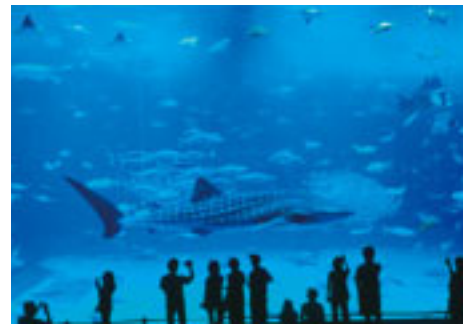


# SUMITOMO CHEMICAL

## CSR HIGHLIGHTS 2015

### Sustainable Chemistry



**100<sup>th</sup>**  
**ANNIVERSARY**  
SINCE 1915

# Corporate Philosophy

Celebrating its 100th anniversary, Sumitomo Chemical can trace its history back to 1915, when Sumitomo Fertilizer Works began producing fertilizers. Every facet of the Company's operations is based on the Sumitomo Spirit, a guiding principle of the House of Sumitomo that has been passed down from one generation to the next since the 17th century.

In inheriting this Sumitomo Spirit, our Business Philosophy serves to clarify and document our fundamental ethos, mission and values.

Deriving its strength from this Corporate Philosophy, the Sumitomo Chemical Group will continue to contribute to the sustainable growth and development of society through its business activities.

## The Sumitomo Spirit

### Sumitomo's Business Principles

- Pledge 1 Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.
- Pledge 2 Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

### *Harmony between the individual, the nation and society*

The first pledge in Sumitomo's Business Principles, advocating integrity and sound management, reflects the importance of maintaining the trust of the Company's business partners and of society as a whole. The second pledge calls for refraining from the pursuit of easy gains—conducting thorough investigations and giving serious thought to business decisions so as not to be blinded by the prospect of immediate gains. While not expressly stated, another traditional concept applies: harmony between the individual, the nation and society. Sumitomo manifests this concept by seeking to benefit not only its own business, but also society, and by the Company's emphasis on maintaining harmony between its interests and those of the public. To this day, these principles are strictly applied throughout the various Sumitomo Group companies, including Sumitomo Chemical.

## Sumitomo Chemical's Business Philosophy

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

Drawing on the Sumitomo Spirit, Sumitomo Chemical's Business Philosophy serves to clarify and document our fundamental ethos, mission and values.

# A Century-Old Path in Partnership with Society

Sumitomo Chemical traces its history back to Sumitomo Fertilizer Works, which was founded for the purpose of manufacturing fertilizer (calcium superphosphate) using sulfuric acid recovered from the harmful sulfurous acid gas produced during copper smelting. From its inception, the goals of the Company have been to overcome environmental problems and to help increase the output of agricultural products. In this sense, the aspiration to solve challenges facing society has been part and parcel of the Sumitomo Spirit since its foundation.

The Company had a mere 160 employees at the end of 1915, when it began manufacturing fertilizer. A century later, the Company has evolved into one of the world's leading chemicals manufacturers with its founding spirit and aspirations passed down to a 30,000-strong workforce that extends across every corner of the globe.

By continuously creating and providing useful new technologies and products that have never before existed, the Sumitomo Chemical Group will contribute to both the enrichment of people's lives and the solution to problems facing our environment and society.

## 1915 ▶ 1944

### Building the foundation as a chemical manufacture



Sumitomo Fertilizer Works



Packing fertilizer for shipment

View of the ammonia plant

The thirty years following the start of business was characterized by the age of "building the foundation of a chemical manufacture." The first products of Sumitomo Fertilizer Works, the predecessor of Sumitomo Chemical, were sulfuric acid and calcium superphosphate. Introduction and development of new technology led to the production of ammonia, nitric acid, and other industrial chemicals forming a diverse product range and the foundation for a chemical manufacture.

#### Fiscal 1915

Number of employees

Approximately **160** (Non-Consolidated)

## 1945 ▶ 1974

### Diversifying into petrochemicals and fine chemicals company



Ethylene plant (Ohe Works)

Chiba Works



Sumithion plant (Oita Works)

Misawa Works

During the next 30 years, the Company evolved into a diversified chemicals manufacturer. In 1944, Sumitomo Chemical by getting merged with Japan Dyestuff Manufacturing Company, entered the field of fine chemicals such as dyestuffs and pharmaceuticals. Pynamin, a household insecticide, was launched in 1953, the first step into the field of agricultural chemicals. Sumithion, a major agricultural chemical, was launched in 1962. In 1958, the Company constructed an ethylene and polyethylene plant in the Ohe district of Ehime Prefecture, initiating its expansion into the petrochemicals business and putting in place its platform of mainstay activities.

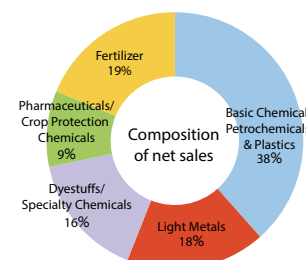
#### Fiscal 1960

Net sales

¥**44.1 billion** (Non-Consolidated)

Number of employees

Approximately **11,400** (Non-Consolidated)



## 1975 ▶ 2004

### Active Globalization of All Businesses



Singapore Petrochemical Complex (1<sup>st</sup> phase)

Valent U.S.A. Corp (Agricultural chemicals business)



Sumika Technology plant in Taiwan (IT-related chemicals business)

During the 30-year period from the 1970s, the Company entered the age of global expansion. These years brought dramatic changes due to a series of external factors: major oil crises, recession due to overvaluation of the yen, and the bursting of the Japan's economic bubble. To keep in step with shifts in the global economy and society, the Company actively worked to globalize all of its businesses, such as moving into the petrochemical project in Singapore, and promoting growth in the agricultural chemicals business, the newly established IT-related chemicals business, and other specialty chemicals businesses.

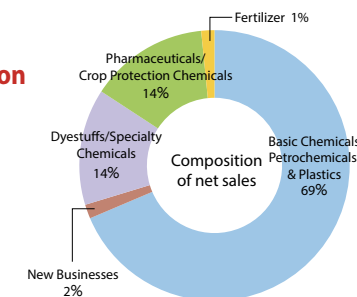
#### Fiscal 1984

Net sales

¥**829.4 billion**

Number of employees

Approximately **9,100** (Non-Consolidated)



Note: The composition of net sales data for fiscal 1984 is presented on a non-consolidated basis.

## 2005 ▶ 2015

### Promoting Globally Integrated Management



Petro Rabigh integrated oil refining and petrochemical complex (Saudi Arabia)

Large aquarium panel made of methacrylate resin (Main aquarium panel in the Dubai Mall)



Sumika Farm Nagano

Olyset Net manufacturing plant (Tanzania)

Polymer organic light emitting diode (PLED) objects

The recent decade was characterized by the promotion of globally integrated management. Mega-competition has accelerated since the turn of the century, and FY2004 (ended March 31, 2005), Sumitomo Chemical set forth as a goal "becoming a truly global chemical company" in the Corporate Business Plan FY2004-2006. In keeping with this goal, the Company has become involved with the Rabigh Project, expanded its IT-related Chemicals Sector, and promoted globalization of the Sumitomo Chemical Group as a whole. During FY 2010, net sales for consolidated subsidiaries overseas exceeded 60% of the Company's net sales, with overseas production accounting for more than 40% of the Company's total. Looking toward the second century of this global chemical company, the next step will be nurturing new business under the philosophy of creating new values with "Creative Hybrid Chemistry."

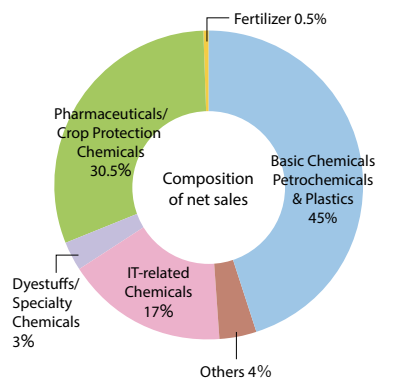
#### Fiscal 2014

Net sales

¥**2,376.7 billion**

Number of employees

**31,039**



Note: Composition of net sales data for fiscal 1984 and fiscal 2014 has been restated to conform to the organizational structure of fiscal 1960.



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## Editorial Policy

This publication was produced to convey to all stakeholders the Sumitomo Chemical Group's approach to fulfilling its corporate social responsibility (CSR) in an easy to understand manner.

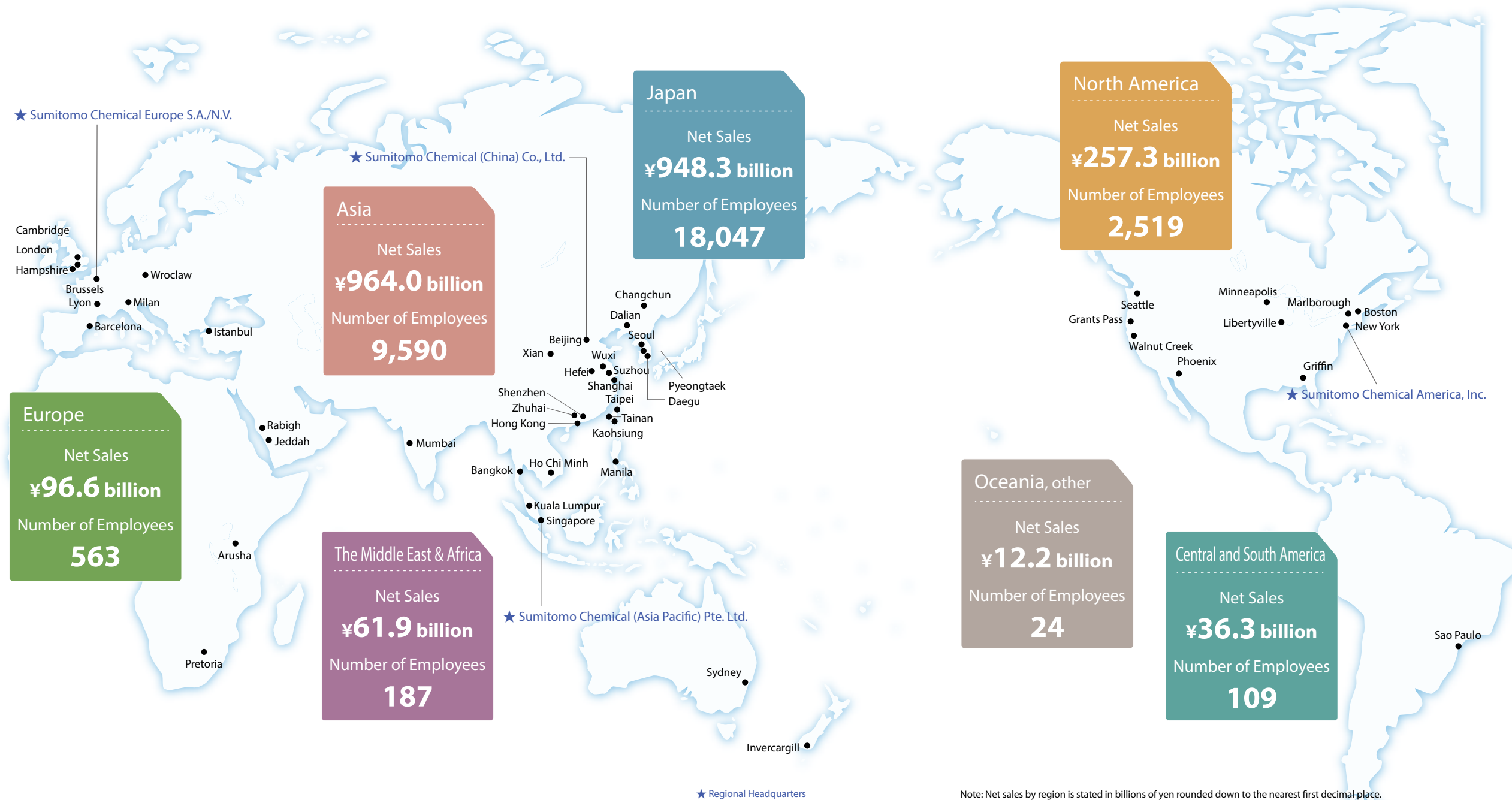
Sumitomo Chemical's founding principle of "contributing to the development society through business activities" remains deeply embedded in its wide-ranging endeavors of today. In this report, employees talk frankly about specific business examples that epitomize this principle. We also provide comments from various stakeholders.

A more detailed account of the Group's activities is presented in its CSR Report 2015, which is posted on the Company's website.

Sumitomo Chemical's CSR website:

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

# The Sumitomo Chemical Group Spreading Its Wings Across the World



At present, the Sumitomo Chemical Group is conducting business globally in five fields: petrochemicals & plastics, energy & functional materials, IT-related chemicals, health & crop sciences, and pharmaceuticals. To continue to receive the approval of its wide range of stakeholders, the Group will use its advanced technologies to create new products that reflect the changing times, contribute to improving people's lives, and help resolve global problems involving food, the environment, resources, energy, and infectious diseases.

## Sumitomo Chemical's Business Sectors



### Petrochemicals & Plastics Sector

Providing basic petrochemical feedstock and synthetic resins that help realize abundance and prosperity while supporting people's lives.



### Energy & Functional Materials Sector

Helping to resolve environmental, energy, and other global-scale issues through functional materials.



### IT-related Chemicals Sector

Responding to an IT society that is becoming increasingly more sophisticated with cutting-edge technologies.



### Health & Crop Sciences Sector

Contributing to the stable supply of more abundant, sustainable food as well as to people's health.



### Pharmaceuticals Sector

Supporting people's health and bettering their lives on a daily basis.

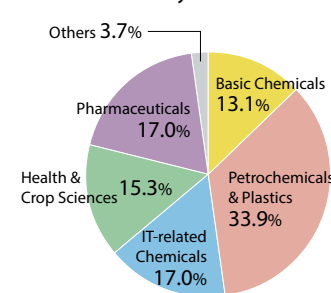
Note: Net sales by region is stated in billions of yen rounded down to the nearest first decimal place.

## Company Profile

Name:	Sumitomo Chemical Company Limited	Capital:	89,699 million yen
Head Office	(Tokyo): Tokyo Sumitomo Twin Building (East) 27-1, Shinkawa 2-chome, Chuo-ku, Tokyo 104-8260, Japan	Number of consolidated subsidiaries:	167
	(Osaka): Sumitomo Building 5-33, Kitahama 4-chome, Chuo-ku, Osaka 541-8550, Japan	Net sales*	Consolidated: 2,376.7 billion yen Non-consolidated: 900.7 billion yen
Founding:	September 22, 1913	Number of employees*	Consolidated: 31,039 Non-consolidated: 6,129
Start of business operations:	October 4, 1915	Note: Net sales and number of employees data is as of March 31, 2015.	
Incorporation:	June 1, 1925		

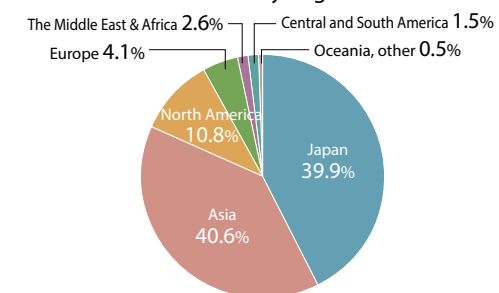
## The Sumitomo Chemical Group

### Net Sales by Business Sector

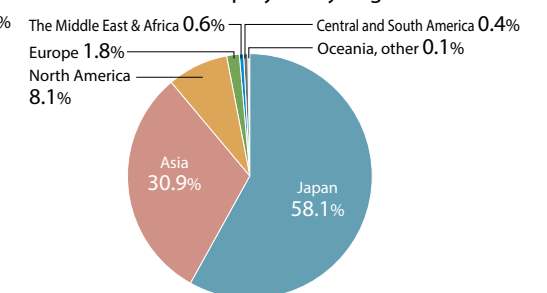


Note: Effective April 1, 2015, the Basic Chemicals and Petrochemicals & Plastics sectors were restructured and reorganized into the Petrochemicals & Plastics and Energy & Functional Materials sectors.

### Net Sales by Region



### Number of Employees by Region





Osamu Ishitobi, Executive Chairman

Masakazu Tokura, President

# To contribute to the sustainable development of society for the next century

## ■ Sumitomo Chemical's Corporate Philosophy and CSR

"Our business must benefit society, not just our interests." This is a key principle of the Sumitomo family's business philosophy, which forms the core of Sumitomo Chemical's corporate values. The Company's history traces back to 1913. At that time, the Sumitomo family's copper smelting business, based at the Besshi Copper Mine in Niihama, Ehime Prefecture, Japan, was growing rapidly by employing new technologies. Meanwhile, its smelting operation emitted harmful sulfurous acid gas that did serious damage to agricultural produce in the area. With a strong determination to eliminate the problem even if it would incur considerable expenditure, Sumitomo developed a new process for the production of fertilizer, using the sulfur content extracted from copper ore—which was the cause of the sulfurous acid emissions—as a raw material. This led to the establishment of "Sumitomo Fertilizer Works," which began commercial operations and made its first shipment of fertilizer in 1915 and

later evolved into Sumitomo Chemical.

Thus founded with a view to overcoming an environmental problem and promoting the development of agriculture through the supply of fertilizer, Sumitomo Chemical has in its DNA the conviction that contributing to the sustainable development of society through business activities is the essence of corporate social responsibility (CSR).

## ■ Responsibility for Safety, the Environment, and Quality Assurance

Responsible Care (RC)—a commitment to ensuring safety, environmental protection, and high quality throughout the entire life cycles of our products, from research and development, production, distribution, and sale, to use and disposal—is a central pillar of our CSR activities, and we at the Sumitomo Chemical Group have been working as one to promote RC.

Maintaining safe and stable operations is one of our priority management initiatives. With a strong commitment to

"prioritizing safety above everything else," we are striving to further increase the level of safety of our operations by enhancing our culture of safety and strengthening our safety assurance capabilities, while also seeking to achieve zero accidents and zero injuries in all of our manufacturing and other operations around the world. At the same time, we are working to improve the RC activities across the Sumitomo Chemical Group by promoting the sharing of best practices.

In addition, we are stepping up efforts toward mitigating climate change and global environmental problems. They include the development of "green processes" for reducing environmental footprints and environmentally-friendly "clean products," as well as our initiatives for cutting back CO<sub>2</sub> emissions throughout the supply chain.

## ■ Taking on the Challenge of Resolving Issues Facing the International Community

As a globally-operating diversified chemical company, Sumitomo Chemical has taken on the challenge of resolving a wide range of issues facing the international community, such as problems related to the environment, food supply, natural resources, and energy. One particular area of our focus is the prevention of malaria and other infectious diseases.

Each year, more than 500,000 people in the world are said to lose their lives to malaria, an infectious disease transmitted by Anopheles mosquitoes, and the people in Africa and other emerging regions are those who suffer most. Accordingly, malaria is seen as a major impediment to global efforts to end poverty and promote economic development.

Sumitomo Chemical has been making a substantial contribution to preventing the disease by supplying countries in Africa and Asia with Olyset™ Net, a long-lasting insecticidal mosquito net it developed in-house to protect people from malaria-carrying mosquitoes. Amid fears of the dramatic proliferation of mosquitoes that have developed resistance to existing insecticides, we have also launched Olyset™ Plus. This new bed net, using an improvement on the Olyset™ Net technology and an agent that enhances the efficacy of insecticides, is effective in controlling insecticide-resistant mosquitoes. Furthermore, we are developing and supplying new insecticides for the control of mosquitoes that transmit other infectious diseases, such as dengue fever.

In addition to supplying innovative products and technologies that help prevent infectious diseases, the Sumitomo Chemical Group engages in various efforts to support the economic development of developing countries. For example, we have established our Olyset™ Net production operations in Africa,

thereby creating and maintaining local jobs while contributing to the growth of the regional economy. And to meet the need to build a better educational environment for children in Africa, who will make the region's future, we are also working with NPOs on programs to construct schools and support education for local children by donating a portion of our revenues from the Olyset™ Net business.

Since 2008, we have been carrying out the "Sumitomo Chemical's Forest" project, planting mangrove trees in the south of Thailand as part of our efforts toward protecting biodiversity and mitigating global warming. In this initiative, employees of the Sumitomo Chemical Group companies periodically visit the area and work with NPOs and NGOs to help local residents with tree planting and forest management.

## ■ Toward the Next Century

The year 2015 marks the 100th anniversary of the commencement of Sumitomo Chemical's operations, a major milestone in the Company's history. Over the 100 years, the Company has been working to meet the evolving needs of society and to help better people's lives through its business activities and technological innovation.

Looking ahead, the chemical industry is expected to play an increasingly important role in solving environmental problems and other pressing global challenges. With Sumitomo Chemical's founding philosophy in mind, we will continue to deliver innovative technologies and products to the world by making full use of the creative power of chemistry. And we will strive to sustain growth as a globally-operating diversified chemical company that is trusted by society and to contribute to the sustainable development of society over the next 100 years.

We would appreciate your continued support and understanding.

石 啓 修

Osamu Ishitobi, Executive Chairman

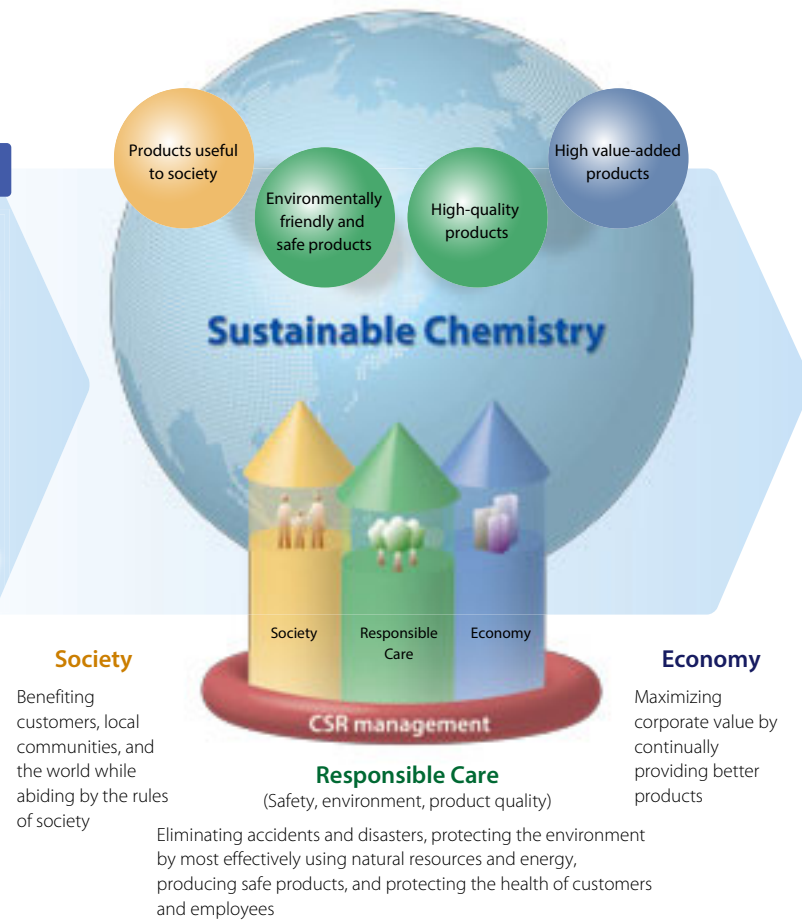
十 倉 雅 和

Masakazu Tokura, President

# The Sumitomo Chemical Group's Operations and CSR

## The Sumitomo Chemical Group's Long-Term Goal

Contribute to increased affluence and the solving of global challenges facing humanity, including issues related to food, energy, and the environment, while achieving sustainable growth together with society as a globally-operating diversified chemical company



## Basic CSR Policy

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

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

In the lead-up to the 100th anniversary of the commencement of its operations in 2015, the Sumitomo Chemical Group positioned the three years from 2013 to 2015 as a period during which it would strengthen the foundations of its business necessary to achieve sustained growth over the next century. Under the slogan "Change and Innovation," we are carrying out our Corporate Business Plan.

## Corporate Vision

- 1 Create new value based on technologies accumulated over the years
- 2 Through the power of chemistry, help solve global challenges (e.g. problems related to energy, the environment and food)
- 3 Develop a corporate culture full of "can-do" spirit and always be a company that society can trust

## Change and Innovation —for the next hundredth anniversary—

### Change & Innovation Business Structure

- Downsize/exit underperforming businesses
- Improve the business portfolio

### Change & Innovation Business Development

- Develop next-generation businesses
- Accelerate the development of printed electronics
- Develop new businesses in the area of life sciences

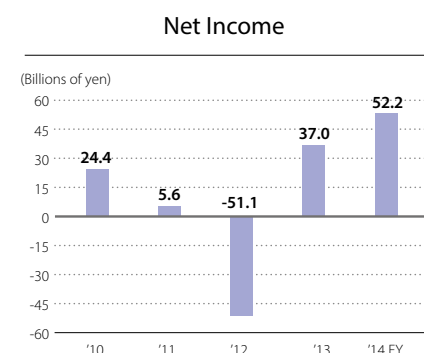
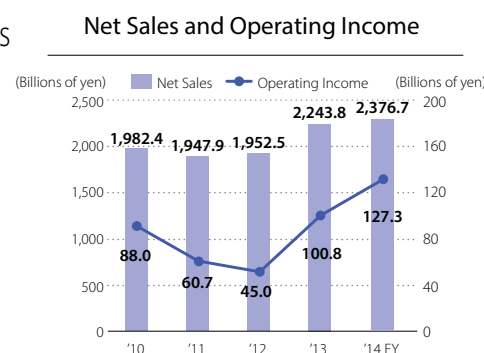
### Change & Innovation Corporate Culture

- Demonstrate a "can-do" spirit
- See what's happening on the ground and be proactive and pragmatic
- Promote diversity

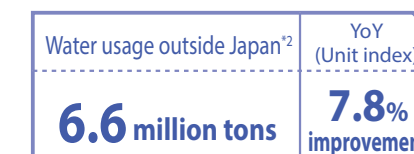
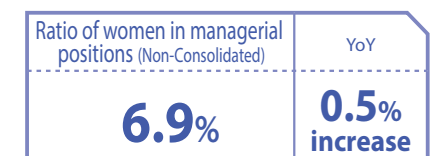
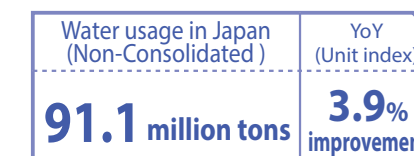
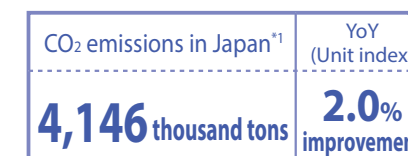
## Major Financial Indicators

### Five Priority Management Issues

- Enhance financial strength
- Restructure businesses
- Develop next-generation businesses
- Promote globally integrated management
- Ensure full and strict compliance, and maintain safe and stable operations



## Sustainability Indices



<sup>\*1</sup> Aggregate total of Sumitomo Chemical and Group companies in Japan (16 companies)  
<sup>\*2</sup> Aggregate total of major Group companies outside Japan (10 companies)



# Strengths of the Century-Old Sumitomo Chemical Group



Amid the diversification and increasing sophistication of needs in society, we held an employee round-table talk about what the Sumitomo Chemical Group must do to continue to grow strongly while meeting the expectations of stakeholders and contributing to the sustainable development of society as it celebrates its 100th anniversary in 2015.

## Corporate Philosophy as a foundation in an era of globalism

**Pedersen** ● Amid the globalization of business, I believe it has become extremely important to have a shared Corporate Philosophy that acts as a foundation during troubling times. Overseas business accounts for roughly 60% of net sales for the Sumitomo Chemical Group. Amid the advancement of global operations through the collaborative efforts of a truly diverse group of people like yourselves, I would like to start off by eliciting your opinions about Corporate Philosophy, the underpinnings of business.

**Elumba** ● All corporate philosophies place an emphasis on the company's relationship with society, but a differentiating factor is whether companies are putting their philosophies into practice. I think the first time this relationship can be trusted is when you see how corporate philosophy truly ties into business strategy. Since joining the Company, I have been involved in the Olyset™ Net business. I believe this business is a symbolic example of how our Corporate Philosophy ties into the Company's core technologies.

**Son** ● I examine new business opportunities at Dongwoo Fine-Chem Co. and when making a decision about investing, the baseline criteria are



securing profits and economic viability. Accordingly, I always think about how to keep investment amounts within a reasonable range. However, the Sumitomo Spirit embodies the idea of building trust without focusing solely on near-term profits. This spirit is broadly shared by the management team at Dongwoo Fine-Chem and it is reflected in the company's strategy for investing with extensive consideration paid to safety and the environment.

**Mukumoto** ● Since joining Sumitomo Chemical, I have devoted myself to the analytical research of crop protection chemicals. Sumitomo Chemical's crop protection chemicals have been thoroughly examined for efficacy and safety and are produced in an appropriate manner. Their quality has been highly praised by customers. In addition to stressing their necessity and effectiveness, I am able to confidently recommend our crop protection chemicals to customers because these products are based on our Corporate Philosophy, which places importance on trust and harmony with the public interest.

**Miyazaki** ● I think that perceptions of Corporate Philosophy change as one gains years of experience. When I first joined the Company, I was not that aware of the corporate philosophy. I was focusing all of my energies on developing processes that were the first of their kind in the world and finding different ways of conducting work while approaching work from the way that I thought was best. As I built up years of experience, when drafting policies of sections, divisions, and now, as president of a subsidiary, I noticed how these policies were tied into the Corporate Philosophy of Sumitomo Chemical.

**Mukumoto** ● I admit that I am not always thinking about the Corporate Philosophy when I work. There are parts of the corporate philosophy that are strongly relevant to my own work, and this is where I begin to think of how it can be reflected in our own work. I believe this is a good starting place. By

paying heed to the parts that relate to you, the Corporate Philosophy ends up being tied to your work.

**Aono** ● I currently work in safety management and industrial safety and disaster prevention, and every year the core of the policy is the same across all Group companies—Making Safety the First Priority—and the rest of the policy revolves around this. There have been some major changes over the past few years, such as the reorganization of divisions and the restructuring of Chiba Works since the Rabigh Project. I believe a solid foundation is key to adapting to changes in business conditions and to continuing innovation.

**Carstea** ● In a large organization like the Sumitomo Chemical Group, we must develop business on a global scale while considering the interests of a diverse range of stakeholders. For this reason, I believe a policy like the Corporate Philosophy is especially important. I have been involved in the diesel particulate filters (DPFs) business ever since joining the Company. Demand for DPFs has been



expanding amid the tightening of emissions regulations in Europe. When a DPF production company was established in Poland, I went to the new company and had the chance to meet so many people who were working toward a common goal: contributing to society through their business activities. I felt proud to be working at a company where the Corporate Philosophy was so firmly integrated in its business strategies.

## How can the Sumitomo Chemical Group leverage its strengths?

**Pedersen** ● In the early 1970s, Sumitomo Chemical took the leadership role in a national project with the Japanese government and members of the Japanese petrochemicals industry to help the Singaporean government with a petrochemical project. Singapore was led by then Prime Minister, Lee Kuan



Facilitator  
**Mr. Peter D. Pedersen**  
Co-founder, E-Square Inc.  
Representative, The Academy for Corporate Collaborative Creative Leadership

Born in Denmark, Mr. Pedersen has lived in Japan for more than 20 years. After graduating from university, he was a consultant for small and medium-size companies, planned and managed international symposiums, and worked as a magazine editor. He has staged events for well-known businessmen and politicians coming to Japan from overseas. In 2000, he established E-Square Inc., an environmental and CSR consulting company. He currently gives talks about the co-creation of companies and society and the design of future society in Japan, while also offering training courses and writing for publications.



**Ryuichi Aono**  
Planning & Coordination Office  
Petrochemicals & Plastics Sector  
Sumitomo Chemical



**Ionut Carstea**  
Planning & Coordination Office  
Energy & Functional Materials Sector  
Sumitomo Chemical



**Youngsub Son**  
Business Development Team  
Corporate Planning & Coordination Office  
Dongwoo Fine-Chem Co., Ltd.



**Jean Denis Nkongolo Elumba**  
Environmental Health Division  
Sumitomo Chemical



**Makiko Mukumoto**  
Environmental Health Science Laboratory  
Sumitomo Chemical



**Kohzoh Miyazaki**  
President  
Sumika Styron Polycarbonate Limited



Yew, who was an exemplary leader and visionary. The Company foresaw growth in the Singapore petrochemical industry due also to the country's proximity to brisk Southeast Asian markets. I believe this is one representative case where Sumitomo Chemical anticipated changes in global economic trends ahead of time. With Corporate Philosophy and CSR as a foundation, it shows how extremely important it is to create new value while addressing the needs of society. What do you think are the strengths of the Sumitomo Chemical Group, what issues remain, and how should these strengths be leveraged going forward?



**Elumba** ● I think that Sumitomo Chemical's main strength lies in its technologies. I am always amazed by the level of expertise and technologies at our research laboratories. With so many employees full of creative ideas and passion, I am convinced this company can continue to draw on the passion and ideas of its employees without becoming closed off to new ideas.

**Mukumoto** ● I think that Sumitomo Chemical's value comes from the diversity of its business fields. For example, one laboratory is not in charge of all facets of a single analytical research project. When stuck on something, a different laboratory may provide a technology you do not have or offer alternative ideas, leading to the discovery of the key to solving the problem in an unexpected way. I believe this collaborative environment is a strength of Sumitomo Chemical as a diversified chemical company. However, I think there is room for improvement for individual employees who do not make full use of the company's resources.



**Miyazaki** ● I think that a strength of the Sumitomo Chemical Group is its ability to minimize hazards to people and the environment during the product development process. On another note, at the Group presidents meeting held the other day, one of the topics discussed was the need for deeper debate on how to sustainably translate the Group's inventions and technologies into proprietary businesses.



**Son** ● Speed is of the essence in the IT business. I believe further growth is possible by pairing the speed and agility footing of Korean companies with the stability and reliability of Sumitomo Chemical. Here, it is key that we increase speed without losing stability or reliability.

**Aono** ● I think that people and the connections formed among them are the greatest asset of Sumitomo Chemical. As shown by the employees assembled here today, there are a lot of different people working in the Sumitomo Chemical Group. With more opportunities to interact with people across the Group, I am able to hear opinions from people of various backgrounds as well as ideas that differ from my own.



**Carstea** ● I also think that diversity in human resources is strength of Sumitomo Chemical. At the Tokyo Head Office, I have never been told that I cannot do a certain task because I am a foreigner. On the contrary, I have been given opportunities to engage in challenging work together with my Japanese and foreign colleagues, without any nationality-based restrictions. It is my strong belief that each and every employee who has surmounted barriers such as multi-lingual communications and different ways of thinking strongly supports the future of the Sumitomo Chemical Group.

**Son** ● From the standpoint of diversity, the business locations of the Sumitomo Chemical Group are based in many countries in different stages of growth and with separate fields of expertise. Instead of thinking within the context of one's own country, being able to leverage our mutual experience and knowledge has enabled the Sumitomo Chemical Group to grow and generate profits, in my opinion.

**Aono** ● For the Group to grow, I feel that it is necessary to create and share systems based on common standards. For example, we should have identical systems for safety and quality assurance. To operate plants around the world by local employees, we should have systems that work based on common standards, instead of giving ambiguous directions that are only understood by Japanese employees who share similar values.

### CSR that Leads to Innovation



**Pedersen** ● I think that matters such as Corporate Philosophy and CSR have come into greater focus because of the changing era we live in and the new demands being placed on companies by society. In the past, companies were mainly assessed by the scale of their sales and growth potential, but nowadays they are also being persistently asked

how their businesses meet the needs of society. CSR that leads to such innovations as Olyset™ Net and DPFs is a very important factor in the assessment of the Sumitomo Chemical Group. I believe it is also a factor that draws talented people to the Company from around the world.

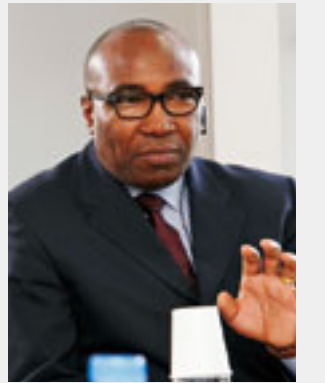
**Carstea** ● I think that the idea of contributing to society through business activities is a part of our DNA. Even if CSR is not at the forefront of our thoughts, I feel that the idea of taking a balanced approach to maximizing profits for the Company and benefits for society is deeply rooted in employees. One of the missions of the Sumitomo Chemical Group is to anticipate the needs of society, in addition to satisfying society's immediate needs. To this end, I firmly believe that we support a sustainable society by continuously developing and marketing innovative products.

**Son** ● Since a large amount of water is used in the cleansing process at plants operated by Dongwoo Fine-Chem, we installed water recycling



systems that cut the amount of water used in manufacturing to one-fourth, realizing at the same time a reduction of 13,000 tons in CO2 emissions. The cost of this investment was recovered in about two years through reductions in industrial water and fuel costs. I think that the balanced approach of this initiative to protecting the environment and securing profits is emblematic of the CSR approach by the Sumitomo Chemical Group.

**Elumba** ● Through my involvement in the Olyset™ Net business, I am aware of the deep respect that Sumitomo Chemical has won from such external stakeholders as the World Health Organization (WHO) and NGOs for its strong commitment to preventing and reducing malaria. To make this business a meaningful one, Sumitomo Chemical believed Olyset™ Net needed to be produced and distributed in Africa, where this product is truly needed. Instead of a Japanese company investing in Africa by establishing a joint venture with a local partner, Sumitomo Chemical created local jobs by building a factory from scratch, transferred production technologies, and trained local people to work at the factory. It is deeply rewarding to produce a product that actually saves lives in Africa, even though this endeavor has not been an easy one.



**Miyazaki** ● Through my experience in the Rabigh project in Saudi Arabia, I realized that we tried to accomplish our task, no matter how hard, with a responsible attitude. Once we decided to do the project, we wanted to do it in a way that also satisfied our partners. This persistent stance is also valued by people outside the Company, and I believe it is a strength of the Sumitomo Chemical Group.

**Pedersen** ● Amid changes in the business environment, the Sumitomo Chemical Group needs to have a deeper debate across the entire Group about what it needs to do in order to leverage its strengths and remain a company needed by society for the next 100 years without losing its distinctive character. In order to create a sustainable society, we expect the Sumitomo Chemical Group to continue to boldly take on new challenges for solving issues on a global scale, including environmental problems, natural resource and energy problems, and infectious diseases.



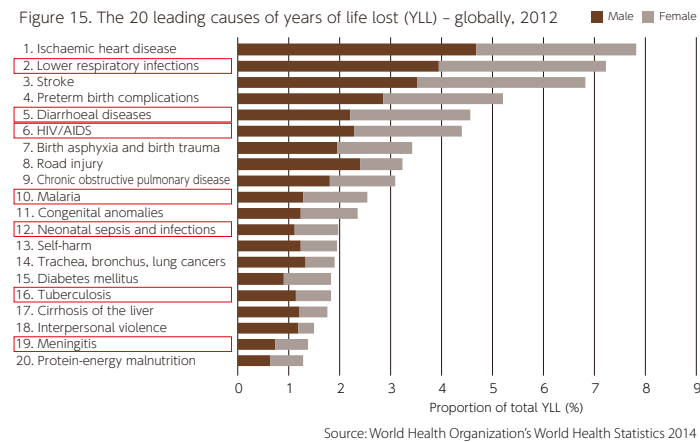
Photograph © M.Halahan / Sumitomo Chemical

Special Feature 1

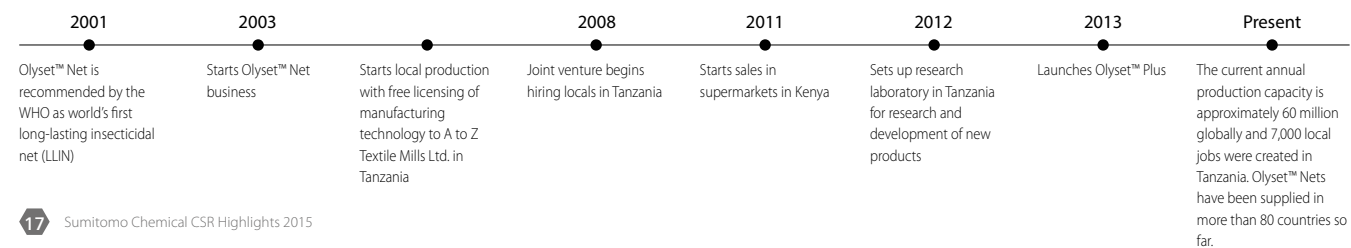
# Preventing Infectious Diseases

Around the world, mortality rates from the three major infectious diseases of malaria, tuberculosis and HIV have been on the decline thanks to the concerted efforts of various institutions. However, the major causes of death for people around the world have not changed. Of the 20 leading causes of death with the greatest loss of life in years, infectious diseases account for seven of these causes. In low-income regions in particular, one third of all causes of death are related to infectious diseases.

With contributing to the sustainable development of society through business activities at the heart of its CSR, Sumitomo Chemical leveraged its strengths as a diversified chemicals manufacturer to develop and produce Olyset™ Net, an anti-malaria insecticidal mosquito net, and sells it around the world. Sumitomo Chemical is continuing research in the prevention of infectious diseases to protect the lives and health of people around the world.



## Sumitomo Chemical's Initiatives



## Using the Power of Chemistry to Create a World without Malaria

Every year approximately 200 million people worldwide are infected with malaria and more than half a million people die annually from the disease. Malaria is an infectious disease transmitted by mosquitoes carrying the malaria parasite. Sumitomo Chemical developed Olyset™ Net, a long-lasting insecticidal mosquito net made of polyethylene resin-based fibers containing insecticide. This insecticide is gradually released onto the surface of fibers and the net retains its insecticidal efficacy even after repeated washing. Olyset™ Net was recognized and recommended for use as the world's first Long-Lasting Insecticidal Net (LLIN) by the World Health Organization (WHO). The rate of malaria infections has fallen dramatically in regions that use Olyset™ Net, proving its effectiveness.

In some regions, however, it has been confirmed that some mosquitoes are becoming resistant to existing insecticides. Advancing the technologies in Olyset™ Net, Sumitomo Chemical developed Olyset™ Plus, which also shows efficacy against malaria-carrying mosquitoes resistant to existing insecticides. We have also developed a new insecticide spray for WHO recommendation as an indoor residual spray (IRS). This product has also shown the efficacy to insecticide resistance mosquitoes as well as Olyset™ Plus.



Olyset™ Net

## Worldwide Prevention of Infectious Diseases

Sumitomo Chemical has also been working on ways to combat dengue fever, which is said to afflict around 100 million people a year, of which about 20,000 people die from the disease. The WHO recommends using chemicals

to treat water storage tanks where mosquitoes breed as an effective means of preventing and exterminating mosquitoes in regions where dengue fever and other infectious diseases are widespread. Using SumiLarv® 2MR developed by Sumitomo Chemical, water tanks can be treated to exterminate mosquitoes for at least six months. It is expected to play a major role in eradicating mosquitoes that carry infectious diseases.

Sumitomo Chemical also developed SumiPro™, an insecticidal space spray for commercial use that is highly effective at killing mosquitoes even in hot and dry climates. We have already started selling SumiPro™ in Singapore with plans to develop the business mainly in Southeast Asia for public health applications, such as the eradication of dengue fever.

## Development of Diverse Sales Channels

To date, Sumitomo Chemical has hastened the spread of these products mainly through public institutions such as the WHO. With the aim of sustaining operations, we began selling Olyset™ Net to general consumers starting in Kenya in 2011. In addition to selling it through major distributors in Vietnam and Cambodia, Sumitomo Chemical has been developing other sales channels in the private sector, such as for selling products custom made by local residents (micro-financing projects) in a bid to help eliminate poverty, which has a strong correlation to malaria. Sumitomo Chemical is sparing no effort to expand the use of existing products while developing new technologies to prevent the spread of infectious diseases around the world.



TopValu Olyset™ Net sold at AEON stores in Cambodia



Woman selling Olyset™ Net

## VOICE



### Expecting Olyset™ Plus to Help in Development of Bangladesh

**Mr. Sarwar Mohammed (left)**  
TMSD Director (Program-3)

One of the biggest events in the history of TMSD<sup>\*1</sup> was forming a partnership with Sumitomo Chemical. We sell Olyset™ Plus through hospitals and village health advisors. Our business also entails nurturing entrepreneurs to process and sell Olyset™ Plus. I believe these initiatives have consistently contributed to the improvement of public health and the prevention and elimination of malaria, a major obstacle to the development of Bangladesh.

I expect this cooperative Olyset™ Plus business with Sumitomo Chemical to be an important step in public health led development in Bangladesh, and bring smiles to the faces of the people living here, through our extensive experience and sales networks spread around the country.

<sup>\*1</sup> TMSD is one of the largest NGOs in Bangladesh. It aims to improve the livelihoods of families through support for women, and eliminate poverty throughout society. Since its founding in 1980, TMSD has engaged in a variety of projects to spur the development of society and the economy, such as micro-financing projects, fighting for women's rights, and training skilled workers.

## TOPIC

### Working Together to Prevent Infectious Diseases

Coral Bay Nickel Co., Ltd (CBNC), a subsidiary of Sumitomo Metal Mining Co., periodically distributes Olyset™ Net to local residents that live near its plants in the Philippines, as well as to public facilities including hospitals, schools, and gathering places. CBNC buys Olyset™ Net from Sumitomo Chemical and fabricates<sup>\*2</sup> mosquito nets and curtains. Then it distributes and installs them for free around the region as a measure to combat infectious diseases carried by mosquitoes, such as dengue fever and malaria. Sumitomo Chemical aims to help prevent infectious diseases more effectively by working with local companies and NGOs.



Olyset™ Net being used locally in netting and curtains

<sup>\*2</sup> Mosquitoes carrying dengue fever are mostly active during the daytime. In addition to mosquito netting, the WHO recommends using screen doors and curtains other than LLINs to eliminate mosquitoes.

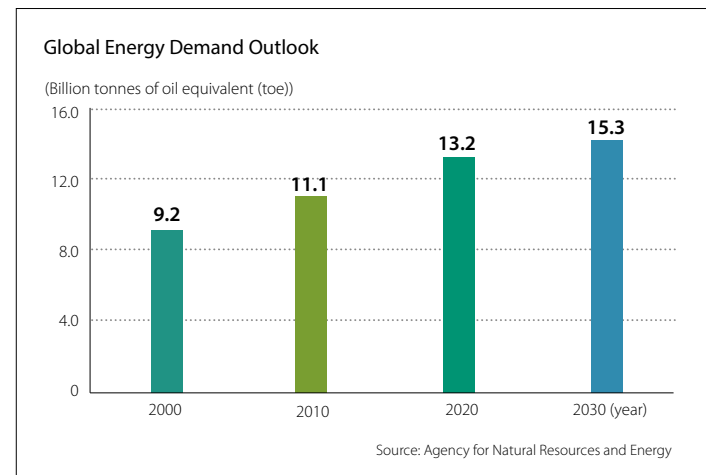


Special Feature 2

# Easing the Environmental Burden

Global energy demand is forecasted to increase even further with expected population growth and improvements in living standards particularly in emerging countries. Accompanying these trends are mounting global environmental issues mainly concerning greenhouse gas emissions, depletion of natural resources, and air and water pollution.

Sumitomo Chemical is working to ease the environmental burden by harnessing the power of chemistry to effectively use limited natural resources to the maximum extent possible. Along with focusing on three areas—energy generation, energy storage, and energy saving—Sumitomo Chemical is developing Green Processes, which are manufacturing processes that limit environmental impact to the maximum extent possible throughout product life cycles, and Clean Products, which are more environmentally friendly.



## Initiatives to Comply with Gas Emission Regulations

Reflecting the heightening awareness of environmental problems, countries throughout the world have tightened regulations on gas emissions in recent years. Against this backdrop, Europe, where fuel-efficient, low-CO<sub>2</sub> emission diesel vehicles are prevalent, has implemented the world's most stringent emission regulations, making diesel particulate filters (DPFs) mandatory as standard equipment in diesel vehicles. These regulations are expected to be applied to additional vehicle models.

Sumitomo Chemical has developed its DPF, SUMIPURE™, using technologies cultivated in the business of inorganic materials, such as alumina products. The DPF features excellent heat resistance and a special structure that continuously captures a high volume of particulate.

Our simplified DPF manufacturing process has contributed to reductions in costs and waste emission volumes. A European automobile manufacturer has decided to use our DPFs and our wholly owned subsidiary Sumika Ceramics Poland Sp. z o.o. will start manufacturing and supplying the DPFs from 2015.



Diesel particulate filters (DPFs)

## Shifting from Metal Components to Super Engineering Plastics

Expectations have been rising in recent years over the use of super engineering plastics as an alternative to metal components in the automotive and various other fields. Sumitomo Chemical's super engineering plastics are lightweight, heat resistant, and highly moldable while maintaining sufficient strength. As a result, our super engineering plastics have a wide range of uses in various everyday items, such as electronic, electric, automotive, and aircraft components.

Among Sumitomo Chemical's super engineering plastics, polyether sulphone (PES), which boasts a long track record, was the first in the world to be authorized for use as aircraft components. Carbon-fiber reinforced plastics, which contain our special epoxy resin mixed with SUMIKAEXCEL PES, display

maximum levels of durability and shock absorption. The carbon-fiber reinforced plastics help to lower aircraft weight and thus improve fuel efficiency, garnering high marks from the aviation industry.



Super engineering plastics

## Supporting the Spread of Environment-Friendly Electric Vehicles

Lithium-ion secondary batteries are used in a wide array of items including electric vehicles and smartphones. With improvements in product performance boosting power consumption, developing lithium-ion secondary batteries with higher capacity while maintaining safety has become a key theme. Sumitomo Chemical's heat-resistant separator for lithium-ion secondary battery PERVIO™ was developed leveraging the Company's proprietary technologies cultivated over many years involving polymerization, inorganic materials, and polymer molding, contributing to improvements in battery safety. PERVIO™ is used in lithium-ion secondary batteries produced by a major domestic manufacturer, which are then installed in luxury electric vehicles in the United States. Amid rising expectations over society's use of clean energy and growing demand for electric vehicles, we have boosted PERVIO™ production capacity by 2.3 times between 2014 and 2015.



PERVIO™



## [Green Processes]

Producing chemical products requires the use of limited natural resources and energy. Sumitomo Chemical is working to ease the environmental burden to the maximum extent possible by developing Green Processes, which are manufacturing processes that curb or effectively use the emission of unwanted substances such as by-products and waste materials during production.

### Hydrochloric Acid Oxidation Process

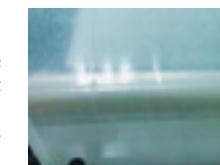
A process called hydrochloric acid oxidation converts by-produced hydrogen chloride into chlorine using catalysts and oxygen. This process achieves an extremely high chlorine conversion rate of 99% using far less electricity. In 2014, this process was newly registered as a method of calculating CO<sub>2</sub> emission reduction under the United Nations Framework Convention on Climate Change.



Hydrochloric acid oxidation process equipment

### CO<sub>2</sub> Separation Membrane

Sumitomo Chemical has developed a process that uses CO<sub>2</sub> separation membranes to extract unneeded CO<sub>2</sub> from target gases in the production of hydrogen and refining of natural gas. It is a simple method of removing CO<sub>2</sub> by letting gas flow through the process, helping reduce energy used in separation and scaling down the size of facilities. Sumitomo Chemical has been accelerating efforts to start full-fledged CO<sub>2</sub> separation business.



CO<sub>2</sub> separation membrane

### Vapor-Phase Caprolactam Process

Sumitomo Chemical produces caprolactam, which is used to make nylon, through its proprietary vapor-phase caprolactam process without generating ammonium sulfate as a by-product. This process reduces the amount of feedstock required in production by 25 to 40% and extends the service life of plants due to the removal of ammonium sulfate.



Vapor-phase caprolactam process equipment

### PO-Only Process

Sumitomo Chemical manufactures propylene oxide (PO), which is used mainly as a raw material for polyurethanes, through its proprietary PO-only process. This process does not generate unneeded by-products owing to the reuse of cumene, a major chemical compound. This process also contributes to the effective use of heat generated in chemical reactions, and the reduction of wastewater emission.



PO-only process equipment



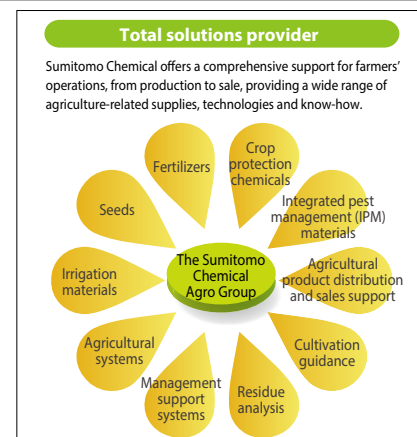
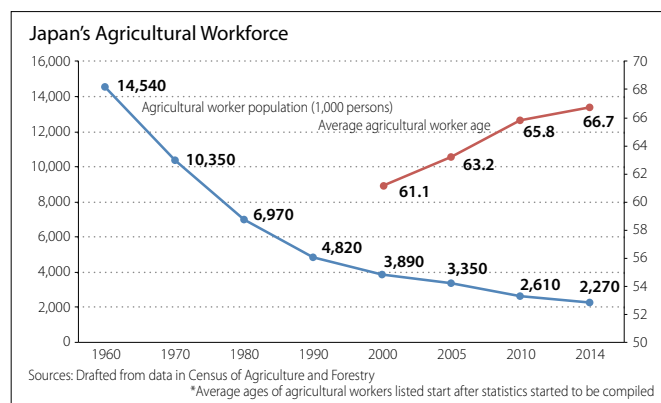
Sunrise Farm Saijo

Special Feature 3

# Invigorating Agriculture

Shrinking annually, Japan's agricultural workforce totaled 2.27 million in 2014, down approximately 30% compared with 2005. In addition, the aging farmer population resulting from a lack of successors is becoming a serious problem. The average age of agricultural workers has risen from 63 in 2005 to 66 in 2014. As a result, the area under cultivation is decreasing while neglected farmland continues to rise. Invigorating Japan's agricultural industry to address these issues directly has become an urgent task.

Sumitomo Chemical got its start producing fertilizers from sulfur dioxide generated in copper smelting. Over the century since then, the Company has been closely involved with Japanese agriculture. The Sumitomo Chemical Agro Group (Sumitomo Chemical and Group companies involved in agricultural businesses) offers a comprehensive support for farmers' operations, from production to sale, providing a wide range of agriculture-related supplies, technologies and know-how.



## Searching for New Regional Agricultural Models

Since 2009, the Sumitomo Chemical Agro Group has established and operated agricultural corporations in regions throughout Japan with the aim of fostering food safety and consumers' confidence in agricultural production that is efficient. We are supporting the agricultural industry to efficiently use abandoned farmland and create employment opportunities in local communities.

In addition, we established and operate Sunrise Farm Saijo and Sunrise Farm Toyota as advanced agriculture models under the Future City Model Projects of Keidanren (Japan Business Federation). In conjunction with other manufacturers and local Japan Agricultural (JA) Cooperatives, the Group is supporting to make agricultural operations in Japan more competitive by testing and implementing next-generation agricultural technologies using ICT tools and other new technologies. Moreover, we established the Sunrise Saijo Processing Center in Saijo City, Ehime Prefecture, in February 2014. The center packages and processes lettuce, onions and other produce in association with regional businesses and local JA branches. We are working to increase the added value of agricultural products, nurture production areas, and "industrialize" Japan's agriculture by expanding the scope of agricultural producers' business to include food processing, marketing, sales and services.

## Aiming for Labor-Efficient Paddy Rice Cultivation

One method for expanding growing areas in recent years is direct seeding culture of paddy rice, which reduces costs and labor.

Sumitomo Chemical, in cooperation with agricultural equipment makers, is contributing to stable cultivation via direct plantation by developing herbicides, insecticides, forefront one-shot basal application fertilizers, and fertilizers mixed with plant growth-regulator that can be spread via machine at the time of sowing. We are pursuing the development of technologies and materials in order to lower costs, improve efficiency, and enlarge the scale of paddy rice cultivation.

## Entering the Rice Business

### Growing Delicious, High-Yield Rice Suitable for Each Region

Sumitomo Chemical began operations in autumn 2014 to support rice farmers in such areas as consistently providing seeds, crop protection products, and fertilizers; assisting in cultivation management; and purchasing and selling rice crops. Going forward, we aim to establish a planting area of 10,000 hectares. Collaborating with farmers and distributors of rice and agricultural materials, we will assist in the development of Japanese agriculture by working to develop new rice cultivation techniques that fully utilize the delicious, high-yield characteristics of various rice varieties.

### VOICE

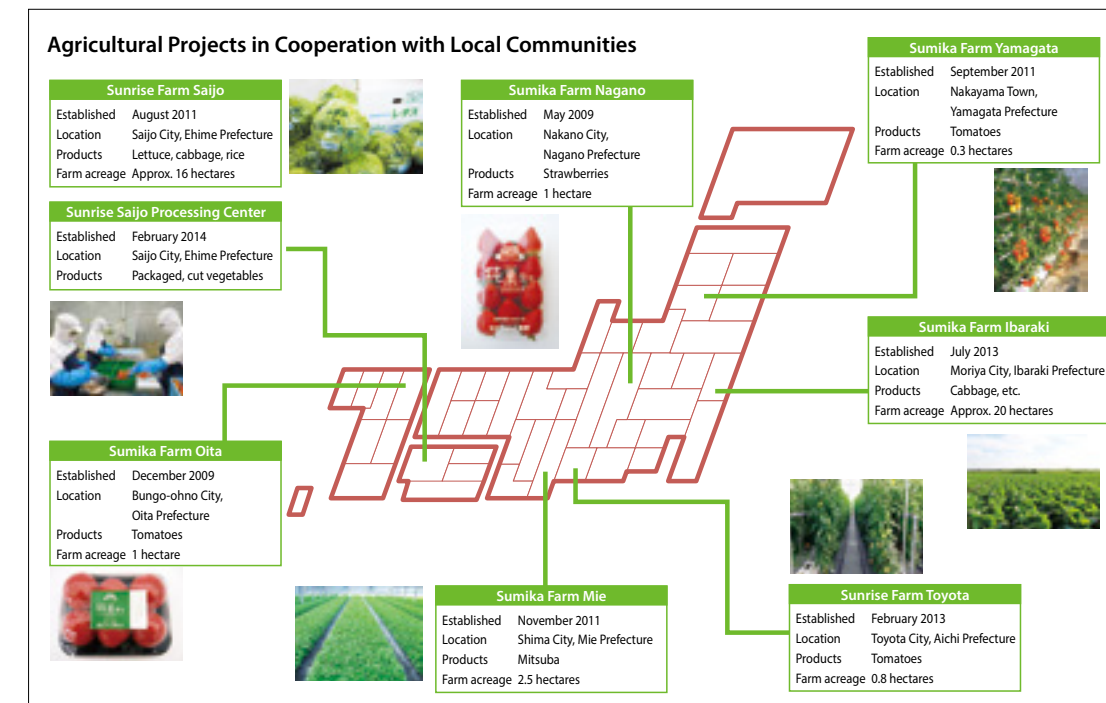


**Voice of a Participating Partner**  
**Working Together**  
**to Revitalize Regional Agriculture**

**Tsuyoshi Ito**  
Deputy General Manager Agricultural Production & Sales Dept. JA Saijo

I was honestly surprised when I heard that Sunrise Farm Saijo would be undertaking advanced agriculture in the Saijo region. We at JA are interested in learning how Sunrise Farm Saijo undertakes community-based agricultural operations, such as facilitating shared prosperity among local farmers and efficient use of farmland, and we want to work together with them to revitalize regional agriculture. The Sunrise Saijo Processing Center attracts wide attention, being seen as a promising way of securing outlets for agricultural products. We are very hopeful that the center's development will secure stable wages for local farmers.

Given the need for a trigger to stimulate the development of regional agriculture, we see the importance of establishing the Sunrise Saijo Processing Center as a means to propose new and innovative models for agricultural management. For JA Saijo, we expect the further development of agriculture and farmland in the Saijo region by turning these proposals into reality.



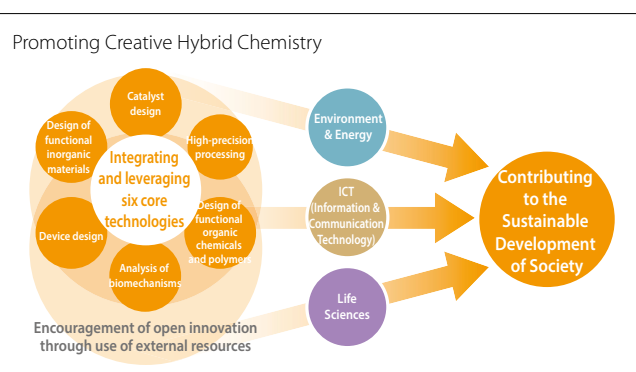
- Propose cultivation technologies and know-how rooted in regional agriculture
- Support cultivation management by utilizing agricultural support systems developed by the Company
- Support the development of attractive farmland by developing product plans and sales networks that include crops grown by surrounding farmers



Special Feature 4

# Developing Next-Generation Businesses

Sumitomo Chemical has developed six core technologies honed in a wide range of fields over many years. We are promoting Creative Hybrid Chemistry to develop innovative products and technologies by combining these six technologies as well as pursuing open innovation that integrates these core technologies with outside expertise. In particular, Sumitomo Chemical aims to contribute to the development of a sustainable society by focusing on the three key areas of the Environment & Energy, Information & Communication Technology (ICT), and Life Sciences.



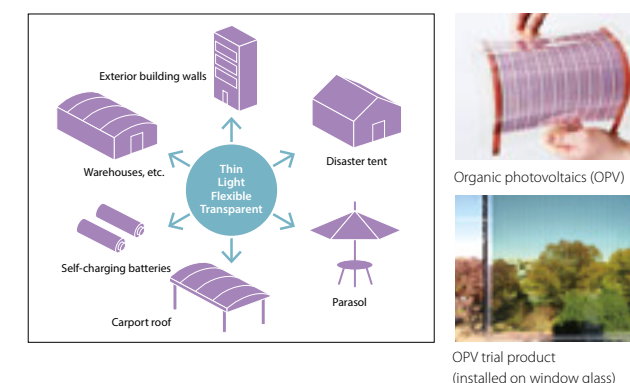
Next-generation business development schedule	Period of full-scale diffusion	2011	2015	2020–
Environment & Energy	<ul style="list-style-type: none"> <li>✓ Silicon solar cells (H-EVA, electrode paste, etc.)</li> <li>✓ Lithium-ion secondary batteries (separators)</li> <li>✓ LED lighting (sapphire substrates, alumina, etc.)</li> </ul>		<ul style="list-style-type: none"> <li>✓ Polymer OLED lighting</li> </ul>	<ul style="list-style-type: none"> <li>Organic photovoltaics (OPV)</li> <li>Next-generation rechargeable batteries</li> </ul>
			<ul style="list-style-type: none"> <li>Power semiconductors (epitaxial wafers)</li> <li>✓ High heat-resistant and high thermal-conductive resin</li> <li>✓ Diesel particulate filters (DPFs), CO<sub>2</sub> separation</li> </ul>	
ICT (Information & Communication Technology)	<ul style="list-style-type: none"> <li>✓ Next-generation polarizing films</li> <li>✓ Encapsulation materials for optical use</li> <li>✓ Flexible display materials and components</li> </ul>		<ul style="list-style-type: none"> <li>PLED (light-emitting materials)</li> </ul>	<ul style="list-style-type: none"> <li>Organic semiconductors</li> </ul>
Life Sciences	<ul style="list-style-type: none"> <li>✓ Drug for schizophrenia (LATUDA<sup>®</sup>)</li> <li>✓ Safety evaluation and drug discovery using ES and iPS cells</li> </ul>			<ul style="list-style-type: none"> <li>Crop stress management</li> <li>Drugs that target cancer stem cells</li> <li>Cellular medicine</li> <li>Regenerative medicine</li> </ul>

✓ Commercialized/ready to be commercialized

## < Environment & Energy >

### Portable Solar Power

In light of the worldwide spread of solar power generation, Sumitomo Chemical continues to develop organic photovoltaics (OPV). Mainstream silicon-based solar cells are heavy, restricting where they can be installed, and require a large amount of energy to manufacture. OPV feature a superior thin, light, flexible and transparent design as well as require minimal energy to manufacture and install. As a result, OPV can be installed in places that would be difficult for conventional solar panels, such as windows, vehicle sunroofs and exterior building walls. OPV are suitable for a wide variety of applications as they can be folded into compact sizes, making them easy to carry and use as power sources in portable devices. Sumitomo Chemical's OPV have achieved world-class energy conversion efficiency.



### Improving Solar Cell Power Generation Efficiency

Power output erosion during long-term use in high-voltage conditions had been a major issue for solar cells. In response, the concentration of vinyl acetate (VA) was lowered within solar cell encapsulant sheets ethylene vinyl acetate (EVA), which protect cell power generation functions. However, this method had drawbacks in terms of lowering sheet transparency, which reduces power generation efficiency. Sumitomo Chemical has developed a new grade of its longstanding product SUMITATE<sup>®</sup> EVA as a novel encapsulant sheet material for solar cells that prevents declines in power output without reducing VA concentration, thus maintaining high transparency. An accelerated Potential Induced Degradation (PID) test conducted by a third-party evaluation organization has found that the rate of decrease in solar cell power output improves significantly from 94% with the Company's current grade of EVA to just 3% with the newly developed EVA compared with existing products.

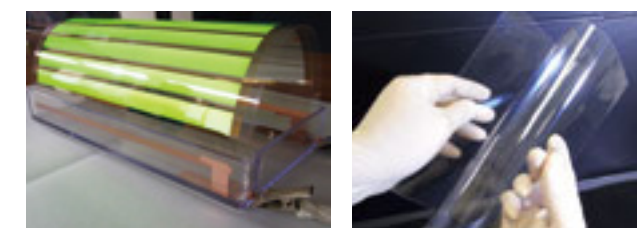
## < ICT >

### Contributing to Display Versatility

Displays are widely used in mobile and other devices. While most displays use glass components, Sumitomo Chemical has been engaging in R&D to replace glass with plastic components by leveraging its materials development capabilities and optical product design technologies cultivated to date. Barrier films currently being developed are able to protect organic

light-emitting diode displays and OPV from moisture, which deteriorates them on contact, in order to enable the use of plastic components with high gas barrier properties. In addition, use of plastic components reduces weight, increases flexibility, and broadens design properties, making it possible to expand their use in various fields.

Moreover, Sumitomo Chemical is focusing its efforts on developing technologies known as printed electronics, which do not require vacuum or high temperature processes to form electronic circuitry and devices on plastic substrates using printing technologies. Products developed based on printed electronics feature thin, light, flexible and bendable (yet difficult to break) characteristics, which is anticipated to significantly lower costs. This technology is expected to be used in a wide array of products, including organic light-emitting diode displays and OPV.



Polymer OLED lighting with light-emitting materials printed on film surfaces

Barrier film

## < Life Sciences >

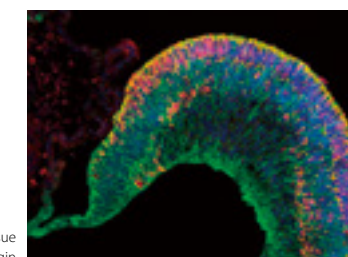
### Developing the Potential of Regenerative Medicine

Throughout the world, pluripotent stem cells such as ES and iPS cells show promise in such areas as regenerative medicine, pharmaceutical development, and chemical safety assessments owing to their ability to differentiate into various types of cells within the human body. Sumitomo Chemical has been conducting research for many years using ES and iPS cells as toxicological safety assessments for chemicals, developing differentiation-inducing technologies to transform human ES cells into heart, liver, and nerve cells. Through joint research with the Riken research institute, Sumitomo Chemical has created the world's first technologies to stably produce retinal tissue from human ES cells.

Currently, Sumitomo Dainippon Pharma Co., Ltd., a group company of Sumitomo Chemical, is conducting joint R&D with Riken to develop regenerative medicine for treating age-related macular degeneration and retinitis pigmentosa by applying these technologies from iPS cells. Taking the first step towards central nervous system-related regenerative medicine, Sumitomo Dainippon Pharma became the first company in the world to commence businesses focusing on regenerative medicine research in the ophthalmology field which has advantages in clinical applications and safety.

The Sumitomo Chemical Group aims to generate new innovations in regenerative and cellular medicine based on research results accumulated to date and by promoting open innovation.

Retinal tissue including ciliary margin





Message from the CSR Officer

**Yoshiyuki Shimizu**  
Managing Executive Officer

The year 2015 marks the 100th anniversary of the commencement of the Sumitomo Chemical Group's operations. We believe that reflecting on the Company's founding philosophy at the start of the business that faithfully practiced the Sumitomo Spirit of "Our business must benefit society, not just our interests," having each and every employee put this philosophy into practice is considered the foundation of its CSR.

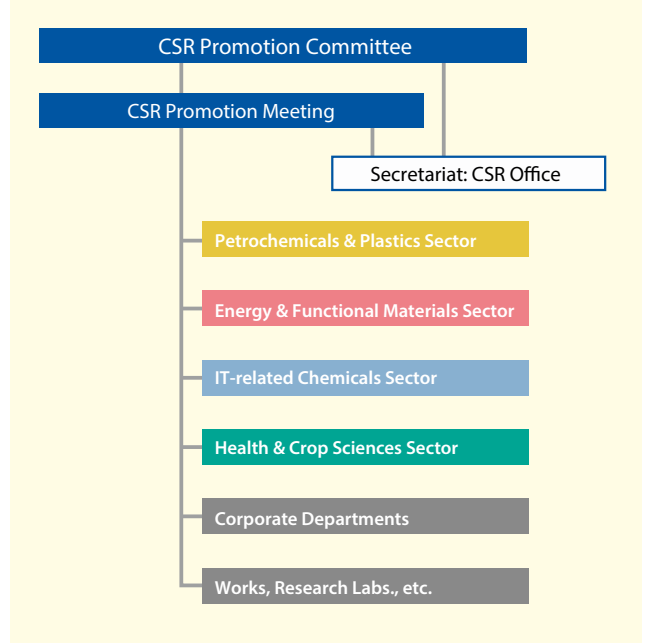
Even as society's needs grow increasingly complex, no matter how significant the changes, a commitment to benefiting society should provide the power to overcome any difficulty. CSR is not a cost that must be borne; rather it contributes to the sustainable development of society and is the source of corporate competitiveness for maintaining one's growth.

We, at the Sumitomo Chemical Group, will continue to contribute to both the solution of problems facing our environment and society and the enrichment of people's lives by continuously creating and providing new value through our business activities.

shared at the Global CSR Meeting held for CSR managers from the regional headquarters established in each of the world's four regions and the Regional CSR Meetings in each region.

At the CSR Promotion Committee meeting held in March 2015, Sumitomo Chemical recognized that CSR activities are a source of competitive advantage. With this in mind, we put in place the Fiscal 2015 Policies for CSR Activities in an effort to maximize our corporate value and to fulfill our corporate social responsibility as a global enterprise. In addition, steps were taken to deliberate on the need to ensure a greater understanding of the significance of CSR by each and every employee. At the same time, energies were directed toward sharing the importance of carrying out operations and activities while remaining conscious of the effect on society, and the imperative nature of repeatedly conveying this importance to the Group as a whole and providing opportunities and forums through which to think about CSR.

CSR Promotion System

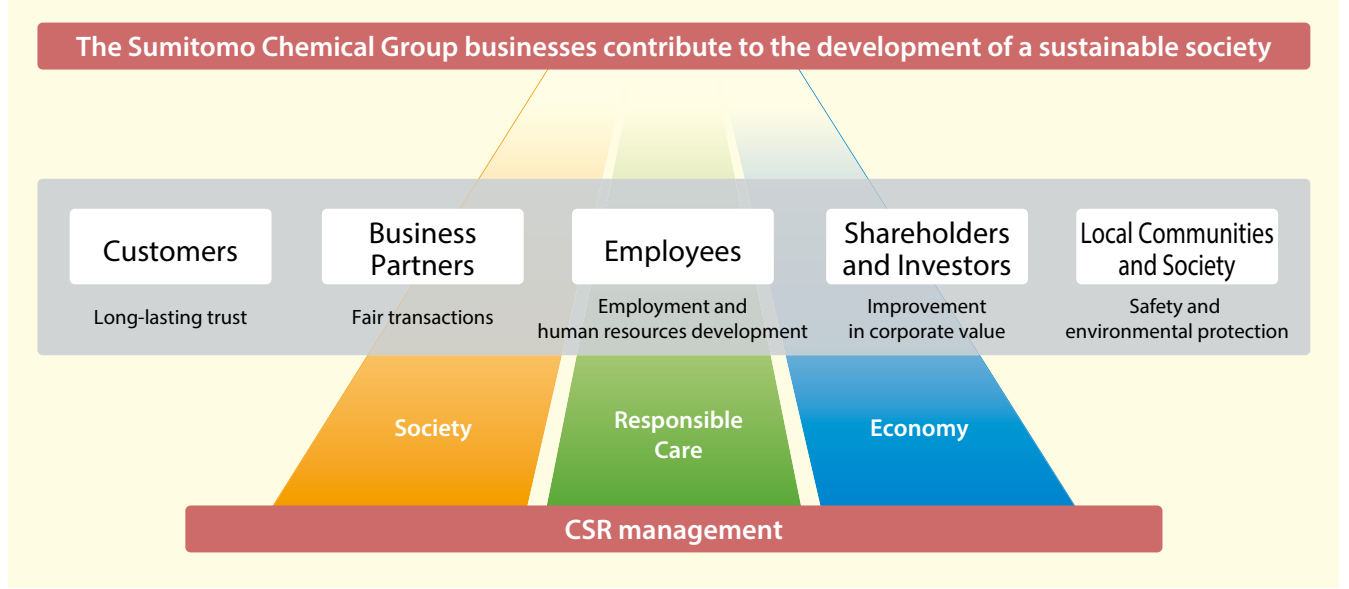


The Global CSR Meeting (July 2014)

Relations with Stakeholders

Under its Basic CSR Policy, the Sumitomo Chemical Group pursues and promotes CSR activities taking into consideration the interests of all stakeholders. In addition to fulfilling its responsibilities toward all stakeholders, the Company is committed to the advancement of its CSR activities while fostering communication at every opportunity, including through its business activities, social contributions, and dialogue with communities.

Relations with Stakeholders



Links with the International Community

Sumitomo Chemical believes it is crucial to not only comply with international norms, but also to cooperate with international organizations, NGOs, and other companies in meeting the myriad of challenges faced by humankind and society, such as poverty, climate change, education disparity, and gender inequality.

UN Global Compact Activities

Sumitomo Chemical became the first Japanese chemical company to become a member of the UN Global Compact<sup>\*1</sup> (GC) in January 2005 and has been a member of the UN GC LEAD<sup>\*2</sup> since its launch in November 2011. In compliance with the Global Compact's Ten Principles, we are further ramping up activities by networking with the UN and other organizations.

In the UN Global Compact, Sumitomo Chemical is participating in the GC Working Group on the 10th Principle (Anti-Corruption). In 2014, Sumitomo Chemical participated as a signatory company in activities by companies that are requesting government efforts to fight corruption. Moreover, every year the Company has participated in the GC Leaders Summit.

We actively share information with participating companies and exchange views through our participation in the Japan-China-South Korea Roundtable, the Subcommittee to Study Internal Dissemination, and the Environmental

Management Subcommittee in the Global Compact Japan Network.

Sumitomo Chemical reports on the progress of measures to comply with the Global Compact principles in this report as its COP (Communication on Progress). Moreover, the Company is working to ensure highly transparent information disclosure that meets the Global Compact Advanced Level reporting criteria.

\*1 Launched in 2000, the UN Global Compact is a United Nations initiative in which businesses demonstrate responsible and creative leadership and voluntarily participate in efforts to establish a worldwide framework that enables them to achieve sustainable growth.  
\*2 A framework to bring the vision espoused under the UN GC to fruition. Launched with the participation of 54 companies (including three Japanese companies) that have made great contributions to the GC.

The Global Compact's Ten Principles

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

**Ensured Compliance Upholds Time-Honored History of Sumitomo Chemical Group**

Sumitomo Chemical places "compliance" at the bedrock of corporate management. In every country throughout the world where we do business, we are devoting earnest efforts to the activities of ensuring full and strict compliance with not only laws and regulations, but also business ethics.

The spirit and letter of ensuring compliance in business has constantly been followed at Sumitomo Chemical from generation to generation over the past 100 years since its founding. This consistent attitude towards compliance is embodied in the "Sumitomo Chemical Charter for Business Conduct" as the guideline of conduct for every employee to abide by, and it is also regarded as the backbone of our compliance-oriented activities every day. As our business continues to globalize, ensuring compliance grows further in importance. Looking to the next 100 years, all companies of Sumitomo Chemical Group will work together to enhance activities towards full and strict compliance.

**Sumitomo Chemical Charter for Business Conduct**

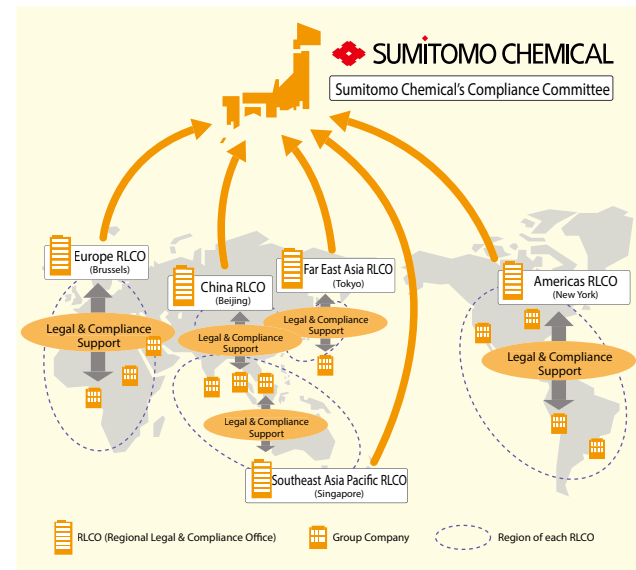
1. We will respect Sumitomo's business philosophy and act as highly esteemed good citizens.
2. We will observe laws and regulations, both at home and abroad, and will carry out activities in accordance with our corporate rules.
3. We will develop and supply useful and safe products and technologies that will contribute significantly to the progress of society.
4. We will engage in voluntary and active initiatives to achieve zero-accident and zero-injury operations and preserve the global environment.
5. We will conduct business transactions based on fair and free competition.
6. We will endeavor to make our workplaces sound and energetic.
7. Every one of us will strive to become a professional and achieve advanced skills and expertise in our field of responsibility.
8. We will actively communicate with our various stakeholders, including shareholders, customers, and local communities.
9. As a corporate member of an international society, we will respect the culture and customs of every region of the world and contribute to the development of those regions.
10. We will strive for the continued development of our Company through business activities conducted in accordance with the guiding principles described herein.

**Compliance system fine-tuned to individual Group companies**

Sumitomo Chemical's Compliance Committee is the linchpin of activities to ensure compliance throughout Sumitomo Chemical Group. The Compliance Committee establishes overarching principles of compliance from a global perspective, under which it not only supervises compliance activities of Sumitomo Chemical itself, but also works with each and every Group company in Japan and abroad in building and operating their compliance systems. As our business globalization advances, it becomes growingly vital that each company's compliance system be operated in a manner fine-tuned to a specific situation of the company as well as legal or other requirements of a country where it operates. For this reason, we have established a regional unit,

called Regional Legal & Compliance Office ("RLCO"), in each of our major business Regions around the world. Under the guiding principle of "Think globally, Manage regionally, Act locally", the RLCOs are actively working with respective Group companies by supporting in the promotion of their compliance activities.

**Compliance System**



Success in ensuring compliance hinges crucially on each employee expending unwavering and determined efforts towards compliance, i.e. efforts of taking the initiative at their own workplace in realizing strict compliance. A beacon to guide such efforts is the "Sumitomo Chemical Charter for Business Conduct" and a "Code of Ethics" or its equivalent.

To ensure compliance in day-to-day business, each employee has to make an independent effort of gaining a correct and thorough understanding of such basic code of conduct. In addition, it is essential that the company provide education, such as trainings, to its employees to help them facilitate such understanding. This is true of all companies in the Group, and each company is, in fact, conducting repeated sessions of trainings or other educational initiatives on compliance for their employees.

Also important for ensured compliance is to prevent misconduct or detect any sign of possible misconduct in its early stage, and take appropriate measures against it. This consideration has led us to adopt a dual-channel Speak-Up System equipped with an internal Speak-Up hotline and an external Speak-Up hotline, both at Sumitomo Chemical and Group companies alike as far as relevant laws permit it. Under the System, an employee can report any violation or suspected violation of compliance to the company's compliance committee or other organization of the same nature via either its internal hotline or an external hotline which is usually an outside lawyer designated by the company. The Compliance Committee of Sumitomo Chemical and equivalent organizations of Group companies receive approximately 40 cases of speak-up reporting every year.

**RLCOs working closely with Group companies via hands-on support**

For ensured compliance at each Group company, compliance initiatives have to be fine-tuned to the indigenous situation or requirements of the company or a country in which it conducts business. The RLCOs, being located within respective Regions, are capable of participating in such initiatives on-site, which makes their supportive activities more effective and meaningful for relevant Group companies in furthering their compliance initiatives.

On a day-to-day basis, each RLCO works closely with Group companies through close and direct dialogue, grasping their needs, exploring tasks yet to be handled, and supporting in planning and implementing concrete measures in general. When a Group company has newly been established, a relevant RLCO holds discussions with the company to help them build a compliance system, including preparing and introducing a Code of Ethics, or setting up and operating a Speak-up System. The RLCOs thus have substantive involvement in the compliance initiatives of various Group companies, so that their versatile expertise gained through such activities can best be utilized when working with another Group company in such areas as providing compliance trainings tailored to a particular situation of each company, whether it be face-to-face sessions or E-learning.

Our recent efforts focus on strengthening activities for bribery prevention. The RLCOs involve themselves actively in not only building a concrete system for bribery prevention, but also operating the adopted system without fail to forestall any corrupt practices.

The RLCOs will play an even greater role in the future as Sumitomo Chemical Group enhances compliance activities further worldwide. They will work even more closely with Group companies, making their support more of something "tangible, practical and visible."

**Topic2: An employees' compliance awareness survey focused on workplace atmosphere**

Sumitomo Chemical and several Group companies conducted another survey on employees' awareness of compliance for fiscal 2014. In the belief that a key to ensured compliance could be found in employees' day-to-day attitude towards compliance at workplace, this year's survey contained more questions than before geared to such points of view. Sumitomo Chemical will carefully look into the outcome of the survey and single out issues to be particularly addressed, both for Sumitomo Chemical and the surveyed Group companies. We will make the best use of our findings to improve our compliance trainings or other activities for employees to ensure compliance.

**Topic 1: A first Global Legal & Compliance Conference**

On February 10 and 11, 2015, a first Global Legal & Compliance Conference was held at Sumitomo Chemical's Tokyo head office. It was attended by representatives of each RLCO (from People's Republic of China, Southeast Asia, Far East Asia, Europe and the Americas), along with legal and compliance staff members from some of the Group companies. During the two-day Conference, the participants shared overall plans for Group-wide compliance activities in the years ahead, followed by discussions on the latest activities of each RLCO and actions plans for the immediate future in respective Regions. Among the issues on our common agenda were specific initiatives to deal with priority risks, such as complying with competition laws, preventing bribery and protecting trade secrets. In this connection, each RLCO reported its activities and identified tasks to be pursued further. Going forward, we intend to hold global gatherings, such as this Conference, on a regular basis to discuss compliance and legal matters.



Global Legal & Compliance Conference

**Looking forward**

Companies of Sumitomo Chemical Group will continue to expand and strengthen their business operations in respective Regions of the world. Critical for such business development to be successful is ensuring compliance, not just for selected companies, but throughout the Group. The Compliance Committee of Sumitomo Chemical, the RLCOs and all Group companies will work together so as to fulfil our corporate citizenship as a globally operating responsible enterprise.



**Responsible Care Activities**

## Responsible Care Management

Promoting responsible care activities as the basis for addressing issues facing individuals, society, and the Earth



### A Message from the Executive Officer in Charge of Responsible Care

**Kazushi Tan**  
Managing Executive Officer

Sumitomo Chemical recognizes that by engaging in responsible care (RC) activities, it is better placed to preserve the environment, safety, health, and product quality in all phases of the product life cycle. At the same time, the Company is conscious of the need to earn the trust of society through dialogue. Taking each of the aforementioned into consideration, we have positioned RC as one of our most important management pillars and in putting in place a management structure that includes all Works and Research Laboratories in Japan as well as domestic and overseas Group companies, we have worked diligently to actively engage in RC activities over a period of two decades. In addition, Sumitomo Chemical is fulfilling its corporate responsibility of actively disclosing details of its RC activities to a wide variety of stakeholders in an effort to deepen the relationship of trust it has with them.

#### Maintaining Safe and Stable Operations

As identified as one of five priority management issues in our Corporate Business Plan, we have placed the utmost importance on maintaining safe and stable operations as part of our RC activities. Specifically, we are working to enhance a culture of safety and to strengthen our safety assurance capabilities. Moreover, we maintain safe and stable operations by taking innovative measures to reconfirm safety in keeping with the special characteristics and current circumstances of each plant.

#### Enhancing RC Activities and Strengthening Risk Management

By undertaking specific measures to expand activities in the focus areas of industrial safety and disaster prevention, occupational safety and health, environmental protection, chemical safety, and product responsibility, we are working to definitively raise the level of Responsible Care management across the Group as a whole. We will identify major latent risks according to their degree of importance across each RC activity area and continue to strengthen our risk management capabilities in such areas as chemical safety and earthquake countermeasures.

#### Sumitomo Chemical's Environmental Management

In light of efforts to prevent global warming and preserve biodiversity, Sumitomo Chemical is accelerating RC activities to help create a recycling-based society and address such issues as energy and resource conservation.

In particular, Sumitomo Chemical is actively developing products that help build a low-carbon society by reducing greenhouse gases. To this end, we are continuing to thoroughly manage and reduce CO<sub>2</sub> emissions in our production activities, visualize CO<sub>2</sub> (Scope 3) emissions from non-production related corporate activities, and evaluate the amount of CO<sub>2</sub> emissions we have reduced.

#### Contributing to a sustainable society

As a globally-operating diversified chemical company, Sumitomo Chemical will help to realize a sustainable society by continuing to aggressively promote and improve RC activities across the entire Group.

### Corporate Policy on Safety, the Environment and Product Quality

In conformity with the Sumitomo Spirit, our Company fulfills its responsibility to develop, manufacture and supply a variety of products that satisfy the fundamental necessities of human life and contribute to the growth of society. Under the concept of making safety the first priority, which is fundamental to all the Company's operations, Sumitomo Chemical has based management of its activities on the principles of (i) maintaining zero-accident and zero-injury operations, (ii) ensuring customer satisfaction, and (iii) promoting mutual prosperity with society.

Paying due respect to these principles, our Company is determined to conduct all activities, including production, R&D, marketing & sales and logistics, in accordance with the following policy related to safety, the environment and product quality.

1. Maintain zero-accident and zero-injury operations and the safety of neighboring communities and our employees.
2. Ascertain the safety of raw materials, intermediates and products, and prevent our employees, distributors, customers and consumers from being exposed to any possible hazard.
3. Supply high-quality products and services that satisfy customers' needs and ensure safety in their use.
4. Assess and reduce our environmental impact at all operational stages, from product development to disposal, and undertake all practical environmental protection measures.

All sections and employees of our Company shall be made fully aware of the significance of this policy, and shall constantly strive to improve operational performance, while at the same time abiding by all relevant laws, regulations and standards.

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

### Strengthening the Global Management System

Sumitomo Chemical is vigorously promoting RC activities across the entire Group and is taking a variety of steps to support the RC activities of Group companies in Japan and overseas. Sumitomo Chemical is also strengthening the Responsible Care Global Management System. To this end, information via RC newsletters is disseminated by the Responsible Care Office's Global Management Team, which has been established as a point of contact that assists Group companies. In addition, we convene Group company information exchange meetings in Japan as well as global meetings and have also recently established the Responsible Care Award.



RC Global Meeting

### Progress in Fulfilling Eco-First Commitments

Sumitomo Chemical has participated in the Eco-First Program of Japan's Ministry of the Environment since November 2008. As a leading company in the chemical industry, Sumitomo Chemical is committed to fulfilling its Eco-First commitments to the Japanese Minister of the Environment while ensuring legal compliance and enhancing RC activities.



**Results** ● Very favorable / ○ Generally favorable

#### Management of Chemical Substances and the Promotion of Risk Communication

##### Reviewing safety information on chemicals and conducting risk assessments

- Proceeding favorably as planned
- Approximately 60% of hazard assessment completed and risk assessments performed for about 252 products

##### Voluntary initiative on the safety of HPV<sup>1</sup> chemicals and conducting LRI<sup>2</sup> activities

- Voluntary initiative on the safety of HPV chemicals: Conducted in cooperation with the world chemical industry; for hexane, continued measures as cosponsor in the consortium activity; submitted a report at CoCAM-5<sup>3</sup> held in October 2013 (this initiative now complete)
- LRI: Participated in the LRI program implemented by the Japan Chemical Industry Association as a member of the steering committee, planning and management task force, and research promotion panel<sup>4</sup>

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

- Ensured thoroughgoing risk management; systematically reduced the amount released
- Secured an 84.7% reduction in fiscal 2014 from the fiscal 2008 level compared with the reduction target of 60% from the fiscal 2008 level by fiscal 2015

##### Enhancing information disclosure and risk communication

- Published the Sumitomo Chemical CSR Report, the Report on the Environment, Environment and Safety (at all plants), local PR newsletters, etc., made school visits, accepted student interns, and engaged in dialogues with local residents

#### Preventing Global Warming

##### Continuously improving unit energy consumption and CO<sub>2</sub> emission intensity at all manufacturing sites

- Secured improvements in unit energy consumption of 8.0% and captive consumption CO<sub>2</sub> emission intensity of 14.2% in fiscal 2014 from the fiscal 2005 level compared with the improvement target of 10% and 8%, respectively, from the fiscal 2005 level by fiscal 2015
- Continued to implement multifaceted energy saving measures, including improved operation methods, process rationalization, and improvement of facility and equipment efficiency

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

- Participated in a field survey as part of a joint R&D project conducted by a machinery manufacturer and university, through which we considered the potential application of innovative energy conservation technologies at Sumitomo Chemical plants

##### Continuously improving unit energy consumption in our logistics division

- Continued to implement measures to increase the rate of transportation by rail and ship and to upsize transport containers
- Reported a 1.1% deterioration in unit energy consumption in fiscal 2014 from the previous fiscal year level compared with the annual average unit energy consumption improvement target of 1%

##### Reducing CO<sub>2</sub> emissions by households in cooperation with the labor union

- Engaged in communication activities through internal magazines, the intranet, and the proprietary Environmental Accounting Book

#### Creation of a Recycling-Based Society

##### Reducing the generation of industrial waste and landfill through recycling and other means and achieving zero waste emissions

- Secured a 91.4% reduction in Group-wide industrial waste landfill in fiscal 2014 from the fiscal 2000 level compared with the reduction target of 80% from the fiscal 2000 level by fiscal 2015
- Industrial waste landfill exceeded the amount of waste generated by 3% at certain plants compared with the target of less than 3% across all plants by fiscal 2015

<sup>1</sup> High Production Volume. <sup>2</sup> Long-range Research Initiative. Long-term support for research into the effects of chemical substances on human health and the environment

<sup>3</sup> The Cooperative Chemicals Assessment Meeting. A meeting convened by the Organisation for Economic Co-operation and Development to discuss and consider existing chemical substance hazard assessment programs

<sup>4</sup> Commissioned expert research into the development of new risk methods, assessments, and related activities; held a meeting to report on the results of the research

Note: Sumitomo Chemical made some changes to its Eco-First commitments in March 2012 and has been implementing measures to fulfill the revised version since April 2012.

### Implementing Sumitomo Chemical's Medium-Term Plan for Responsible Care Activities

	Medium-Term Plan (for fiscal 2013 to 2015)	Long-Term Goals for fiscal 2020
Occupational Safety and Health	Conduct activities to enhance a culture of safety	Achieve zero accidents by establishing a culture of safety
Industrial Safety and Disaster Prevention	<ul style="list-style-type: none"> <li>• Bolster safety assurance capabilities by promoting process risk assessment and safety measures</li> <li>• Systematically implement measures based on review results of expected large-scale earthquake and tsunami scenarios</li> </ul>	Ensure the achievement of zero accidents and zero disasters through stable operations
Environmental Protection	Achieve environmental protection targets	Promote risk-based environmental management
Climate Change	<ul style="list-style-type: none"> <li>• Promote the development of environment-conscious products and processes</li> <li>• Estimate the level of avoided greenhouse gas (GHG) emission to which our products contribute</li> </ul>	Promote the reduction of GHG emissions throughout the product life cycle
Chemical Safety	Compile safety information utilizing the Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCESS) and use them for risk assessment (Hazard x Exposure)	Promote risk-based chemicals management
Product Responsibility	Promote product safety risk assessments focused on the high-risk products	Complete the reevaluation of product safety risks
RC Audits	Optimize the auditee section selection methods	Share best practices
Logistics	<ul style="list-style-type: none"> <li>• Reduce the number of logistics quality-related incidents</li> <li>• Promote a modal shift</li> </ul>	Promote CSR in connection with logistics operations



## Environmental Protection

Responsible Care Activities

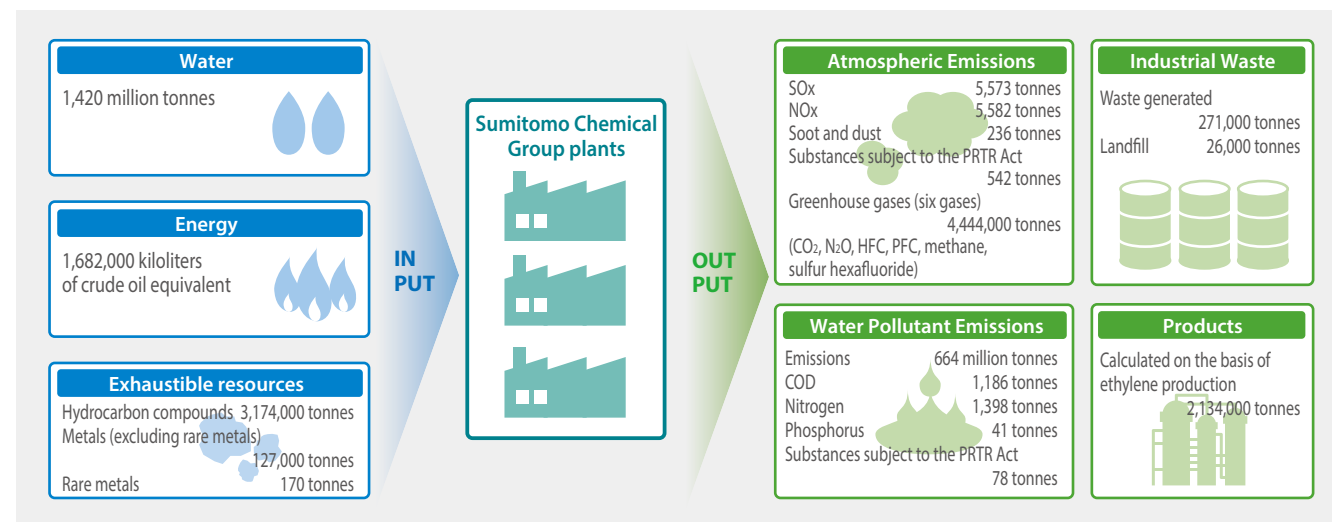
Protecting the global environment while contributing to the sustainable development of society



### Environmental Performance

Sumitomo Chemical collects and totals the Group's environmental data, including data on its energy and resource consumption, production quantities, and environmental impact (e.g., release of pollutants into the air and water).

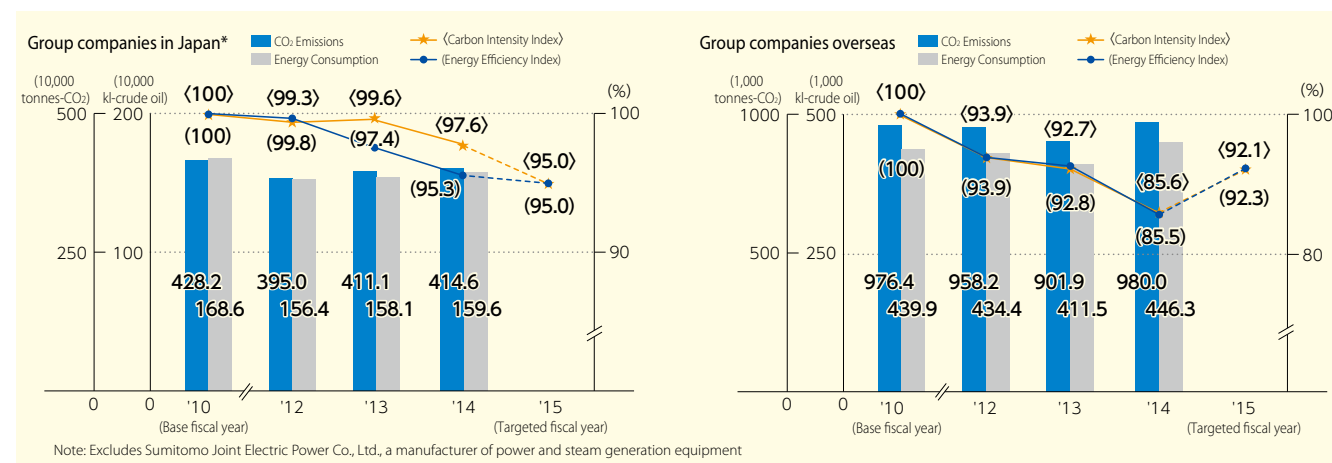
#### Primary Environmental Performance (Fiscal 2014 Group companies in Japan)



### Addressing Global Climate Change

Climate change is an important issue that needs to be urgently addressed in order to attain the sustainable development of society on a global basis. Sumitomo Chemical, along with its Energy & Climate Change Office, Business Sectors, Works and Research Laboratories, coordinates efforts to tackle key issues defined in its Medium-Term Plan for Responsible Care Activities, and Group companies follow suit.

#### Trends in Energy Consumption, Energy Efficiency Index, CO<sub>2</sub> Emissions from Energy Use, and Carbon Intensity Index



### Data Disclosure by Scope

Sumitomo Chemical's emissions by scope in fiscal 2014 are shown on the right. This is the fourth time Scope 3 data (indirect greenhouse gas emissions by companies throughout the supply chain) has been compiled.

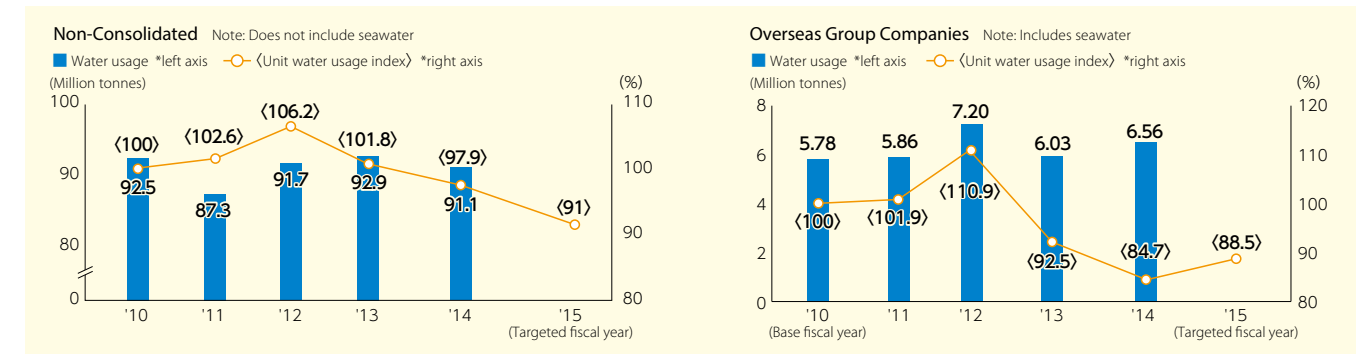
#### Status of CO<sub>2</sub> Emissions by Scope (Non-Consolidated)

Category classification	Emissions (10,000 t-CO <sub>2</sub> /year)
Scope 1 (direct emissions)	240.3
Scope 2 (indirect emissions from energy use)	91.7
Scope 3 (other indirect emissions, upstream and downstream)	338.8

### Promoting the Effective Use of Water

Understanding the importance of water as a natural resource, Sumitomo Chemical strives to reduce the amount of water it uses by examining the effective use of water by application while continuing to maintain and improve the quality of water released from its business sites into public water resources, such as the ocean and waterways.

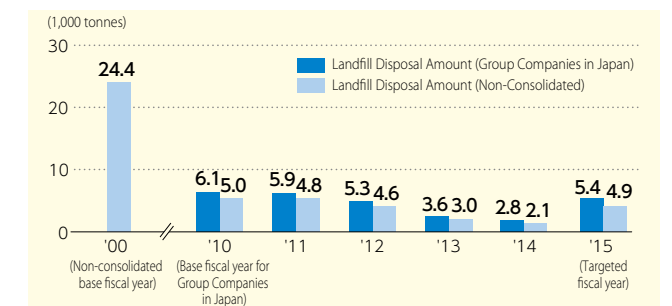
#### Water Usage and Unit Water Usage Index



### Waste Reduction Initiatives

Sumitomo Chemical makes concerted efforts to reduce and restrict the volume of landfill waste and emissions of major byproducts (sludge) by creating ambitious targets for itself to achieve in line with the Voluntary Action Plan on the Environment to Form a Recycling Society promoted by industry organizations (Japan Business Federation and Japan Chemical Industry Association) while strictly observing related laws and regulations, such as the Waste Disposal Law and the Law for the Promotion of Utilisation of Recyclable Resources.

#### Waste and Landfill Disposal



### Assessment of Sumitomo Chemical Group's Environmental Initiatives

#### Sumitomo Chemical Given Highest Ranking in Development Bank of Japan's Environmental Ratings (July 2014)

In the Development Bank of Japan's environmental ratings of companies, Sumitomo Chemical was given the highest ranking for its progressive initiatives to care for the environment and won a special award that only honors model companies in overall evaluations.

#### Sumitomo Chemical Awarded Life Cycle Assessment Society of Japan Chairman's Award (January 2015)

Sumitomo Chemical received the Life Cycle Assessment Society of Japan Chairman's Award<sup>1</sup> at the 11th LCA Forum Awards event sponsored by the Life Cycle Assessment Society of Japan and supported by the Ministry of Economy, Trade and Industry. The award recognizes CO<sub>2</sub> emissions management in production activities, initiatives to develop products that help reduce CO<sub>2</sub> emissions, and Scope 3 achievements.

<sup>1</sup> An organization that brings together people involved in LCA in Japan from research institutions in each of the industry, academic, and public sector fields.

#### Sumitomo Chemical Recognized by CDP as Climate Change Disclosure Leader for Third Straight Year

For the third consecutive year, Sumitomo Chemical has been selected by CDP<sup>2</sup>, an international organization that represents 767 institutional investors, for inclusion in the CDP Japan 500 Climate Disclosure Leadership Index in recognition of its excellent disclosure of climate change information. This honor is in recognition of Sumitomo Chemical's highly transparent and accurate disclosure of information related to climate change, as well as its initiatives to help realize a low-carbon society as evidenced in the disclosed data.

<sup>2</sup> An international NGO that aims to realize a sustainable economy by encouraging companies to disclose climate change data to investors.

#### Sumitomo Chemical Receives Special Award for Excellence in Green Logistics

At the Green Logistics Partnership Conference sponsored by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism, Sumitomo Chemical was honored with the Special Award. This marks the first time that a diversified chemicals company received the award in recognition of the major cuts made in CO<sub>2</sub> emissions as a result of modal shifts in collaboration with customers and logistics companies.





## Occupational Safety and Health/ Industrial Safety and Disaster Prevention

Various measures are being implemented for “making safety the first priority.”



## Chemical Safety and Product Responsibility

Considering the safety of people and the environment across all operational stages, from product development to disposal.

### Promoting Safe and Stable Operations

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

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

There are also five fundamental and personal principles that each employee is expected to follow.

#### 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.

### Industrial Safety Action Plan

*Topic*

In its role as an industry organization, the Japan Petrochemical Industry Association drew up an industrial safety action plan in July 2013 in a bid to step up efforts aimed at promoting industrial safety and preventing industrial accidents. Here we introduce the Company's initiatives in response to 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.

#### (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 is promoting 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

- Chaired by a director, 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.

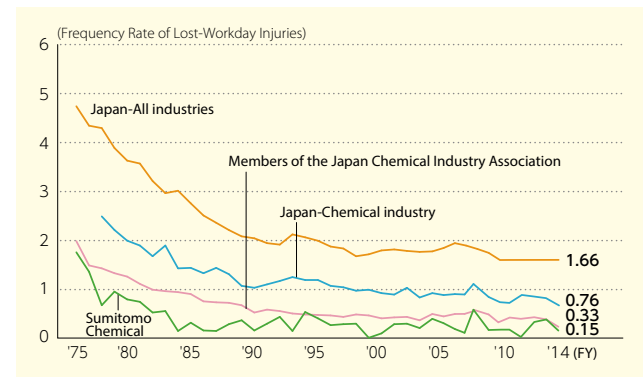
#### (5) Initiatives aimed at promoting voluntary safety activities

- 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.
- Sumitomo Chemical has initiated the program for the President's Awards for Workplace Safety.
- Academic experts conduct seminars and undertake an evaluation of industrial safety assurance capabilities.

### Initiatives to Prevent Labor Accidents

There were two lost-workday injuries involving employees and four employee injuries that did not result in lost workdays in fiscal 2014 (non-consolidated). Of these, one involved missing a step on the stairs, two involved tripping, one involved falling down from a foot stand, one involved a crash, and one involved an injury arising from contact with a hot object. Almost all of the direct causes of the labor accidents were related to employee actions, but some causes were also related to defective equipment. Sumitomo Chemical is improving the safety of its facilities and working to raise safety awareness among employees by enhancing accident preparedness and hazard prediction training, also known as Kiken Yochi Training (KYT), at each workplace.

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



### Sumika Logistics Receives G Mark Transportation Award

*Topic*

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



<sup>1</sup> Business sites that have been screened and certified by the Japan Trucking Association in order to facilitate the selection of highly safe trucking transportation companies by cargo shipping companies. The G Mark is a symbol of safety, security and reliability and is given to business sites with excellent safety records.

<sup>2</sup> An award system that began in March 2014. A large number of criteria must be satisfied to receive the award, such as receiving the G Mark certification consecutively for at least 10 years, and movement tracking devices must be installed on a certain percentage of trucks to keep digital records of driving statistics.

### Basic Stance

#### Chemical Safety

To achieve the 2020 target proposed at the World Summit on Sustainable Development (WSSD) in 2002, Sumitomo Chemical is proactively engaged in efforts to participate in chemical associations and groups, such as by serving as the chair of the Capacity Building task force of the Chemical Policy and Health leadership group of the International Council of Chemical Associations (ICCA) until January 2015. In addition, we will also, of course, follow domestic and international laws and regulations related to chemicals management.

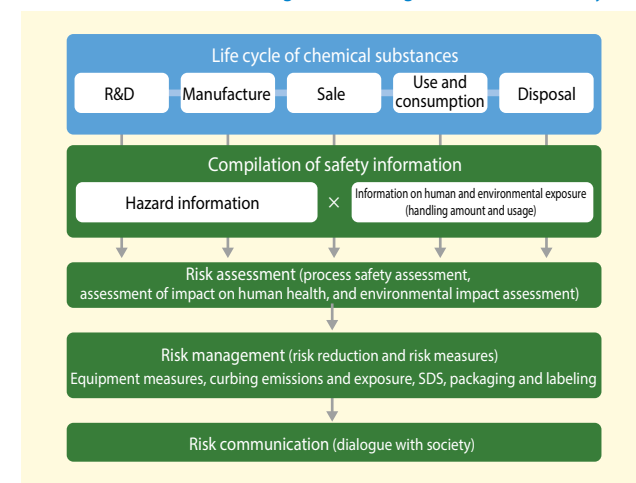
#### Product Responsibility

We, Sumitomo Chemical is committed to supplying high-quality products and services that satisfy customers' needs and ensure safety in their use, based on the Corporate Policy on Safety, the Environment and Product Quality. The Company conducts risk assessments on products, taking into account not only their use by our direct customers, but also the use and disposal of such products by their end-users as well. We are also committed to conveying relevant information about chemical substances contained in our products and their safety.

### Risk-based Chemicals Management throughout the Entire Life Cycle

In conducting risk assessments, Sumitomo Chemical takes steps to assess (1) the hazards associated with its products and (2) the levels of human and environmental exposure to its products during manufacture and use. In this manner, the Company will look to assess the impact of chemical substances on human health and the environment throughout the life cycle of its products from both the hazard and exposure perspectives.

Risk-based Chemicals Management throughout the Entire Life Cycle



### Effective Use of SuCESS

In order to appropriately manage and effectively use information on chemicals such as their composition handled by the Company, and in the context of safety and regulatory requirements, Sumitomo Chemical has developed the comprehensive chemical management system (SuCESS).<sup>1</sup> This system is used in order to properly and efficiently perform administrative work, such as responding to inquiries from customers concerning substances contained in our products, precisely complying with laws and regulations in Japan and around the world, and creating SDS in around 40 languages to comply with GHS.<sup>2</sup> This system is also being proactively deployed at Group companies.

### Assessment of Product Risks

Our risk assessment method for product safety consists of two assessments: an assessment of their risks as chemical substances in products and an assessment of the risks in their application in products. Based on these assessments, we take appropriate measures to reduce risk. In fiscal 2014, we conducted product risk assessments on 62 products, including high-risk products.<sup>3</sup> During the five-year period from fiscal 2010 to fiscal 2014, we have performed risk assessments on a total of 252 products. Sumitomo Chemical plans to finish reassessing risks for all of its products on the market by fiscal 2020. We are also providing support to Group companies to perform similar product risk assessments and to implement countermeasures.

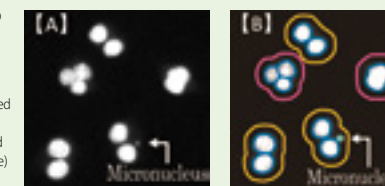
<sup>1</sup> Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System  
<sup>2</sup> Globally Harmonized System of Classification and Labelling of Chemicals. In 2003, the United Nations established these global rules for how to convey information about the classification and degree of hazards for chemical substances.  
<sup>3</sup> Products likely to have relatively high risks in terms of the nature of the chemical substances in the product and their application.

### Consideration for Animal Studies: Introduction of New Safety Assessment Technology

*Topic*

Over the past few years, *in vitro* micronucleus tests<sup>4</sup> have been increasingly used to assess the impact of chemical substances on DNA as an alternative to using animal testing. Since it requires the visual observation of each cell in a large sampling, however, this testing method requires a large amount of time and labor. Sumitomo Chemical developed an automated observation method that takes advantage of its cell imaging technologies, which capture and analyze microscopic images instantly, enabling the assessment of many chemical substances in a short period of time. We believe this technology will contribute to the rapid development of safe chemical substances through its application to other safety tests as well.

(A) Visual observation of microscope images  
 (B) Analysis results using automated observation method  
 Correct identification of targeted cells (yellow), micronucleus (blue) and non-targeted cells (pink)



<sup>4</sup> A safety test that assesses the potential of a chemical substance causing cancer or genetic diseases in humans. Cells exposed to chemical substances are observed with a microscope, and the rate of occurrence of DNA fragments (micronucleus) is measured to determine its impact on DNA.



# Social Activities

## Hand in Hand with Customers and Business Partners

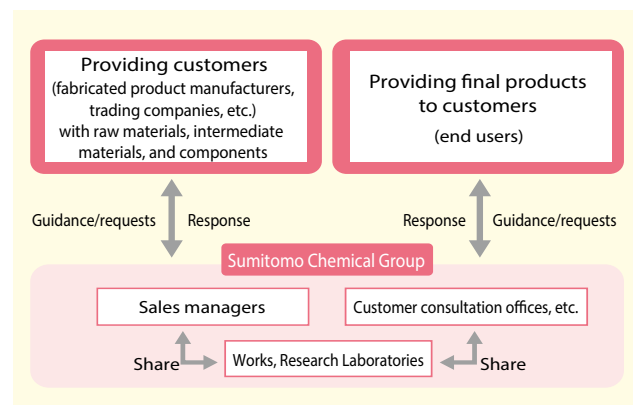
Building fair and equitable relationships with business partners while conscientiously meeting customer needs.

### Hand in Hand with Customers

Sumitomo Chemical is working to supply high-quality products and services throughout the Group 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.

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

Customer Communication System



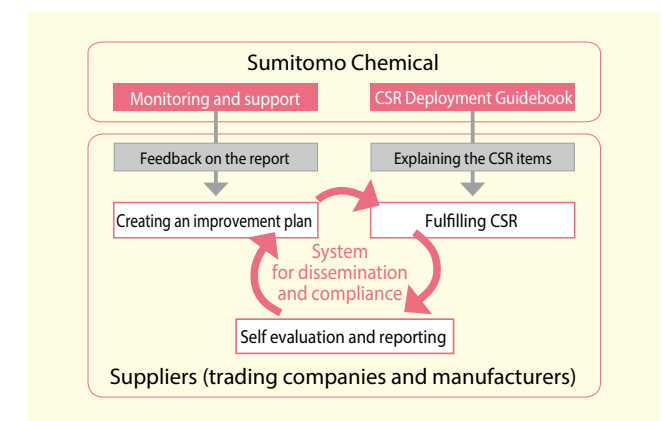
### Hand in Hand with Business Partners

Regarding the purchase of raw materials and packaging materials, Sumitomo Chemical is committed to building sound mutual relations with business partners. In addition to ensuring fairness, equitability, and transparency in our transactions with business partners, we are also encouraging them to promote their CSR activities through our responsible procurement activities.

#### Basic Procurement Principles

- 1. The Procurement Section shall strive to conduct procurement transactions on the basis of fair, equitable, transparent and free competition without involving personal interests or arbitrary considerations.
2. The Procurement Section shall strive to select suppliers to transact with in accordance with the most appropriate and economically rational methods and shall pursue the maintenance of sound business relationships with suppliers, aiming for mutual growth and development.
3. The Procurement Section shall strive to provide corporate services globally throughout the entire Group.
4. In its procurement, the Procurement Section shall give preference to those suppliers that are active in CSR initiatives, with the aim of fulfilling its corporate social responsibilities and building sound relationships with suppliers.
5. The Procurement Section shall strive always to meet quality requirements of Sumitomo Chemical's internal sections that request purchase of Goods and Services.
6. In performing Procurement Operations, the highest priority shall be given to safe and stable 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.

System for Responsible Procurement



### Web Page on Procurement Information

Sumitomo Chemical has a responsible procurement section in its Procurement Information website linked from the Company's website in order to broadly inform its stakeholders about its responsible procurement initiatives. This responsible procurement web page allows suppliers to download the Deployment Guidebook and Check Sheets and report the results of their self-evaluations.

#### Procurement Information and "the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook and Check Sheets" website: URL

http://www.sumitomo-chem.co.jp/english/company/purchasing/csr\_procurement.html

Voice
Conscientiously Meeting Customer Needs with S-SBR
Noriyasu Yasuda
Advanced Polymers Division
Synthetic Rubber Department

Solution styrene-butadiene rubber (S-SBR) has been in the spotlight these past few years as a tire material that contributes to better fuel economy in automobiles. Stricter requirements placed on fuel-efficient tires in recent years have compelled us to provide order-made products to conscientiously meet customer needs. Working to improve quality by determining the needs of customers and then sharing this information with our manufacturing, R&D and sales divisions, Sumitomo Chemical's S-SBR provides an optimal balance between the two conflicting requirements of fuel economy and grip performance to offer products with an unrivaled level of performance.

In recent years, a growing number of countries have been examining and introducing labeling systems that display the grades of tire performance. In 2010, Japan made labels for summer automobile tires mandatory. South Korea and the European Union subsequently adopted similar systems, and the United States has been considering the introduction of its own labeling system. The two major markets, China and India, are starting to show an interest in such systems, indicating that the market for fuel-efficient tires will steadily expand. Against this backdrop, finding effective ways to meet customer needs for high-performance products is a major challenge for us.

### Crop Protection Chemical Safety Seminar Topic

The customer service office of the Crop Protection Division's Marketing Department answers farmers' questions about the safety and effective use of the Company's crop protection chemicals and fertilizers. Listing the office's telephone number on crop protection chemical and fertilizer labels allows those working in the fields to use their mobile phones to contact us directly. Hearing satisfied customers discuss how helpful this service is motivates all customer service staff members to diligently hone their skills on a daily basis to help customers to correctly and easily use Sumitomo Chemical crop protection chemicals.

Since fiscal 2013, we have held the Crop Protection Chemical Safety Seminar to deepen understanding on the safe and proper use of crop chemicals. Participants indicated that their ability to use these chemicals safely improved thanks to this seminar. We at the customer service office make every effort to maintain close contact with customers in order to help them consistently use Sumitomo Chemical crop protection chemicals and fertilizers properly.



Crop Protection Chemical Safety Seminar

### Responsible Procurement Activities

#### Using the CSR Deployment Guidebook and Check Sheets

Sumitomo Chemical has created the Sumitomo Chemical Supply-Chain CSR Deployment Guidebook, which explains those CSR promotion items that the Company asks suppliers to follow. Moreover, Sumitomo Chemical has formulated the Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets to enable suppliers to conduct self-evaluations regarding all items.

Sumitomo Chemical monitors the implementation of CSR measures by all new suppliers and by current suppliers, especially those outside Japan, via the CSR Deployment Check Sheets, in collaboration with overseas subsidiaries. We provide feedback to suppliers who need to make improvements as well as support and promote supplier CSR activities, which include raising awareness of and cooperation regarding responsible procurement.

### Promoting Responsible Procurement throughout the Group Topic

We hold Group purchasing information exchange meetings twice a year that gather together responsible purchasing representatives from each Group company. Approximately 40 people participated in the meeting held in March 2015. Through these information exchange meetings, Sumitomo Chemical is able to promote responsible procurement throughout the Group by actively sharing necessary information on the Company's responsible procurement activities.

Group purchasing information exchange meeting



Social Activities



## Educational Support for the Leaders of Tomorrow

As a pillar of our social contribution activities, we support children who will lead the next generation. We continue to offer a variety of educational support from our bases and Group companies in Japan and around the world.

### Science Workshop Classes Held, Connecting Everyday Products to the Wonders of Chemistry

The Sumitomo Chemical Group would like children, who are responsible for the future of technology, to experience for themselves the wonders and appeal of science. We hold science workshop classes at our bases around the world for children to conduct experiments and craft things with our products, experiencing the wonders of chemistry with their own hands, in order to convey in an easy-to-understand way how everyday products are made from chemicals.

Our educational efforts take into account the needs of local communities and include on-site classes, for which instructors are dispatched to schools near our bases and Group companies, as well as exhibits at local events. Recently, some of our business sites have offered social science studies with the addition of classes where instructors discuss their motivations for work and the meaning of work.

By collaborating at a number of bases, the Sumitomo Chemical Group proactively participates in large-scale chemical experiment events, such as the Children's Chemistry Experiment Show sponsored by the Dream Chemistry 21 Committee. In December 2014, Sumitomo Chemical (China) Co., Ltd. coordinated with Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. to hold the third science workshop class for elementary school students in Beijing, bolstering the efforts among Group companies overseas.

### Science Workshop Classes and Events (Fiscal 2014)

#### <On-Site Lectures at Schools>

- Sumitomo Chemical Co., Ltd.
  - Realize your dreams (once a year), 59 participants (Misawa)
  - On-site science workshop classes for elementary schools (four times a year), 500 participants (Chiba)
  - On-site lessons for junior high schools (two times a year), 161 participants (Osaka)
  - On-site lessons for elementary schools (once a year), 273 participants (Oita)
- Koei Chemical Co., Ltd.
  - On-site science workshop classes for elementary schools (once a year), 112 participants (Chiba)

#### ● Taoka Chemical Co., Ltd.

- Craftsmanship (science workshop) class (once a year), 75 participants (Yodogawa)

#### <Participation in Events>

- Sumitomo Chemical Co., Ltd.
  - Summer Vacation Children's Chemistry Experiment Show (once a year), 128 participants (Tokyo)
  - On-site craftsmanship classes (three times a year), 300 participants (Chiba)
  - Science Day Children's Chemistry Experiment Show (once a year), 400 participants (Osaka)
  - Elementary student summer vacation on-site lessons (once a year), 24 participants (Oita)
  - Science workshop classes at Local Culture Festival (once a year), 395 participants (Ehime, Ohe)
- Science workshop classes at Science Museum (once a year), 498 participants (Ehime, Ohe)

- Sumitomo Chemical (China) Co., Ltd.
  - Summer Vacation Children's Chemistry Experiment Show (once a year), 128 participants (Tokyo)
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- Science workshop classes at Science Museum (once a year), 498 participants (Ehime, Ohe)

#### <Events Held at Plants>

- Sumitomo Chemical Co., Ltd.
  - Elementary student career discussions and chemistry experiment workshop classes, 102 participants (Misawa)



### Science Workshop Classes for Having Fun with Science

Torazou Sakurai  
Ichihara-Sodegaura Young Inventors' Club  
Special Instructor

The Ichihara-Sodegaura Young Inventors' Club's on-site science workshop classes are held for elementary schools near our plants and show unique experiments performed by the inventors' club with help from volunteer and former employees and teachers participating as class instructors. The inventors' club has set up a headquarters at Sumitomo Chemical's Chiba Works and makes the rounds of five local elementary schools each year while keeping in close contact with the schools. Children participate in the experiments during the science classroom. Based on the topic of "experimenting with air," the children experience the wonders of science by investigating the relationship between pressure and boiling water as well as comparing the strength of pressure by using vacuum distillation equipment to measure the weight of air. The fifth and sixth graders that participated in the science workshop class said that they like science more now and were able to understand science better. The teachers and PTA members of each school also praised the workshops, saying that the children had fun conducting experiments that they could not do at school. This year marks the 10th year of workshop classes. We aim to continue offering the classes while working to further improve the content and the way they are taught.

Voice

Topic

## Our Motivation to Help Form a Variety of Supports

Our social contribution activities allow each and every employee to participate for the mutual benefit of local communities while helping to solve problems facing the global environment.



### Sumitomo Chemical Group (SCG) Global Project

In fiscal 2014, the SCG Global Project was launched by executives and employees of the Sumitomo Chemical Group around the world to act together in addressing issues both inside and outside their company while coordinating efforts through the four regional headquarters overseas to foster a sense of unity among Group companies. During the project, we distributed posters and *manga* in 10 languages as global communications tools to emphasize the importance of communications among employees around the world.

#### ● First Round: School Aid for Africa (Fiscal 2014)

Among the elementary schools in Africa that have received educational assistance from Sumitomo Chemical (see the Voice segment), we solicited donations for buying necessary school materials in Mali and Malawi, such as textbooks and school desks.

#### Activities

Participating Group Companies: 86 (in 14 countries)  
Cooperating NPO: Plan Japan, World Vision Japan  
Total donations: ¥5,158,449  
Donated materials: 572 textbooks and dictionaries, 278 sets of tables and chairs (for 2 to 3 students)

#### ● Second Round: Centennial Giveback (Fiscal 2015)

On the occasion of Sumitomo Chemical's 100th anniversary, all of our employees will participate in social contribution activities to express their

## Next, we introduce the views of people who have received assistance from the Sumitomo Chemical Group.

Sumitomo Chemical has supported education in Africa since 2005. To date, the company has completed 18 projects in 11 countries, which has affected the lives of more than 10,000 people for the better.



From Africa

### Education Assistance that Changed Everything

Mme Sene  
Teacher at Tassette Primary School in Senegal

We had been working under very harsh conditions, but the assistance from Sumitomo Chemical changed everything. The school has been expanded, our curriculum is now based on educational ministry guidelines, and we have enough new chairs and desks for all of the children. Now, there are two children per desk instead of three. As a part of gender equality and fairness, having separate toilets for boys and girls is an important prerequisite for our girl students to grow at school. I think this should be implemented at all educational institutions to promote the rights of girls.

We've been planting trees in Thailand continually since fiscal 2007.



From Thailand

### Growing Trees with Heart

Tomomi Kasuga  
OISCA Employee stationed in Thailand

One characteristic of the efforts by Sumitomo Chemical is the volunteers' warm attitude toward the locals who are supporting and implementing the project. Every day, they performed tough manual labor. This energy encouraged everyone and brought smiles to their faces. We regard the volunteers as our friends from far-away countries who visit us twice a year. We are committed to planting and growing trees with heart. Their vitality has helped create a forest for future generations, bridging countries around the world including Japan, Thailand, Singapore and China. I am thankful for Sumitomo Chemical's continued assistance.

gratitude to all of our stakeholders who have given their support. We aim for employees throughout the entire Group to take forward-looking action on their own that tie in with the next 100 years of the Sumitomo Chemical Group.

### Tree-Planting Project in Thailand

Some of the donations from our matching gift program\* go to support the Sumitomo Chemical Forest, an afforestation project in Ranong Province, Thailand. Every year, employees volunteer to plant trees in this region. The Sumitomo Chemical Forest has the broad support of local residents in Thailand, who also help with planting trees and managing the forest, which now stretches over 170 hectares.

This volunteer activity presents an excellent opportunity for employees to gain a global perspective by focusing their awareness on such global issues as the prevention of global warming and the preservation of the global environment and biodiversity.

In fiscal 2014, a total of 37 international volunteers from Japan, Thailand, Singapore and Taiwan planted trees from November 22 to 28, 2014 (the first round) and from February 27 to March 6, 2015 (the second round).

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

## Hand in Hand with Employees

Social Activities

Seeking make the most of the abilities of diverse human resources and to create a workplace that is both motivating and stimulating.



### Basic Stance

Sumitomo Chemical is actively promoting the formulation of talent development plans and a system of educational job rotations that focuses on the motivation and skills of each employee. The goals are to make the most of the abilities of diverse human resources and to create a workplace that is both motivating and stimulating. At the same time, the Company works to design and implement various human resource systems that are in line with changes in conditions.

In addition, Sumitomo Chemical is taking steps to further bolster its global human resource initiatives in order to strengthen its global management endeavors from a human resource perspective. The Company is also undertaking proper workforce planning and deployment based on business expansion.

#### Recruitment, Human Resources Development and Human Resources System

\*1 As of April 1, 2015

	Name	Approach	FY2014 Results	
Recruitment	Recruitment policy	Our business is rapidly globalizing and to secure diverse and high-potential talent that will serve as the driving force of globalization, we hire personnel from a range of areas and fields regardless of nationality.	Male	97
			Female	18
			Non-Japanese employees among the above	10
Internships	To recruit high-quality overseas talent, Sumitomo Chemical has accepted overseas students since fiscal 2007. Also, as an opportunity to learn our business, we have accepted college students in Japan since fiscal 2013.	Overseas	58	
		Japan	156	
Human Resources Development	Career Development System (CDS)	To ensure that individuals are active in the field which they are most suited, non-managerial employees and some managers are subject to job rotations linked to the development plans made by their managers based on the preference they submitted and the interview to help plan and develop their ideal careers.	797	
	Trainer System	Highly skilled employees who have an aptitude for teaching provide instructions and advice to younger employees to facilitate their early development and ensure the retention of skills from generation to generation.	73 <sup>*1</sup>	
	Full-time instructor System	We give supervisors and potential supervisors on-the-job training to enhance the development of core talent for manufacturing departments.	8 <sup>*1</sup>	
	Development of Global Talent	In order to create global leaders who will play a central role in management and to develop global talent that supports our global business operations, we systematically conduct diverse training. (1) Leader Training: Held in Singapore since fiscal 2014 to develop the next generation of leaders (2) Regional Manager Training: We have been providing training for local managers at overseas Sumitomo Chemical Group companies since fiscal 2010. This training is mainly to help participants better understand and practice Sumitomo Chemical's Business Philosophy. (3) Global Business Communication Skills Training: Younger employees who are expected to become global leaders attend a training seminar to develop and improve their business communication skills.	29	
			51	
Global Position Holders (GPH)	Sumitomo Chemical identifies core talent within the Group and appoints them as Global Position Holder (GPH). For GPH, Sumitomo Chemical has held Global Manager Meetings, unified performance evaluation system, and shared the Corporate Philosophy and values.	90	non-Japanese recruited	56

### Diversity Initiatives

To promote diversity, Sumitomo Chemical considers it essential to provide all employees with motivating workplaces where they can fully demonstrate their skills and abilities in a variety of situations. As part of this effort, the Company is focusing on the active advancement of women and promoting priority measures aimed at creating an environment in which as many women as possible can excel.

#### Female Managerial Employees Ratio Quantitative Targets

Sumitomo Chemical has set the quantitative targets of at least a 10% ratio of women in positions equivalent to manager (job grade: M1) or above and a 15% ratio of women in positions equivalent to assistant manager (job grade: M) or above by 2020. As of the end of March 2015, the former ratio was 4.1% and the latter ratio was 12.6%.



#### Participation in the Women Leadership Development Academy

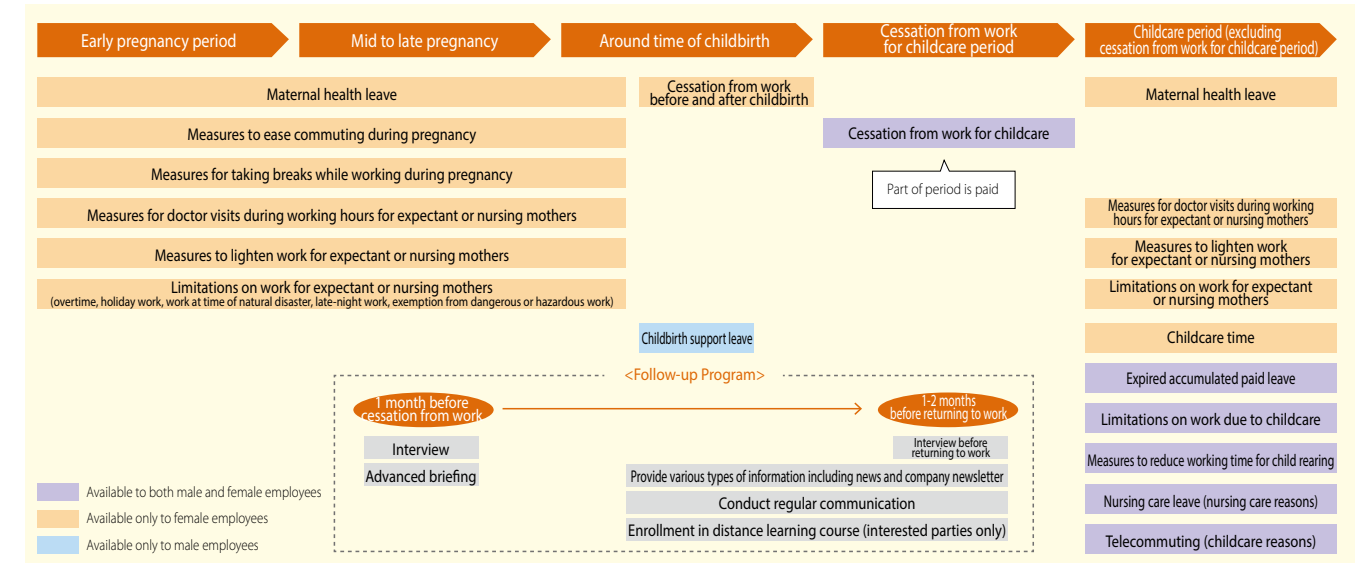
Intellectual Property Dept. (Osaka) Maki Owaki

From October 2014 to March 2015, I attended Women Leadership Development Academy which was held four times over the period. In lectures given by outside instructors, each and every participant learned about the importance of possessing leadership skills. In addition, through lectures given by female Executive Officer, we understood why it is important for everyone to get highly motivation, which is needed to design our future careers. At the final session, we created a career vision with our managers. What our department expects of us was written in a document entitled "A Letter from Your Boss." It was very fulfilling training as well as a valuable experience. Attending the course were people from a wide range of departments from different workplaces who have no working relationship. I was able to actively exchange views with female managers of the same position. In the future, I would like to exchange views and share information through this network.

### Promotion of Work-Life Balance

The Company is strengthening its work-life balance efforts to help employees make their private and business lives compatible and lead sounder and more fulfilling lives. In order to help employees who are experiencing strenuous life events, such as childcare and nursing care, we have enhanced various systems and improved the work environment in different areas.

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



#### Results of Systems for Work-Life Balance (Non-Consolidated)

(No. of people)

	System/Measure	FY2012	FY 2013	FY 2014
Childcare/ Nursing Support	Cessation from work for childcare	100	113	142
	Cessation from work for nursing care	2	3	2
	Nursing care leave	96	96	120
	Childbirth support leave	160	166	202
	Maternal health leave	44	44	47
	Expired accumulated paid leave <sup>2</sup>	39	48	56
	Reduced working hours system	81	83	101
	Telecommuting <sup>3</sup>	-	-	9
	Reemployment system <sup>4</sup>	14	9	11
	In-house childcare facilities <sup>5</sup>	112 (62)	121 (69)	126 (78)
Other	Mutual aid association support money for childcare <sup>6</sup>	140	149	171
	Suspension from work for special reasons the Employee accompanies the spouse going on overseas transfer <sup>7</sup>	6	7	2
	Employee survey <sup>8</sup>	-	Conducted in August	-

<sup>2</sup> Only for childcare and nursing care

<sup>3</sup> Number certified at the end of each fiscal year

<sup>4</sup> Number registered as of the end of each fiscal year

<sup>5</sup> Number of users on April 1 each fiscal year. Includes users other than Sumitomo Chemical on a non-consolidated basis.

The figures in parentheses are the number of Sumitomo Chemical users on a non-consolidated basis.

<sup>6</sup> Aggregate number of people at end of each fiscal year

<sup>7</sup> Number of applicants as of the end of each fiscal year

<sup>8</sup> Conducted once every three years

**Voice**  
**Use of In-House Childcare Facilities**  
**Eriko Ohashi**  
Corporate Planning & Coordination Office (Affiliates Coordination Group)

\* On the right is Sumitomo Chemical employee Go Yoshida (Automobile Materials Business Division, Business Planning & Administration Dept.)

I leave my one- and three-year old sons at the Sumika Kids Tokyo workplace nursery in our Tokyo headquarters. There is severe competition over nursery schools in the area where I live, so I chose a nursery at my workplace. While the drop-off and pick-up times are a little inconvenient, I am very thankful for the peace of mind that comes from having my sons in the same building with me during working hours. It also has fewer children than the local licensed nursery schools. On some days, children of different ages are able to spend time together, and I have heard heartwarming stories of the older children taking care of the younger ones. On top of that, the nursery has a nice homey feel. My sons are still small, but every morning they send me off with a smile saying "See you later, have a nice day!" and when I pick them up they greet me with a smile and say "Welcome back!" This gives me energy for my work and for taking care of them.

## Third-Party Opinion

### Keisuke Takegahara

General Manager  
Environmental Initiative & Corporate Social Responsibility –  
Support Department  
Development Bank of Japan Inc.



Profile: Joined the Japan Development Bank (currently Development Bank of Japan Inc.) in 1989. Mr. Takegahara assumed his current position in May 2011 after being appointed chief representative officer in Frankfurt as well as other positions. He is working in operations to reflect the non-financial value of companies in corporate value with the development of the DBJ Environmental Rating Loan Program and other initiatives. He co-authored the book "How Do We Confront Climate Change?" (Kinzai Institute for Financial Affairs 2014) and has authored other books.

The CSR Report 2015 is an extensive and complete publication that incorporates innovations throughout that are fitting for the Company's milestone 100th anniversary. In terms of its composition, it can be broadly divided into the first half, which presents an overview of the Sumitomo Chemical Group's CSR management, and the second half, which presents a detailed discussion. In this report, I found the first half to be particularly impressive.

The Corporate Philosophy is discussed from the standpoint of the Sumitomo Spirit and how the Company is contributing to the development of society through its business, and the introduction looks back over the past 100 years—the period over which today's global management has been built. Based on this, the Message from the Executive Chairman and President boldly presents the new corporate image for the next 100 years. The Company's approach, which continues to take on the challenge of new value creation, is impressively communicated while being unwaveringly supported by Sumitomo Chemical's Business Philosophy backed by tradition.

The next section on "the Sumitomo Chemical Group's Operations and CSR," presents what the Company aims to be, thus serving as a kind of portal for this report with the function of linking the management strategy for achieving this with CSR in an integrated manner. The Round-Table Talk with employees of wide-ranging backgrounds, which was held to realize the important management challenge of promoting globally integrated management, was the best part of this report. In this age of globalism and diversity, synergistic forces can even operate and the spirit of "Our business must benefit society, not just our interests." has spread throughout the Group. The Corporate Philosophy that transcends generations and borders has a unifying force, and this effectively shared philosophy is also a differentiating factor. It is clear that a part of Sumitomo Chemical's strength is tied up with CSR. In the special features, the highly abstract discussion that continued from the beginning took concrete shape from each aspect of infection prevention, environmental impact reduction, agricultural revitalization, and the development of next-generation businesses. In this context, the approach of aiming to balance the Company's growth and achieve social value has been consistent and the fact that "CSR that leads

to innovation" and "CSR as the source of corporate competitiveness" are the images of CSR associated with Sumitomo Chemical's business strategy are well communicated.

The second half takes over the first half's message, which fits for the 100th anniversary, and evolves into a detailed discussion on responsible care (RC), society, and governance. By expanding on "CSR Management" presented in the introduction to the report, I can see the Company's intent to better structure the report, which was an issue last year. In addition, the amount of information disclosed for each subject has been expanded since last fiscal year including quantitative data. The Company's approach of conveying the initiatives of the entire Group in full detail is clear.

In the future, I would like to see a stronger connection between the first half and second half. I feel there is room for improvement in terms of how best to connect the business strategy and CSR, which is discussed in an integrated manner, with the itemized discussion in the second half. When CSR, which is viewed as the source of competitiveness, is broken down to an item-by-item discussion, its positive aspects are difficult to see and this concerns me. RC, which makes up the core, is focused on safety and reducing environmental impact, and while a part of this may be unavoidable, I think it would be good to focus a little more on green processes and clean products. Similarly, concerning society, in addition to the activities presented in this report, I think it would be good to go into more depth about aspects that are easier to perceive in the relationship between outcomes and Sumitomo Chemical's competitiveness, such as providing useful products to society, the revitalization of agriculture, and creating local employment. If the "Sustainability Index," which was applied to the Group's "Operations and CSR" on a trial basis, had been organized in an integrated manner as a performance indicator of each item discussed, then I think the organization of Sumitomo Chemical's CSR report would be complete.

It is rare to be able to talk about a corporate philosophy and CSR with a 100-year timeline and I look forward to an even more in-depth report in the future.



## Corporate Statement

Sumitomo Chemical started business in 1913 as a producer of fertilizers from sulfur dioxide gas emitted by copper smelters. This business, which solved the environmental problem of air pollution while meeting the social demand for more agricultural production, embodied the business philosophy of the Sumitomo family handed down from the 17th century.

"Our business must benefit society, not just our interests." Throughout our history of almost a century, we at Sumitomo Chemical have lived by this credo. We have worked to build better lives by developing various businesses that meet people's evolving needs. At the same time, we have continuously delivered technological innovation while paying special attention to product quality, safety, and the environment.

Looking to the future, we will create new value beyond the boundaries of chemistry by combining a variety of ideas, views, and technologies. We will also continue to take up the challenges facing the globe, from meeting basic needs, to protecting the environment, to addressing the issues of adequate supplies of food, energy, and other resources.

In this endeavor, each of us at Sumitomo Chemical will work together to enhance our capabilities, explore new possibilities every day, and overcome the challenges lying ahead with enthusiasm and a strong sense of mission.

Sumitomo Chemical will seek to continue to build trust and bring joy to people across the world through constant innovation.

## Corporate Slogan Creative Hybrid Chemistry For a Better Tomorrow



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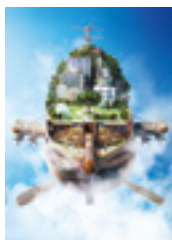
A SRI Index in which Sumitomo Chemical is included



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**Cover-page illustration**

This year, Sumitomo Chemical celebrates the 100th anniversary of the commencement of its operations in 1915. Building on our 100 years of history, we designed the cover-page illustration, titled "Beyond our quest toward new frontiers" to express our determination to set sail into an awaiting future of growth and challenges.

The surface of the ship shows the Besshi Copper Mine where the company has its origins in, along with other buildings and facilities representing the company's history. As stated in its Corporate Statement, Sumitomo Chemical will seek to continue to build trust and bring joy to people across the world through constant innovation. With the power of chemistry, we will strive to resolve various challenges facing human society and open up a bright future like this ship that adventures into unknown seas.