



Society (Social Activities)

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Contributing to the SDGs through Social Activities





Social Activity Goals and Results

Goal achieved or steadily progressing: ○ Goal not achieved: △

| Items | Boundary | Fiscal 2018 Goals | Fiscal 2018 Results | Evaluation | Fiscal 2019 Goals | Page | |
|--|---|--|---|------------|--|---------------|---------------|
| Procurement | Sumitomo Chemical Group | Thoroughly ensure compliance | Promote thorough compliance among relevant internal and external parties | ○ | Thoroughly ensure compliance | Pages 117–120 | |
| | Sumitomo Chemical and consolidated subsidiaries in Japan and overseas | Promote CSR procurement by strengthening collaboration with business partners through CSR surveys related to raw materials and packaging materials | Promoted CSR procurement by strengthening collaboration with business partners through monitoring and feedback (Sumitomo Chemical results) | ○ | Promote CSR procurement by strengthening collaboration with business partners through CSR surveys related to raw materials and packaging materials | | |
| HR Management | Sumitomo Chemical Group | Further promote global human resources initiatives and human resources development | Held global manager meetings, systematically conducted global human resources development | ○ | Employ human resources and greatly strengthen hiring capabilities | Pages 121–133 | |
| | Sumitomo Chemical | Employ human resources and work on workforce management that is responsive to business expansion | Secured personnel by strengthening and updating our hiring practices and appropriately placed personnel in response to business expansion | ○ | Manage global human resources and work on workforce management that is responsive to business expansion | | |
| | Sumitomo Chemical Group | Develop personnel and run HR systems to promote employee growth and development | Built and ran HR systems that encourage employee growth and development and revised training systems | ○ | Develop personnel and run HR systems to promote employee growth and development | | |
| | Sumitomo Chemical | Promote diversity and inclusion and work-life balance | Promoted diversity and inclusion after designating it a material issue for management to address, held meetings about highly productive working styles, acquired certification as a 2019 Health & Productivity Management Outstanding Company (White 500) | ○ | Promote sustainability, diversity and inclusion and work-life balance | | |
| Occupational Safety and Health / Industrial Safety and Disaster Prevention | Lost-workday injuries | Sumitomo Chemical | 0 | 3 | △ | 0 | Pages 134–140 |
| | | Partner companies*1 | 0 | 2 | △ | 0 | |
| | Frequency rate of lost-workday injuries*2 | Sumitomo Chemical Group*3 | Less than 0.1 | 0.58 | △ | Less than 0.1 | |
| | Severe accidents*4 | Sumitomo Chemical Group*3 | 0 | 2 | △ | 0 | |
| | Severe industrial accidents*5 | Sumitomo Chemical Group*3 | 0 | 0 | ○ | 0 | |
| | Lost-workday injuries in logistics | Logistics | 0 | 1 | △ | 0 | |

Note: Further details are provided in the supplementary data (pages 156–163).

*1 A partner company injury is defined as one suffered within a Sumitomo Chemical worksite by an employee of a company affiliated with a logistics or construction subcontractor.

*2 The Responsible Care Department determines if accidents that occur at overseas consolidated subsidiaries are considered to be lost-workday injuries or non lost-workday injuries based on how the accidents are handled in Japan.

*3 For the purposes of occupational safety and health/industrial safety and disaster prevention, the Group is defined as Sumitomo Chemical (including its partner companies and others) and consolidated subsidiaries in Japan and overseas.

*4 Severe accidents are defined as those that result in a fatality or those that result in severe lost-workday injuries, including blindness or loss of a limb.

*5 Severe industrial accidents are defined as industrial accidents resulting in any of the below conditions.

- The local residents suffer injuries requiring at least regular hospital visits or treatment.
- Employees at the facility suffer injuries that require at least one lost workday.
- The damage to the facilities totals more than ¥10 million.



Social Activity Goals and Results

Goal achieved or steadily progressing: ○ Goal not achieved: △

| Items | Boundary | Fiscal 2018 Goals | Fiscal 2018 Results | Evaluation | Fiscal 2019 Goals | Page |
|--|---|---|---|--|---|--|
| Product Stewardship / Product Safety / Quality Assurance | Laws and regulations | Sumitomo Chemical | Continue to act precisely in accordance with domestic and overseas laws and regulations | Acted precisely in accordance with relevant laws and regulations | ○ | Continue to act precisely in accordance with domestic and overseas laws and regulations |
| | Chemicals management and information disclosure | Sumitomo Chemical | Continue to promote risk-based chemicals management and information disclosure | Systematically put in place risk assessment methods | ○ | Continue to promote risk-based chemicals management and information disclosure |
| | Chemical management system | Sumitomo Chemical | Continue to promote utilization of the comprehensive chemical management system (SuCCESS) and develop concrete plans for expansion to Group companies | As part of our efforts to promote utilization of SuCCESS, one additional Group company began using the system, bumping the total to 11. We began using a substance volume tracking (SVT) system to report the manufacture / import volume (to government) under the chemical substances control law. | ○ | Continue to promote utilization of SuCCESS and develop concrete plans for expansion to Group companies |
| | Risk assessment | Sumitomo Chemical | Steadfastly perform product safety risk reassessments | Performed 61 product safety risk assessments, including 22 reassessments | ○ | Steadfastly perform product safety risk assessments |
| | Logistics quality-related incidents | Sumitomo Chemical* ¹ | No Rank A or Rank B incidents, two or fewer Rank C incidents | No Rank A or Rank B incidents, one Rank C incident | ○ | No Rank A or Rank B incidents, two or fewer Rank C incidents |
| Local Communities | Sumitomo Chemical Group | Provide support to achieve the United Nations Sustainable Development Goals | Provided support for tree-planting activities and education through Matching Gift programs (includes support for education in Africa) | ○ | Provide support to achieve the United Nations Sustainable Development Goals | Pages 149–155 |
| | Sumitomo Chemical Group | Provide prompt and precise support in response to emergencies and disasters in Japan and overseas | Provided support in response to areas affected by the July 2018 torrential rains | ○ | Provide prompt and precise support in response to emergencies and disasters in Japan and overseas | |
| | Sumitomo Chemical Group | Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace | Participated in and cooperated with local events, held science workshop classes, held plant tours, etc. | ○ | Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace | |
| | Sumitomo Chemical Group | Continue to expand information disclosure using SDGs and promote interactive dialogue | Continued to expand information disclosure using SDGs and promote interactive dialogue | ○ | Continue to expand information disclosure using SDGs and promote interactive dialogue | |

Note: Further details are provided in the supplementary data (pages 164–165).

*1 Includes some Group companies in Japan that have Works within a Sumitomo Chemical worksite.



Respect for Human Rights

Basic Stance

Under the three-year Corporate Business Plan launched on April 1, 2019, Sumitomo Chemical regards respect for human rights as one of the foundations for ensuring sustainability of its business. In April 2019, Sumitomo Chemical established the “Sumitomo Chemical Group Human Rights Policy” and the “Human Rights Promotion Committee,” a committee tasked to promote human rights, based on the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights. In order to ensure that the Group as a whole is committed to respecting human rights, Sumitomo Chemical makes every effort to ensure that all Group companies in Japan and overseas are fully aware of our basic policies.

Sumitomo Chemical Group Human Rights Policy (Effective April 1, 2019)

This policy was formulated based on the advice of outside human rights experts with practical experience.

Sumitomo Chemical Group (Sumitomo Chemical Co., Ltd. and its Group Companies) has put in place this Human Rights Policy (“Policy”) to demonstrate its commitment to international standards on human rights. All directors, executive officers and employees (“Personnel”) of the Sumitomo Chemical Group will uphold this Policy.

1. Our Position on Human Rights

(1) Compliance with Standards, Laws and Regulations

We support and respect international standards on human rights, such as the Universal Declaration of Human Rights, International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and promote respect for human rights in line with the United Nations Guiding Principles on Business and Human Rights. Sumitomo Chemical Co., Ltd. is a signatory to the United Nations Global Compact and supports its Ten Principles, which include human rights and labor.

We comply with applicable laws and regulations in countries and regions where we operate, and where local laws and regulations conflict with international standards, we will seek ways to honor the principles of internationally recognized human rights.

(2) Respect for Human Rights in Our Business Activities

We do not discriminate against individuals based on employment status, age, sex, ethnic or social origin, ancestry, nationality, disability, religion, beliefs, marital status, or any other status. We do not tolerate any form of harassment, including sexual harassment or workplace bullying. We also respect fundamental labor rights including freedom of association and the right to collective bargaining, and prohibit forced labor or child labor.

We are committed to respecting human rights in our business activities and also strive to avoid contributing to infringement of human rights. In order to prevent and mitigate human rights risks related to our business activities, we will take necessary measures, including ensuring compliance with the Compliance Manual (the Sumitomo Chemical Code of Business Conduct) and other relevant policies and guidelines. We are also committed to understanding our impact on local communities and aim for harmonious coexistence with these communities.

We expect our business partners, including our suppliers, and other relevant stakeholders to act in line with the principles in this Policy, and we will seek ways to work with them to promote respect for human rights.



Respect for Human Rights

2. Our Approach to Human Rights Issues

(1) Providing Education and Raising Awareness

We will provide appropriate education and training to our Personnel so that this Policy is understood and effectively implemented.

(2) Human Rights Due Diligence

We will identify adverse human rights impacts, and seek to prevent or mitigate such impacts through our human rights due diligence framework.

(3) Responding to Identified Human Rights Impacts

We will engage with relevant stakeholders in order to address actual or potential adverse human rights impacts.

(4) Remedy

Where we identify that we have caused or contributed to adverse human rights impacts, we will endeavor to remediate such impacts through appropriate processes.

(5) Grievance Mechanisms

We have grievance mechanisms in place in the form of the [Speak-Up Reporting System](#) (whistle-blowing channels) in order to address concerns about activities that may adversely impact human rights or any other concerns raised about our business activities. These channels are available for anyone having involvement in Sumitomo Chemical Group's business activities, including their business partners as well as Sumitomo Chemical Group Personnel and their families. We will continuously seek to optimize our grievance mechanisms.

(6) Disclosure

We will report on our efforts to respect human rights including through our website, integrated report, Sustainability Data Book, and other relevant channels.



Respect for Human Rights

Management System

Human Rights Promotion Committee

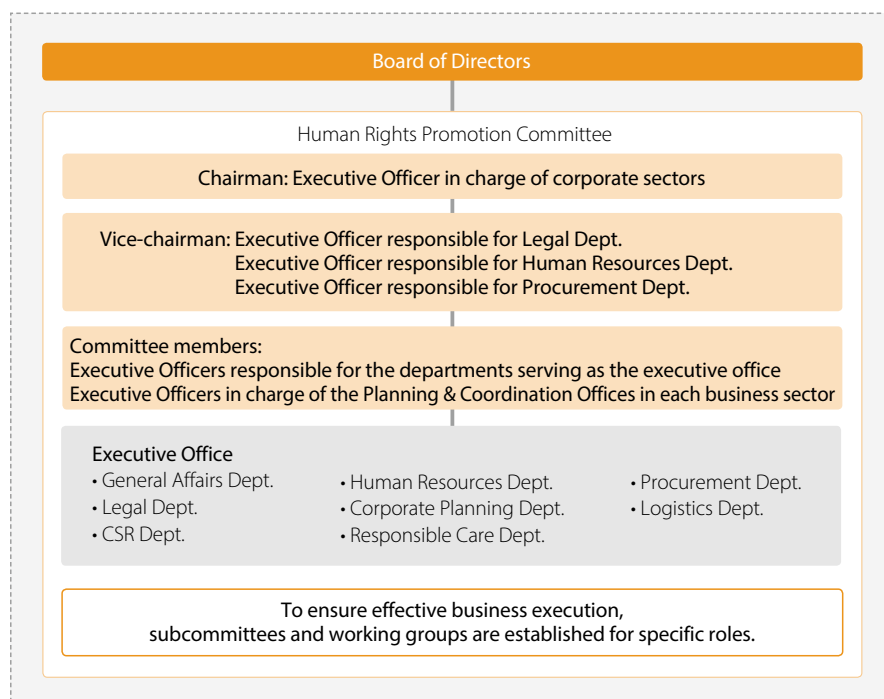
In order to fulfill its responsibility to respect human rights throughout the value chain, Sumitomo Chemical has established the Human Rights Promotion Committee as the organization to promote activities in accordance with its policies. Since this committee is an initiative that spans the entire value chain, representatives from a wide range of relevant departments are called into the committee.

The Executive Officer in charge of corporate sectors is the committee's Chairman, and the Executive Officers in charge of the Planning & Coordination Offices in each business sector participate as committee members to ensure the effectiveness of the committee.

Roles of the Committee

- (1) Promotion of Human Rights Awareness
- (2) Formulation and implementation of the following proposals regarding respect for human rights throughout the value chain of the entire Sumitomo Chemical Group:
 - Formulation and publication of policies required by the Guiding Principles on Business and Human Rights and relevant national laws
 - Identification of human rights issues by conducting risk assessments across the entire value chain; and taking appropriate actions, including remedial measures that are commensurate with the specific issue or risk (human rights due diligence and remedy)

Promotion System



The Sumitomo Chemical Group's System

Based on the basic policy on human rights, Sumitomo Chemical strives to put together and take actions on specific measures to promote respect for human rights, in collaboration with domestic and overseas Group companies and urging our business partners to cooperate.

In particular, at overseas, Sumitomo Chemical has set up the regional headquarters in the United States, Belgium, Singapore and China that have established the compliance systems in accordance with the respective local legal system and are working to ensure and promote compliance of each of the local companies' operations in the region, including initiatives to protect human rights.



Respect for Human Rights

Examples of Initiatives

Sumitomo Chemical has outlined its basic policy on human rights in its *Compliance Manual* (Sumitomo Chemical Code of Business Conduct). Sumitomo Chemical is raising awareness of this policy through the intranet.

Under this policy, Sumitomo Chemical makes it clear that, in line with the principle of respect for individuals, Sumitomo Chemical has completely rooted out speech and behavior that manifests as harassment and bullying, such as that which disparages another's character based on personal opinions or values without respecting their individualities.

In addition, Sumitomo Chemical prohibits all forms of harassment, including power harassment and sexual harassment (including LGBT-related and that directed at people of the same gender).

Regarding the prohibition of unfair discrimination, Sumitomo Chemical does not conduct any discriminatory acts that impugn people's dignity based on employment type, age, gender, birthplace, ancestry, nationality, race, disability, religion, beliefs, marital status, or other such attribute. Sumitomo Chemical also prohibits discrimination based on a person's physical gender or perceived gender due to a difference in gender identity or sexual orientation, and discrimination against people with disabilities.

Raising Employees' Awareness of Human Rights

To educate employees on human rights issues, Sumitomo Chemical incorporates human rights-related education into not only the introductory training all employees take after joining Sumitomo Chemical but also all internal training programs, including those for newly promoted employees.

In addition, Sumitomo Chemical implements training and other measures at each workplace to protect human rights.

Initiatives to Raise Awareness of Human Rights (Sumitomo Chemical) (FY2018)

| | Sessions | Participants | Percentage |
|---------------------------------------|-----------------------|--------------------------|---------------------------|
| Seminars and lectures on human rights | 107 (Company-wide) | 5,639 (running total) | 92.5% of all employees |

Consultation Office

Aiming to establish a system wherein employees are able to receive counseling for various kinds of harassment, including power harassment, sexual harassment, and maternity harassment, Sumitomo Chemical has set up a harassment consultation office staffed with counselors. In fiscal 2018, as in the past, there were no cases recognized as discrimination.

Human Rights Initiatives in the Supply Chain

Since 2009, we have been promoting the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook as an initiative for responsible procurement throughout the entire supply chain. The guidebook asks suppliers to respect human rights, prohibit harassment and other forms of unethical treatment, root out discrimination when advertising open positions and when hiring, realize equality in opportunities and fair compensation, comply with legal standards regarding working hours, respect the rights of labor to organize, prohibit forced labor and child labor, and comply with minimum wage requirements.

Furthermore, once again demonstrating our commitment to ensuring that human rights are respected throughout the entire supply chain and to ensure executive officers' strict compliance with related initiatives, the Group announced its support for the Joint Declaration on Rectifying Business Practices That Lead to Long Working Hours, which the Japan Business Federation and around 110 other business and economic associations have ratified. In addition, we set up a website especially for the Compliance Manual's human rights initiatives in the value chain, including the supply chain. We ensure that the Group's executives and employees comply with our efforts.



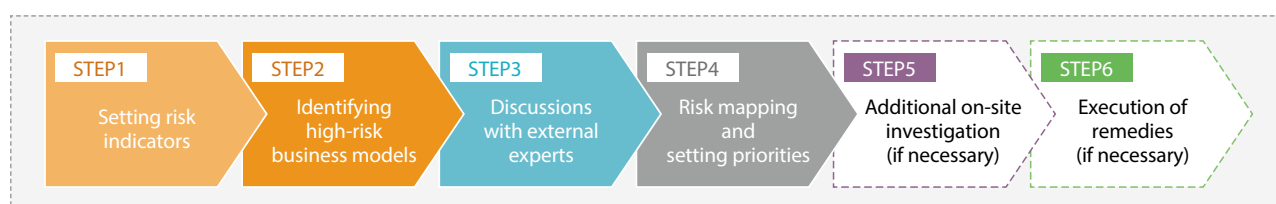
Respect for Human Rights

Human Rights Due Diligence and Remedy

The Sumitomo Chemical Group has established a human rights due diligence framework in accordance with the Guiding Principles on Business and Human Rights, in addition to its previous initiatives for CSR procurement, with the aim of ensuring respect for human rights through business activities. Human rights due diligence is a continuous effort to identify potential adverse human rights impact throughout the value chain through our Group's business activities, to prevent and remediate such adverse impacts, and to disclose information on the details of responses and results to the public. The CSR Dept., Legal Dept., Procurement Dept., and Logistics Dept. are working together to ensure that the entire value chain is thoroughly checked under this human rights due diligence framework.

In fiscal 2019, in addition to previous initiatives, we plan to identify risks by establishing risk indicators based on the nature of our business and the regional characteristics of the Sumitomo Chemical Group's business activities and conducting investigations. In addition, we plan to identify risks through investigations involving external experts, including additional on-site investigations when necessary. If, through this human rights due diligence process, it is determined that the Group's business activities are causing or contributing on adverse human rights impact, we will engage with relevant stakeholders and endeavor to rectify and remediate such impact through appropriate processes.

Overview of Human Rights Due Diligence Initiatives



Looking Ahead

Sumitomo Chemical and its Group company, under the initiative of the Human Rights Promotion Committee, will continue to promote respect for human rights in accordance with the Sumitomo Chemical Group Human Rights Policy.



Procurement

Basic Stance

Policy on Responsible Procurement

The Sumitomo Chemical Group is committed to building mutually beneficial and sound relationships with business partners. In addition to, ensuring fairness, equitability, and transparency in our transactions with business partners, we are promoting responsible procurement activities throughout the supply chain with an emphasis on compliance and respecting human rights, which will encourage our partners to also engage in CSR activities. Furthermore, Sumitomo Chemical's stance toward and policy on responsible procurement is clarified in the Basic Procurement Principles and the Group Business Standards of Procurement, which provide guidelines for procurement operating activities for Group companies in Japan and overseas.

Basic Procurement Principles (Outline)

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 the quality requirements of Sumitomo Chemical's internal sections that request purchases of Goods and Services.
6. In performing Procurement Operations, the highest priority shall be given to safe and stable operations in order to realize zero-accident and zero-injury operations.
7. In performing Procurement Operations, the highest consideration shall be given to customer satisfaction.
8. The Procurement Section shall ensure the transparency of Procurement Operations.

Policy Related to Conflict Minerals

The Sumitomo Chemical Group is working to ensure responsible procurement to build sound relationships with suppliers and fulfill its corporate social responsibility regarding procurement activities.

There is a social expectation of compliance to a U.S. rule* on conflict minerals from a CSR and compliance perspective, and we are therefore promoting responsible raw material procurement.

* Rule on conflict minerals: A final rule applying to companies that are publicly listed in the United States that was adopted by the U.S. government in August 2012 pursuant to Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act, which is known as the Conflict Minerals provision. The rule requires companies to disclose and report to the U.S. Securities and Exchange Commission the use in their products or production processes of conflict minerals, including tantalum, tin, gold, or tungsten, originating from the Democratic Republic of Congo or adjoining countries.

Detailed Information

<https://www.sumitomo-chem.co.jp/english/sustainability/society/partners/>



Procurement

Management System

In line with the policy on responsible procurement, we formulate and implement plans related to responsible procurement, share these plans with Group companies, and carry out these plans in cooperation with Business Sectors. Furthermore, Sumitomo Chemical's stance toward and policy on responsible procurement is clarified in the Group Business Standards of Procurement, which provide guidelines for procurement operating activities for Group companies in Japan and overseas. We are promoting relevant initiatives across the entire Group.

Goals and Results

■ FY2018 Group-wide Initiatives

| Main Initiatives | Details |
|--|--|
| Group purchasing information exchange meetings (Japan) 2 times | <ul style="list-style-type: none"> Participating companies: 21 Shared information and held discussions regarding the importance of sustainability measures, including those related to human rights and the environment; our stance toward and policy on responsible procurement; and specific initiatives |
| Group purchasing information exchange meeting (overseas) 1 time | <ul style="list-style-type: none"> Participating companies: 5 (Group companies forming the base in various regions like Asia and the United States participated in the meeting) Gave an introduction to sustainability measures and Group companies' responsible procurement initiatives |
| Company-wide procurement liaison meetings 2 times | <ul style="list-style-type: none"> Participants: Representatives responsible for procurement of Business Sectors Discussed the importance of sustainability measures, including those related to human rights and the environment; our stance toward and policy on responsible procurement; and specific initiatives |
| Procurement staff education | <ul style="list-style-type: none"> Participants: All procurement staff (including new employees and transferees) Learned about the importance of sustainability measures, including those related to human rights and the environment; our stance toward and policy on responsible procurement; and specific initiatives |

■ FY2018 Initiative for Business Partners

| Main Initiatives | Details |
|---|--|
| Business Partner Dialogues 4 times | <ul style="list-style-type: none"> Participating companies: 32 Gave introductions on sustainability initiatives and shared information regarding human rights (child labor, etc.) and occupational safety |
| Using the CSR Deployment Guidebook and Check Sheets | <p>New business partners:</p> <ul style="list-style-type: none"> Acquisition rate: 100% Business partners who were rated "good" and with whom business began: 100% <p>Established business partners:</p> <ul style="list-style-type: none"> Conducted monitoring and solicited feedback mainly in line with quality assurance audit plans |



Procurement

Examples of Initiatives

Responsible Procurement Activities

Sumitomo Chemical has added a webpage about CSR procurement to its Procurement Information page on its official website to inform more stakeholders of its responsible procurement initiatives. The webpage features the *Sumitomo Chemical Supply-Chain CSR Deployment Guidebook*, which explains those CSR promotion items that the Company asks suppliers to follow. Moreover, Sumitomo Chemical has formulated the *Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets* to enable suppliers to conduct self-evaluations regarding all items. Suppliers can now download the guidebook and check sheets and report the results of their self-evaluations.

Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets (CSR Criteria Explanation)

0 Overall Promotion of Corporate Social Responsibility (CSR)

The questionnaire begins with a confirmation of the company's performance regarding: clearly declaring the importance of CSR as a business policy; designating an organization and manager responsible for CSR promotion; publicly announcing the status of its CSR promotion efforts; having a system in place; and deploying its own CSR program to suppliers.

I Compliance with Laws and Ethics

Questions in this chapter focus on whether the company properly: ensures compliance with various business laws (including laws and regulations in Japan and overseas, such as REACH); prohibits impediments to free competition; prohibits abuse of a superior position; prohibits corruption and bribery; prohibits the offering and receiving of inappropriate profits and advantages; ensures respect for intellectual property; detects and prevents injustice promptly; and prevents the leakage of personal information as well as customer and third-party confidential information.

II Human Rights and Labor

Questions in this chapter focus on whether the company properly: ensures respect for human rights; prohibits discrimination; regulates working hours; respects the rights to freedom of association; prohibits forced labor; prohibits child labor; and pays appropriate wages.

III Accident Prevention and Occupational Health and Safety

Questions in this chapter focus on whether the company properly: ensures proper disaster and accident management; applies safety measures for equipment and instruments; promotes safety in the workplace; promotes hygiene in the workplace; and promotes health maintenance programs for employees.

IV Environmental Conservation

Questions in this chapter focus on whether the company properly: establishes and implements an environmental management system; controls hazardous chemicals in manufacturing; obtains environmental and government permits; minimizes environmental pollution (water, soil, air); promotes waste reduction; and promotes resource and energy saving by reducing, reusing, and recycling (3Rs).

V Product Quality and Safety

Questions in this chapter focus on whether the company properly: establishes and implements a quality management system; controls hazardous chemicals in products; provides accurate information on products and services; and furnishes prior consultation on manufacturing process change and compliance with standards and specifications.

Procurement Information, "Sumitomo Chemical Supply-Chain CSR Deployment Guidebook"

https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/cp_csr_guidebook_e.pdf

Procurement Information, "Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets"

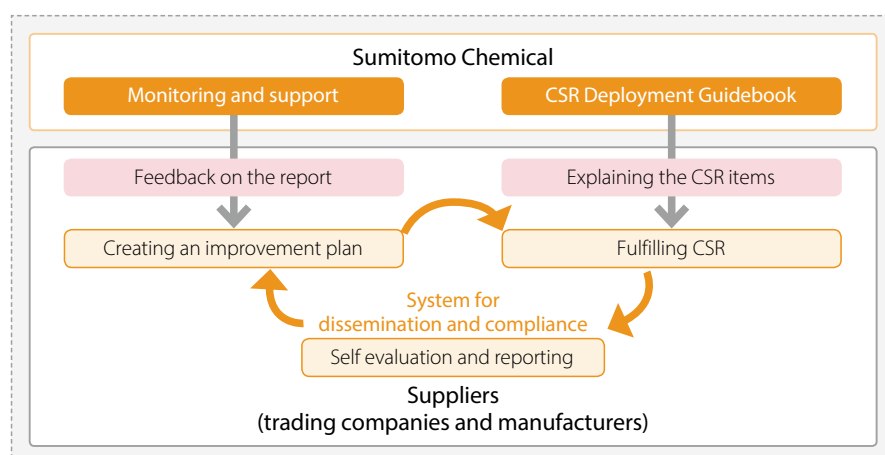
https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/cp_csr_check_list_e.pdf



Procurement

Promoting Responsible Procurement throughout the Supply Chain

We have every new supplier gain a better understanding of Sumitomo Chemical's policies and stances through the *Sumitomo Chemical Supply-Chain CSR Deployment Guidebook*. We also have them fill out and submit the *Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets*. This enables us to do our due diligence regarding their compliance status, and, upon confirmation of satisfactory evaluation results, we begin doing business with them. Following that, we regularly monitor their compliance status and strive to prioritize procurement from those suppliers who are working hard to ensure responsible procurement. We manage the data from the monitoring and periodically assess the content. For suppliers who need to follow-up on problems revealed by the monitoring, we furnish feedback to raise awareness of and cooperation in ensuring responsible procurement.



Initiatives Related to Conflict Minerals

There is a social expectation of compliance to a U.S. rule on conflict minerals from a CSR and compliance perspective, and we are therefore confirming that the minerals in the raw materials we procure are conflict-free. We do this through cooperation between relevant internal sectors and the periodic distribution and collection of questionnaires to all suppliers of raw materials that contain these substances.

If we determine there is a problem after confirming the results with the supplier, we take appropriate measures, which could be a request for improvement or the suspension of procurement of conflict minerals.

Promoting Responsible Procurement throughout the Group

We periodically hold Group purchasing information exchange meetings that gather together responsible purchasing representatives from each Group company in Japan and overseas to discuss promoting responsible procurement throughout the Group. In addition, to ensure smooth communication, we set up a website with the Group companies to reciprocally share information as we strive to promote and encourage responsible procurement as a unified Group.



Information exchange meeting at Group companies in Japan and overseas

Looking Ahead

In line with the Basic Principles for Promoting Sustainability, the Sumitomo Chemical Group will continue to strengthen cooperation with business partners and promote responsible procurement in the spirit of respecting human rights and ensuring compliance.



Human Resources Management

★: Assured by an independent assurance provider

Basic Policy

'People' are a major source of corporate competitiveness, and securing highly motivated and capable personnel is the foundation of business operations.

In addition, our business environment has become more complex and sophisticated due to the recent expansion of our business domains and advances in technological innovation. In these circumstances, it has become extremely important to secure personnel with broad knowledge and diverse skills, and to focus on training so that employees can maximize their abilities.

Against this backdrop, the current Corporate Business Plan sets forth employing, developing, and leveraging human resources to support sustainable development as one of its basic policies.

Based on this policy, we are strengthening our recruitment capabilities dramatically and effectively promoting the current personnel and training systems based on the basic philosophy of "development and growth." We are also working to create an environment in which diverse personnel can work healthily and energetically.

■ Number of Employees (Sumitomo Chemical Group)

| | FY 2016 | FY 2017 | FY 2018 ★ |
|--------|---------|---------|-----------|
| Male | 24,232 | 24,015 | 24,483 |
| Female | 8,304 | 7,822 | 8,059 |
| Total | 32,536 | 31,837 | 32,542 |

Note: The above figures are as of March 31 for each fiscal year. Employee numbers do not include temporary employees, part-time staff, dispatch employees, and staff assigned to other companies not included in the scope of consolidation, but do include staff assigned from other companies not included in the scope of consolidation.

Human Resources System Initiatives

Sumitomo Chemical has introduced a human resources system in which employee treatment is based on the content of each person's work, the magnitude of their responsibilities, and the achievements they have accomplished, as well as the abilities and activities they have displayed and undertaken. Through this system, employees with motivation and abilities are able to take on the challenge of a higher role as soon as possible, thereby fostering their willingness to grow voluntarily.

Accordingly, our evaluation system is not limited to evaluating how well each employee is able to perform the duties their position and role entails; it evaluates how well said employee demonstrates their ability to deliver real results and acquire the knowledge and skills needed to do so. The system thus encourages individual development and growth without overly focusing on short-term achievements.

Managers talk with their subordinates on a regular basis to help increase their motivation and abilities with feedback on their performance, objectives, behavioral advantages, and areas for improvement. In the interviews, they also discuss workplace policies, job expectations, and career paths. Furthermore, we have adopted the same performance evaluation system for managers at overseas Group companies as for Sumitomo Chemical's managerial employees.



Human Resources Management

Characteristics of Our HR Systems

(1) Career Development Field (CDF)

To encourage development and growth amid the current climate of diversifying ideas about career trajectories, we have incorporated Career Development Fields (CDF) (professional categories) into our HR systems. We decided to do this because we understand the importance of determining the details of medium- to long-term placements and training in line with each employee's ability and suitability as well as based on their career goals. Planned placements and training are conducted in line with each employee's career goals, and employees' experience of their own development and growth serves to further encourage them to take the reins when thinking about their careers.

■ CDF

| | |
|---------|---|
| Field X | A career in which the employee takes on a specified role, while also working on tasks that support the maintenance and development of Sumitomo Chemical's business over the medium- to long-term. |
| Field Y | A career in which the employee works on tasks that contribute to the development of business as a professional, within a role with a defined scope. |
| Field Z | A career in which the employee works on a variety of tasks supporting things like the development of new technology and the increasing sophistication and complexity of business. |

(2) Careers for Specialists

We offer more than the conventional path, which assumes a largely vertical progression in rank from manager to general manager, and so on. To reflect the increasingly advanced and complex nature of operational and R&D fields, we have introduced a mechanism that provides appropriate compensation so that personnel with sophisticated abilities in their specialization can unleash their full potential and rack up accomplishments.

■ Careers for Specialists

| Associates | Fellows |
|--|---|
| Associates refers to those who have particularly outstanding expert knowledge or capabilities, who are hard to replace in specific fields, and who can be expected to continue to make significant contributions in their field using that expertise | Fellows refers to those who, among the Sumitomo Chemical researchers who have produced particularly outstanding research results on the basis of their high-level expertise, and who are also recognized for their achievements outside the company, are expected to contribute significantly to the research activities of Sumitomo Chemical in the future |



Human Resources Management

<Human Resources Development>

Basic Policy

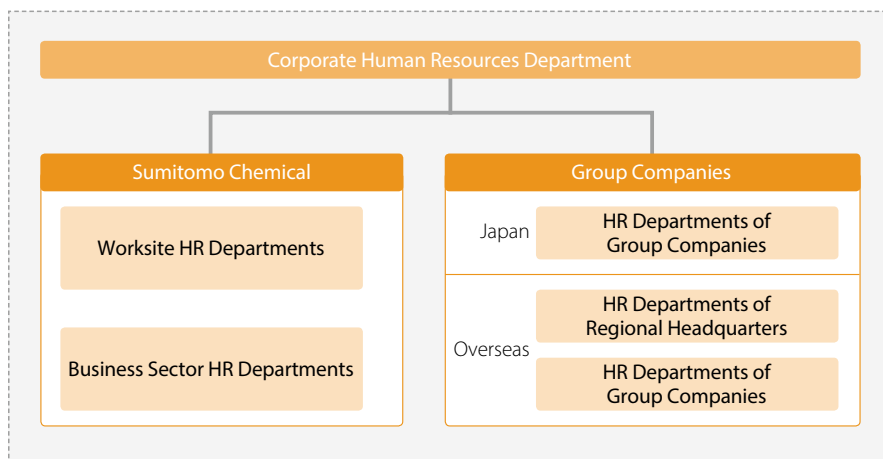
Based on the policy of developing human resources to support sustainable growth, Sumitomo Chemical is promoting various measures that contribute to the growth of each and every employee.

As concrete measures for human resources development, employees are rotated through job assignments that match with their career field under the aforementioned CDF in order to encourage employee development and grow. As for education measures, the Company is developing various educational programs based on an educational system organized from the perspectives of fostering awareness of the development of subordinates and their own growth awareness, strengthening the links between education and practical work, strengthening global human resource development measures, and fostering management personnel in digitization. In addition, we provide IT literacy education to all employees to improve the productivity of each employee.

Management System

The Corporate Human Resources Department works closely with the HR departments of worksites, business sectors, regional headquarters, and Group companies in Japan and overseas to promote and roll out various programs. In addition, employees are rotated through job assignments based on each person's specific training plans while sharing information with the production, administration, and HR departments.

■ Promotion and Rollout of Company-wide Training Programs Overseen by HR Departments



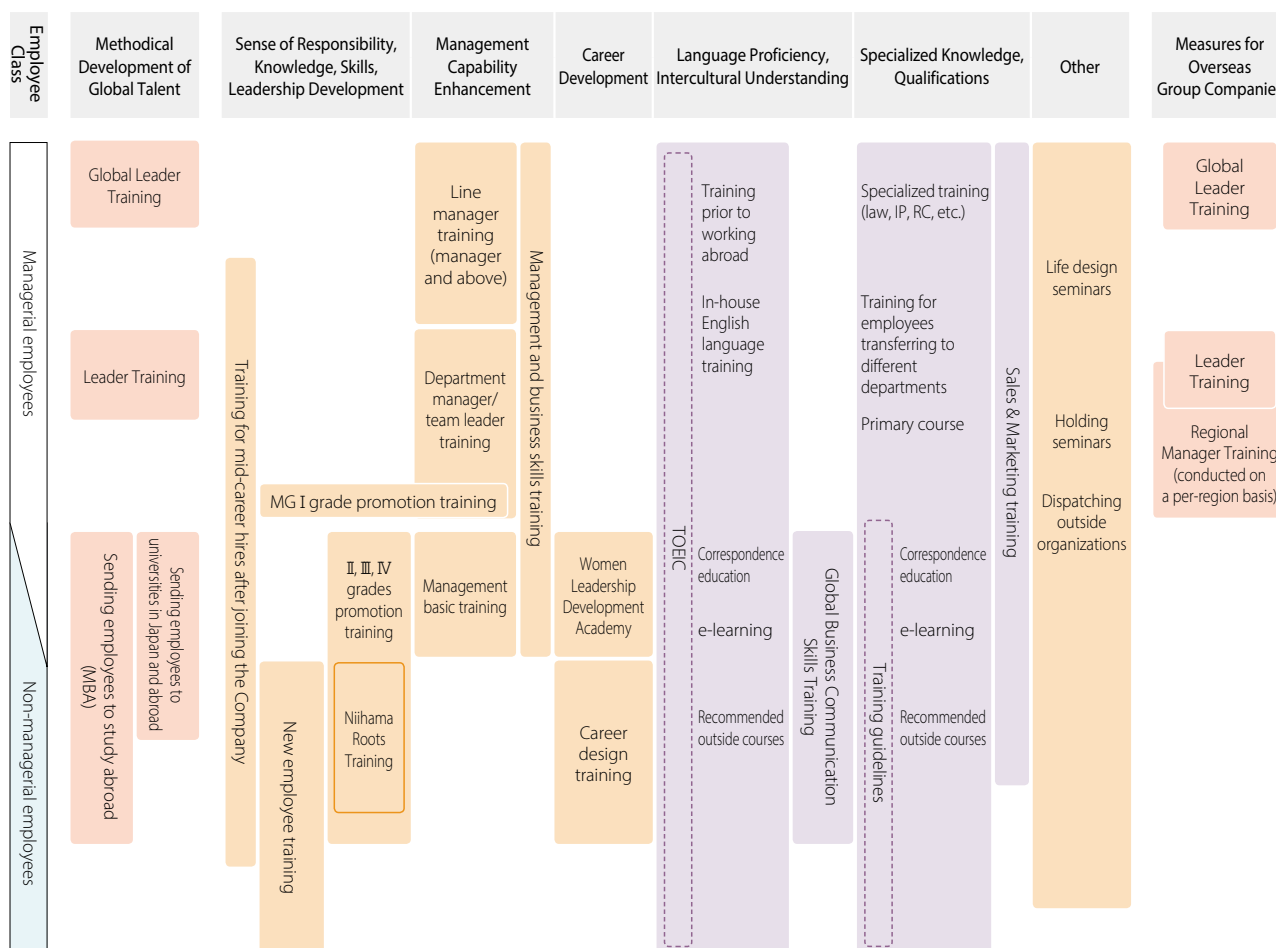


Human Resources Management

Targets and Results / Examples of Initiatives

We are working to enhance employee capabilities and develop human resources by implementing various training programs and measures for different purposes and employee classes.

■ Organization of Training Programs



Note: The Company conducts in-house training courses in the areas of compliance, human rights, CSR, and health maintenance and improvement

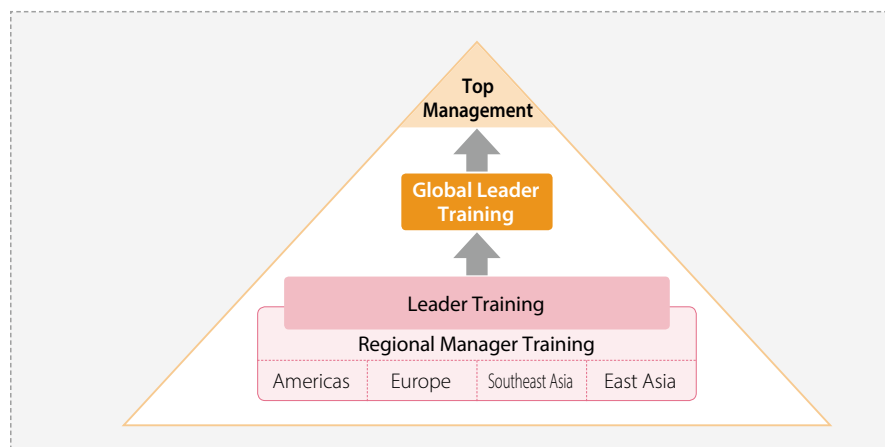


Human Resources Management

Methodical Development of Global Talent

Sumitomo Chemical is carrying out a staged training program in human resource development for employees both in Japan and at overseas Group companies, in order to discover and develop next-generation leaders in a systematic way, emphasizing the creation of Global Leaders who can take on the role of core management.

Next-Generation Leader Development System



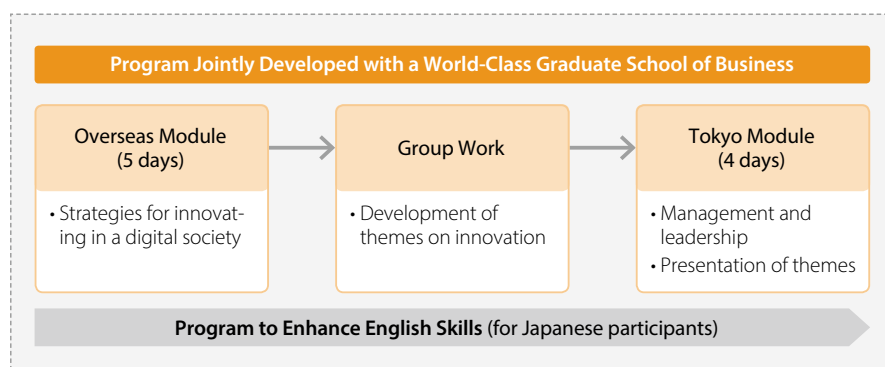
(1) Global Leader Training

In our Global Leader Training for general managers inside and outside of Japan, participants learn about management perspectives and insights through lectures and discussions featuring executive officers and external executives. They decide on their own topics and provide advice on the content of these specific initiatives to the president and others in management.

(2) Leader Training

In Sumitomo Chemical's Leader Training for managerial employees both inside and outside of Japan, Sumitomo Chemical has worked with an overseas graduate school of business to carry out a program in both Singapore and Japan, held completely in English, with the goal of developing the employees' conceptual strength and abilities to propose strategies for the creation of new value.

Leader Training Program





Human Resources Management

■ Recruitment, Human Resources Development and Human Resources System

| Name | Approach | (No. of people) | | |
|--------------------------------|---|-----------------|--------|--------|
| | | FY2016 | FY2017 | FY2018 |
| Trainer System | Highly skilled employees who have an aptitude for teaching provide instruction and advice to younger employees to facilitate their development. | 57 | 65 | 42 |
| Senior Training Advisor System | Supervisors and potential supervisors are provided OJT to develop core personnel for manufacturing departments | 5 | 5 | 4 |
| Development of Global Talent | In order to create global leaders who will play a central role in management and to develop talent that supports our global business operations, we systematically conduct various training programs. | | | |
| (1) Global Leader Training | Our global leader training program focuses on action learning. | 21 | 23 | 21 |
| (2) Leader Training | Held in Singapore and Japan to develop the next generation of leaders, we conduct training programs in English. | 28 | 28 | 27 |

■ Training for Development of Global Talent

FY2018 Results

Participants **48** Average time **88** hours per person

■ Leadership and Management Skills Enhancement Training, Career Development Training

FY2018 Results

Participants **839** Average time **15** hours per person



Human Resources Management

<Diversity and Inclusion>

Basic Policy

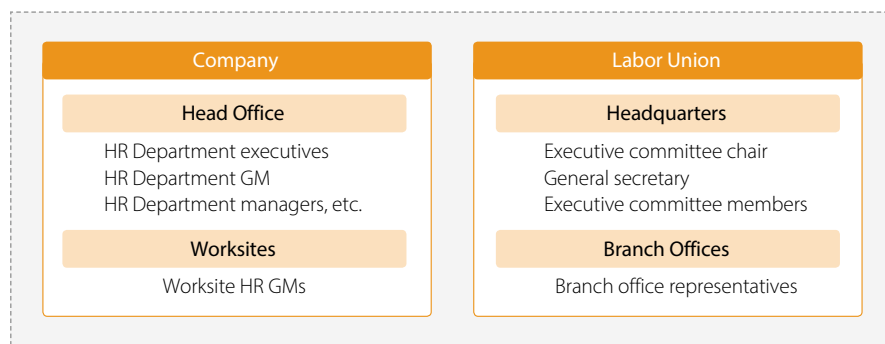
Sumitomo Chemical has set forth the promotion of diversity and inclusion as one of its seven material issues based on the Basic Principles for Promoting Sustainability. The Group is working to realize its own sustainable growth while helping realize a sustainable society through its business.

Sumitomo Chemical is working to provide all employees with motivating workplaces where they can fully demonstrate their skills and abilities in a variety of situations.

Management System

In 2010, Sumitomo Chemical established a labor-management committee to promote diversity and inclusion, work-life balance. To this end, the committee shares information and exchanges opinions in addition to checking on the progress of efforts undertaken by labor and by management.

■ Labor-Management Committee for Diversity and Inclusion, Work-Life Balance





Human Resources Management

★: Assured by an independent assurance provider

Targets and Results / Examples of Initiatives

Promoting the Active Advancement of Women

We have focused on promoting the active advancement of women as a part of our diversity and inclusion promotion efforts. We are actively taking measures to create an environment where even more women can thrive. Sumitomo Chemical has outlined the following targets in line with the Act on Promotion of Women's Participation and Advancement in the Workplace and is implementing the specific initiatives detailed below.

Target 1 Women accounting for at least 10% of positions equivalent to manager or above

- Continue to provide training for workplace managers to promote understanding and raise awareness about promoting the active advancement of women
- Continue to send employees for outside training to sharpen their skills and expand their knowledge

Target 2 At least 50% of male employees taking cessation from work for childcare

- Put out press releases and otherwise raise awareness about programs that enable employees to flexibly respond to life events
- Work to establish an environment that enables flexible workstyles and improves productivity by promoting a better work-life balance
- Draft and implement measures to promote the use of these programs mainly through the Labor-Management Committee for Work-Life Balance

Achievements in Diversity and Inclusion (Sumitomo Chemical)

| Name | Concept | FY2016 | FY2017 | FY2018 | FY2019 |
|--|---|--------|--------|--------|-------------------|
| Number of female managers* ¹ | In order to promote the success of female employees, Sumitomo Chemical sets quantitative targets regarding the ratio of female managers and systematically promotes female employees to management positions. | 80 | 85 | 96 ★ | 99 |
| Percentage of female managers (%)* ¹ | | 4.2 | 4.5 | 5.1 ★ | 5.2 |
| Employment rate for people with disabilities (%)* ² | Sumika Partners Co., Ltd., a special subsidiary, began operations in April 2018, and we are working to expand employment opportunities for persons with disabilities who are motivated to work, including four of our group companies receiving approval as special affiliated companies as of June 2019. | 2.10 | 2.06 | 2.24 ★ | 2.41 |
| Reemployment rate (%)* ³ | Sumitomo Chemical has established a retiree reemployment system that enables a variety of work styles while appropriately reflecting the motivation and abilities of each person. | 92.1 | 92.1 | 92.6 | TBD* ⁴ |

*¹ Number and percentage of employees holding positions equivalent to sectional manager or above; as of April 1 of each fiscal year

*² As of June 1 of each fiscal year since the base date of calculation has been changed, the data has been retroactively revised in previous fiscal years

*³ As of March 31 of each fiscal year

*⁴ Calculation is slated at March 31, 2020



Human Resources Management

Promoting Work-Life Balance

We aim to raise productivity by ensuring each employee feels greater motivation and a deeper sense of fulfillment while maintaining a better work-life balance.

Formulation of the Action Plan to Reform Workstyles

In March 2018, Sumitomo Chemical formulated an action plan to reform workstyles with the aim of raising productivity. In this action plan, we established key performance indicators (KPIs) along with three main targets: ① correcting long working hours, ② encouraging employees to take paid annual leave, and ③ promoting flexible workstyles. We then set out the following measures to achieve these targets.

■ Action Plan to Reform Workstyles

| | KPI | Measures |
|---|--|---|
| ① Correct Long Working Hours | Reduce the annual percentage of people working long hours (at least 35 hours/month worked after regular hours and on weekends and holidays) to below 10% by fiscal 2020. (Fiscal 2018 results: 15.8%) | <p>A. Employ the Internet of Things (IoT) to reform workstyles and revolutionize operations Digitize plant-related operational processes and data, make office operations more efficient by actively using cloud sourcing and the latest technologies (including AI and sensors), etc.</p> <p>B. Improve productivity by promoting a better work-life balance Regularly convene the Labor-Management Committee for Work-Life Balance with labor and management representatives, take various measures to improve productivity in each workplace, hold lectures to promote better work-life balance, etc.</p> |
| ② Encourage Employees to Take Paid Annual Leave | Realize an average of 70% of paid leave taken annually by 2020. (Fiscal 2018 results: 71.8%) | <p>A. Create an annual leave chart that covers several fiscal years Every year create an annual leave chart that covers several fiscal years to make it easier to plan far into the future and help encourage employees to take paid leave</p> <p>B. Encourage employees to take paid leave</p> <ul style="list-style-type: none"> • Encourage employees to take paid leave during Golden Week and other similar periods • Encourage employees to create four-day weekends by adding days of paid leave to either side of weekends and promote taking time off in the September–November period • Encourage senior employees to take paid leave <p>C. Continue to systematically provide paid leave Systematically provide around five paid-leave days every year (does not include statutory leave)</p> |
| ③ Promote Flexible Workstyles | <p>Realize 50% of male employees taking cessation from work for childcare by 2020. (Fiscal 2018 results: 37.6%)</p> <p>Regarding the below questions in the employee awareness survey, achieve the target figures by the time of the next survey.</p> <ul style="list-style-type: none"> • Realize at least 60% affirmative responses to the question: "Is the general consensus in your workplace that both men and women can easily take paid or unpaid leave for childcare or caregiving and use the reduced working-hour system?" • Realize at least 75% affirmative responses to the question: "Are the programs and working environment at the Company conducive to easily working after giving birth, raising children, or caregiving?" | <p>A. Issue PRs and raise awareness about programs Continually issue PRs and raise awareness about various programs that enable employees to flexibly adjust for their individual needs, including those related to life events involving childcare and caregiving. In addition, encourage male employees with newborns to take cessation from work for childcare.</p> <p>B. Foster an environment that allows the realization of flexible workstyles By taking the measures outlined above for correcting long working hours, create an environment where it is easy to improve the productivity of employees and their workplaces and to realize flexible workstyles.</p> <p>C. Encourage use of programs Through the Labor-Management Committee for Work-Life Balance and other such meetings, identify the specific usage needs and improvement requests for the various programs. Use this information to help draft and implement measures to encourage wider use of programs.</p> |

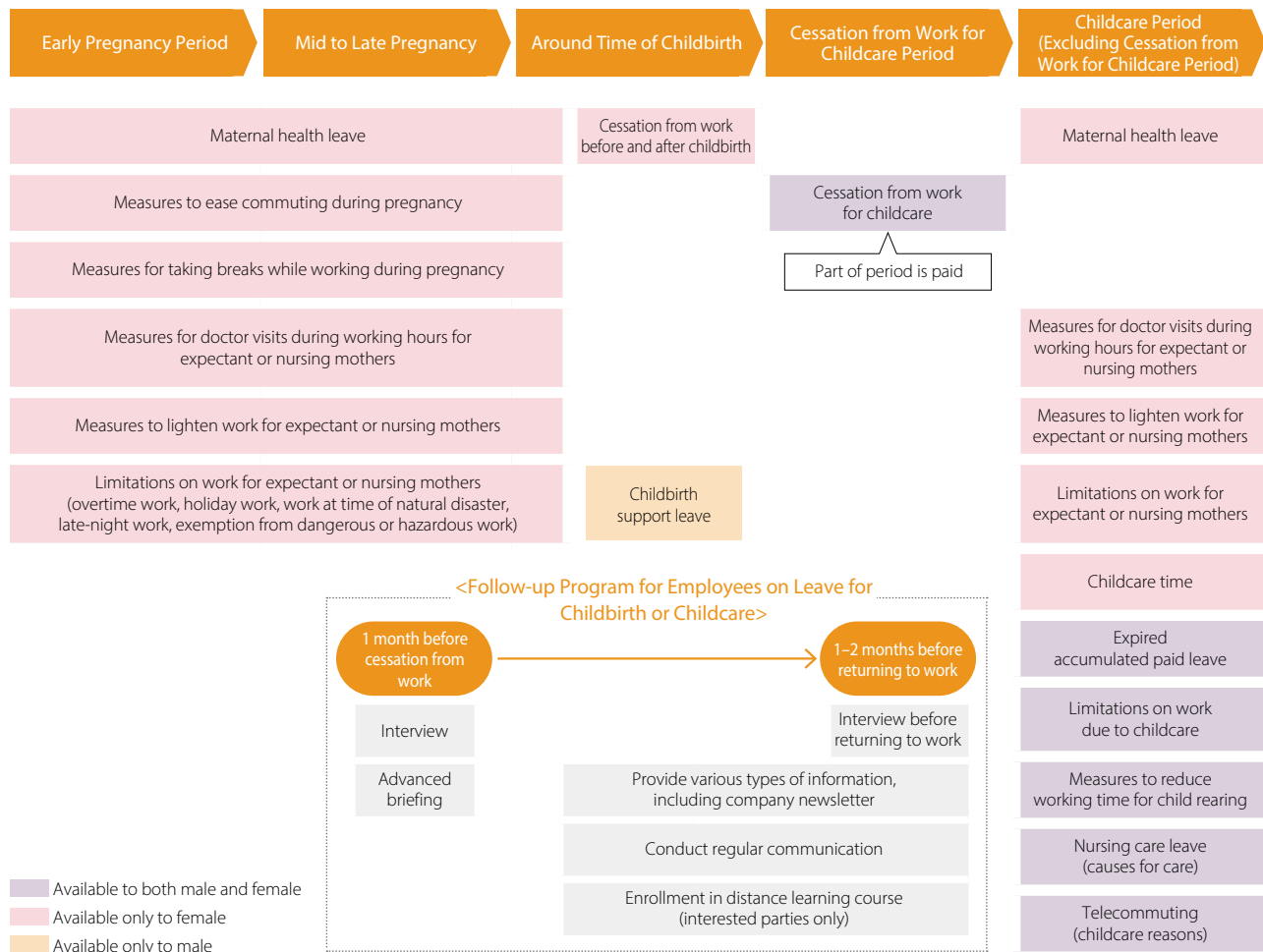
Sumitomo Chemical is taking the following actions with regard to the target of correcting long working hours.

| | |
|---|--|
| ① | From April 2017, we reduced the upper limit on overtime work to 80 hours per month and 720 hours per year. |
| ② | Regarding the occupational physician interviews for people working long hours mandated by the Industrial Safety and Health Act, we established and are enforcing our own guidelines, which are harsher than the law, requiring interviews for people who work 70 hours or more of overtime in one month or 150 hours or more in a three-month period |
| ③ | From March 2018, we established an even more appropriate work management system by displaying computer logon and logoff times when reporting work hours in addition to the existing system for reporting work hours. |



Human Resources Management

■ Systems and Measures for Better Work-Life Balance and for Use at Time of Pregnancy, Childbirth and Childcare





Human Resources Management

★: Assured by an independent assurance provider

Results of Systems for Work-Life Balance (Sumitomo Chemical)

| System/Measure | | (No. of people) | | |
|---------------------------|--|---------------------|----------|----------|
| | | FY2016 | FY2017 | FY2018 |
| Childcare/Nursing Support | Cessation from work for childcare ★ | Total 248 | 304 | 336 |
| | | Male 142 | 175 | 233 |
| | | Female 106 | 129 | 103 |
| | Cessation from work for nursing care | 3 | 3 | 1 |
| | Nursing care leave | 134 | 153 | 180 |
| | Childbirth support leave | 204 | 237 | 188 |
| | Maternal health leave | 55 | 48 | 52 |
| | Expired accumulated paid leave*1 | 62 | 72 | 110 |
| | Reduced working hours system | 118 | 134 | 162 |
| | Telecommuting*2 | 15 | 16 | 21 |
| | Reemployment system*3 | 12 | 8 | 10 |
| | In-house childcare facilities*4 | 161(108) | 167(118) | 171(123) |
| | Mutual aid association support money for childcare*5 | 195 | 211 | 242 |
| Other | Suspension from work for special reasons for employees accompanying spouses going on overseas transfer*6 | 7 | 9 | 6 |
| | Employee survey*7 | Conducted in August | — | — |

Note: Employee numbers do not include temporary employees, part-time staff, or dispatch employees.

*1 Only for childcare and nursing care

*2 Number certified at the end of each fiscal year

*3 Number registered as of the end of each fiscal year

*4 Number of users on April 1 each fiscal year. Includes users other than Sumitomo Chemical. The figures in parentheses are the number of Sumitomo Chemical users.

*5 Aggregate number of people at end of each fiscal year

*6 Number of applicants as of the end of each fiscal year

*7 Conducted once every three years

Kurumin Mark

In September 2015, Sumitomo Chemical was certified for the third time as a company that supports childcare and received the next-generation Kurumin certification mark. Under this system, business operators who successfully carry out action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children and meet all the certification criteria receive certification from the Minister of Health, Labour and Welfare.

This certification was in recognition of our third round of initiatives covering the period between June 2012 and March 2015. The first certification covered the period between April 2005 and May 2007, and the second one covered the period between June 2007 and May 2012. The Company was commended for its initiatives to help promote work-life balance, such as expanding in-house childcare facilities and encouraging employees to take various forms of leave. (We are currently applying for our fourth certification.)



Next-generation
Kurumin
certification mark

Looking Ahead

To promote diversity and inclusion across the Group, going forward we will set relevant KPIs, check progress made under the Corporate Business Plan, and actively work to achieve the goals laid out.



Human Resources Management

<Healthcare>

Basic Policy

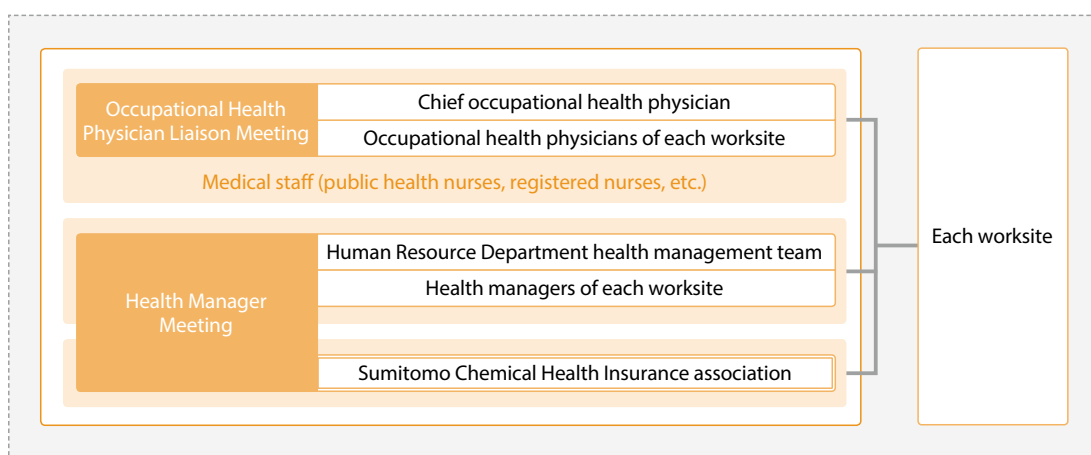
Sumitomo Chemical is implementing a range of health support measures to enable employees to live fuller lives and to actively maintain and promote their own physical and mental health with the assistance of the Company's chief occupational health physician, beginning with medical staff providing health-related guidance to employees.

Management System

At the annual occupational health physician liaison meeting, the chief occupational health physician and the occupational health physicians of each worksite hold discussions and decide on Company-wide measures and targets. In addition, the occupational health physicians, medical staff (public health nurses, registered nurses, etc.), and health managers of each worksite work together to implement measures to maintain and promote health in collaboration with the Company and its health insurance association.

Furthermore, at Health Manager Meetings, the measures taken at each worksite are shared and the results are assessed. The Health Management Promotion Committee shares financial information, including that related to medical fees and the health-care business of the health insurance association.

■ Promotion System for Health Maintenance and Promotion Measures (Chart)



Targets and Results

After analyzing medical examination results and medical interview responses, we set quantifiable targets, such as improving the rate of positive findings, and take various measures to maintain and promote health.

In addition, Sumitomo Chemical was certified as a Health & Productivity Management Outstanding Organization (White 500) for the second year in a row. The Certified Health & Productivity Management Outstanding Organization Recognition Program was created in 2016 by the Ministry of the Economy, Trade and Industry. The program recognizes companies that practice outstanding health and productivity management based on the health promotion efforts of the Japan Health Council. The Company's various measures and systems related to health and productivity management received a positive evaluation.





Human Resources Management

Examples of Initiatives

Mental Health

We have been cooperating with medical staff to properly implement the stress checks required by law for companies. We are working to prevent mental health problems by encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. Employees are able to receive counseling from the Company's medical staff.

We are involved in employees' mental healthcare. We conduct group analyses of stress checks and analyze trends at worksites and workplaces to provide feedback to workplaces and set themes for lectures and other meetings.

In addition, during the new employee training and the grade-based promotion training, we hold appropriate mental health-care training for participants eligible for training encouraging employees to take care of themselves and encouraging superiors to look after their subordinates.

Physical Health

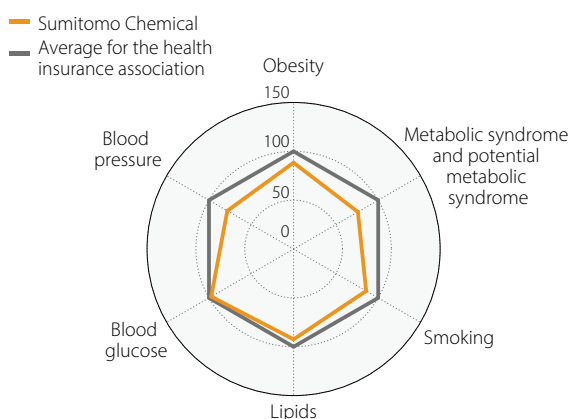
Sumitomo Chemical implements in cooperation with its health insurance associations specified health checkups and specified health guidance which are required of the health insurance associations to implement by law and periodical medical examination. We analyze these results and questionnaire responses to study trends in employee health. As a result, the Company has expanded the eligible age range for specified health guidance for lifestyle disease to include all ages as we work to prevent such diseases.

Furthermore, the Company and its health insurance association work together to raise employee awareness, such as by jointly holding lectures on lifestyle habits (including those related to eating, sleeping, and exercising) and on diseases (including cancer).

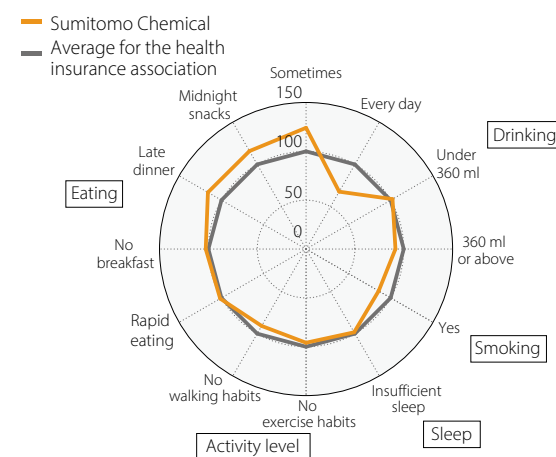
In addition, the Company dispatches its chief occupational health physician to provide overseas medical counseling and evaluate medical service environments to support employees working overseas and their accompanying families. In fiscal 2018, medical counseling and environmental evaluations were implemented twice in Saudi Arabia, twice in China, and once each in the United States, Taiwan, and Singapore.

■ Analysis of Health Checkup Results and Questionnaire Responses (FY2017)

Lifestyle Disease Risks



Lifestyle Habits



Looking Ahead

Sumitomo Chemical will continue creating and implementing various initiatives to maintain and promote the health of employees. In addition, we will assess the results of these initiatives, make improvements, and implement PDCA cycles in our continuing efforts to develop better measures and support employee health.



Occupational Safety and Health / Industrial Safety and Disaster Prevention

<Occupational Safety and Health>

Basic Stance

Reflecting the principle of “Making safety our first priority,” Sumitomo Chemical has formulated five fundamental and personal safety principles that each employee is expected to follow as well as guidelines based on the core principle. All Sumitomo Chemical employees and all involved parties, including partner companies, are thus united in promoting safety activities with the goal of eliminating all accidents.

Sumitomo Chemical has acquired OSHMS* certification at its worksites. In addition, the Company implements PDCA cycles that support a host of measures on the path to realizing improvements based on risk assessments. These safety-related measures and their results are reviewed at the end of each fiscal year by the Responsible Care Committee, which is headed by the President. The reviews ensure a continuous connection between past and future fiscal years’ cycles, thereby strengthening safety and health activities that prevent accidents.

* By introducing and deploying JISHA (Japan Industrial Safety and Health Association) OSHMS (Occupational Health and Safety Assessment Series) Standards equivalent to OHSAS 18001, the Company conducts sound corporate management and risk management from the perspective of occupational safety and health.

Core Principle: Making Safety Our First Priority

Raison D’être for the Core Principle

1. Line management is fundamental to Safety and Health.
2. Each person is responsible for Safety and Health.
3. Sumitomo Chemical is united with partner companies on Safety and Health.

Five Fundamental and Personal Safety Principles that Each Employee is Expected to Follow.

- I will give safety and health the top priority in every aspect of business.
- I will identify and resolve safety and health issues at the source.
- I will comply with rules and instructions.
- I will act with safety in mind 24 hours a day, not just during working hours.
- I will cooperate with all involved parties, including partner companies, to ensure safety and health.

Management System

The president serves as the chief officer of the Environment and Safety Group of the Responsible Care Department, and the executive officer in charge of Responsible Care serves as the officer. The group handles matters related to the Company’s overall safety and health efforts and supports Group companies’ safety and health activities. To assess the safety and health management status and to consider measures for improvement, the safety and health departments of each worksite and Group company regularly meet and exchange information. In these and other ways, relevant departments work together to steadily enhance the level of safety and health activities.

Note: The Organization of Responsible Care Activities is presented on page 56.



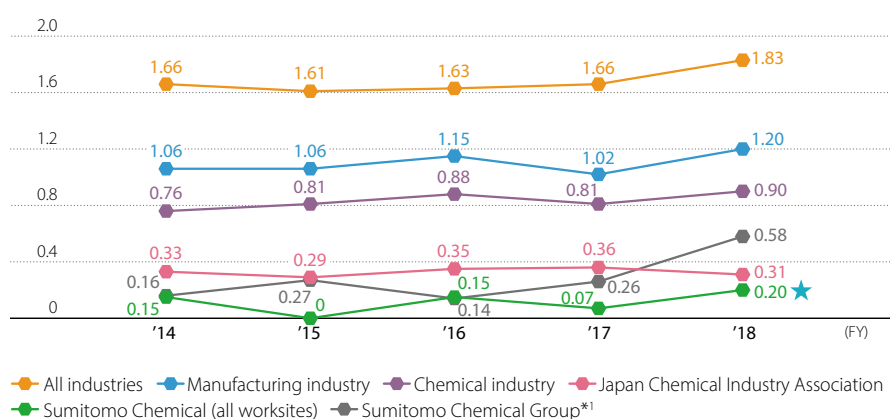
Occupational Safety and Health /Industrial Safety and Disaster Prevention

★: Assured by an independent assurance provider

Goals and Results

The Sumitomo Chemical Group*¹ targets a frequency rate of lost-workday injuries of under 0.1, but its rate was 0.58 in fiscal 2018, up 0.32 year on year, failing to meet the target. Moreover, while the Group has set a goal of zero severe accidents,*² it recorded two, the same number as the previous fiscal year, failing to meet the target. In fiscal 2018, the number of lost-workday injuries was 35, an increase of 18 year on year.

Frequency Rate of Lost-workday Injuries



Lost-workday Injuries (Sumitomo Chemical Group*¹)

| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|---------------------------------|--------|--------|--------|--------|--------|
| Number of lost-workday injuries | 10 | 17 | 9 | 17 | 35 |

*¹ The Sumitomo Chemical Group as defined for occupational safety and health, industrial safety, and disaster prevention: Sumitomo Chemical (including contractors) and consolidated Group companies in Japan and overseas.

*² Severe accidents are defined as those that result in a fatality or those that result in severe lost-workday injuries, including blindness and loss of a limb.



Occupational Safety and Health /Industrial Safety and Disaster Prevention

Examples of Initiatives

Sumitomo Chemical thoroughly investigates the causes of each accident and works to prevent accidents by taking such measures as ensuring strict adherence to safety rules, providing hazard prediction training, also known as Kiken Yochi Training (KYT), and sharing accident information. In addition, we are working to raise safety awareness among construction partner companies that enter our Works by distributing pocket-size booklets and entrance certificates that feature the ground rules and core principles of safety as we promote our initiative of "Making safety our first priority."

Ensuring Thorough Compliance with the Sumitomo Chemical Group's Basic Safety Rules (Ground Rules)

In light of trends in the causes of accidents, the Group has established the following ground rules and is working to ingrain safe behavior.

1. Think Before You Act!
2. Help each other to be more aware of unsafe actions
3. Do not place hands in or around areas of working machinery/equipment

Improving Hazard Prediction Abilities

We are working to improve employees' hazard prevention ability—their ability to perceive and avoid danger—through, for example, behavior-based safety training and workplace discussions using illustrations.

Sharing and Using Accident Data

The Group shares information about all accidents mainly for use in safety education and comprehensive on-site investigations. When an accident occurs, we conduct a thorough examination of the causes and organize studies on how to prevent recurrences through on-site inspections with the top management of the affected workplace and safety managers.

Awards for Safety

Safety awards are given to workplaces that achieve zero lost-workday injuries. The President's Award for workplace safety is presented to workplaces with both a solid safety track record and good practices for safety and health, which could be an example to other workplaces. The President's Award was given to eight workplaces in fiscal 2018.

Safety Promotion through In-house Magazine, Slogan and Poster

In our in-house magazine, we have introduced examples of accidents that tend to happen at work and their preventive measures in a series of articles on enhancing safety since fiscal 2013. We also collect ideas each year for a slogan and a poster for safety and health, and make a poster using the best ideas and display it at each workplace to raise safety awareness.

Looking Ahead

Although activities to enhance a culture of safety have taken root, we currently have not entirely eliminated severe accidents, including those resulting in fatalities. To bring these accidents down to zero, we measure the level of the safety culture and safety infrastructure of each workplace and constantly strive to make improvements. In addition, we promote safety and health activities based on international standards (occupational safety management systems, machinery safety, etc.) and will continue adapting as we work toward realizing a society where people can choose from a diverse range of flexible working styles.



Occupational Safety and Health /Industrial Safety and Disaster Prevention

<Industrial Safety and Disaster Prevention>

Basic Stance

The foremost mission of industrial safety and disaster prevention management is to prevent unforeseen industrial accidents, including fires, explosions, and the leakage of hazardous substances. At the same time, every effort must be made to minimize damage in the event of a natural disaster such as a major earthquake. Through these means, the Company is committed to securing the safety and peace of mind of employees and local communities. With this in mind, Sumitomo Chemical takes voluntary steps to put in place a safety management structure, undertakes stringent process risk assessments of the entire product life cycle (development, manufacture, distribution, use, disposal), and takes appropriate safety measures based on its evaluation of risks.

Management System

The president serves as the chief officer of the Environment and Safety Group of the Responsible Care Department, and the executive officer in charge of Responsible Care serves as the officer. The group handles matters related to the Company's overall industrial safety and disaster prevention efforts and supports Group companies' industrial safety and disaster prevention activities. To assess the industrial safety management status and to consider measures for improvement, the industrial safety and disaster prevention departments of each worksite and Group company regularly meet and exchange information. In these and other ways, relevant departments work together to steadily enhance the level of industrial safety and disaster prevention activities.

Note: The organization of Responsible Care activities is detailed on page 56.

Goals and Results

The Sumitomo Chemical Group*¹ achieved the target of "no severe industrial accidents"*² in fiscal 2018. The Sumitomo Chemical Group has not had a severe industrial accident in the four consecutive years since fiscal 2015. We see this as evidence of the success of our straightforward daily activities on the frontlines as well as the construction and steady enhancement of our industrial safety management system.

However, there were four industrial accidents, which are minor accidents whose scale does not reach that of a severe industrial accident, in fiscal 2018. We will work to enhance industrial safety management and quickly share the causes of the industrial accidents and the lessons learned across the entire Sumitomo Chemical Group.

*¹ The Sumitomo Chemical Group as defined for occupational safety and health, industrial safety, and disaster prevention: Sumitomo Chemical (including contractors) and consolidated Group companies in Japan and overseas.

*² "Severe industrial accidents" refers to any of the following workplace incidents:

- Accidents that cause injuries to local residents requiring outpatient/hospital treatment
- Accidents that result in lost-workday injuries to workers on the site
- Accidents that result in equipment and facility damage exceeding ¥10 million



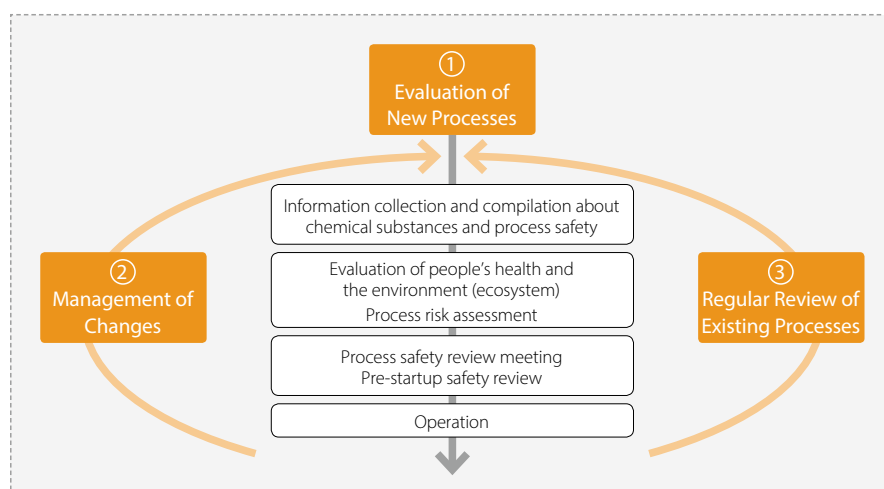
Occupational Safety and Health /Industrial Safety and Disaster Prevention

Examples of Initiatives

Process Safety Management Initiatives

Based on the Corporate Policy on Safety, the Environment and Product Quality, Sumitomo Chemical performs process safety risk assessments at each stage from new chemical process R&D through the commercialization process to plant design, construction, operation, maintenance, and even demolition. The items and procedures essential to risk assessment are specifically outlined in the Development and Commercialization Regulations, the Chemical Safety Management Regulations, the Safety Management Guidelines, and other similar documents that provide the standards for the Company. In addition, we introduced this system to major consolidated subsidiaries as part of efforts to enhance process safety management across the entire Group.

■ Process Risk Management (Three Routes)



① Evaluation of New Processes

The Process Safety Review Meeting (levels 1 to 5) convenes at every step, from R&D through to industrial-scale production. These meetings are held to review process safety assessment results as well as to determine whether safety countermeasures are appropriate. This mechanism ensures that processes do not proceed to the next step unless adequate safety has been confirmed.

② Management of Changes

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

③ Regular Review of Existing Processes

Even when there is no change in the process, Sumitomo Chemical conducts regular reviews to catch up with the latest information on industrial safety technologies and to check whether there will be a significant impact from the long-term use of a plant.

Preparation for Large-Scale Natural Disasters

Sumitomo Chemical drew up a basic plan on earthquake countermeasures in 2004, taking the initiative to improve the earthquake resistance features of equipment that was especially susceptible to the risk of damage. Furthermore, in accordance with recent directives by government authorities to improve the seismic adequacy of existing facilities, we made a plan to obtain required earthquake-resistant features of critical high-pressure gas equipment and are carrying out reinforcements and reconstruction in line with the plan. Before carrying out this work, we took measures to reduce risk and ensure safety, such as reducing the volume of gas held in equipment in order to decrease its weight and meet the earthquake resistance criteria.

In addition, as natural disasters continue to grow more extreme, including the typhoons and torrential rains seen in recent years, we continually review the current status of our safety measures to ensure they are adequate and take measures aimed at securing facilities and personnel as necessary. Furthermore, we confirmed that even in the event of flooding inside a Sumitomo Chemical plant due to a typhoon or torrential rain, the risk of the following is low: a loss of power to the plant's cooling facilities or water-reactive substances inside the warehouse coming into contact with water causing large-scale fires and explosions that could cause trouble for neighboring residents.



Occupational Safety and Health /Industrial Safety and Disaster Prevention

Industrial Safety and Disaster Prevention Education

Sumitomo Chemical has a variety of industrial safety educational programs that reflect the operational roles of employees throughout the Company. The programs are aimed at bolstering the ability of employees to acquire knowledge and skills in order to ensure process safety. In addition, we provide safety education to Group companies in Japan suited to each company's needs.

■ Main Safety Education Enrollment Results

| Name | Type | Purpose | Boundary | FY2018 participants |
|---|-------------------------------|--|---|---------------------|
| In-house Safety Management System Education | e-learning | Fostering a deep understanding of the basic rules of safety management (the "Safety Management Guidelines") | Sumitomo Chemical (all worksites) | 805 |
| Disaster Prevention Theory | Group training | Promoting the acquisition of basic knowledge regarding safety and disaster prevention for fires, explosions, reaction hazards, static electricity, etc. | Sumitomo Chemical (Works, research laboratories) | 81 |
| | | | Group companies in Japan | 9 |
| Fire and Explosion Training | Group training and self-study | Promoting the acquisition of knowledge to prevent accidents and perceive hidden dangers in the workplace through hands-on training related to fires and explosions | Sumitomo Chemical (Works, research laboratories) | 197 |
| | | | Group companies in Japan | 52 |
| Company-wide Safety Education | Group training | Training that covers the latest topics each fiscal year (The training in fiscal 2018 involved points to be aware of when identifying process hazard scenarios.) | Sumitomo Chemical (Works, research laboratories) | 519 |
| | | | Group companies and partner companies within Sumitomo Chemical (Works, research laboratories) | 67 |

Industrial Safety Action Plan

Industry organizations came together with the Japan Petrochemical Industry Association and drew up an industrial safety action plan in July 2013 in a bid to step up efforts aimed at promoting industrial safety. Here we introduce the Company's initiatives based on the action plan.

(1) Commitment by Top Management to Industrial Safety

- Sumitomo Chemical has identified efforts to ensure full and strict compliance and maintain safe and stable operations as one of the Group's priority management issues under its Corporate Business Plan.
- The president issues a safety week message to all employees and Group companies in Japan and overseas to coincide with National Safety Week, which begins on July 1 each year.
- We have held the President's Awards for workplace safety on a continuous basis since fiscal 2012.

(2) Setting Industrial Safety Targets

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

(3) Drawing Up an Action Plan to Secure Industrial Safety

- Sumitomo Chemical pursues activities aimed at thoroughly identifying industrial safety risks that encompass regular and irregular operations.

(4) Checking and Evaluating Progress toward Achieving Targets and Implementing Measures

- The Responsible Care Committee reviews progress toward the achievement of targets and the implementation of measures. Findings under this review are reflected in the plan for the next fiscal year.

(5) Initiatives Aimed at Promoting Voluntary Safety Activities

- The Sumitomo Chemical Group established the ground rules related to safety and strives to foster a culture of safety.
- Sumitomo Chemical designates one day each month as a "safety day" in an effort to continuously focus the attention of the entire Group on the importance of industrial safety.
- Academic experts conduct seminars and undertake an evaluation of safety assurance capabilities by the Process Safety Competency Center of Japan Society for Safety Engineering.



Occupational Safety and Health /Industrial Safety and Disaster Prevention

Initiatives for Ensuring Safety in Logistics Operations

The Sumitomo Chemical Logistics Partnership Council was formed by Sumitomo Chemical and the logistics subcontractors (82 companies at 113 locations) for Sumitomo Chemical Group companies in Japan. The Council maintains committees for Works in each area as well as for logistical centers (transport and storage) and marine transport-related operations nationwide. In line with its core principle of "Making Logistics Safety the First Priority," the Council is expanding the Logistics Department's Responsible Care activities. In particular, the Council has taken measures focused on eliminating accidents involving forklifts and accidents where body parts become caught or entangled in machinery. However, in fiscal 2018, there was one lost-workday injury involving a forklift. Going forward, we will continue drafting and implementing various measures to improve the situation.

■ Lost-workday Injuries in Logistics (in Japan)

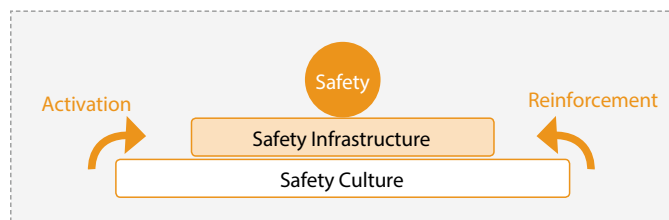
| | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|-----------------|--------|--------|--------|--------|--------|
| Number of cases | 1 | 3 | 0 | 0 | 1 |

Note: Lost-workday accidents caused by logistics subcontractors on the premises of Sumitomo Chemical workplaces and lost-workday accidents caused by major logistics subcontractors outside the premises of Sumitomo Chemical workplaces.

Looking Ahead

We will further strengthen our safety infrastructure by carefully managing our facilities and construction projects, providing advanced training for safety-related personnel, and introducing sophisticated risk assessment methods and cutting-edge technologies, including IoT, to bolster our industrial safety management technologies.

■ Illustration of How We Ensure Safety through Safety Infrastructure and Safety Culture





Product Stewardship / Product Safety / Quality Assurance

Basic Stance

Product Stewardship at Sumitomo Chemical

Under its Corporate Policy on Safety, the Environment and Product Quality, Sumitomo Chemical promotes product stewardship*¹ and works to provide products and services that satisfy customers and can be used with peace of mind.

To achieve the 2020 goal*² proposed at the World Summit on Sustainable Development (WSSD) in 2002, it is now time for chemical management to be risk-based in regard to laws and regulations as well as company efforts to promote product stewardship on a global basis.

To achieve the 2020 goal, Sumitomo Chemical promotes voluntary initiatives to enhance product stewardship, including the Global Product Strategy (GPS)*³/Japan Initiative of Product Stewardship (JIPS)*³ put forward by chemical industry associations, including the International Council of Chemical Associations (ICCA) and the Japan Chemical Industry Association. We actively participate in capacity-building activities, conduct risk assessments of our products, and perform risk-based management.

*¹ Product stewardship: The assessment of risks and protecting people's health and the environment from those risks throughout the product life cycle, which encompasses the entire supply chain from the development of chemical products to manufacture as well as sale, use/consumption, and disposal.

*² 2020 goal: Ensure that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.

*³ GPS/JIPS: Initiatives that call on companies to conduct risk assessments of their products and to engage in appropriate chemical management based on risk in order to minimize risks throughout the supply chain. Under GPS/JIPS, toxicological information on chemical products is disclosed to the general public, including customers.

Ensuring Thorough Compliance

Sumitomo Chemical Group conscientiously adheres to various laws and regulations related to the manufacture, import, export, and sale of goods. We are working to ensure thorough compliance throughout our entire globally expanding group of companies.

Quality Assurance

The Group maintains its commitment to further improving product quality and is continually enhancing its global quality assurance system, which is tailored to each product, because the Group values the trust it has earned from customers and society and aims to further improve customer satisfaction.



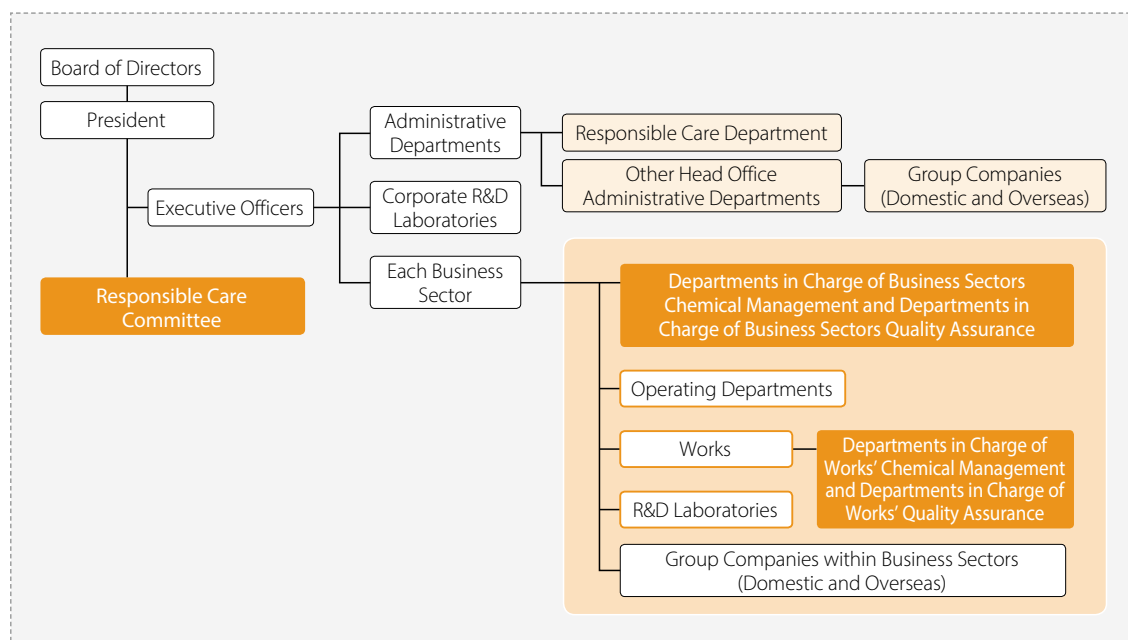
Product Stewardship / Product Safety / Quality Assurance

Management System

As the highest body for deliberating and approving Sumitomo Chemical's RC activities, the Responsible Care Committee is chaired by the president and comprises executive officers supervising the administrative departments and the four business sectors of the Company, and the General Manager of each Works. The Committee puts in place annual policies on RC activities, including chemical management and quality assurance activities; medium-term plans; and specific measures as they relate to Responsible Care. The Committee also analyzes and assesses the results of Responsible Care activities.

In addition, the Responsible Care Department oversees the Company's chemical management and quality assurance management as well as supports each Group company's chemical management and quality assurance management. Each department in charge of chemical management and quality assurance for Works and other departments promote appropriate chemical management and quality assurance management for their respective Works and department.

Organization of Chemical Management and Quality Assurance Activities





Product Stewardship / Product Safety / Quality Assurance

Goals and Results

For information related to product stewardship, product safety, and quality assurance, please refer to the section entitled, "Social Activity Goals and Results."

Examples of Initiatives

Risk Assessment and Management throughout the Entire Product Life Cycle

With regard to the chemicals (products) that it uses and sells, Sumitomo Chemical conducts risk assessments that span the entire product life cycle and all that could be affected, including internal operators, neighboring residents, the surrounding environment, customers, and consumers. The Company supports the Ministry of the Environment's Eco-First program, having pledged to systematically conduct appropriate risk assessments for its products manufactured or sold in annual amounts of one ton or more by fiscal 2020 in line with the voluntary initiatives (GPS/JIPS) adopted by chemical industry associations. The results of these assessments are compiled into a safety summary and made publicly available online, including on the International Council of Chemical Associations (ICCA)'s portal website <http://icca.cefic.org/>. In fiscal 2018, three new summaries were released, bringing the total publicly available safety summaries to date up to 44 (covering 43 substances).

In conducting chemical risk assessments, it is necessary to collect information regarding the hazards associated with each product and the levels of human and environmental exposure when products are handled. Based on the information needed for these risk assessments, we work to ensure that customers and employees handle chemical substances safely. To this end, we have created a collaborative framework centering on the Responsible Care Department and encompassing the frontlines of production and our internal research laboratories, which possess specialized technologies in risk assessment and safety engineering. To estimate exposure levels, the Company draws on projection models and expert insights in Japan and overseas and has developed its own simulation program. We also use the latest technology to efficiently conduct highly precise risk assessments. In line with our internal rules, during the development of new products, we collect data regarding risks and hazards for all handled substances before entering the production stage and survey and respond to all relevant laws and regulations.



Product Stewardship / Product Safety / Quality Assurance

Risk Management for Product Safety

As for risk assessments of product safety, it is necessary to assess the risks of chemical substances in products as well as the risks associated with product applications and uses. Taking into consideration not only their use by our direct customers but also the use and disposal of such products by their end-users, we conduct risk assessments of applications and uses using failure mode and effects analysis (FMEA)*¹ and other methods in addition to chemical substance risk assessments. Sumitomo Chemical conducts rigorous risk assessments of new products and reassesses items already on the market. In fiscal 2018, we performed 61 risk assessments, including 22 reassessments. Going forward, we will continue to conduct rigorous risk assessments of new products and steadily proceed with reassessments of products already on the market. By fiscal 2020, we plan to complete risk reassessments of all our products. In addition, we are supporting Group companies in conducting similar product risk assessments and countermeasures.

*¹ FMEA: A systematic method of analysis for detecting potential malfunctions and defects with the objective of their prevention

Providing Products and Services of Stable Quality

Sumitomo Chemical is proud to provide its customers with products and services from a variety of fields centered on chemicals. In order to continue to supply our customers with products and services of stable quality, we have established quality assurance systems based on quality management systems and manufacturing and quality management guidelines, such as ISO 9001*² and GMP,*³ appropriate for each product and service. In addition to maintaining thorough day-to-day product quality control, we are committed to further improving product quality.

Unfortunately, in fiscal 2018, there were four major product quality problems recorded by Group companies. Working to determine the causes of each of these problems, we are promoting strict preventive measures.

In order to continue supplying products and services of stable quality worldwide while addressing growing supply chain diversification accompanying its business expansion and the increasingly sophisticated needs of customers, the Group is enhancing its global quality assurance system through measures that include strengthening management of overseas suppliers and contractors. We are also improving quality assurance (including quality compliance) at all Group companies by developing countermeasures to quality problems based on relevant information about incidents occurring within the Group and sharing information on the state of product quality and safety at Group companies.

*² ISO 9001: The international standards on quality management systems issued by the International Organization for Standardization (ISO).

*³ Good Manufacturing Practice (GMP): Guidelines relating to manufacturing and quality management of pharmaceuticals.

The Information Sharing System and Ensuring thorough Compliance

The governments of Europe, the Americas, China, and the Asia Pacific region hold considerable sway over trends in global laws and regulations. To ensure thorough compliance, we post product stewardship specialists at our regional headquarters in these areas and are constructing a system to swiftly collect information related to regulatory trends. As for China, South Korea, Taiwan, Southeast Asia, and India, all of which have recently seen rapid and major changes in the legislative environment, together with Group companies we have been responding appropriately to the chemical regulations of each country.

As a response to the REACH regulation in Europe, which is a world leader in terms of laws and regulations, we are moving forward with appropriate legal registration, managing our supply chain, and properly transferring data. In addition, our local Group company Sumitomo Chemical Europe is drawing up letters about its registration status in response to its customers' wishes as well as a declaration of conformity, which states the status of compliance and certificate acquisition with regard to various regulations.

In fiscal 2018, there were no reports of violations of regulations for Sumitomo Chemical products and services at any stage of their life cycles.



Product Stewardship / Product Safety / Quality Assurance

Effective Use of SuCCESS

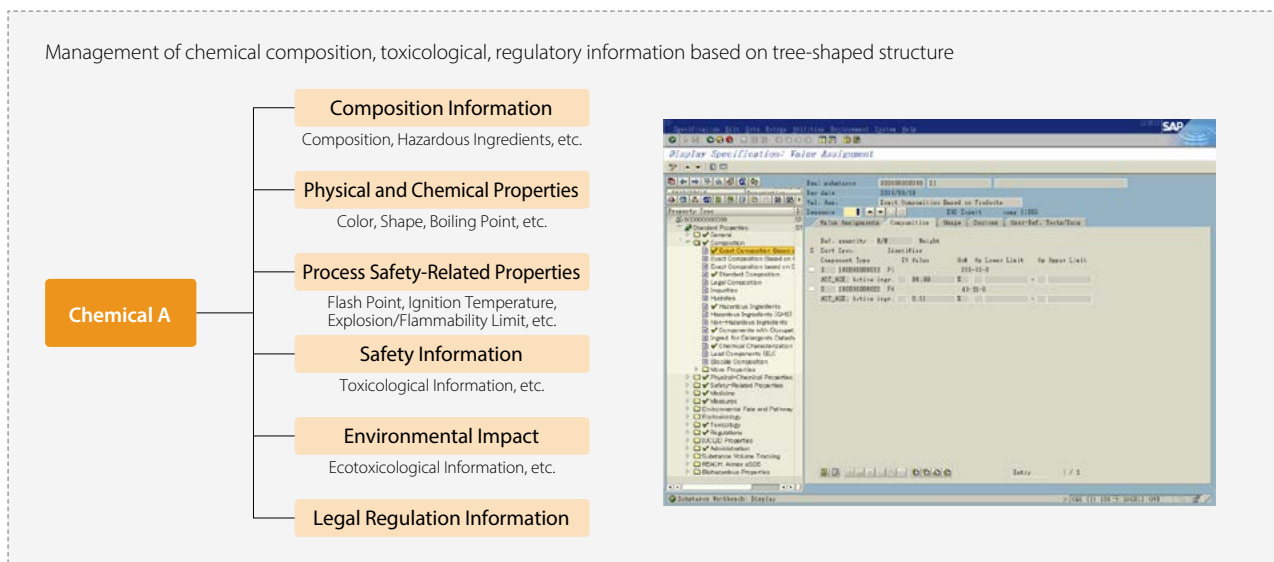
In order to appropriately manage and effectively use information on chemicals handled by the Company, such as their composition, toxicological information (risks and hazards), and regulatory requirements, Sumitomo Chemical has developed the comprehensive chemical management system (SuCCESS).^{*1} This system is used in order to respond to inquiries from customers concerning substances contained in our products and precisely comply with laws and regulations in Japan and around the world. We also use this system to create SDS^{*2} in around 40 languages to comply with GHS^{*3} and accurately and efficiently communicate hazard information throughout the supply chain. This system is also being proactively rolled out to Group companies. We had installed the system at 11 Group companies in Japan and overseas as of fiscal 2018. We began using a substance volume tracking (SVT) system to report the manufacture / import volume (to government) under the chemical substances control law.

^{*1} Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCCESS)

^{*2} Safety Data Sheets (SDS): SDSs include information on the safe handling of chemical products (properties, handling methods, safety measures, etc.) and should be created in compliance with the Japanese Industrial Standards (JIS) and the standards set by the International Organization for Standardization (ISO).

^{*3} Globally Harmonized System of Classification and Labeling of Chemicals (GHS): In 2003, the United Nations established these global rules for how to convey information about the classification and degree of hazards for chemical substances.

SuCCESS comprehensive chemical management system



Providing Toxicological Information

To ensure its products are handled safely, Sumitomo Chemical uses SDSs and labels to provide customers with toxicological and regulatory information about the chemical substances they contain and the hazard data consolidated in SuCCESS. Furthermore, especially regarding products requiring warnings about their handling, we create yellow cards that are a simplified version of their SDSs. This provides logistics operators with the information they need to ensure they can respond appropriately to an emergency situation during transportation.

Laboratory Animal Welfare

In the process of developing useful chemical substances, a large variety of safety assessments are required. With this in mind, Sumitomo Chemical is actively developing new assessment methods, including structure-activity relationship approaches, and minimizing the use of laboratory animals for safety assessments. However, assessments of impact on humans, animals, and the environment cannot be completed without conducting experiments using laboratory animals. Sumitomo Chemical therefore advocates the humane treatment of laboratory animals and applies the 3Rs^{*4} of replacement, reduction, and refinement to conduct animal studies appropriately with due consideration for animal welfare.

^{*4} The 3Rs: From the Law for the Humane Treatment and Management of Animals

Replacement: To the greatest extent possible, replace methods that involve animals with those that do not.

Reduction: To the greatest extent possible, reduce the number of animals used.

Refinement: To the greatest extent possible, refine methods to minimize the suffering of animals.



Product Stewardship / Product Safety / Quality Assurance

Latest Emergency Issue

Microplastics and marine plastic pollution have become a global problem in recent years. Recognizing the importance of this issue, Sumitomo Chemical quickly agreed to the measures of the Japan Plastics Industry Federation and bolstered its internal education system. We also participate in the International Council of Chemical Associations (ICCA) and Japan Chemical Industry Association's task force. We are working to keep abreast of the latest issues and are also proposing our comments to the aforementioned organizations.

Looking Ahead

Sumitomo Chemical promotes appropriate risk-based chemical management and is working to achieve its goal of completing product safety risk assessments of all Group products and confirming the effectiveness of related strategies and measures by fiscal 2020.

In response to strong social demand for the proper management of chemicals, the pace of establishment and revision of laws and regulations relating to chemical management is expected to pick up in even more countries and regions in the near future. Closely collaborating with Group companies in Japan and overseas, Sumitomo Chemical consistently undertakes thorough compliance initiatives that involve carefully studying information on the regulatory trends as well as enhancing the functions of its comprehensive chemical management system (SuCCESS).

To improve customer satisfaction, the entire Group will continue to work to sustain its product and service quality improvements and to achieve an optimal product quality assurance system amid changing business conditions.



Responsibility to Our Customers

Basic Stance

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

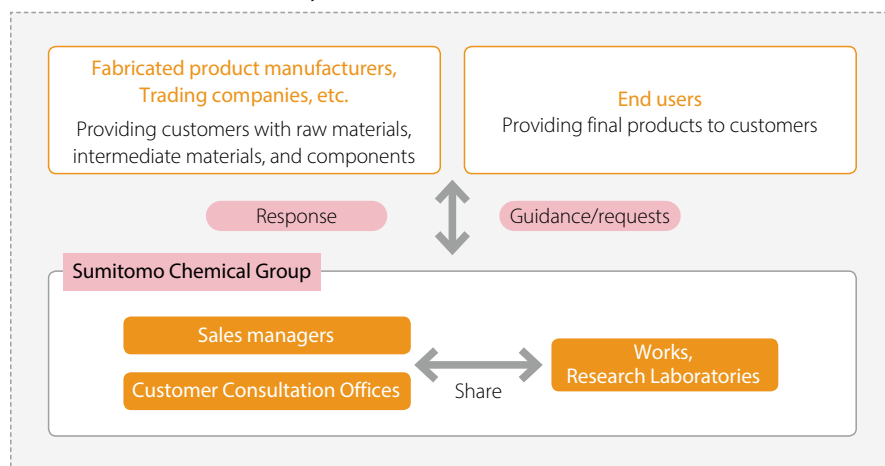
Business & Products

<https://www.sumitomo-chem.co.jp/english/products/>

Management Framework

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

Customer Communication System





Responsibility to Our Customers

Examples of Initiatives

Initiative for Access to Healthcare

Sumitomo Chemical started its pharmaceuticals business as the first Japanese company to manufacture synthetic pharmaceuticals based on its advanced organic synthesis technology. Our Group company Sumitomo Dainippon Pharma Co., Ltd. considers the below listed items to be part of its duty to its customers in the pharmaceutical business.

Conduct Responsible Advertising and Marketing

(Refer to section 11. Promotional Activities of Sumitomo Dainippon Pharma's Compliance Standard for more details.)

https://www.ds-pharma.com/profile/compliance/pdf/20190401_ecog1.pdf

Initiative for Access to Healthcare

https://www.ds-pharma.com/csr/customer/improved_access.html

Transparency in Partnerships with Patients and Medical Institutions

https://www.ds-pharma.com/csr/fair/app_relationship.html

Looking Ahead

Collecting information through close consultation with internal and external partners, and maintaining a proactive attitude when listening to our customers' opinions, Sumitomo Chemical remains committed to continuously providing products that satisfy the needs of its customers. Moreover, the Company is expanding information disclosure in order to provide our customers with vital information in the most appropriate manner.



Local Communities

Basic Stance

Based on the concept of contributing to establishment of sustainable society through achieving sustainable growth of business, the Sumitomo Chemical Group is committed to social contribution activities undertaken from the perspectives of solving global problems and coexistence with local communities.

Sumitomo Chemical, its worksite in Japan and overseas, and Group companies engage in a variety of activities to meet the needs of local communities in order to build good relations with them.

Sumitomo Chemical's Social Contribution Activities

| | Community Contribution | Global Contribution |
|---|---|--|
| Securing Safety and Health, and Protecting the Environment | <ul style="list-style-type: none"> Work and research laboratory tours RC dialogues and distribution of local newsletters | <ul style="list-style-type: none"> Malaria prevention campaign, Donating Olyset™ Nets Investment in the World Bank's BioCarbon Fund TABLE FOR TWO program Matching Gift program (support for tree-planting activities) Cooperation with U.N. activities |
| Raising Children who will Lead the Next Generation | <ul style="list-style-type: none"> Establishment of in-house childcare facilities Launch of Young Inventors' Club, Science Workshops, etc. Sponsorship of community sports events for children Cooperation on civic and university courses Acceptance of student interns Matching Gift program (educational and developmental support for children) | <ul style="list-style-type: none"> Educational support in Africa University scholarship programs |
| Assisting in Natural Disaster Relief | <ul style="list-style-type: none"> Relief activities after typhoons, earthquakes, and other disasters, Offering facilities for Public use after major disasters | <ul style="list-style-type: none"> Relief donations for victims of hurricanes, earthquakes, etc. |

Management System

Based on the above chart laying out our social contribution activities, we are promoting various activities at the Sumitomo Chemical Group, Sumitomo Chemical's Head Office, each worksite, and each Group company. To further encourage such activities across the Group, once per year, we hold Global CSR Meetings for CSR managers from the regional headquarters established in each of the world's four regions, Regional CSR Meetings in each region, and CSR Manager Meetings attended by CSR managers from each worksite. These meetings enable attendees to share information about their activities and exchange opinions. In addition, Group companies in Japan share information and exchange opinions through Domestic Group Company President Meetings and Domestic Group Company Liaison Meetings held by each functional department.

We are cooperating with the labor union in planning and conducting certain social contribution activities.



Local Communities

Goals and Results

The results of the main social contribution activities undertaken by Sumitomo Chemical and its Group companies are as follows.

■ Volunteers for Science Workshops

| (No. of people) | |
|---------------------------------|--------|
| Activity type | FY2018 |
| Science classes held at schools | 29 |
| Exhibits at events | 173 |

■ Support for Education in Africa (as of August 31, 2019)

| Country and number of recipients | Type of support |
|---|--|
| Democratic Republic of the Congo (Recipients: 228) | <ul style="list-style-type: none"> • Built classrooms for elementary schools • Supplied math and science teaching materials and provided training to teachers • Raised awareness of malaria prevention techniques and provided preventive healthcare training |
| Senegal (Recipients: 183) | <ul style="list-style-type: none"> • Built classrooms for high schools • Built restrooms • Built science laboratories • Enriched science classes for female students |
| Nigeria (Recipients: 4,750) | <ul style="list-style-type: none"> • Supplied computer equipment for Information and Communications Technology (ICT) education • Installed solar power equipment |

■ Volunteers for the OISCA Coastal Woodland Rejuvenation Project

| (No. of people) | | | |
|--|--------|--------|--------|
| | FY2016 | FY2017 | FY2018 |
| Number of volunteers for the OISCA coastal woodland rejuvenation project | 22 | 20 | 20 |



Local Communities

Examples of Initiatives

Assuring Safety, the Environment, and Health

Communication with Society

Sumitomo Chemical has put in place Group-wide policies regarding communication with society and is endeavoring to promote its activities in these fields. Among a host of initiatives, the Company is focusing on enhancing its information disclosure while engaging in interactive dialogue. Each worksite formulates annual activity plans and conducts specific activities based on the aforementioned Group-wide policies. Taking into consideration feedback and requests received, the Company also strives to improve the aesthetic appeal of worksites.

Holding Interactive Dialogue with Local Communities

To maintain ties with local communities, Sumitomo Chemical regularly sets up opportunities to interact with various local stakeholders, including municipalities and school officials. These opportunities range from plant tours and dialogue meetings to opinion exchanges and other more casual events.

In local dialogue meetings, we strive to deepen mutual understanding by moving conversations ahead with explanations to neighboring residents about the environmental and safety measures we have in place. In addition, we promote smooth communication with communities by holding plant tours and briefings for each worksite.

Moreover, each worksite engages in a variety of risk communication and dialogue 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. At the Company's head office, Sumitomo Chemical participates in a range of committee activities conducted by the national government and industrial associations as well as in industry-government-academia seminars and lectures to disseminate relevant information and exchange opinions in a timely manner. The overall aim is to help people deepen their understanding of Sumitomo Chemical and to secure the society's trust in us.

Initiatives to Ensure Safety at All Group Workplaces

The Sumitomo Chemical Group aims to achieve zero labor accidents across all workplaces through safety measures. Specifically, we are striving to further improve safety activities through education and training for employees in accordance with the Group's common Safety Ground Rules, and through thorough safety management to minimize damage in the event of a largescale earthquake. Through dialogue with local communities, we explain our efforts to ensure safety to our neighbors, thereby deepening mutual understanding.

■ Status of Dialogues with Local Communities

FY2018 Results

Number of dialogues held

42

Number of participants

701



Local Communities

Information Disclosure Rooted in Local Communities

At Sumitomo Chemical, each worksite publishes a *Report on the Environment and Safety* every year to report on its local activities in detail. The reports complement the Company's own Sustainability Data Book (this publication). In addition, the Ehime, Osaka, and Oita worksites each publish local newsletters for the proactive distribution of area-specific information. These are often delivered to residents as newspaper inserts.

Report on the Environment and Safety (at all worksites)

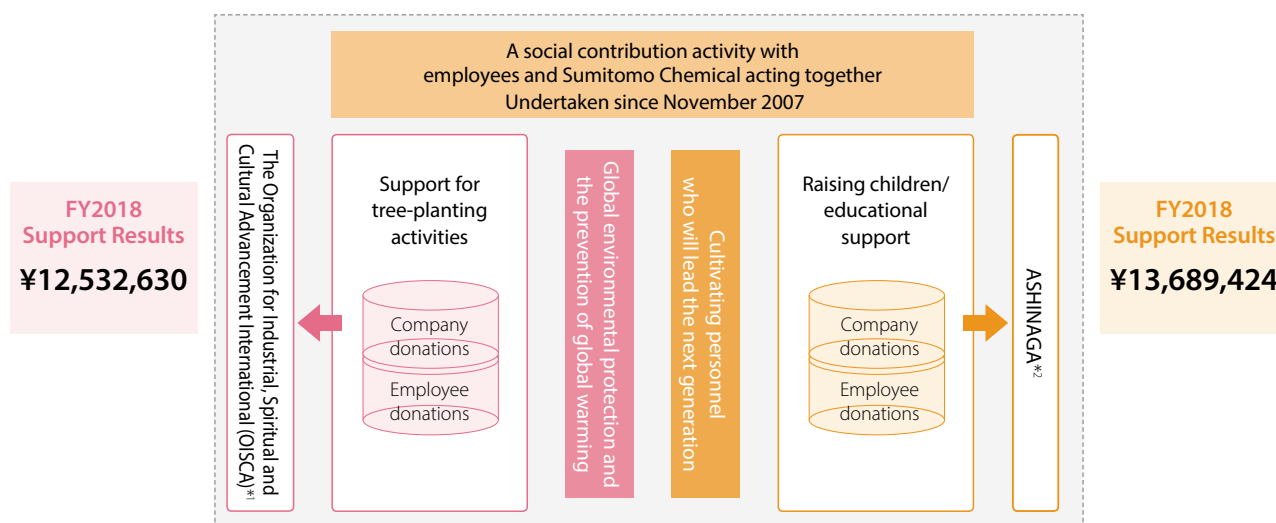
<https://www.sumitomo-chem.co.jp/sustainability/library/> (Japanese only)

Matching Gift Program

As a social contribution activity with employees and the Sumitomo Chemical Group acting together since fiscal 2007, the matching gift program, which is run in collaboration with the labor union, collects donations from executives and employees working at Sumitomo Chemical and Group companies. Sumitomo Chemical then matches their donations.

One of the beneficiaries of the donations from the matching gift program is the Organization for Industrial, Spiritual and Cultural Advancement International (OISCA), with whom we work on various tree-planting projects. In collaboration with the labor union, we have been dispatching employee volunteers to help with these projects since 2008.

■ Matching Gift Program



*1 The Organization for Industrial, Spiritual and Cultural Advancement International (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, the Sumitomo Chemical Forest mangrove planting project in Ranong Province, Thailand, and Japan's Coastal Forest Restoration Project following the Great East Japan Earthquake.

*2 ASHINAGA is an 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.

<Sumitomo Chemical Forest>

| Total forest area* | Total trees planted | Total participants* |
|--------------------|---------------------|-------------------------------------|
| 270 hectares | 828,000 | 179 |
| | | (Tree-Planting Project in Thailand) |

* Total figures are for the period between 2008 and March 2019



Local Communities

TABLE FOR TWO Activities

Since May 2008, each of Sumitomo Chemical's worksites has participated in the TABLE FOR TWO (TFT) initiative. Participating companies in this matching gift-style program donate an amount of money equal to the total donated by employees.

When employees choose to eat any of the healthy TFT menu options available at the Company's cafeterias, 20 yen per meal is donated to help fight starvation in developing countries as well as obesity and lifestyle diseases in advanced nations. Through these types of social contribution activities originating in Japan, we are working to eliminate food disparity.

In fiscal 2018, Sumitomo Chemical ranked 13th of 605 participating companies in terms of amount of money donated. In June 2019, we received a letter of appreciation as a Platinum Supporter from the TFT secretariat.

FY2018 Results

¥2,168,200 **54,205** meals

(matching type with executives, employees, and the Company)

Nurturing the Children of the Next Generation

Supporting Education through Science Workshops

The Sumitomo Chemical Group holds science workshops for children to conduct experiments and make crafts with the Group's products. These workshops enable them to experience the wonders and appeal of science with their own hands, in order to convey in a manner that children can easily understand how everyday products are linked to chemicals.

We conducted these science workshops during plant tours and at the visiting classes at neighboring schools. We also participate in events held in local communities. In fiscal 2018, we had an exhibit at the Children's Chemistry Experiment Show (organized by the Dreams & Chemistry 21 Committee) held in Tokyo and Kobe, with employees from worksites in Tokyo and the Kansai region serving as instructors. To help children understand the inspiring nature of the chemical industry, they held science workshops that incorporated kaleidoscope-related crafts using Sumitomo Chemical polarizers.

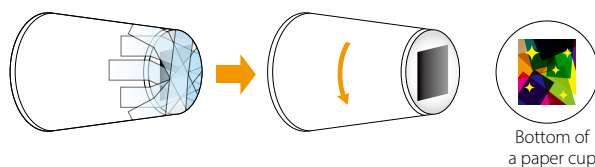
Going forward, we will continue holding science workshops to pique an interest in chemistry among as many children as possible.

Let's Make a Glittery Kaleidoscope!

Materials Paper cups (2), polarizers, cellophane adhesive tape

- Directions**
- ① Punch holes in the bottoms of two paper cups and affix polarizers over the holes
 - ② Affix overlapping pieces of cellophane adhesive tape on to the polarizer of one cup in various angles and place the other cup over the top
 - ③ Point the overlapping paper cups toward a bright light, and rotate one cup to make it possible to see vivid, sparkling colors just like a real kaleidoscope

Purpose Utilize the Company's polarizers used in TVs and other LCD products to enable children to learn about the properties of light and, in turn, show how science is used in their everyday lives





Local Communities

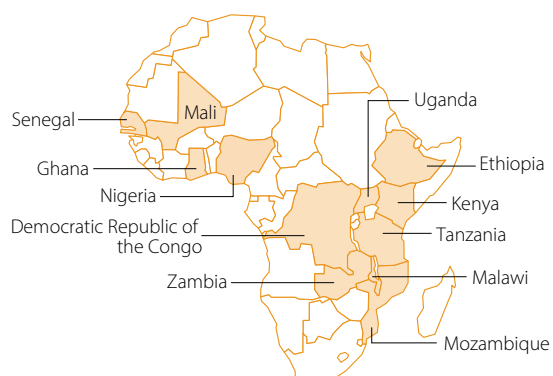
Support for Education in Africa

We believe that in order to break free from poverty and achieve sustainable economic development, Africa needs to build a better educational environment for children. Since 2005, Sumitomo Chemical has been conducting educational support activities centered on the construction of primary and secondary school buildings and related facilities in Africa to support children, on whom the continent's future rests.

As a result of collaborations with the Nigerian Oando Foundation, the World Vision Japan and Plan International Japan, we have to date completed 28 projects in 12 African nations and improved the educational environments of more than 21,000 children.

In fiscal 2018, in the Democratic Republic of the Congo, we supplied math and science teaching materials, raised awareness of malaria prevention techniques, and offered preventive healthcare training in addition to building classrooms for elementary schools. Also, in the Republic of Senegal, we built classrooms and restrooms for high schools, built science laboratories, and enriched science classes for female students. In Nigeria, we improved learning environments by providing aid to build Information and Communications Technology (ICT) centers at three elementary schools as well as computer peripheral equipment and other devices for ICT-related education and science, technology, engineering, and math (STEM) education. We also installed solar power generation equipment.

Support for Education in Africa



Results

Beneficiaries over **21,000** people

Supported countries: 12
(28 projects completed, 3 projects* under way)

* The three projects under way are in Uganda, Ghana, and Nigeria (as of May 2019)



Local Communities

Assisting in Natural Disaster Relief

The Sumitomo Chemical Group supports areas affected by natural disasters in a variety of ways.

To help provide support for the areas recovering from the torrential rains in July 2018, the Company donated ¥10,000,000 through the Japanese Red Cross Society and some municipalities. In addition, Sumitomo Chemical and its Group companies collected ¥5,505,714 from employees and management, and, with the Company matching the same amount as collected, we donated the total amount of ¥11,011,428 to the Japanese Red Cross Society, Ehime Prefecture, and Kurashiki City in Okayama Prefecture.

We also provided support in a wide variety of ways, such as by dispatching employee volunteers.

■ Support for Areas Recovering from Torrential Rains in July 2018

| Support recipients and type of support | Details |
|--|--|
| Provided drinking water to Ozu City, Ehime Prefecture | <ul style="list-style-type: none"> • Provided 4,800 bottles (500ml) of water from emergency reserve at the Tokyo Head Office • Transported the bottles by Sumika Logistics Co., Ltd. |
| Dispatched employee volunteers to Ozu City, Ehime Prefecture between July 23, and August 3 | <ul style="list-style-type: none"> • Removed mud and took out furnitures from damaged houses • Dispatched a total of 61 employees from the Ehime Works and the Ohe Works |
| Provided towels to Kurashiki City, Okayama Prefecture | <ul style="list-style-type: none"> • Provided 12 cardboard boxes of towels • The towels were donated by employees from the Ehime Works, the Ohe Works and the Okayama Plant |

Since the Great East Japan Earthquake of 2011, we have been promoting initiatives involving employee participation to keep the memory of the disaster fresh in people's minds. We have also been providing donations collected through the sale of "Disaster Hit Area Support Meals" served in our cafeterias since April 2011. Under this scheme, a portion of sales is donated to a business that aids orphans in areas hit by the disaster, and the companies match that amount.

Since fiscal 2013, through the matching gift program, we have participated in the OISCA coastal woodland rejuvenation project aimed at rejuvenating black pine coastal woodlands in Natori, Miyagi Prefecture. These woodlands were damaged by the tsunami caused by the Great East Japan Earthquake. Since fiscal 2015, we have dispatched employee volunteers to the area. In fiscal 2018, we dispatched 20 volunteers who provided black pine saplings, planted trees, and weeded and fertilized areas where trees were planted with the aim of rejuvenating about 100 hectares of coastal woodland.

Looking ahead, we will support the recovery of disaster-affected areas through a wide variety of activities.

Support Results

Disaster Hit Area Support Meals

¥988,320 **24,708** meals

September: The Great East Japan Earthquake
Miyagi Children's Education Fund **¥618,400**
(the portion used between March 2018 and August 2018)

March: The Great East Japan Earthquake
Fukushima Children's Fund **¥369,920**
(the portion used between September 2018 and February 2019)

Examples of Social Contribution Activities (Japanese only)

https://www.sumitomo-chem.co.jp/sustainability/files/docs/social_contribution_activities.pdf

Looking Ahead

In order to maintain the trust of local communities, Sumitomo Chemical will promote its social responsibilities by making various social contributions distinctive to the Sumitomo Chemical Group from three perspectives: securing safety, a sound environment, and health; nurturing the children of the next generation; and assisting in natural disaster relief.