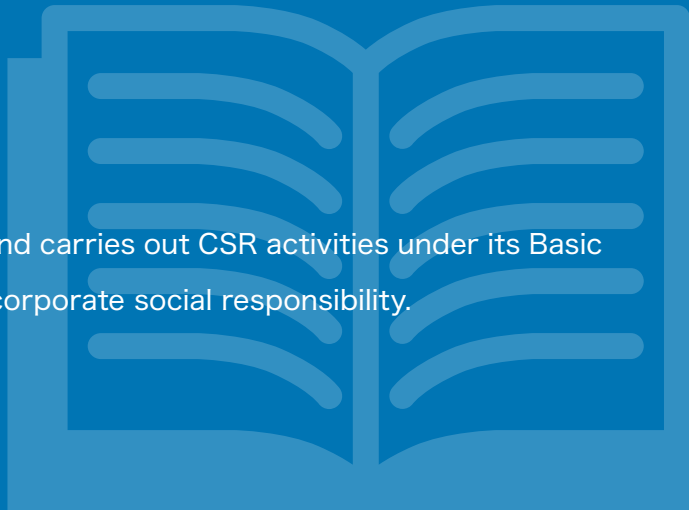


# CSR Management

The Sumitomo Chemical Group sets specific goals and carries out CSR activities under its Basic CSR Policy to maintain society's trust and fulfill its corporate social responsibility.



## Sumitomo Chemical Group's Contributions to the SDGs



Dialogue with Stakeholders



Signatory to the UN Global Compact



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# CSR Management

## Message from the CSR Officer

The Sumitomo Chemical Group was born from the twin missions of overcoming environmental problems and boosting agricultural production. Since its founding, the Group has maintained this spirit of solving social problems through business in its DNA.

With the aim of building a sustainable society, the international community is undergoing extensive changes, including the implementation of the Sustainable Development Goals (SDGs)\* and the entry into force of the Paris Agreement. Amid this circumstance, companies are expected to tap into their ingenuity and innovation to contribute to society through their businesses. Sustainability is becoming an important keyword for today's corporate management.

Our code of conduct is based on the Sumitomo Spirit, which says that our top priority should be maintaining society's trust. The Group has clearly stated in its FY2017 Yearly CSR Action Policy that it will make active use of the SDGs so that going forward, all Group employees may engage in their daily work with a sense of purpose. Looking ahead, the Group will continue to play an outside role in the development of a sustainable society to continue maintaining the trust of the international community.

\* The SDGs began in 2016 with the agreement of all the nations in the UN. The aim of the SDGs is to create a sustainable world, with 17 goals established to resolve global challenges, including those related to poverty, food, health, education, gender equality, energy, the environment, and climate change.



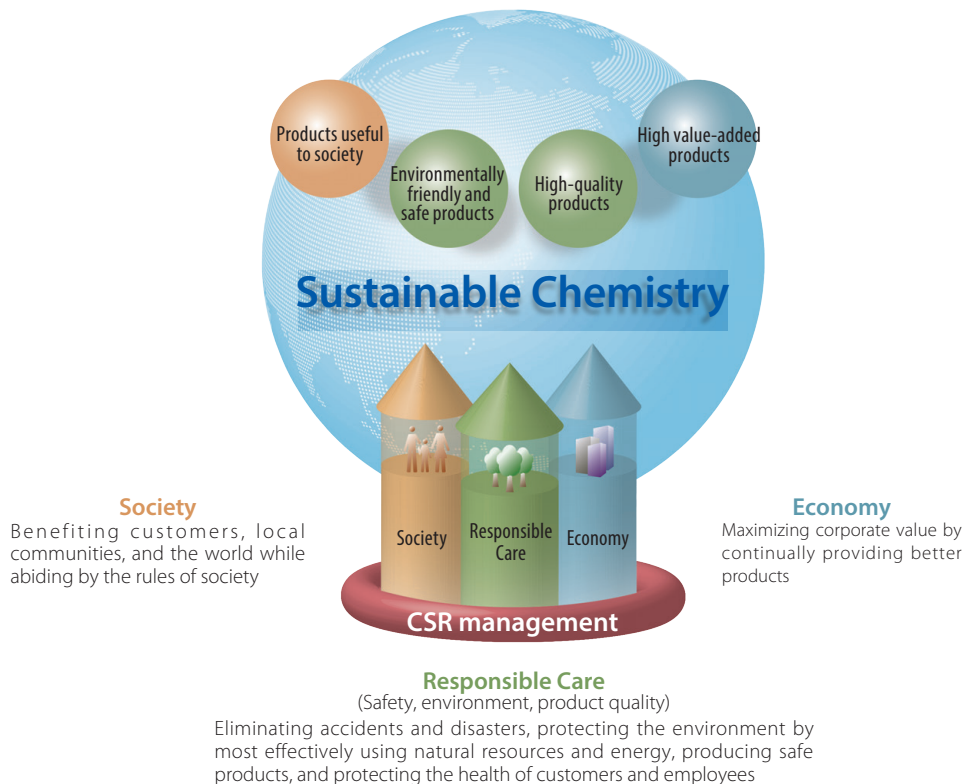
**Hiroshi Niinuma**  
Managing Executive Officer

## Basic Stance

Sumitomo Chemical established its Basic CSR Policy in November 2004 based on the Sumitomo Spirit and the Sumitomo Chemical Charter for Business Conduct. Moreover, in April 2015, this policy was revised as the Sumitomo Chemical Group's basic policy.

Under the Basic CSR Policy, the Group not only pursues economic opportunities, it proactively engages in activities related to preservation of the environment, safety, product quality and social activities. Such activities will play a significant role in the sustainable development of society while supporting the Group's development.

### The Sumitomo Chemical Group's CSR



**Basic CSR Policy**

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

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

**Corporate Philosophy**

<http://www.sumitomo-chem.co.jp/english/company/principles/>

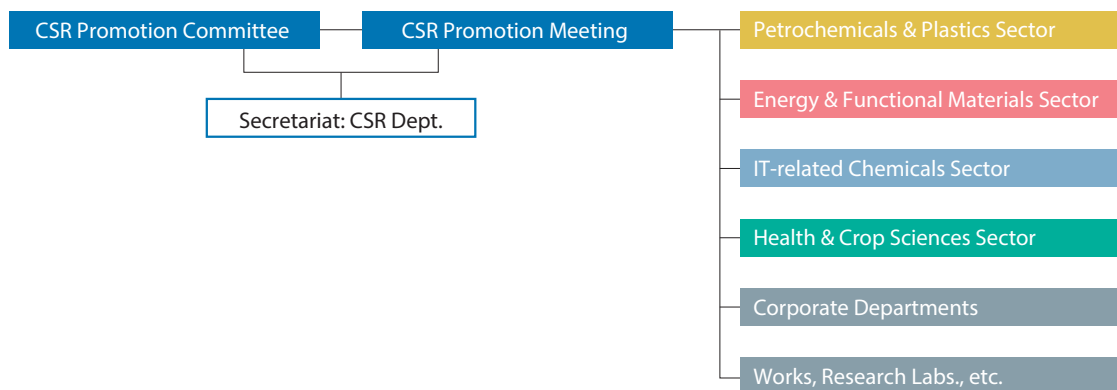
**CSR Promotion System**

Based on its Basic CSR Policy, the Sumitomo Chemical Group established the CSR Promotion Committee in fiscal 2012 to comprehensively promote CSR activities from a long-term perspective. The Committee is chaired by the President and composed of executive officers from the Company's corporate and business sectors. It decides CSR activity policies for the fiscal year, raises awareness of said policies, and conducts evaluations and analyses of CSR activity results for the Group as a whole.

In fiscal 2016, the Committee established the FY2017 Yearly CSR Action Policy as the Yearly Group Policy with the understanding that sustainability is an important social responsibility for corporate management. In addition, each committee member presented CSR action plans developed for each department based on the yearly policy, and the Committee subsequently approved the plans.

The yearly policy and the action plans of each committee member were shared through management channels and other means. Each workplace and Group company in Japan and overseas develops specific action plans aimed at promoting CSR activities.

**CSR Promotion System**



To further encourage CSR activities across the entire Group, we began sharing the yearly policy and CSR activities with Group companies overseas from fiscal 2013 at the Regional CSR Meetings in each region and the Global CSR Meetings for CSR managers from the regional headquarters established in each of the world's four regions.

In addition, we began communicating the Annual Group Policy and all committee members' action plans with Group companies in Japan from fiscal 2016 at the CSR Meeting for Group Companies in Japan.

### FY2017 Yearly CSR Action Policy

This policy emphasizes, "Each must stay aware of how you contribute to society through your work" in light of the Group's approach to CSR, which includes measures taken to contribute to the development of society through business activities.

We clarify the connection between business and society and link it with our actions through our work to help realize the SDGs, an approach that creates a common language with stakeholders.

We are carrying out the Fiscal 2017 Our Sustainable Tree project, in which employees participate, under the theme of the SDGs as a specific measure aimed at achieving our yearly policy.

#### The Sumitomo Chemical Group's Global Project, a CSR Promotion Activity

The Sumitomo Chemical Group Global Project was started in 2014, in order to encourage Group employees both inside and outside Japan to individually think about and act to resolve issues in society, and also to develop a sense of unity within the Group.

Since fiscal 2015, Sumitomo Chemical has provided a dedicated Group website where individuals and groups can submit information from their PCs or smartphones on the measures they have taken regarding resolving issues in society.

In fiscal 2016, Sumitomo Chemical implemented a dedicated website, called "Our Sustainable Tree: Things We Can Do to Build a Sustainable Society," as a place where people can consider how they can contribute to resolving issues in society through their work and in their daily lives, and submit information about their efforts in light of the 17 SDGs, which took effect in January 2016. During the 100 days in which submissions were accepted, over 6,000 submissions were received from Group companies, both inside and outside Japan, of which 1,270 consisted of contributions employees made through their work.

In fiscal 2017, Sumitomo Chemical has implemented the second Sustainable Tree program, "Work Together towards the SDGs!" where employees can submit descriptions of the efforts they have made in their jobs and workplaces relating to the 17 SDGs.

Going forward, the Sumitomo Chemical Group will continue listening to the voice of society, taking on the challenge of finding improvements and innovative solutions that individuals can personally use to help create a sustainable society.

**Top Message: Contributing to the Sustainable Development of Society**  
[http://www.sumitomo-chem.co.jp/english/csr/top\\_message.html](http://www.sumitomo-chem.co.jp/english/csr/top_message.html)

## Communication with Stakeholders

Under its Basic CSR Policy, the Sumitomo Chemical Group pursues and promotes CSR activities taking into consideration the interests of all stakeholders. The Group will continue to fulfill its responsibilities to all its stakeholders and work to enhance communication with everyone through a variety of efforts, which include not just business activities but also initiatives that contribute to society and regional dialogues.



**Communication Opportunities with Each Stakeholder**

| Stakeholders  | Sumitomo Chemical Group's Responsibility   | Methods  |
|---|--|--|
| <br><b>Shareholders and Investors</b>    | <p>We promote scheduled, effective and strategic communication with shareholders and investors in regard to our management policies, business strategies, and earnings trends. Through this communication, we fulfill our responsibility to disclose information to shareholders with the aim of maintaining and improving the market's trust in Sumitomo Chemical. By promoting an accurate understanding of our operations, we support appropriate share price formation and improvement in corporate value.</p> | <ul style="list-style-type: none"> <li>• Conducting general meetings of shareholders</li> <li>• Holding management strategy briefings and business strategy briefings</li> <li>• Holding conference calls</li> <li>• Holding briefings for individual investors</li> <li>• Holding one-on-one interviews with analysts</li> <li>• Disclosing information via the Sumitomo Chemical Report, investors' handbooks, and other publications</li> <li>• Providing information on the Company's website</li> </ul> |
| <br><b>Customers</b>                     | <p>We are working to supply high-quality products and services that satisfy customers' needs and ensure safety in their use, thereby building long-lasting relations of trust with customers.</p>  | <ul style="list-style-type: none"> <li>• Engaging in communication through operating activities and supporting quality assurance</li> <li>• Providing information through various media including the Company's website</li> <li>• Offering customer support through consultation services</li> </ul>  |
| <br><b>Business Partners</b>             | <p>We are committed to building progressive and mutual relations with business partners based on the Basic Procurement Principles. In addition, we conduct fair and transparent transactions, promote responsible procurement activities, and encourage all our business partners to engage in CSR activities.</p>   | <ul style="list-style-type: none"> <li>• Engaging in communication through purchasing activities</li> <li>• Monitoring and feedback that draws on the CSR Deployment Guidebook and check sheets</li> <li>• Providing contact points for inquiries</li> </ul>   |
| <br><b>Employees</b>                     | <p>We are working to create human resources development systems and a workplace environment in which individual employees can make the most of their abilities, while respecting the well-being and diversity of employees. Also, the Company and its labor union will maintain a favorable relationship that has been built based on mutual understanding and trust.</p>  | <ul style="list-style-type: none"> <li>• Conducting central and regional labor-management meetings</li> <li>• Convening the Labor-Management Committee for Diversity and Work-Life Balance</li> <li>• Providing various training programs</li> <li>• Communicating via in-house magazines and internal network</li> </ul>  |
| <br><b>Local Communities and Society</b> | <p>In the belief that its business must be based on mutual prosperity with society, We are building and maintaining good relationships with local communities by conducting activities to meet local needs while aiming to enhance communications, and ensure the safety of the region and preservation of the environment.</p>  | <ul style="list-style-type: none"> <li>• Publishing the Report on the Environment and Safety at all worksites</li> <li>• Publishing local PR magazines</li> <li>• Hosting local dialogues</li> <li>• Holding science workshop classes</li> <li>• Engaging in local cleanup activities</li> </ul>   |
| <br><b>The International Community</b>   | <p>We observe international regulations in an effort to resolve various issues confronting society, including food, climate change, educational disparity and gender inequality. We also believe it is important to collaborate with various international organizations, NGOs, and other companies.</p>   | <ul style="list-style-type: none"> <li>• Promoting the activities of the UN Global Compact</li> <li>• Participating in a task force of the International Council of Chemical Associations (ICCA)</li> <li>• Engaging in a variety of activities through economic and industrial organizations</li> <li>• Conducting programs in collaboration with NGOs and NPOs</li> </ul>  |

**Dialogue with Employees | Employee Surveys**

As in 2010 and 2013, we conducted an employee survey in August 2016. The survey was conducted with the intention of improving and enhancing various measures, developing a vibrant corporate culture and continuing to be a company that society can trust. This survey had an answer rate of 96%, confirming that employees have a lot of interest in the subject. The number of respondents weighing in on “the active promotion of diversity” and “the Company’s stance on childcare and nursing, and the maintenance of systems and environments” grows with each survey, indicating that measures and policies are becoming increasingly ingrained. The results of the survey are shared with labor through the Labor-Management Committee for Diversity and Work-Life Balance and conveyed to employees through the in-house magazine. Going forward, we will use these kinds of opportunities for communication to reflect employees’ opinions in various measures as we strive to further improve them.

**Dialogue with Local Communities | Responsible Care Dialogue Meetings**

At our Chiba Works, we hold Responsible Care dialogue meetings every two years with the 20 companies in the Keiyo industrial complex to which we invite local residents and municipal government officials. The latest meeting was held in February 2017, and it turned out to be quite a large gathering, with a total of 161 participants, 49 of whom were local residents and 22 of whom were government officials.

The dialogue meeting comprised three parts: a factory tour, a dialogue session, and a social event for the exchange of opinions. The theme of the dialogue session was “initiatives for disaster prevention and the environment,” which is of great concern for local residents. After the keynote speech from the municipal government officials, we held a panel discussion with corporate representatives, local resident representatives, and government officials.

This dialogue meeting with locals was very fruitful, and we fielded a number of positive comments from the survey of participants, such as, “this was a good meeting,” and “I felt at ease after hearing the company’s initiatives,” and “I hope you continue holding these meetings.” Going forward, we will maintain high-quality communication with all local residents.



**Dialogue with the International Community | UN Global Compact Activities**

The Sumitomo Chemical Group became the first Japanese chemical company to become a participant in the UN Global Compact\*1 (UN GC) in January 2005 and has been a participant of the UN GC LEAD\*2 since its launch in November 2011. As a leading company, we comply with the Global Compact’s Ten Principles and are further ramping up activities by networking with the UN and other organizations. Sumitomo Chemical reports on the progress of measures to comply with the Global Compact’s Ten Principles in its integrated report and this publication as its COP (Communication on Progress). Moreover, the Company is working to ensure highly transparent information disclosure that meets the Global Compact Advanced Level reporting criteria.





**WE SUPPORT**

### The UN Global Compact’s Ten Principles

|                       |   |   |
|-----------------------|---|---|
| <b>Human Rights</b>   |  | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.<br>Principle 2: make sure that they are not complicit in human rights abuses.   |
| <b>Labour</b>         |  | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.<br>Principle 4: the elimination of all forms of forced and compulsory labour.<br>Principle 5: the effective abolition of child labour.<br>Principle 6: the elimination of discrimination in respect of employment and occupation. |
| <b>Environment</b>    |  | Principle 7: Businesses should support a precautionary approach to environmental challenges.<br>Principle 8: undertake initiatives to promote greater environmental responsibility.<br>Principle 9: encourage the development and diffusion of environmentally friendly technologies.   |
| <b>Anti-Corruptio</b> |  | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.  |

The Ten Principles of the UN Global Compact (from the official website of the UN Global Compact)  
 URL : <https://www.unglobalcompact.org/what-is-gc/mission/principles>

In fiscal 2016, we participated in the Private Sector Forum held at the UN headquarters in September. We also contributed an article to SDG Industry Matrix, which shines a spotlight on companies' SDG initiatives. Furthermore, we participated in the UN Global Compact Leaders Summit 2016 and The Breakthrough Innovation Challenge, which is a program that aims to build sustainable business models for companies.

In addition, the Group endorsed the "Women's Empowerment Principles" (WEPs), which were formulated through collaboration between UN GC and UN Women. In fiscal 2016, we actively participated in the Global Compact Network Japan's WEPs Subcommittee, which started the same year, as a leading company. We participated as a pilot company testing out the self evaluation tool WEPs Gender Gap Analysis Tool, which was developed in part by UN GC and UN Women with the aim of enabling self evaluations and gap analyses related to gender equality in companies. We also offered our input on the tool and actively exchanged opinions and shared information with participating companies through workshops for the Environmental Management Subcommittee, as well as other SDGs subcommittee.

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

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

