

SUMITOMO CHEMICAL

CSR HIGHLIGHTS 2014

Sustainable
Chemistry



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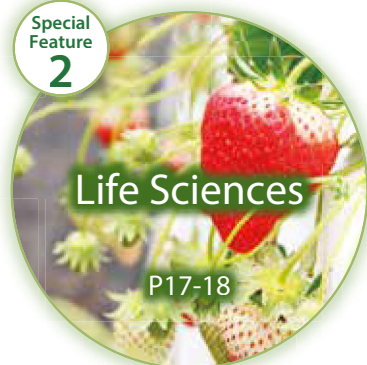
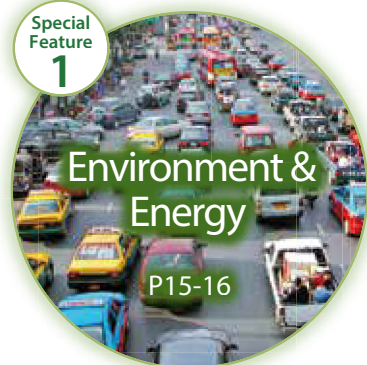
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Editorial Policy

We have created this report to help our stakeholders improve their understanding of Sumitomo Chemical's approach to Corporate Social Responsibility (CSR), including measures taken by the Company to fulfill such responsibilities.

Sumitomo Chemical's founding principle of "contributing to society through business activities" remains deeply entrenched in its wide-ranging business endeavors of today. In this report, employees talk frankly about specific business examples that epitomize this principle. In addition, we present details of various measures that underpin the Company's business. Together with this SUMITOMO CHEMICAL CSR HIGHLIGHTS 2014, we have published the CSR Report 2014, which provides more detailed information on Sumitomo Chemical's CSR activities.

Moving forward, we continue to improve and expand our CSR activities while taking steps to further bolster communication with our stakeholders.

The Sumitomo Chemical Group's CSR Information

Publications



CSR HIGHLIGHTS

A report that contains information that the Company especially wishes to convey presented in an easy-to-read and concise manner.



CSR REPORT

This publication provides an in-depth explanation on Sumitomo Chemical's approach to CSR while reporting on the Company's CSR activities in a more detailed manner.

Website

Our CSR HIGHLIGHTS 2014 and CSR Report 2014 are also available on our CSR website at:

CSR Website

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

Business Sectors

Basic Chemicals Sector

Providing a wide range of products, from functional materials to basic chemical materials that are indispensable to industry and daily life.

The Basic Chemicals Sector contributes to people's lives by providing a wide spectrum of products, including a range of industrial chemicals, synthetic textile fibers, methyl methacrylate (MMA) monomer and polymer, rubber chemicals, and aluminum. We are committed to providing a stable supply of a line of products that are used as the basic materials for a variety of industries, while developing highly functional and high-quality products.



Petrochemicals & Plastics Sector

Providing a wide spectrum of products that are helpful in a variety of applications, such as reducing the weight of automobiles and improving the functionality of food wrapping film.

The Petrochemicals & Plastics Sector provides a wide spectrum of petrochemical products, including synthetic resins typified by polyethylene and polypropylene, synthetic rubber, organic chemicals such as propylene oxide, and elastomers and other high-performance resins that meet the diversified needs of users.

In addition, the sector also focuses on the development of cutting-edge resin processing technologies for foamed, extruded, and molded plastics.

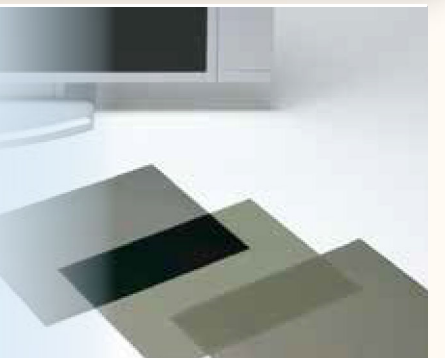


IT-related Chemicals Sector

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

The IT-related Chemicals Sector supplies a wide range of products that support information and communications technology (ICT)-related industries, including optically functional films and color resists for LCDs, photoresists and high-purity chemicals for use in semiconductor manufacturing, super engineering plastics used in electronic parts and electric cars, and lithium-ion rechargeable battery materials.

We promptly deliver highly functional and high value-added products in response to customers' needs, while striving to develop next-generation technologies and materials.



Health & Crop Sciences Sector

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

This sector is engaged in the manufacture and sale of crop protection chemicals, fertilizers, feed additives, household and public hygiene insecticides, and active pharmaceutical ingredients and intermediates. By providing these products, we aim to contribute to a stable supply of crops, help increase food production in response to an increase in the world population, prevent the spread of infectious diseases, and ensure hygienic and healthy lives.



Pharmaceuticals Sector

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

Sumitomo Chemical started its pharmaceuticals business as the first Japanese company to manufacture synthetic pharmaceuticals based on its advanced organic synthesis technology.

At present, the Company is developing the sector through Dainippon Sumitomo Pharma Co., Ltd., engaged in the ethical pharmaceuticals business, and Nihon Medi-Physics Co., Ltd., engaged in the diagnostic pharmaceuticals business.



The Sumitomo Chemical Group Spreading Its Wings Across the World

At present, Sumitomo Chemical is conducting business globally with more than 100 Group companies in five fields: basic chemicals, petrochemicals & plastics, IT-related chemicals, health & crop sciences, and pharmaceuticals. To continue to receive the approval of its wide range of stakeholders, Sumitomo Chemical will use its advanced technologies to create new products that reflect the changing times, contribute to improving people's lives, and help the international community resolve global problems involving resources, energy, food, and the environment.

Business Locations ◎Overseas Network

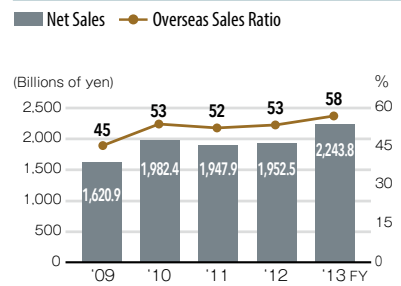


◎Domestic Network

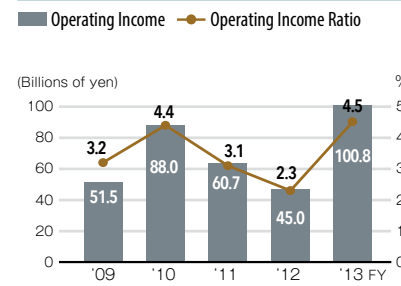


Sumitomo Chemical Consolidated Data

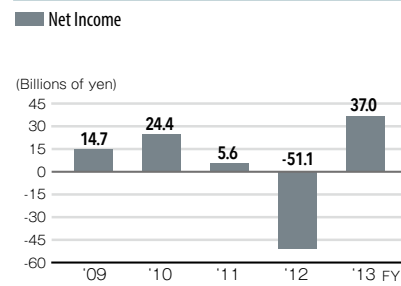
Net Sales and Overseas Sales Ratio



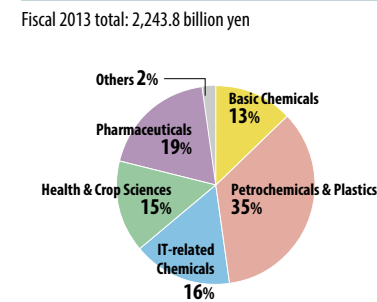
Operating Income and Operating Income Ratio



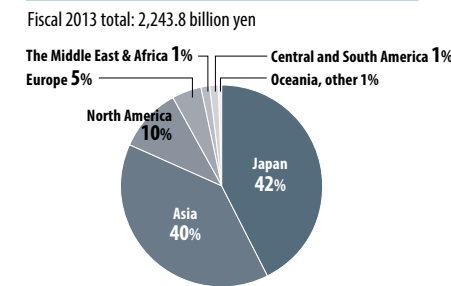
Net Income



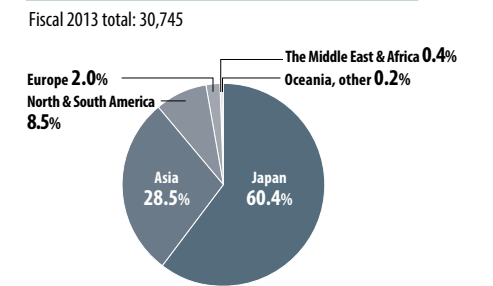
Net Sales by Business Sector



Net Sales by Region



Number of Employees by Region





Osamu Ishitobi,
Chairman & CEO

石井 修

Masakazu Tokura,
President & COO

十倉 雅和

Contributing to the Sustainable Development of Society through Our Business

Initiatives under Our Corporate Business Plan

Sumitomo Chemical considers contributing to the sustainable development of society through business activities the essence of corporate social responsibility (CSR). In our corporate vision, set out in the Corporate Business Plan we launched in 2013, we have made a commitment to helping solve global challenges, such as those related to energy, the environment, and food, with the power of chemistry. With an eye to realizing this vision, we are striving to develop innovative technologies and new businesses by making full use of a broad range of technologies and expertise that we have accumulated through years of operation as a diversified chemical company.

In the field of energy and the environment, we are stepping up efforts to commercialize polymer organic light emitting diode lighting, which offers high energy efficiency and can produce light of a wide variety of colors and tones. In addition, we started the operation of our new manufac-

turing plant for solution styrene-butadiene rubber (S-SBR) in Singapore in March 2014. Demand for S-SBR, a material used for high-performance, fuel-efficient tires, is growing rapidly as more stringent regulations are introduced worldwide on automobile fuel consumption.

In the food-related area, Sumitomo Chemical is working on the development of crop stress management technologies, which help increase yields by providing crops with resistance to the environmental stresses caused by climate change, such as high and low temperatures, droughts and salt damage.

Promoting Responsible Care

We are convinced that as we endeavor to contribute to the sustainable development of society through our business, it is essential that all of us at the Sumitomo Chemical Group work together to promote Responsible Care—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. Under our Corporate Business Plan, we have defined occupational safety and health, industrial safety and disaster prevention, environmental protection and climate change measures, chemical safety, and product responsibility as focal areas, in each of which we are now implementing various Responsible Care initiatives.

More specifically, as an effort to ensure safe and stable operation—an absolute prerequisite for sustainable business and one of our priority management issues—we are taking measures for enhancing our culture of safety and strengthening our safety assurance capabilities, while also working to improve our disaster prevention systems in preparation for large-scale earthquakes and tsunamis. At the same time, we are working with Group companies in Japan and abroad to have the Sumitomo Chemical RC operational standards, which stipulate our Responsible Care policies and measures, applied more vigorously across the Group, with the aim of bringing our overall Responsible Care activities to higher levels. Moreover, in order to contribute to the mitigation of global warming, we are striving to reduce CO₂ emissions by further enhancing energy efficiency across our supply chain, from manufacturing to distribution.

Social Contribution Activities

As a part of our CSR activities, we at the Sumitomo Chemical Group are engaged in a variety of social contribution activities in Japan and overseas.

Malaria has been a major impediment to the efforts of developing countries to overcome poverty. Sumitomo Chemical has been providing a substantial contribution to the control of the disease by supplying Olyset™ Net, an insecticidal mosquito net that it developed in-house to protect people from malaria-carrying mosquitoes, to Africa as well as Asia. We have also established our Olyset™ Net production and R&D bases in Africa, thereby helping create local jobs while invigorating the regional economy. In addition, we believe that in order to eliminate poverty and achieve sustainable economic development, Africa needs to build a better educational environment for children, who will make its future, and with this conviction, we are working with NPOs and NGOs on programs to construct elementary and junior high school buildings and related facilities, by donating a portion of our revenues from the Olyset™ Net business. Sixteen projects have been completed in 10 countries in the region, with two projects underway, one in Tanzania and the other in Senegal.

The “Sumitomo Chemical Forest” project is another example of our social contribution activity and an effort towards protecting biodiversity and mitigating global warming. In this initiative, launched in 2008 by partnering with NPOs and NGOs, our Group employees plant mangrove trees in the southern regions of Thailand. To date, approximately 430,000 mangrove trees have been planted across an area of 145 hectares.

In Dalian, Liaoning Province, and several other cities in China, we are running a project to ensure food safety by developing and promoting the use of safe agricultural

cultivation techniques and effective food safety inspection and analysis methods based on the Group’s agriculture-related materials and technologies.

Meanwhile, the Sumitomo Chemical Group engages in efforts to help the restoration of areas struck by large-scale natural disasters in Japan and overseas. For example, after the Great East Japan Earthquake of 2011, we have been conducting a project to hold fairs to sell agricultural produce, seafood, and processed food made in the Tohoku region affected by the disaster. We have also organized “science experiment workshops,” educational events for children living in disaster-stricken areas to learn about the wonder and joy of science. Our disaster-relief support is extended to areas outside Japan, as well. In 2013 we made financial contributions and donated Olyset™ Nets to quake-stricken Sichuan Province of China, the Philippines in the wake of a typhoon, and India after floods.

Promoting Diversity

Promoting diversity in the workplace is an important part of corporate social responsibility. We are striving to create a working environment in which employees with diverse backgrounds can work together with a sense of joy and purpose and achieve the full potential of their abilities, irrespective of their gender, nationality, or age. As an initiative towards this end, Sumitomo Chemical endorsed the “Women’s Empowerment Principles” in 2013. The principles were formulated through collaboration between the United Nations Global Compact—a United Nations initiative to encourage businesses to engage in the effort to build a global sustainable development framework—and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), and they offer guidance to companies on how to secure gender equality and empower women in the workplace. Going forward, we at the Sumitomo Chemical Group will continue to support these endeavors of the international community while also stepping up efforts to promote diversity in our workplace.

Toward the Next Century

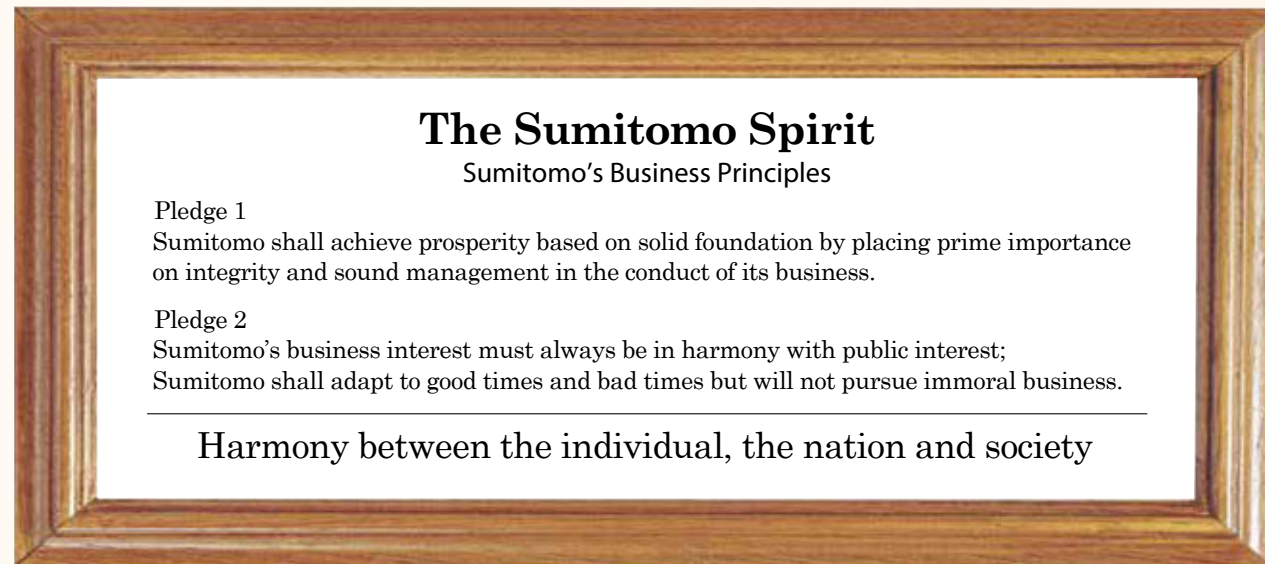
In 2015, Sumitomo Chemical celebrates the 100th anniversary of the commencement of its operations. The Company traces its origins back to 1913, when it started the manufacturing of fertilizers using harmful gas emissions from smelting operations at the Besshi Copper Mine in Niihama City of Ehime, Japan. Founded to help overcome environmental problems and increase agricultural production, Sumitomo Chemical has in its DNA a strong commitment to solving challenges facing society and contributing to the development of society through business. Over our next century, we will carry forward and put into action this business philosophy upheld since the Company’s inception. And we will strive to achieve sustained growth as a diversified global chemical company by contributing to the betterment of all our stakeholders and local communities.

We would appreciate your continued support and cooperation.

Sumitomo Chemical's Corporate Philosophy

Sumitomo Chemical's corporate philosophy is based on the Sumitomo Spirit, which have been upheld over generations for 400 years since the start of business by the House of Sumitomo in the 17th century. Specifically we possess a Business Philosophy, which outlines the fundamental ethos, missions, and values of the Company as well as our Corporate Slogan and Statement, which are intended to help instill "pride and commitment" among employees. Moreover, we use the Sumitomo Chemical Charter for Business Conduct as the basis for the Company's compliance system.

Fundamental Concepts that have been upheld from the founding of Sumitomo to this day



Sumitomo's Business Principles are based on the guiding principles set in Monjuin Shiigaki, a document written by Masatomo Sumitomo, the founding father of the House of Sumitomo, that urged family members to conduct business with honesty, prudence, and certainty. These Principles (established in 1891) communicate the importance of maintaining the trust of business partners and of society, and calls for refraining from the pursuit of easy gains under the Sumitomo Spirit.

While the essence has not been formally codified, Sumitomo also places importance on "harmony between the individual, the nation, and society." Based on the idea that Sumitomo must seek to benefit not only its own business but also both the nation and society, Sumitomo Chemical and other Sumitomo Group companies have long been committed to maintaining harmony between their own interests and those of the public.

Fundamental business principles, missions, and values which Sumitomo Chemical formulated based on Sumitomo's Business principles

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.

Common values, "pride" and "commitment" to share as employees

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.

Basic guiding principles to abide by in performing our business activities,
Created in the belief that it is our social responsibility to
conduct business to the highest ethical standards and act on our own responsibility

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.

Sumitomo Chemical's Operations and CSR

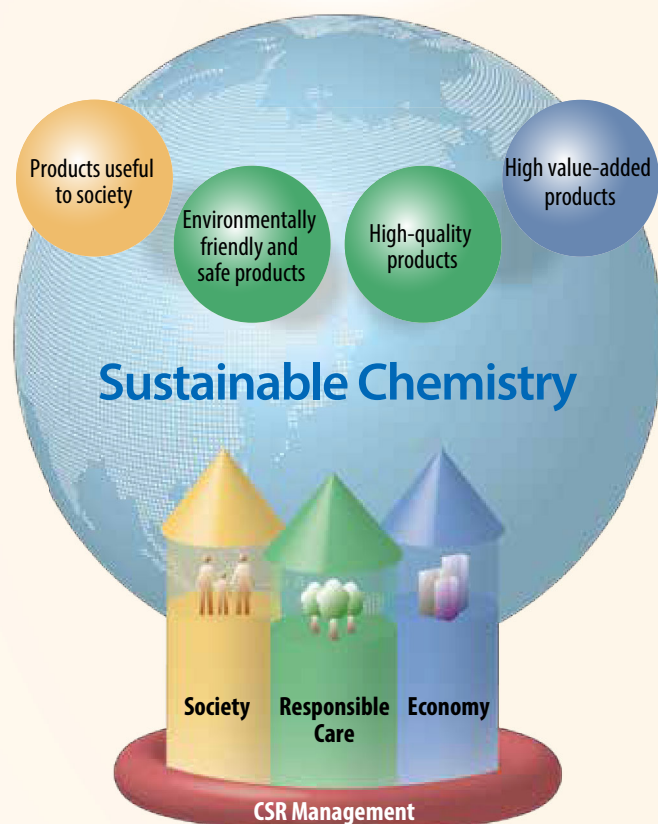
Sumitomo Chemical's Long-Term Goal

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 diversified global chemical company

Basic CSR Policy

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

In order to accomplish this, the Company will work to achieve a balance of profitable business operations, the preservation of the environment, safety, health, product quality and social activity. We will also 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 building a sustainable society, while continuing to grow in order to realize our goal of becoming a truly global chemical company in the 21st century.



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

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

Economy
Maximizing corporate value by continually providing better products

Sustainable Chemistry as the Mission of a Chemical Company

Fiscal 2013 – 2015 Corporate Business Plan

Sumitomo Chemical celebrates its 100th anniversary in 2015. Carrying forward the goal of achieving sustained growth over the next century, and under the slogan "Change and Innovation," the Company drafted a medium-term corporate business plan covering the three-year period from fiscal 2013 to 2015. Sumitomo Chemical is carrying out the plan with a view to strengthening the foundations of its business. The plan aims for Sumitomo Chemical as a diversified global

chemical company to achieve sustainable growth together with society. The execution of the plan allows not only the building of an operational structure more resistant to changes in the external environment, but also contributions to increased affluence and the resolution of global challenges facing humanity, including issues related to food, energy, resources, and the environment, through the development of next-generation businesses.

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

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

Change and Innovation — for the next hundredth anniversary —

Change & Innovation Business Structure

- ✓ Downsize/exit underperforming businesses
- ✓ Improve the business portfolio
→ Build a business structure that is resilient to changes in the external environment

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



Shu Hattori
Functional Materials Department
Inorganic Materials Division
Basic Chemicals Sector
Sumitomo Chemical

Erina Tashiro
Business Planning &
Administration Department
Crop Protection Division
Health & Crop Sciences Sector
Sumitomo Chemical

Naoki Morimura
Technical Department
Chiba Works
Petrochemicals & Plastics Sector
Sumitomo Chemical

Sachiko Kitamoto
Environmental Health Science
Laboratory
Sumitomo Chemical

Ryu Takeko
IT-related Chemicals Research
Laboratory
IT-related Chemicals Sector
Sumitomo Chemical

Kanako Fukuda
CSR Office General Manager
Sumitomo Chemical

What kind of company should Sumitomo Chemical strive to become?

Energy and food issues, water resource depletion, conflict and poverty are just a few of the problems faced by the world. What can a diversified chemical company do to solve these problems and create better lives for people? Employees from various divisions gathered to discuss what kind of company Sumitomo Chemical should strive to be in the future, within a social context 100 years from now.

What issues need to be solved to bring about a sustainable society in the future?

Sonoda: Today, I would like to open with a discussion about the future 100 years from now. I would like our discussion to center on the technologies and solutions that you think would be beneficial in creating a sustainable and abundant society in the future. With all the social and environmental problems today, which problems do you think about the most?



Facilitator

Ayako Sonoda

President, Cre-en Inc.
Secretary-General of Sustainability Forum Japan

Ayako Sonoda founded the women-focused marketing company Cre-en Inc. in Hyogo Prefecture in 1988. Around 1995, she launched an environmental and CSR consultation business. Cre-en currently offers CSR consulting services and CSR report planning and production support for approximately 450 companies. Sonoda also serves as secretary-general of Sustainability Forum Japan, director of the Japan Sustainable Investment Forum, and a member of the Challenge 25 Campaign Promotion Committee at the Ministry of the Environment.

Tashiro: In Miyazaki Prefecture, where I was born and raised, the population has aged, more farmland is being abandoned, and there are not enough people willing to take over family farms. If this continues, I worry that agricultural expertise will completely vanish. Before it is too late, we must pass on this expertise and these resources to the next generation. In the Crop Protection Division, we support the operations of farmers in Japan, and would like to help solve problems related to food supply and the environment in the future.



Kitamoto: My job is to ensure the safety of chemical products, so I am concerned about environmental pollution caused by chemical substances. Some developing countries have begun to put in place environmental regulations, but other countries

have continued to pollute the environment, causing problems on an international scale. I feel that these problems must be addressed as soon as possible. From the perspective of people's health, I think chemistry can make a contribution through research into regenerative medicine and health, the suppression of infectious diseases such as malaria, and preventative medicine, including the early detection of illness.



Hattori: I am concerned that there will be fewer habitable places in the future due to global warming and food problems. Poverty is a huge problem, and I am worried that people will fight over resources and places to live.

Takeko: I think the biggest problem is population growth.

As the population of the world grows, it creates problems related to energy, food and water. If all the world's people lived like the Japanese do today, we would need two or three earths to accommodate everyone. We are borrowing resources from future generations to sustain our lifestyles today. As a parent, I feel our current way of living is not the best for our children's futures.

Fukuda: While our lifestyles are made possible by borrowing resources from the future, there has been a functional division of responsibilities in society, making it more difficult to see how our daily lives take advantage of these resources. Take agriculture for example. Producers are farther away from consumers, and consumers tend to forget that it is only because of farmers and logistics networks that they can enjoy access to agricultural products. I am interested in how we can create a framework that brings this reality closer to consumers' lifestyles.

Morimura: When thinking in the context of the whole world, I cannot help but think that the isolated efforts of a single company or a single individual are insignificant. For example, Sumitomo Chemical aggressively works to reduce CO₂ emissions, but Sumitomo Chemical's emissions of CO₂ every year are only a minuscule portion of the world total. I think this problem can only be solved through a global framework.

Fukuda: Trying to tackle these problems head on would make me feel a bit helpless about the situation, but over a 100-year timeframe, I think we can do something about these problems. Today, we are doing things that people 100 years ago would never have imagined. A single company or a



single country cannot do much on its own to help the world support a population of 8 or 9 billion people. In 100 years, the world must cooperate on solving these problems, and I hope that we can work to create a vision of the future where everyone can live in harmony.

What can a diversified chemical company do to help?

Sonoda: With so many problems, we should think about how the power of chemistry can help solve them. One hundred years from now, Sumitomo Chemical will probably be in a better position to help find solutions to these problems. What are your thoughts on this?



Takeko: On the topic of energy, I think we need to increase sustainable sources of energy. There are many things a diversified chemical company can do to promote the transition to renewable energy sources such as solar, wind, geothermal and hydro power. To help solve energy problems, what we can do in the display field where I work is to make display devices more energy efficient with high-performance polarizers.

Hattori: I am in charge of the high-purity alumina field, where Sumitomo Chemical is a leading supplier known throughout the world. One of the two most common applications for high-purity alumina is as a base material for LED lighting. This technology helps alleviate the burden on the global environment by decreasing electricity consumption. In addition, because LED lighting can replace fluorescent bulbs, which contain mercury, it will also cut back on the use of mercury. High-purity alumina is also used as a material in lithium-ion secondary batteries, which help create better lives for people by improving the safety of the batteries while increasing the distance electric vehicles can travel. With stable product

What kind of company should Sumitomo Chemical strive to become?

supply as our first priority, we also have a responsibility to support an expansion in product applications.



Kitamoto: Safety research is a multivariate discipline that crosses a broad spectrum of fields. Sumitomo Chemical is one of only a few chemical companies that have their own specialists in various fields. These experts are doing pioneering research into safety around the world and applying their findings in product development. In the future, we aim for products made by Sumitomo Chemical to be renowned across the globe as products preferred by consumers for their safety and contribution to a sustainable society.

Tashiro: In our agricultural businesses, we aim to be a total solutions provider by offering everything from products (seeds, agrochemicals, fertilizers, and other materials) to related technologies and expertise in crop sales and farm management with the goal of providing comprehensive support for the management of agriculture. At Sumika Farms, which are operating in five areas in Japan, we are working to verify fertilization and pest control systems as well as revenues from production, and the results of this analysis are reflected in the company's agricultural management systems. By using ICT tools, we would like to build a framework where accumulated know-how is effectively passed onto farmers in nearby areas. We also aim to help



revitalize agricultural areas by effectively utilizing abandoned farmland and creating jobs in these regions, which should lead to a more stable food supply.

Sonoda: The spirit behind CSR at Sumitomo Chemical is to contribute to the development of society through your business activities, and this spirit lives on. The efforts that everyone has talked about, such as new technologies in the fields of the environment and energy and ICT, research into safety, and businesses that support agricultural management, are all targeted at solving problems to bring about a sustainable society in the future. These efforts should also enable us to live more prosperous lives with greater safety and security.

What kind of company should Sumitomo Chemical strive to become?

Sonoda: In order to create an abundant society 100 years from now, what kind of company should Sumitomo Chemical strive to be in the future? On a personal level, what kind of work do you do every day toward achieving this goal?

Takeko: I like Sumitomo Chemical's corporate philosophy, as I believe it is a common language shared by everyone that points our work in the same direction. Embedding this corporate philosophy in our work, including among our

overseas employees, as well, should keep our bearings on the right course into the future. If global business can be developed without straying from this corporate philosophy, I believe Sumitomo Chemical can evolve to become one of the world's leading companies 100 years from now.

Kitamoto: On thinking about what I should do now for the future, I feel like it is best to find solutions to problems that crop up every day. My job entails ensuring the safety of chemical products that contribute to society, so safety is always on my mind as I work throughout the day. I focus on making steady progress every day rather than attempting to



make unrealistic leaps and bounds. At the same time, I keep on the lookout for new ideas as I work, hoping that they will lead to change and innovation that serves to benefit society.

Morimura: I am on the same page as Ms. Kitamoto. Since I work in the plant, my mission is to maintain safe and stable

operation in order to deliver the right products to our customers. Sumitomo Chemical manufactures a large number of products that benefit society, and by continuing to supply these products, I believe we are able to contribute to society. We also strive to offer unique products to benefit society, and if we can introduce such products even a little faster, that is what we should do. As the Sumitomo Spirit says, we should not focus solely on short-term profits, but perform the right work that benefits society over the long term.

Tashiro: Surmounting environmental problems at the Besshi Copper Mine and contributing to the advancement of agriculture were the origin of the foundation of Sumitomo Chemical, and I believe that our business today that focuses on contributing to farm management is an example of staying true to these beginnings. While it is challenging to launch a new business, Sumitomo Chemical is the kind of company that lets employees venture in new directions. I hope that more of my coworkers take on new challenges.

Hattori: It has only been a few years since I joined the Company, but every day I can feel the corporate culture of conscientious work that takes into account other people's feelings and opinions, a respectful way of working, whether you are dealing with a coworker or a customer. Diversity means accepting people of various backgrounds with humil-

ity. In our work every day, we are rooted to the culture of Sumitomo Chemical. Valuing this culture, we work to find solutions to the problems faced by society. I believe Sumitomo Chemical will always be an essential part of society.

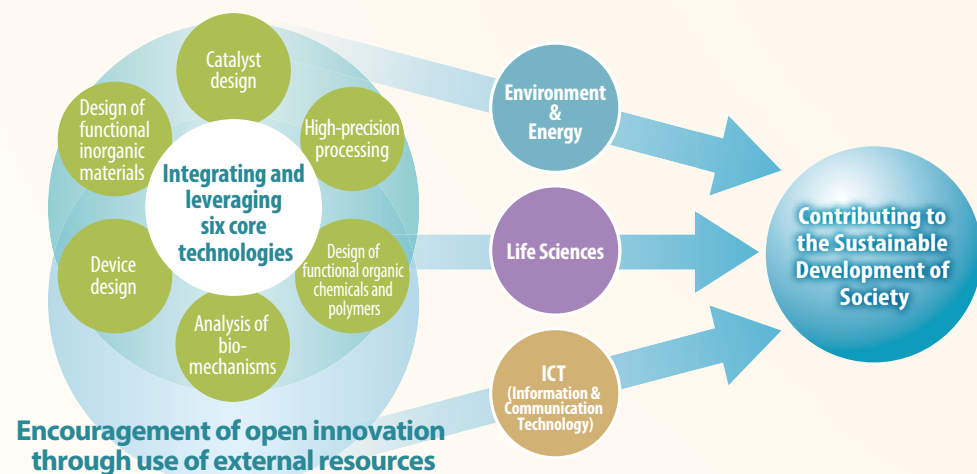
Takeko: In our daily work, even if you think something is absolutely impossible, these kinds of challenges can be surmounted as ideas percolate to the surface with the help of coworkers. I think it is important to take on such challenges without fear. While staying within your comfort zone is easy, sometimes it is necessary to step out of this zone. The people around you may be surprised, but you may inspire others to step out of their comfort zone. These types of people are drawn to each other, and eventually will cross paths. I believe this attitude is what is needed for the future hybrid chemistry and innovation.

Fukuda: Sumitomo Chemical has an excellent assortment of technologies, products and people. Brought together and refined on a daily basis, these qualities lead to advances that open up new potential. Our business interest must always be in harmony with the public interest—that is the Sumitomo Spirit. These words mean that Sumitomo must seek to benefit not only its own business, but also both the nation and society. Having a commitment to achieving this philosophy is a value that we all share. By conveying and sharing these values with all of our stakeholders, we aim to continue leveraging our strengths as a diversified chemical company well into the future.



Sonoda: Society has great expectations for Sumitomo Chemical. I hope Sumitomo Chemical creates innovations that surprise the world through hybrid chemistry over the next 100 years.

Promoting Creative Hybrid Chemistry



Focusing our efforts on integrating and leveraging the six core technologies in which the Company excels, we are encouraging open innovation through the use of external resources, and creating products and technologies with higher added value. Sumitomo Chemical aims to achieve sustained development along with society in the three key areas of the environment and energy, life sciences, and information and communication technology (ICT).



Addressing the Issue of Global Climate Change

Development of Processes and Products that Reduce Environmental Impact

The growing consumption of resources and energy and its impact on the global environment has become a major issue faced by the world community. Sumitomo Chemical is developing Green Processes, which are manufacturing processes that limit environmental impact, and Clean Products, which are products with improved performance in terms of environmental friendliness, safety, and quality.

Green Processes

Developing simple, efficient processes that conserve resources and energy usage

Sumitomo Chemical aims to recycle the chlorine used in the production of some chemical products. 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% and uses far less electricity than conventional methods of producing chlorine through electrolysis.

In 2014, this process was internationally recognized as a way to reduce CO₂ emissions and was newly registered as a method of calculating CO₂ emission reduction under the United Nations Framework Convention on Climate Change.

In addition, CO₂ separation technologies extract unneeded CO₂ from target gases, which is essential in the production of hydrogen and the refinement of natural gas. Recognizing that conventional methods require large amounts of thermal energy and huge facilities, Sumitomo Chemical has developed a process that uses **CO₂ separation membranes**. It is a simple method of removing CO₂ by letting gas flow through the process, helping reduce energy used in separation and scaling down the size of facilities. In 2012, Sumitomo Chemical established a joint venture to advance the CO₂ separation business, and has been accelerating efforts to develop full-fledged operations.



Hydrochloric acid oxidation process equipment



CO₂ separation membrane

Environmentally friendly production processes that do not produce by-products

The production of caprolactam, which is used to make nylon for garments, entails the use of oleum as an auxiliary feedstock, so large amounts of ammonium sulfate are generated as a by-product. Although chemical manufacturers around the world confronted this problem throughout the years, in 2003, Sumitomo Chemical established the world's first **vapor-phase caprolactam process** that does not produce ammonium sulfate as a by-product. This is because it does not use oleum thanks to the development of a proprietary catalyst and new processes. The removal of ammonium sulfate prolongs the service life of plants while reducing the amount of feedstock required in production 25 to 40%.

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.



Vapor-phase caprolactam process equipment



PO-only process equipment

Clean Products

Materials that improve fuel economy of automobiles

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. S-SBR is used in the treads of tires that come in contact with the pavement, reducing the roll resistance of tires (resistance in the opposite direction of travel) to improve fuel economy by 10% or more compared with conventional products. For the sake of safety, sufficient tire grip is also required so the vehicle stops when the brakes are applied. S-SBR strikes an optimal balance between these two contradictory requirements. With demand for tires that improve fuel economy likely to expand around the world, Sumitomo Chemical bolstered its supply structure by building a new plant in March 2014 in Singapore for producing S-SBR.

Sumitomo Chemical also produces and sells **diesel particulate filters (DPFs) for diesel engines**. Our DPFs, made from aluminum titanate, feature excellent heat resistance and a spe-



New S-SBR plant in Singapore



Diesel particulate filter (DPF) for diesel engines

cial structure that continuously captures a high volume of particulate. In Europe, Sumitomo Chemical is responding to strengthening market needs for DPFs, launching a production plant in Poland in 2013 ahead of the requirement that DPFs be installed on diesel engines starting in 2014.

Creating the potential for next-generation solar power generation

Sumitomo Chemical continues to develop **organic photovoltaics (OPV)** in tandem with the penetration of solar power generation. Mainstream silicon-based solar cells are heavy, restricting where they can be installed, and require a large amount of energy to manufacture. OPV can be made using simple printing and coating production processes, and are light, bendable and translucent. OPV are suitable for a wide variety of applications for generating electricity, because they can be installed where conventional solar panels cannot be installed. The Company's OPV achieved a world-class conversion efficiency ratio of 10.6% (certified by NREL in the U.S.) in 2012. We are focusing all of our efforts on commercializing them as early as possible.



Organic photovoltaics (OPV)

- ① Vapor-phase caprolactam plant at Ehime Works
- ② Diesel particulate filter (DPF) for diesel engines
- ③ Tires that use S-SBR

The Sumitomo Spirit lives on in S-SBR

Sumitomo Chemical's S-SBR has been praised by customers for its high scores in both fuel economy and tire grip. S-SBR is a classic example of the Sumitomo Spirit—its business interest must always be in harmony with public interest. We take pride in being able to contribute to society through our work. Recently, new issues have taken the forefront in R&D activities to extend the service life of tires, namely roll resistance, tire grip and improved resistance to wear. Sumitomo Chemical will continue to take on these challenges in the creation of automotive products that help conserve energy and resources.

Noriharu Hitaka
General Manager,
Synthetic Rubber Department
Advanced Polymers Division





Responding to Global Food and Health Problems

① Health & Crop Sciences Research Laboratory
 ②③ Sumika Farm Ibaraki
 ④ Research at Sumitomo Dainippon Pharma

Contributing to the Stable Production of Food and Invigoration of Agriculture

Issues pertaining to food production have become more serious around the world against a backdrop of climate change, population growth and insufficient agricultural productivity. Sumitomo Chemical is leveraging its accumulated experience in the field of agricultural chemicals to tackle these challenges from various angles.

Aiming for dramatic improvements in productivity by lessening environmental stress on crops

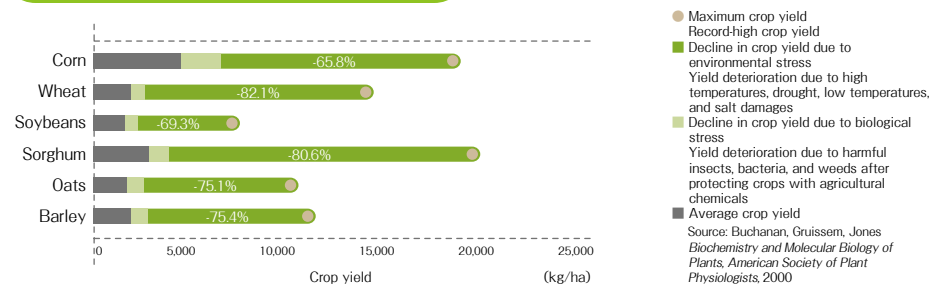
For many years, Sumitomo Chemical has worked on the development of pesticides, fungicides, and herbicides to protect crop growth and promote better harvests. Crops are affected by biological stress, such as harmful insects, bacteria, and weeds, as well as environmental stress, which has gained more attention lately, such as extreme temperatures, drought and salt damages. Recently, environmental stress has been a larger factor in lowering harvests than biological stress. Climate change has been a cause of abnormal weather, making environmental stress an issue of increasing concern.

To mitigate environmental stress on crops, Sumitomo Chemical has been developing a new chemical field called **crop stress management**. Using the power of chemicals to enhance tolerance to environmental stress, we aim to increase harvests as per-area productivity improves considerably. Partnering with universities and companies inside and outside Japan, Sumitomo Chemical has been working to identify effective compounds through research at the laboratory level and successfully confirmed the effectiveness of these compounds in field studies during fiscal 2012 and fiscal 2013. Sumitomo Chemical is stepping up its efforts toward commercialization by advancing further analysis in fiscal 2014.



Testing of agricultural chemicals in a greenhouse

Crop loss due to environmental stress



Taking on world problems as a worthwhile cause

We believe taking on world problems such as food shortages through research into possible solutions is a worthwhile cause. There is the difficulty of setting specific targets without anything to compare against because these chemicals are completely new and have not been commercialized yet, even by other companies. The development of agricultural chemicals requires years of research and time in addition to the arduous process of trial and error, but we are driven forward by the promise that this technology may someday benefit agriculture around the world. Our first and foremost goal is to deliver a product to the world as quickly as possible.

Fujio Mukumoto
 Discovery Biology Group,
 Health & Crop Sciences
 Research Laboratory



Sumika Farms revitalizing regional agriculture across Japan

Japan's agricultural industry faces various issues, such as damage from the Great East Japan Earthquake, the impact of the Trans-Pacific Partnership (TPP), and the aging of farmers with no successors to take over the farm. In light of these circumstances, the Sumitomo Chemical Agro Group (Sumitomo Chemical and Group companies involved in agricultural businesses) aims to invigorate Japan's agricultural industry as a total solutions provider. Sumitomo Chemical offers comprehensive support to farmers by providing products including crop protection chemicals, fertilizers, and other agricultural materials, and by offering its in-depth know-how in crop cultivation, marketing and management.

Since 2009, Sumitomo Chemical has established agricultural corporations called **Sumika Farms** throughout Japan. Sumika Farms produce fruits and vegetables in five areas: Nagano, Oita, Yamagata, Mie, and Ibaraki. Sumitomo Chemical also contributes to regional agriculture from the perspectives of hiring and training by creating jobs for locals and providing places for people new to agriculture to learn the ropes.

Through Sumika Farms, we also aim to advance our own cultivation technologies via their hands-on application. Leveraging the Group's agriculture-related products, we aim to establish a new business of producing safe and highly competitive agricultural products.

Helping People Suffering from Disease

The Sumitomo Chemical Group, centered on Sumitomo Dainippon Pharma Co., Ltd., conducts research into new drugs with the latest in technology. By developing and bringing to market groundbreaking pharmaceuticals as quickly as possible, we strive to meet the expectations of people suffering from disease, their families, and related medical personnel.



Contributing to the betterment of medicine through antipsychotic drugs with few side effects

At the Sumitomo Chemical Group, the psychoneurotic field of medicine is a priority focus of the pharmaceuticals business. In this field, Sumitomo Chemical has concentrated on the clinical development of **lurasidone**, a treatment for schizophrenia. The administration of one dose of lurasidone per day is an effective treatment for schizophrenia with few side effects, such as weight gain and metabolic disorders, common to other medications.

Sales of lurasidone began in 2011 in the United States. Sumitomo Chemical aims to apply for approval from the Ministry of Health, Labor and Welfare to manufacture and sell lurasidone in Japan in fiscal 2015. Sumitomo Chemical hopes to help offer better medical treatments for schizophrenia by providing lurasidone as an effective and safe drug on the world market.

Developing drugs that target cancer stem cells for reduced risk of reoccurrence

Cancer is the leading cause of death in Japan and inflicts over 32 million people worldwide. The Sumitomo Chemical Group has long been involved in the development of cancer treatments. Sumitomo Dainippon Pharma has been advancing clinical trials of an industry-first **drug that targets cancer stem cells**. Targeting both cancer cells and cancer stem cells, which are difficult to treat with existing radiation therapy and anti-cancer drugs, this drug holds promise as an effective cancer treatment that addresses issues such as drug resistance, recurrence and metastasis.

Currently, we are conducting clinical trials for the treatment of various kinds of solid tumors. By developing drugs that target cancer stem cells, we aim to help patients with unmet medical needs using existing therapies.

Supporting the Advancement of an IT Society

Addressing Diversifying Needs in Information and Communication

IT society has been diversifying with the proliferation of information devices such as smartphones and tablets that have made people's lives more convenient. Sumitomo Chemical supports the development of the information electronics industry by providing a wide range of products and services that leverage its cutting-edge technologies.

Production of high-performance polarizers, an essential part of LCDs

Sumitomo Chemical develops **polarizers** used in liquid-crystal displays (LCDs) as a product that supports cutting-edge information devices. Polarizers are films that control the condition of light, allowing people to clearly see videos and images on LCD screens.

LCDs are used in a diversifying array of applications, such as PC displays, TVs, and mobile handsets that have become essential aspects of the lifestyles of people around the world. LCD manufacturers aim to differentiate themselves by the display quality of videos and images. Using the latest technologies, Sumitomo Chemical's polarizers excel at being able to perform according to the requirements of LCD manufacturers. Sumitomo Chemical has business bases located in the main LCD-producing countries, such as South Korea, Taiwan, and China in addition to Japan, allowing it to rapidly and precisely reflect the needs of local manufacturers in polarizer development.

We have also focused on improving the transmittance and light utilization efficiency of polarizers in order to help reduce the energy consumption of devices. We have also reduced environmental impact by reassessing production processes, such as by eliminating a pretreatment process that is now unnecessary for some films.

Next-generation touchscreen panel offers new type of displays for information devices

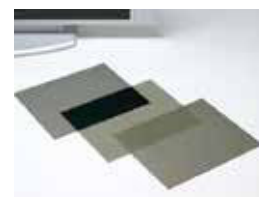
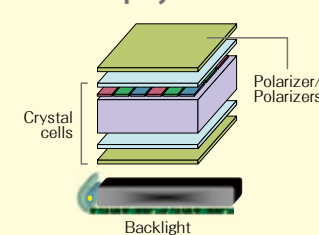
Sumitomo Chemical is engaged in the **touchscreen panel** business against a background of growing demand around the world for smartphones and tablets. Touchscreen panels are a key input device for smartphones and tablets that increase their ease of use.

Sumitomo Chemical began producing next-generation touchscreen panels in 2012 after constructing a plant at Dongwoo Fine-Chem Co., Ltd., its Korean base for the IT-related chemicals business. Instead of LCDs, these touchscreen panels are used with high-brilliance OLEDs, which can beautifully reproduce images on an easily controlled screen with excellent energy conservation performance.

Touchscreen panels allow users to control devices by directly touching the screen, making them easy to use even for people unfamiliar with information devices. Sumitomo Chemical is currently developing touchscreen panels that can bend and expects these bendable panels to be well suited for a broad range of applications once development has finished.

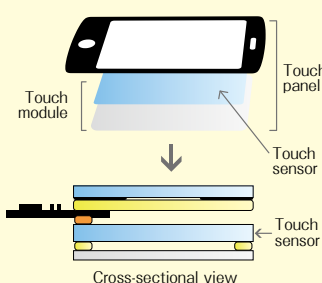
In this way, Sumitomo Chemical supports the advancement of information communications infrastructure with high-performance products that lead the industry.

●LCD display structure



Polarizer/Polarizers

●Touchscreen panel



Inspection of touchscreen panels

Spurring innovation in displays and lighting with commercialization of polymer organic light emitting diodes (PLED)

Sumitomo Chemical has been concentrating on the development of organic electroluminescence materials, a promising material for next-generation displays and lighting. Organic electroluminescence stands for the phenomenon of the generation of light when voltage is applied to organic materials. Light-emitting materials used for organic electroluminescence are either polymer or small molecule. Sumitomo Chemical is developing soluble polymer types of light-emitting materials that can be brought into solution and printed onto glass and plastic in the production of PLED products. The production of PLED products can be accomplished in only a few processes, contributing to energy conservation in the manufacturing process, lower-cost products, and larger-sized products.

●More advanced displays

PLED displays can be made thinner and lighter than before, and offer more natural-looking expressions of highly reproducible colors. We therefore believe PLED displays would make for excellent commercial monitors at broadcasting stations and medical centers. In 2013, Sumitomo Chemical developed production technologies based on inkjet printer technology to make PLED displays with a resolution of 423 ppi on glass sheets (370mm X 470mm). Sumitomo Chemical aims to improve manufacturing processes while enhancing the performance of PLED materials with the ultimate goal of mass producing PLED displays.

●Defying conventional wisdom in lighting

Sumitomo Chemical has been developing PLED panels as a new lighting technology. PLED lighting has several benefits over LED lighting, such as flat light sources, broader color reproduction, and lower heat generation. Since the production process using inkjet printer technology is simple, like that for PLED displays, PLED lighting can create new product categories for lighting, such as walls and ceilings painted with light-emitting layers that can be turned on, and light, unbreakable and bendable lighting when used in conjunction with plastic films. Turning the conventional wisdom for lighting on its head, PLED lighting has the potential to change the way we light our homes and streets, creating new value for society. Sumitomo Chemical entered the market for ornamental lighting panels in April 2014, and plans to enter the market for general lighting panels during fiscal 2015.



Flexible PLED lighting

Glass is mainly used in light plates currently, but using plastic instead would offer the benefits of being light, shatterproof and flexible, which would afford more freedom in design.

Opening up new fields with PLED

As a chemicals manufacturer with decades of experience in the development and sale of chemical compounds, Sumitomo Chemical has offered an increasing number of products that can be used with existing final products after a few modifications, such as PLED panels. Sumitomo Chemical started out with little knowledge of how to market lighting panels but must find new customers who will buy its lighting panels. While feeling our way around this new field, our work reflects this hard-earned experience. Keen to open up the new field of PLED, we aim to expand markets for this groundbreaking product that turns the conventional wisdom for lighting and displays on its head.

Koshiro Ochiai
Manager
PLED Business Planning Office



① Sumitomo Chemical's PLED lighting on display at the Light + Building 2012 exposition in Germany
② PLED research and development

Promoting Safe and Stable Operations

Large-scale fires and explosions continue to plague chemical plants in Japan. Viewing these accidents as serious learning opportunities, Sumitomo Chemical has been making every effort to ensure safe and stable operations, "Making Safety the First Priority" to achieve a record of zero-accident and zero-injury.

Ensuring Safety at Manufacturing Facilities

Sumitomo Chemical believes ensuring safety at manufacturing facilities requires not only safety assurance capabilities, such as a framework for ensuring safety, but also the establishment of a culture of safety that supports and promotes these safety assurance capabilities. Sumitomo Chemical engages in a variety of activities aimed at strengthening its safety assurance capabilities and enhancing a culture of safety.

Carelessness leads to accidents.
Maintaining safety requires constant effort.



Strengthening Safety Assurance Capabilities

"Safety assurance capabilities" refer to actions and items essential to ensuring safety in the design, construction, and operation of plants, including safety-technology information, safety education, and process risk assessment. Having taken to heart a number of lessons learned from significant incidents in the past, Sumitomo Chemical compiles a safety-technology information database, develops risk assessment methods, and enhances safety education efforts.

With the aim of promoting the acquisition of basic knowledge, Sumitomo Chemical also conducts safety education programs, including lectures and group discussions, and a training series for recognizing danger in order to maintain and improve sensitivity to risk. Company-wide safety education classes cover the latest topics each fiscal year. Sumitomo Chemical Group companies in Japan are also taking part in these lessons.

Going forward, the Company will continue to implement effective measures to strengthen safety assurance capabilities, which is one of its main objectives.



Safety training at a business site

Enhancing a Culture of Safety

One lesson learned from the recent accidents is the lack of safety-related personnel education and passing on of techniques to younger employees. Accordingly, attention is now focused on promoting a culture of safety that is based on safety activities involving mutual understanding (communication), operational management, and traditional learning. In light of the situation, Sumitomo Chemical has identified areas to improve based on an assessment of its strengths and weaknesses at the business site level and the department level and is working to instill a robust culture of safety. Sumitomo Chemical's activities to enhance awareness of danger through Kiken Yochi Training (KYT) are being continued in Japan and also being expanded to overseas Group companies.



Ehime KYT meeting



KYT at the RC-GM

An annual KYT contest is held at the Ehime Works to improve employees' ability to sense danger.

Responsible care managers at overseas group companies learned about KYT at the RC Global Meeting (RC-GM).



Increasing the safety awareness of employees

The president of Sumitomo Chemical personally visits and gives safety commendations to facilities that have recorded zero accidents. In fiscal 2012, the President's Award for Workplace Safety was established as a program to promote workplace safety at the section and team level, reflecting the president's idea that more can be done to encourage manufacturing and research employees to make steady efforts to maintain safe and stable operations. This award was presented to seven workplaces in fiscal 2012 and six in fiscal 2013.



First President's Award for Workplace Safety

Award-winning workplace example: Third Production Section, Kikumoto No.1 Manufacturing Dept., Ehime Works
This section's safety training uses original study materials to effectively use safety time.



Second President's Award for Workplace Safety

Award-winning workplace example: Polypropylene Section, No. 3 Manufacturing Dept., Chiba Works
This section continues to maintain no accidents thanks to safety initiatives undertaken by employees and cooperating companies.

Future Initiatives

With the aim of achieving and maintaining zero accidents, Sumitomo Chemical will continue to implement activities to enhance a culture of safety. In addition, by carefully calculating the degree of improvement on a quantitative basis, the Company intends to maintain a clear grasp of the effects of these activities. Moreover, with the goal of reducing severe industrial accidents to zero, Sumitomo Chemical will continue to enhance efforts to strengthen its safety assurance capabilities, including by promoting knowledge of process safety technology from the "know-how" (teaching why things must be the way they are) perspective.

Criteria and Results of the President's Safety Award for Zero-Accident and Zero-Lost Workday Operations

● **Oita Works**
Award standard: Periods of 1 million work hours
Achievement status: Achieved target of 7 million work hours in November 2012

● **Ehime Works**
Award standard: Periods of 3 million work hours
Achievement status: Working toward 3 million work hours of zero incidents requiring leave

● **Research Laboratories in Tsukuba**
Award standard: Periods of 30 months
Achievement status: Working toward 330 months of zero incidents requiring leave

● **Health & Crop Sciences Research Laboratory**
Award standard: Periods of 30 months
Achievement status: Working toward 330 months of zero incidents requiring leave

● **Misawa Works**
Award standard: Periods of 30 months
Achievement status: Working toward 120 months of zero incidents requiring leave

● **Chiba Works**
Award standard: Periods of 3 million work hours
Achievement status: Achieved target of 9 million work hours in August 2012

● **Osaka Works**
Award standard: Periods of 3 million work hours
Achievement status: Working toward 3 million work hours of zero incidents requiring leave

● **Ohe Works - SAT**
Award standard: Periods of 3 million work hours
Achievement status: Achieved target of 6 million work hours in June 2012

Industrial Safety Action Plan

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 has initiated 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 capabilities.

Global Management at Sumitomo Chemical

While accelerating the globalization of the Company and expanding operations overseas, Sumitomo Chemical has established global headquarters companies in the four regions of China, Southeast Asia (including India and Oceania), North America, and Europe to ensure greater quality and efficiency in business management in tune with regional characteristics.

Functions of Global Headquarters Companies

Regional Representative

As the main representative of the Sumitomo Chemical Group in the region, global headquarters companies aim to sustain and enhance the Sumitomo Chemical brand and expand its presence while strengthening networking with local authorities and customers and collecting and providing business information.

Integration of Back-office Operations

Global headquarters companies aim to improve business quality, generate cost synergies, and integrate the functions of back-office operations at regional group companies, including through the use of shared services.

Support for Business Development and Expansion into New Markets

Global headquarters companies aim to expand into new markets in terms of both geographic regions and business fields while supporting business divisions by providing business-related information and arranging contacts with local business leaders.

Sumitomo Chemical Europe S.A./N.V. (Europe Region)



Sharing Sumitomo Chemical's Business Philosophy and reason for CSR activities

Katleen Buyle
Personnel Manager
Sumitomo Chemical
Europe S.A./N.V.

It is crucial that Sumitomo Chemical Group companies with operations in Europe, a region with diverse cultures and value systems, build networks across countries, regions and companies. In December 2013, Sumitomo

Chemical Europe S.A./N.V. held training sessions for the managers of Group companies in the region for Sumitomo Chemical's Business Philosophy and CSR activities. The training sessions introduced CSR projects being undertaken by Sumitomo Chemical that the managers have few opportunities to see firsthand, deepening their awareness of CSR and its significance. We also exchanged opinions about how each person can contribute to enhancing corporate value in their daily business activities. As the regional headquarters for Europe, we will continue to support the strengthening of relationships among Group companies while sharing the Business Philosophy of Sumitomo Chemical.



Sumitomo Chemical (China) Co., Ltd. (China Region)



Effectively deploying capital within the Group to strengthen its financial foundation

Ryo Matsumoto
Senior Manager
(Accounting)
Business Support Department

Including indirectly owned subsidiaries, there are around 30 Group companies in China. One characteristic of China is the difficulty of procuring capital, as demonstrated by the restrictions

placed on foreign currency exchange with the renminbi. For this reason, Sumitomo Chemical (China) Co., Ltd. supports operations in accounting and taxation fields, adjusts financing (loans) across Group companies, and manages contracts. With the cooperation of Group companies, a variety of measures and loans were put together, resulting in a considerable year-on-year reduction in interest-bearing debt at Group companies in China as of the end of fiscal 2013. We aim to expand the use of intra-group loans, assist with preparations for international financial reporting standards being promoted by the Head Office, and strongly support the skill enhancement of managers at Group companies in China.



Global CSR Project



We have launched the Sumitomo Chemical Group Global Project along with the four global headquarters companies. This project aims to enhance the feeling of belonging among Group employees around the world. The first stage of the project commenced in May 2014 with a campaign to provide aid to schools in Africa.

Aid for African Schools

Combining the efforts of Group companies around the world, employees are raising donations for the delivery of supplies needed by African elementary schools that Sumitomo Chemical helped build. During the campaign to raise donations, we provided donation tools to each company, had global headquarters companies distribute comic books about unifying under the Sumitomo Chemical Group Global Project, and fostered a sense of togetherness globally.

Donated supplies: textbooks, dictionaries, desks, chairs, and other items
Recipients of donations: elementary schools in Malawi and Mali
Collaborating NGOs: Plan Japan, World Vision Japan, and others
Support groups: Sumitomo Chemical labor union



Sumitomo Chemical (Asia Pacific) Pte. Ltd. (Southeast Asia Region)



Ensuring compliance to counter growing legal risks

Jeyanthi Mala Rama Krishnan
Regional Legal & Compliance Office Manager

Sumitomo Chemical Asia Pacific established its Regional Legal & Compliance Office (RLCO) in April 2013, aiming to provide support and services on legal and compliance matters to our group companies in Southeast Asia and its vicinity region,

including India and Oceania. The RLCO's support, built on specialized knowledge and practical experiences, encompass a broad variety of issues, not only those pertinent to an individual group company, but those more or less common to all group companies in the region. In 2013, the RLCO focused its compliance initiatives on strengthening a group company's corporate system that ensures abiding by relevant competition laws and preventing any corruptive conduct, such as bribery. Among others, the RLCO conducted training seminars on bribery prevention to group companies in India and Malaysia. Going forward, RLCO will continue to support group companies in furthering their compliance-oriented business management and, in addition, in properly responding to differing legal risks associated with cross-border transactions as the companies will increasingly engage in them in the years ahead.



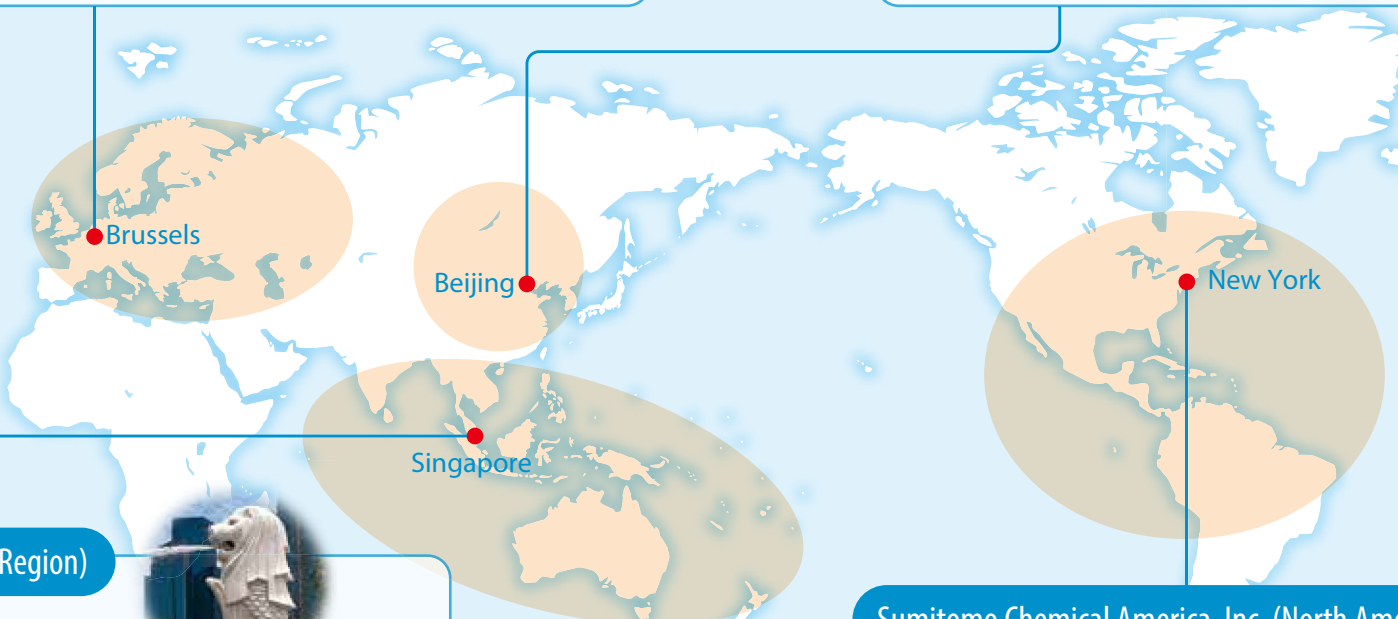
Sumitomo Chemical America, Inc. (North America Region)



Increasing efficiency in logistics operations by leveraging economies of scale

Meredith B. Foster
Logistics Manager
Valent BioSciences Corporation

In a country as expansive as the United States of America, achieving efficiencies in logistics is a key priority. Sumitomo Chemical America, Inc. collaborates with Group companies in the Americas to increase efficiencies in logistics operations by leveraging economies of scale. By building a transportation management system for Group companies, we have worked to increase efficiency in the selection of logistics providers, speed up the delivery of products to customers, and make business processing more efficient. Thanks to these efforts, logistics costs were cut substantially in 2013. By getting more Group companies to adopt this transportation management system, we aim to achieve even greater efficiencies in logistics operations in the Americas.



Initiatives to Tackle Global Social Issues



The Sumitomo Chemical Group engages in a variety of social contribution activities with the belief that its corporate mission is to grow along with society. The Sumitomo Chemical Group tackles social issues in a manner that reflects its unique attributes from the three perspectives of community Contribution, which aim to enhance coexistence with local communities, future Contribution, which include educational support for the next generation, and global Contribution, which fulfills the Group's responsibility to international society as a global company.

Protecting Children from Malaria

Malaria is a deadly infectious disease carried by mosquitoes. Every year, malaria claims more than 620,000 lives, and many of its victims are children under the age of five with no resistance to the disease. Sumitomo Chemical has developed Olyset™ Net, a netting made out of polyethylene resins that keeps out malaria-carrying mosquitoes. The World Health Organization (WHO) recognized Olyset™ Net as the first Long-Lasting Insecticidal Net (LLIN) in 2001 and recommends its use.

Ever since, WHO and other international institutions, such as UNICEF, have purchased Olyset™ Net from Sumitomo Chemical and distributed them to families in more than 80 countries, particularly in Africa, for the purpose of protecting people, especially pregnant women and children. Moreover, from 2011, Olyset™ Net has also become available through normal distribution channels, including supermarkets, in Kenya and other countries. In fiscal 2013, Sumitomo Chemical donated 40,000 Olyset™ Net packages to Myanmar in August and 20,000 more to the Philippines after massive damage was caused by a hurricane in November.

Production operations of Olyset™ Net have expanded to Tanzania, China, and Vietnam. The Company supports regions through job creation, such as in Tanzania where about 7,000 local workers make 30 million packages of Olyset™ Net per year.

To support sustainable development in Africa, Sumitomo Chemical uses a portion of the sales from Olyset™ Net to support education in Africa. We have supported 16 projects in 10 African countries as of fiscal 2013 to construct primary and secondary school buildings. In this way, we help create better learning environments for children, who comprise the next generation.

Every day, there is a TABLE FOR TWO at employee cafeterias across Japan.

TABLE FOR TWO

- For every meal purchased, a donation is made to the TFT organization to pay for one African child's school lunch.
- Fiscal 2013: 72,054 meals
Total donations: About ¥2,880,000

Tohoku and Kanto Support Meals

- Meals made using ingredients produced in the Tohoku and Kanto region
 - Every six months, donations are sent to a scholarship fund to support children in Iwate, Miyagi and Fukushima who lost their parents by the natural disaster.
- Fiscal 2013: 71,715 meals Total donations: About ¥4,130,000

Things that each and every employee can do

Following a matching gift model, the Company matches contributions made by employees.

Each month, Donations can be deducted from each month's paycheck.

Matching gift program

- Implemented in cooperation with the labor union
- Donations made in units of ¥100 per month (maximum of ¥1,000 per month)

Fiscal 2013: Support for tree-planting activities totaled ¥13,780,000
Educational support for children totaled ¥16,680,000

Sumitomo Chemical Forest Project Nurtures Mangrove Forests

Mangrove forests are made up of a number of different types of trees that grow in the brackish mix of seawater and fresh water located in tropical and subtropical regions of the world. Mangroves help prevent global warming by absorbing a large amount of CO₂. However, mangrove forests have been cut down around the world in recent years, causing a major problem. Mangrove forests in Thailand have been converted into shrimp farms and thinned out as a resource for making charcoal. In the 35 years since 1961, the area of mangrove forests in Thailand has shrunk by 55%.

In light of this situation, the Sumitomo Chemical Group and its labor union have collaborated with the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) since 2008 on a project to plant mangrove trees in Ranong Province in southern Thailand.

In this project, most of the tree planting and vegetation removal is performed by local residents. The project aims to foster communities where residents can live independently in harmony with nature, protecting the region's abundant natural environment. Sumitomo Chemical Forest has currently spread to 145 hectares with a total of 430,000 mangrove trees planted.



Every year, the Sumitomo Chemical Group calls for volunteers among its employees to help out with the project locally. The volunteers stay in the homes of local residents to deepen the exchange of information and work on the important issue of protecting the global environment. In fiscal 2013, there was a total of 25 employee volunteers, including an increase in volunteers from Group companies in Thailand, Singapore, and Taiwan.

Reconstruction Assistance for Diversified Needs in Afflicted Areas

Sumitomo Chemical has continuously provided reconstruction support since the Great East Japan Earthquake struck, such as by sending employee volunteers to help and by sponsoring exhibitions of products made in afflicted areas.

In fiscal 2013, Sumitomo Chemical provided support to the community-organized Hakozaiki Farm in Kamaishi City, Iwate Prefecture, which was severely damaged by the tsunami that followed the earthquake. Hakozaiki Farm, which is managed by the Kamaishi City Council on Social Welfare, is made available free of charge to local residents to broaden their leisure time options. At the farm opening event in June and the harvest event in October, Sumitomo Chemical dispatched employee volunteers and sent fertilizers made by Group companies and other needed supplies. Vegetables grown on the farm are also used in employee cafeterias.

In November, we held the Fukushima Next Generation Farmers Market at Shibuya Hikarie in Shibuya Ward, Tokyo. This event was an opportunity for agricultural high school students in Fukushima Prefecture to sell the produce and foods they made in Tokyo. Sumitomo Chemical sent employee volunteers to help sell the goods on the day of the event. More than three years have passed since the earthquake. As reconstruction needs diversify in regions affected by the natural disaster, Sumitomo Chemical will listen carefully to the needs of local residents and continue to offer assistance by leveraging the strengths of the Sumitomo Chemical Group.



VOICE Hoping dialogue will become a cornerstone for reconstruction in affected regions



Koji Maekawa
Secretary-General
Kamaishi City Council on Social Welfare
(Social Welfare Corporation)

In addition to the many people who lost their lives in the Great East Japan Earthquake in Kamaishi City, Iwate Prefecture, the natural disaster destroyed key infrastructure in the region, forcing communities to be rebuilt using temporary housing and government-run housing complexes for evacuees. In fiscal 2013, the Kamaishi City Council on Social Welfare opened community-organized agricultural farms in four locations within Kamaishi City with the belief that creating agricultural spaces where residents can interact is one way to solve some problems. I was impressed by the volunteers from Sumitomo Chemical, who offered their support to local residents through an efficiently run volun-

teer organization while respecting the local community. I have the utmost admiration for the volunteers, who respected the people living under these conditions and looked beyond the damage to focus on the affected people. Regions affected by the disaster need the unique expertise and connections that companies can offer. I hope that through dialogue, the spirit of the volunteers from Sumitomo Chemical will become a cornerstone of the reconstruction effort in all affected areas.

