESCO: Treatment completed at some Works (Sumitomo Chemical)	●
-Completely eliminate accidents and major problems	-Achieved the target of zero accidents and major problems	●
-Frequency rate of lost-workday injuries: <=0.1 -Severity rate of lost-workday injuries: <=0.01 -Frequency rate of lost-workday injuries = (number of lost-workday injuries/man-hours) x 1,000,000 -Severity rate of lost-workday injuries = (number of lost-workdays/man-hours) x 1,000	-There were two accidents resulting in lost workdays at Sumitomo Chemical and three in total at its contractors/affiliate companies, and thus the targets were not achieved. -Sumitomo Chemical: Frequency rate of lost-workday injuries: 0.16; severity rate of lost-workday injuries: 0.006 -Contractors/affiliate companies: Frequency rate of lost-workday injuries: 0.29; severity rate of lost-workday injuries: 0.012	■
-Eliminate major accidents	-Occurrence of two serious industrial accidents (chlorine leakage) -Conducted process risk assessment and implemented safety measures	■
-Conduct various studies and risk assessments and enhance safety information related to Responsible Care for chemical products	-Conducted health and environment risk assessments of gases before treatment and after emission into the atmosphere, environmental risk assessments for effluent and discharged water, occupational safety risk assessments of chemical substances handled by the Company, and consumer safety risk assessments of newly developed chemicals, and worked to improve the risk assessment levels	●
-Promote advanced measures for management of chemical substances	-Promoted voluntary programs to compile a database of existing findings and information, and promoted operation of a new comprehensive chemical product management system (SuCCESS) to manage the collected safety information appropriately and make more effective use of it	●
-Achieve zero accidents resulting in lost workdays at partner logistics companies -Reduce annual unit energy consumption by 1% -Achieve the management target for logistics quality irregularities (Reduce major incidents to eight or fewer)	-Occurrence of two lost-workday accidents at partner logistics companies -Improved unit energy consumption by 0.2% relative to the previous fiscal year -Reduced the number of logistics quality irregularities below the target level (two serious incidents)	■
-Review the Responsible Care audit system -Reinforce Responsible Care audits at Sumitomo Chemical and its Group companies	-Increased the efficiency of Responsible Care audits by conducting audits of some Group companies in two teams, in response to an increase in the frequency of audits -Reviewed checklist and improved risk detection level	●
-Achieve zero major product quality problems	-Achieved zero major product quality problems; formulated a new evaluation method for quality risk; increased awareness of "the Taguchi method" to ensure stable quality from the design stage	●

Group Company Initiatives

The Sumitomo Chemical Group is making a concerted effort to encourage and enhance Responsible Care activities on a global scale.

Koei Chemical Co., Ltd.

Specific Initiatives to Further Enhance RC

Koei Chemical has been manufacturing a wide range of unique organic chemical products in response to society's needs for over 90 years since its foundation in 1917. We deliver various products while conducting RC activities to ensure safety and quality and to protect the environment and human health, and these activities form the cornerstone of our business management.

We conduct a range of activities at our plants based on our basic policy of Making Safety the First Priority. For example, in introducing new products and equipment, our plants always examine issues related to safety, the environment, and quality before starting; hold meetings to review past failures and learn lessons; and conduct disaster prevention drills jointly with local fire departments.

In fiscal 2010, we created a new plant reform program, including activities to promote environmental safety, in order to raise our levels of safety and environmental protection.

We work to avoid any noncompliance with laws and regulations on chemical safety. We check the legal requirements for chemicals when we receive inquiries on them and are building a system that allows us to ensure legal compliance for all products for export.

In 1998, we also began publishing a report on safety, the environment and product quality each year to outline our RC activities. We will continue to promote RC activities under the corporate slogan "We love the Earth, and we love chemistry," aiming to earn ever more trust from society.

Hisashi Moriyama
Manager, Responsible Care Office
Koei Chemical Co., Ltd.

Koei Chemical's Chiba Plant

VOICE

Monthly Meeting to Review Failures and Technology Training

Since 2004, Koei Chemical has been holding monthly meetings for all departments to review one or two examples of its past failures, aiming to prevent the recurrence of similar safety, environmental, and product quality issues throughout the company and also to pass on our technologies to younger employees. At the meeting held in April 2010, we reviewed some cases that could have resulted in serious incidents related to operating the reactors and managing product analysis. At the meetings, participants exchange candid opinions and discuss in a sometimes tense but exciting atmosphere. We make the meeting worthwhile by following up on results and checking whether they are being used effectively in order to improve our standards of work.

In response to concerns that our older employees might not be able to pass on all our technologies to younger employees before retiring, we began building a database of the experience and expertise accumulated in the company starting in 2005. All employees can access this database for information on items including occupational health and safety, industrial safety and disaster prevention, environmental protection, production technologies, and equipment maintenance. We also use this database in our technology training, where our technologies are passed on directly from older to younger employees. We will continue these activities to ensure safe plant management.

Norio Nawa
Deputy Plant Manager
Koei Chemical Co., Ltd.

Dalian Sumika Chemphy Chemical Co., Ltd. (DSC)

Becoming a Model Chemical Plant for Other Plants in Dalian

Dalian Sumika Chemphy Chemical (DSC) celebrated its seventh anniversary in April 2010, and it is already five and a half years since it started operations in December 2004. DSC manufactures intermediates for agricultural chemicals and has been maintaining stable full operation for several years while establishing a record of zero accidents or disasters since its start.

As a result of our RC activities, we received the highest evaluation and commendation in the inspections on health and safety conducted by the Chinese authorities for two consecutive years in 2008 and 2009. Also in 2009, at the first meeting held to announce the introduction of RC in the Dalian Development Area, DSC gave a presentation on its RC activities as a representative of local companies. In this presentation, we placed an emphasis on one idea we always bear in mind, which is that the damage caused to facilities by a fatal accident or environmental problem can always be recovered by spending money, but people killed in an accident can never be brought back to life and the relationship of trust with local residents and communities can be lost in a moment.

All employees celebrating the fifth anniversary of the start of operations

Meeting to announce the introduction of RC held in the Dalian Development Area (May 2009)

Fatal accidents tend to be the result of leakages and clogging, which we work to prevent through on-site patrols to detect initial leakages and clogging using all five senses. We make concerted efforts focused on investigating the basic causes of the problems detected and preventing their recurrence.

Recently, the employees themselves have created a health and safety education handbook that illustrates the basic safety rules with photos, and easy-to-understand safety signs are now posted not only for employees but also for visitors. We are also publishing a “safety newspaper.”

To communicate with local residents, we participated in local dialogue meetings to explain our environmental measures and also invited local residents on tours of our plant to improve mutual understanding.

Meanwhile, within the company, we held a briefing for all employees to educate them on what they should know as members of the Sumitomo Chemical Group, including Sumitomo’s history as well as overcoming environmental problems and also fulfilling social responsibility and contributing to local communities, principles that have formed the basis of Sumitomo Chemical’s business since its start. This briefing allows us to convey Sumitomo’s Business Principles and Business Philosophy to employees.

We aim to become a model chemical plant for the other plants in Dalian and to be a company that is truly accepted by the local community.

Mitsuaki Yamada
General Manager
Dalian Sumika Chemphy Chemical Co., Ltd.

Environmental Performance of the Sumitomo Chemical Group (Environmental Impact and Environmental Accounting)

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). We also introduced environmental accounting for the Group and continuously publicize the results.

Primary Environmental Performance (Fiscal 2009)

	Sumitomo Chemical Group *1	Sumitomo Chemical

INPUT Energy and Resources *2

Energy	Sumitomo Chemical Group *1	Sumitomo Chemical
Electricity	2,281	1,429
Gas/Fuel (Calculated as kl of crude oil)	482	395
	1,799 Thousands of kl	1,034 Thousands of kl

Exhaustible resources	Sumitomo Chemical Group *1	Sumitomo Chemical
Hydrocarbon compounds	317	290
Metals (excluding rare metals) *3	10.3	9.6
Rare metals *4	0.017	0.004
	10,000 tons	10,000 tons

Water	Sumitomo Chemical Group *1	Sumitomo Chemical
	1,416.7	557.7
Industrial water	68.3	64.9
Drinking water	1.0	0.4
Seawater	1,321.2	469.7
Groundwater	23.6	20.4
Other water	2.7	2.3
	Millions of tons	Millions of tons

Sumitomo Chemical Group

Use of PCB/CFCs	Sumitomo Chemical Group *1	Sumitomo Chemical
No. of electrical devices containing PCBs	1,341 units	653 units
PCB volume	40.7 ㎥	36.1 ㎥
No. of refrigeration units using specified CFCs as coolant	80 units	25 units

OUTPUT Product Manufacturing and Environmental Impact

Products (Calculated on the basis of ethylene production) *5	Sumitomo Chemical Group *1	Sumitomo Chemical
	242	158
	10,000 tons	10,000 tons

Waste material	Sumitomo Chemical Group *1	Sumitomo Chemical
Waste generated	266	67
Landfill (final disposal)	37.5	7.4
On-site landfill	0	0
External landfill	37.5	7.4
Red bauxite sea dumping	393	393
	Thousands of tons	Thousands of tons

Water pollutant emissions	Sumitomo Chemical Group *1	Sumitomo Chemical
COD	1,421	1,310
Nitrogen	1,942	1,897
Phosphorus	48	46
Substances subject to the PRTR Act	68	34
	Tons	Tons

Atmospheric emissions	Sumitomo Chemical Group *1	Sumitomo Chemical
Greenhouse gases (six gases) *6		4,411
CO_2		4,364
N_2O		46
HFC		0.4
PFC		0
Methane		0.1
Sulfur hexafluoride		0
Emissions from energy use (CO_2)	6,368	3,787
Captive fuel consumption *7	4,533	2,159
Purchased electricity and steam	1,835	1,628
	Thousands of tons of CO_2	Thousands of tons of CO_2
Others		
NOx	4,710	2,622
SOx	3,373	1,094
Soot and dust	269	160
Substances subject to the PRTR Act	1,258	411
	Tons	Tons

*1. Sumitomo Chemical and the following 16 domestic Group companies: Dainippon Sumitomo Pharma Co., Ltd., Koei Chemical Co., Ltd., Taoka Chemical Co., Ltd., Sumitomo Joint Electric Power Co., Ltd., Sumika Color Co., Ltd., Nihon Medi-Physics Co., Ltd., Nippon A&L Inc., Thermo Co., Ltd., SanTerra Co., Ltd., Sumika Kakoushi Co., Ltd., Asahi Chemical Co., Ltd., Shinto Paint Co., Ltd., Sumitomo Dow Ltd., Sumika Bayer Urethane Co., Ltd., Nihon Oxirane Co., Ltd., and Sumika Agrotech Co., Ltd.

*2. See page 18 of the DATA BOOK for performance data on energy consumption, CO_2 emissions, water usage, and landfill disposal amounts for major overseas Group companies

*3. Calculations include the following 12 metals: iron, gold, silver, copper, zinc, aluminum, lead, platinum, titanium, palladium, gallium, and lithium.

*4. Calculations include the following seven rare metals: nickel, chromium, tungsten, cobalt, molybdenum, manganese, and vanadium.

*5. Certain assumptions were made in calculations due to the difficulty of obtaining weight-based figures for some products.

*6. The method used for calculating CO_2 emissions (i.e. CO_2 emission coefficient, types of greenhouse gases targeted for calculation, and emission sources) has remained unchanged since the calculation of environmental performance data was started.

*7. CO_2 emissions originating from energy (electricity and steam) sold outside the Sumitomo Chemical Group are not included. Emissions from Sumitomo Joint Electric Power Co., Ltd., however, are included as sales of energy from its primary business.

Evaluation of Environmental Protection Costs and Economic Effects through Environmental Accounting

Sumitomo Chemical continuously gathers and evaluates data on environment-related expenses, investments, and economic results in line with the Company's environmental accounting system introduced in fiscal 2000.

Items Pertaining to Environmental Accounting

(1) Period

Fiscal 2009 (April 1, 2009 to March 31, 2010)

(2) Scope

Sumitomo Chemical and 17 major consolidated subsidiaries (12 in Japan and five outside Japan)*

(3) Composition (Classification)

Based on Ministry of the Environment guidelines

(4) Independent assurance

Conducted by KPMG AZSA Sustainability Co., Ltd.

(5) Outline of the results (investment and expenses)

Investment increased by 2 billion yen compared with fiscal 2008, due to the establishment of wastewater treatment facilities and the installation of emitted gas treatment facilities at the synthetic rubber manufacturing plants.

Expenses increased by 900 million yen year on year, due to increases in soil remediation costs and in development costs for proton conducting films for fuel cells.

***17 major consolidated subsidiaries**

Dainippon Sumitomo Pharma Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; Sumitomo Joint Electric Power Co., Ltd.; Sumika Color Co., Ltd.; Nihon Medi-Physics Co., Ltd.; Nippon A&L Inc.; Thermo Co., Ltd.; SanTerra Co., Ltd.; Sumika Kakoushi Co., Ltd.; Nihon Oxirane Co., Ltd.; Sumika Agrotech Co., Ltd.; Dongwoo Fine-Chem Co., Ltd.; Sumitomo Chemical (Singapore) Pte. Ltd.; The Polyolefin Company (Singapore) Pte. Ltd.; Sumika Technology Co., Ltd.; and Sumika Electronic Materials (Wuxi) Co., Ltd.

Environmental Protection Cost

(Unit: 100 million yen)

Classification		Details of Major Initiatives	Fiscal 2008				Fiscal 2009			
			Non-consolidated		Consolidated		Non-consolidated		Consolidated	
			Investment	Expenses	Investment	Expenses	Investment	Expenses	Investment	Expenses
Business Area Costs			11	167	24	248	52	157	66	229
Breakdown	Pollution Prevention Costs	Prevention of air pollution, water pollution, soil contamination, noise pollution, odors, ground subsidence, etc.	(8)	(120)	(20)	(168)	(50)	(114)	(63)	(156)
Breakdown	Global Environmental Protection Costs	Prevention of global warming and ozone layer depletion, and other measures	(0)	(0)	(0)	(4)	(0)	(0)	(1)	(3)
Breakdown	Resource Recycling Costs	Resource and energy conservation, water conservation and rainwater usage, waste reduction/disposal treatment, recycling, etc.	(3)	(47)	(4)	(76)	(2)	(43)	(2)	(70)
Upstream/Downstream Costs		Green purchasing, recycling, recovery, remanufacturing and appropriate treatment of products, recycling costs associated with containers and packaging, environmentally friendly products and services, etc.	0	0	3	2	0	0	0	2
Administrative Costs		Costs associated with environmental education, environmental management systems, the monitoring and measuring of the environmental impact of business activities and products, environmental organization operations, etc.	0	6	0	12	0	6	0	11
R&D Costs		Development of products with attention to environmental safety, research into energy-saving processes, etc.	0	43	0	44	0	63	0	63
Social Activity Costs		Protection of the natural environment and enhancement of its scenic beauty and greenery, support for community initiatives aimed at environmental protection, support for environmental preservation groups, environment-related paid contributions and surcharges, etc.	0	5	0	8	0	4	0	7
Environmental Remediation Costs		Environmental rehabilitation of contaminated environments and other environmental damage, reserve funds to cover environmental recovery, etc.	0	0	0	0	0	11	0	11
Total			11	221	27	314	52	241	66	323

Economic Effects

(Unit: 100 million yen)

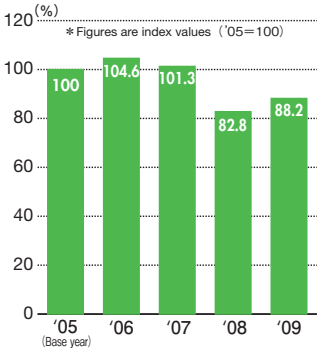
Results	Fiscal 2008		Fiscal 2009	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Reduced costs through energy conservation	8	9	6	7
Reduced costs through resource conservation	8	10	12	12
Reduced costs through recycling activitiess	29	31	23	24
Total	45	50	41	43

TOPIC

Improving the Cost Efficiency of Environmental Protection

In fiscal 2009, we began implementing measures to improve the cost efficiency of our environmental protection measures by making sure that all activities were as cost effective as possible. From fiscal 2008 to 2009, the annual total output was severely affected by a decrease in production volumes and as a result the cost efficiency of our environmental protection activities decreased. In response, we will implement more effective measures by analyzing and studying the breakdown of costs and reviewing each item to determine its importance. In fiscal 2009, we decided to calculate the cost efficiency of our environmental protection as the ratio of annual total production value to total environmental protection costs, in order better to reflect actual production activities in the calculation, and we have now applied this calculation method retrospectively.

Cost Efficiency of Environmental Protection Measures



Environmental Performance at Works (Environmental Impact and Environmental Accounting)

*1. Number of employees: As of March 31, 2010
*2. Energy (1,000 kl): Calculated as crude oil equivalent
*3. Products (10,000 tons): Calculated as ethylene equivalent
*4. CO_2 (10,000 tons): Including CO_2 from energy use, environmental processing, and other processes

Ehime & Ohe Works

Ehime Works

Main products

Ammonia derivatives, chlorine derivatives, sulfur derivatives, aluminum and alumina derivatives, acrylic resins, vinyl chloride resins, engineering plastics, and pharmaceutical intermediates

No. of employees*1 : 967

Message from the General Manager

In making a further leap toward our 100th anniversary in 2013, all of us at the Ehime Works will make concerted efforts to achieve our zero-accident and zero-disaster targets, environmental protection, and communication with society, thereby gaining the greater trust of customers and local residents and becoming a trusted Works here in this city that is the birthplace of Sumitomo Chemical.

Tsutomu Konaka
General Manager
Ehime Works

Ohe Works

Main products

Optical functional films and heat-resistant Li-ion battery separator

No. of employees*1 : 518

Message from the General Manager

Together with Sumika Assembly Techno Co., Ltd., we will contribute to bettering people's lives by providing world-class products. To this end, all our employees continue to demonstrate teamwork, giving first priority to safety, the environment and product quality and we are committed to building a corporate culture that can continue to win the trust of local communities and customers.

Kazushi Tan
General Manager
Ohe Works

Fiscal 2009 Environmental Performance and Other Key Results

Input		Output	
Energy*2	557 million litres	Products*3	628 thousand tons
Exhaustible resources	565 thousand tons	CO_2 *4 (atmosphere)	2,161 thousand tons
Water	84 million tons	NOx (atmosphere)	616 tons
		SOx (atmosphere)	481 tons
		COD (water)	885 tons
		Landfill amount	5,878 tons

Environmental accounting

Investment	3.79 billion yen
Expenses	8.2 billion yen
Economic effect	2.58 billion yen

Chiba Works

Main products

Propylene oxide, styrene monomer and other organic chemical products, polyethylene, polypropylene and other synthetic resins, and synthetic rubber

No. of employees*1 : 1,319

Message from the General Manager

At the Chiba Works, in our efforts to achieve the targets of our new Corporate Business Plan, we work to accomplish the "five zeros" (zero accidents and disasters, zero environmental problems, zero quality problems, zero serious equipment failures, and zero manufacturing losses) and create greater value in order to fulfill our four missions (ensuring safe and stable operations, boosting competitiveness, enhancing R&D, and strengthening our mother plant and research laboratory functions), aiming to achieve further global growth.

Yasuhiko Kitaura
General Manager
Chiba Works

Fiscal 2009 Environmental Performance and Other Key Results

Input		Output	
Energy*2	795 million litres	Products*3	886 thousand tons
Exhaustible resources	2,390 thousand tons	CO_2 *4 (atmosphere)	1,992 thousand tons
Water	447million tons	NOx (atmosphere)	1,834 tons
		SOx (atmosphere)	431 tons
		COD (water)	107 tons
		Landfill amount	18 tons

Environmental accounting

Investment	1.05 billion yen
Expenses	4.59 billion yen
Economic effect	0.18 billion yen

Osaka Works

Main products

Pharmaceutical bulk and intermediates, photoresists used in the manufacture of semiconductors and display materials, polymer additives, dyestuffs, and agricultural fungicides

No. of employees*1 : 535

Message from the General Manager

To continue to gain the trust of our business partners and local residents, all employees of the Osaka Works are striving to maintain "zero accidents and disasters" and to become a worksite that is friendly to both people and the environment. As a basis for these activities, we encourage communication with local communities through plant tours, school science visits, and support for sporting events.

Osamu Maruyama
General Manager
Osaka Works

Fiscal 2009 Environmental Performance and Other Key Results

Input		Output	
Energy*2	20 million litres	Products*3	13 thousand tons
Exhaustible resources	6 thousand tons	CO_2*4 (atmosphere)	39 thousand tons
Water	0.9 million tons	NOx (atmosphere)	20 tons
		SOx (atmosphere)	< 0.1 tons
		COD (water)	102 tons
		Landfill amount	150 tons

Environmental accounting

Investment	10 million yen
Expenses	760 million yen
Economic effect	160 million yen

Oita Works

Main products

Agricultural insecticides, herbicides and fungicides, and polymer additives

No. of employees*1 : 319

Message from the General Manager

The Oita Works, which is approached along a road lined with Japanese cinnamon trees, celebrated its 70th anniversary last year. We have made this an opportunity to actively take on the challenge of implementing our plant policies and achieving our aspirations for 10 years from now. We work daily to continue to win the trust of customers and society based on cooperation with local residents, under our policy of Making Safety the First Priority

Hiroyuki Takahashi
General Manager
Oita Works

Fiscal 2009 Environmental Performance and Other Key Results

Input		Output	
Energy*2	29 million litres	Products*3	24 thousand tons
Exhaustible resources	17 thousand tons	CO_2*4 (atmosphere)	90 thousand tons
Water	20 million tons	NOx (atmosphere)	41 tons
		SOx (atmosphere)	164 tons
		COD (water)	180 tons
		Landfill amount	1,037 tons

Environmental accounting

Investment	150 million yen
Expenses	1.82 billion yen
Economic effect	230 million yen

Misawa Works

Main products

Public health insecticides and agricultural insecticides

No. of employees*1 : 126

Message from the General Manager

The Misawa Works manufactures products for the life science field in harmony with local communities under the slogan “Ongoing growth for the future.” All of our employees are highly aware of the environment and product quality and are committed daily to delivering safe and reliable products to users based on safe and stable operations.

Shinichiro Nagata
General Manager
Misawa Works

Fiscal 2009 Environmental Performance and Other Key Results

Input		Output	
Energy*2	14 million litres	Products*3	8 thousand tons
Exhaustible resources	3 thousand tons	CO_2 *4 (atmosphere)	39 thousand tons
Water	1.5 million tons	NOx (atmosphere)	50 tons
		SOx (atmosphere)	11 tons
		COD (water)	14 tons
		Landfill amount	9 tons

Environmental accounting

Investment	110 million yen
Expenses	470 million yen
Economic effect	20 million yen

Gifu Plant

Main products

Pharmaceutical bulk and intermediates

No. of employees*1 : 151

Message from the General Manager

It has been 39 years since the Gifu Plant started operation. We give first priority to safe and stable operations and are making a concerted effort to provide high-quality pharmaceutical chemicals that satisfy customers and that they can use with peace of mind.

Norio Kawamura
General Manager
Gifu Plant

Fiscal 2009 Environmental Performance and Other Key Results

Input		Output	
Energy*2	5 million litres	Products*3	5 thousand tons
Exhaustible resources	7 thousand tons	CO_2 *4 (atmosphere)	14 thousand tons
Water	1.4 million tons	NOx (atmosphere)	22 tons
		SOx (atmosphere)	5 tons
		COD (water)	6 tons
		Landfill amount	294 tons

Environmental accounting

Investment	< 10 million yen
Expenses	390 million yen
Economic effect	30 million yen

Okayama Plant

Main products

Pharmaceutical bulk and intermediates

No. of employees*1 : 154

Message from the General Manager

The Okayama Plant will soon celebrate the 95th anniversary of its operations in the Kojima district, a famous production center for brand jeans located within the Setonai-kai National Park area. We are manufacturing pharmaceuticals on commission based on safe and stable operations. All employees are endeavoring together to make our plant friendly to both people and the planet and harmonize with nature, while improving our brand power.

Tetsuhiko Watanabe
General Manager
Okayama Plant

Fiscal 2009 Environmental Performance and Other Key Results

Input		Output	
Energy*2	9 million litres	Products*3	16 thousand tons
Exhaustible resources	4 thousand tons	CO_2*4 (atmosphere)	29 thousand tons
Water	2.3 million tons	NOx (atmosphere)	39 tons
		SOx (atmosphere)	2 tons
		COD (water)	16 tons
		Landfill amount	41 tons

Environmental accounting

Investment	30 million yen
Expenses	320 million yen
Economic effect	780 million yen

Promoting Sustainable Environmental Management

Sumitomo Chemical aims to achieve an even higher level of sustainable environmental management.

Sumitomo Chemical is actively implementing specific measures to improve its productivity and reduce its environmental impact. These measures include the systematic reduction of environmental impact to reduce environmental risk, examination of the practical use of environmental efficiency indicators and environmental accounting methods and the sharing of environmental impact reduction targets with Group companies both in Japan and overseas.

Reducing Environmental Impact to Reduce Environmental Risk

Managing the risks associated with substances newly controlled under the PRTR Act

Among the substances that have been newly designated under the PRTR Act following the revision of the law in November 2008, we have begun assessing the environmental risks for approximately 50 substances handled by Sumitomo Chemical, and have been working to strengthen management of these risks throughout the Company.

In addition, we have made important improvements to Sumitomo Chemical's own independently developed PRTR totaling system, in which the Head Office networks with other sites, to further improve the accuracy of data and lighten the workload *(Figure 1)*.

Reducing VOC Emissions Based on Risk Assessments

For all VOCs*1 handled by Sumitomo Chemical, including hexane, we began to study setting new medium- to long-term emissions targets by evaluating VOC concentrations using the ozone creation potential as an indicator and by prioritizing various anti-emission measures (Figure 2).

Figure 1 Improving the Management of Substances Subject to the PRTR Act Based on Their Environmental Risk

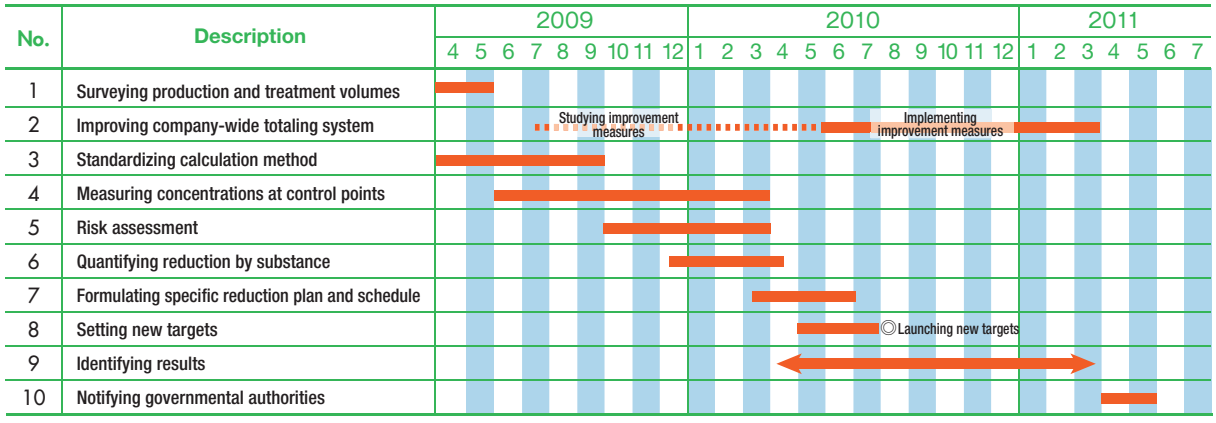
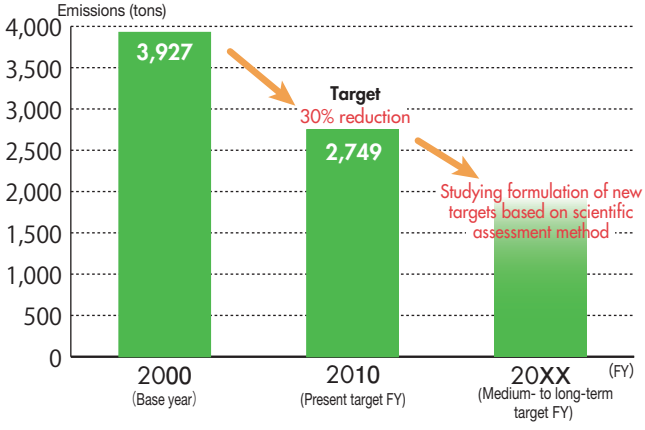


Figure 2 Medium- to Long-Term VOC Emissions Reduction



*1 VOC
Volatile organic compounds (VOCs), including toluene, xylene, benzene, and a variety of other substances, enter the atmosphere in a gaseous state and cause various forms of air pollution, including photochemical smog.

Reducing Group-wide Environmental Impact

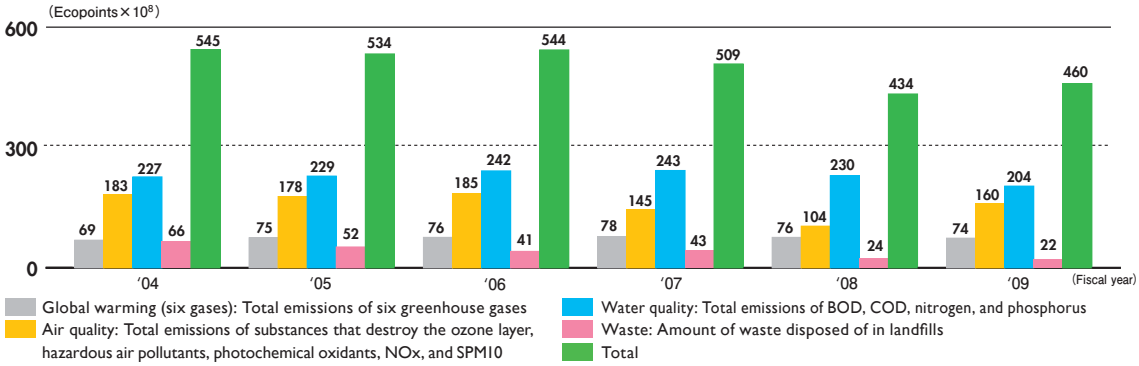
Reducing Group-Wide Environmental Impact

(1) Assessing environmental impact using JEPIX

In fiscal 2009 as in the previous fiscal year, we made an integrated assessment of environmental impact using JEPIX*2 and continued with the relevant evaluations and analyses. We will continue to make detailed assessments to verify the effectiveness of the JEPIX approach *(Figure 3)*.

*2 JEPIX
JEPIX (Environmental Policy Priorities Index for Japan): This method, which employs a uniform single indicator called "Ecopoints" to evaluate environmental impact, is derived from the Swiss LCIA Eco Scarcity methodology. The current method evaluates the discrepancy between targets (e.g. laws and environmental policies) and actual conditions based on material flow data.

Figure 3 Breakdown of Aggregate Values for Environmental Impact (Ecopoints) (for the Sumitomo Chemical Group)



◆ Water quality improved through measures to reduce nitrogen in wastewater containing ammonia.
◆ Air quality deteriorated from increase in HCFC emissions.

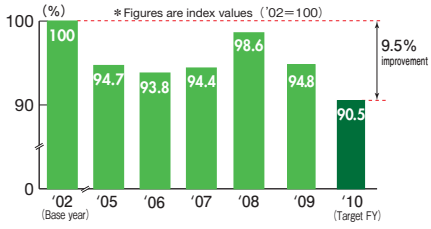
(2) Sharing Environmental Protection Management Targets throughout the Group

(For details, see page 17 of the DATA BOOK.)

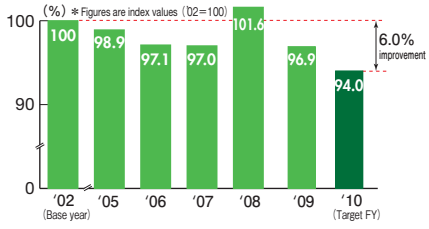
Sumitomo Chemical shares the targets for major environmental protection management items with 15 Group companies in Japan and takes specific measures to improve environmental performance *(Figure 4)*. We are also implementing similar initiatives with overseas Group companies.

Figure 4 Performance Improvement Targets and Actual Results for Sumitomo Chemical and Group Companies in Japan

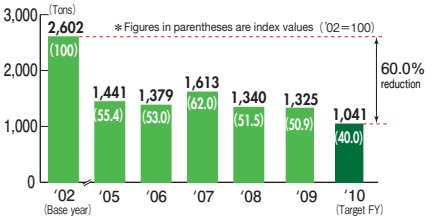
Unit Energy Consumption Index



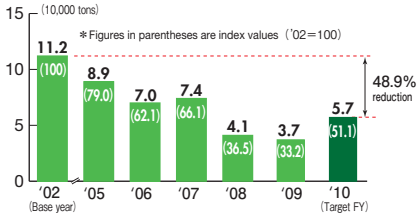
Unit CO_2 Emission Index



Substances subject to the PRTR Act Emissions (into the air and water)



Waste landfill



◆ In fiscal 2008, increases in both unit energy consumption index and unit CO_2 emission index were due to decreases in production Volumes. In fiscal 2009, both indices improved following recovery in production volumes.
◆ Data for fiscal 2005 to 2008 have been revised to increase accuracy

Enhancing LCA for Products and Processes (at Plants)

For more practical and effective use of LCA*3 data (including CFP*4 assessment specialized for CO_2) both inside and outside the Company, we use the LCA software (JEMAI-LCA Pro) from the Japan Environmental Management Association for Industry as our standard calculation tool. We are studying how to standardize (universalize) the use of LCA in the Company and work systematically to implement it across all divisions.

Trial Evaluation of Material Flow Cost Accounting (MFCA)

From September 2008 to February 2009, Sumitomo Chemical participated in an MFCA*5 introduction demonstration project supported by the Japanese Ministry of Economy, Trade and Industry. In this project, the Company implemented MFCA on a trial basis at its manufacturing facilities for pharmaceutical intermediates. Based on the knowledge and experience gained through this trial, we are now evaluating the effectiveness of the accounting method and continuing detailed studies on how to utilize the method more widely.

In fiscal 2009, we held seminars and lectures on the trial results and widely disclosed and announced related information by contributing articles to professional journals.

Lectures:
Jan. 2009: MFCA dissemination seminar (organized by Sumitomo Chemical)
Dec. 2009: National meeting of equipment management (organized by the Japan Institute of Plant Maintenance)
Jan. 2010: Meeting on recent trends in ISO 14051 MFCA international standards (organized by the Ministry of Economy, Trade and Industry)
May 2010: Seminar held by Material Flow Cost Accounting Forum Japan

Contributions to professional journals:
Mar. 2010: March issue of Kankyo Kanri [Environmental Management] (published by the Japan Environmental Management Association for Industry)
June 2010: June issue of Plant Engineer (published by the Japan Institute of Plant Maintenance)

***3 LCA**
Lifecycle assessment (LCA): A method for evaluating the environmental impact of products and services throughout their lifecycles

***4 CFP**
Carbon footprint (CFP): Identification of lifecycle CO_2 emissions from products and services

***5 MFCA**
Material flow cost accounting (MFCA): An environmental cost accounting method that identifies input costs of materials, processing, electricity, fuel and others, and compares them with the energy and resources lost in manufacturing processes

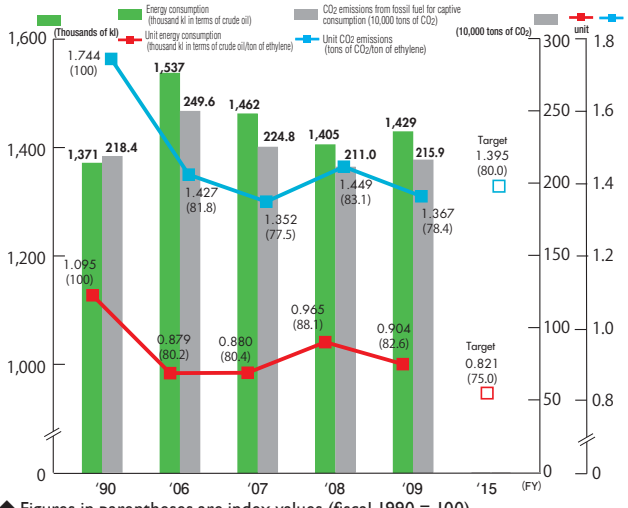
Environmental Protection Activities

Sumitomo Chemical has been working actively for the protection of the global environment and the creation of a recycling-based, low carbon society.

Sumitomo Chemical has chosen the following items as specific targets in the field of environmental protection and is strengthening measures to achieve them in order to make tangible improvements in its environmental performance. These items include promoting climate change prevention measures and energy-environment strategies, advancement and standardization of the environmental performance totaling system, improvements to the environmental efficiency indicator and improvements to and stable use of the environmental efficiency evaluation method, expanded use of the environmental accounting method, identifying the optimum mix of appropriate legal compliance measures and voluntary activities, and promotion of Group-wide environmental protection targets.

Target	Performance in Fiscal 2009
Improve unit energy consumption by 25% relative to fiscal 1990 by fiscal 2015 (Former target: Improve unit energy consumption by 20% relative to fiscal 1990 by fiscal 2010)	**Improved by 17.4% from the fiscal 1990 level (6.3% improvement from the fiscal 2008 level)**
Reduce unit CO_2 emissions from fossil fuel for captive consumption by 20% relative to fiscal 1990 by fiscal 2015 (Former target: Reduce unit CO_2 emissions from fossil fuel for captive consumption by 15% relative to fiscal 1990 by fiscal 2010)	**Improved by 21.6% from the fiscal 1990 level (5.7% improvement from the fiscal 2008 level)**

Energy Consumption, Unit Energy Consumption, CO_2 Emissions from Fossil Fuel for Captive Consumption, and Corresponding Unit Emissions



◆ Figures in parentheses are index values (fiscal 1990 = 100).
◆ In fiscal 2008, both unit energy consumption and unit CO_2 emissions increased due to a decrease in production volumes. In fiscal 2009, however, both decreased following a recovery in production.

Energy Conservation and the Prevention of Global Warming

Summary of Initiatives

We aim to achieve the world's highest level of energy efficiency, and are achieving definite results by improving our operating methods and the efficiency of our facilities and equipment while rationalizing our processes.

We are also studying proactive and effective forward-looking measures for responding to CO_2-related issues, and are leveraging our strengths in advanced technologies to develop processes and products that will contribute widely to reductions in CO_2 emissions.

Volume of CO_2 Emissions

(10,000 tons of CO_2)

FY	Total Emissions	Energy Origin		Environmental Treatment		Process
		Fossil Fuel Consumption	Purchased Electricity/Steam	Incineration	Effluent	
1990	368.7	218.4	103.8	28.2	2.2	16.1
2006	479.4	249.6	159.9	29.9	2.9	37.1
2007	471.1	224.8	176.9	28.2	2.7	38.5
2008	435.1	211.0	165.5	21.8	2.2	34.6
2009	436.4	215.9	162.8	20.0	1.8	35.9

Figures do not include emissions from fuel consumed for electricity or steam sold outside the Company.
◆ In fiscal 2008, total emissions decreased due to a decrease in production volumes. In fiscal 2009, total emissions increased slightly over levels the previous year due to production stoppage and adjustment at major plants.

VOICE

Reducing Power Consumption by Introducing Energy-Saving Equipmentment

At the Chiba Works, we are using the active sludge method to treat wastewater at the wastewater treatment facilities. This method consumes large quantities of electricity in driving the air blowers that pump air into the aeration tank and break down organic matter in the wastewater. To reduce the power used, we installed highly efficient aeration equipment, which diffuses air widely into every corner of the tank. As a result, we were able to reduce the use of air, which led to a reduction of roughly 30% in the power used to drive the air blowers. In fiscal 2009, we reduced our power consumption by approximately 1,000 MWH in total, which is equivalent to a reduction in energy use of 260 kl in terms of crude oil (corresponding to approximately 500 tons of CO_2 emissions).

Takuya Yamashita
No. 1 Manufacturing Department
Chiba Works

Mr. Yamashita (far left) and his colleagues

VOICE

Improving Equipment to Recover Heat from Boiler Exhaust Gas

At the Oita Works, exhaust gas from one of the main boilers was sent into the air preheater to recover heat from the gas through a heat exchange with the combustion air. The equipment, however, had become quite old and we replaced it with a feed-water preheater to achieve more effective heat recovery. The new equipment allows heat exchange between boiler exhaust gas and the boiler feed-water, and this has reduced use of the heavy oil C used as boiler fuel by approximately 4% (400 kl) annually. This replacement has also contributed to a reduction in atmospheric NOx emissions.

Main boiler with a feed-water preheater (top left)

Teruyuki Akimoto
Production Planning Department
Oita Works

Achieving Energy Conservation by Ensuring Optimal Boiler Operation

The Okayama Plant uses fuel (heavy oil A) and electrical energy to drive small one-through boilers to generate steam from water. The plant manufactures a diverse variety of pharmaceutical intermediates using the batch production method, and the volume of steam required by the entire plant varies greatly from day to day. To conserve energy by responding to changes in the demand for steam, it would be necessary to ensure operation of the optimal number of boilers and eliminate any waste. To achieve this, we have adopted a control method that operates the minimum number of boilers required in order to generate steam more efficiently, enabling us to achieve a reduction of approximately 4% in energy consumption per unit of steam production.

Takashi Tomita
Manufacturing Department
Okayama Plant

"Visualizing" Energy Use (Part 1)

Effective Use of Simplified Watt-Hour Meters

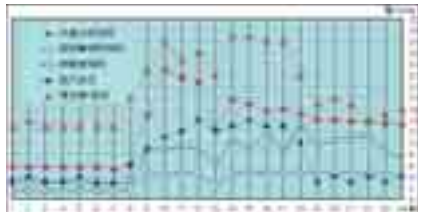
The Osaka Works has been developing its energy conservation activities with the active participation of all employees since it started its energy conservation promotion system in 1998. In fiscal 2009, we actively promoted energy conservation through the effective use of simplified watt-hour meters. Specifically, we attached watt-hour meters (shown in the photo) to all the electric devices used in our workplaces, which enables us to identify power consumption, electricity charges, and CO_2 emissions all at a single glance. This "visualization" of the energy used is making each employee more energy-conscious and voluntarily committed to energy conservation, which is expected to bring about great results throughout the Works.

Keiko Asano
Environment & Safety Department
Osaka Works

"Visualizing" Energy Use (Part 2)

Effective Use of Power Meters Equipped with a Communications Function

The Okayama Plant "visualizes" the hourly and monthly power consumption for its major manufacturing equipment and its office equipment by using power meters equipped with a communications function. The data transmitted from the meters to a PC installed in the meter room are totaled in graphs (shown below), and the data are sent to the individual departments, which consider how to reduce their power usage (by making year-on-year comparisons).



As a result, lunchtime power consumption in the office and other facilities has been reduced by about half, and we are now looking into establishing an online visualization system that allows us to constantly monitor power usage.

Hideki Kogami
Manufacturing Department
Okayama Plan

Initiatives to Reduce Overall Environmental Impact

Summary of Initiatives

For pollutants released into the environment, such as exhaust gases, wastewater, and solid waste, we are actively promoting multifaceted measures and strengthening management by widely adopting the concept of risk management in addition to complying with legal standards and meeting the criteria agreed on with local governments.

In addition, we are continually deepening communication with people living in the neighborhoods around our facilities by soliciting their ideas and opinions in order to make further environmental improvements.

Progress on Major Items

Prevention of Air and Water Pollution

Targets (top) and major challenge(s) (bottom)	Performance in fiscal 2009
-Continue to keep emissions of SOx, NOx, soot and dust, COD, nitrogen, and phosphorous at or below voluntary control standards -Reduce unit water use in fiscal 2010 by 25% relative to fiscal 1990	-Emissions were continuously kept at or below voluntary control standards *(See pages 4 and 5 of the DATA BOOK)* -Reduced by 27.3% relative to fiscal 1990 *(See page 6 of the DATA BOOK)*
-Stabilize wastewater treatment (including odor elimination measures) and reduce environmental impact	-Started full-scale operation of active sludge treatment facilities, strengthened measures to recover ammonia and control odors, and reconsidered method of accepting wastewater *(See TOPIC on page 63 and page 19 of the DATA BOOK)*

PRTR/VOC

Targets (top) and major challenge(s) (bottom)	Performance in fiscal 2009
-Reduce total release of substances subject to the PRTR Act by 50% relative to fiscal 2002 by fiscal 2010 -Reduce emissions of VOCs by 30% relative to fiscal 2000 by fiscal 2010	-Reduced by 61.6% relative to fiscal 2002 *(See Figure 1 on page 63)* -Reduced by 14.9% relative to fiscal 2000 *(See page 11 of the DATA BOOK)*
-Implement systematic medium- to long-term reduction project -Assess the risks of substances newly subject to the PRTR Act -Set medium- to long-term reduction targets for VOCs -Improve the company-wide PRTR totaling system	-Changed to tanks with inner floats and recovered wastewater -Continued risk assessments *(See page 58)* -Studied formulation of new judgment criteria *(See page 58)* -Started full reconsideration of system for additional totaling of VOC data

Waste Reduction

Targets (top) and major challenge(s) (bottom)	Performance in fiscal 2009
-Reduce industrial waste landfill disposal volumes by 90% relative to fiscal 1990 -Stop sea dumping of red bauxite by fiscal 2015	-Reduced by 83.3% relative to fiscal 1990 *(See Figure 2 on page 63 and page 12 of the DATA BOOK)* -Discontinued use of bauxite as raw material for alumina, replaced with imported aluminum hydroxide in May 2010 (Studying cessation of sea dumping earlier than planned)
-Actively reduce generation of industrial waste and encourage waste recycling -Introduce an electronic manifest system	-Reduced generation of industrial waste in manufacturing processes, recycled incineration ash and waste plastic -Electronic manifests accounted for 36% of manifests issued by all plants

PCB

Targets (top) and major challenge(s) (bottom)	Performance in fiscal 2009
-Recover and store PCB waste appropriately, complete treatment by March 2014	-New plan to treat all PCB waste at Oita Works and Okayama Plant (by end of fiscal 2010) *(See page 13 of the DATA BOOK)*
-Ensure appropriate management of low-density PCB waste	-Analyzed PCB concentrations in electrical devices and continued appropriate storage and control of devices containing PCBs

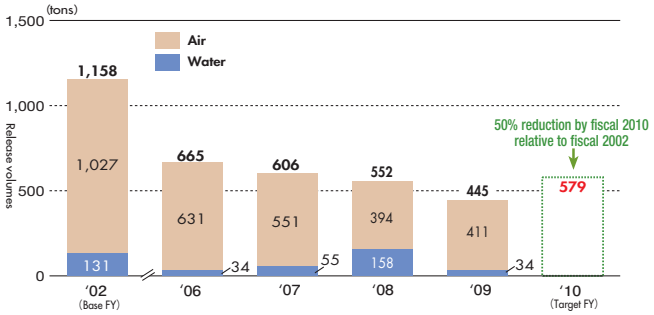
Soil and Groundwater Contamination

Target	Performance in fiscal 2009
-Keep hazardous substances within Company premises -Keep Company premises under surveillance by conducting related investigations and remediation and implementing continuous monitoring	-Continued surveys and evaluations on soil contamination as well as remediation work -Monitoring of groundwater near boundaries has confirmed that levels of hazardous materials are below those stipulated by environmental standards

Specified CFCs

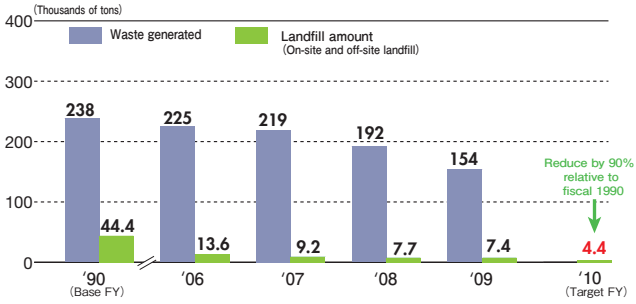
Target	Performance in fiscal 2009
-Discontinue use of refrigeration units that use specified CFCs as coolants by fiscal 2025	-Continued replacement with units using alternative coolants according to plan (No coolant leakage) *(See page 11 of the DATA BOOK)*

Figure 1 Releases of Substances Subject to the PRTR Act



◆ As a result of implementing measures to recover and break down ε-caprolactam, release into water substantially decreased in fiscal 2009, while release into the air increased slightly from an increase in production volumes.

Figure 2 Generated Waste and Landfill Disposal Amount



Efforts to Stop the Sea Dumping of Red Bauxite

Red bauxite is the residue of natural bauxite from which aluminum hydroxide, the raw material for alumina products, has been extracted. This substance is composed of insoluble mineral constituents and saltwater. Sumitomo Chemical has been safely disposing of red bauxite in the sea in accordance with the relevant Japanese laws. In addition, the Company formulated a policy to switch to the use of imported aluminum hydroxide, which generates no red bauxite, with a view to stopping the dumping of red bauxite in the sea as early as possible while continuing its alumina products business. In May 2010, we completed the shift with the understanding of our major customers. Since then no red bauxite has been generated from the manufacture of alumina products, and we are currently treating the red bauxite that remains at our facilities. We will complete treatment as early as possible and discontinue sea dumpling. Also, as one effective use of the red bauxite, we used approximately 2,100 tons as material in cement in cooperation with cement companies in fiscal 2009.

VOICE

Measures to Reduce Nitrogen in Wastewater Containing Ammonia

Due to increases in population and an increasing preference for poultry around the world, demand for methionine* has been expanding. Accordingly, our methionine manufacturing facilities at the Ehime Works continue to be in full operation. The methionine production process generates wastewater that contains ammonia. We studied measures to remove and recover ammonia from wastewater and installed the necessary equipment in October 2009, reducing nitrogen in wastewater by nearly 30% in the Niihama area.

Takao Mizuno
Niihama Second Manufacturing Department
Ehime Works

*** Methionine**
Methionine is a nutrient and one of the essential amino acids that cannot be synthesized by animals. It therefore needs to be ingested with feeds. Methionine is mainly used as a supplement and is mixed in with chicken feed.

Stabilizing Wastewater Treatment by Dividing Reception Tanks

The Misawa Works classifies wastewater from manufacturing processes according to various treatment methods and treats the stored wastewater by breaking it down with microorganisms (active sludge method) or by directly incinerating it (when the wastewater is not suitable for treatment using the active sludge method). In recent years, the number of different types of wastewater has increased but we were unable to classify these easily because the number of reception tanks was limited, which posed challenges such as inability to dispose of wastewater in a stable manner using the active sludge system and increases in the amount of wastewater being incinerated. In 2009, to solve these problems, we divided one of the reception tanks into five, improving and strengthening our wastewater management methods. This has helped to stabilize active sludge treatment, and by suspending the incineration of wastewater we were able to cut fuel consumption by 160 kl in crude oil equivalent and also reduce CO_2 emissions by approximately 420 tons annually.

Masanori Sato
Manufacturing Department
Misawa Works

TOPIC

Initiatives for Conserving Biodiversity

As an initiative for conserving biodiversity, Sumitomo Chemical has been committed to global environmental protection, as stated in the Sumitomo Chemical Charter for Business Conduct and in its Eco-First Commitments to the Japanese Minister of the Environment. Specifically, we are developing excellent energy- and resource-saving technologies and products, engaging in tree-planting activities using donations from the Matching Gift program, and ensuring responsible procurement by asking our suppliers to implement environmental protection measures. We conduct experiments in which we use genetically-modified organisms in a safe manner in line with our own safety control regulations. We will further strengthen our initiatives based on the Ministry of the Environment's Guidelines for Private Sector Engagement in Biodiversity and the Declaration of Biodiversity by Nippon Keidanren.

Safety Initiatives

Sumitomo Chemical is building a robust industrial safety and disaster prevention system making the safety of everyone first priority.

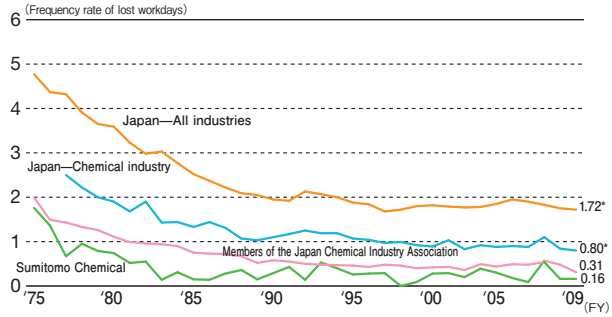
Safety Performances in Fiscal 2009

In fiscal 2009, two accidents resulted in lost workdays (accident frequency rate of lost-workday injuries: 0.16) with another three such accidents occurring at contractors (accident frequency rate of lost-workday injuries: 0.29).

The annual average for the frequency of lost-work day injuries during the 10 years from fiscal 2000 to 2009 was 2.9. Sumitomo Chemical has been aggressive in pursuing occupational safety and health activities to prevent labor accidents under the fundamental principle of Making Safety the First Priority. To this end we are repeating the PDCA cycle to identify all conspicuous and potential risks and hazards in each workplace and implementing a series of measures including making improvements based on the results of risk assessments. As a result of these efforts, all our sites have already acquired certification for their occupational safety and health management systems (OSHMSs). Unfortunately, however, we have not yet achieved our target of zero accidents. From this fiscal year, we will continue to promote a culture of safety throughout the company to ensure that all employees truly understand and practice our principle of Making Safety the First Priority to foster a corporate culture that will enable us to achieve and maintain our zero–accident target.

The number of accidents among contractors' employees has remained at the same level or has increased slightly since fiscal 2001. In fiscal 2009, three accidents resulting in lost workdays occurred. Now we need to reconfirm the fundamental principle of "ensuring occupational health and safety through a concerted effort with contractors" to achieve zero accidents.

Frequency Rate of Lost Workdays



Note: Figures shown in the graph are for fiscal 2008, as the data for fiscal 2009 had not been published by the Ministry of Health, Labour and Welfare at the time of publication of this report.

Surveying Buildings Constructed Using Materials Containing Asbestos

Sumitomo Chemical surveyed all its buildings to determine whether they had been constructed with materials containing asbestos. Subsequently, asbestos was removed, enclosed or surrounded, in accordance with the Japanese Ministry of Health, Labour and Welfare's Regulations for the Prevention of Asbestos-related Disease. All such work was completed by December 2005.

TOPIC

Acquiring OSHMS Certifications at the Ohe Works and Sumika Assembly Techno

The RC activity plan for the Ohe Works, which was established in April 2009, and Sumika Assembly Techno (SAT) included the acquisition of JISHA certification for their occupational safety and health management systems (OSHMSs). In April 2009, the Works and SAT started jointly to create manuals, provide education, train internal auditors, and perform internal audits as preparatory work for the inspections that form part of the certification, and in February 2010, the Japan Industrial Safety & Health Association (JISHA) conducted onsite inspections and as a result presented certificates to both the Ohe Works and SAT in March of the same year. However, we have much more to do to improve our OSHMS and will implement further measures to establish truly safe workplaces.

Norihiro Miwa
General Affairs Department
(Environment & Safety)
Ohe Works

"YYY" Traffic Safety Campaign

For six months starting in October 2009, the Tsukuba Research Laboratory conducted a traffic safety campaign to educate employees on how to avoid causing traffic accidents while commuting. In this campaign, named the "YYY Campaign," employees (You) were urged to pay careful attention to driving slowly (*Yukkuri*) and comfortably (*Yutori*). The campaign achieved its target successfully through use of a voice navigation system and activities in small teams of four to five people.

Distributing campaign brochures and items to prevent traffic accidents

Yoshiki Kurotobi
Technical Office
Tsukuba Research Laboratory

Maintaining the Health of Former Employees of Sumitomo Chemical

If former employees who have handled materials containing asbestos while working at Sumitomo Chemical so request, we will arrange for them to have a physical examination and will discuss their concerns with them, regardless of the degree to which they handled the materials in question. So far we have organized physical examinations for 1,465 persons, 24 of whom have been deemed eligible for workers' compensation insurance benefits under the Workers' Accident Compensation Insurance Act, and 81 persons were issued a Health Check Note. Four persons have been deemed eligible for special bereaved family compensation under the Act on Asbestos Health Damage Relief (as of the end of March 2010).

Information on these physical examinations is also provided on the Sumitomo Chemical website (in Japanese only). URL ☞ http://www.sumitomo-chem.co.jp/japanese/20060112_1.pdf

Security and Disaster Prevention Management for Preventing Accidents at Plants and Assuring Safety

The foremost mission of disaster prevention management is to prevent unforeseen plant accidents by ensuring process safety and plant integrity. Plants must also be protected against natural disasters and terrorist attacks. Stringent risk assessments are therefore conducted, in addition to continuous safety improvement and comprehensive voluntary safety management.

Unfortunately, however, we had two serious accidents in succession in April and May 2009. Learning lessons from these accidents, we have created error prevention manuals and checklists, enhanced our document management system to make effective use of the documents, clarified the judgment criteria for emergency measures and information communication, and established a fail-safe* system for the abatement tower equipment. These safety measures are helping us to promote safety management throughout the Company aimed at achieving our target of zero accidents.

We also conduct emergency drills including drills to provide emergency information to local communities.

Fire at SN Kasei Co., Ltd. (in the Ohe area at the Ehime Works)

On April 29, 2010, a fire broke out at SN Kasei, a subsidiary of Nippon A&L Inc. (a subsidiary of Sumitomo Chemical). This fire, which occurred in the Ohe area at Sumitomo Chemical's Ehime Works, inconvenienced and created anxiety for many people, including local residents, and we apologize sincerely for the incident.

The fire, which occurred in a resin processing process, did not cause any damage to persons and had no impact on the surrounding environment. Nonetheless Sumitomo Chemical regrets the fire and is determined to enhance its safety measures, review its reporting and notification methods, and provide more emergency education throughout the Sumitomo Chemical Group to raise safety awareness among all Group employees and reestablish trust between the company, local residents and all other stakeholders.

*** Fail-safe system**
A fail-safe system employs an apparatus or subsystem that ensures recovery to a safe state in the event of a system failure.

TOPIC

Fiscal 2010 Slogan for Occupational Safety and Health

"Look out for one another and predict risks, I must play a leading role in establishing a culture of safety"

This slogan is based on the following idea: workplace safety cannot be ensured unless employees predict risks to protect themselves and point out risks that they have identified to each other to protect their colleagues. All members of the company, including both top executives and onsite employees must play an active role in creating a culture of safety designed to achieve our zero–accident target by committing themselves to preventing accidents in their workplace.

Noboru Inoue
Technical Office
Tsukuba Research Laboratory

Fiscal 2010 Poster for Occupational Safety and Health

We designed the poster to show our commitment to achieving a sound workplace. Specifically, we will deepen our understanding of the fundamental principle of Making Safety the First Priority and make a concerted effort to advance our culture of safety as members of Sumitomo Chemical. The keys to achieving this target are (1) to look out for one another; (2) to thank each other; (3) to greet each other; (4) to inform each other; and (5) to be considerate of each other. The poster depicts pigeons, which symbolize peace, as the symbol for our commitment to enhancing our culture of safety.

Teruhisa Uemura
Manufacturing Department
Misawa Works

Process Safety Management from Research and Development to Plant Operation and Dismantling

In an effort to reduce environmental impact and achieve zero-accident and zero-disaster operations, Sumitomo Chemical performs safety assessments at each stage from new chemical process R&D to plant design, construction, operation, maintenance and dismantling.

Examination of Process Safety

The Process Safety Review Committee convenes at every step, from R&D through to industrial scale production processes, to oversee a system in which the safety of each stage is thoroughly verified before moving on to the next stage. The system is in use at Sumitomo Chemical, and all Group companies are instructed to adopt it.

R&D Safety Confirmation

At the R&D stage, materials safety data and other related data on the chemicals to be handled are examined and assessed in detail. These data are then used to select the safest chemicals and to assess the required amounts in order to ensure that the R&D will entail only fundamentally safe chemical processes.

The construction materials for new chemical plants are also examined and evaluated to select the optimum materials with lower life cycle costs.

Plant Safety Confirmation

While plant design and construction are based on legal technical standards, processes are additionally subjected to hazard assessments in order to highlight potential dangers and incorporate, from the standpoint of self-administered management, more stringent safety precautions into the design and construction processes.

In addition, operational manuals are created and training is provided for operators. The Company also conducts process hazard evaluations regularly after the start of plant operations and any time there is a change in operating parameters in order to ensure plant safety.

Advanced Self-administered Safety Management

Aiming to achieve advanced self-administered management, Sumitomo Chemical's Process & Production Technology Center works to improve and effectively utilize the support system and tools obtained from various sources. Its mission is to support process security and disaster prevention management, prepare various security and disaster prevention guidelines, and compile a database of security information (technical information and accident information) and risks related to mixing of or contact with substances.

In fiscal 2009, we revised the guidelines on static electricity safety measures and on chemical process safety in the industrial safety and disaster prevention guidelines and are now using the revised versions as our guidelines for 2010. They have also been posted on the Company's intranet.

TOPIC

Conducting a Joint Emergency Drill in the Presence of Local Residents

In November 2009, the Ehime Works (in Kikumoto) conducted an emergency drill with the cooperation of the local Niihama fire department, inviting the directors of local resident associations from the neighborhood.

The drill is conducted regularly by the local joint fire prevention council comprising Sumitomo Group companies. This time, in addition to ordinary training to deal with a fire, we also introduced a scenario where a fire had generated poisonous gas and organized an emergency drill to broadcast the incident to the local communities surrounding the factory.

Seiji Nakashita
Environment & Safety Department
Ehime Works

Holding a Comprehensive Emergency Drill with the Local Fire Department and Fire Prevention Association

The Osaka Works has been implementing various measures to prevent plant accidents. In addition we conduct emergency drills to prepare for such accidents. In June 2009, we held a comprehensive emergency drill jointly with the local fire department in Konohana, Osaka and with the joint fire prevention association in the Osaka Hokuko district. The drill consisted of initial fire fighting, relief for victims, preventing the fire from spreading, and notifying the relevant agencies. We invited the directors of neighborhood local resident associations to the drill as observers. Their response included comments such as "The drill was very disciplined, making us feel more comfortable to be living near the factory." We will continue to improve the quality of our emergency drills.

Hirokazu Sawamoto
Environment & Safety Department
Osaka Works

Initiatives for Ensuring Quality, Safety, and Environmental Protection in Logistics Operations

The logistics divisions of Sumitomo Chemical uphold a basic policy of ensuring safety and quality, and reducing environmental impact in all of the Company's logistics operations. The divisions are making a concerted effort with partner logistics companies to implement this policy.

Initiatives for Improving Logistics Safety and Quality

(1) Ensuring logistics safety in cooperation with logistics companies

Our RC activities are designed to eliminate labor injuries and quality accidents in our logistics operations in close cooperation with partner logistics companies. Specifically, we conduct cross-organizational activities with the logistics companies in order to train one another and improve voluntary management levels and also find solutions to various challenges through the Sumitomo Chemical Logistics Partnership Council. We also provide individual instruction for each of the partner companies through logistics RC audits. These cross-organizational activities and RC audits form our two core RC logistics activities.

(2) Preventing logistics quality-related problems using IT technologies

We are working to prevent shipping and delivery errors through the use of barcodes and RFID* tags. The Osaka Works has developed a system that combines the use of barcodes to prevent shipping errors and the use of RFID tags to manage containers, while also using returnable containers to make our logistics operations more environmentally friendly.

Sumika Logistics, a Sumitomo Chemical Group company, has also introduced a system that uses QR codes for valve operations to prevent shipping errors.

Reducing the Environmental Impact of Our Logistics Operations

Sumitomo Chemical has been actively implementing a modal shift to rail and ship transportation. In our transportation quality improvement project with Japan Freight Railway, we formed a local solution team in Chiba and started joint transportation with companies working in different industries in 2009. As a result, in fiscal 2009 we improved the unit energy consumption of our logistics operations in Japan by 0.2% relative to fiscal 2008, achieving an average annual reduction rate of 2.7% since fiscal 2006. We also reduced CO_2 emissions by 5.5% from the fiscal 2008 level (by 17.8% from fiscal 2006).

Performance in Fiscal 2009	
Energy consumption	32,800 kl in crude oil equivalent
Unit energy consumption	0.0105 kl/ton
CO_2 emissions	86,700 tons

TOPIC

Activities of the Local Solutions Team in Chiba

As part of the company-wide efforts to encourage the shift to railway transportation and to upsize containers, the Chiba Works formed a solutions team to improve the quality of railway transportation jointly with JR Freight Railway and Keiyorinkai focusing on the bulk transportation of resin products. In December 2009, the Works started joint transportation with Toyobo Co, Ltd., the company to which it delivers its resin products. Products from the Chiba Works are transported in ISO containers by rail from Keiyo Kubota Station to Tsurugako Station, and then from this station film products from Toyobo are transported to the Kanto region (to Kumagaya Kamotsu Terminal Station). As a result of this roundtrip transportation method, CO_2 emissions can be reduced by a total of 1,060 tons annually. The Works is also expanding this modal shift for shipments to Nagoya, Niihama and Mizushima.

Ceremony held by JR Freight Railway to celebrate the start of the joint transportation project

System for Preventing Shipping Errors Using QR Codes for Valve Operations

In filling tanks with a variety of products that flow through numerous valves, the risk of errors in the mixing process is high. To solve this problem, in November 2009, Sumika Logistics began assigning each valve its own QR code, which is then read to prevent mixing errors during the filling process.

*** RFID**

Radio frequency identification (RFID) tags: Generic term for technologies used to identify individual items using radio waves. Recently, however, identification through the combined use of non-contact communication using radio waves and IC chips is becoming a mainstream RFID technology, and so RFID is now often used to mean a non-contact identification technology using IC chips. RFID tags are therefore also called" IC tags."

Chemical Safety Management throughout the Life Cycle of Chemical Products

Increasing Global Requirements for Chemical Risk Reduction

In August 2002, the World Summit on Sustainable Development (WSSD) was held in Johannesburg, the Republic of South Africa. The Summit proposed targets for 2020, aiming to ensure that "chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment." This led to the adoption in February 2006 of the Strategic Approach to International Chemicals Management (SAICM), administered and inspected by the UN Environment Programme (UNEP), in the International Conference on Chemicals Management (ICCM). This has accelerated global initiatives toward reducing risk throughout the life cycle of chemical substances.

As a member of the chemical industry, Sumitomo Chemical is advancing initiatives for both regulatory compliance and voluntary measures to strengthen risk-based chemical management in our commitment to contribute to the implementation of SAICM.

Environmental Health Science Laboratory Playing a Central Role in Safety Research

At Sumitomo Chemical, the Environmental Health Science Laboratory plays a central role in a diverse variety of safety assessments for various products developed by the Sumitomo Chemical Group.

The Laboratory conducts sophisticated research in diverse fields ranging from genetics to environmental and ecological science on a global scale, making use of the latest scientific knowledge and advanced technologies as well as the Company's abundant expertise in chemical safety assessment developed over many years. In addition, as the core laboratory supporting the technological aspects of RC activities for chemical safety at Sumitomo Chemical, the Laboratory provides the entire Company with safety information and the results of risk assessments in order to ensure safety and protect the environment throughout the lifecycles of chemical products and is also implementing measures to improve its risk assessment level.

Building a New System in Line with Global Trends

With an increase in international awareness of the need for appropriate management of chemicals, it is becoming extremely important for chemical companies to collect and manage chemical safety information in order to be able to properly respond to chemical regulations that are becoming stricter every year and ensure chemical safety based on risk assessments.

In a proactive response to these trends, Sumitomo Chemical launched a program for compiling existing findings and information on the safety management of chemical products in fiscal 2005. In order to properly manage all safety information, including that collected through this program, and utilize it effectively, Sumitomo Chemical has been building a new generation database system, the Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCCESS).

SuCCESS is a system that enables us to review information on safety, applicable laws, composition, and MSDS for

TOPIC

Risk-based Chemical Management

In risk assessment, the assessment of hazards is indispensable, and therefore, in fiscal 2005, we started a program to gather existing findings and evaluate information on hazards. We have continued this program while assessing the toxicity and properties of chemicals by proactively using a category approach, prediction models and databases, and encouraging the development and introduction of the cutting edge evaluation technologies such as alternative testing methods and omics analysis.

To assess exposure, another essential element of risk assessment, we have consolidated exposure scenarios for the lifecycles of our products while verifying and introducing a variety of exposure simulation models. Furthermore, we are actively introducing and developing refined models for specific exposure situations to ensure legal regulatory compliance and encourage the voluntary management of our products.

By assessing the risks of chemicals promptly and precisely using various advanced technologies, we will further increase the effectiveness of our risk management and risk communication.

Risk Management throughout the Lifecycles of Chemical Substances

all chemicals handled by Sumitomo Chemical and use this information for risk management, while also making better use of the data accumulated by the Company over many years. The system came into full operation in 2009, and now all employees can access the system through the Company intranet.

Using cutting-edge technologies, Sumitomo Chemical is proactively assessing and managing chemical risk at each stage of the lifecycle, including development, manufacture, sale, use, and disposal. As part of these efforts, we have considered how best to respond to the start of full registration in 2010 under the EU's REACH legislation. We are assuming a variety of applications for our chemical products along the supply chain and verifying these by communicating with downstream customers and incorporating the information thus obtained into the risk assessments for our products.

Active Participation in Voluntary Initiatives in Japan and Overseas

Sumitomo Chemical plays a leading role in compiling reports on some of the target chemicals in the voluntary safety assessment program for high production volume (HPV) chemicals conducted by the ICCA. As a member of the chemical industry, the Company also provides data on other chemicals that it handles. Furthermore, we are actively involved with the Japan Challenge Program, a Japanese version of the HPV program by, for example, participating in data entry trials to create templates for organizing the collected data.

Sumitomo Chemical is also an active participant in and is providing continuous support for the Long-Range Research Initiatives (LRI) for research on the impact of chemicals on human health and the environment, which, like the HPV program, was initiated by the ICCA. This initiative is being implemented by chemical industry associations in Japan, the United States, and Europe.

Animal Welfare

In the process of developing useful chemical substances, a variety of safety assessments are required. Some of these assessments, however, cannot be completed without conducting experiments using laboratory animals. Sumitomo Chemical advocates humane treatment of laboratory animals and applies the 3Rs of animal use and animal welfare: replacement, reduction, and refinement. Beyond the standards specified by current laws and regulations on animal care and use issued by the Japanese Ministry of the Environment, the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare, and the Ministry of Agriculture, Forestry and Fisheries, we also have internal rules for conducting animal experiments and have established the Animal Welfare Committee to verify compliance with these rules and to ensure that animal experiments are conducted properly and appropriately with due consideration for animal welfare.

We regularly monitor the care and use of animals as specified in the law as well as our internal regulations and ask external experts such as university professors specializing in the ethics of animal experiments to evaluate our animal experiments for further improvement.

We have also been actively improving our system for educating those engaged in animal experiments and developing alternatives to animal experiments.

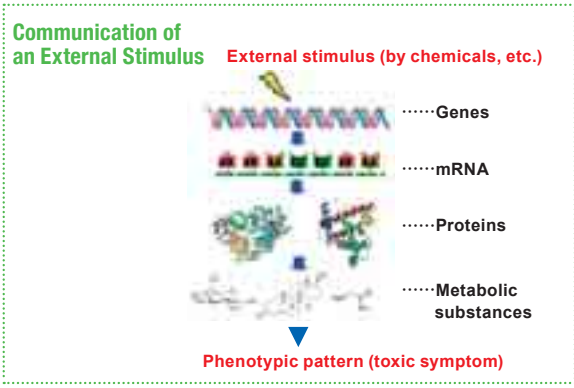
TOPIC

Elucidating Toxicity Mechanisms and Predicting Toxicity through Metabonomic Analysis

In recent years, metabonomic analysis has been attracting attention as a method to quantify a variety of internal metabolites such as amino acids, sugars, and fatty acids present in animals and plants. Concentrations of internal metabolites are maintained within a certain range in the body, but if given an external stimulus such as exposure to chemical substances, the information is communicated from genes to metabolic substances, and can cause changes in the concentrations of some internal metabolites.

Sumitomo Chemical is monitoring the new metabonomic analysis technologies using gas chromatography and mass spectrometry and is endeavoring to establish a method for assessing the toxicity of chemicals by identifying changes in the concentrations of internal metabolites brought about through exposure to chemicals. For example, we conducted metabonomic analysis of the blood and urine of rats to which we had administered hepatotoxic substances, and identified changes in the concentrations of specific internal metabolites to elucidate the mechanism of toxicity. (We reported the results at the 34th Annual Meeting of the Japanese Society for Biomedical Mass Spectrometry in 2009.) In addition, this research is expected to lead to the discovery of new toxicity biomarkers.

Sumitomo Chemical is focusing its efforts on assessing the safety of various chemicals and agricultural pesticides and believes that metabonomic analysis will help us elucidate toxicity mechanisms and predict chemical toxicity more precisely.



Responsible Care (RC) Audits

We verify a wide range of items to make our Responsible Care activities more effective.

Responsible Care Auditing Framework and Overview

Sumitomo Chemical conducts RC audits to objectively evaluate whether RC activities are being conducted appropriately and whether the PDCA cycle is being executed properly.

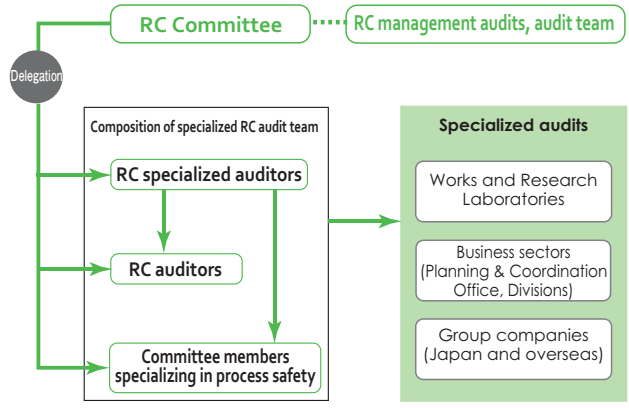
Sumitomo Chemical's Works and Research Laboratories are subject to the following two types of RC audits:

(1) *Specialized audits, in which specialists conduct audits on RC systems and their operation*; and

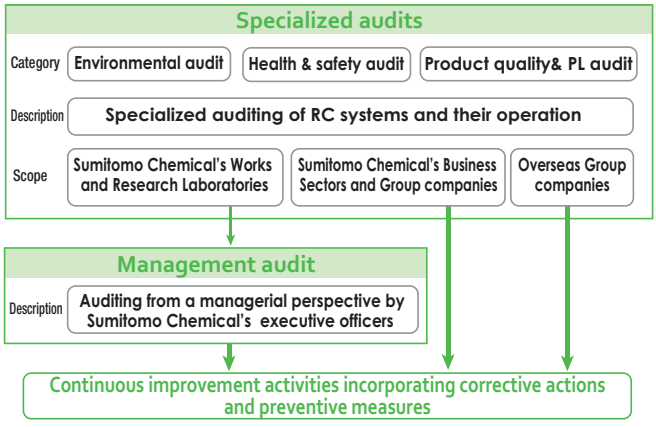
(2) *Management audits involving Responsible Care Committee members led by the executive vice president in charge of Responsible Care.*

Specialized audits are also conducted for each of Sumitomo Chemical's business sectors as well as Group companies in Japan and overseas.

Responsible Care Auditing Framework



Responsible Care Auditing Flow (Overview)



Fiscal 2009 Responsible Care Audit Results

Responsible Care specialized audits and management audits were conducted at the Ehime, Chiba, Osaka, Oita, Misawa, and Ohe Works and at the Tsukuba Research Laboratory. In addition, a total of 43 audits were conducted on our business sectors and domestic and overseas Group companies. The results turned up no major issues of noncompliance with laws and regulations.

VOICE

Looking Back on RC Audits Performed in Fiscal 2009

RC audits help enhance corporate value by contributing to increasing the effectiveness of RC activities through verification of a wide range of activity items. In fiscal 2009, we thoroughly revised the checklist used in auditing Group companies for the first time since the list was created in fiscal 2001, thereby substantially raising the level of our RC activities. That year we were thus able to take the first steps toward achieving higher targets.

RC Audit Team
(From the left on the front row)
Toshiyuki Kokubo, Manager
Masakazu Sagara;
(from the left on the back row)
Naoyuki Sasaki and Jun Sato

Medium-term RC Audit Plan (Fiscal 2010 to 2012)

We plan to promote RC activities throughout the Sumitomo Chemical Group for three years starting in fiscal 2010 and to conduct RC audits on Group companies that are directly relevant to their management in order to help them improve their RC activities. Specific details are as follows.

-RC audits of global standards

RC audits based on the entire Group's RC activity standards

-Enhanced support for RC activities

Establishing a support system to promote and improve RC activities throughout the Group

-Development of human resources to support RC activities

Support for the training of RC staff throughout the Group

Quality Assurance Initiatives

Sumitomo Chemical works to supply high-quality products and services that satisfy customers' needs and ensure safety in their use.

Group-Wide Initiatives

Sumitomo Chemical has been promoting quality assurance activities throughout the Group. In fiscal 2009, a total of 47 Group companies acquired ISO 9001*1 and other certifications in Japan and overseas, while a number of companies have been carrying out GMP*2 quality assurance activities.

In fiscal 2009, Sumitomo Chemical again held meetings for information exchange with domestic and overseas Group companies to promote quality assurance activities throughout the Group. At the meetings, the Company explained the Group policies on quality assurance, details of the global standards for quality assurance operations and product safety operations to be applied to Group companies, and GHS*3-related trends in the EU.

Pervio®-Related Activities

Sumitomo Chemical markets Pervio®*4, a separator for lithium ion secondary batteries. The lithium ion secondary battery separator is positioned between the anode and cathode and functions to prevent short circuits. It thus plays an essential role in ensuring battery safety and must therefore be of the highest quality. We have obtained ISO 9001 certification both at Sumitomo Chemical and some Group companies for the development, manufacture, and sale of Pervio®, and we are committed to assuring the highest product quality. In fiscal 2009, we received praise from customers, who appreciate our contributions to the commercialization and stable production of their batteries.

VOICE

Constantly Committed to Improving Our Quality Assurance System

In order to provide high-quality, competitive products, Sumika Electronic Materials (Wuxi) Co., Ltd. strives to assure the quality of its products comprehensively, and all its employees work with a strong sense of commitment to social responsibility. In the Quality Assurance Department, we are also endeavoring to improve quality to maintain the trust of our customers and increase customer satisfaction.

In terms of product quality, we obtained ISO 9001 certification for our quality control system in June 2006 and at the same time installed processing equipment as well as inspection, measurement, and analysis equipment, all of which are at the most advanced levels in the industry. We provide employees with education and training on quality control and give them opportunities to practice what they have learned in order to continually raise their awareness of quality in our efforts to encourage all employees to participate in improving total quality. In terms of quality assurance as well, we have created a system that allows us to respond to customer's concerns within 24 hours to resolve quality-related issues promptly. We also continue to improve our level of quality control and productivity while reducing production costs.

Wensong Zhao
Quality Assurance Department
Sumika Electronic Materials
(Wuxi) Co., Ltd.

Initiatives at Sumitomo Chemical

At Sumitomo Chemical, our Business Sectors, Works, and Research Laboratories formulate and implement their own annual quality assurance plans based on the Company's annual quality assurance policies that have been discussed and approved by the Responsible Care Committee. In fiscal 2009, we experienced no major quality-related problems. We achieved results by enhancing our product safety activities, continuing to raise all employees' awareness of quality, and strengthening our upstream management.

***1 ISO 9001**
International standards on quality management systems set fourth by the International Organization for Standardization

***2 GMP**
Good Manufacturing Practice (GMP): Standards for the manufacturing management and quality control of pharmaceuticals, etc.

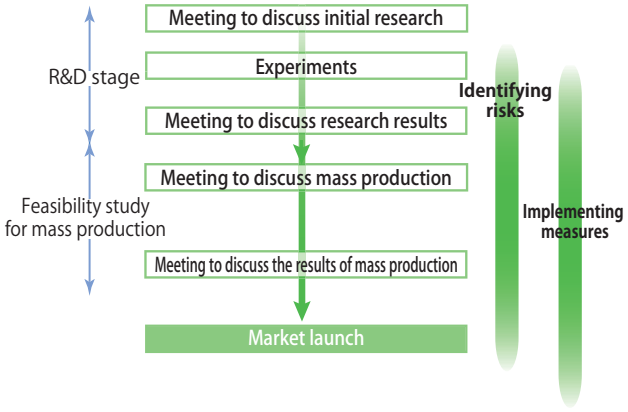
***3 GHS**
Globally Harmonized System of Classification and Labeling of Chemicals (GHS): A set of globally harmonized rules that establish a method for classifying and labeling chemicals by type and degree of hazard

***4 Pervio®**
Highly heat-resistant separator developed by Sumitomo Chemical using its proprietary technologies

Strengthening Product Safety Activities

One of the essential CSR activities for any company is to ensure the safety of the products it delivers to its customers. To meet this requirement, we conduct a variety of activities, including identifying product risks, implementing measures to ensure higher levels of safety, educating employees and others who handle our products, and formulating company rules to ensure that such measures are implemented successfully. We must also implement measures based on the identification of product risks. For example, in developing new products, we repeat the risk identification and response measures from the R&D stage through to the study of mass production and actual delivery to customers according to company rules.

Identifying Product Risks and Implementing Measures



Sumitomo Chemical has been conducting these product safety activities since before the Japanese Product Liability Act* came into effect, and reviews its activities periodically to ensure even higher levels of safety. In fiscal 2009, we reviewed procedures to identify product risks and the implementation of measures, and established a new risk assessment method that takes into account the world's latest trends. The new method allows us to assess product risks more precisely, including both risks to customers and the impact on the environment. We are also planning to apply the new method to products that have already been risk assessed to provide our customers with even safer products.

Enhancing Upstream Management

Quality engineering, also known as the Taguchi method, is one of the technology development tools that allow us to indentify the optimal conditions for manufacturing high-performance products of stable quality in the product design and development stages. Use of this methodology has not yet been widely adopted in the chemical field, but Sumitomo Chemical is disseminating its use throughout the company to provide customers with products with even higher performance and stable quality.

Presentation meeting at the Ohe Works on the results of applying quality engineering

In fiscal 2009, we held our first internal presentation meetings on the results of applying quality engineering in Chiba and Ehime, and participants actively exchanged opinions in the discussion and Q&A sessions. The meetings were a great success.

VOICE

Attending the Presentation Meeting on the Results of Applying Quality Engineering

The first internal presentation meeting on the results of applying quality engineering was held in May 2009 at the Petrochemicals Research Laboratory. A total of about 60 employees attended the meeting from each of the Works, and the presentation of seven case studies of application was followed by a lively exchange of opinions. The meeting represented the culmination of efforts made by our employees over a period of roughly two years.

Quality engineering is used in the product design stage to ensure stable high product quality. Initially, I found it difficult to understand the innovative concept of the Taguchi method, but after listening to advice from a consultant, I was finally able to achieve results by applying the concept to an ongoing development project.

In the past, the Works and Research Laboratories were using their own individual Taguchi method systems in their activities, but after the meetings started, a joint system to utilize the concept was established, and since then we have been encouraging its use laterally throughout the organization. We are planning to expand our application of the concept by applying the Taguchi method to new projects.

Takeshi Kaiba
Functional Polymer Group
Petrochemicals Research Laboratory

* **Product Liability (PL) Act**
This law, which came into force in 1995, imposes liabilities on manufacturers in the event that users of their products are harmed by a defective product.

Cross-industry Initiatives

In addition to undertaking initiatives throughout the Sumitomo Chemical Group, Sumitomo Chemical has also been actively promoting joint activities with other companies, not only in the chemical industry but also in other industries as well.

Japanese Industrial Standards[*1]

In response to the recommendations made by the United Nations on a Globally Harmonized System of Classification and Labeling of Chemicals (GHS), countries are establishing their own national laws and standards, and Japan has become the first country to make implementation of the GHS a legal requirement. Specific items to be implemented under the GHS are now included in the Japanese Industrial Standards, and are categorized into a classification method, MSDS[*2] description details, and labeling details. Sumitomo Chemical was one of the members responsible for creating the draft of the Japanese Industrial Standards corresponding to GHS.

Following the revision of the UN recommendations on the GHS, the corresponding Japanese Industrial standards were also revised in fiscal 2009. Sumitomo Chemical participated in the revision work and helped write the draft based on its knowledge of GHS-related worldwide trends and the actual use of MSDS.

Examples of MSDS

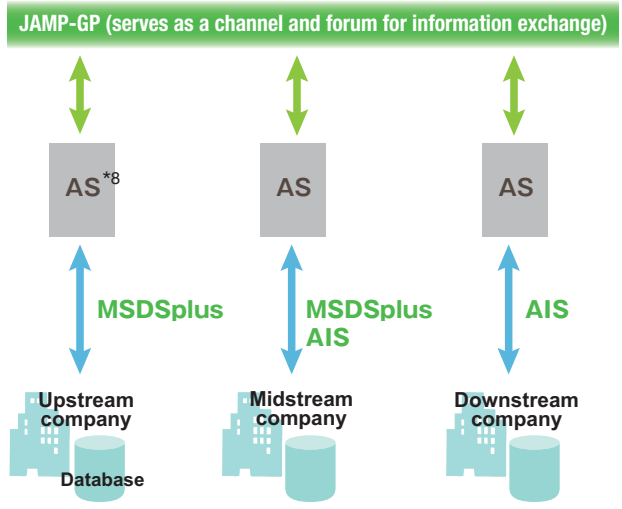
Product Information Communication System

Companies need to obtain information about concentrations of some chemical substances used in home electrical appliances and automobiles in order to comply with REACH[*3] in the EU and other similar regulations. To this end, manufacturers of chemical substances (upstream companies), companies that mix and combine chemical substances and manufacture parts using those substances (midstream companies), and companies that assemble the parts into final products (downstream companies) must share relevant information throughout the supply chain.

The chemical industry has been providing information on chemicals to customers via MSDS, but to comply with the REACH regulation, the industry requires more detailed information. However, individual companies in the industry trying to communicate this information in their own separate ways will be inefficient and could result in a failure to communicate the required information clearly. To avoid this, upstream, midstream, and downstream companies must communicate information with each other using a standardized form. Sumitomo Chemical and other companies established JAMP[*4] with a view to creating and revising standardized forms (MSDSplus[*5] and AIS[*6]).

In fiscal 2009, Sumitomo Chemical supported the establishment of an IT infrastructure called JAMP-GP[*7] to disseminate the use of MSDSplus and AIS forms throughout the supply chain.

Illustration of JAMP-GP



***1 Japanese Industrial Standards (JIS)**
Industrial standards formulated on the basis of the Japanese Industrial Standardization Act, and one of Japan's national standards

***2 MSDS**
Material Safety Data Sheet (MSDS): Sheet that describes information necessary for the safe handling of chemical products (their properties, handling methods, safety measures, etc.)

***3 REACH**
Registration, Evaluation, Authorization and Restriction of Chemicals (REACH): Regulation on chemicals in force in the EU

***4 JAMP**
Joint Article Management Promotion-consortium (JAMP): Established by companies as a rational information communication system for regulated substances contained in products
For details, visit the JAMP website: http://www.jamp-info.com/english

***5 MSDSplus**
Information communication form developed by JAMP for regulated substances contained in chemical products

***6 AIS**
Article Information Sheet (AIS): Information communication form developed by JAMP for regulated substances contained in chemical products

***7 JAMP-GP**
JAMP-Global Portal (GP): IT infrastructure to communicate information throughout the supply chain

***8 AS**
Application Service (AS): Service that connects users to JAMP-GP and provides screen functions for direct operation by users as well as MSDSplus and AIS storage functions

Economic Activities

Sumitomo Chemical will provide society with new value through chemical innovation.

Since its foundation in 1913, Sumitomo Chemical has been contributing to the sustainable development of society through a variety of business operations, based on a philosophy of providing benefits widely throughout society instead of merely pursuing profit. At present, the company is conducting business globally with more than 100 Group companies in six fields: basic chemicals, petrochemicals & plastics, fine chemicals, IT-related chemicals, agricultural chemicals, and pharmaceuticals.

To continue to receive the approval of its wide range of stakeholders, Sumitomo Chemical will use its advanced technologies to create new value that reflects changing times, contribute to bettering people's lives, and help the international community solve global problems involving resources, energy, food, and the environment.

Tokyo Head Office

Business Sectors

Basic Chemicals Sector

Inorganic chemicals, raw materials for synthetic fibers, organic chemicals, methyl methacrylate (MMA), alumina products, aluminum, etc.

Products made using alumina powder and alumina

Caprolactam used as a material for synthetic fibers, and nylon-based products

Petrochemicals & Plastics Sector

Petrochemical products, synthetic resins, synthetic rubber, synthetic resin processed products, etc.

Containers and wrapping films made from polyethylene

Instrument panel made using polypropylene, a polymer used mainly for automobile parts and household goods

Fine Chemicals Sector

Functional materials, additives, dyes, pharmaceutical chemicals, etc.

Resorcinol, the raw material for adhesives for tires and flame retardants

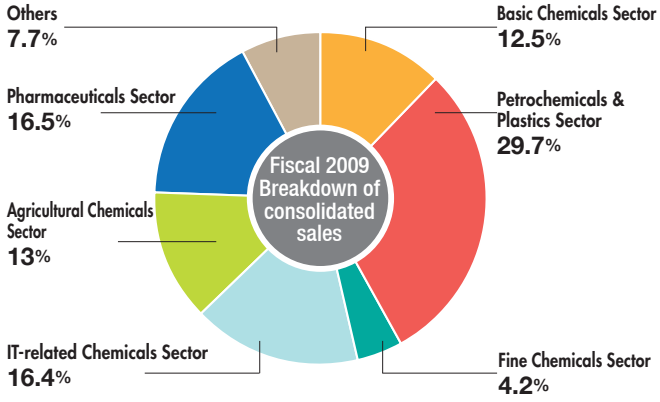
Sumilizer GP, a polymer additive used to impart additional functions to synthetic resins and rubber

Company Profile

Name :	Sumitomo Chemical Co., Ltd.
Head office :	(Tokyo) Tokyo Sumitomo Twin Building (East) 27-1, Shinkawa 2-chome Chuo-ku, Tokyo 104-8260, Japan (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
Consolidated net sales :	1620.9 billion yen
Number of consolidated subsidiaries :	180
Number of employees :	27,828

(As of March 31, 2010)

Sales by Sector



IT-related Chemicals Sector

Optical products, color filters, semiconductor processing materials, electronic materials, compound semiconductor materials, battery materials, etc.

Polarizing film indispensable for LCD TVs

Photoresists used during the production of semiconductors

Agricultural Chemicals Sector

Agricultural chemicals, fertilizers, agricultural materials, household insecticides, insecticides for epidemic prevention, materials for the prevention of tropical infections, feed additives, etc.

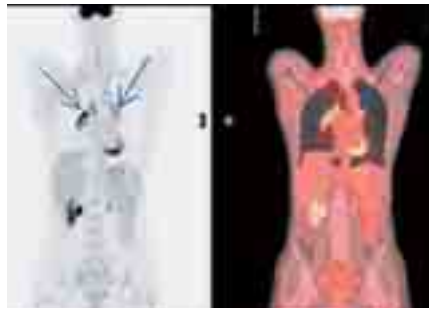
Agricultural pesticides for various crops

Feed additives DL-methionine and methionine hydroxy analog

Pharmaceuticals Sector

Ethical pharmaceuticals, diagnostic radiopharmaceuticals, etc.

Pharmaceuticals manufactured by Dainippon Sumitomo Pharma Co., Ltd.



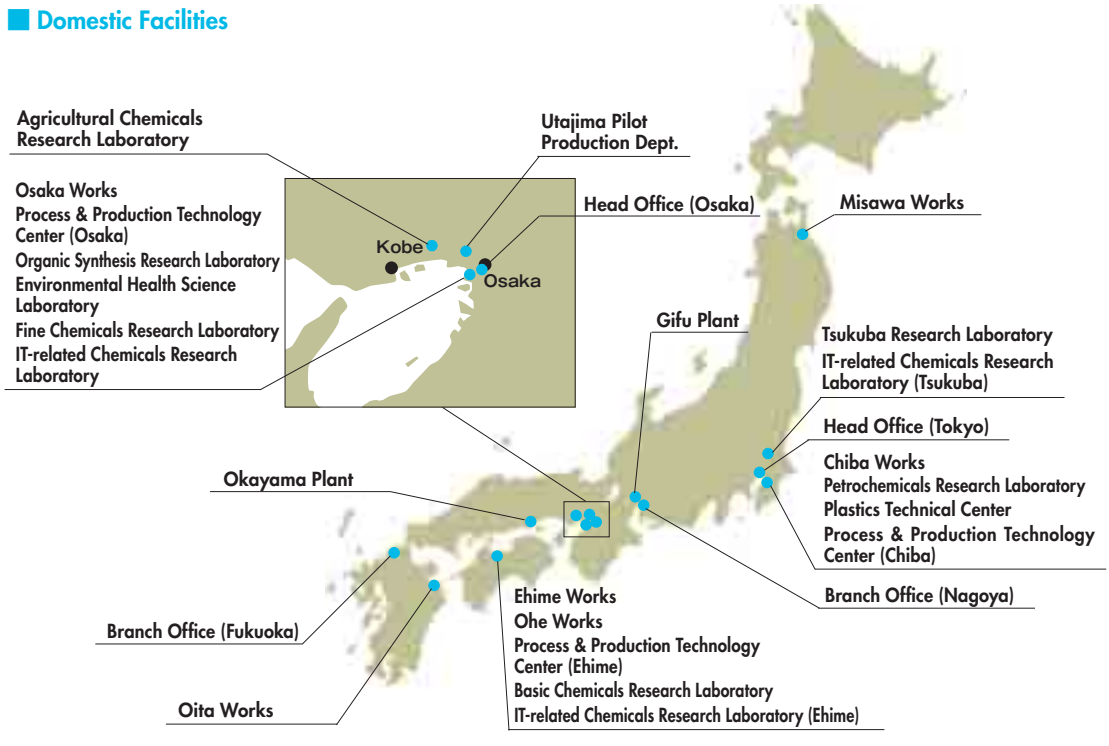
Example of use of PET diagnostic agent, effective in the early diagnosis of malignant tumors

Business Locations

Sumitomo Chemical aims to achieve further growth through the global expansion of its business.

Overseas Facilities

Domestic Facilities



Business Performance in Fiscal 2009

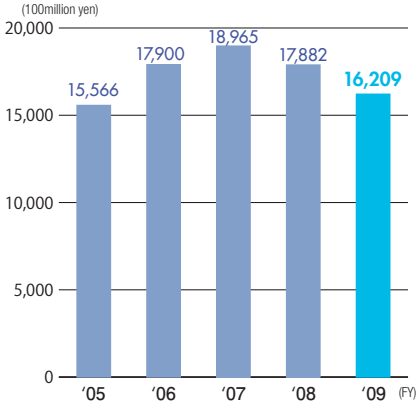
Overview of Consolidated Business Results

In fiscal 2009, although demand for our products in the automotive, electrical, and other related industries showed some signs of recovery in the latter half of the year, the business climate surrounding the Sumitomo Chemical Group was generally quite challenging.

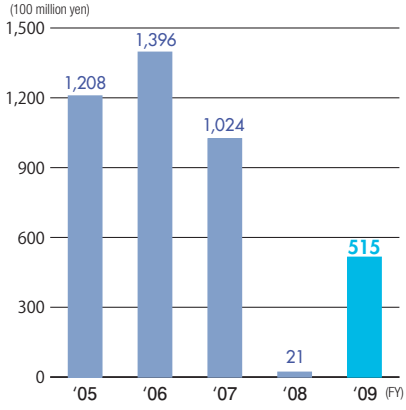
In order to improve business performance under these conditions, the Sumitomo Chemical Group made a concerted effort to reduce costs through thorough rationalization while revising the sales prices of its products and increasing sales volumes. As a result, net sales totaled 1620.9 billion yen in fiscal 2009, a 167.3 billion yen decline from the previous fiscal year. Operating income was 51.5 billion yen, ordinary income was 35.0 billion yen, and net income was 14.7 billion yen.

In fiscal 2009, due to further globalization of its business, the Sumitomo Chemical Group's overseas sales ratio reached a record high level of 45%.

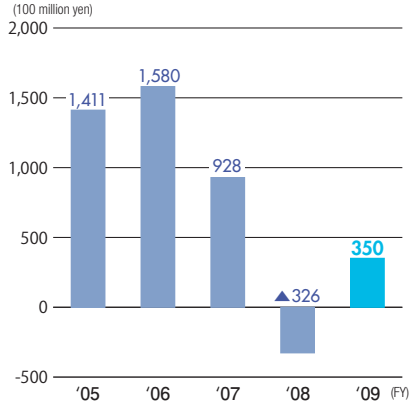
Net Sales



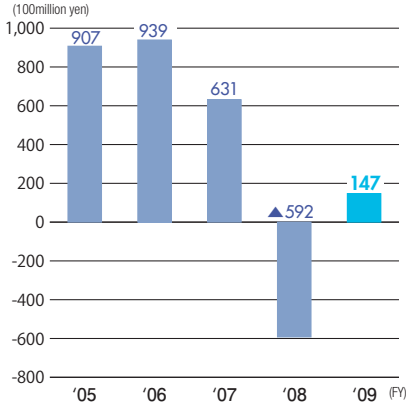
Operating Income



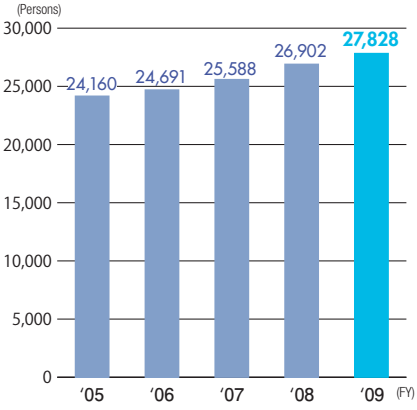
Ordinary Income



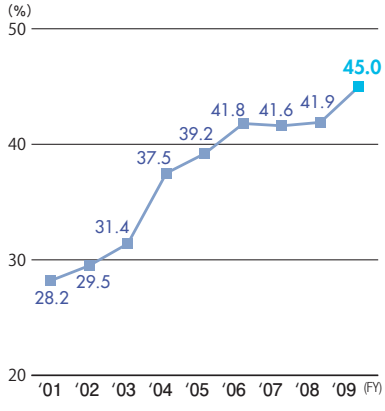
Net Income



Number of Employees



Overseas Sales Ratios



Corporate Business Plan (Fiscal 2010 to 2012)

Results of the Three-Year Corporate Business Plan for Fiscal 2007 to 2009

Sumitomo Chemical implemented a variety of measures under its the Three-Year Corporate Business Plan for fiscal 2007 to 2009. In particular, we were able to start operation of facilities as planned for the Rabigh Project, our top priority under the plan. We also acquired Sepracor Inc., a US pharmaceutical company, and actively invested in R&D for polymer organic LEDs (PLEDs) and energy-related technologies. We missed no opportunities to make steady investments for our future growth, and were thus able to continue with the globalization of our business.

However, we were unable to achieve our initial business performance targets for the fiscal year because of the rapid decrease in demand caused by the world economic downturn. Due to this and the aforementioned investments, our interest-bearing liabilities increased substantially.

Corporate Business Plan for Fiscal 2010 to 2012

Sumitomo Chemical is now implementing its Corporate Business Plan for fiscal 2010 to 2012. In formulating this new Corporate Business Plan, the Company first conceived its Corporate Vision based on the results of analysis of future trends in the world economy and business environment from a long-term perspective and the Company's business portfolio. We regard this new Corporate Business Plan as the first step toward achieving our Corporate Vision and are now implementing a variety of measures under the plan.

Corporate Vision

The Company's Corporate Vision comprises the following.

Corporate Vision

Ⅰ **Achieve sustainable strong growth as a stronger, more innovative global company.**

Ⅱ **Help meet pressing global challenges and contribute to sustainable development of the global community.**

Ⅲ **Continuously enhance the value of the company.**

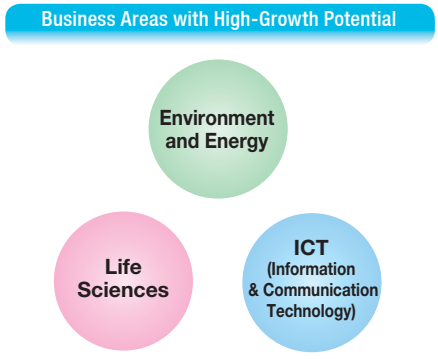
In **Ⅰ**, we will accelerate the global expansion of our business and meet continually changing market needs by making use of our advanced technologies. In **Ⅱ**, we will make full use of our chemical technologies to meet global challenges, including improvements to people's living standards and health, solutions to issues related to energy and food, and the creation of a low carbon society. In **Ⅲ**, we will continue to enhance and increase our profitability to meet the expectations of our shareholders.

Three Strategies To Achieve Our Corporate Vision

In order to achieve our Corporate Vision, the Company will actively pursue its Technology Strategy, Climate Change Strategy, and Business Portfolio Strategy.

Technology Strategy

-Focus R&D resources on the three high-growth areas of Environment and Energy, Life Sciences, and Information & Communication Technology (ICT).



-Practice Creative Hybrid Chemistry, combining key technologies in different areas to create new value by continually developing new technologies and products.

-Pursue Green Sustainable Chemistry to develop competitive products and technologies that contribute to meeting global challenges.

Climate Change Strategy

-Achieve the world's highest level of energy efficiency.

-Develop products and technologies that will contribute to CO_2 emission reductions.

Climate Change Strategy

<Basic Policy>

Help solve pressing global issues of resources, energy and the environment

<Priority Climate Change Initiatives>

-Achieve the world's highest level of energy efficiency

-Develop products and technologies that will contribute to CO_2 emissions reduction

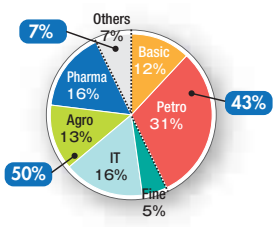
<CO_2 Emissions Reduction Measures>

Enhance carbon management and implement proactive, effective and coordinated measures throughout the Sumitomo Chemical Group

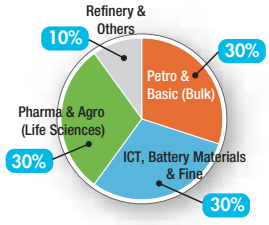
Business Portfolio Strategy

-Achieve balance among the three areas of Bulk Chemicals (Basic Chemicals and Petrochemicals & Plastics); Life Sciences (Agricultural Chemicals and Pharmaceuticals); and ICT, Battery Materials and Fine Chemicals so that each account for 30% of sales by 2020.

2009



Target for 2020



Basic Initiatives

Under the Corporate Business Plan, we have determined the following as the seven basic initiatives, including quickly maximizing profits and cash flows from major investments and enhancing financial strength.

Seven Basic Initiatives

1. Quickly maximize profits and cash flows from major investments

Maximize as soon as possible the profits and cash flows from the Rabigh Project and other major investments.

2. Enhance financial strength

Enhance cash flow management to strengthen the Company's financial underpinnings. Shift the composition of the business so as to strengthen resilience against exchange rate fluctuations in view of the Company's ever-increasing ratio of overseas sales.

3. Strengthen cost competitiveness of core and commodity businesses

Establish optimal global production and sales operations as soon as possible. Strengthen cost competitiveness through thorough rationalization to build a greater presence in emerging markets, where competition is intensifying.

4. Accelerate business growth

Develop new businesses in the three high-growth areas of Environment and Energy, Life Sciences, and ICT. Promote even greater cross-sectoral business exploration and development, while applying Creative Hybrid Chemistry more broadly and effectively.

5. Implement Climate Change Satrategy

6. Strengthen global management system

7. Ensure full and strict compliance; maintain safe and stable operations

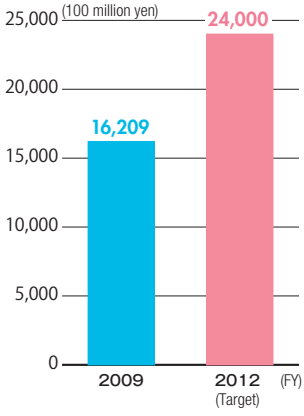
Business Indicators

Fiscal 2012 Performance Targets (Consolidated)	
Net Sales	2.4 trillion yen
Operating income	190 billion yen
Ordinary income	220 billion yen
(Including equity in earnings of affiliates	40 billion yen)
Net income	140 billion yen

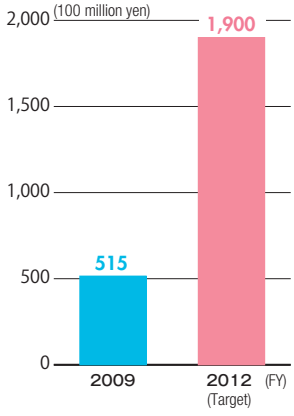
Assumptions:
Exchange rate: 90 yen/US$
Naphtha: 50,000 yen/kl
Crude oil: US$85/bbl

Business Targets under the Corporate Business Plan

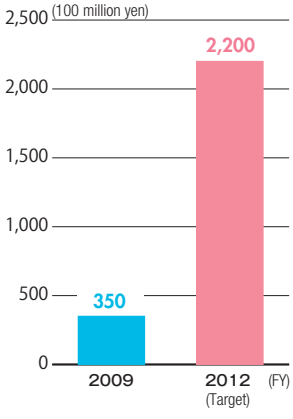
Net Sales



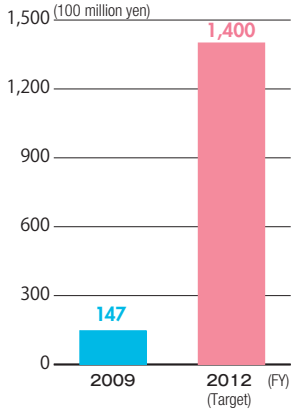
Operating Income



Ordinary Income



Net Income



Third-Party Evaluation and Commendation, and Marks that have been Approved for Use

The Japan Petroleum Institute Award for Fiscal 2008

Sumitomo Chemical received the Japan Petroleum Institute Award for Fiscal 2008 at the ordinary general meeting of the Japan Petroleum Institute held on May 19, 2009 in recognition of its propylene oxide-only process (see page 18). This award is granted to those who have achieved remarkable industrial results by making comprehensive technological developments for machinery and equipment in the fields of oil, natural gas, and petrochemicals.

Technology Award for Fiscal 2009 from the Catalysis Society of Japan

In recognition of efforts made to develop a ruthenium-based hydrogen chloride oxidation catalyst and put it into practical use, five employees of Sumitomo Chemical received the technology award for fiscal 2009 from the Catalysis Society of Japan at an award ceremony held on March 24, 2010.

The society praised the development of the world's first ruthenium-based catalyst, which exhibits much higher performance than conventional catalysts, and the practical realization of catalysis process technology using a fixed bed reactor. The process is effective in conserving resources and energy and preventing global warming, and Sumitomo Chemical has licensed the technology to several chemical manufacturers both in Japan and overseas.

Major External Commendations (Fiscal 2009)

Commendation	
Japan Petroleum Institute Award for Fiscal 2008	Japan Petroleum Institute
Third Annual Responsible Care Award	Japan Responsible Care Council (JRCC)
Prize of excellence from the head of the Ibaraki Labour Bureau (for fiscal 2009)	Ibaraki Labour Bureau
Technology award from the Catalysis Society of Japan (for fiscal 2009)	Catalysis Society of Japan

These commendations include those given to an organization within the Company and individual employees of the Company.

Marks that have been Approved for Use

Kurumin Mark

Eco Rail Mark

PRTR Awards

Eco-First Mark

Major SRI Indices in which Sumitomo Chemical is Included*

FTSE4Good

Dow Jones Sustainability Indexes Member 2009/10

***SRI**
Socially Responsible Investment (SRI): Investment based on evaluation criteria that include items on CSR measures implemented by companies

Independent Assurance by KPMG AZSA Sustainability Co., Ltd.

KPMG

Independent Assurance Report

To the Board of Directors of Sumitomo Chemical Company, Ltd.

Purpose and Scope

We were engaged by Sumitomo Chemical Company, Ltd. (the "Company") to provide limited assurance on its 'Sumitomo Chemical CSR Report 2010' (the "Report") for the fiscal year ended March 31, 2010. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether the environmental and safety performance indicators, environmental accounting indicators, and social performance indicators (the "Indicators"), and other descriptive information for the period from April 1, 2009 to March 31, 2010 included in the Report are prepared, in all material respects, in accordance with the Company's reporting criteria.

The content of the Report is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Report. These are derived, among others, from the Sustainability Reporting Guidelines 2006 of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment. We used these criteria to evaluate the Indicators.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines of Sustainability Information Assurance' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS").

The limited assurance engagement on the Report consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report.
- Reviews of the Company's reporting criteria.
- Obtaining an understanding of the systems used to generate, aggregate and report the Indicators, and of the internal controls at corporate and site level.
- Analytical reviews of the Indicators aggregated at corporate level.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Visits to the Company's factories.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, nor the material descriptive information other than the Indicators is not consistent with the information obtained from the Company as well as other sources.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
October 12th, 2010

VOICE

Assuring the Sumitomo Chemical CSR Report 2010

Sumitomo Chemical included the GRI Content Index in the CSR report. The GRI Guidelines represent the sustainability reporting framework that is used most widely in the world, and the inclusion of the table demonstrates the Company's commitment to ensuring "comparability" for its global stakeholders. Now I would like to propose that the Company consider whether to make a self-declaration on the GRI application level.

As regards the contents of the CSR Report, it was pointed out in our previous review that there was room for improvement regarding the disclosure of information on the Company's social performance, because not all of the related data were aggregated and reported on a consolidated basis. In response, the Company has enhanced its global aggregation system and begun aggregating consolidated data for some indicators. The consolidated data, however, are not included in the CSR Report because the Company's disclosure policy has not yet been determined. I hope that the Company will continue its efforts to aggregate and report consolidated data to expand the reporting boundary.

With regard to the environmental and safety performance indicators included in the CSR Report, as a result of a visit to the Company's factory, it was found that, although the factory had calculated the emissions according to the rules initially set by the Head Office, the factory had calculated VOC emissions to be reported to the Head Office without examining the effects of the emission reduction measures implemented at the factory. The factory needs to refer to the review in examining the effects of the measures to reduce their environmental impact and regularly review the established rules so that the Sumitomo Chemical Group can describe its current situation more precisely in the CSR Report.

October 12, 2010
Yoshitaka Ohno
Manager
KPMG AZSA Sustainability Co., Ltd.

GRI Sustainability Reporting Guidelines Reference Table

1. Strategy and Analysis

Number	Description	Report Page
1. 1	Statement from the most senior decision maker in the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	p.2-3
1. 2	Description of key impacts, risks, and opportunities	p.2-3, 78-79

2. Organizational Profile

Number	Description	Report Page
2. 1	Name of the organization	p.74-75
2. 2	Primary brands, products, and/or services	p.74-75
2. 3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	p.74-75
2. 4	Location of organization's headquarters	p.74-75
2. 5	The number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	p.74-76
2. 6	Nature of ownership and legal form	p.74-76
2. 7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	p.74-77
2. 8	Scale of the reporting organization, including: -Number of employees; -Net sales or net revenues; -Total capitalization broken down in terms of debt and equity; and -Quantity of products or services provided	p.74-77
2. 9	Significant changes during the reporting period regarding size, structure, or ownership including: -The location of, or change in operations, including facility openings, closings, and expansions; and -Changes in the share capital structure and other capital formation, maintenance, and alteration operations	p.26
2. 10	Awards received in the reporting period	p.80

3. Report Parameters

Number	Description	Report Page
	Report Profile	
3. 1	Reporting period (e.g., fiscal/calendar year) for information provided	Inside front cover
3. 2	Date of most recent previous report (if any)	Inside front cover
3. 3	Reporting cycle (annual, biennial, etc.)	Inside front cover
3. 4	Contact point for questions regarding the report or its contents	Back cover
	Report Scope and Boundary	
3. 5	Process for defining report content, including: -Determining materiality; -Prioritizing topics within the report; and -Identifying stakeholders the organization expects to use the report	Inside front cover
3. 6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Inside front cover
3. 7	State any specific limitations on the scope or boundary of the report.	Inside front cover, p.54-60
3. 8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	NA
3. 9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	p.41,43,54-60,63-64,67
3. 10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	p.59
3. 11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Inside front cover
	GRI Content Index	
3. 12	Table identifying the location of the Standard Disclosures in the report	p.1, p82-83
	Assurance	
3. 13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)	Inside front cover, p.81

4. Governance, Commitments, and Engagement

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4. 2	Indicate whether the Chair of the highest governance body is also an executive officer (and if so, their function within the organization's management and the reasons for this arrangement)	p.28
4. 3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	p.28
4. 4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	p.28, 44
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4. 8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	p.12-13, 18, 48
4. 9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	p.28, 31
	Commitments to External Initiatives	
4. 11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	p.28-30, 38-39, 42, 44, 46, 60-70
4. 12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	p.5, 31
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Number	Description	Report Page
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