

Society (Social Activities)

Contributing to the SDGs through
Social Activities



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Social Activity Goals and Results

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

Items	Boundary	Fiscal 2019 Goals	Fiscal 2019 Results	Evaluation	Fiscal 2020 Goals	Page
Procurement	Sumitomo Chemical Group	Thoroughly ensure compliance and promote sustainable procurement by strengthening collaboration with business partners through sustainability surveys related to raw materials and packaging materials	Promoted thorough compliance among relevant internal and external parties and promoted sustainable procurement by strengthening collaboration with business partners through monitoring, feedback, and trade briefings (Sumitomo Chemical results)	○	Thoroughly ensure compliance, maintain and enhance sustainable procurement, and promote initiatives for respecting human rights in the supply chain	Pages 149–153
	Sumitomo Chemical Group	Employ human resources and greatly strengthen recruitment capabilities	Secured personnel by strengthening and updating our recruitment practices	○	Employ human resources and greatly strengthen recruitment capabilities	
HR Management	Sumitomo Chemical Group	Manage global human resources and work on workforce management that is responsive to business expansion	Appropriately placed personnel in response to business expansion, held Global Managers Meeting, and systematically conducted global human resources development	○	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	Formulated action plans based on "Sumika 'Take Action' Declaration"	○	Develop personnel and run HR systems to promote employee growth and development	Pages 154–173
	Sumitomo Chemical Group	Promote sustainability, diversity and inclusion, and work-life balance	Promoted measures for each Group company by establishing the Group's Basic Principles on the Promotion of Diversity and Inclusion and formulated action plans based on "Sumika 'Take Action' Declaration"	○	Promote sustainability, diversity and inclusion, and work-life balance	
	Occupational Safety and Health / Industrial Safety and Disaster Prevention	Lost-workday injuries	Sumitomo Chemical Group ^{*3}	0	4	△
		Partner companies ^{*1}	0	6	△	0
	Frequency rate of lost-workday injuries ^{*2}	Sumitomo Chemical Group ^{*3}	Less than 0.1	0.42	△	Less than 0.1
	Severe accidents ^{*4}	Sumitomo Chemical Group ^{*3}	0	1	△	0
	Severe industrial accidents ^{*5}	Sumitomo Chemical Group ^{*3}	0	0	○	0
	Lost-workday injuries in logistics ^{*6}	Logistics	0	5	△	0

Note: Further details are provided in the supplementary data (pages 196–204).

*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.

*6 Lost-workday injuries in logistics are defined as those that are related to logistics and occur within Sumitomo Chemical worksites as well as those that caused by major logistics subcontractors outside of worksites.



Social Activity Goals and Results

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

Items	Boundary	Fiscal 2019 Goals	Fiscal 2019 Results	Evaluation	Fiscal 2020 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, 13 Group companies in Japan use the system. We began using SuCCESS to calculate the manufactured volumes reported to the government under the chemical substances control law via a substance volume tracking (SVT) system as well as to calculate exported volumes in response to overseas regulations	○	Continue to promote utilization of SuCCESS and develop concrete plans for expansion to Group companies
	Risk assessment	Sumitomo Chemical	Steadfastly perform product safety risk assessments	Performed 73 product safety risk assessments, including 38 reassessments	○	Steadfastly perform product safety risk assessments
	Logistics quality-related incidents	Sumitomo Chemical*	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
		Sumitomo Chemical Group	Provide prompt and precise support in response to emergencies and disasters in Japan and overseas	Supported areas recovering from the torrential rains of typhoons Faxai and Hagibis	○	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

Pages 181–186

Pages 189–195

Note: Further details are provided in the supplementary data (pages 205–206).

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



Respect for Human Rights

Basic Stance

Sumitomo Chemical regards respect for human rights as part of the foundation for its business continuity. We are continuing to make a group-wide effort to address this as a material issue for management, and provide disclosures on our measures and progress. In order to accelerate its efforts on human rights, Sumitomo Chemical formulated the Sumitomo Chemical Group Human Rights Policy in April 2019, 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. At the same time, we established the Human Rights Promotion Committee, a committee tasked with promoting our human rights initiatives. In order to pursue a group-wide effort to respect human rights, we are committed to ensuring that all Group companies in Japan and overseas are fully aware of the Human Rights Policy and take action on these principles.

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.

Announcement of the Group Statement Based on Human Rights Laws and Regulations

We at the Sumitomo Chemical Group, as a globally operating corporation, have announced a group statement on our efforts to address risks related to modern slavery and human trafficking in our business activities and supply chain. This statement is based on laws and regulations in various countries with regard to respect for human rights and the prevention of modern slavery and human trafficking, including the Modern Slavery Act of the United Kingdom, the Modern Slavery Act of Australia, and the California Transparency in Supply Chains Act of the United States.

Responding to Human Rights Laws and Regulations

https://www.sumitomo-chem.co.jp/english/sustainability/society/human_rights/statement/



Respect for Human Rights

Management System

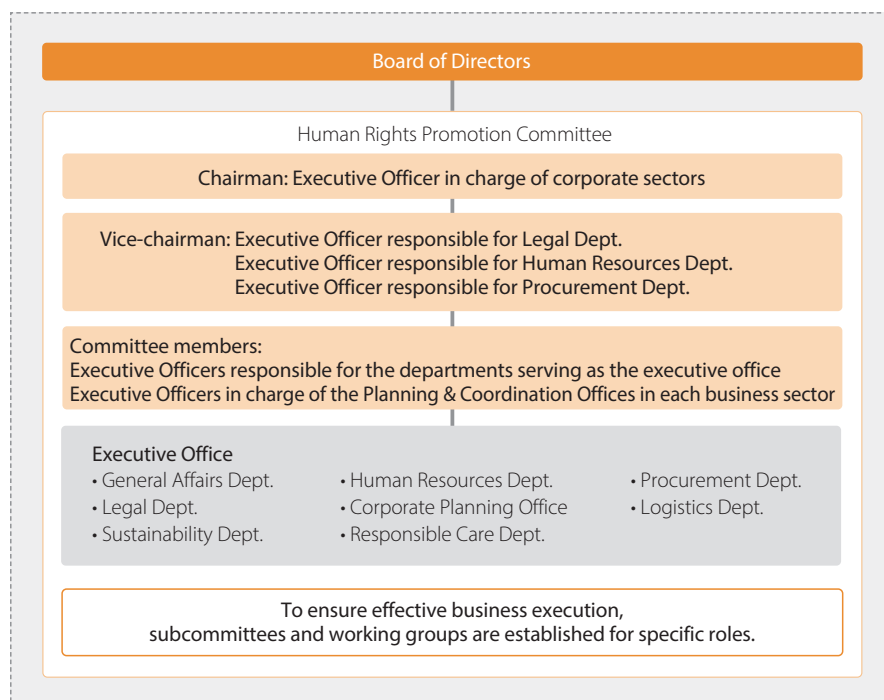
Human Rights Promotion Committee

Sumitomo Chemical has established the Human Rights Promotion Committee as its organization for promoting activities in compliance with the Human Rights Policy. In order to plan and implement measures to respect human rights across the entire value chain, this committee consists of members from a broad range of related departments and functions. The senior executive officer in charge of corporate departments serves as chair, while from the business sectors, executive officers in charge of the Planning & Coordination Offices of their respective departments participate as committee members.

Roles of the Committee

- (1) Promotion of awareness of human rights
- (2) Formulation and implementation of measures regarding respect for human rights across the Group's value chain, including:
 - Formulation and publication of policies required by the Guiding Principles on Business and Human Rights and relevant national laws
 - Identification of human rights issues across the value chain, assessment of risks, and implementation of measures, including remedies, that are appropriate for specific issues and their associated risks (human rights due diligence and relief efforts)

System and Committee for Promoting Respect for Human Rights



Group-wide Approach

Based on its basic policy for respect for human rights, Sumitomo Chemical continues to take various measures to promote respect for human rights by working closely with its Group companies in Japan and overseas, while also engaging business partners.

Overseas, in particular, we are working with our regional headquarters in Europe, the Americas, China, and the Asia-Pacific region to ensure and promote compliance, including initiatives to protect human rights, based on our compliance system that we have established in accordance with respective local legal systems of the countries where we operate.



Respect for Human Rights

Examples of Initiatives

Our basic policy for respect of human rights is articulated in our *Compliance Manual* (Sumitomo Chemical Code of Business Conduct) and also communicated across through our intranet. In addition, our labor-management agreement makes it clear that an employee who damages the work environment for other employees through sexual speech and behavior, harassment, or other similar actions is considered violating our work regulations and thus subject to disciplinary action.

Under these principles, we value respect for an individual's personality, prohibiting any action to disrespect or disparage an individual's personality taken based on personal emotions or values or any harassment, bullying or similar speech or action.

We also prohibit all kinds of harassment, including power harassment and sexual harassment (including harassment to a person of the same gender and harassment to LGBTQ people regarding sexual orientation and gender identity).

In addition, we prohibit discrimination and does not allow any discriminatory action that is taken for reasons of employment type, age, gender, birthplace, ancestry, nationality, race, disability, religion, beliefs, marital status, or other such attributes and harms an individual's dignity. We particularly make it clear that discrimination based on gender or a difference in sexual orientation or gender identity and discrimination against people with disabilities are prohibited.

Raising Employees' Awareness of Human Rights

To ensure that each employee correctly understands and is fully aware of human rights issues, Sumitomo Chemical incorporates human rights in its employee education. We highlight human rights not only in the introductory training in which all employees participate after joining the Company but also in many other internal training programs, such as those for newly promoted employees (when promoted to a higher grade or a manager position), those for recruiting interviewers, and those for staff seconded from other companies as well as employees rehired after retirement.

In addition, we regularly implement awareness-raising training and initiatives at each site of our operations and each Group company.

Initiatives to Raise Awareness of Human Rights for FY2019

Name and format	Purposes	Boundary	Sessions	Participants	Participation rate
Seminars and lectures on human rights Training based on the Sumitomo Chemical Group Human Rights Policy	<ul style="list-style-type: none"> Preventing harassment and discrimination on the grounds of gender and against social minorities and human rights violations Preventing child labor, forced labor, and human trafficking etc. 	Sumitomo Chemical	104	4,782 (cumulative total)	77%
		Sumitomo Chemical Group (43 major Group companies in Japan)	Approximately 240	Approximately 8,950 (cumulative total)	Approximately 67%

Consultation Office

Sumitomo Chemical has established a system in which employees can seek consultation on various kinds of harassment, including power harassment, sexual harassment, and maternity harassment, putting in place its harassment consultation office and consultants and guaranteeing privacy and confidentiality. In fiscal 2019, as in the past, there were no confirmed cases of significant human rights violation or discrimination that might affect the continuity of the Sumitomo Chemical Group's business.



Respect for Human Rights

Human Rights Due Diligence and Relief Efforts

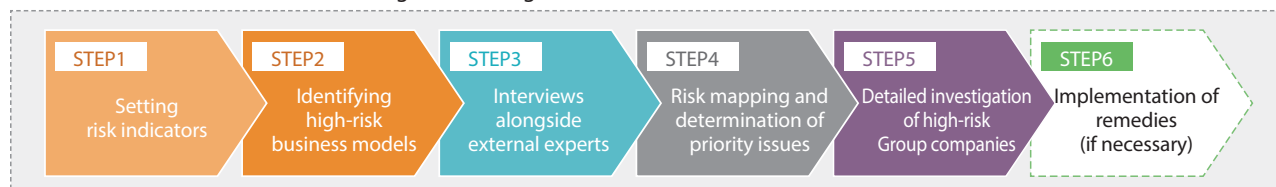
With the aim of promoting respect for human rights in its business activities, the Sumitomo Chemical Group has been implementing measures for sustainable procurement, and has also established a system for human rights due diligence in accordance with the Guiding Principles on Business and Human Rights. Human rights due diligence is a continuous effort to identify potential negative impacts on human rights in the entire value chain that may be generated through the Group's business activities, to prevent and correct the impacts, and to disclose information on these measures and their results. Sustainability Department, Legal Department, Procurement Department, and Logistics Department collectively serve as secretariat office for human rights due diligence, working with business sectors and other relevant departments to ensure that our entire value chain is assessed.

In fiscal 2019, we conducted human rights risk assessment (risk mapping) for Sumitomo Chemical and 162 consolidated group companies. With the help of external experts, we estimated potential human rights risks in each company based on their businesses, location (country and region), personnel composition, and the raw materials and products they handle. Then we examined how each company addresses risks, by referring to the results of internal audits and Responsible Care audits that had been conducted for the company. These processes aim to make our assessment objective and pertinent to actual situations.

For this risk assessment, we first set the four categories of society, environment, health and safety, and governance as major focal areas, and for each category, we determined items in detail for assessing risks. For example, in the category of "society," we selected such diverse items as forced labor, child labor, discrimination, harassment, freedom of association, indigenous people, and cultural heritage. In other categories, we conducted risk assessment as to those items that we had addressed in audits, by examining them from a human rights perspective.

In fiscal 2020, we plan to conduct a more detailed investigation of Group companies that were rated as having a relatively high risk in our risk assessment. If it is found in human rights due diligence that our business activities are producing or promoting a negative impact on human rights, we will hold deliberations with the relevant stakeholders and take corrective and remedial action through appropriate procedures.

Overview of the Process of Human Rights Due Diligence



Sustainable Procurement with Respect for Human Rights

The Sumitomo Chemical Group is committed to building mutually-beneficial and sound relationships with its business partners. We ourselves do business in a fair, equitable and transparent way, while also promoting sustainable procurement efforts across the entire supply chain with respect for human rights and a firm commitment to compliance. In order to encourage our business partners to work on sustainability efforts, we have formulated the Sumitomo Chemical Group Sustainable Procurement Guidebook. We ask our business partners to respect human rights, prohibit harassment and inhumane treatment, eradicate discrimination in recruitment and employment, ensure equal opportunities and equitable treatment, comply with regulations on working hours, respect the right to organize, prohibit forced labor and child labor, and comply with minimum wage regulations.

In addition, going a step further in our efforts to avoid procuring conflict minerals, we have defined not only conflict minerals but also raw materials that pose a high risk of causing a negative impact on human rights as high-risk raw materials, and formulated the [Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials](#). Going forward, we will plan and implement specific measures for sustainable procurement in accordance with this policy.

P.149 Procurement



Respect for Human Rights

Furthermore, we have reaffirmed our commitment to respecting human rights across our entire supply chain and also showed support for the “Joint Declaration on Rectifying Business Practices That Lead to Long Working Hours,” which has been endorsed by about 110 business and economic associations including the Japan Business Federation. In addition, we highlight respect for human rights across our value chain and supply chain in our *Compliance Manual* (Sumitomo Chemical Code of Business Conduct) and ensure that all Group officers and employees comply with this manual.

Engaging in Human Rights Initiatives

1. Stakeholder Engagement Program hosted by Caux Round Table Japan

Since fiscal 2019, Sumitomo Chemical has participated in the [Stakeholder Engagement Program](#) hosted by Caux Round Table Japan, a non-profit organization, to better understand what circumstances can cause human rights issues and how business activities are related to human rights, as well as material human rights issues and the importance of considering human rights in business activities.

This program invites companies, non-government and non-profit organizations, and experts to discuss human rights due diligence that is required by the Guiding Principles on Business and Human Rights. The subject for fiscal 2019 was “Human Rights Issues by Sector” formulated by the Nippon CSR Consortium in fiscal 2018. Participants engaged in sectoral discussion, referring to the human rights guidance tool created by the United Nations Environment Programme Finance Initiative (UNEP FI). (We participated in the discussion for the chemical, construction material, and manufacturing sectors.)

Fiscal 2019 Stakeholder Engagement Program (Human Rights Due Diligence Workshop) Report

<https://crt-japan.jp/files2019/SHE/Human%20Rights%20Issues%20by%20Sector%20EN.pdf>

2. Human Rights Due Diligence Subcommittee hosted by Global Compact Network Japan

Since fiscal 2019, Sumitomo Chemical has engaged in the Human Rights Due Diligence Subcommittee hosted by the Global Compact Network Japan in order to promote human rights due diligence based on the Guiding Principles on Business and Human Rights.

In fiscal 2019, the subcommittee organized various initiatives such as seminars by experts, workshops for addressing grievances related to human rights risks, and interviews with leading companies in this area.

We will continue to deepen our understanding of human rights by engaging in various initiatives, and leverage the learning in the Group’s human rights promotion efforts.

Looking Ahead

We at the Sumitomo Chemical Group will observe our Human Rights Policy and work together as one to continue our efforts led by the Human Rights Promotion Committee to promote respect for human rights.



Procurement

Basic Stance

Policy on Sustainable 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 sustainable procurement activities throughout the supply chain with an emphasis on compliance and respecting human rights, which will encourage our partners to also engage in sustainability initiatives. Furthermore, Sumitomo Chemical's stance toward and policy on sustainable procurement is clarified in the Basic Procurement Principles and the Group Business Standards of Procurement, which provide guidelines for procurement operations 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 sustainability 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.



Procurement

Sumitomo Chemical Group Policy for Responsible Procurement of Minerals / Raw Material

Recognizing the principles set out in our Sumitomo Chemical Group Human Rights Policy, Sumitomo Chemical Group (Sumitomo Chemical Co., Ltd. and its group companies, hereafter "Sumitomo Chemical Group") defines those raw materials that involve a high risk of having a negative impact on human rights in the supply chain (including but not limited to Tentorium, Tin, Gold, Tungsten, Cobalt, Mica, Graphite, Pulps etc.) as high-risk raw materials ("HRRM"). Sumitomo Chemical Group recognizes the adverse impact against human rights which may be associated with mining, extracting, refining, manufacturing, trading, handling and/or importing/exporting HRRM, and sets out the following Policy for Responsible Procurement of Minerals/Raw Materials. Sumitomo Chemical Group will comply with this policy, and requests all of its suppliers to acknowledge the contents of this policy and comply with it.

Incorporating the essence of the standards set out in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the "OECD Guidance") with necessary adjustments, Sumitomo Chemical Group adopts the following 6-step framework in conducting due diligence in respect of HRRM:

1. Establish Strong Company Management Systems

Sumitomo Chemical Group will clearly communicate and explain to suppliers and to the public the contents of this policy, and appoint a senior executive and staff assigned to supply chain management of HRRM. Sumitomo Chemical Group will request HRRM suppliers to comply with this policy by abiding by the standard contract clause or commitment letter.

2. Identify and Assess Risks in the Supply Chain

Sumitomo Chemical Group will establish a system of controls and transparency over the supply chain of HRRM, and will periodically identify and assess risks of HRRM suppliers through an approach consistent with OECD Guidance Annex II. In identifying and assessing the risks, Sumitomo Chemical Group will (i) request HRRM suppliers to map its supply chain to origin and maintain a database of the same, and (ii) conduct additional due diligence procedures against the HRRM supplier, when red-flags of adverse impact on human-rights are discovered in its supply chain, with due attention to the geographical characteristics of conflict-affected and high-risk areas.

3. Design and Implement a Strategy to Respond to Identified Risks

Once risks are identified and mitigation measures are undertaken, the senior executive assigned to HRRM, will compile a risk management plan and will implement either of the following measures:

- i) continuing trade throughout the course of measurable risk mitigation efforts;
- ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation efforts;
- iii) disengaging with the HRRM supplier after failed attempts at mitigation, such as where lack of cooperation, refusal to follow improvement requests etc.

Sumitomo Chemical Group will implement the risk management plan, monitor and trace the risks and progress of risk mitigation efforts, report them to the assigned senior executive of HRRM, and keep record of the same for a designated period. Sumitomo Chemical Group will undertake additional assessments of the identified risks once there is change of circumstance.

4. Sumitomo Chemical Group will request HRRM suppliers who is in a position to more directly and effectively mitigate the adverse impact on human rights in the supply chain to undergo supply chain due diligence audits conducted by Sumitomo Chemical Group or by Sumitomo Chemical Group's designated independent third-party auditor.

5. Sumitomo Chemical Group will report the above HRRM related activities through our web site, annual report, sustainability data book etc. If required, Sumitomo Chemical Group will request HRRM suppliers to report its HRRM related activities periodically to Sumitomo Chemical Group, and to promptly report to Sumitomo Chemical Group any signs of adverse impact on human-rights discovered in their supply chain, and to follow any instructions of corrective measures by Sumitomo Chemical Group.

6. Sumitomo Chemical Group will support relevant industry initiatives in respect of HRRM and respond to changing situations flexibly.

Sumitomo Chemical Group requests all of its suppliers to develop and implement its own initiatives in accordance with the above 6-step framework, and to cause its upstream suppliers to do the same.



Procurement

Management System

In line with the policy on sustainable procurement, we formulate and implement plans related to sustainable 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 sustainable procurement is clarified in the Group Business Standards of Procurement, which provide guidelines for procurement operations for Group companies in Japan and overseas. We are promoting relevant initiatives across the entire Group.

Goals and Results

FY2019 Group-wide Initiatives

Main Initiatives	Details
Group purchasing information exchange meeting 1 time	Participating companies: 20 • 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 sustainable procurement; and specific initiatives
Company-wide procurement liaison meetings 2 times	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 sustainable procurement; and specific initiatives
Procurement staff education	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 sustainable procurement; and specific initiatives

FY2019 Initiative for Suppliers

Main Initiatives	Details
Supplier Briefings 1 time	Participating companies: 201 • Gave introductions on the Sumitomo Chemical Group's sustainability initiatives
Suppliers Dialogues 8 times	Participating companies: 40 • Gave introductions on sustainability initiatives and shared information regarding human rights (child labor, etc.) and occupational safety
Supplier Engagement on SBTs* ¹ 2 times	Participating companies: 22 • Regarding Scope 3* ² GHG emissions, we engaged with our major suppliers* ³ so they would set science-based GHG emission reduction targets by FY2024. • At the same time, we presented introductions to Sumitomo Chemical's sustainability initiatives.
Evaluation of Established Suppliers (Sustainable Procurement Rate Survey)	Targeted companies: All established suppliers, who together account for the top 90% of the raw materials purchased in the previous fiscal year Sustainable procurement rate* ⁴ : 49% (As of May 2020)
Evaluation of New Suppliers	Due diligence rate for new suppliers: 100% Suppliers who were rated "good" and with whom business began: 100%
Onsite Audits	Number times monitoring was conducted in conjunction with quality audits: 3
Initiatives Related to High-Risk Raw Materials	Targeted companies: All suppliers of raw materials, including gold, tantalum, tungsten, and tin.* ⁵ CMRT* ⁶ collection rate: 100% Suppliers who have been determined to have a problem: 0% (We plan to include other high-risk raw materials besides the four mentioned above from fiscal 2020 onward.)

*1 Science Based Targets: Greenhouse gas emission reduction targets set by companies for the next five to 15 years in line with levels sought by the Paris Agreement

*2 Scope 3: Emissions from the manufacturing and transportation of purchased raw materials

*3 Covers suppliers accounting for 90% of greenhouse gas emissions from procured raw materials and other items based on weight.

*4 Sustainable procurement rate: The percentage of Sumitomo Chemical Group Sustainable Procurement Check Sheets that were returned

*5 Conflict minerals rules: From August 2012 onward

*6 Conflict Minerals Reporting Template: A reporting template published by the Responsible Minerals Initiative (RMI)



Procurement

Examples of Initiatives

Sustainable Procurement Activities

Sumitomo Chemical has added a webpage about sustainable procurement to its Procurement Information page on its official website to inform more stakeholders of its sustainable procurement initiatives. The webpage features the *Sumitomo Chemical Group Sustainable Procurement Guidebook*, which is a code of conduct for our suppliers. Moreover, Sumitomo Chemical has formulated the *Sumitomo Chemical Group Sustainable Procurement 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 Group Sustainable Procurement Check Sheets

0 Overall Promotion of Sustainable Procurement

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

Sumitomo Chemical Group Sustainable Procurement Guidebook

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

Sumitomo Chemical Group Sustainable Procurement Check Sheets

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



Procurement

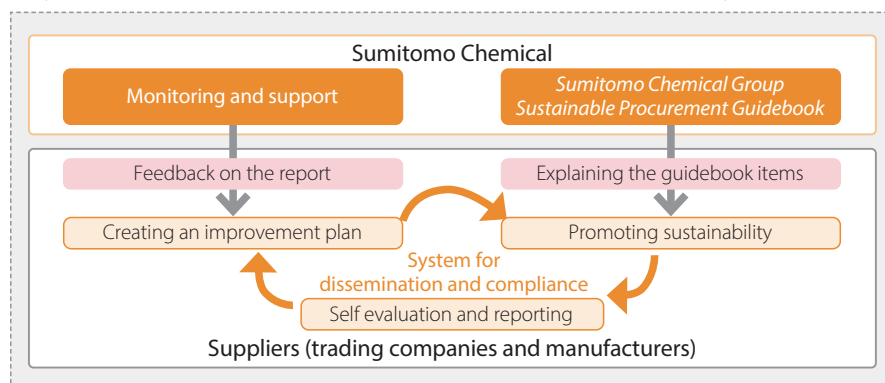
Promoting Sustainable Procurement throughout the Supply Chain

We have every new supplier gain a better understanding of Sumitomo Chemical's policies and stances through the *Sumitomo Chemical Group Sustainable Procurement Guidebook*. We also have them fill out and submit the *Sumitomo Chemical Group Sustainable Procurement 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 sustainable 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 sustainable procurement.

In addition, we send out and collect the guidebook and check sheets from our main suppliers* of raw materials. The collection status is managed as our sustainable procurement rate.

* Suppliers, who together account for the top 90% of the raw materials purchased in the previous fiscal year

System for Promoting Sustainable Procurement throughout the Supply Chain



Initiatives Related to High-Risk Raw Materials

Regarding conflict minerals that have been identified as possibly funding inhumane armed groups in the Democratic Republic of the Congo (DRC) and its neighboring countries, as usual, under the Conflict-Free Procurement Policy, we confirm the minerals in the raw materials we procure, including gold, tantalum, tungsten, and tin, are not contributing to conflict (i.e. are conflict-free). We do this by finding the raw materials containing these substances from an internal database and periodically distributing and collecting CMRTs* to all suppliers of these raw materials.

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.

In addition, going a step further in our efforts to avoid procuring conflict minerals, we have defined not only conflict minerals but also raw materials that pose a high risk of causing a negative impact on human rights as high-risk raw materials, and formulated the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials. Going forward, we will plan and implement specific measures for sustainable procurement in accordance with this policy.

* Conflict Minerals Reporting Template: A reporting template published by the Responsible Minerals Initiative (RMI)

Promoting Sustainable 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 sustainable 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 sustainable procurement as a unified Group.

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 sustainability in the spirit of respecting human rights and ensuring compliance.



Human Resources Management

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.

Sumika 'Take Action' Declaration

We have set forth a number of important values and views that would make our employees find significance and feel pride in working at Sumitomo Chemical in the "Sumika 'Take Action' Declaration," and we are promoting this initiative so that they can lead healthy and fulfilling lives as employees, both mentally and physically. The first to third steps were declared as a joint labor-management declaration, the fourth step, declared with health insurance association, and the fifth step, as the company-wide declaration. Specific actions are set forth in five categories to promote this initiative.

<p>1 Work-life Balance</p> <p>Aiming to harmonize work and private life to lead fulfilling lives</p> <ul style="list-style-type: none"> ① Stop long working hours! ② Create an environment that makes it easy for employees to fully utilize work-life balance systems. ③ Encourage employees to take at least 80% of paid leave and facilitate effective use of the flex time system. ④ Prohibit business instructions that would require holiday or late-night work. ⑤ Cooperative framework in the workplace. <p>Joint labor and management declaration</p>	<p>2 Diversity and Inclusion</p> <p>Respect and leverage diversity, promote active roles for all, and leave no one behind</p> <ul style="list-style-type: none"> ⑥ Active roles for both men and women! ⑦ Let's eliminate preconceptions and assumptions! ⑧ Let's build a hybrid human resource group! ⑨ Encourage active roles for people with disabilities. ⑩ No harassment! <p>Joint labor and management declaration</p>	<p>3 Development and Growth</p> <p>Development and growth to help our employees and the company flourish together!</p> <ul style="list-style-type: none"> ⑪ Invest in growth for everyone. ⑫ Study every day, grow every day. ⑬ Support the desire to learn. ⑭ Use digital technology to accelerate growth! ⑮ Allow people to take on challenges and demonstrate their growth. <p>Joint labor and management declaration</p>
<p>4 Healthy Employees</p> <p>Good health is a prerequisite for good work and a good life!</p> <ul style="list-style-type: none"> ⑯ Revise eating habits, achieve a healthy weight. ⑰ Exercise a little and stay healthy forever! ⑱ High performance depends on quality sleep. ⑲ Smoking does nothing but harm. ⑳ Don't forget to take care of your mental health. <p>Joint declaration by company and corporate health insurance association</p>	<p>Sumika 'Take Action' Declaration</p> <p>Declaring what we want to cherish</p>	<p>5 How to Proceed with Work</p> <p>Reasonable, efficient, and creative work by each employee will lead to the improvement of their skills and the growth of the company.</p> <ul style="list-style-type: none"> ㉑ Always review work goals and methods. ㉒ Make the use of digital technologies the default. ㉓ Eliminate excessive quality, streamline your work. ㉔ Maximize the added value of meetings. ㉕ Put customers first! <p>Company declaration</p>



Human Resources Management

Human Resources System Initiatives

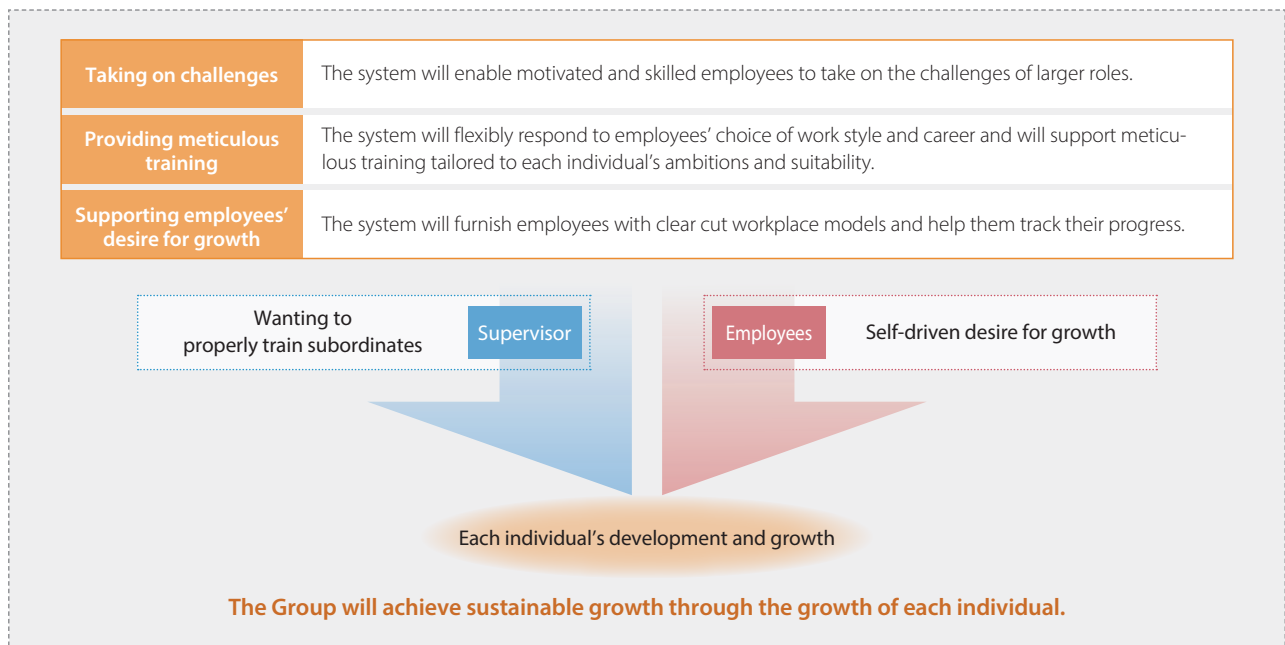
Sumitomo Chemical engages with its employees through a human resource system that takes account of the performance individuals achieve in their roles, depending on the scale of their responsibilities, along with the abilities they employed and their actions in the process. The system enables those willing and capable employees to aspire to higher roles at an early stage, and to build their self-motivated desire to grow in their career process.

Accordingly, our performance evaluation system is not limited to evaluating how well each employee fulfills their expected role and their achievements; it evaluates how well said employee demonstrates their ability and acquires the knowledge and skills needed for their role. The system thus encourages individual development and growth without overly focusing on short-term achievements.

Managers talk with all their subordinates on a regular basis to review their performance and objectives and to provide feedback on their behavioral advantages and areas for improvement. In the interviews, they also discuss future job expectations and career paths to help increase their motivation and abilities.

Moreover, we have adopted a similar human resources and performance evaluation system for managers at overseas Group companies as for Sumitomo Chemical's managerial employees.

Philosophy and Aims of the Human Resources System





Human Resources Management

Characteristics of Our HR Systems

(1) Career Development Field (CDF)

To encourage the development and growth of each employee amid a time 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 considering from the medium- to long-term perspective the details of 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 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 need for complex and advanced knowledge in operational and R&D fields, we have introduced a mechanism that provides appropriate compensation so that personnel with a high degree of 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

Communication with Employees

Sumitomo Chemical and its labor union are working together to solve various issues within a labor-management relationship based on mutual understanding and trust.

We have concluded a labor agreement covering a wide range of topics, including union members' concerns about human resources, work duties, compensation, disaster compensation, welfare facilities, safety and health, labor-management meetings, and collective bargaining. Based on this agreement, as a place for labor and management representatives to exchange opinions, we hold central labor-management meetings twice a year as well as regional labor-management meetings at each worksite twice a year. In addition, we have established Safety and Health Committees at each worksite to ensure and improve the safety and health of union members.

Furthermore, the Company and labor union have concluded a union shop agreement, ensuring that 100% of general employees at the Company are enrolled in the labor union.



Human Resources Management

<Human Resources Development>

Basic Policy

As the third number of the 'Take Action' Declaration, labor and management jointly announced the Sumika Development & Growth Declaration. We are promoting various measures aimed at carrying out the following five action items to help the Company and employees flourish together through development and growth.

Sumika Development & Growth Declaration Five Action Items

⑪ Invest in growth for everyone.

We will continue to invest in education, spending over three times the average among listed companies.

Current situation Sumitomo Chemical's education-related investments: Around ¥400,000 per year per person

⑫ Study every day, grow every day.

We aim for 10% of work time to be used for training and work study to cultivate more professionals.

Current situation Company-wide average: Around 140 hours per year per person (8% of fixed work time)

⑬ Support the desire to learn.

We support self-driven career development. We provide training programs that employees can select for themselves and learn anywhere, anytime and repeat as many times as they want.

⑭ Use digital technology to accelerate growth!

Everyone from top management to regular employees can skillfully use the latest digital technologies and break through to a new phase as an organization or individual.

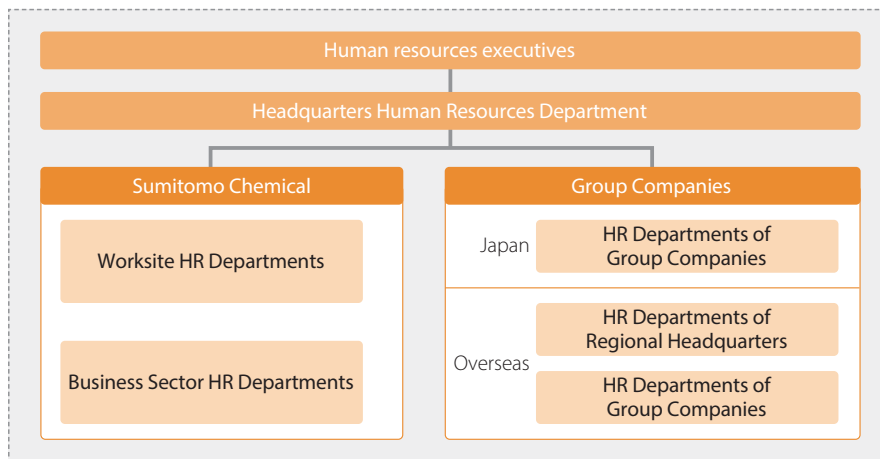
⑮ Allow people to take on challenges and demonstrate their growth.

We allow subordinates looking to grow to take on challenges, for example, to try work designated for personnel one rank above their current rank. Subordinates give their all to tackle these new challenges.

Management System

Under the direction of human resources executives, the Headquarters 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

	Methodical Development of Global Talent	Sense of Responsibility, Knowledge, Skills, Leadership Development	Management Capability Enhancement	Career Development	Language Proficiency, Intercultural Understanding	Specialized Knowledge, Qualifications	Other
MG II	Global Leader Training	Training for mid-career hires after joining the Company	Line manager training (manager and above)	Management and business skills training	Training prior to working abroad	Assertive leadership communication (ALC)	Sales & Marketing training
MG I	Leader Training		New department manager/team leader training				
M	Sending employees to study abroad (MBA)	New employee training	Management basic training	Career education	In-house English language training	Training for employees transferring to different departments	Life design seminars
IV							
III		Nihama Roots Training		Career design training	Recommended outside courses	Self study courses	Lectures
II					TOEIC		Dispatching outside organizations
I							

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

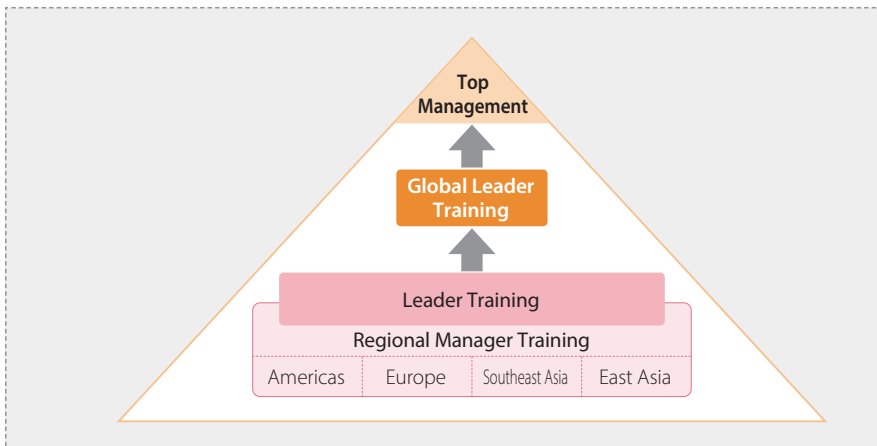


Human Resources Management

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



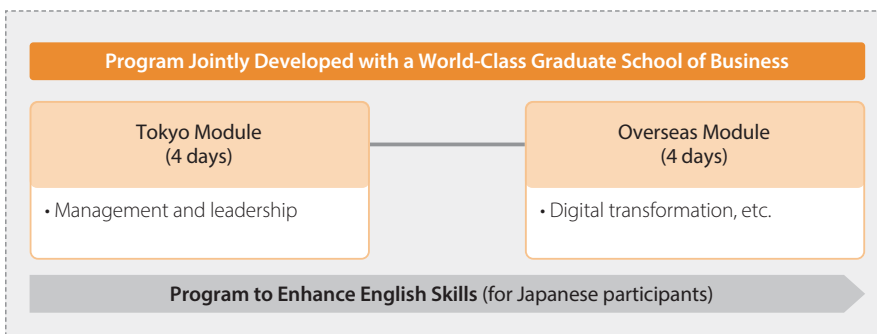
(1) Global Leader Training

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 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

Human Resources Development and Human Resources System

Name	Approach	(No. of people)		
		FY2017	FY2018	FY2019
Trainer System	Highly skilled employees who have an aptitude for teaching provide instruction and advice to facilitate development.	65	42	48
Senior Training Advisor System	Supervisors and potential supervisors are provided OJT to develop core personnel for manufacturing departments	5	4	8
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.	23	21	20
(2) Leader Training	Held in Singapore and Japan to develop the next generation of leaders, we conduct training programs in English.	28	27	27

Training for Development of Global Talent (for select participants)

FY2019 Results

Participants **47**
Average time **88** hours per person
(breakdown: 42 men, 5 women)

Leadership and Management Skills Enhancement Training, Career Development Training (required for all eligible employees)

FY2019 Results

Participants **1,005**
Average time **12** hours per person
Enrollment rate of all eligible employees: **100%***
Enrollment rate of all employees: **16.2%**

* In the event that training cannot be taken during the employee's year of eligibility, it must be taken within three years.

Looking Ahead

Sumitomo Chemical will continue to promote various measures for employee growth based on the five action items of the Sumika Development & Growth Declaration. We introduced a new personnel information integration solution called SUMIKA HR-BOX. We expanded online options for training programs. We will continue to take measures that let employees choose their own training contents and make learning a habit.



Human Resources Management

<Diversity and Inclusion>

Basic Policy

Sumitomo Chemical has raised “promotion of diversity and inclusion” as one of the material issues to be addressed as management priorities based on the Basic Principles for Promoting Sustainability. We have established a Group-wide basic philosophy related to diversity and inclusion and are promoting measures in line with the situation of each Group company.

Group Diversity and Inclusion Policy

We will promote diversity and inclusion across the Sumitomo Chemical Group. We understand that a variety of ideas and values among our employees represents a vital resource that forms the foundation of the Sumitomo Chemical Group’s competitiveness. In order to create continuous new value, we will build and enable an inclusive organizational culture that allows us to respect the individuality of each employee and embrace diversity to empower employees in an environment of mutual and close communication.

In addition, labor and management jointly announced the Sumika Diversity & Inclusion Declaration as the second number of the ‘Take Action’ Declaration. The Company has defined the following five action items and is promoting various measures to implement them in order to enable the Company and employees flourish together through diversity and inclusion.

Sumika Diversity & Inclusion Declaration Five Action Items

⑥ **Active roles for both men and women!**

We will ensure anyone can thrive in the workplace and enhance employee capabilities regardless of gender.

Relevant KPI: Women accounting for at least 10% of positions equivalent to manager or above by the end of 2022

⑦ **Let’s eliminate preconceptions and assumptions!**

We will eliminate assumptions about fixed division of roles and unconscious bias, thinking you have to do something “because I’m a man/woman.”

Relevant KPI: At least 70% of male employees taking cessation from work for childcare by the end of 2022

⑧ **Let’s build a hybrid human resource group!**

We will flexibly incorporate and leverage the different abilities and ideas of diverse human resources to help invigorate the workplace and grow the organization.

⑨ **Encourage active roles for people with disabilities.**

The Company and Sumika Partners Co., Ltd. have come together to provide an environment where people with disabilities can thrive.

⑩ **No harassment!**

Aiming for complete eradication, we will not tolerate any form of harassment, including power harassment or sexual harassment.

Furthermore, we are promoting various initiatives to prevent physical and mental discrimination and harassment in work environments and to ensure that people of all different backgrounds can thrive.

▶ P.143 Respect for Human Rights

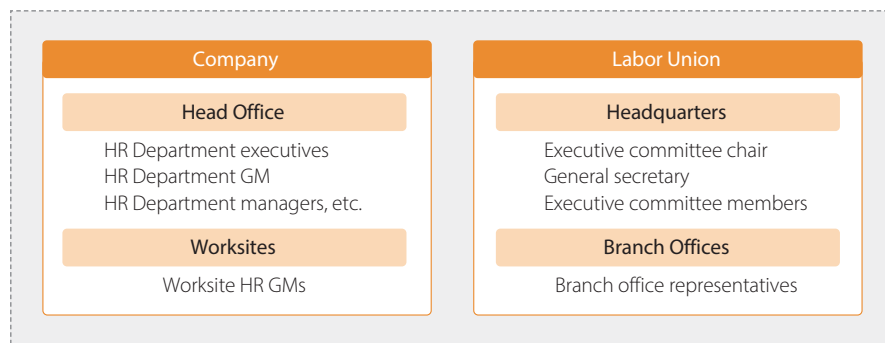


Human Resources Management

Management System

In 2010, Sumitomo Chemical established a labor-management committee to promote diversity and inclusion as well as 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 Overview



Targets and Results / Examples of Initiatives

Diversity and Inclusion

To promote diversity and inclusion, the Group has set specific KPIs centered on basic principles related to diversity and inclusion for around 90 of the major Group companies. Moreover, when setting the KPIs, we established the following three points as Critical Success Factors for the promotion of diversity and inclusion.

◆ Critical Success Factors (CSFs)

- (1) Employ and develop diverse human resources, including those at senior management level
- (2) Implement measures to empower diverse human resources
- (3) Enhance diversity and inclusion awareness among managers and employees at all levels, and implement measures to build an inclusive culture that empowers employees

■ Sumitomo Chemical (Non-Consolidated) KPIs

The Company aims to achieve the targets below during 2022:

- | | |
|---|--------------------|
| 1. Have women in <u>at least 10%</u> of positions equivalent to managers or above | (April 2020: 5.8%) |
| 2. Have <u>70% or more</u> of eligible male employees take childcare leave | (FY2019: 44.7%) |
| 3. For employee opinion survey statements below, achieve an affirmative response rate of <u>80% or more</u> | |
| (1) The Company provides programs and a workplace environment that make it easy to combine work with childbirth, parenting, or caring responsibilities | (FY2019: 77.2%) |
| (2) The atmosphere in the workplace makes it easy for both men and women to use the programs allowing leave or days off, or reduced working hours, for parenting or caring purposes | (FY2019: 69.5%) |
| (3) The company enables female employees to demonstrate their full potential | (FY2019: 53.4%) |



Human Resources Management

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.

Sumitomo Chemical Co., Ltd. Action Plan

1. Plan period:

From April 1, 2020 to March 31, 2023

2. Targets, initiative details, and implementation period

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

<Initiative Details>

- Dispatching employees mainly to training programs held by outside groups (since fiscal 2007)
Regularly dispatch employees mainly to training programs held by outside groups with the purpose of career building, enhancing knowledge and skills, and forming networks with outside groups. (Several employees per year as a general rule.)
Eligible employees: Young female employees
- Mentor program (since fiscal 2012)
Regularly hold interviews with executives as mentors to help motivate female employees and expand their point of view. (roughly 1-hour sessions, 4 to 5 times per year)
Eligible employees: Female employees in positions equivalent to manager and up to general manager.
- Internal lectures to help promote diversity and inclusion (since fiscal 2013)
We hold lectures related to the significance of diversity and inclusion and the importance of providing growth opportunities through operations.
Eligible employees: Those holding positions equivalent to manager or above
- Diversity management training (since fiscal 2019)
We hold diversity management training that helps us practice diversity management (leadership, human relations skills) and comprehend unconscious bias.
Eligible employees: New managers and team leaders (required training)
Positions equivalent to manager or above (voluntary training)
- Implement initiatives for the "Sumika 'Take Action' Declaration" (since fiscal 2019)
We have positioned promoting the active advancement of women and eliminating unconscious bias as an action item in the "Sumika 'Take Action' Declaration," in which we proclaim those values and views of importance to us as a company. To this end, we implement various relevant initiatives.
- E-learning related to unconscious bias (since fiscal 2020)
We hold e-learning training with the purpose of raising awareness and recognition related to overall unconscious bias.
Eligible employees: All employees



Human Resources Management

Target 2 At least 70% of male employees taking cessation from work for childcare

<Initiative Details>

- Foster an environment that allows the realization of flexible workstyles (continual implementation)

We foster an environment that allows the realization of flexible workstyles and are further improving the productivity of workplaces and people by realizing a workstyle transformation and operational revolution that employs IoT and promotes work-life balance.

- Release PRs and raise awareness of programs (continual implementation)

We continually release PRs and raise awareness of the Company's various programs designed to flexibly respond to individual situations and circumstances, such as the need to engage in childcare or caregiving due to life events. In addition, we recommend male employees with newborn children to take work cessation for childcare.

- Take measures to promote use of programs (continual implementation)

(1) Through labor-management committee meetings and other meetings, we determine specific user needs and ways to improve various programs. We then use this information to help craft and implement measures to promote greater use of the programs.

(2) As an action item in the "Sumika 'Take Action' Declaration," in which we proclaim those values and views of importance to us as a company, we aim to foster a work environment that makes it is easy for all employees to fully use work-life balance programs, including male employees to take cessation for childcare, effectively use the flextime program, and establish a cooperation system in the workplace. To this end, we have implemented various relevant initiatives.

Internal Lecture Helping Promote Diversity and Inclusion

The former Vice Minister of Health, Labour and Welfare, Muraki Atsuko held an internal lecture for workplace managers (general managers, manager level employees, around 1,500 people), who are key to promoting diversity and inclusion in the workplace.

At the lecture, she spoke about the importance of accepting diverse human resources in the workplace, including women, people with disabilities, seniors, and foreign nationals. She also delivered a message to workplace managers aimed at further promoting diversity and inclusion.

Diversity Management Training

In fiscal 2019, as a trial, we held training sessions for HR team leaders at the Tokyo Headquarters (manager to general manager level employees, around 100 people) on two themes: comprehending unconscious bias and practicing conflict management. Going forward, we intend to continue rolling out this training to all worksites.

Activities Related to the Women's Empowerment Principles (WEPs)

Sumitomo Chemical signed the Women's Empowerment Principles (WEPs). The Company is working to increase gender equality in Japan and conducting activities to promote these principles, such as by taking on the role of a managing company in the WEPs subcommittee of Global Compact Network Japan (GCNJ).

 P.47 Our WEPs Activities



Human Resources Management

★: Assured by an independent assurance provider

■ Achievements in Diversity and Inclusion (Sumitomo Chemical)

Name	Concept	FY2017	FY2018	FY2019	FY2020
Number of women in positions equivalent to manager or above* ¹	In order to promote the success of female employees, Sumitomo Chemical sets quantitative targets regarding the ratio of women in positions equivalent to sectional manager or above and systematically promotes female employees.	85	96	99★	113
Percentage of women in positions equivalent to sectional manager or above (%)* ¹		4.5	5.1	5.2★	5.8
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.	2.06	2.24	2.41★	2.56
Reemployment of retiree 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	92.6	89.0	TBD* ⁴

*1 As of April 1 of each fiscal year

*2 As of June 1 of each fiscal year

*3 As of March 31 of each fiscal year

*4 Calculation is slated at March 31, 2021



Human Resources Management

<Work-Life Balance>

Basic Policy

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. We are working to foster a workplace environment where it is easy to work, mainly by introducing a flextime program and establishing daycare facilities at worksites.

In line with the Sumika Work-Life Balance Declaration within the 'Take Action' Declaration, the Company has defined the following five action items and is promoting various measures to implement them.

Sumika Work-Life Balance Declaration Five Action Items

① Stop long working hours!

As a general rule, we aim to eliminate long working hours (on average over 45 hours/month worked after regular hours and on weekends and holidays).

② Create an environment that makes it easy for employees to fully utilize work-life balance systems.

We are working to encourage employees to fully utilize systems for childcare, caregiving, illness treatment, and more, and to create an environment that makes it easy to use those systems.

③ Encourage employees to take at least 80% of paid leave and facilitate effective use of flex time system.

We aim for employees to take at least 80% of paid leave. We also facilitate the effective use of the flextime system for afternoon work (no core time).

④ Prohibit business instructions that world require holiday or late-night work.

As a general rule, we do not delegate or carry out tasks that are predicated on working late-night overtime or on days off, such as an email asking for a reply on a day off.

⑤ Cooperative framework in the workplace.

Supervisors manage subordinates in a way that burdens are not distributed unevenly. Employees carry out tasks with a genuine feeling of cooperation and support in close communication with each other.

Management System

For management systems for work-life balance, refer to the management systems for promoting diversity and inclusion.

[▶ P.162 Diversity and Inclusion, Management System](#)

Targets and Results / Examples of Initiatives

Formulation of the Action Plan to Reform Workstyles

As an action plan to reform workstyles, Sumitomo Chemical 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.



Human Resources Management

Action Plan to Reform Workstyles

	KPI	Measures
① Correct Long Working Hours	Aim to eliminate long working hours as a general rule (on average over 45 hours/month worked after regular hours and on weekends and holidays) from fiscal 2020.	<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 consisting of labor and management representatives, take various measures to improve productivity in each workplace, hold lectures to promote better work-life balance, etc.</p> <p>C. Promote initiatives for the "Sumika 'Take Action' Declaration" We declared details related to work-life balance in the "Sumika 'Take Action' Declaration," which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the elimination of long working hours as an action item.</p>
② Encourage Employees to Take Paid Annual Leave	Realize an average of 80% of paid leave taken annually from fiscal 2020.	<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 five paid-leave days every year (does not include statutory leave)</p> <p>D. Promote initiatives under the "Sumika 'Take Action' Declaration" We declared details related to work-life balance in the "Sumika 'Take Action' Declaration," which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the use of 80% of paid leave as an action item.</p>
③ Promote Flexible Workstyles	<p>By the end of 2022, achieve the following targets.</p> <ul style="list-style-type: none"> Realize at least 70% of male employees taking cessation from work for childcare. Regarding the below questions in the employee awareness survey, achieve at least 80% affirmative responses for each question. <ol style="list-style-type: none"> Are the programs and working environment at the Company conducive to easily working after giving birth, raising children, or caregiving? 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? 	<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 like 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 in the action plan for ① Correct 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. Promote initiatives under the "Sumika 'Take Action' Declaration" We declared details related to work-life balance, diversity and inclusion in the "Sumika 'Take Action' Declaration," which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have as an action item creating an environment that makes it easy for employees to fully utilize work-life balance systems, facilitating the effective use of the flex time system, establishing a cooperative framework in the workplace, and eliminating unconscious bias (including the assumption of fixed roles for men and women).</p>

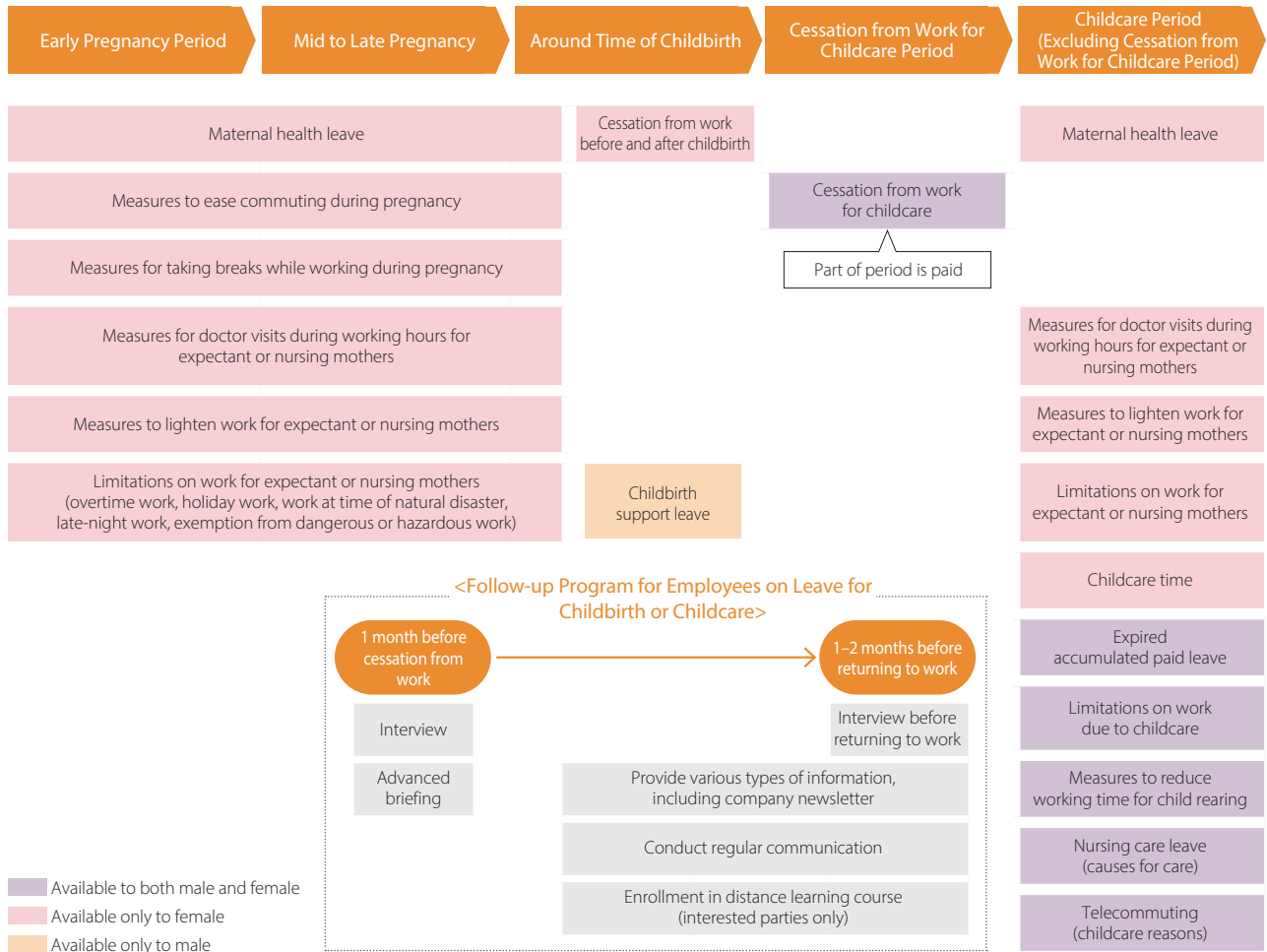
Sumitomo Chemical is taking the following actions with regard to the aforementioned target of ① Correct Long Working Hours.

(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		FY2017	FY2018	FY2019	
Childcare/Nursing Support	Cessation from work for childcare	Total	304	336	420★
		Male	175	233	315★
		Female	129	103	105★
		Percentage of men*1	18.7	37.6	44.7
		Cessation from work for nursing care	3	1	2
		Nursing care leave	153	180	181
		Childbirth support leave	237	188	194
		Maternal health leave	48	52	55
		Expired accumulated paid leave*2	72	110	132
		Reduced working hours system	134	162	152
		Telecommuting*3	22	28	30
Other		Reemployment system*4	8	10	7
		In-house childcare facilities*5	167 (118)	171 (123)	156 (113)
		Mutual aid association support money for childcare*6	211	242	241
		Suspension from work for special reasons for employees accompanying spouses going on overseas transfer*7	9	6	4
	Employee awareness survey*8	—	—	Conduct	

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

*1 The percentage is the number of people who have taken cessation from work for childcare divided by the number of male employees who have had children in the relevant period.

*2 Only for childcare and nursing care

*3 Number certified in each fiscal year (Because we changed the calculation base date, we retroactively revised previous fiscal years' figures.)

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

*5 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.

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

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

*8 Conducted once every three years

Employee Awareness Survey

Every three years, Sumitomo Chemical conducts an employee awareness survey that covers work, the working environment, career values, diversity and inclusion, and work-life balance with the principle aim of grasping the current situation and uncovering issues in order to enhance work environments and create more satisfying workplaces. Using the results of this survey, we promote measures to further increase people's desire to work at the Company.

FY2019 Employee Awareness Survey

Total of five points. Four points and above is a high rating, and many employees were affirmative in their awareness.

Item	Average employee rating
I am satisfied with working at the Company.	4.0
I am motivated to grow on my own using digital technologies.	4.0
The workplace culture allows people to easily go home.	4.1
The working environment is conducive to easily working while raising children or caregiving.*	4.2
Going forward, I want to work at the Company.	4.3

* Average rating by women who have children of elementary school age or younger

Daycare Facilities at Worksites

With support from the Company, we encourage the use of these facilities by setting a daycare fee that is lower than those of the municipalities. To make it easy for parents to accompany children to the facilities, we consider the commuting method depending on the location.



Human Resources Management

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

Regarding the KPIs set so that the Sumitomo Chemical Group works together to promote diversity and inclusion and work-life balance, we will check progress made under the Corporate Business Plan and actively work to achieve the goals laid out.



Human Resources Management

<Healthcare>

Basic Policy

In order to ensure that employees can live healthy and active lives both physically and mentally, Sumitomo Chemical is promoting a variety of health support programs under the company-wide supervision of industrial physicians, including health guidance by medical staff.

In addition, the Company and its health insurance association present the Sumika Healthy Employee Declaration as the fourth "Sumika 'Take Action' Declaration." We have put forward the slogan of "Good health is a prerequisite for good work and a good life!" and we are working on specific action plans in five areas: food, exercise, sleep, quitting smoking, and mental health.

Sumika Healthy Employee Declaration Five Action Items

⑯ Revise eating habits, achieve a healthy weight.

To prevent lifestyle diseases, all employees should maintain an appropriate BMI (18.5–24.9).

- 100% of employees received specified health guidance and cured their metabolic syndrome through careful guidance
- Introduced dishes full of vegetables at the employee cafeteria

⑰ Exercise a little and stay healthy forever!

Use down time to exercise regularly every day.

Goal: 10,000 steps per day

- Establish or enhance training facilities at each worksite
- Everyone should work out together after lunch.

⑱ High performance depends on quality sleep.

Improve the quality of your sleep to ensure energy for the next day.

- Implementing sleep improvement programs.
- Thoroughly practice the dos and don'ts of sleep improvement

⑲ Smoking does nothing but harm.

We ban smoking for the health of ourselves and those around us.

- As a general rule, smoking is banned during work hours and on the Company's premises (including on business trips).
- Participate in programs to support smoking cessation

⑳ Don't forget to take care of your mental health.

Fostering fuller workplace communication and eliminating stress in your own way

- Supervisors and subordinates should directly communicate with each other at least once a day
- Practice mindfulness 10 minutes per day

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.

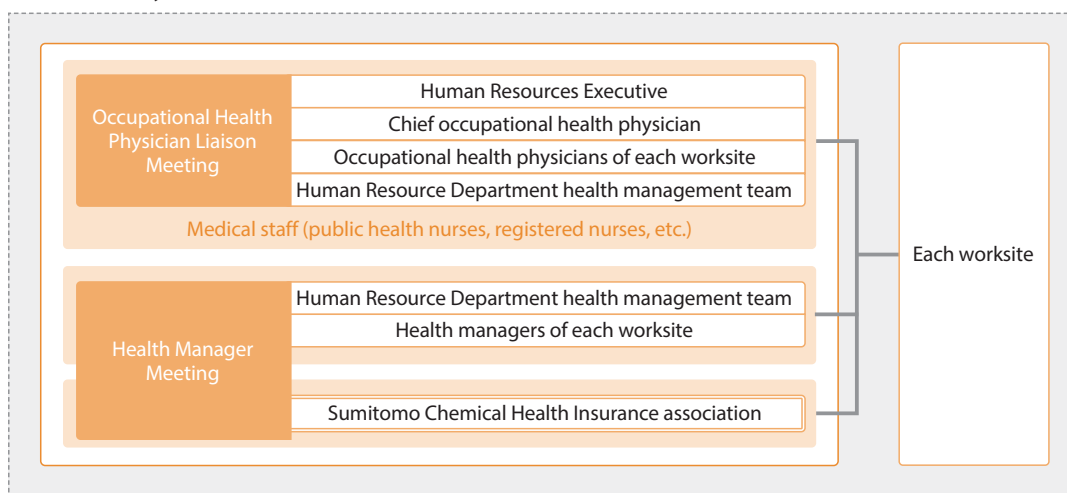
Furthermore, at Health Manager Meetings, the measures taken at each worksite are shared and the results are assessed. The Health Management Promotion Committee shares financial information, including that related to medical fees and the health-care business of the health insurance association.

As for Group companies, through liaison meetings attended by executive offices in charge of human resources at Group companies, we circulate such information as key points regarding legal amendments related to health management and raise employee awareness to ensure appropriate responses



Human Resources Management

Promotion System for Health Maintenance and Promotion Measures



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 third 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.



Examples of Initiatives

Physical Health

Regarding employees of Group companies in Japan, we are working to improve their health by enrolling them in health insurance based on the Health Insurance Act. In addition, we are appropriately implementing regular health checkups based on the Occupational Safety and Health Act, including for Group companies. 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 employee health. As a result, the Company has expanded the eligible age range for specified health guidance to include all ages as we work to prevent lifestyle disease with the goal of 100% of employees receiving such guidance.

In addition, we ensure employees get better sleep through programs to improve sleep habits under the guidance of experts who use sleep monitoring devices to observe employees' while sleeping so as to be able to visualize their sleeping issues. This leads to improved health outcomes and helps employees give their best performance. With the amendment of the Health Promotion Act, we have banned smoking as a general rule during work hours and on the Company's premises, and the Group's health insurance association is supporting employees' smoking cessation efforts through specialized programs.

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 2019, medical counseling and environmental evaluations were implemented twice in Saudi Arabia, twice in China, and once each in Belgium, France, Singapore, and South Korea.



Human Resources Management

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.

Looking Ahead

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



Occupational Safety and Health / Industrial Safety and Disaster Prevention

Basic Stance

Reflecting the core 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. Furthermore, the Company 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. The aim of these efforts is to prevent unforeseen industrial accidents, including fires, explosions, and the leakage of hazardous substances; to minimize damage in the event of a natural disaster such as a major earthquake; and to secure the safety and peace of mind of employees and local communities.

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 to future fiscal years' cycles, thereby strengthening safety and health activities that prevent accidents.

* By introducing and deploying ISO (International Organization for Standardization) 45001 and 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 coordinator and the executive officer in charge of Responsible Care serves as the coordinator of the Safety Group of the Responsible Care Department. This group is responsible for matters related to safety, health, industrial safety, and disaster prevention of the Company as a whole and supports the safety, health, industrial safety, and disaster prevention activities of Group companies. To assess the safety, health, and industrial safety management status and to consider measures for improvement, the safety, health, 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 safety, health, industrial safety, and disaster prevention activities.

In addition, Safety and Health Committees comprising labor and management representatives are convened every month at each worksite. The committees investigate and deliberate matters related to safety and health risks to all employees at worksites and promotes specific measures in unison with labor and management.

 P.80 Organization of Responsible Care



Occupational Safety and Health / Industrial Safety and Disaster Prevention

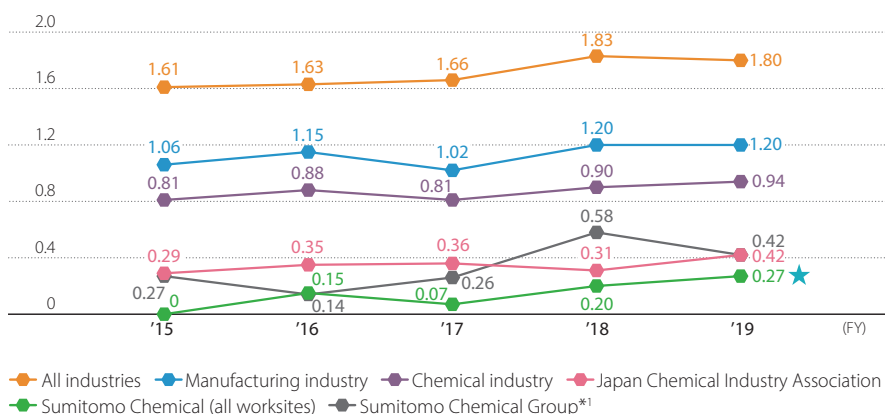
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Goals and Results

<Occupational Safety and Health>

The Sumitomo Chemical Group*¹ targets a frequency rate of lost-workday injuries of under 0.1, but its rate was 0.42 in fiscal 2019, down 0.16 year on year, failing to meet the target. Moreover, while the Group has set a goal of zero severe accidents,*² it recorded one in fiscal 2019, one less than the previous fiscal year, failing to meet the target. In fiscal 2019, the number of lost-workday injuries was 27, a decrease of 8 year on year.

Frequency Rate of Lost-workday Injuries



Lost-workday Injuries (Sumitomo Chemical Group*¹)

	FY2015	FY2016	FY2017	FY2018	FY2019
Number of lost-workday injuries	17	9	17	35	27

<Industrial Safety and Disaster Prevention>

The Sumitomo Chemical Group*¹ achieved the target of “no severe industrial accidents”*³ in fiscal 2019 (zero severe industrial accidents in the five 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 steady enhancement of our industrial safety management level.

However, there was one industrial accident, which is a minor accident whose scale does not reach that of a severe industrial accident, in fiscal 2019. We will work to enhance industrial safety management and quickly share the causes of the minor industrial accident 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 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.

*³ “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

<Occupational Safety and Health>

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 2019.

Safety Promotion through In-house Magazine, Slogan and Poster

In our in-house magazine entitled "Raising the Level of Safety!" (entitled "Learn through Manga! Promoting a culture of safety" since fiscal 2019), 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.

Preventing Severe Accidents in Subcontracted Operations and Construction Operations

Sumitomo Chemical is taking action across the Company to ensure the safety and health of all involved parties, including partner companies. For example, one of the key initiatives outlined in the "Fiscal 2019 to Fiscal 2021 Medium-Term Plan for Responsible Care Activities" and "Fiscal 2020 Annual Responsible Care Policy" is to respond to changes in employment structure, work to establish a foundation of safety ensure work safety and health, and promote measures to prevent severe accidents in subcontracted operations and construction operations. We also conduct thorough risk assessments.



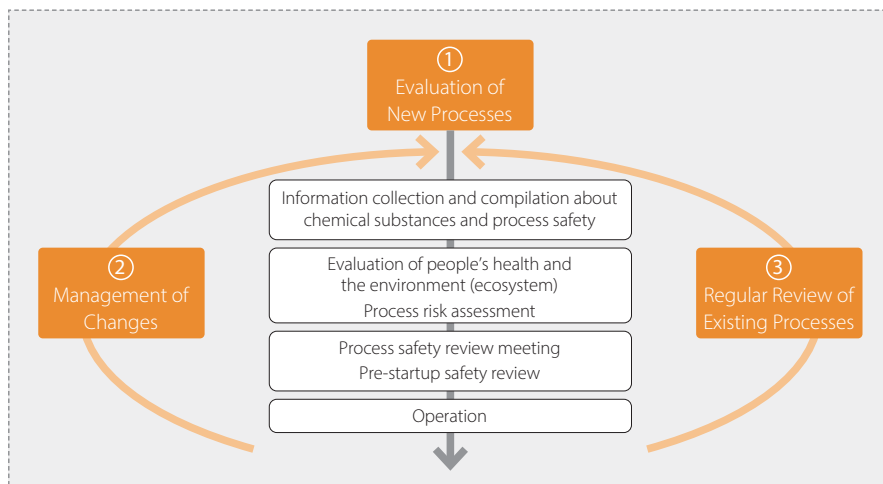
Occupational Safety and Health / Industrial Safety and Disaster Prevention

<Industrial Safety and Disaster Prevention>

Risk Management Initiatives

Sumitomo Chemical manages risks related mainly to process safety, chemical (raw materials, products) safety, and occupational safety and health 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 management are specifically outlined in the Development and Commercialization Regulations, the Safety Management Guidelines, the Chemical Safety Management Regulations, 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 safety management across the entire Group.

■ 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 identify risks related mainly to process safety and chemical safety, to review risk 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. Furthermore, before starting operations, the meeting conducts safety reviews to assess responses to risks related to occupational safety and health. For example, the meeting confirms the absence of problems in the operational environment (including temperature, noise, vibration, etc.), if safety signs are appropriately displayed, if necessary personal protective equipment and ample equipment and materials for emergency have been secured, and whether there is sufficient preparation of and education regarding instruction manuals.

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 confirm whether there are new risks related mainly to process safety, chemical safety, and occupational safety and health following the changes and to, as needed, consider additional safety measures.

③ Regular Review of Existing Processes

Even when there is no change in the process, Sumitomo Chemical conducts regular process hazard reviews (no more than every five years, as a general rule) 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. In addition, in our internal audits conducted every year for each workplace, we check whether or not safety management systems are functioning appropriately.



Occupational Safety and Health / Industrial Safety and Disaster Prevention

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 Education and Drills

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.

■ FY2019 Main Safety Education Programs (Companywide Education)

Name	Type	Purpose	Boundary	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)	795
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)	91
			Group companies in Japan	5
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)	164
			Group companies in Japan	45
Company-wide Safety Education	Group training	Training that covers the latest topics each fiscal year (The training in fiscal 2019 involved defining process hazard scenarios and static electricity safety.)	Sumitomo Chemical (Works, research laboratories)	80*2
			Group companies and partner companies within Sumitomo Chemical (Works, research laboratories)	25
HAZOP*1 Training	Group training	Training personnel to learn the basics of HAZOP and to be able to conduct HAZOP	Sumitomo Chemical (Works, research laboratories)	68
			Group companies in Japan	0
Safety Engineer Training Course	Group training and self-study	Training personnel who have central roles in uncovering process hazard sources, carrying out appropriate risk assessments, crafting safety measures, and effectively reducing risks	Sumitomo Chemical (Works)	19

*1 HAZOP:

A method of assessing process hazards that was developed with the aim of uncovering all latent hazards in chemical processes, assessing those impacts and results, and considering necessary safety measures.

*2 Training was postponed at some worksites to help prevent the spread of COVID-19.



Occupational Safety and Health / Industrial Safety and Disaster Prevention

At each of their worksites, Sumitomo Chemical and Group companies conduct education when necessary regarding operational details, substances handled, and the setup of protective equipment for operators who need to consider occupational health and safety in situations such as operations in high places, operations in hazardous places with poor oxygen, operations in high or low temperature environments, operations in high-noise environments, and operations handling specified chemical substances and organic solvents. In addition, special health assessments are made, operational environments are monitored, and workplace patrols are regularly conducted by occupational physicians and health inspectors as we strive to upgrade and maintain operational environments.

Examples of Safety Education and Drills at Sumitomo Chemical Worksites

Safety Education Examples	Safety and health training for new employees, newly appointed supervisors, and newly appointed managers; briefings on laws and regulations (Industrial Safety and Health Act, High Pressure Gas Safety Act, Fire Service Act, etc.), health management system education, safety and health seminars (protective equipment, etc.), hazard experience training (exposure to liquids, squeezing, falling, etc., includes VR training materials), hazard prediction training, also known as Kiken Yochi Training (KYT), training in accident analysis methods (why and what analysis, etc.) safety and health education in officers, traffic safety education, etc.
Safety Drill Examples	Petrochemical complex integrated emergency response drills (municipalities, companies in petrochemical complex districts), earthquake and tsunami evacuation drills, joint firefighting drills with specialized firefighting teams and workplace firefighting teams, drills using fire extinguishers and fire hydrants, drills on lifesaving procedures (AEDs, etc.), drills on emergency contacts at night and on holidays, etc.

In addition, for everyone at partner companies conducting operations within our worksites, we provide safety education for entering worksites (basic policy on safety, basic rules inside worksites, etc.), construction supervisor training (supervisor obligations, risk assessments, etc.), hazard experience training, and more.

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

Logistics Initiatives

The Sumitomo Chemical Logistics Partnership Council was formed by Sumitomo Chemical and the logistics subcontractors (84 companies at 116 locations) for Sumitomo Chemical and its Group companies in Japan with the core principle of “Making Logistics Safety the First Priority.” The Council maintains committees for Works in each area as well as for logistical centers (transport and storage) and marine transport-related operations nationwide. The Council is expanding the Logistics Department’s Responsible Care activities.

In fiscal 2019, there were five lost-workday injuries related to safety and health. Fortunately, none of these injuries could possibly have led to a severe accident, but we will continue striving to uncover risks and further enhance our safety and health management level going forward.

In addition, as for industrial safety and disaster prevention, we present our logistics subcontractors with transport standards to ensure safety, such as safety management rules related to land and marine transport of hazardous substances, and strictly ensure the rules are followed. We built a system where we can cooperate with logistics subcontractors even during critical times when an accident occurs to quickly arrive at the crisis site and address the situation. Moreover, we strengthened the system from July 2019 by joining the Hazardous Materials Emergency Response Service of the Maritime Disaster Prevention Center.

Lost-workday Injuries in Logistics

	FY2015	FY2016	FY2017	FY2018	FY2019
Number of cases	3	0	0	1	5

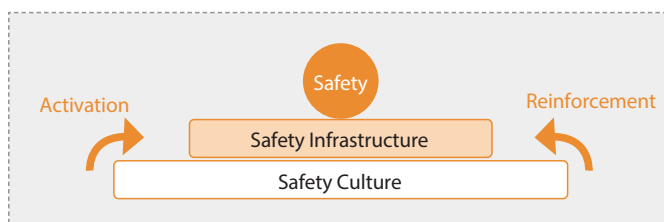
Note: Lost-workday accidents caused by logistics subcontractors on the premises of Sumitomo Chemical workplaces and lost-workday accidents caused by major logistics subcontractors outside the premises of Sumitomo Chemical workplaces.

Looking Ahead

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 of each workplace and constantly strive to make improvements as we strive to foster a culture where safety is a given. 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.

In addition, 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 employee safety and industrial safety management technologies. We will also reinforce our responses to new threats, such as intensifying natural disasters and terrorism.

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 Responsible Care (Safety, Health, the Environment and Product Quality), the Sumitomo Chemical Group 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.



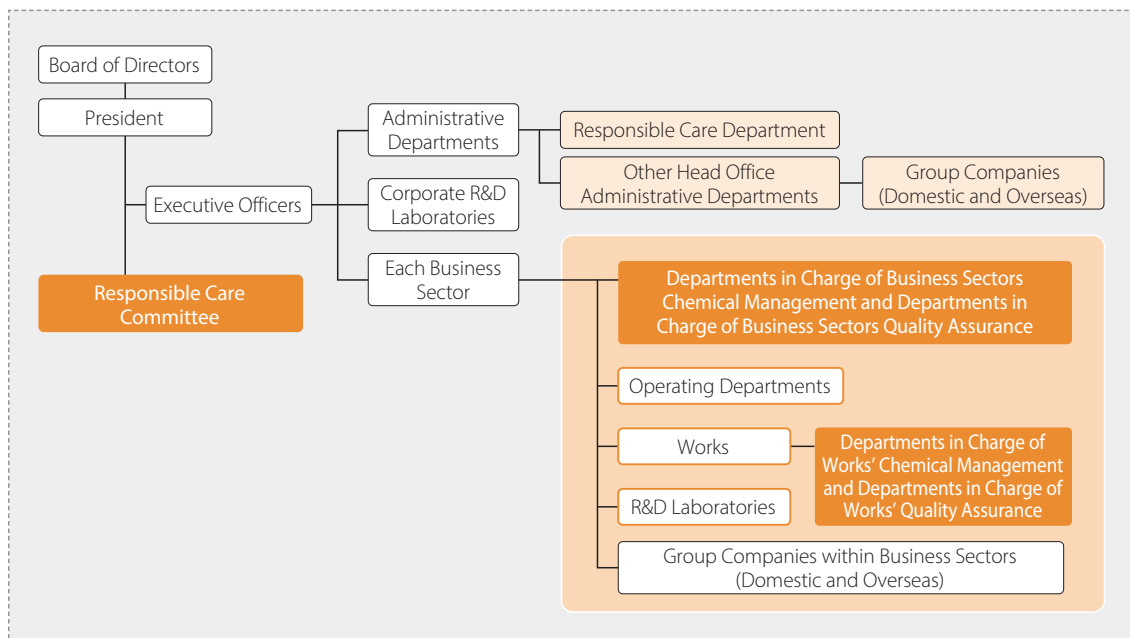
Product Stewardship / Product Safety / Quality Assurance

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 goals and results for Product Stewardship / Product Safety / Quality Assurance, refer to the section entitled, "Social Activity Goals and Results."

▶ P.142 Product Stewardship / Product Safety / Quality Assurance

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 Japan Chemical Industry Association (JCIA)'s portal website https://www.jcia-bigdr.jp/jcia-bigdr/en/material/icca_material_list. In fiscal 2019, 13 new summaries were released, bringing the total publicly available safety summaries to date up to 57 (covering 56 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 2019, we performed 73 risk assessments, including 38 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.

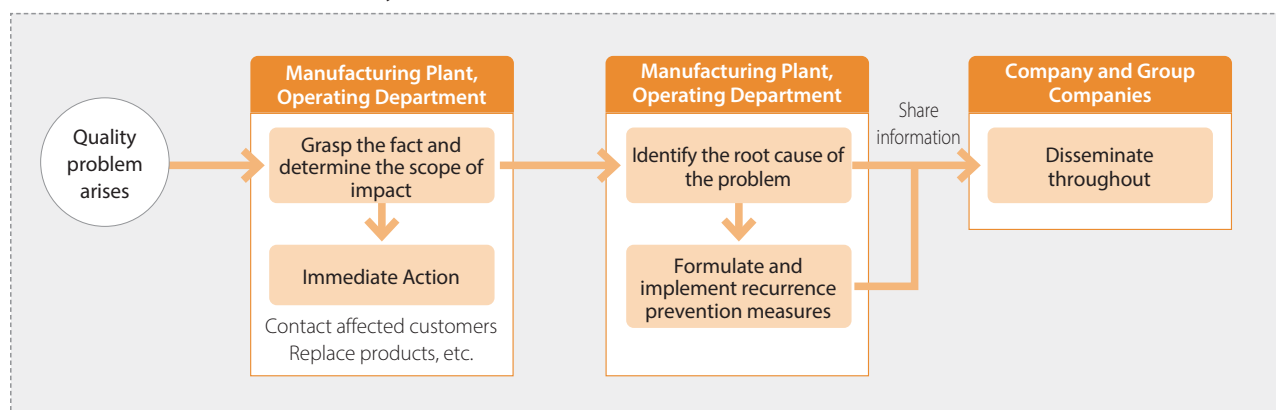
*1 FMEA: A systematic method of analysis for detecting potential malfunctions and defects with the objective of their prevention

Providing Products and Services of Stable Quality

The Sumitomo Chemical Group 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.

When a problem related to the quality of our products or services occurs, we grasp the facts and determine the scope of impact in line with internal rules. We then take immediate action, such as contacting affected customers and replacing products. We subsequently work to identify the root cause of the problem, formulate and implement recurrence prevention measures, and implement those measures. Moreover, from the perspective of preventing recurrence of similar quality problems, depending on the severity of the problem, we disseminate information related to the root cause and recurrence prevention measures within the Company and to Group companies. We are committed to ensuring prevention problems in the first place.

Flowchart of How We Handle Quality Problems



However, in fiscal 2019, there were three major product quality problems recorded by the Sumitomo Chemical Group. Working to determine the causes underlying these problems, we are promoting strict preventive measures.

We are also improving quality assurance (including quality compliance) for the entire Group by widely disseminating information on responses to quality problems that arise within the Group and sharing activities and information related to product quality and safety. Furthermore, 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.

*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.



Product Stewardship / Product Safety / Quality Assurance

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 2019, there were no reports of violations of regulations for Sumitomo Chemical products and services at any stage of their life cycles.

Effective Use of SuCESS

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 (SuCESS).^{*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, such as the REACH Regulation in Europe. 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 13 Group companies in Japan and overseas as of fiscal 2019. In addition, we began using SuCESS to calculate the manufactured volumes reported to the government under the chemical substances control law via a substance volume tracking (SVT) system as well as to calculate exported volumes.

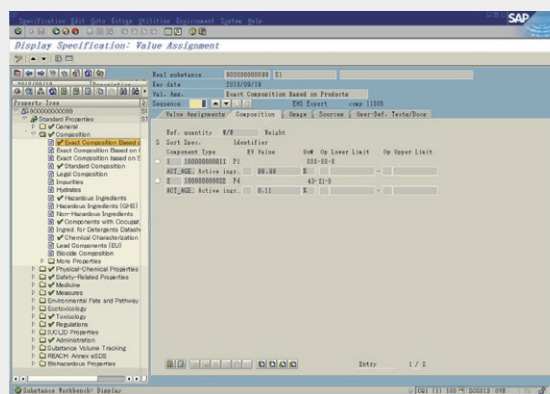
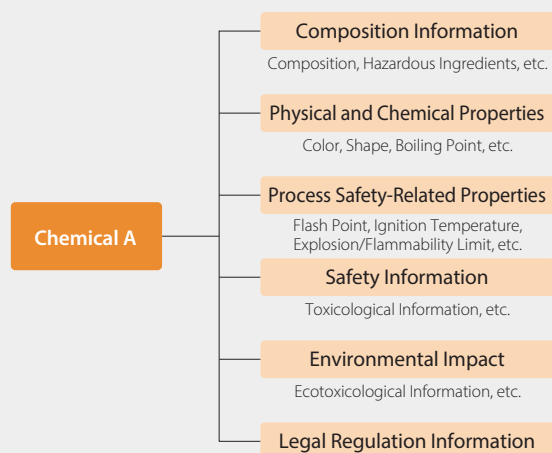
*1 Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCESS)

*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.

SuCESS comprehensive chemical management system

Management of chemical composition, toxicological, regulatory information based on tree-shaped structure





Product Stewardship / Product Safety / Quality Assurance

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.

Sharing Information on Chemicals in Products

Countries and regions around the world are moving forward with regulations on chemicals in products, as represented by the European Union's RoHS Directive*¹ and REACH Regulation.*² Because the content and required action for these regulations differs by country, region, and product field, we need to properly manage the chemicals present in not only final products but also raw materials and parts, and we need to accurately share this information on the chemicals present across the supply chain.

As a founding member of the Joint Article Management Promotion-consortium (JAMP), Sumitomo Chemical encourages acquiring and sharing information using chemSHERPA, which is an information-sharing scheme promoted by JAMP, and provides information in response to customer demands.

*¹ RoHS Directive: An EU law related to restricting the use of specific hazardous substances, such as those in electric and electronic equipment

*² REACH Regulation: A regulation related to the registration, evaluation, authorization, and restriction of chemicals within the EU

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*³ of replacement, reduction, and refinement to conduct animal studies appropriately with due consideration for animal welfare.

*³ 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.

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.

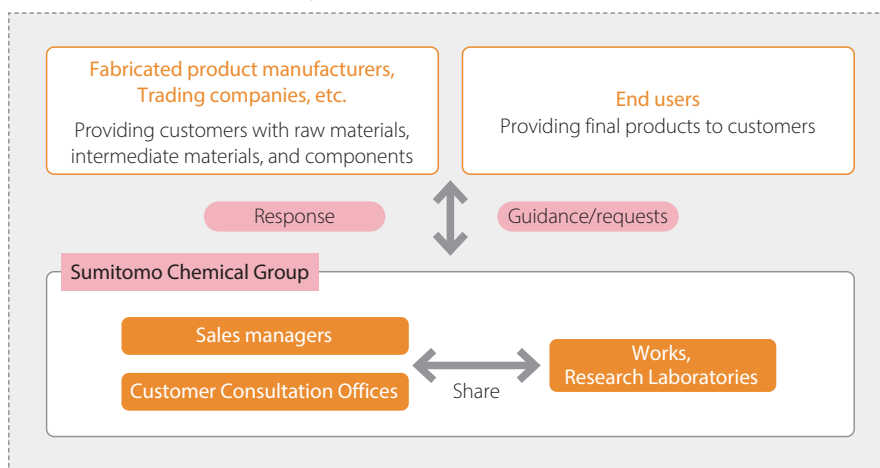
Business & Products

<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 "12. Cooperation with Healthcare Professionals, etc.," "13. Sales, Marketing and Information Communication Activities" of Sumitomo Dainippon Pharma's Compliance Standard for more details.)

https://www.ds-pharma.com/profile/compliance/pdf/20190401_ecogl1.pdf

Contribution to Global Health

https://www.ds-pharma.com/csr/global_health/contribution_to_global_health.html

Initiatives to Improve Access to Medicines

https://www.ds-pharma.com/csr/global_health/improvel_access.html

Transparency in Partnerships with Patients and Medical Institutions

https://www.ds-pharma.com/csr/patients_medical_personnel/promotion.html

Conduct training of employee

https://www.ds-pharma.com/csr/esg/csr_data.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.



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.

Regarding communication with society, in order to enhance information disclosure while engaging in interactive dialogue, Sumitomo Chemical, its worksite in Japan and overseas, and Group companies engage in a variety of activities to meet the needs of local communities, thereby building 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 throughout the entire Sumitomo Chemical Group, including 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 meetings for managers from the regional headquarters established in each of the world's four regions, regional meetings in each region, and manager meetings attended by sustainability 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.



Communities

Goals and Results

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

■ FY2019 Main Social Contribution Activities at Bases in Japan (Sumitomo Chemical*1)

Type of Activity	Number of Events
Science classes held at schools, children tours, hands-on work experiences	41
Exhibits at chemistry experiment events	10
Cleaning beaches and neighborhoods around worksites	36
Worksite tours, community dialogues, hands-on work experiences	56
Hosting and participating in regional sports competitions, festivals, and other events	17

*1 Include some Group companies in Japan

■ Support for Education in Africa (Sumitomo Chemical) As of April 30, 2020

Country and number of recipients	Type of support
Uganda (Recipients: 839)	<ul style="list-style-type: none"> • Built classrooms and restrooms for elementary schools • Supplied math and science teaching materials • Raised awareness of malaria prevention techniques and provided preventive healthcare training
Ghana (Recipients: 1,624)	<ul style="list-style-type: none"> • Built science laboratories for technical high schools • Supplied equipment for biology, chemistry, and physics experiments and provided training to teachers
Nigeria (Recipients: 2,820)	<ul style="list-style-type: none"> • Supported the set-up of Information and Communications Technology (ICT) centers • Provided computer peripheral equipment and other devices and installed solar power equipment • Supported the set-up of an education center for childcare and preschool education

■ Volunteers for the OISCA Coastal Woodland Rejuvenation Project (Sumitomo Chemical Group*2)

	(No. of people)		
	FY2017	FY2018	FY2019
Number of volunteers for the OISCA coastal woodland rejuvenation project*3	20	20	23

*2 Sumitomo Chemical and Group companies in Japan participating in the Matching Gift program

*3 Volunteer activities in Natori, Miyagi Prefecture

[▶ P.195 Support for Recovery from the Great East Japan Earthquake](#)



Communities

Examples of Initiatives

Assuring Safety, the Environment, and Health

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 severe accidents across all workplaces, as per the basic principle of "Making safety our first priority." To this end, we have ramped up our efforts to ensure safety by communicating thoroughly to make sure everyone observes the Safety Ground Rules, which are common to all Group employees, evaluating and improving the level of safety culture in workplaces, raising the level of safety management with the use of IoT technology, and reviewing and reinforcing natural disaster prevention measures. Through dialogues with residents in the region, we explain to neighboring residents our efforts to ensure safety, and work to deepen our mutual understanding.

■ Status of Dialogues with Local Communities

FY2019 Results*

Number of dialogues held	Participants
35	374

* Cumulative result of each Sumitomo Chemical worksite

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https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/



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)

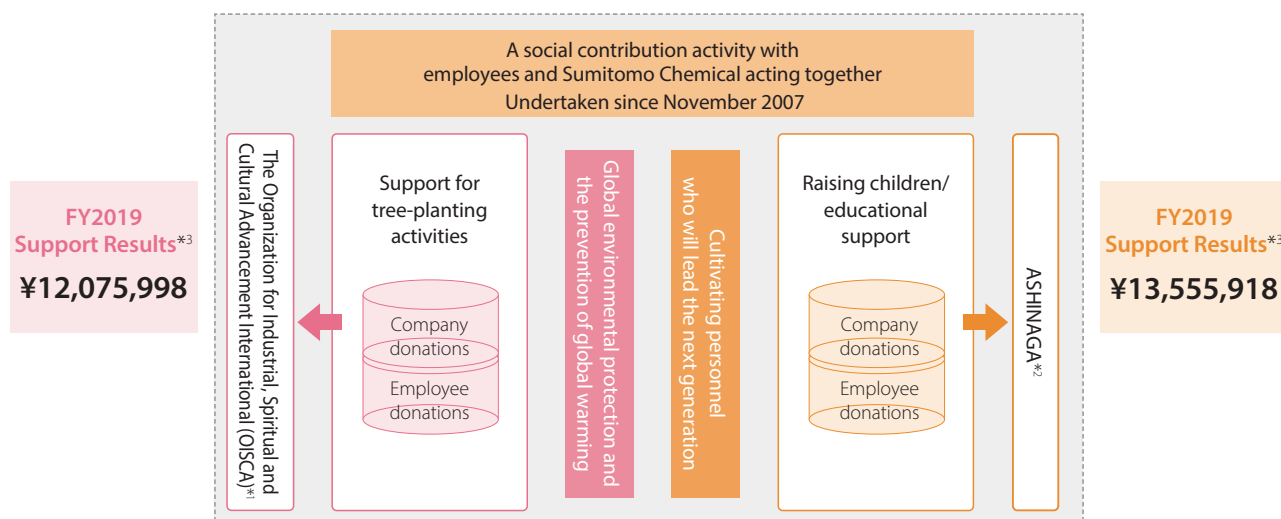
<https://www.sumitomo-chem.co.jp/sustainability/library/> (Japanese only)

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)*¹, 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 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.

*3 Sums after matching by the Company

<Sumitomo Chemical Forest>

In an effort to prevent global warming and conserve biodiversity, the Company worked with the NGO OISCA since 2008 to plant mangroves in Ranong Province, Thailand. The area that received our support was dubbed the Sumitomo Chemical Forest. Local Thai residents carried out daily planting and management, and the Company provided financial support for the project through its matching gift program. In addition, a total of 179 employees, including those from Group companies in Japan and overseas, participated as volunteers over the years. The forested area has now recovered to the point that it is self-sustaining, and the initiative was brought to a close in March 2019.

Support Results

Total forest area*	Total trees planted
270 hectares	828,000

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



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 program donate an amount of money equal to the total donated by executives and 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 2019, Sumitomo Chemical ranked 16th of 589 participating companies in terms of amount of money donated. In May 2020, we received a letter of appreciation as a Platinum Supporter from the TFT secretariat.

FY2019 Results

¥2,046,640* **51,166** meals

* Sums after matching by 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 2019, 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.

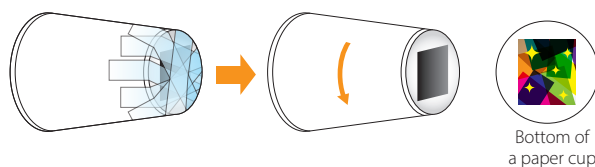
Going forward, we will continue holding science workshops to pique an interest in chemistry among as many children as possible.

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





Communities

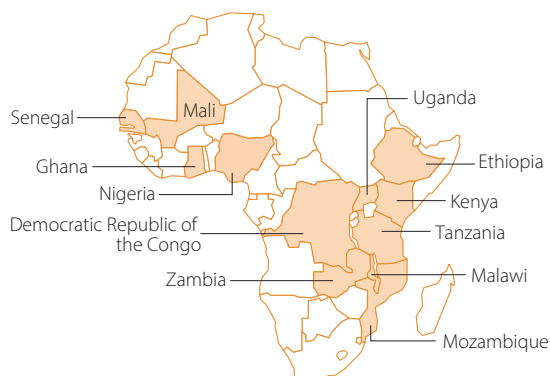
Support for Education in Africa

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 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 29 projects in 12 African nations and improved the educational environments of more than 29,000 children.

In fiscal 2019, in Uganda, we supplied math and science teaching materials, raised awareness of malaria prevention techniques, and offered preventive healthcare training in addition to building classrooms and restrooms for elementary schools. Also, in Ghana, we built three science laboratories fitted out with warehouses and preparation rooms for technical high schools, provided equipment for biology, chemistry, and physics experiments, and conducted training for teachers to teach those subjects. In Nigeria, we strove to further improve learning environments by providing aid to build Information and Communications Technology (ICT) centers at two elementary schools as well as computer peripheral equipment and other devices. We also installed solar power generation equipment and provided aid to found an education center for childcare and preschool education.

Support for Education in Africa



Support Results

Beneficiaries: over **29,000** people

Supported countries: **12**
(29 projects completed, 2 projects* under way)

* The two projects under way are in Ghana and Nigeria (as of April 30, 2020)



Communities

Assisting in Natural Disaster Relief

Support for Areas Recovering from the Torrential Rains of Typhoons Faxai and Hagibis

To provide relief for rain damage from Typhoon Hagibis, we donated money through the Japan Red Cross, and executives and employees of all worksites donated daily essentials in support of the call from the Keidanren's One-Percent Club.

To help provide support for the areas recovering from the torrential rains of typhoon Faxai and Hagibis, Chiba Works donated tarps and other supplies to the cities of Ichihara and Sodegaura.

■ Support for Areas Recovering from the Torrential Rains of Typhoons Faxai and Hagibis

Support Details

- Donated ¥3 million through the Japan Red Cross
- Donated 5,000 items (including 1,312 towels) that were solicited by the Keidanren's One-Percent Club (Head Office and worksites, including those of Group companies)
- Donated tarps and other supplies to the cities of Ichihara and Sodegaura (Chiba Works)

Support for Recovery from the Great East Japan Earthquake

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 2019, we dispatched 23 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.

FY2019 Results

Disaster Hit Area Support Meals

¥638,520* **15,963 meals**

* Sums after matching by the Company

Iwate Learning Hope Fund ¥313,480 7,837 meals
(the portion used between March 2019 and August 2019)

The Great East Japan Earthquake
Miyagi Children's Education Fund ¥325,040 8,126 meals
(the portion used between September 2019 and February 2020)

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.