

SUMITOMO CHEMICAL

CSR REPORT 2015

Sustainable Chemistry



100th
ANNIVERSARY
SINCE 1915

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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 contribute to the development of society through its business activities.

In preparing the report, we undertook various discussions with a view to incorporating the perspectives of external stakeholders and selected information deemed important to both society and the Sumitomo Chemical Group. This information has been organized into two broad aspects: "our operations and CSR" and "initiatives that underpin our business."

Regarding quantitative information, assurance is provided on the indicators labeled with a star mark (★) by KPMG AZSA Sustainability Co., Ltd. We have also obtained a third-party opinion from Keisuke Takegahara of Development Bank of Japan Inc.

Report Profile

● Boundary of This Report

Sumitomo Chemical Company, Limited and its consolidated subsidiaries

In this report, "Sumitomo Chemical" and "Sumitomo Chemical Group" are distinguished as follows.

Sumitomo Chemical: Sumitomo Chemical Co., Ltd.

Sumitomo Chemical Group: Sumitomo Chemical and Group companies (However, when "Group companies" are referred to, this does not include Sumitomo Chemical.)

Environmental performance (excluding environmental accounting and environmental efficiency)

The environmental performance data included in this report covers Sumitomo Chemical Group companies that have production divisions as well as sales above a minimum level, or whose environmental impact is deemed significant. Specifically, Sumitomo Chemical (non-consolidated) and 16 Group companies in Japan for a total of 17 companies. (Please refer to page 36 of the report for the names of each company.) However, the scope of the Sumitomo Chemical (non-consolidated), Group companies in Japan, and overseas Group companies in the tables and charts, targets, results, and graphs on pages 37 to 40 and 47 to 54 is as follows.

Non-consolidated: Sumitomo Chemical non-consolidated manufacturing facilities

Group companies in Japan: Sumitomo Chemical non-consolidated manufacturing facilities and the production plants of 15 Group companies in Japan (Sumitomo Dainippon Pharma Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; Sumika Color Co., Ltd.; Nihon Medi-Physics Co., Ltd.; Nippon A&L Inc.; Thermo Co., Ltd.; SanTerra Co., Ltd.; Sumika-Kakoushi Co., Ltd.; Asahi Chemical Co., Ltd.; Shinto Paint Co., Ltd.; Sumika Styron Polycarbonate Limited; Sumika Bayer Urethane Co., Ltd.; Nihon Oxirane Co., Ltd.; and Sumika Agrotech Co., Ltd.)

Overseas Group companies: Production plants of 10 overseas Group Companies (Sumitomo Chemical Singapore Pte Ltd.; The Polyolefin Company (Singapore) Pte. Ltd.; Sumipex (Thailand) Co., Ltd.; Bara Chemical Co., Ltd.; Dalian Sumika Chemphy Chemical Co., Ltd.; Sumika Electronic Materials (Wuxi) Co., Ltd.; Sumipex Techsheet Co., Ltd.; Sumika Technology Co., Ltd.; Sumitomo Chemical India private Limited; Dongwoo Fine-Chem Co. Ltd.)

For details regarding calculation standards not described in this report, please refer to the following website:

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

● Period covered by this report:

April 1, 2014 – March 31, 2015 (FY 2014)

(with specific exceptions outside this time frame)

● Date of publication:

October 2015

(The previous issue was published in October 2014. Next issue: Scheduled for publication in October 2016)

● Frequency of publication:

Once annually

● Guidelines referred to when preparing this report:

- The Global Reporting Initiative's (GRI) "Sustainability Reporting Guidelines" (Version 4.0)*
- The Japanese Ministry of the Environment's "Environmental Reporting Guidelines" (2012 edition) and "Environmental Accounting Guidelines" (2005 edition), and the ISO 26000 international standard on Social Responsibility (SR)

* This report contains standard disclosure items in accordance with the GRI's Sustainability Reporting Guidelines.

Sumitomo Chemical's CSR website:

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

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.

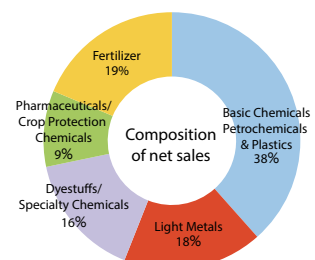
Fiscal 1960

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 (1st 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.

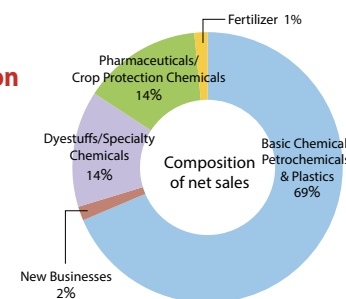
Fiscal 1984

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.

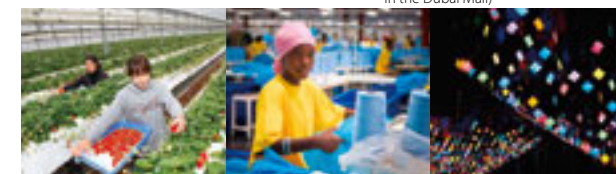
2005 ▶ 2015

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."

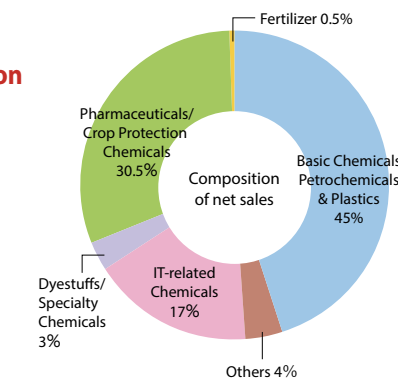
Fiscal 2014

Net sales

¥**2,376.7** billion

Number of employees

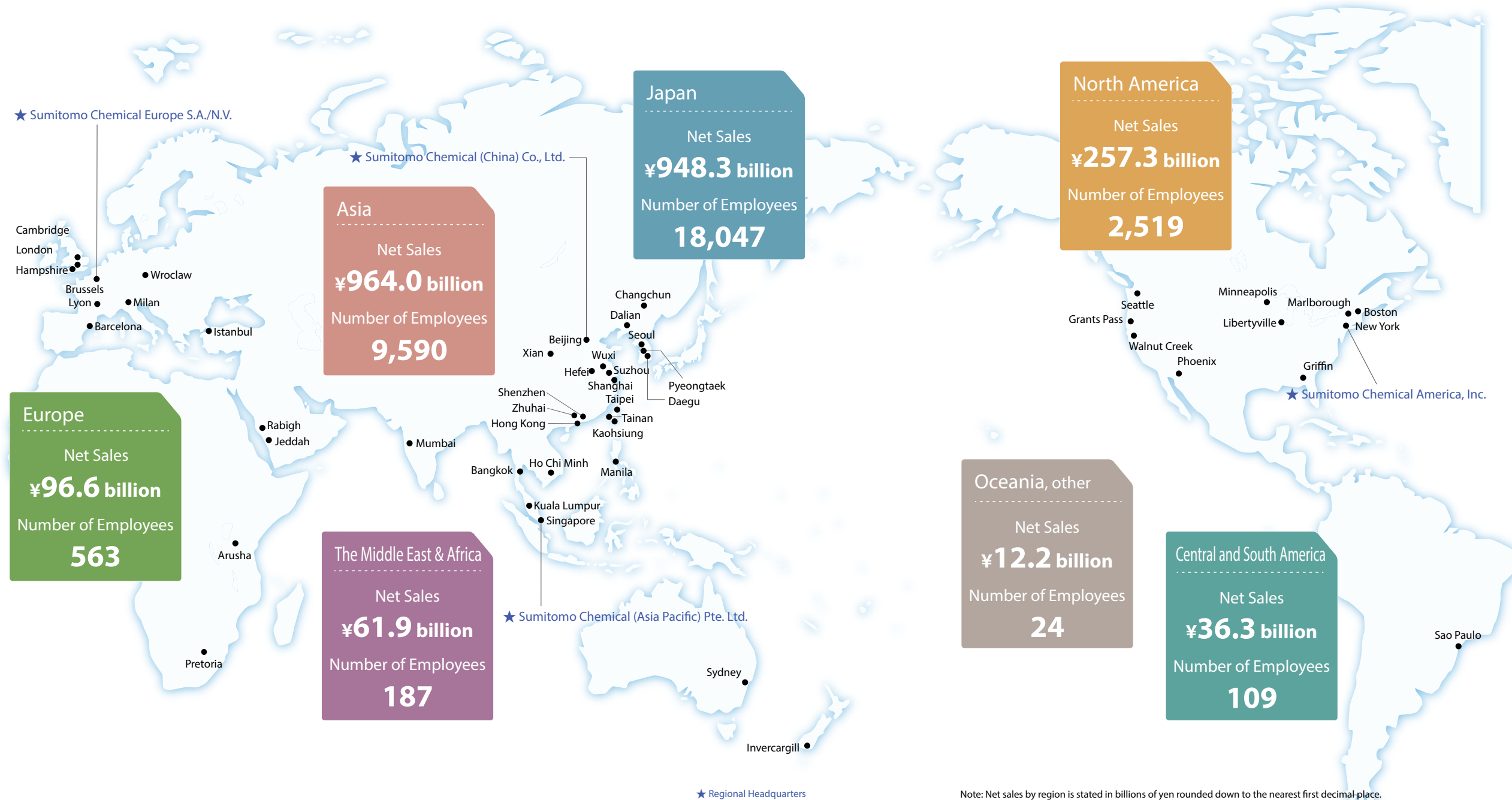
31,039



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



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.



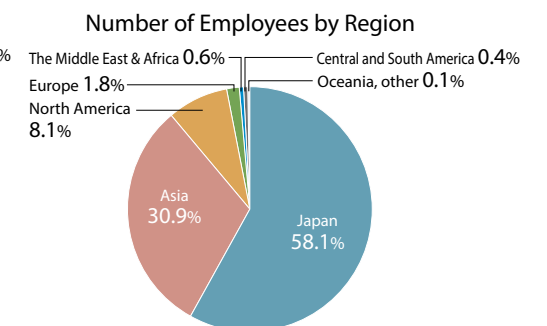
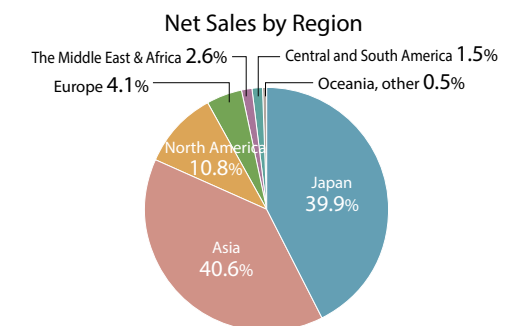
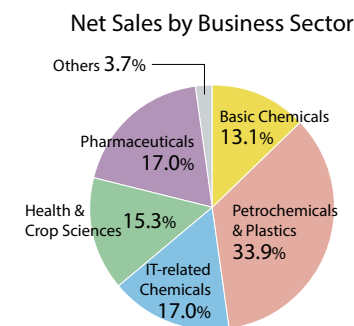
Pharmaceuticals Sector
Supporting people's health and bettering their lives on a daily basis.

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



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.



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 CO₂ 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

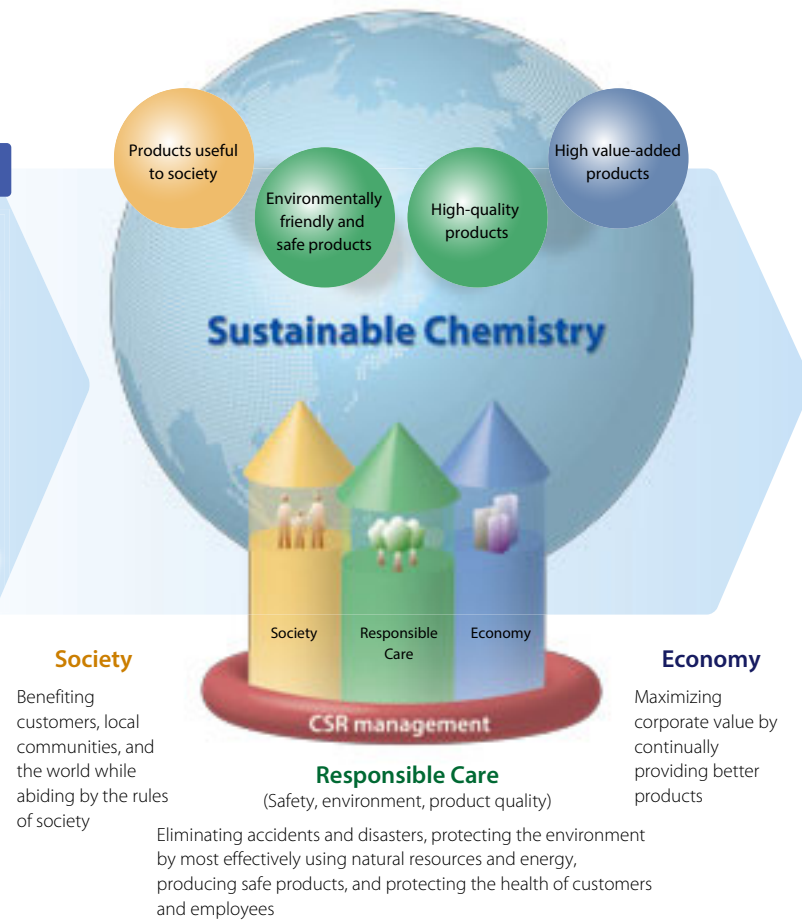
十 倉 雅 和

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

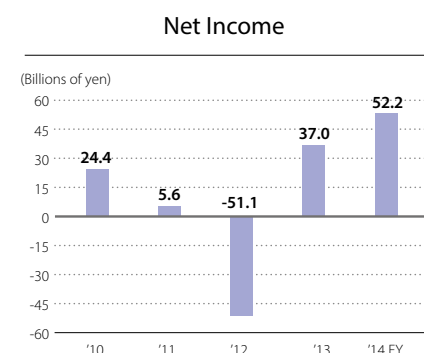
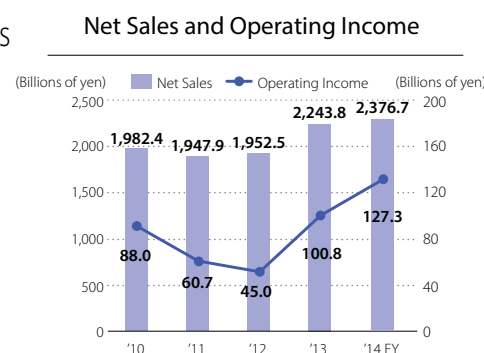
Change & Innovation Corporate Culture

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

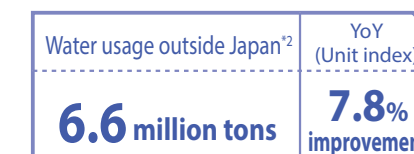
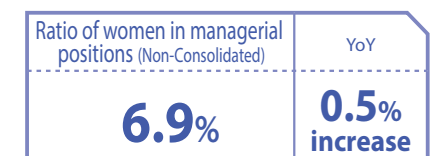
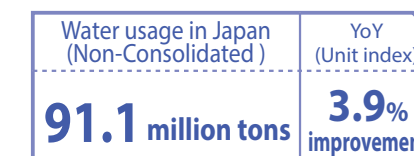
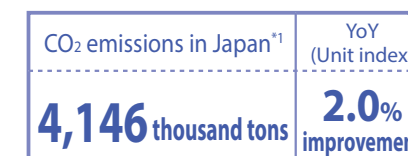
Major Financial Indicators

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



^{*1} Aggregate total of Sumitomo Chemical and Group companies in Japan (16 companies)
^{*2} 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.



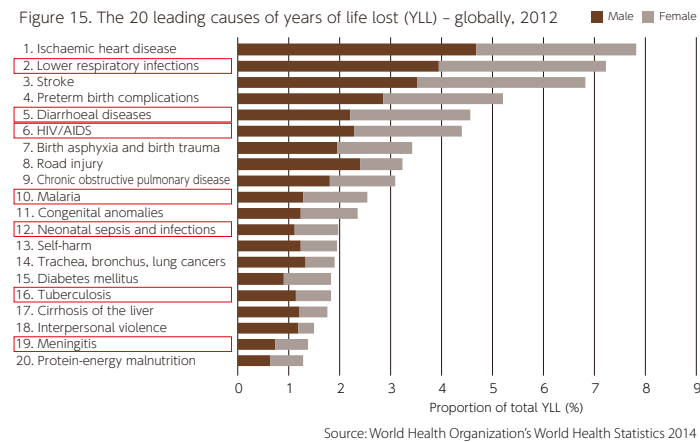
Photograph © M.Halahan / Sumitomo Chemical

Special Feature 1

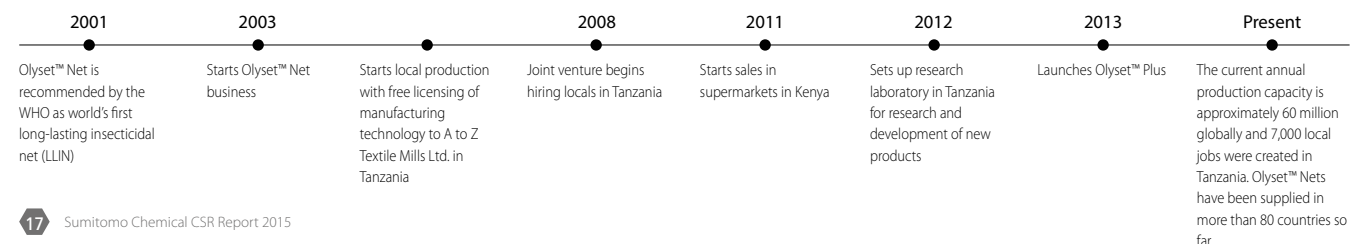
Preventing Infectious Diseases

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^{*1} 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.

^{*1} 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^{*2} 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

^{*2} 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.

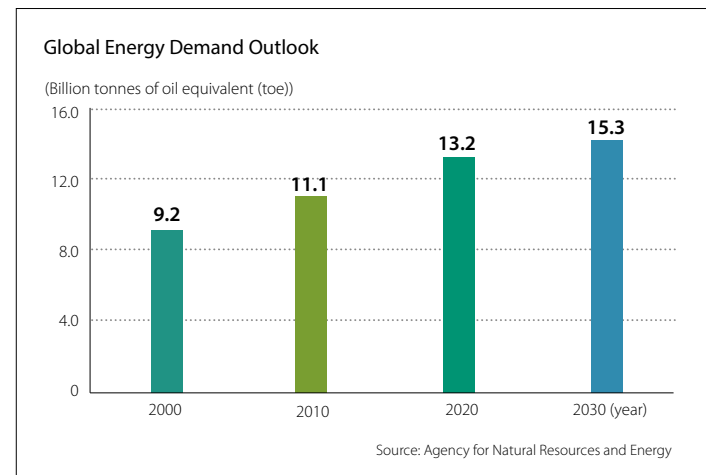


Special Feature 2

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-CO₂ 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 CO₂ emission reduction under the United Nations Framework Convention on Climate Change.



Hydrochloric acid oxidation process equipment

CO₂ Separation Membrane

Sumitomo Chemical has developed a process that uses CO₂ separation membranes to extract unneeded CO₂ from target gases in the production of hydrogen and refining of natural gas. 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. Sumitomo Chemical has been accelerating efforts to start full-fledged CO₂ separation business.



CO₂ 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



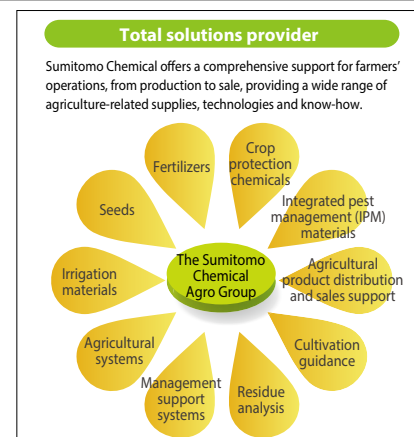
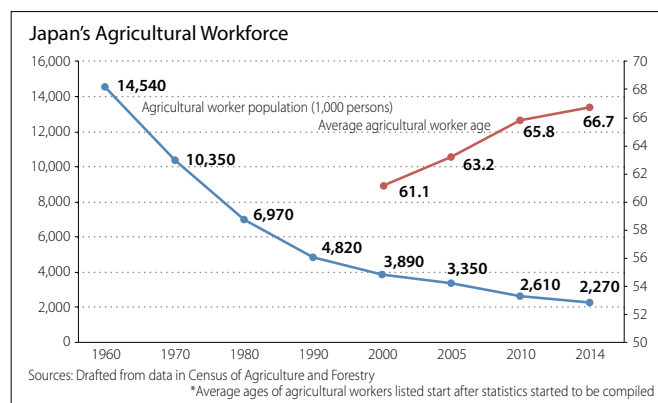
Sunrise Farm Saijo

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

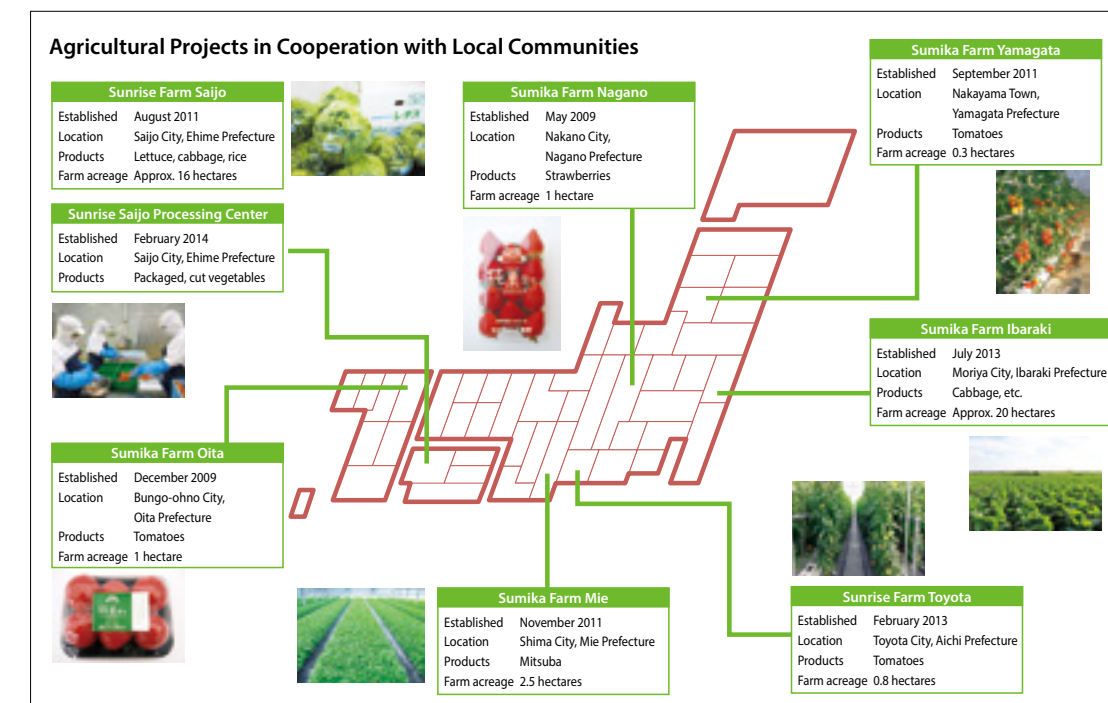


Voice of a Participating Partner
Working Together
to Revitalize Regional Agriculture

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.



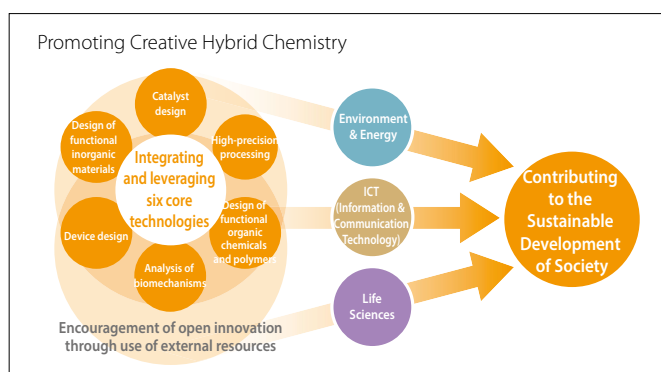
- Propose cultivation technologies and know-how rooted in regional agriculture
- Support cultivation management by utilizing agricultural support systems developed by the Company
- Support the development of attractive farmland by developing product plans and sales networks that include crops grown by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



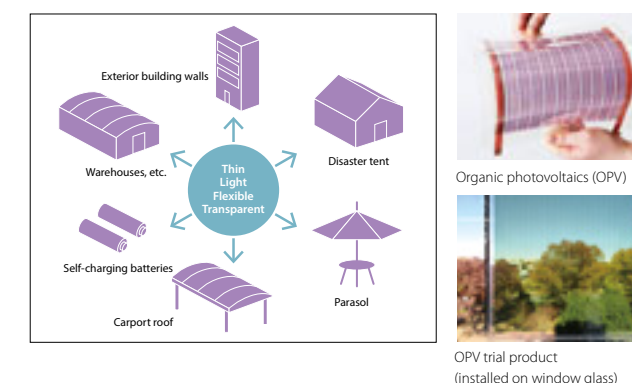
Next-generation business development schedule	Period of full-scale diffusion	2011	2015	2020–
Environment & Energy	✓	Silicon solar cells (H-EVA, electrode paste, etc.) Lithium-ion secondary batteries (separators) LED lighting (sapphire substrates, alumina, etc.)	Polymer OLED lighting Power semiconductors (epitaxial wafers) High heat-resistant and high thermal-conductive resin Diesel particulate filters (DPFs), CO ₂ separation	Organic photovoltaics (OPV) Next-generation rechargeable batteries
	✓			
ICT (Information & Communication Technology)	✓		Next-generation polarizing films Encapsulation materials for optical use Flexible display materials and components	Organic semiconductors
	✓			
Life Sciences	✓	Drug for schizophrenia (LATUDA*)		Crop stress management Drugs that target cancer stem cells Cellular medicine Regenerative medicine
	✓			

✓: 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® 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.

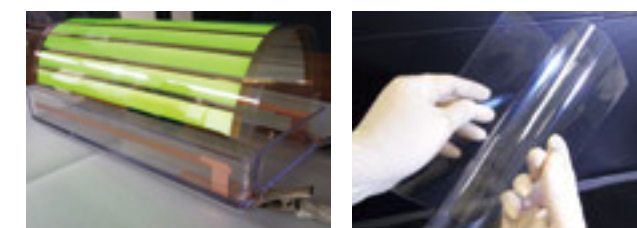
< ICT >

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 >

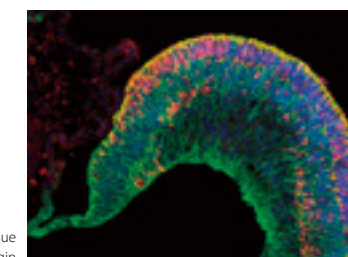
Developing the Potential of Regenerative Medicine

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.

Basic Stance

Sumitomo Chemical established its Basic CSR Policy in November 2004 based on the Sumitomo Spirit and the Sumitomo Chemical Charter for Business Conduct. Moreover, in April 2015, the Company revised its basic policy so that it is shared throughout the Group.

Under this Policy, policies and specific goals are set for each fiscal year and CSR activities are implemented to achieve them.

CSR Promotion System

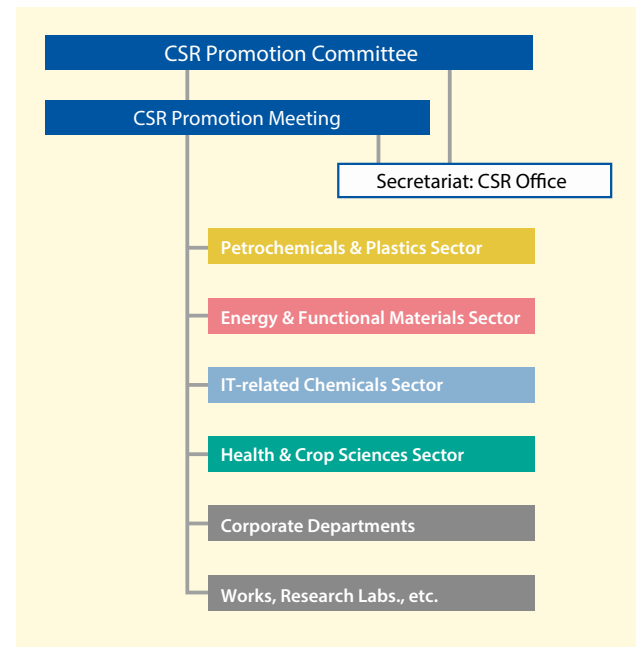
Chaired by the President and comprised of executive officers from the Company's corporate and business sectors, the CSR Promotion Committee evaluates CSR activity results and decides CSR activity policies for the fiscal year.

The CSR policies for the new fiscal year are explained at the CSR Promotion Meeting attended by representatives from each business sector and Works.

This meeting is designed to identify specific activity targets based on the policies of each business sector and Works for the promotion of CSR activities. In the promotion of CSR at overseas Group companies, the Global CSR Meeting is held for CSR managers from the regional headquarters established in each of the world's four regions, and CSR policies and activities are shared at 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 following annual CSR activity policies in fiscal 2015 in an effort to maximize our corporate value and to fulfill our corporate social responsibility as a global enterprise.

CSR Promotion System



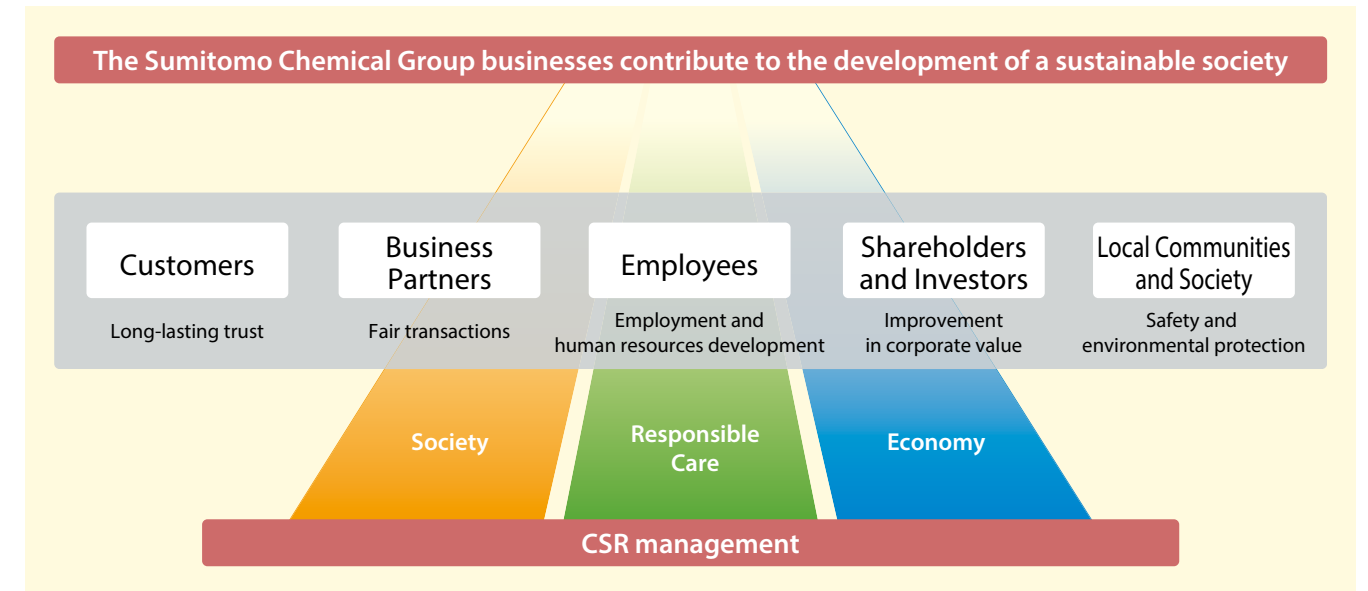
The Global CSR Meeting (July 2014)

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



Stakeholders	Sumitomo Chemical's Responsibility	Methods
Customers	Sumitomo Chemical is working to supply high-quality products and services that satisfy customers' needs and ensure safety in their use, thereby building long-lasting relations of trust with customers.	<ul style="list-style-type: none"> Engaging in communication through operating activities and supporting quality assurance Providing information through various media including the Company's website Offering customer support through consultation services <p>⇒ Chemical Safety/Product Responsibility (p41-42) ⇒ Hand in Hand with Customers (p64)</p>
Business Partners	Sumitomo Chemical is committed to building comprehensive and mutual relations with business partners based on the Basic Procurement Principles. In addition to ensuring fairness, equitability, and transparency in its transactions with business partners, the Company is also encouraging business partners to promote their CSR activities through its responsible procurement activities.	<ul style="list-style-type: none"> Engaging in communication through purchasing activities Monitoring and feedback that draws on the CSR Deployment Guidebook and check sheets Conducting meetings to promote the exchange of opinions, briefing sessions, and study meetings Providing contact points for inquiries <p>⇒ Hand in Hand with Business Partners (p73)</p>
Employees	Sumitomo Chemical is working to create personnel training systems and a workplace environment in which individual employees can make the most of their abilities, while respecting the well-being and diversity of employees . Also, the Company and its labor union will maintain a favorable relationship that has been built based on mutual understanding and trust.	<ul style="list-style-type: none"> Conducting central labor-management meetings Providing consultation services Providing counseling Providing training Publishing an internal magazine Conducting interviews <p>⇒ Occupational safety and health/Industrial safety and disaster prevention (p43) ⇒ Hand in Hand with Employees (p74-78) ⇒ Hand in Hand with Local Communities and Society (p65-70)</p>
Shareholders and Investors	Through constructive dialog about our management policies, business strategies and earnings trends with market participants, such as institutional investors, analysts and individual shareholders, we fulfill our responsibility to disclose information to shareholders with the aim of maintaining and improving the market's trust in Sumitomo Chemical. By promoting an accurate understanding of our operations, we support appropriate share price formation and improvement in corporate value .	<ul style="list-style-type: none"> Conducting General Meetings of Shareholders Holding management strategy briefings Conducting results briefings and business strategy briefings Disclosing information via annual reports, investors' handbooks, and other publications Providing information on the Company's website
Local Communities and Society	In the belief that its business must be based on mutual prosperity with society, Sumitomo Chemical is building and maintaining good relationships with local communities by conducting activities to meet local needs while aiming to enhance communications, and ensure the safety of the region and preservation of the environment.	<ul style="list-style-type: none"> Promoting dialog with local residents Promoting volunteer activities Conducting programs in collaboration with NGOs and NPOs Engaging in a variety of activities through economic and industrial organizations <p>⇒ Hand in Hand with Local Communities and Society (p65-70)</p>

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 participant of the UN Global Compact^{*1} (GC) in January 2005 and has been a participant of the UN GC LEAD^{*2} 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 Network Japan.

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.

● Contributing to achievement of United Nations Millennium Development Goals

Millennium Development Goals (MDGs) represent the goals and action plans set by the United Nations that should be achieved by 2015. Sumitomo Chemical has contributed considerably to MDG #6 through its Olyset™ Net business, and has also had a meaningful impact on the achievement of MDG #1 and MDG #4. Sumitomo Chemical has helped move toward the attainment of MDG #2 through ongoing support for education by constructing elementary school buildings in Africa. With regard to MDG #3, Sumitomo Chemical has endorsed the "Women's Empowerment Principles" (WEPs), which were formulated through collaboration between the United Nations Global Compact and UN Women. In March 2015, we participated in the annual event for WEPs.

As a United Nations Global Compact LEAD participant, Sumitomo Chemical is also involved in the Post 2015 Development Agenda Project, which sets development goals for after fiscal 2015 as successors to the MDGs.

◎ Millennium Development Goals (MDGs)

- A U.N. program for providing assistance to developing countries
- It defines eight goals, 21 targets and 60 indicators that international society should achieve by 2015

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

● International Collaboration among Chemicals Companies

As chemical substances are transported and used broadly around the world, it has become more important for chemical companies to collaborate internationally. Working with the International Council of Chemical Associations (ICCA), Sumitomo Chemical continues to dispatch instructors to the Asia workgroup, which aims to spread product stewardship that is being promoted by the Capacity Building task force of the Chemical Policy and Health leadership group. Sumitomo Chemical served as the chair of this task force until the end of January 2015, contributing significantly to its advancement. We have also been proactively involved in the Value Chain Outreach task force for risk management along the chemical substance supply chain.

Responsible Care Activities

Responsible Care (RC) activities refer to the voluntary initiatives undertaken by business operators to ensure safety, protect the environment and health, and maintain high product quality in all processes from the development through to the manufacture, distribution, use, final consumption and disposal of chemical substances. These activities also gain the further trust of society through continuous dialogue. Based on the core principle of "making safety the first priority," the Sumitomo Chemical Group engages in RC activities from a variety of perspectives.



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

Items	Fiscal 2014 Goals	Fiscal 2014 Results	Evaluation	Fiscal 2015 Goals	Page
Responsible Care Audits	Carry out audits at 13 Group companies in Japan and nine overseas Group companies	Carried out audits at 12 Group companies in Japan and 11 overseas Group companies	○	Carry out audits at 19 Group companies in Japan and six overseas Group companies	P34, P48
Environmental Protection	Promotion of Environmental Management				
	<ul style="list-style-type: none"> Promote an optimum mix of precise responses to more stringent laws and regulations in Japan and overseas and voluntary activities Strengthen, upgrade, and expand organizational structures and systems aimed at promoting environmental activities Promote energy saving in and streamlining of environmental management Consider utilizing environmental management accounting and other methods 	<ul style="list-style-type: none"> Grasped environmental regulatory trends in a timely manner and undertook concrete measures Implemented Company-wide organization management as planned Completed the standardization and systematization of environmental management Continued to consider environmental impact assessments and material loss analyses 	○ ○ ○ ○	<ul style="list-style-type: none"> Promote an optimum mix of precise responses to more stringent laws and regulations in Japan and overseas and voluntary activities Strengthen, upgrade, and expand organizational structures and systems aimed at promoting environmental activities Promote labor saving in and streamlining of environmental management Consider utilizing environmental management accounting and other methods 	P35-36 P47, P49 P59-61
	Addressing Climate Change Issues				
	<ul style="list-style-type: none"> Reduce unit CO₂ emissions from energy use Sumitomo Chemical (non-consolidated) and Group companies work toward achieving fiscal 2015 and fiscal 2020 goals and implement initiatives aimed at improving energy efficiency and promoting low carbon energy sources. Improve unit energy consumption Sumitomo Chemical (non-consolidated) and Group companies work toward achieving fiscal 2015 goals; implement initiatives aimed at improving energy efficiency. Improve unit energy consumption in the logistics division Sumitomo Chemical (non-consolidated¹): Aim to improve by an annual average of 1% or more relative to the fiscal 2006 standard; improve energy efficiency 	<ul style="list-style-type: none"> Reduce unit CO₂ emissions from energy use Sumitomo Chemical (non-consolidated): Reduced by 10.1% relative to fiscal 2005 Group companies in Japan: Reduced by 2.4% relative to fiscal 2010 Group companies overseas: Reduced by 14.4% relative to fiscal 2010 Improve unit energy consumption Sumitomo Chemical (non-consolidated): Improved by 8.0% relative to fiscal 2005 Group companies in Japan: Improved by 4.6% relative to fiscal 2010 Group companies overseas: Improved by 14.5% relative to fiscal 2010 Improve unit energy consumption in the logistics division Sumitomo Chemical (non-consolidated¹): Improved by an annual average of 0.3% relative to the fiscal 2006 standard 	○ ○ △	<ul style="list-style-type: none"> Reduce unit CO₂ emissions from energy use Sumitomo Chemical (non-consolidated) and Group companies work toward achieving fiscal 2015 and fiscal 2020 goals and implement initiatives aimed at improving energy efficiency and promoting low carbon energy sources. Improve unit energy consumption Sumitomo Chemical (non-consolidated) and Group companies work toward achieving fiscal 2015 goals and implement initiatives aimed at improving energy efficiency. Improve unit energy consumption in the logistics division Sumitomo Chemical (non-consolidated¹): Aim to improve by an annual average of 1% or more relative to the fiscal 2006 standard, and improve energy efficiency 	P37-38 P50-51 P60-61
	Waste Reduction Initiatives				
	<ul style="list-style-type: none"> Reduction in the amount of industrial waste sent to landfills Sumitomo Chemical (non-consolidated) and Group companies in Japan: work toward achieving fiscal 2015 goals; implement measures aimed at securing definitive reductions in the amount of landfill disposal PCB waste Work toward appropriate storage and recovery of waste containing high concentrations² of PCBs and complete PCB waste treatment at an early stage Work toward appropriate storage and recovery of waste containing minute amounts³ of PCBs and complete PCB waste treatment by March 2025 	<ul style="list-style-type: none"> Reduction in the amount of industrial waste sent to landfills Sumitomo Chemical (non-consolidated): Reduced by 91.4% relative to the fiscal 2000 Level Group companies in Japan: Reduced by 54.1% relative to the fiscal 2010 level PCB waste Largely completed the treatment of waste containing high concentrations of PCBs (excluding certain factories and equipment); continued to promote the storage and recovery of untreated waste Implemented the treatment of waste containing minute amounts of PCBs at certain factories; continued to promote the storage and recovery of untreated waste 	○ ○	<ul style="list-style-type: none"> Reduction in the amount of industrial waste sent to landfills Sumitomo Chemical (non-consolidated) and Group companies in Japan: work toward achieving fiscal 2015 goals; implement measures aimed at securing definitive reductions in the amount of landfill disposal PCB waste Work toward appropriate storage and recovery of waste containing high concentrations of PCBs and complete PCB waste treatment at an early stage Work toward appropriate storage and recovery of waste containing minute amounts of PCBs and complete PCB waste treatment by March 2025 	P39 P51-52 P60
Protecting the Atmosphere, Water, and Soil					
<ul style="list-style-type: none"> Prevention of air and water pollution Sumitomo Chemical (non-consolidated): Work to maintain and continue levels below our voluntary management criteria⁴ Water resources Sumitomo Chemical (non-consolidated): Improve the unit water usage by 9% relative to fiscal 2010 for fiscal 2015 Group companies overseas: Improve the unit water usage by 11.5% relative to fiscal 2010 for fiscal 2015 PRTR Sumitomo Chemical (non-consolidated): Reduce total emissions of air and water pollutants by 60% relative to fiscal 2008 for fiscal 2015 Group companies in Japan: Reduce total emissions of air and water pollutants by 17% relative to fiscal 2010 for fiscal 2015 VOC Sumitomo Chemical (non-consolidated): Maintain VOC emissions reductions at 30% relative to fiscal 2000 Prevention of soil and groundwater contamination Sumitomo Chemical (non-consolidated)/Group companies: Keep hazardous materials strictly within Company premises⁵ Prevention of ozone layer depletion Sumitomo Chemical (non-consolidated)/Group companies: Eliminate the use of refrigeration units that use CFCs as coolants by fiscal 2025 Sumitomo Chemical (non-consolidated)/Group companies: Eliminate the use of refrigeration units that use HCFCs as coolants by fiscal 2045 Biodiversity Sumitomo Chemical (non-consolidated): Ensure compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity" 	<ul style="list-style-type: none"> Prevention of air and water pollution Sumitomo Chemical (non-consolidated): Three incidents of pollution exceeding voluntary limits; causes have been investigated and countermeasures implemented in all cases Water resources Sumitomo Chemical (non-consolidated): Unit water usage improved by 2.1% relative to fiscal 2010 Group companies overseas: Unit water usage improved by 15.3% relative to fiscal 2010 PRTR Sumitomo Chemical (non-consolidated): Reduced emissions by 84.7% relative to fiscal 2008 Group companies in Japan: Reduced emissions by 27.4% relative to fiscal 2010 VOC Sumitomo Chemical (non-consolidated): Reduced emissions by 42.0% relative to fiscal 2000 Prevention of soil and groundwater contamination Sumitomo Chemical (non-consolidated)/Group companies: Kept hazardous materials strictly within Company premises Prevention of ozone layer depletion Sumitomo Chemical (non-consolidated)/Group companies: Systematically replaced refrigeration units that use CFCs and HCFCs as coolants Biodiversity Sumitomo Chemical (non-consolidated): Ensured compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity" and promoted detailed initiatives 	○ ○ ○ ○ ○ ○ ○	<ul style="list-style-type: none"> Prevention of air and water pollution Sumitomo Chemical (non-consolidated): Work to maintain and continue levels below our voluntary management criteria Water resources Sumitomo Chemical (non-consolidated): Improve the unit water usage by 9% relative to fiscal 2010 by fiscal 2015 Group companies overseas: Improve the unit water usage by 11.5% relative to fiscal 2010 by fiscal 2015 PRTR Sumitomo Chemical (non-consolidated): Reduce total emissions of air and water pollutants by 60% relative to fiscal 2008 by fiscal 2015 Group companies in Japan: Reduce total emissions of air and water pollutants by 17% relative to fiscal 2010 by fiscal 2015 VOC Sumitomo Chemical (non-consolidated): Maintain VOC emissions reductions at 30% relative to fiscal 2000 Prevention of soil and groundwater contamination Sumitomo Chemical (non-consolidated)/Group companies: Keep hazardous materials strictly within Company premises Prevention of ozone layer depletion Sumitomo Chemical (non-consolidated)/Group companies: Eliminate the use of refrigeration units that use CFCs as coolants by fiscal 2025 Sumitomo Chemical (non-consolidated)/Group companies: Eliminate the use of refrigeration units that use HCFCs as coolants by fiscal 2045 Biodiversity Sumitomo Chemical (non-consolidated): Ensure compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity" 	P39-40 P53-56 P60-61	
Chemical Safety/Product Responsibility	<ul style="list-style-type: none"> Continue to act precisely in accordance with domestic and overseas laws and regulations Continue to promote risk-based chemicals management and information disclosure Continue to promote utilization of the comprehensive chemical management system (SuCCESS) and develop concrete plans for expansion to Group companies Promotion of product safety risk assessments focused on high-risk products⁶ Logistics quality-related incidents: No Rank A or Rank B incidents, two or fewer Rank C Incidents 	<ul style="list-style-type: none"> Acted precisely in accordance with relevant laws and regulations Systematically put in place risk assessment methods Built an environment for fully fledged introduction at one Group company Performed risk assessments of 62 products, including high-risk products Logistics quality-related incidents: No Rank A or Rank B incidents, two Rank C incidents 	○ ○ ○ ○ ○	<ul style="list-style-type: none"> Continue to act precisely in accordance with domestic and overseas laws and regulations Continue to promote risk-based chemicals management and information disclosure Continue to promote utilization of the comprehensive chemical management system (SuCCESS) and develop concrete plans for expansion to Group companies Promotion of product safety risk assessments focused on high-risk products Logistics quality-related incidents: No Rank A or Rank B incidents, two or fewer Rank C Incidents 	P41-P42
Occupational Safety and Health / Industrial Safety and Disaster Prevention	<ul style="list-style-type: none"> Lost-workday injuries: 0 Severe industrial accidents: 0 Workplace injuries in logistics: 0 	<ul style="list-style-type: none"> Lost-workday injuries: 2 Severe industrial accidents: 0 Workplace injuries in logistics: 1 	△ ○ △	<ul style="list-style-type: none"> Lost-workday injuries: 0 Severe industrial accidents: 0 Workplace injuries in logistics: 0 	P43-46 P57-58

*1 Within the scope of specified shippers according to the definition stipulated under the Act on the Rational Use of Energy *2 High concentrations of PCB: High concentrations of polychlorinated biphenyl (PCB) intentionally used as insulation oil in such items as electric appliances *3 Minute amounts of PCB: Minute amounts of PCB unintentionally mixed in as insulation oil in such items as electric appliances (over 0.5mg/kg) *4 Voluntary management criteria: Each Works collaborates with local authorities to reach agreements on standards that are stricter than relevant laws and regulations, and uses them as its own management benchmarks. *5 Keep hazardous materials strictly within Company premises: Controlled on the premises. *6 High-risk products: Products likely to have relatively high risks in terms of the nature of the chemical substances in the product and their application.



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 safety, health, the environment, 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 accountable for 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 CO₂ emissions in our production activities, visualize CO₂ (Scope 3) emissions from non-production related corporate activities, and evaluate the amount of CO₂ emissions we have reduced.

Contributing to a sustainable society

As a globally diversified chemicals 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)

Policy on Responsible Care Activities

In accordance with the Sumitomo Chemical Charter for Business Conduct and the Corporate Policy on Safety, the Environment and Product Quality, the Sumitomo Chemical Group as a whole will strive to promote Responsible Care Activities, thereby earning the trust of society, promoting business activities, and contributing to the sustainable development of society.

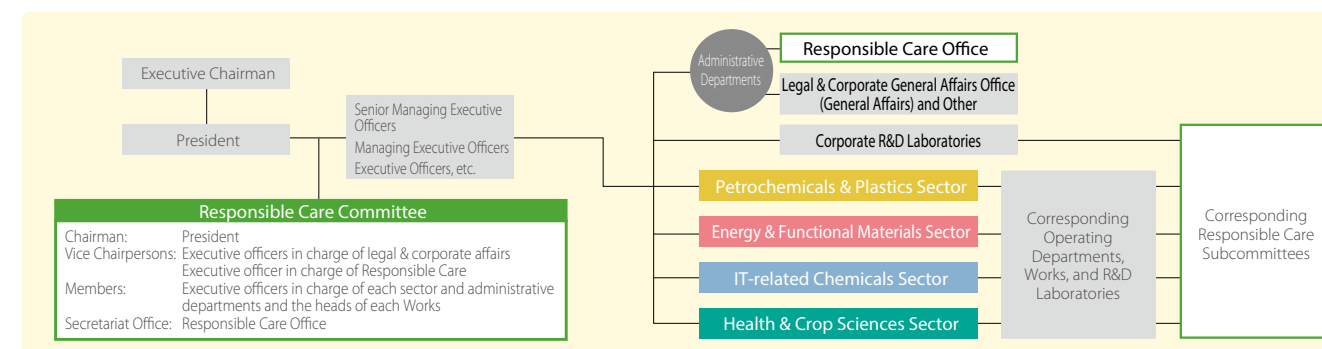
1. We will achieve zero-accident, zero-disaster targets to ensure safe and stable operations.
2. We will conduct risk management throughout the life cycle of our products, from the stages of development to manufacturing, logistics, use and disposal, and strive to ensure the safety of our employees, those involved in logistics, customers and general consumers as well as the local community while also preserving the environment.
3. We will strive to develop safe and environmentally-friendly products and manufacturing processes.
4. We will promote energy and resource conservation and waste reduction, thereby easing the environmental burden.
5. We will comply with all domestic and international laws, regulations and ordinances related to safety, the environment and product quality, and further enhance our related voluntary initiatives.
6. We will implement the requisite education and training related to safety, the environment and product quality.
7. We will disclose information on Responsible Care Activities and engage in dialogue with society to ensure we meet society's expectations, respond to its interests and remain accountable to the same.
8. We will continuously improve Responsible Care Activities based on Responsible Care auditing and third party verification.
9. We will support the Responsible Care Activities of Group companies, contractors and other business partners and help them carry out initiatives to enhance the same both at home and abroad.

Revised: July 15, 2013 (Established: January 1995)

Organization for Responsible Care Activities

Sumitomo Chemical's RC activities are broadly classified into the five fields of occupational safety and health, industrial safety and disaster prevention, environmental protection and climate change, chemical safety, and product responsibility. Sumitomo Chemical has established the Responsible Care Committee to foster responsible care from a long-term view both comprehensively and efficiently. This committee is chaired by the executive officer in charge of Responsible Care and comprises executive officers

Organization of Responsible Care Activities



supervising the four business sectors of the Company, executive officers in charge of the corporate departments (the Legal & Corporate General Affairs Office, CSR Office, Human Resources Department, Corporate Communications Office, Process & Production Technology & Safety Planning Office, Responsible Care Office, Procurement Office, and Logistics Department, etc.), and the heads of the Works. The Committee puts in place policies on activities, long-term plans, and specific measures (including ongoing improvement initiatives) as they relate to Responsible Care. The Committee also analyzes and assesses the results of Responsible Care activities.

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"> • Bolster safety assurance capabilities by promoting process risk assessment and safety measures • Systematically implement measures based on review results of expected large-scale earthquake and tsunami scenarios 	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"> • Promote the development of environment-conscious products and processes • Estimate the level of avoided greenhouse gas (GHG) emission to which our products contribute 	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"> • Reduce the number of logistics safety and quality-related incidents • Promote a modal shift 	Promote CSR in connection with logistics operations

Applying the Sumitomo Chemical Group Responsible Care Standards

As part of measures to enhance internal control and foster efficiency in Group management, Sumitomo Chemical has distributed and promotes the Sumitomo Chemical Group Responsible Care Standards, which set forth the Group's policies, measures, procedures, and other basic requirements for each RC activity area, as well as the Guide of Sumitomo Chemical Responsible Care Management System to its consolidated operating Group companies both within and outside Japan (excluding equity-method affiliates). Moving forward, the Group will raise the level of its Responsible Care activities and work diligently to implement the standards more efficiently and effectively.

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 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 recently established the Responsible Care Award. Through these means, we are strengthening the global responsible care management system.

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 252 products

Voluntary initiative on the safety of HPV¹ chemicals and conducting LRI² 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-5³ 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 panel⁴

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 CO₂ emission intensity at all manufacturing sites

- Secured improvements in unit energy consumption of 8.0% and captive consumption CO₂ 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 CO₂ emissions by households in cooperation with the labor union

- Engaged in communication activities through internal magazines, the intranet, and 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

*1. High Production Volume. *2. Long-range Research Initiative. Long-term support for research into the effects of chemical substances on human health and the environment
 *3. 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
 *4. 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. (For the full text of the Eco-First commitments, see Supplementary Data.)



The Role of Responsible Care (RC) Audits

The RC audit is a system for verifying that the activities to maintain and improve safety, the environment and maintain and improve product quality are implemented properly as well as promoting improvements if problems are found.

RC audit activities fulfill a variety of extremely important functions to promote RC global management of the Group. These functions consist of following four-step approach.

Step 1: Sharing a basic management philosophy

Step 2: Promoting an understanding of and sharing in RC policies, RC management systems, and RC operating standards

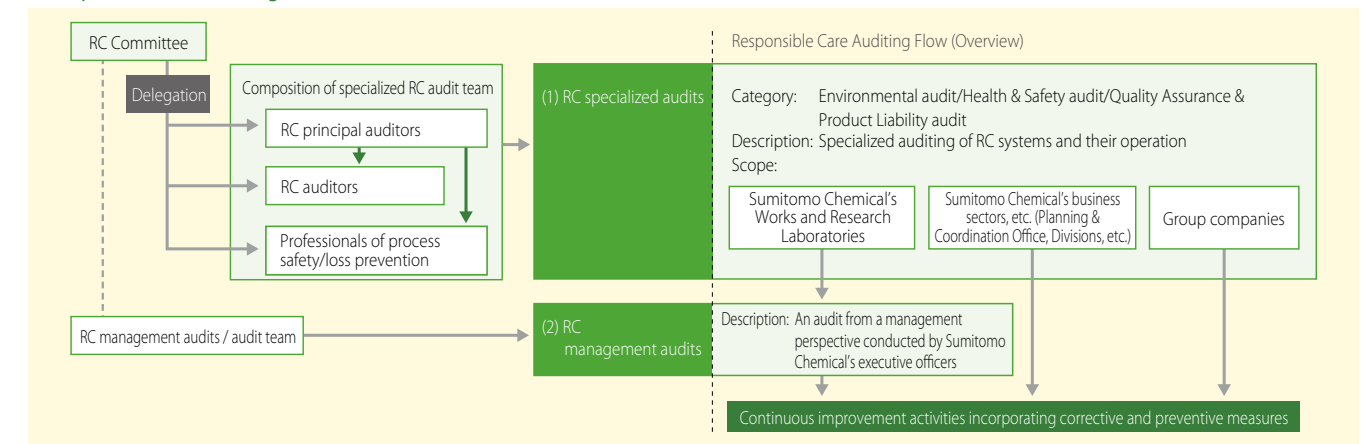
Step 3: Building an optimal RC management systems at each Group company

Step 4: Carrying out modifications to the direction and adjusting levels of RC activities by undergoing RC audits

Through face-to-face communication through each of the aforementioned steps, we have successfully put in place a structure that is capable of supporting efforts aimed at building an RC management system that takes into consideration the scale, type of business, and attributes of each Group company.

Relationships with Group companies that have been nurtured through these RC audits make the most of various initiatives including individual support and the lively exchange of opinions aimed at resolving a wide range of Group company issues.

Responsible Care Auditing Framework



Looking Ahead

In fiscal 2015, we plan to take actions concerning issues and concrete measures raised in the Annual Responsible Care Policy.

(1) We will enhance Global RC Audit

- We will reinforce the RC audit system (Operation by two teams, Enhancement of the continuous tracking system).
- We will start the RC audits for the Farm.

(2) We will enhance the technical assistance for Group companies

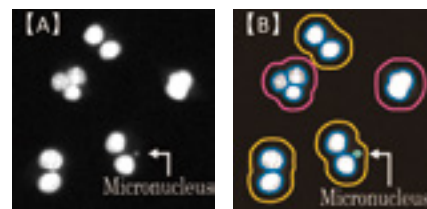
- We will support self-sustained improvement.
- We will enhance the annual Group Companies' Workshop.

(3) We will support RC staff training

- We will train RC staff of Group companies participating in the RC audits that SCC conducts internally.
- We will study the concept of RC global auditors system.

TOPIC The Environmental Health Science Laboratory Playing a Central Role in Safety Research Introduction of New Safety Assessment Technology: *In Vitro* Micronucleus Tests that Utilize Automatic Analysis Technologies

Over the past few years, *in vitro* micronucleus tests²⁵ 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 border), micronucleus (blue) and non-targeted cells (pink)

²⁵ 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 (micronuclei) is measured to determine its impact on DNA.

Basic Stance

Protecting the global environment while contributing to the sustainable development of society is one of the obligations we fulfill for living in a modern society and it is also a vital management issue for the solidification of our business foundation. Giving top priority to addressing a range of urgent, global-scale environmental protection issues, Sumitomo Chemical is implementing specific initiatives aligned with its businesses and aggressively pursuing measures for reinforcing these initiatives.

In fiscal 2014, the second year of the Medium-Term Plan for Responsible Care Activities (from fiscal 2013 to fiscal 2015), we identified the priority implementation issues below and stepped up our efforts on these issues. We aim to continue strengthening our efforts on these fronts.

Priority Issues of the Medium-Term Plan for Responsible Care Activities (from Fiscal 2013 to Fiscal 2015)

(1) Environmental Protection

- Take definitive steps to uphold Eco-First Commitments
- Promote an optimum mix of appropriate legal and regulatory compliance measures and voluntary activities
- Standardize environmental protection management methods and reduce environmental treatment expenses
- Strive to achieve the energy and environmental protection targets shared across the Group

(2) Climate Change Measures

- Achieve the world's highest energy efficiency standards
- Develop processes and products that help build a low-carbon society
- Effectively implement management of energy consumption and CO₂ emissions

In fiscal 2014, we solicited a variety of opinions from each business site's department in charge of environmental activities, as well as from the CSR, marketing and IR divisions. We also received opinions and advice from a diverse range of stakeholders outside the Company. We value these opinions as a means of deepening our understanding of priority issues in our energy and environmental conservation activities. As a chemicals maker with production facilities around the world, Sumitomo Chemical believes its priority environmental issues include addressing climate change, working to prevent air, water and soil pollution, responding to water resource risks, and protecting biodiversity. Sumitomo Chemical approaches these priority issues from various angles on examining how to best solve them, formulates effective strategies and then proactively takes steps while thoroughly managing risks.

Sumitomo Chemical also participates in the Eco-First Program run by the Ministry of the Environment. As an Eco-First company that plays a leading role in initiatives concerning the environment, Sumitomo Chemical has made steady progress tackling various environmental issues while enhancing the level of its commitment, resulting in measurable outcomes.

Overview of Activities

Sumitomo Chemical strives to reduce its impact on the environment at all of its sites, including plants, laboratories and offices, throughout the entire life cycle of its products from research and development to disposal.

● Standardize environmental protection management methods and reduce environmental treatment expenses

Sumitomo Chemical has updated and improved its environmental preservation performance data collection and management system for all consolidated companies with the purpose of managing primary environmental performance data on one system. Sumitomo Chemical continues with the trial evaluation of a waste management system designed to strengthen compliance and increase efficiency and the visualization of waste management data at the plant level. Sumitomo Chemical is focusing its efforts on reducing environmental treatment expenses while promoting the standardization of wastewater treatment methods across the Group in pursuit of greater cost efficiencies and reductions in risks associated with treated wastewater.

● Strive to achieve the energy and environmental protection targets shared across the Group

All Sumitomo Chemical Group companies in Japan and overseas have set common targets for their core performance of energy and environmental protection activities. They are working to be more efficient in their energy consumption and decrease their impact on the environment with a view to achieving the targets. In fiscal 2014, we redoubled our efforts across the Group to reach our fiscal 2015 targets. By sharing information about best practices at each Group company, we were able to raise the level for the entire Group.

● Develop processes and products that help build a low-carbon society

Sumitomo Chemical is developing processes that have a low impact on the environment (Green Processes), and products with improved performance in terms of environmental friendliness, safety, and quality (Clean Products). For products that help reduce CO₂ emissions when they are used as final products, we calculate their contribution to reducing CO₂ emissions based on the Carbon Life Cycle Analysis (c-LCA) concept.

● Effectively implement management of energy consumption and CO₂ emissions

In fiscal 2014, Sumitomo Chemical updated its system for collecting and managing Company-wide energy and GHG data, enabling the timely and granular management of unit data for energy consumption and CO₂ emissions on a monthly basis.

TOPIC

Sumitomo Chemical receives highest environmental ranking from Development Bank of Japan (DBJ) (July 2014)

Sumitomo Chemical received the highest ranking in the Development Bank of Japan's survey of corporate environmental performance, highlighting Sumitomo Chemical's advanced initiatives to preserve the environment. Sumitomo Chemical was also recognized with a special award as a model company for strong environmental conservation.

Environmental Performance

Sumitomo Chemical collates 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)

Figures in black: Sumitomo Chemical Group* Figures in green: Sumitomo Chemical (Non-Consolidated)

INPUT Energy and Resources*

Water*

	(Millions of tonnes)	
Industrial water	74.4	65.3
Drinking water	0.9	0.4
Seawater	1,316.4	441.9
Groundwater	25.7	22.8
Other water	2.6	2.6
Total	1,420.0	533.0

Energy*

Calculated as kl of crude oil

	(Thousands of kl)	
Fuel, heat, and electricity ⁵	1,682 ⁹	1,261

Exhaustible resources

	(Thousands of tonnes)	
Hydrocarbon compounds	3,174	2,800
Metals (excluding rare metals) ³	127	121
Rare metals ⁴	0.17	0.02

Sumitomo Chemical Group PCB/CFCs under Secure Storage

No. of electrical devices containing high concentrations of PCBs¹¹
PCB volume¹¹
No. of refrigeration units using specified CFCs as a coolant
No. of refrigeration units using HCFCs as a coolant

87 units	12 units
1.1 kl	0.1 kl
54 units	18 units
320 units	133 units

OUTPUT Product Manufacturing and Environmental Impact

Products*

	(Thousands of tonnes)	
(Calculated on the basis of ethylene production) ⁵	2,134	1,660

Water Pollutant Emissions*

	(Tonnes)	
COD	Coastal waters/waterways	961 884
	Sewer systems	225 116
Phosphorus	Coastal waters/waterways	34 31
	Sewer systems	7 7
Nitrogen	Coastal waters/waterways	1,360 1,264
	Sewer systems	38 36
Substances subject to the PRTR Act ⁷	78	39

Waste Materials*

	(Thousands of tonnes)	
Waste generated ⁸	271	61
Landfill ⁹	26	2.1
(Breakdown)		
On-site landfill	0	0
External landfill	26	2.1

Atmospheric Emissions*

	(Thousands of tonnes of CO ₂)	
Greenhouse gases (six gases) ⁶		
Emissions from energy use (CO ₂)	4,444 ⁹	3,320
CO ₂ emissions from other than energy use	75	65
N ₂ O	169	76
HFC ¹⁰	-	-
PFC ¹⁰	-	-
Methane ¹⁰	-	-
Sulfur hexafluoride ¹⁰	-	-
Others		
NOx	5,582	2,568
SOx	5,573	1,499
Soot and dust	236	84
Substances subject to the PRTR Act ⁷	542	333

*2. See Supplementary Data from page 47 for data on energy consumption, CO₂ emissions, water usage, and landfill disposal amounts for major overseas Group companies.
*3. Calculations include the following 12 metals: iron, gold, silver, copper, zinc, aluminum, lead, platinum, titanium, palladium, gallium, and lithium.
*4. Calculations include the following seven rare metals: nickel, chromium, tungsten, cobalt, molybdenum, manganese, and vanadium. The supply structure for each of these rare metals is extremely fragile. These rare metals are subject to national stockpiling.
*5. Certain assumptions were made in calculations due to the difficulty of obtaining weight-based figures for some products. In addition, the amount of power and steam calculated on the basis of ethylene production sold to parties outside the Sumitomo Chemical Group by Sumitomo Joint Electric Power Co., Ltd., a company that engages in power business activities, has been excluded. Sumitomo Chemical Group products (calculated on the basis of ethylene production) come to 2,805 thousand tonnes when the aforementioned is included.
*6. Up to fiscal 2011, the energy (kl in terms of crude oil) and greenhouse gases (all six gases) indices were calculated using the computation method applied since collation of environmental performance data for the Company started (the types of energy targeted for calculation, greenhouse gas emission sources, and CO₂ emission coefficient differ partially from the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures). In fiscal 2012, calculations have been aligned to the

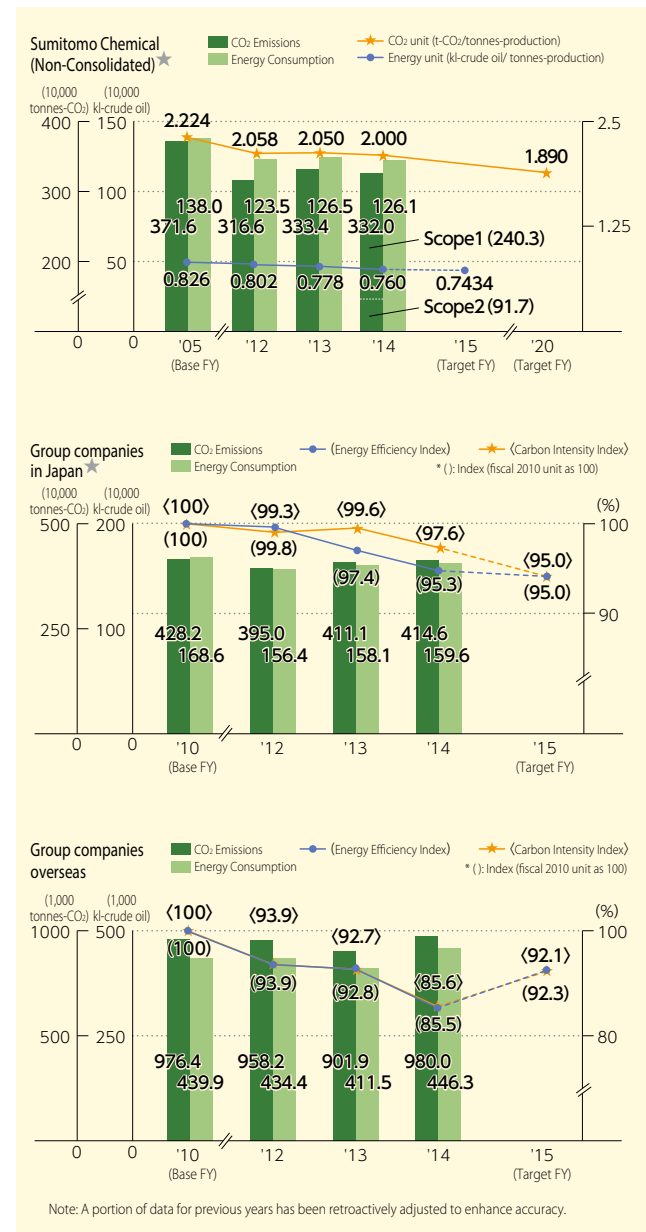
computation methods of the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
*7. Calculated based on the amount released into water/the air of each substance subject to the Order for Enforcement of the PRTR Act (promulgated on November 21, 2008).
*8. The amount of coal ash generated at Sumitomo Joint Electric Power, which is included in "Waste emissions" and "Landfill" (Sumitomo Chemical Group), is calculated on dry weight basis.
*9. In accordance with note 6, and in line with the change in computation method in fiscal 2012, the amount of energy consumed and the amount of CO₂ emissions from energy use by Sumitomo Joint Electric Power Co., Ltd., a company that engages in power business activities, include the amount of energy consumed internally and the associated CO₂ emissions, but do not include the amount of energy consumed and the associated CO₂ emissions from the production of power and steam sold to external parties. In the case the amount of energy consumed and the associated CO₂ emissions from the production of power and steam sold to external parties by Sumitomo Joint Electric Power Co., Ltd. are included, the energy (kl in terms of crude oil) and CO₂ emissions from energy use indices would be 2,425 thousand kl and 7,045 thousand tonnes-CO₂, respectively.
*10. Outside the scope of reporting under the Act on Promotion of Global Warming Countermeasures
*11. Fluorescent lamps and mercury lamp ballast as well as contaminated substances (wastepaper, etc.) including PCB waste are not included in unit and volume data.

Addressing Global Climate Change

Climate change is a problem 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, plants and research laboratories, coordinates efforts to tackle key issues (see page 35) defined in its Responsible Care Mid-Term Plan, and Group companies follow suit.

In fiscal 2014, Sumitomo Chemical streamlined production methods at its production facilities, improved machinery and equipment efficiency, and

Trends in Energy Consumption, Energy Efficiency Index, CO₂ Emissions from Energy Use, and Carbon Intensity Index



recovered waste heat with the aim of reducing energy consumption. To make its facilities more environmentally friendly, the Company changed fuels used by its boilers, reduced the use of combustion improvers at its submerged combustion facilities, and cut electricity use by optimizing the operation of its cooling towers and through unit control operations. We also implemented a variety of measures to more efficiently use energy, such as by installing LED lighting in our buildings and streamlining our laboratories. Sumitomo Chemical aims to reduce energy consumption by 4,000 kiloliters annually.

Sumitomo Chemical helps curb peak electricity usage in the summer and the winter, and works to secure inexpensive and reliable sources of electric power by starting to take advantage of the electricity self-consignment system that was implemented in 2013.

Our efforts to realize a low-carbon society do not end with our production and research activities. They also broadly cover our offices, dormitories and logistics centers. We disclose the results of these efforts to the public.

Data Disclosure by Scope

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

Status of CO₂ Emissions by Scope (Sumitomo Chemical (Non-Consolidated))

Category classification	Emissions (10,000 t-CO ₂ /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

Status of Scope 3 GHG Emissions (Sumitomo Chemical (Non-Consolidated))

No.	Category	Emissions (t-CO ₂ /year)
1	Purchased goods and services*	1,110,000
2	Capital goods	69,800
3	Fuel- and energy-related activities not included in Scope 1 and 2*	222,000
4	Upstream transportation and distribution*	54,100
5	Waste generated in operations*	18,500
6	Business travel	6,730
7	Employee commuting	7,560
8	Upstream leased assets	750
11	Use of sold products*	119,000
	Other (downstream)	1,780,000

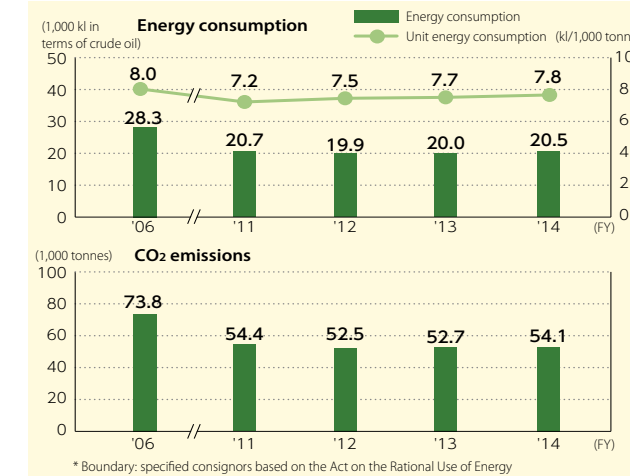
Note: The calculation method for Category 1 was changed in fiscal 2014. Other (downstream) is the total of Category 9 (downstream transportation and delivery), Category 12 (waste disposal of sold products), and Category 15 (investment).

Logistics Initiatives

Sumitomo Chemical continues to promote modal shift, or transportation by more efficient and environmentally friendly, such as rail and ship instead of trucks. In fiscal 2014, we reduced the volume of transportation via trucks and increased transportation volume via railway and ships compared with fiscal

2013. However, unit energy consumption worsened by 1.1% compared with fiscal 2013 owing to changes in products transported and transportation destinations, reflecting business conditions. We aim to improve unit energy consumption by 1% or more.

Reduction of Environmental Impact in Logistics Operations (Sumitomo Chemical (Non-Consolidated))*



Sumitomo Chemical Receives Special Award for Excellence in Green Logistics

At the Green Logistics Partnership Conference in December 2014, 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 for Excellence in Green Logistics. The award recognizes the Company's successful efforts to counter global warming. Sumitomo Chemical has been stepping up these efforts with the aim of being a leading company in the chemicals industry. This marks the first time that a comprehensive chemicals company received the award in recognition of Sumitomo Chemical's efforts at modal shift in collaboration between the Chiba Works and customers and logistics companies. These efforts led to major cuts in CO₂ emissions of 237 tonnes per year (a reduction in emissions of 43%) as a result of using larger containers for transporting synthetic resins and increasing railway transportation efficiency through round-trip transportation by using containers on return trips. Sumitomo Chemical will proactively take advantage of green logistics through modal shift and shared transportation while strengthening its partnerships with customers and logistics providers.



Sumitomo Chemical Recognized by CDP as Climate Change Disclosure Leader for Third Straight Year (October 2014)

For the third consecutive year, Sumitomo Chemical has been selected by CDP* for inclusion in the CDP Japan 500 Climate Disclosure Leadership Index (CDLI) in recognition of its excellent disclosure of climate change information.

As the representative of 767 institutional investors that collectively manage \$92 trillion in total assets, CDP sends a questionnaire about climate change information to 500 Japanese companies (the 500 largest companies based on the FTSE Japan Index). Sumitomo Chemical scored in the top 10% of companies that responded to the questionnaire, and was thus selected for inclusion in the CDLI. 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.



*1 An international NGO that aims to realize a sustainable economy by encouraging companies to disclose climate change data to investors.

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 Award² 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. These awards are presented to companies, organizations and researchers that have demonstrated excellence in the reduction of environmental load throughout the lifecycle of their products.

This award was for Sumitomo Chemical's carbon management system in recognition of its balanced approach to reducing environmental load across a broad range of activities, including CO₂ emissions management in production activities, initiatives to develop products that help reduce CO₂ emissions, Scope 3 achievements, and educational activities targeting researchers.



The awards ceremony

*2 An organization that brings together people involved in LCA in Japan from research institutions in each of the industry, academic, and public sector fields. (LCA stands for life cycle assessment. It is a quantitative and objective method of assessing the environmental impact through all stages of a product's life cycle, from the extraction of natural resources to production, transportation, usage, disposal and recycling.)

Waste Reduction Initiatives

Beginning with reducing resource consumption as called for by the Act for Establishing a Recycling-Oriented Society, Sumitomo Chemical aggressively works to address various issues to create a recycling-based society that places minimal burdens on the environment. To this end, it is vital that we steadily pursue the development of a society that is both low-carbon and sustainable.

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 Reduction

Japan Business Federation (41 participating industries)

- Reduce the amount of industrial waste sent to landfills by 65% relative to fiscal 2000 in fiscal 2015

Japan Chemical Industry Association

- Reduce the amount of waste sent to landfills by 65% relative to fiscal 2000 in fiscal 2015

Sumitomo Chemical

Non-Consolidated

- Reduce the amount of waste sent to landfills by 80% relative to fiscal 2000 in fiscal 2015
- Systematically reduce the proportion of sludge produced in production quantities

Group Companies in Japan

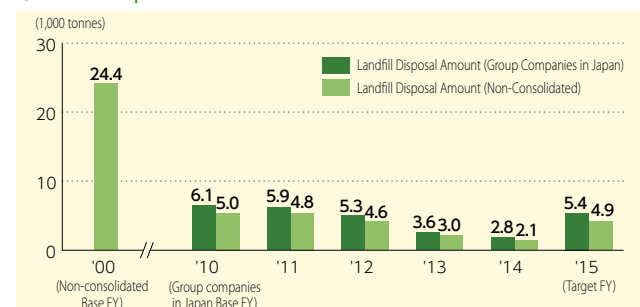
- Reduce the amount of industrial waste sent to landfills by 11% relative to fiscal 2010 in fiscal 2015

Sumitomo Chemical thoroughly undertakes proper collection and storage of electrical equipment containing PCBs, ranging from trace amounts to high concentrations, until final disposal as waste material. The Company systematically disposes of waste by consigning its chemical and incineration disposal operations to Japan Environmental Storage & Safety Corporation (JESCO) as well as companies authorized to detoxify waste containing low concentrations of PCBs.

PCB waste management targets

- Work toward appropriate storage and recovery of waste containing high concentrations of PCBs and complete PCB waste treatment at an early stage
- Work toward appropriate storage and recovery of waste containing minute amounts of PCBs and complete PCB waste treatment by March 2025

Landfill Disposal Amount*



Note: Previously, waste material with Sumitomo Chemical legally designated as the waste-producing enterprise had been recorded as a non-consolidated amount. From fiscal 2014, however, the Company has changed to a method in which waste materials produced by its subsidiary located at the Ehime Works is recorded with said subsidiary listed as the waste-producing enterprise. Accompanying this change, non-consolidated landfill waste amounts from previous fiscal years have been revised retroactively.

Protecting the Atmosphere, Water, and Soil

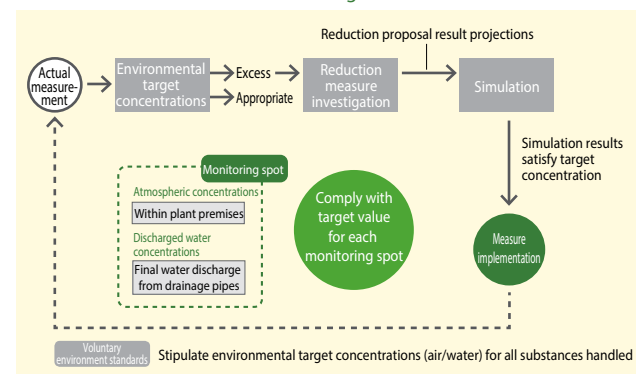
Sumitomo Chemical works to identify environmental issues in line with the latest legal revisions undertaken based on the results of investigations into various issues on a national level pertaining to the Air Pollution Control Act, Water Pollution Control Act, and Soil Contamination Countermeasures Act. Specifically, we identify environmental risks to the Company and establish an order of priority for a select list of critical issues. At the same time, we are systematically enhancing our technological and facility-oriented measures to reduce such risks.

In particular, we are working to achieve a greater level of trust with residents living nearby by our production facilities by focusing our efforts on continuously finding ways to solve key environment issues from a medium- to long-term perspective.

Protecting the Atmosphere and Water

Sumitomo Chemical continuously works to reduce the amount of soot/smoke (including dust, NOx, SOx) emitted into the atmosphere from stationary sources as well as COD, total nitrogen, total phosphorus and other water-borne contaminants from leaking into living aquatic environments. In addition, Sumitomo Chemical undertakes strict environmental risk management regarding all PRTR-subject substances it handles. This means establishing and managing risks according to voluntary environmental target levels for areas surrounding production facilities and final sewage exit drains for each environmental and aquatic waste substance. From the standpoint of protecting the ozone layer, we have implemented plans to dispose of all CFCs and HCFCs used as cooling agents in refrigerators based on set deadlines. We continually take steps to reduce VOC emissions into the atmosphere as part of our measures to curb the emission of particulate matter (PM 2.5) and photochemical oxidants.

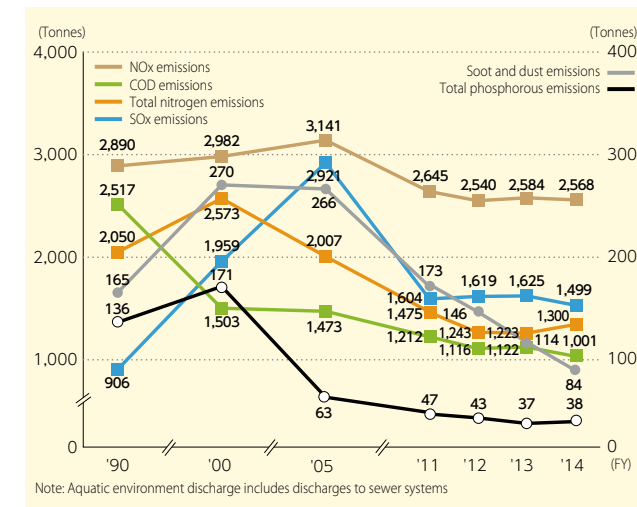
Environmental risk-based risk management



Protecting the Soil Environment

Based on soil management conditions at Sumitomo Chemical business sites, we have established management targets to prevent harmful substances from spreading beyond the boundaries of these sites. To this end, we have continued surveys and evaluations of soil contamination as well as remediation work on company land. We have also monitored groundwater close to our boundaries on a regular basis to confirm that levels of hazardous materials, including heavy metals and oils, are below those stipulated by environmental standards.

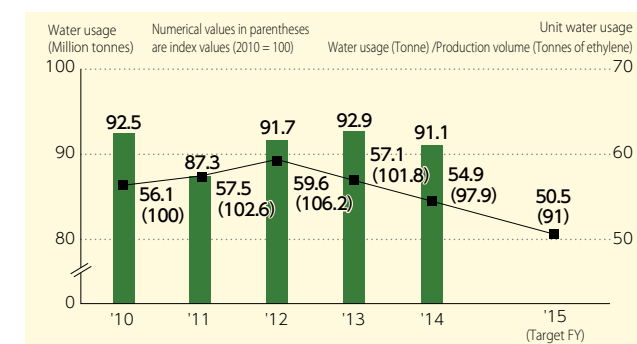
Release of Pollutants into the Air and Water (Sumitomo Chemical (Non-Consolidated))*



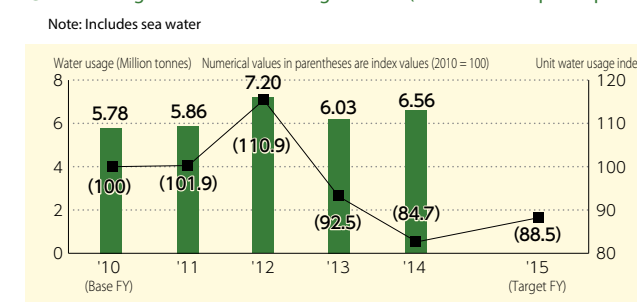
Promoting the Effective Use of Water

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 (Sumitomo Chemical (Non-Consolidated))*



Water Usage and Unit Water Usage Indices (Overseas Group Companies)



Biodiversity Preservation Initiatives

As outlined in the Japan Business Federation's Declaration of Biodiversity by Nippon Keidanren (March 2009), while biodiversity is faced with imminent threats, the extent of the danger is difficult to gauge, and social awareness of the importance of protecting biodiversity remains low. Sumitomo Chemical reaffirms that its efforts to preserve biodiversity serve as an important foundation for creating a sustainable society and is expanding these initiatives, which emphasize daily activities closely related to the Company's business operations.

Sumitomo Chemical's Commitment to the Conservation of Biodiversity

- We position the conservation of biodiversity as one of our most important management issues and strive to help protect the global environment.
- We work to continuously reduce environmental impact in our production operations and our development and supply of products and services and in cooperation with third parties in the supply chain and thereby contribute to the conservation of biodiversity.
- By regularly implementing education programs, we ensure that employees fully recognize and understand the importance of biodiversity and promote our commitment to its conservation.
- We continuously engage in corporate social responsibility activities that contribute to environmental protection and lead to greater trust and confidence from society.
- We disclose the results of these efforts and maintain effective communication with the general public.

Example Activities

- Developing Green Processes, Clean Products
- Improving energy efficiency, recycling resources, promoting the 3Rs, encouraging CSR procurement
- Undertaking environmental impact assessments at the planning stage for new plant construction and implementing countermeasures
- Implementing environmental protection projects jointly with NGOs
- Complying with internal safety management regulations pertaining to the use of genetically modified organisms
- Undertaking proper management of chemical substances

Looking Ahead

Environmental preservation activities have reached a major turning point in recent years. Previously, measures undertaken on a regional basis had been effective in addressing environmental issues. In recent years, however, the scope of these activities has reached a global scale. There is an urgent need to find effective countermeasures to the growing critical global problems such as climatic change, biodiversity preservation issues, ozone layer depletion, and PM 2.5 pollution. Sumitomo Chemical aims to further reduce environmental risks through an effective combination of measures intended to address environmental preservation issues. These measures are centered on ongoing strict risk management, adherence to domestic and overseas regulations, careful monitoring of environmental trends, and undertaking voluntary initiatives.

Basic Stance

● Chemical Safety

Sumitomo Chemical sufficiently adheres to various domestic laws and regulations pertaining to chemical manufacturing, including the Chemical Substances Control Law, Industrial Safety and Health Act, and the Poisonous and Deleterious Substances Control Law, as well as the legal statutes of the numerous countries to which the Company exports and where Group companies operate. Recently, there have been accelerated moves to establish and revise chemicals management-related laws in China, South Korea, Taiwan, and Southeast Asian countries. In cooperation with overseas Group companies, Sumitomo Chemical is taking steps to maintain thorough legal compliance by working to rapidly gather information on regulatory trends via local chemical industry associations.

To achieve the 2020 target^{*1} proposed at the World Summit on Sustainable Development (WSSD) in 2002, it is now time for chemicals management to be risk-based in regards to not only laws and regulations but also voluntary measures by companies on a global basis. To achieve the 2020 target, Sumitomo Chemical lends its full support to such voluntary initiatives as the Global Product Strategy (GPS)/Japan Initiative of Product Stewardship (JIPS)^{*2} put forward by chemical industry associations including the International Council of Chemical Associations (ICCA) and the Japan Chemical Industry Association. As for concrete initiatives, the Company is an active participant in the ICCA Chemical Policy & Health (CP&H) Leadership Group Capacity Building Task Force, which it chaired until January 31.

*1. 2020 target: Ensure that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.

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

● 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. To supply products and services of stable quality to our customers, we maintain our commitment to further improving product quality and are continually enhancing our quality assurance system.

Overview of Chemical Safety Initiatives

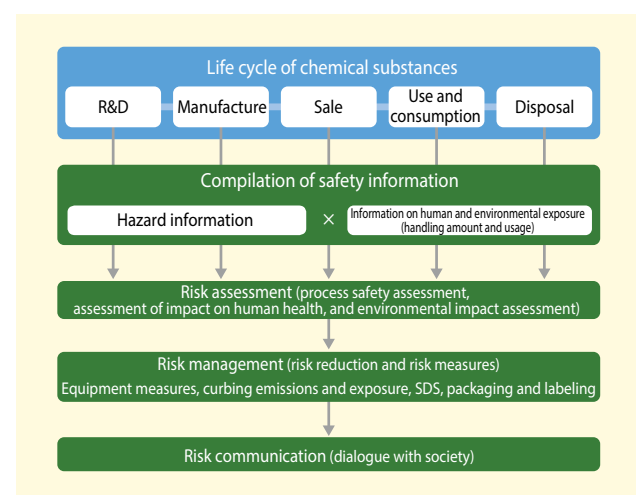
● Risk-based Chemicals Management throughout the Entire Life Cycle

Sumitomo Chemical took the lead as a diversified chemicals manufacturer in supporting the Ministry of the Environment's Eco-First program, promising to systematically conduct appropriate risk assessments for all its products manufactured or sold in annual amounts of one tonne or more by fiscal 2020.

These are voluntary management activities that involve the promotion of the chemical industry initiatives GPS/JIPS.

In conducting chemical 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

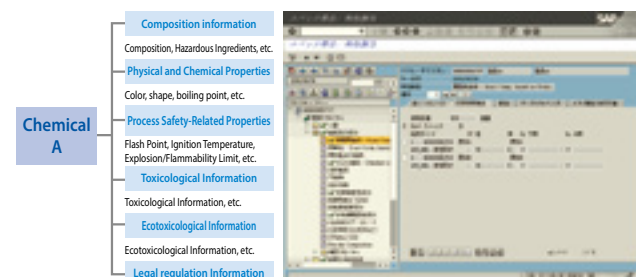
In order to appropriately manage and effectively use information on chemicals such as their composition handled by the Company, and in the context of safety and regulatory requirements, Sumitomo Chemical has developed the comprehensive chemical management system (SuCESS).^{*3} This system is used in 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 (see page 42) in around 40 languages to comply with GHS.^{*4} This system is also being proactively deployed at Group companies.

*3 SuCESS: Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System

*4 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.

◎ SuCESS comprehensive chemical management system

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



● Careful Consideration for Animal Studies

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

Overview of Product Responsibility Initiatives

● Assessment of Product Risks

Our risk assessment method for product safety consists of two assessments, comprising 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.^{*5} During the five-year period from fiscal 2010 to fiscal 2014, we have performed risk assessments on a total of 252 products. In addition to steadily conducting risk assessments of products new to the market, Sumitomo Chemical is promoting the ongoing reassessment of products that are already on the market, which it plans to finish 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.

*5 High-risk products: Products likely to have relatively high risks in terms of the nature of the chemical substances in the product and their application.

● Providing Safety Information

To guide its customers on the safe handling of its products, Sumitomo Chemical examines related safety data and conducts tests of chemical substances contained in its products, and supplies the information obtained through these actions in the form of Safety Data Sheets (SDSs)^{*6} to its customers. For products that need to be handled with special care, we create Yellow Cards (simplified SDSs) for use in the event of emergencies during transport and provide the necessary information to transportation companies.

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

● Providing Stable Quality Products and Services

As a general chemicals company, Sumitomo Chemical is proud to offer its customers products and services from a variety of fields. In order to continue to offer our customers stable quality on all our products, we have established quality assurance systems based on quality management systems and manufacturing and quality management guidelines, such as ISO 9001,^{*7} GMP,^{*8} and FAMI-QS^{*9} that conform to each product. In addition to maintaining

thorough day-to-day product quality control, we are committed to further improving product quality.

Unfortunately in fiscal 2014, a total of two major quality problems with our products and services occurred in the Petrochemicals & Plastics Sector and Health & Crop Sciences Sector. Working to determine the causes of these problems, we are promoting strict preventive measures.

In order to continue supplying products of stable quality worldwide while addressing growing supply chain diversification accompanying our business expansion and the increasingly sophisticated needs of customers, we are putting in place a global quality assurance system that includes strengthening management of overseas suppliers and contractors. We are also improving quality assurance at our Group companies inside and outside Japan by ascertaining the state of product quality and safety through RC audits and providing guidance based on these audits.

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

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

*9. FAMI-QS: The Quality and Safety System for Specialty Feed Ingredients and their Mixtures of the EU.

Looking Ahead

● Chemical Safety

In response to strong social demand for the proper management of chemicals, the establishment and revision of laws and regulations relating to chemicals management are expected to pick up in various countries in the near future. Closely collaborating with overseas Group companies, Sumitomo Chemical consistently undertakes thorough compliance initiatives that involve carefully studying information on the regulatory trends as well as maintaining and enhancing the functions of its comprehensive chemical management system (SuCESS). Moving forward, the Company will continue to engage in voluntary management activities, including the promotion of GPS/JIPS, and systematically implement risk-based chemicals management in line with efforts to fulfill its Eco-First Commitments.

● Product Responsibility

In line with its Eco-First commitments, Sumitomo Chemical is making systematic progress in its goal to complete reassessments of risks and confirmation of the effectiveness of related strategies and measures for all products on the market by fiscal 2020. With the aim of improving customer satisfaction, we will continue to work tirelessly to maintain sustained product quality improvements and to achieve an optimal product quality assurance system amid changing business conditions.

Basic Stance on Occupational Safety and Health

Sumitomo Chemical's core 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.

Enhancing a Culture of Safety

The chemicals industry has to date increased safety at its plants through the introduction of risk management systems and improved safety-related technologies. However, there have recently been a number of high-profile large-scale accidents where the source can be traced to erroneous operations or flawed decisions. Accordingly, attention is now focused on promoting a culture of safety that is based on safety activities involving mutual understanding, operational management and traditional learning. Sumitomo Chemical continues to promote policies to enhance a culture of safety and has set specific areas for focus based on a clear grasp of the strengths and weakness of each departmental unit and each individual workplace.

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 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.

Measures to Prevent Accidents Involving being Caught or Entangled in Machinery

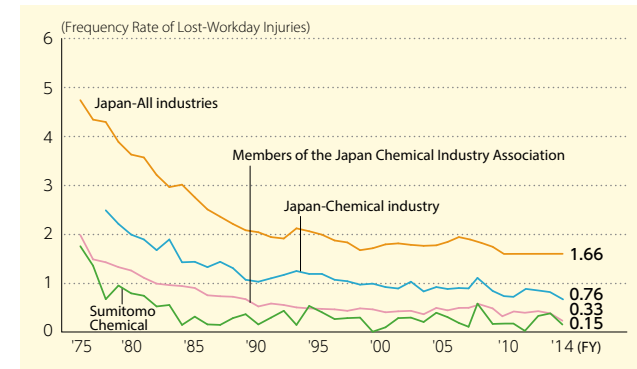
We have taken steps to eliminate accidents involving being caught or

entangled in machinery by distributing documents on the prevention of such accidents in April 2014, standardizing our accident prevention measures, and raising the awareness of all employees. Despite these efforts, the percentage of accidents involving employees being caught or entangled in machinery accounted for by all workplace injuries remains high.

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Accidents Involving being Caught or Entangled in Machinery	15	14	11
Percentage of all accidents	23%	21%	23%

In fiscal 2014, we visited Group companies inside and outside Japan to ascertain the status of their accident prevention measures. Going forward, we will verify the status of these measures by making use of opportunities such as RC audits.

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



TOPIC

Sumika Logistics Receives G Mark Transportation Award

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 Mark¹ 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 Award² for its major contributions to merchants and society as a safe business site.



*1 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.

*2 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.

Increasing Safety Awareness among Employees

The newsletter *Sumitomo Kagaku*, which is distributed to all employees, introduces the winners of the President's Awards for Workplace Safety and publishes the president's safety message during National Safety Week.

The President's Awards for Workplace Safety

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 five workplaces in fiscal 2014.



The President's Awards for Workplace Safety

Raising the Level of Safety!

Sumitomo Chemical has placed particular emphasis on raising the level of safety across every facet of its operations since fiscal 2013. In a bid to foster greater awareness toward safety among employees, steps are being taken to publish and distribute information via the Company newsletter that covers specific examples of disasters that can easily occur and detailed explanations of safety issues and countermeasures.

Safety Education to Prevent Labor Accidents

With the goal of improving each employee's sensitivity, foresight, and hazard prediction abilities, the Company continues to implement safety measures that include disaster preparedness training and "know-how, know-why" education.

- 1) Examples at the Works and Research Laboratories
Sumitomo Chemical is not only implementing accident preparedness training and hazard prediction training, also known as Kiken Yochi Training (KYT), but also promoting strict compliance with basic safety rules, confirmation of commands and reporting of the results, and the method of pointing a finger while calling out an action.
- 2) Examples at the Head Office and Branch Offices
Sumitomo Chemical is improving safety awareness using the safety and health rulebook to promote the study of disaster information from both the Company and Group.

Slogan and Poster for Occupational Safety and Health

As part of its effort to foster the safety awareness of employees, Sumitomo Chemical each year collects ideas submitted from all the employees and uses the best suggestions to create a Slogan for Occupational Safety and Health and a Poster for Occupational Safety and Health. These are then displayed in each workplace to bolster employee awareness.



Slogan writer:
Takamasa Egawa
Separator Development Team
IT-related Chemicals Research
Laboratory (Ohe)
Ehime Works

Thoughts of the Slogan Writer

Reaffirming the importance of safety fundamentals rooted in a well-entrenched culture of safety, I would like to encourage everyone to help create safe workplaces in the years ahead.

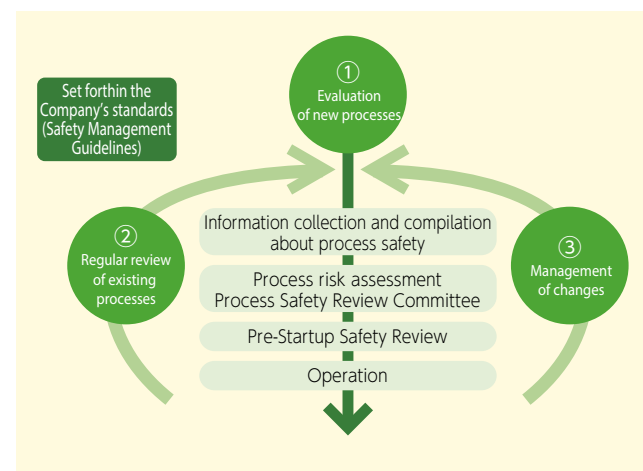
Looking Ahead

With the aim of putting in place a structure that is capable of achieving and maintaining "zero accidents," Sumitomo Chemical will continue to implement activities to enhance a culture of safety. At the same time, the Company will look to calculate the degree of improvement.

Basic Stance on Industrial Safety and Disaster Prevention Management

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

◎ Process Hazard Management (three routes)



Fiscal 2014 Industrial Safety and Disaster Prevention Results

Sumitomo Chemical achieved the target of “no severe industrial accidents”^{*1} set in fiscal 2014, while there was one severe industrial accident in fiscal 2013. However, regrettably, there were six minor industrial accidents.

In addition, there were five industrial accidents in Group companies in Japan and abroad. Among these, at the waste material warehouse fire that was caused by a Group company at Ehime Works on June 8, 2014, there was no human injury attributable to the incident or impact on local residents. Sumitomo Chemical does, however, extend its sincere apologies to the local community and all concerned for the inconvenience and anxiety caused.

The Sumitomo Chemical Group has fully analyzed the causes of the aforementioned accidents and is reflecting on them to enhance safety management across the Group and prevent serious industrial accidents from occurring.

*1 “Severe industrial accidents” refers to any of the following workplace incidents:
 • Accidents that cause injuries to local residents requiring outpatient/hospital treatment
 • Accidents that result in lost-workday injuries to workers on the site, or
 • Accidents that result in equipment and facility damage exceeding ¥10 million

Process Safety Management

Sumitomo Chemical performs safety assessments at each stage of product development and industrial scale production from new chemical process R&D to plant design, construction, operation, maintenance, and even disposal. The items and procedures essential to safety assessment are specifically outlined in the Safety Management Guidelines that provide the standard for the Company.

(1) Evaluation of new processes

The Process Safety Review Committee (levels 1 to 5) convenes at every step, from R&D through to industrial scale production. In essence, this Committee plays a technical audit role focusing on process safety assessment results and whether safety countermeasures are appropriate. This mechanism ensures that processes do not proceed to the next step unless adequate safety has been confirmed.

(2) Regular review of existing processes

Even without a change in the process, Sumitomo Chemical is conducting regular reviews to ensure the latest information on industrial safety technologies and whether there will be a significant impact from the long-term use of a plant.

(3) Management of changes

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

As this system is utilized within the Company, it is well-known among Group companies and continues to ensure a deep level of process safety throughout the organization.

Earthquake Countermeasures

Sumitomo Chemical drew up a basic policy on earthquake countermeasures in 2004 taking the initiative to improve the earthquake resistance features of equipment and structures that were especially susceptible to the risk of damage. Moreover, the Company has accelerated the pace at which it implements earthquake resistance and risk reduction measures while actively utilizing government subsidies for the seismic reinforcement support business in accordance with recent directives by government authorities to improve the seismic adequacy of existing facilities.

Industrial Safety and Disaster Prevention Education

Sumitomo Chemical has a variety of disaster prevention educational programs that conform to the operational roles of employees throughout the Company. The programs are aimed at bolstering the ability of employees to acquire knowledge and skills in order to ensure process safety.

● **E-learning**

In-House Safety Management System: Training aimed at fostering a deep understanding of the information contained in the “Safety Management Guidelines,” one of the documents summarizing the basic rules of safety management.

● **Group Training (Classroom Training, Hands-on Training)**

Disaster Prevention Theory: Training that aims to promote the acquisition of basic knowledge regarding safety and disaster prevention.

Fire and Explosion Training: A training course to improve and maintain awareness of industrial safety and disaster prevention measures that gives students a real feel for the danger involved in fire and explosions. The course includes not only the study of safety and disaster prevention theory, but also hands-on experience.

Company-wide Safety Education: Training that covers the latest topics each fiscal year. The training in fiscal 2014 drew on information of major accidents at other companies within the industry in Japan and abroad and explained the reasons for each accident, ensuring that the appropriate lessons were learned.

Initiatives for Ensuring Safety in Logistics Operations

The Sumitomo Chemical Logistics Partnership Council was formed by Sumitomo Chemical and the logistics subcontractors (84 companies at 116 locations) for the Sumitomo Chemical Group companies. The Council maintains committees for Works in each area, for logistical centers (transport and storage) nationwide, and for marine transport-related operations. Commendations have also been presented in appreciation of member companies whose actions have served as an example to other companies. Under its core principle of “making logistics safety the first priority,” the Council is expanding the Logistics Department’s Responsible Care activities. Among these activities, we took a focused approach to eradicate forklift accidents, accidents involving being caught or entangled in machinery, and labor accidents involving falling on the job. However, since 2009, as we have been unable to achieve zero accidents for six consecutive years, we are planning and implementing additional measures for improvement.

◎ Workplace Injuries in Logistics

(Number of cases)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Lost-workday injury	2	2	1	1	1
Non lost-workday injury	0	0	0	0	0

Note: Accidents caused by logistics subcontractors on the premises of Sumitomo Chemical workplaces and accidents caused by four major logistics subcontractors outside the premises of Sumitomo Chemical workplaces.

TOPIC 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 is carrying on 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 safety assurance capabilities.

Looking Ahead

Moreover, with the goal of reducing severe industrial accidents to zero, Sumitomo Chemical will upgrade and expand efforts aimed at strengthening safety assurance capabilities. Initiatives will promote the passing on of knowledge of process safety technologies from the “know-how” perspective.

Environmental Management System (ISO14001)

Acquisition of ISO14001 Certification by Sumitomo Chemical's Works

Works and Certificate Number	Certification Date	
	ISO14001:1996	ISO14001:2004
Ehime Works (including Ohe Works) [JCQA-E-018]	April 1998	April 2006
Chiba Works [KHK-97ER-04]	June 1997	March 2006
Osaka Works [JQA-E-90072]	November 1997	January 2006
Oita Works (Gifu Plant) [JCQA-E-0206]	December 2000	December 2005
Oita Works (Okayama Plant) [JCQA-E-0218]	January 2001	February 2006
Oita Works [JQA-E-90152]	March 1998	April 2006
Misawa Works [JQA-EM0355]	March 1999	February 2006

ISO14001:1996 certification was obtained at all Works between 1997 and 2001. From 2005 to 2006, these Works took steps to undergo transitional inspections and obtained certification for ISO14001:2004, the revised version of ISO14001:1996.

Quality Management System (ISO9001)

Acquisition of ISO9000 Series Certification by Sumitomo Chemical's Works

Works and Certificate Number	ISO9002:1994	ISO9001:2008
	Certification Date	Certification Date
Ehime Works [JCQA-0019] [YKA-4004422/J]	October 1994	October 2009
Chiba Works [JQA-0829]	March 1995	April 2010
Osaka Works [JQA-0721]	December 1994	December 2009
Oita Works (Okayama Plant) [JQA-1650]	March 1997	April 2010
Oita Works [JQA-1069]	December 1995	January 2010
Misawa Works [JQA-0752]	December 1994	December 2009
Ohe Works [JCQA-0320] [JCQA-1720]	April 1998	April 2010
	—	January 2010

Certification of compliance with ISO9002:1994 was completed for all Works except the Oita Works (Gifu Plant)^{*1} between 1994 and 1998. Sumitomo Chemical made the transition to compliance with ISO9001:2008 in 2009–2010. The Ohe Works registered for ISO9001:2008 in 2010.

*1 The Oita Works (Gifu Plant) has been pursuing Good Manufacturing Practice (GMP) management as have other Works, including the Osaka Works, the Oita Works (Okayama Plant), the Oita Works and the Misawa Works.

Occupational Safety and Health Management System (OSHMS)

Acquisition of OSHMS Certification for Sumitomo Chemical's Works and Research Laboratories

Facilities	Certificate Number	Certification Date
Ehime Works	04-38-1	September 2004
Chiba Works	03-12-1	May 2003
Osaka Works	05-27-3	February 2005
Oita Works (Utajima)	09-27-14	January 2009
Oita Works (Gifu Plant)	09-21-6	February 2009
Oita Works (Okayama Plant)	09-33-7	February 2009
Oita Works	06-44-1	July 2006
Ohe Works	10-38-4	March 2010
Agricultural Chemicals Research Laboratory ²	07-28-9	January 2007
Tsukuba Research Laboratory ³	05-8-3	December 2005

By fiscal 2009, Sumitomo Chemical acquired OSHMS certification from the Japan Industrial Safety and Health Association (JISHA) at five of its Works and two of its Research Laboratories.

*2 Agricultural Chemicals Research Laboratory is presently named Health & Crop Sciences Research Laboratory.

*3 Tsukuba Research Laboratory was reorganized into the Tsukuba Material Development Laboratory and the Advanced Materials Research Laboratory.

Voluntary Safety Management of High Pressure Gas based on Certification by the Minister

Number of Accreditations of Completion and Safety Inspection Given for Sumitomo Chemical Facilities

Works	Area	Year of certification	Year and month renewed	Number of facilities given accreditation
Ehime Works	Niihama	2002	March 2013	13
	Kikumoto	2002	March 2013	4
Chiba Works	Anesaki	1987	May 2014	11
	Sodegaura	1987	May 2014	17

Note: Number of facilities given accreditation data as of the time of certification renewal.

To achieve safe operations, Sumitomo Chemical has obtained Accreditation of Completion and Safety Inspection as stipulated in the High Pressure Gas Safety Act for our 45 facilities. Certification for the Chiba Works, which has been certified since 1987, was renewed in May 2014. The Ehime Works which has been certified since 2002, was also renewed in March 2013. The plants of both Works have been continuing stable operations. Ministerial certification is given to facilities which have achieved excellent safety and management levels and meet legal requirements. Such plants are allowed to conduct their safety inspections on a voluntary basis. In order to obtain ministerial certification, prior review is made by a special team including academic experts on the accuracy of daily safety inspection data and the safety management system. Every time, Sumitomo Chemical has been given high marks at the review for renewal of the certification.

Eco-First Commitments

In March 2012, Sumitomo Chemical reported the progress and results of its efforts to fulfill the Eco-First Commitments to the Japanese Minister of the Environment while announcing its Eco-First Commitments Updated Version.

Eco-First Commitments Updated Version
Initiatives We Are Undertaking for Global Environmental Protection as an Environmentally Advanced Company
March 22, 2012

To Goshi Hosono
Minister of the Environment

Masakazu Tokura
President of Sumitomo Chemical Co., Ltd.

As a leader in the chemical industry, Sumitomo Chemical Co., Ltd. considers the appropriate management of chemical substances fundamental, and not only observes strict compliance with all relevant laws and regulations, but also works to ensure safety, environmental protection, health and product quality throughout the lifecycle of its products. The Company engages in public dialogue to gain the further trust of society and undertake voluntary activities (Responsible Care activities) to contribute to the sustainable development of global society.

- We will manage chemical substances and promote risk communication in an appropriate and proactive manner.**
 - We will review the information on the safety of all our products manufactured or sold in annual amounts of one tonne or more by fiscal 2016 in order that all members of society may use Sumitomo Chemical's products more safely and with peace of mind, and we will conduct the appropriate risk assessments based on the results by fiscal 2020.
 - We will collaborate with chemical companies globally on voluntary projects for inspecting the safety of high production volume (HPV) chemicals and studies of the impact of chemical substances on human health and the environment in order to improve the safety of chemical substances.
 - By fiscal 2015, we will achieve a 60% reduction in the total release into the air and water of chemical substances subject to the PRTR Act relative to fiscal 2008 levels.
 - All the offices and facilities at Sumitomo Chemical will communicate effectively with and voluntarily promote information disclosure to consumers and other stakeholders in creative ways that suit the local community.
- We will actively promote initiatives to prevent global warming.**
 - We will work to improve unit energy consumption by 25% at all our Works and unit CO₂ emissions from the captive consumption of fossil fuels by 20% over fiscal 1990 levels by fiscal 2015.
 - As a member of the Japan Petrochemical Industry Association, we are committed to the heat recovery technology (HEART) Project with a view to developing and commercializing innovative energy-saving technologies to recover low-temperature heat (130 degrees Centigrade and lower) generated by our petrochemical plants that has not been recycled and reuse it at our manufacturing plants by fiscal 2015.
 - We will promote a modal shift in logistics and upsize transport containers to improve the efficiency of our logistics divisions, thereby improving their average unit energy consumption by 1% annually.
 - In cooperation with the labor union, we will implement measures to help prevent global warming through the reduction of household CO₂ emissions by encouraging employees to make continuous efforts to reduce CO₂ emissions at home.
- We will actively promote initiatives for building a recycling-based society.**
 - We will endeavor to reduce waste and promote recycling, aiming at achieving a 80% reduction in industrial waste landfill relative to fiscal 2000 levels by 2015.
 - We will reduce the ratio of landfill to total waste generated at all our Works to less than 3% by fiscal 2015.

Sumitomo Chemical Co., Ltd. will monitor the progress made in the above initiatives, make the results publicly available, and report them to the Ministry of Environment on a regular basis.

SUMITOMO CHEMICAL

Responsible Care Audit (Non-Consolidated as well as Group Companies in Japan and Overseas) Results

Responsible Care Audit Results

Facilities	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Specialized Audits	Works	4	5	4	5	4	7	4	5	4	11	11	10	11	11	12
	Research Laboratories	2	1	0	1	1	0	1	1	0	1	1	0	1	1	0
	Logistics Centers	0	0	1	0	0	1	0	0	1	0	0	0	0	0	0
	Business Sectors	4	4	7	5	6	5	5	6	5	5	4	4	4	5	5
	Group Companies (Japan)	22	16	9	8	12	10	12	14	16	16	14	14	16	15	12
Group Companies (Overseas)	—	2	1	2	3	1	4	4	4	3	6	7	5	7	13	
Management Audits	Works and Research Laboratories	6	6	5	6	6	5	6	6	5	7	7	6	7	6	5
Total		38	34	27	27	32	29	32	36	35	43	43	41	44	45	47

Specialized Audits for Facilities and Business Sectors

Area	Facilities (Works, Research Laboratories)	Business Sectors (Head Office Business Sectors)	Total
Good	12	4	16
Needs Improvement	148	29	177
Needs to be Examined	67	20	87
Total	227	53	280

Evaluation of Environmental Protection Costs and Economic Effects through Environmental Accounting

Sumitomo Chemical continuously gathers and evaluates data on environmental protection-related expenses, investments, and economic results in line with the Company's environmental accounting system introduced in fiscal 2000.

◆ Items Pertaining to Environmental Accounting

- (1) Period: April 1, 2014 to March 31, 2015
- (2) Boundary: Sumitomo Chemical and 17 major consolidated subsidiaries (12 in Japan and 5 outside Japan)*1

- (3) Composition (Classification): Based on Ministry of the Environment (Japan) guidelines
- (4) Outline of the results (investment and expenses): Consolidated investment and expenses increased by 0.4 billion yen and increased by 0.8 billion yen, respectively.

*1 17 major consolidated subsidiaries:
Sumitomo Dainippon Pharma Co., Ltd.; Koel Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; Sumitomo Joint Electric Power Co., Ltd.; Sumika Color Co., Ltd.; Nihon Medi-Physics Co., Ltd.; Nippon A&L Inc.; Thermo Co., Ltd.; SanTerra Co., Ltd.; Sumika-Kakoushi Co., Ltd.; Nihon Oxirane Co., Ltd.; Sumika Agrotech Co., Ltd.; Dongwoo Fine-Chem Co., Ltd.; Sumitomo Chemical Singapore Pte. Ltd.; The Polyolefin Company (Singapore) Pte. Ltd.; Sumika Technology Co., Ltd.; and Sumika Electronic Materials (Wuxi) Co., Ltd.

■ Environmental Protection Cost

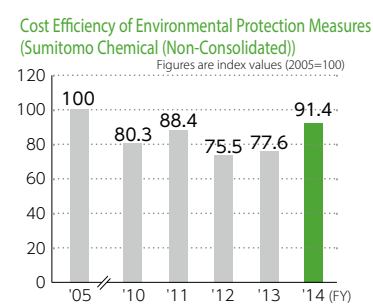
Classification	Details of Major Initiatives	Fiscal 2013				Fiscal 2014			
		Non-Consolidated		Consolidated		Non-Consolidated		Consolidated	
		Investment	Expenses	Investment	Expenses	Investment	Expenses	Investment	Expenses
Facility Area Costs		23	199	32	302	13	195	36	299
Break-down	Pollution Prevention Costs	(14)	(141)	(20)	(181)	(7)	(138)	(26)	(177)
	Global Environmental Protection Costs	(5)	(4)	(8)	(35)	(1)	(4)	(5)	(37)
	Resource Recycling Costs	(4)	(54)	(4)	(86)	(4)	(53)	(5)	(84)
Upstream/Downstream Costs		0	0	0	3	0	0	1	4
Administrative Costs		0	6	0	12	0	7	0	12
R&D Costs		0	67	0	68	0	77	0	78
Social Activity Costs		0	4	0	7	0	5	0	7
Environmental Remediation Costs		0	0	0	0	0	0	0	0
Total		23	277	33	392	13	284	37	400

■ Economic Effects

Results	Fiscal 2013		Fiscal 2014	
	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated
Reduced costs through energy saving	10	11	5	7
Reduced costs through resource saving	5	7	4	6
Reduced costs through recycling activities	36	37	36	36
Total	51	56	44	49

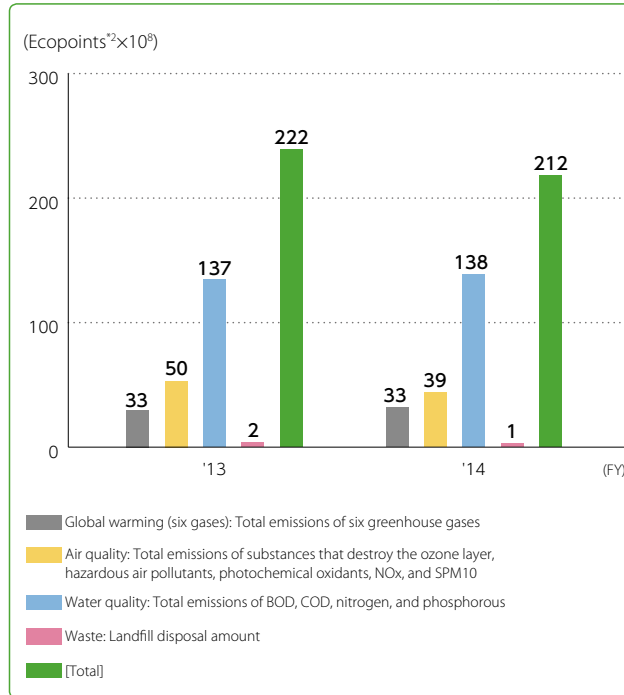
TOPIC Improving the Cost Efficiency of Environmental Protection

In fiscal 2009, we began implementing measures to improve the cost efficiency of our environmental protection measures by making sure that all activities were as cost effective as possible. We will implement more effective measures by analyzing and studying the breakdown of our environmental protection costs and reviewing each item to determine its importance. We calculate the cost efficiency of our environmental protection as the ratio of annual total production value to total environmental protection costs, in order better to reflect actual production activities in the calculation.



Examining the Practical Use of Environmental Efficiency Indicators and Environmental Management Accounting Methods

■ Breakdown of Aggregate Values for Environmental Impact (Sumitomo Chemical (Non-Consolidated)) by JEPIX



*2 Ecopoints: An indicator for total environmental impact—the smaller the value, the lower the environmental impact.

● Assessing the environmental impact of each Group company using JEPIX³

In fiscal 2014, as in the previous fiscal year, we undertook environmental impact assessments using JEPIX, in order to evaluate the effectiveness of this index as a strategic management indicator, and continued with relevant analyses.

● Assessing the environmental impact of each product by LIME⁴

For more practical use of LCA⁵ data both internally and externally, we use LCA software (MiLCA) from the Japan Environmental Management Association for Industry to undertake environmental impact assessments of our major products using the LIME method.

● Trial evaluation of material flow cost accounting (MFCA)⁶

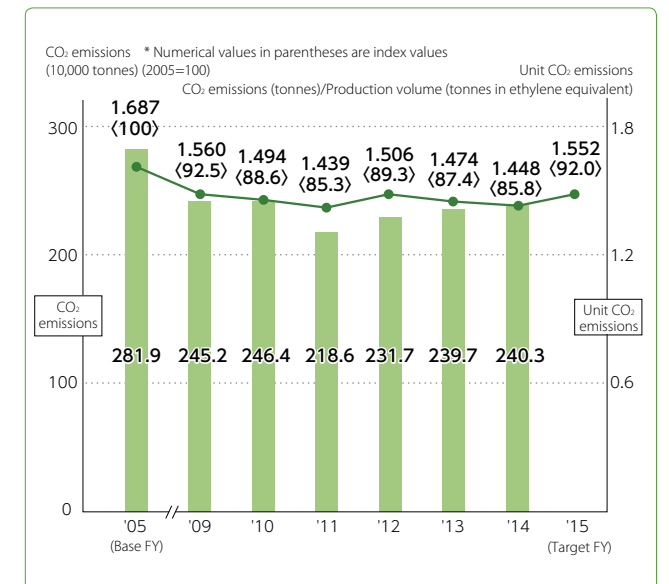
We are continuing to evaluate the effectiveness of this tool and also are performing examinations for the simplification and standardization of the method and procedures in order to foster their use. MFCA, which focuses on the loss of energy and resources, helps minimize loss and cost and reduces environmental impact.

³ Environmental Policy Priorities Index for Japan (JEPIX): This method, which employs a uniform single indicator called "Ecopoints" to evaluate environmental impact, is derived from the Swiss LCIA Eco Scarcity methodology. The current method evaluates the discrepancy between targets (e.g. laws and environmental policies) and actual conditions based on material flow data.
⁴ Life-cycle Impact assessment Method based on Endpoint modeling (LIME): A life-cycle impact assessment method developed in Japan as a cornerstone for measuring Japan's environmental conditions.
⁵ Life Cycle Assessment (LCA): A method for evaluating the environmental impact of products and services throughout their lifecycles.
⁶ Material Flow Cost Accounting (MFCA): An environmental cost accounting method that identifies input costs of materials, processing, electricity, fuel, and others, and compares them with the energy and resources lost in manufacturing processes.

■ Reducing Greenhouse Gas Emissions

CO₂ (Non-Consolidated (Target: All Works))

CO₂ Emissions from Fossil Fuel for Captive Consumption and Corresponding Unit Emissions



In fiscal 2014, the volume of CO₂ emissions originating from fossil fuels consumed in-house was 2,403 kilotonnes, up 0.3% compared with the previous fiscal year. This was a decrease of 14.8% compared with fiscal 2005.

Target Achieve an 8% improvement compared with fiscal 2005 in unit CO₂ emissions originating from fossil fuels consumed in-house by fiscal 2015.

Greenhouse Gases (All Six Gases) (Non-Consolidated (Target: All Facilities))

Emissions	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
CO ₂ Energy sources	351.2	345.4	313.4	319.0	335.7	334.7
CO ₂ From other than energy use	10.7	10.9	9.8	6.2	6.3	6.5
Methane (CH ₄)	—	—	—	—	—	—
Nitrous oxide (N ₂ O)	5.8	4.9	5.8	6.7	6.3	7.6
Hydrofluorocarbon (HFC)	—	—	—	—	—	—
Perfluorocarbon (PFC)	—	—	—	—	—	—
Sulfur hexafluoride (SF ₆)	—	—	—	—	—	—

* CH₄, HFC, PFC, and SF₆ are outside the scope of reporting.

Energy Saving

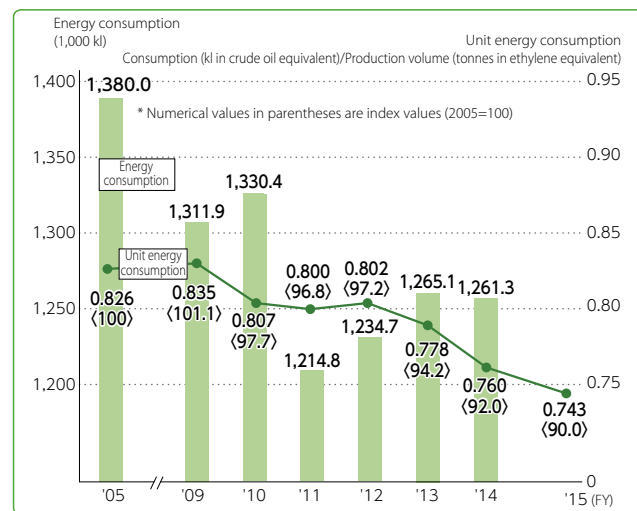
Breakdown of Unit Energy Consumption (Non-Consolidated (Target: All Works))

	a Energy consumption (1,000 kl in crude oil equivalent)	b Production (1,000 tonnes in ethylene equivalent)	a/b Unit energy consumption
Ehime Works	420.7	676.3	0.62
Chiba Works	721.6	816.1	0.88
Osaka Works	21.5	14.3	1.50
Oita Works	51.0	55.7	0.92
Misawa Works	11.2	9.3	1.20
Ohe Works	35.3	88.4	0.40
Total	1,261.3	1,660.1	0.76

In fiscal 2014, energy consumption decreased by 0.3% compared with the previous fiscal year to 1,261,300 kl (crude oil equivalent). Meanwhile, unit energy consumption improved 2.6% compared with the previous fiscal year and 8.0% compared with fiscal 2005.

Note: Data for the Oita Works includes data for the Gifu and Okayama plants.

Energy Consumption and Unit Energy Consumption (Non-Consolidated (Target: All Works))



Target Improve unit energy consumption for fiscal 2015 by 10% compared with fiscal 2005.

Energy Consumption and CO₂ Emissions^{*1} (Non-Consolidated and Group Companies in Japan^{*2} (Target: All Facilities))

	Energy consumption (1,000 kl in crude oil equivalent)	CO ₂ emissions from energy use (1,000 tonnes)
Group companies in Japan	1,713	4,502
Works	1,682	4,444
Non-manufacturing sites including the Head Offices and Research Laboratories	31	60
Non-consolidated	1,274	3,346
Works	1,261	3,320
Non-manufacturing sites including the Head Offices and Research Laboratories	13	26

The above table shows the results of Group companies in Japan (a total of 17 companies including Sumitomo Chemical^{*)} for fiscal 2014. These results are based on data reported to governmental authorities by each of the companies at the end of July 2015.

*1 Calculated based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

*2 The boundary of calculation covers the same participating companies listed on page 36. The same applies to the following.

Initiatives for Energy Saving and CO₂ Emissions Reduction in the Logistics Division

Energy Consumption and CO₂ Emissions for Group Companies in Japan ("Two Specified Consigners")^{*3}

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Energy consumption (1,000 kl in crude oil)	3.8	3.7	3.0	3.1	3.4	4.1	3.9	3.9	3.9
CO ₂ emissions (1,000 tonnes)	10.3	9.6	7.9	8.3	8.9	10.9	10.3	10.3	10.3

Trends in the total amounts of energy consumption and CO₂ emissions for the two Group company specified consigners in Japan have essentially remained unchanged over recent years.

*3 Totals for Nippon A&L Inc. and Nihon Oxirane Co., Ltd.

Industrial Waste Reduction

PCB Waste (Non-Consolidated and Group Companies in Japan (Target: All Works))

Storage and Control of High Concentrations of PCB Waste as of the End of Fiscal 2014 (Non-Consolidated and the Group)

	Number of units of PCB waste	Volume of PCB (kl)
Non-consolidated	12 (stored : 12/in use : 0)	0.1
Group	87 (stored : 87/in use : 0)	1.1

* Minute amounts of PCB waste is not included. High concentrations of PCBs classified into fluorescent lamps, mercury lamp ballast, and contaminated substances (wastepaper, etc.) fall outside the scope of collation. In addition, the amount of PCB is the PCB net conversion amount.

In accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, Sumitomo Chemical properly collects high concentrations of polychlorinated biphenyl (PCB) waste.* The Company then stores this industrial waste, which is subject to special controls, in specified areas within the Company's waste storage facilities, subsequently ensuring strict control of this waste. Sumitomo Chemical plans to treat all PCB waste ahead of the deadline specified under the Act.

*4 Transformers, capacitors, and other electronic devices that contain PCB insulating oil.

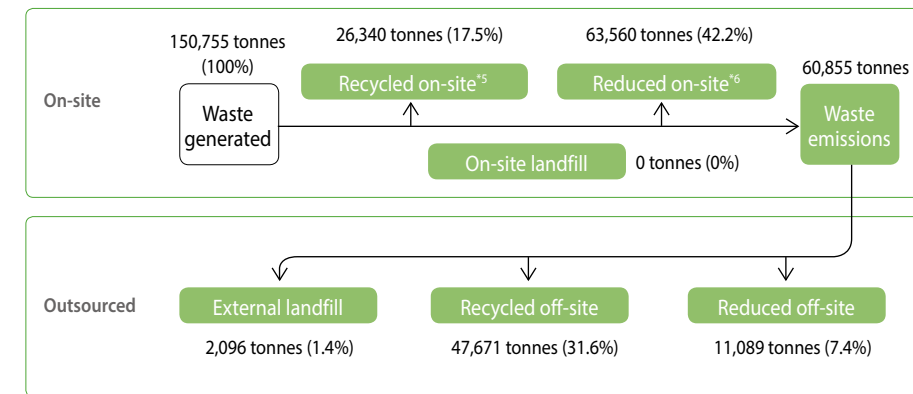
Target Properly collect and store high concentrations of PCB waste and complete treatment of this waste at an early date.

Digitization of Manifests to be Prepared Pursuant to the Waste Management and Public Cleansing Act (Non-Consolidated (Target: All Works))

	Number of manifests issued	Number of manifests digitized	Digitization rate (%)
FY 2010	17,745	12,609	71
FY 2011	19,243	15,048	78
FY 2012	17,502	13,259	76
FY 2013	19,389	15,329	79
FY 2014	18,662	14,930	80

Sumitomo Chemical has been fostering the digitization of manifests to improve operational efficiency and ensure compliance with the law and transparency of data.

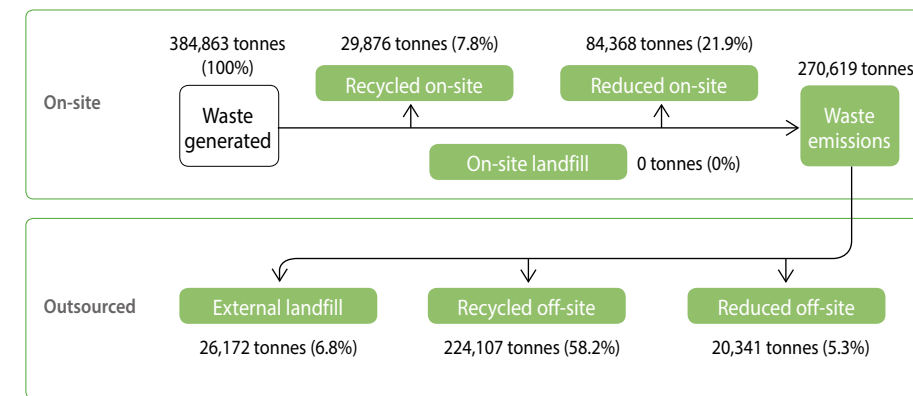
Waste Disposal Flow Chart and Results (FY 2014) (Non-Consolidated (Target: All Works))



*5 Recycled waste: Total amount of waste that was reused, recycled, or thermally recycled

*6 Reduced waste: Total amount of waste reduced through incineration, etc.

(Group Companies in Japan (Target: All Works))

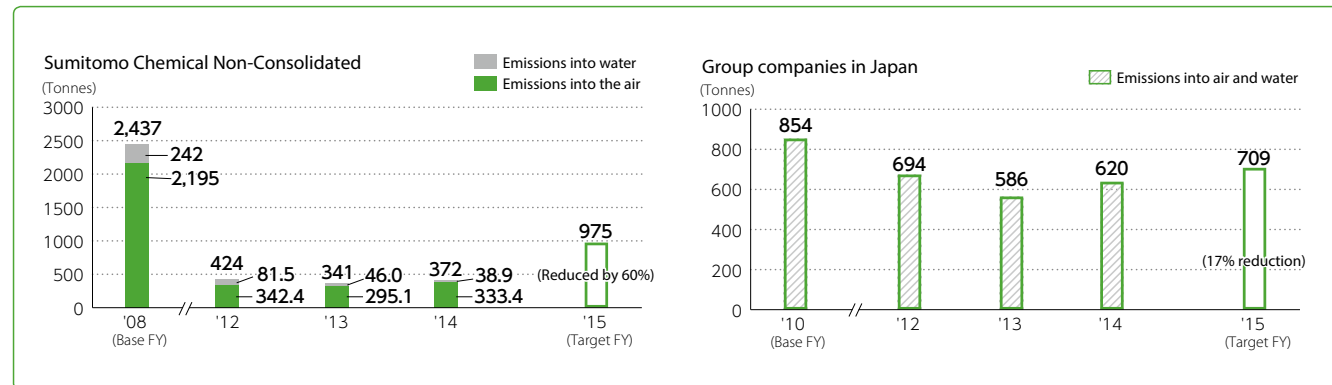


List of Results by Item in connection with the Disposal of Waste and Valuable Resources (Non-Consolidated (Target: All Works))

Type	Classification	Waste/valuable resource classification		Waste Generated	Valuable resource Generated	Recycled on-site		Reduced on-site		Waste/valuable resource emissions	On-site landfill	Reduced off-site	Recycled off-site		External landfill
		Waste	Valuable resource			Reused, recycled	Thermally recycled	Incineration	Other				Reused, recycled	Thermally recycled	
Burnt residue	Burnt residue	○		3,709	0	0	0	0	0	3,709	0	0	3,629.7	0	79.3
Sludge	Inorganic sludge	○		75	0	0	0	0	0	75	0	0	75	0	0
	Inorganic sludge		○	0	0	0	0	0	0	0	0	0	0	0	0
	Organic sludge	○		6,331.6	0	0	0	5,443	0	888.6	0	590.7	296.9	0	1
Oil waste	Inorganic and organic mixed sludge	○		44,302.9	0	0	11,506.9	16,281.5	2,756.9	13,757.6	0	1,948.6	10,715	0	1,094
	Oil waste other than organic waste solvents	○		6,723.5	0	0	3,605.9	82	0	3,035.6	0	698.7	2,336.6	0	0.3
	Organic waste solvents	○		26,387.3	0	2,797.4	7,716.6	9,428.7	0	6,444.6	0	1,781	3,991.9	656.2	15.5
Waste acid	Organic waste solvents		○	0	32	0	0	0	0	32	0	0	32	0	0
	Waste acid	○		3,294.1	0	179	16.9	89.1	925.3	2,083.8	0	506.8	1,567	0	10
Waste alkali	Waste alkali	○		44,038.6	0	23.6	90.8	25,437	237.6	18,249.6	0	3,369	13,993.9	836.3	50.4
Waste plastic	Waste plastic other than waste synthetic rubber	○		6,219.9	0	0	274.6	1,659.2	230.8	4,055.3	0	1,345.4	1,992.4	58.1	659.4
	Waste plastic other than waste synthetic rubber		○	0	4,181.1	0	0	0	0	4,181.1	0	0	4,181.1	0	0
Waste paper	Waste paper	○		1,207.9	0	0	99.3	838.7	0	269.9	0	45.9	223.6	0	0.4
	Waste paper		○	0	49.9	0	0	0	0	49.9	0	0	49.9	0	0
Wood waste	Wood waste	○		746.3	0	0	0	111.7	0	634.6	0	79.1	403.4	144	8.1
Textile waste	Textile waste	○		67	0	0	0	38	0	29	0	10.5	1.9	0	16.6
Animal and plant residues	Animal and plant residues	○		8.1	0	0	0	0	0	8.1	0	8.1	0	0	0
Metal waste	Scrap iron	○		495.4	0	0	0	0	0	495.4	0	170.4	313.6	0	11.4
	Scrap iron		○	0	2,649.4	0	0	0	0	2,649.4	0	0	2,649.4	0	0
Glass and pottery waste	Glass waste	○		430.6	0	0	0	0	0	430.6	0	138.5	251.3	0	40.8
	Pottery waste	○		14.5	0	0	0	0	0	14.5	0	0	14.5	0	0
Debris	Debris	○		738.8	0	23	0	0	0	715.8	0	395.9	211.4	0	108.5
Soot and dust	Soot and dust	○		5,964.2	0	0	6.2	0	0	5,958	0	0	5,958	0	0
Total				150,754.7	6,912.4	3,023	23,317.2	59,408.9	4,150.6	67,767.4	0	11,088.6	52,888.5	1,694.6	2,095.7

Addressing PRTR and VOCs

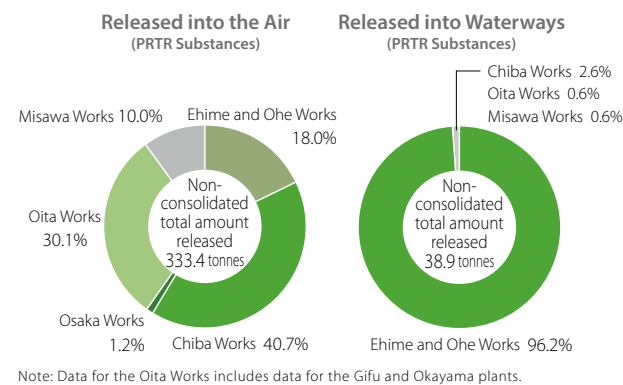
Trends in Emissions of Substances Subject to the PRTR Act



Release and Transfer of PRTR Substances (FY 2014) (Non-Consolidated and Group Companies in Japan)

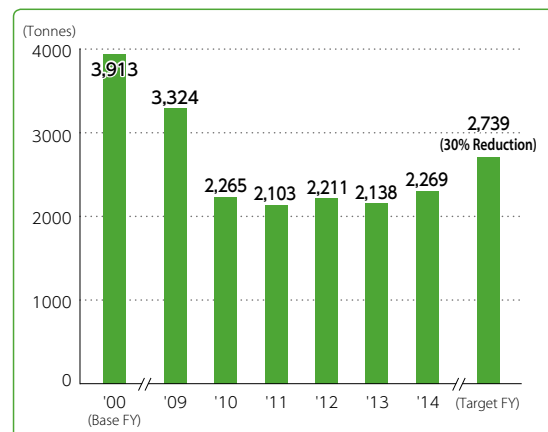
	Released			Transferred		
	Air	Water	Subtotal	Sewage	Waste	Subtotal
PRTR substances						
Non-consolidated (102 substances)	333.4	38.9	372.3	5.3	3,975.7	3,981.0
Group companies in Japan	542.3	78.0	620.3	9.1	5,875.6	5,884.7
JCIA PRTR substances						
Non-consolidated (137 substances)	1,200.5	110.5	1,311.0	95.5	5,846.2	5,941.7

PRTR Substances Released by Works (Non-Consolidated)



Target Reduce the total release of PRTR substances by 60% compared with fiscal 2008 by fiscal 2015.

Initiatives to Reduce Emissions of Volatile Organic Compounds (VOCs) (Sumitomo Chemical (Non-Consolidated))



Target Maintain a 30% reduction in VOC emissions compared with fiscal 2000.

Prevention of Ozone Layer Depletion Non-Consolidated and Group Companies in Japan (Target: All Works) Number of Refrigeration Units that Use Specified CFCs and HCFCs as Coolants (as of the end of fiscal 2014)

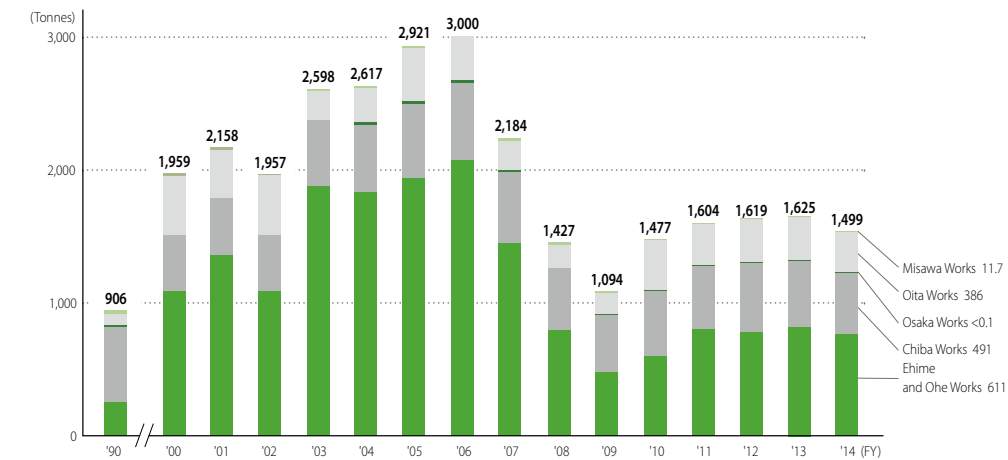
Gas type	Non-consolidated	Group companies in Japan
CFC11	13	20
CFC12	5	33
CFC113	0	0
CFC114	0	0
CFC115	0	1
HCFC22	109	277
HCFC123	24	29
HCFC142b	0	14

Target

- Eliminate the use of refrigeration units that use specified CFCs as coolants by fiscal 2025.
- Eliminate the use of refrigeration units that use HCFCs as coolants by fiscal 2045.

Preventing Pollution Atmospheric Emissions of SOx, NOx, Soot, and Dust

SOx Emissions

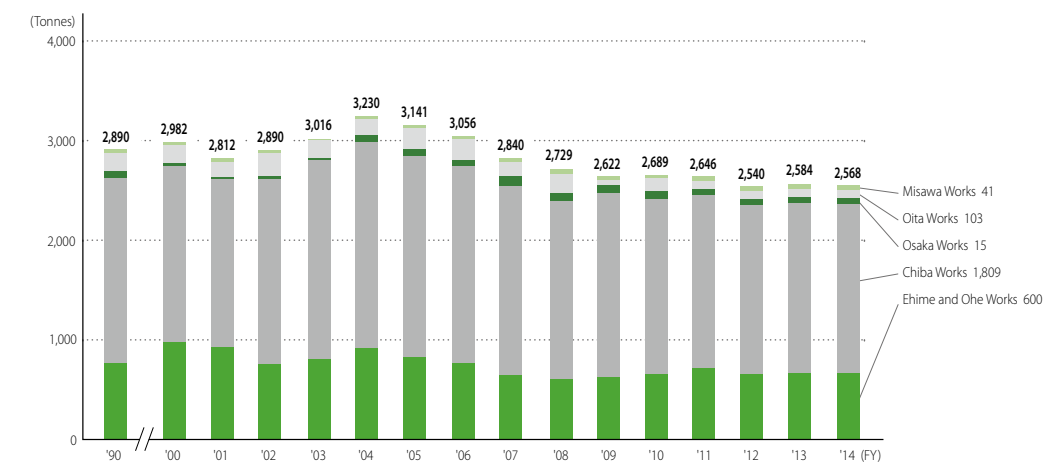


In 1970, Sumitomo Chemical achieved a marked reduction in the release of SOx, NOx, soot, and dust into the atmosphere, and continued to maintain low levels of emissions from 1980 to the present. Furthermore, the Company has concluded cooperative agreements with local municipal governments at each of its Works, establishing voluntary control levels that are stricter than the standards given under applicable laws and regulations.

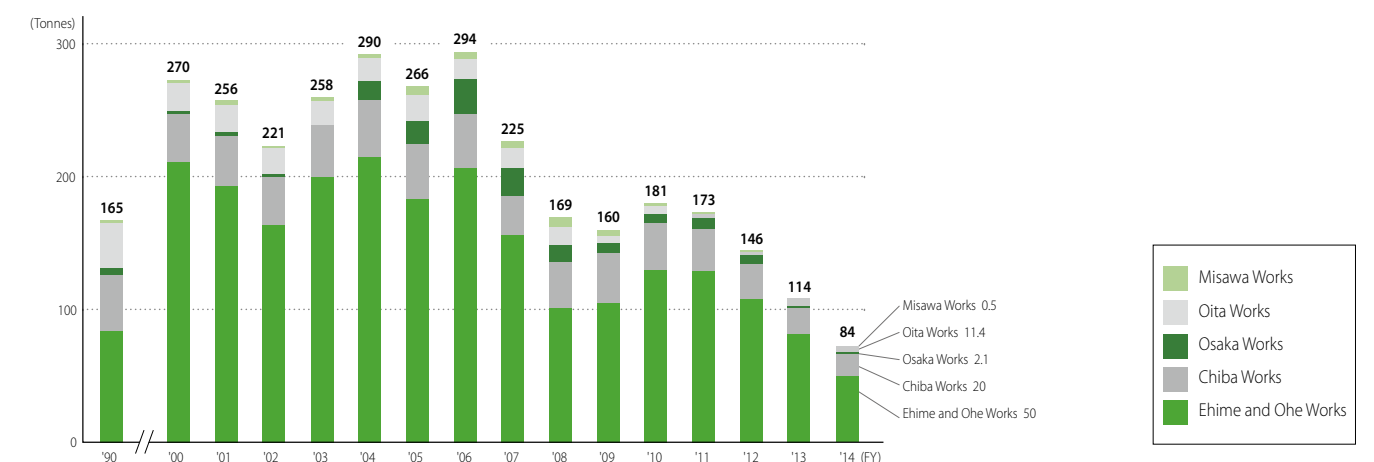
Note: Data for the Gifu Plant and Okayama Plant from fiscal 2004 to fiscal 2012 is included in Osaka Works. Data for the Gifu Plant and Okayama Plant from fiscal 2013 is included in Oita Works.

Target Continue to sustain levels below voluntary control standard values.

NOx Emissions



Soot and Dust Emissions



Legend for Soot and Dust Emissions:

- Misawa Works
- Oita Works
- Osaka Works
- Chiba Works
- Ehime and Ohe Works

Criteria and Results of the President's Safety Award for Zero-Accident and Zero-Lost Workday Operations (as of June 30, 2015)
Sumitomo Chemical Employees

Facilities	Criteria for the President's Safety Award ^{*1}	Results
Ehime Works	3 million hours	Working to reach the target of 6 million work hours
Ohe Works • SAT	3 million hours	Working to reach the target of 6 million work hours
Chiba Works	3 million hours	Reached 6 million work hours in June 2015
Osaka Works	1.5 million hours	Working to reach the target of 7.5 million work hours
Oita Works ^{*2}	1.5 million hours	Working to reach the target of 3 million work hours
Misawa Works	30 months	Working to reach the target of 150 months
Health & Crop Sciences Research Laboratory	30 months	Working to reach the target of 360 months
Tsukuba Research Laboratory ^{*3}	30 months	Working to reach the target of 330 months

Sumitomo Chemical has set facility specific criteria for the achievement of continuous periods of zero-accident and zero-lost workday operations for employees as well as contractors. The President's Safety Award is presented to facilities in recognition of their satisfaction of the above-mentioned criteria.

*1 Continuous periods of zero-accident, zero-lost workday operations.
*2 Oita Works includes the Utajima Pilot Production Department, Gifu Plant, and Okayama Plant.
*3 Tsukuba Research Laboratory was reorganized into the Tsukuba Material Development Laboratory and the Advanced Materials Research Laboratory.

Contractors / Affiliated Company Employees

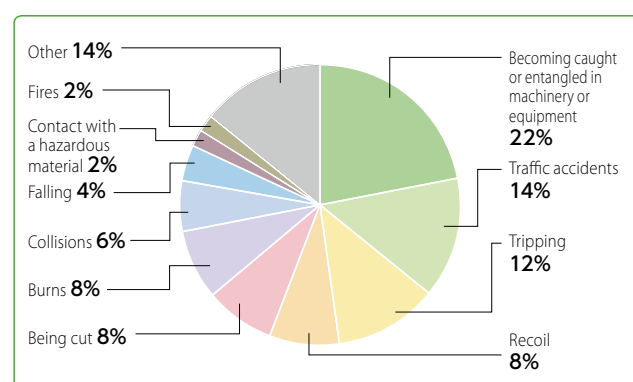
Facilities	Criteria for the President's Safety Award ^{*1}	Results
Ehime Association (Plant maintenance)	24 months	Working to reach the target of 72 months
Ehime Logistics Association (Logistics)	24 months	Working to reach the target of 24 months
Ohe Association (Plant maintenance)	48 months	Working to reach the target of 96 months
Ohe Logistics Association (Logistics)	48 months	Working to reach the target of 96 months
Chiba Association (Plant maintenance)	24 months	Working to reach the target of 48 months
Chiba Logistics Association (Logistics)	24 months	Reached 24 months in February 2015
Osaka Association	24 months	Working to reach the target of 48 months
Oita Association	24 months	Reached 48 months in April 2015
Okayama Association	48 months	Working to reach the target of 144 months
Gifu Association	48 months	Working to reach the target of 96 months
Misawa Works	48 months	Working to reach the target of 96 months
Health & Crop Sciences Research Laboratory	48 months	Reached 192 months in March 2015
Tsukuba Research Laboratory	48 months	Reached 18 months in March 2015

Safety Achievements of Group Companies (Sumitomo Chemical Group Companies, excluding Sumitomo Chemical Co., Ltd.)

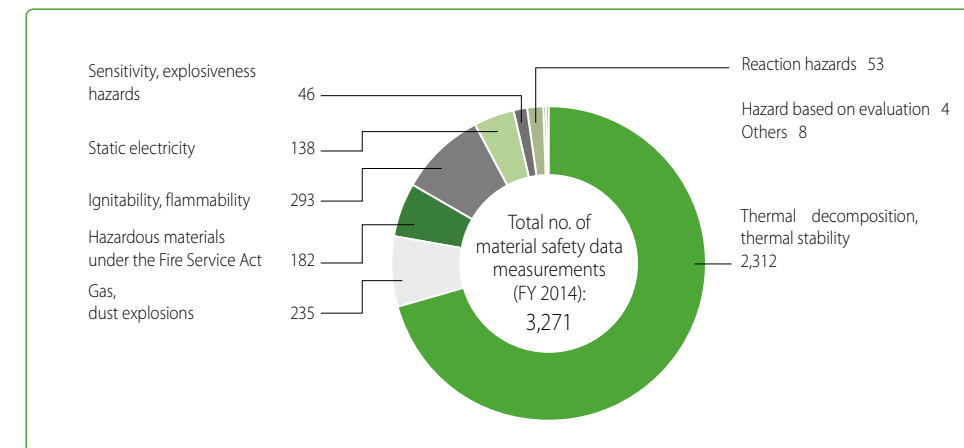
	Number of lost workday injuries	Frequency rate of lost workday injuries
FY 2012	7	0.22
FY 2013	10	0.25
FY 2014	2	0.06

In fiscal 2014, both the number and rate of frequency of injuries resulting in lost workdays decreased slightly from the previous fiscal year levels. We will work to share detailed information regarding accidents throughout the entire Group and work in unison to improve safety achievements.

Breakdown of Sumitomo Chemical Group (Domestic and Overseas) Injuries by Type (Fiscal 2014)

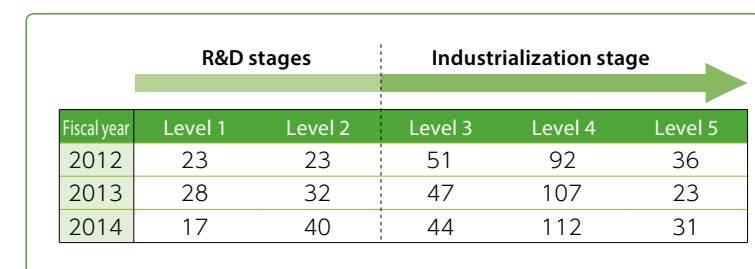


Results of Material Safety Data Measurements



The Safety Engineering Group at the Production & Safety Fundamental Technology Center studies and assesses process safety, researches safety measures, measures and evaluates material safety data, compiles a database on safety technologies, and undertakes training for safety engineers in its efforts to enhance process safety management and to prevent accidents such as fires and explosions. A total of 3,080 material safety data measurements were taken in fiscal 2014 (3,106 measurements in fiscal 2013) from within Sumitomo Chemical. In addition, 191 measurements were taken in fiscal 2014 (216 measurements in fiscal 2013) from Group companies. Total measurements undertaken were 3,271 in fiscal 2014 (3,322 measurements in fiscal 2013).

The Launch of Several Process Safety Review Committees



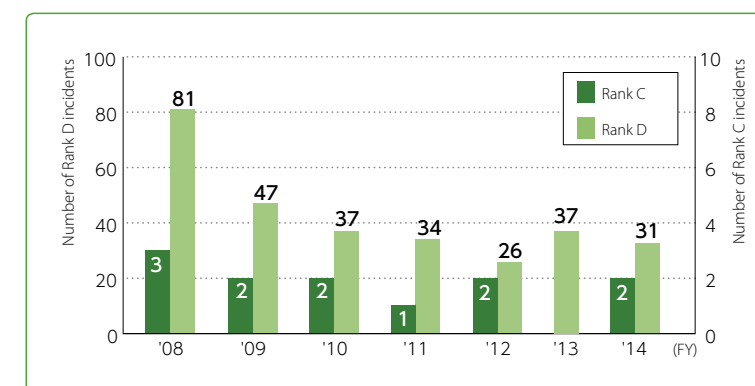
When new processes are developed at Sumitomo Chemical, the Process Safety Review Committee (levels 1 to 5) convenes at every step, from R&D through to industrial scale production. In essence, this Committee focuses on process safety assessment results and confirms whether safety countermeasures are appropriate.

Safety Information Database

	Number of data sets	Year on year comparison
Accident prevention technology information	17,367	Increase by 768
Accident cause investigations	2,185	Increase by 8
Accident information	19,146	Increase by 452
As of March 31, 2015	38,698	

A safety information database has been created by collecting information on accidents in Japan and overseas and preparing abstracts of such accidents. As of the end of March 2015, 38,698 sets of data were stored in the database (37,470 sets of data as of March 31, 2014). This system allows all employees at each Works or Research Laboratory to search stored abstracts, and abstracts and their original data can be viewed or printed at individual terminals. These data are also used in process hazard evaluations and case study examinations to prevent similar accidents. In addition, accident data are also disclosed to Group companies as necessary.

Logistics Issues Having an Impact on Our Customers (Sumitomo Chemical (Non-Consolidated))



Note: Ranks reflect Sumitomo Chemical's standard, which classifies incidents into Rank A, B, C, and D in descending order of severity. There were no occurrences of Rank A or Rank B (the most severe) incidents. Incidents within the scope of logistics operations consigned to Sumitomo Chemical

In fiscal 2014, the Company reported two C rank incidents. One of these incidents involved an error in shipment and delivery for which focused preventive measures are ongoing. The Company has employed two-dimensional barcodes for product inspection and other forms of IT technology to prevent a recurrence of this kind of error. Looking ahead, Sumitomo Chemical will roll out these initiatives to a growing number of products while redoubling efforts to improve logistics quality.

■ Unification of Group Environmental Protection Targets

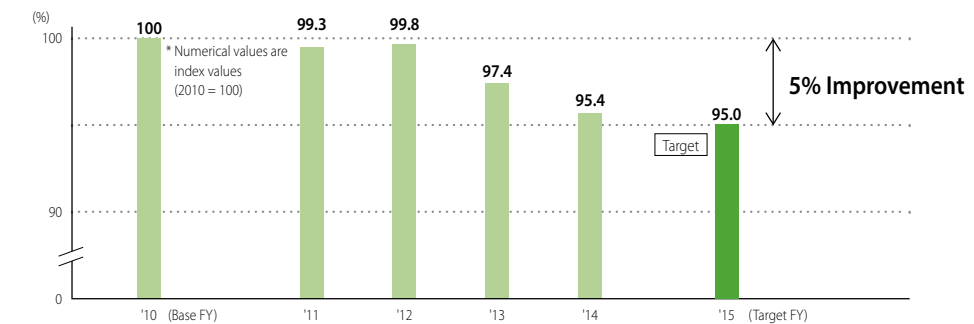
Targets of Group Companies in Japan

Individual company targets that formed the basis of the unified Group targets (determined specific target values) for the major areas of environmental protection management were as below.

	Energy Saving and Global Warming Initiatives	PRTR Initiatives	Landfill Disposal Reduction Initiatives
Asahi Chemical Co., Ltd.	<ul style="list-style-type: none"> Reduce energy consumption by 20% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 20% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce amount of PRTR substances released (into the air and water) during manufacturing processes to zero 	<ul style="list-style-type: none"> Maintain landfill disposal at the fiscal 2010 level
Sumika-Kakoushi Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 1% annually 	<ul style="list-style-type: none"> Maintain amount released (into the air and water) at the fiscal 2010 level 	<ul style="list-style-type: none"> Maintain landfill disposal at the fiscal 2010 level
Koei Chemical Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by an average of at least 1% per year 	<ul style="list-style-type: none"> Control the amount of release increase to correspond to production levels 	<ul style="list-style-type: none"> Reduce landfill disposal by 25% compared with fiscal 2010 by fiscal 2015
Thermo Co., Ltd.	<ul style="list-style-type: none"> Improve energy consumption by 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Maintain zero release (into the air and water) 	<ul style="list-style-type: none"> Reduce landfill disposal by 20% compared with fiscal 2010 by fiscal 2015
SanTerra Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Maintain zero release (into the air and water) 	<ul style="list-style-type: none"> Maintain landfill disposal at the fiscal 2010 level
Shinto Paint Co., Ltd.	<ul style="list-style-type: none"> Improve energy consumption by 3% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 3% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce amount released (into the air and water) by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce landfill disposal by 5% compared with fiscal 2010 by fiscal 2015
Sumika Color Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce amount released (into the air and water) by 10% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce landfill disposal by 5% compared with fiscal 2010 by fiscal 2015
Sumitomo Joint Electric Power Co., Ltd.	—	<ul style="list-style-type: none"> Maintain zero release (into the air and water) 	—
Sumitomo Dainippon Pharma Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by at least 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by at least 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Control the amount released (into the air and water) to below fiscal 2010 levels by fiscal 2015 	<ul style="list-style-type: none"> Reduce landfill disposal to 1% or less of waste generated by fiscal 2015
Sumika Styron Polycarbonate Limited	<ul style="list-style-type: none"> Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Maintain amount released (into the air and water) at the fiscal 2010 level 	<ul style="list-style-type: none"> Maintain landfill disposal at the fiscal 2010 level
Sumika Bayer Urethane Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 7% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 7% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce amount released (into the air and water) by 10% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Maintain landfill disposal at the fiscal 2010 level
Taoka Chemical Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce amount released (into the air and water) by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce landfill disposal by 5% compared with fiscal 2010 by fiscal 2015
Nippon A&L Inc.	<ul style="list-style-type: none"> Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Reduce amount released (into the air and water) by 20% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Control landfill disposal to below fiscal 2010 levels
Nihon Medi-Physics Co., Ltd.	<ul style="list-style-type: none"> Reduce energy consumption by 1% annually Control unit CO₂ emissions from energy use to below fiscal 2010 levels. 	<ul style="list-style-type: none"> Maintain amount released (into the air and water) at the fiscal 2010 level 	<ul style="list-style-type: none"> Control landfill disposal to below fiscal 2010 levels
Nihon Oxirane Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 1% annually Improve unit CO₂ emissions from energy use by 1% annually 	<ul style="list-style-type: none"> Reduce amount of molybdenum released into the water to 10 tonnes by fiscal 2015 	<ul style="list-style-type: none"> Reduce landfill disposal by 80% compared with fiscal 2000 by fiscal 2015
Sumika Agrotech Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 Improve unit CO₂ emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015 	<ul style="list-style-type: none"> Maintain amount released (into the air and water) at the fiscal 2010 level 	<ul style="list-style-type: none"> Reduce landfill disposal by 50% compared with fiscal 2010 by fiscal 2015
Sumitomo Chemical Co., Ltd.	<ul style="list-style-type: none"> Improve unit energy consumption by 10% compared with fiscal 2005 by fiscal 2015 Improve unit CO₂ emissions from energy use by 15% compared with fiscal 2005 by fiscal 2020 	<ul style="list-style-type: none"> Reduce amount released (into the air and water) by 60% compared with fiscal 2008 by fiscal 2015 	<ul style="list-style-type: none"> Reduce landfill disposal by 80% compared with fiscal 2000 by fiscal 2015

■ Group Companies in Japan (Target: All Works)

Unit Energy Consumption Index

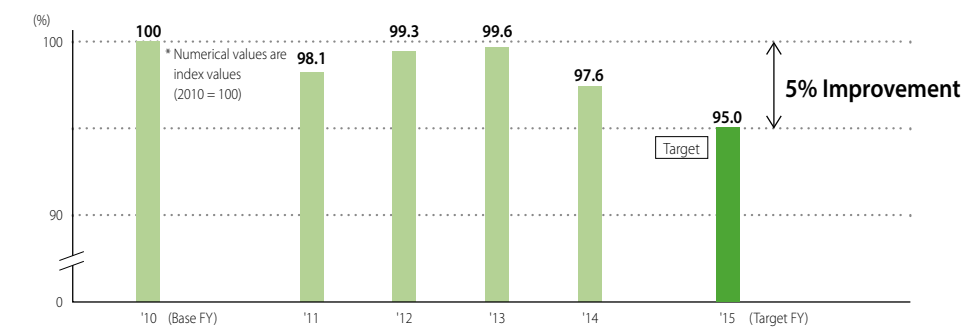


Improvement in unit energy consumption

Target Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015.

Results Unit energy consumption in fiscal 2014 improved by 4.6% compared with fiscal 2010.

Unit CO₂ Emissions Index

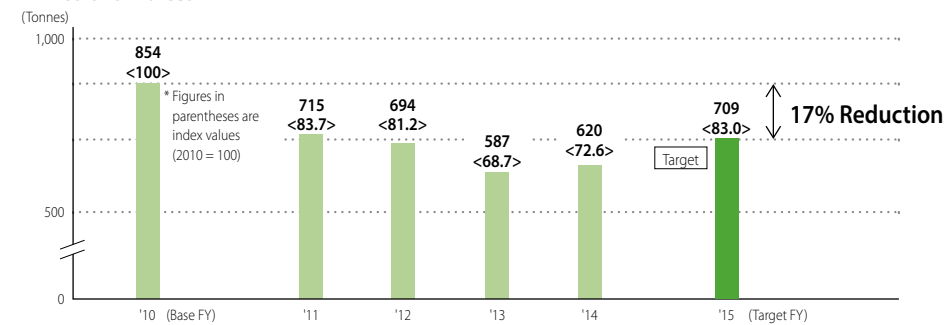


Improvement in unit CO₂ emissions

Target Improve unit CO₂ emissions by 5% compared with fiscal 2010 by fiscal 2015.

Results Unit CO₂ emissions in fiscal 2014 improved by 2.4% compared with fiscal 2010.

Volume of PRTR Substances Released (into the Air and Water) and Unit PRTR Substance Emissions Indices

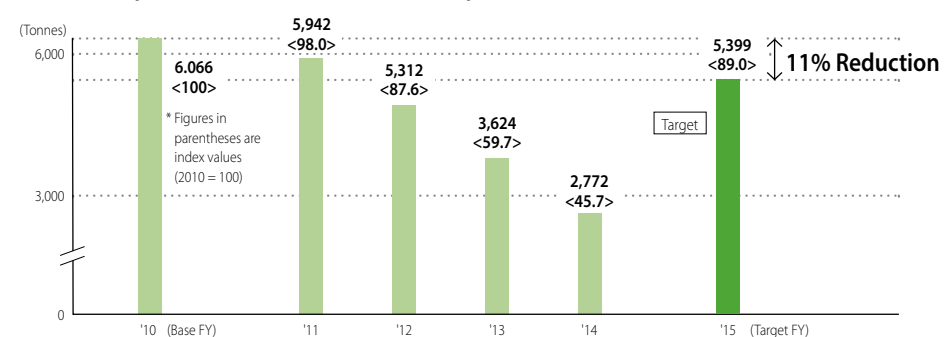


Reduction of volume of PRTR substances released

Target Reduce the total volume of PRTR substances released (into the air and water) by 17% compared with fiscal 2010 by fiscal 2015.

Results Total volume of PRTR substances released in fiscal 2014 was reduced by 27.4% compared with fiscal 2010.

Landfill Disposal Amount and Unit Landfill Disposal Indices



Reduction of landfill disposal amount

Target Reduce landfill disposal amount by 11% compared with fiscal 2010 by fiscal 2015.

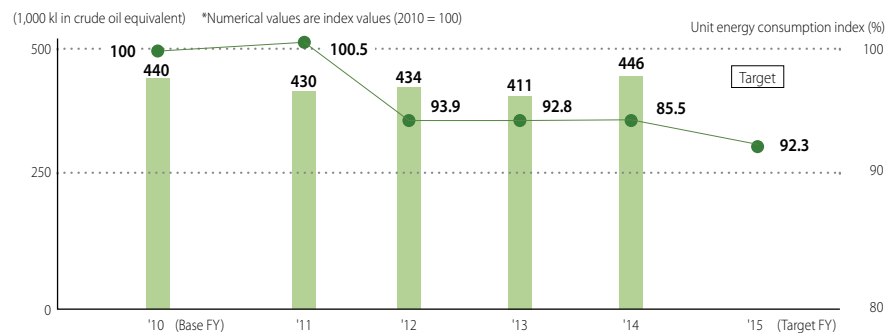
Results Landfill disposal amount in fiscal 2014 was reduced by 54.3% compared with fiscal 2010.

• Group-wide quantitative targets in Japan were established, and specific measures to achieve these targets are being implemented at all Group companies in Japan in order to reduce primary environmental impact systematically by fiscal 2015. These cover unit energy consumption, unit CO₂ emissions, release of PRTR substances (into the air and water), and amounts of landfill disposal.

• Some data for past fiscal years has been retroactively revised to improve the accuracy of calculation methods.

Group Companies Overseas (Target: All Works)

Energy Consumption and Unit Energy Consumption Indices

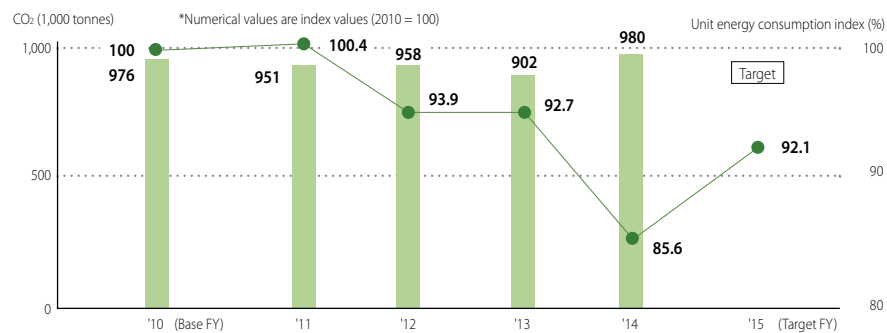


Improvement in Unit Energy Consumption

Target Improve unit energy consumption by 7.7% compared with fiscal 2010 by fiscal 2015.

Results Unit energy consumption in fiscal 2014 improved by 14.5% compared with fiscal 2010.

CO2 Emissions (Energy use) and Unit CO2 Emissions Indices

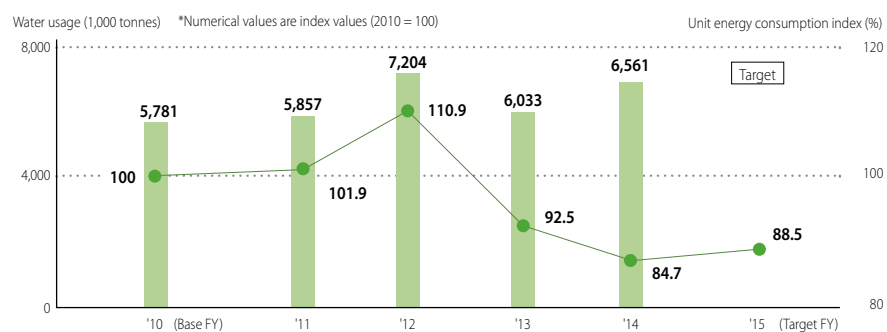


Improvement in Unit CO2 Emissions

Target Improve unit CO2 emissions by 7.9% compared with fiscal 2010 by fiscal 2015.

Results Unit CO2 emissions in fiscal 2014 improved by 14.4% compared with fiscal 2010.

Water Usage and Unit Water Usage Indices



Improvement in Unit Water Usage

Target Improve unit water usage by 11.5% compared with fiscal 2010 by fiscal 2015.

Results Unit water usage in fiscal 2014 improved by 15.3% compared with fiscal 2010.

- For all 10 principal Group companies overseas, unified quantitative targets for fiscal 2015, corresponding to the indicators for Group companies in Japan, were established with regard to unit energy consumption, unit CO2 emissions, and unit water usage. The Group companies overseas are proactively taking initiatives to achieve these targets.
- Some data for past fiscal years has been retroactively revised to improve the accuracy of calculation methods.

Locations of Group companies overseas



These figures reflect the totals for the following ten Group companies overseas:

- Singapore**
 - Sumitomo Chemical Singapore Pte Ltd
 - The Polyolefin Company (Singapore) Pte. Ltd.
- Thailand (Bangkok, Samutprakarn)**
 - Sumipex (Thailand) Co., Ltd.
 - Bara Chemical Co., Ltd.
- China (Dalian, Wuxi)**
 - Dalian Sumika Chemphy Chemical Co., Ltd.
 - Sumika Electronic Materials (Wuxi) Co., Ltd.
- Taiwan (Kaohsiung, Tainan)**
 - Sumipex Techsheet Co., Ltd.
 - Sumika Technology Co., Ltd.
- India (Mumbai)**
 - Sumitomo Chemical India Private Limited
- South Korea (Seoul)**
 - Dongwoo Fine-Chem Co., Ltd.

Social Activities

The Sumitomo Chemical Group is proactively fostering communications with customers, suppliers, local communities, and employees. In addition, the Group conducts a wide range of social activities as part of its efforts to build good relationships with these groups.



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

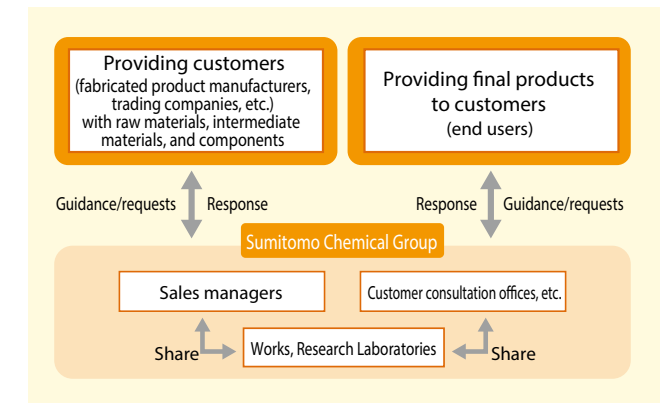
Item	Fiscal 2014 Goals	Fiscal 2014 Results	Evaluation	Fiscal 2015 Goals	Page Listed
Hand in Hand with Customers	<ul style="list-style-type: none"> ● Improve the level of service provided by customer service personnel (including Group companies) ● Improve the dissemination of information, including through the Company's website 	<ul style="list-style-type: none"> ● Improve the level of service provided by customer service personnel (including Group companies) ● Improve the dissemination of information, including through the Company's website 	○	<ul style="list-style-type: none"> ● Improve the level of service provided by customer service personnel (including Group companies) ● Improve the dissemination of information, including through the Company's website 	P64
Hand in Hand with Business Partners	<ul style="list-style-type: none"> ● Bolster the CSR activities of business partners through responsible procurement and revise the CSR Deployment Guidebook and Check Sheets to reflect the needs of society 	<ul style="list-style-type: none"> ● Bolstered the CSR activities of business partners by promoting responsible procurement utilizing monitoring and feedback 	○	<ul style="list-style-type: none"> ● Conduct fact-finding surveys of new suppliers and provide guidance and training to existing suppliers 	P73
Hand in Hand with Local Communities and Society	<ul style="list-style-type: none"> ● Provide support to achieve United Nations Millennium Development Goals ● Provide prompt and precise support in response to emergencies and disasters in Japan and overseas ● Continue to engage in support and recovery activities in areas affected by the Great East Japan Earthquake by utilizing the unique characteristics of the Sumitomo Chemical Group ● Promote social contribution activities by leveraging the strengths of each workplace ● Continue to expand information disclosure and promote interactive dialogue 	<ul style="list-style-type: none"> ● Created employment opportunities and supported education in Africa through Olyset™ Net ● Provided prompt support to those affected by natural disasters ● Continued to hold fairs, offer Tohoku Support Meals and promote other activities ● Participated in and cooperated with local events, held science workshop classes ● Continue to expand information disclosure and promote interactive dialogue 	○	<ul style="list-style-type: none"> ● Provide support to achieve United Nations Millennium Development Goals ● Provide prompt and precise support in response to emergencies and disasters in Japan and overseas ● Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace ● Continue to expand information disclosure and promote interactive dialogue 	P65-72
Hand in Hand with Employees	<ul style="list-style-type: none"> ● Further promote global HR initiatives and talent development ● Work on workforce management based on an optimal business structure ● Build HR systems that respond to revisions to relevant laws and regulations as well as changes in conditions ● Promote diversity and work-life balance 	<ul style="list-style-type: none"> ● Undertook global recruitment, systematically conducted global HR training ● Secured necessary personnel for business operations, utilization of effective organizations, task formulation, human resources ● Held a meeting of the Committee for Diversity and Work-Life Balance, managed existing and opened new in-house childcare facilities, introduced a telecommuting system, surpassed the legal requirements for employment of employees with disabilities, improved the ratio of female managers 	○	<ul style="list-style-type: none"> ● Further promote global HR initiatives and talent development ● Work on workforce management that is responsive to business expansion ● Build HR systems that respond to revisions to relevant laws and regulations as well as changes in conditions ● Promote diversity and work-life balance 	P74-78

Basic Stance

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



VOICE

Conscientiously Meeting Customer Needs with S-SBR

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.

Noriyasu Yasuda
Advanced Polymers Division
Synthetic Rubber Department



TOPIC Crop Protection Chemical Safety Seminar

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

Looking Ahead

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

Basic Stance

Based on the concept of contributing to the sustainable development of society through its businesses, the Sumitomo Chemical Group is committed to social contribution activities from the perspectives of solving global environmental problems and coexistence with local communities.

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

Donations

Sumitomo Chemical engages in donation-collection activities that reflect its comprehensive examination of factors such as social importance, need of continuity, and urgency.

In fiscal 2014, Sumitomo Chemical provided assistance in the form of monetary donations and, depending on circumstances on the ground, relief supplies to victims of the Yunnan Earthquake in China and the landslide in Hiroshima City. We have also continued to donate Olyset™ Nets as an effective means to control malaria, assist areas affected by the Great East Japan Earthquake, and provide educational support for Africa.

In fiscal 2014, we made a total of 422 donations, amounting to 833.27 million yen.

© Sumitomo Chemical's Social Contribution Activities

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

◎ Major Donations Made in Fiscal 2014

(Sumitomo Chemical (Non-Consolidated))★ (Unit: million yen)

Item	Amount
To support victims of the Yunnan Earthquake in China	20
To support schools in Ghana and Kenya	20
To support the development and education of children through ASHINAGA	8
To support OISCA's tree planting activities	7
To provide relief assistance to victims of the landslide in Hiroshima City	5
To support orphanages in Myanmar	2

◎ Number of Major Donations Made in Fiscal 2014

(Sumitomo Chemical (Non-Consolidated))

Item	Number of cases
Local community activities	142
International exchange and cooperation	47
Sports	20
Academic study and research	20
Education and social education	18
Social welfare	15
Culture and art	15
Support to areas devastated by disasters	8

Regional Safety and Communication

Sumitomo Chemical has put in place Group-wide policies regarding regional safety and communication and is endeavoring to bolster its activities in these fields. Among a host of initiatives, the Company is focusing on enhancing its information disclosure while engaging in interactive dialogue. Each facility formulates annual activity plans and conducts specific activities based on the aforementioned Group-wide policies. Taking into consideration feedback and requests received, considerable weight is also being placed on improving the aesthetic appeal of facilities.

Localized Information Disclosure and the Practice of Wide-Ranging Interactive Dialogue

Each Sumitomo Chemical worksite publishes its own environmental and safety report every year to report on its local activities in detail. The reports complement the Company's own CSR Report. In addition, each of the Ehime, Osaka and Oita worksites publishes local newsletters for the proactive distribution of area-specific information. These are often delivered to residents as newspaper inserts.

Moreover, each Works engages in a variety of risk communication and dialogue activities for various purposes. These include risk communication model projects carried out jointly with local governments, environment and safety support projects for domestic and overseas governments and businesses, regular meetings with local residents, and dialogues with the community based on cooperation with the chemical industry.

At the Company's head office, Sumitomo Chemical participates in a range of committee activities conducted by the national government and industrial associations as well as in industry government academia seminars and lectures to disseminate relevant information and exchange opinions in a timely manner. The overall aim is to help people deepen their understanding of Sumitomo Chemical and to win more trust from the public.

TOPIC

Communication with Local Communities in Chiba

As part of its ongoing activities to foster close relations with local communities, Chiba Works regularly provides opportunities to interact with local residents. The Chiba Works together with each neighboring company held seven briefings for local officials during regular plant shut down maintenance. Working to ease local residents' concerns while gaining their understanding and cooperation, the Company provided explanations of such topics as the possibility of flare-related fires when shutting down/starting up the plant and measures to counter noise pollution and traffic jams caused by the increased use of construction vehicles. We are working to build relationships of trust with local communities by donating books to regional elementary schools and interacting with local residents through a wide range of activities, such as holding plant tours and participating in local events.



An employee explaining about petrochemicals to elementary students on a plant tour

Assisting in Natural Disaster Relief

Sumitomo Chemical supports areas in Japan and overseas affected by natural disasters in a variety of ways.

In fiscal 2014, we provided assistance to victims of China's Yunnan Earthquake, which struck on August 3, 2014, and the landslide in Hiroshima on August 20, 2014, which caused massive damage.

Since the Great East Japan Earthquake of 2011, we have been holding Fairs to support disaster affected areas as a project to sell agricultural produce, seafood, and processed food made in the Tohoku and Kanto regions affected by the disaster. We also continue to provide donations from "Tohoku and Kanto Support Meals"™^{*1} served in our cafeterias and made using ingredients produced in the Tohoku and Kanto regions.

In fiscal 2014, Fairs to support disaster affected areas were held at the Osaka Head Office as well as the Osaka Works' Kasugade and Utajima areas. We also sold goods produced in Aomori, Iwate, Miyagi and Fukushima prefectures, including sweets, agricultural produce, processed items, and Japanese sake.

In fiscal 2014, the proceeds from 63,484 "Tohoku and Kanto Support Meals" resulted in a total of 3.61 million yen being donated to Great East Japan Earthquake Fukushima Children's Fund in September 2014 and the Iwate Learning Hope Fund in March 2015.

Moreover, the Company sent 14 employee volunteers to participate in the Star Tours astronomy camp held at Wayama Kogen in Kamaishi City, Iwate Prefecture in July 2014. Japan Junior Chamber chapters in the cities of Kamaishi, Tono, and Hanamaki invited approximately 70 elementary and senior high students to participate. During the camp, employee volunteers taught students how to operate telescopes used to make astrological observations and assisted with various events.

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

*1 Funds generated from the Tohoku and Kanto Support Meals, which use ingredients produced in the Tohoku and Kanto regions, are donated every six months to such enterprises as a scholarship fund to support children who lost their parents in disaster-affected areas in Iwate, Miyagi and Fukushima prefectures.



The fair held at the Head Office in Osaka



Star Tours camp

Looking Ahead

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

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 Company holds science workshop classes in forms to meet local needs. These include on-site science workshop classes, for which instructors are dispatched to schools and other venues, and exhibits at local events. These activities form one pillar of the social contribution activities of the Sumitomo Chemical Group. We hold science workshop classes at our bases for children to conduct experiments and make crafts with our products, enabling them to experience the wonders and appeal of science with their own hands, in order to convey in a manner that children can easily understand how everyday products are linked to chemicals.

Recently, some of our business sites have offered occupational lecture programs where participants discuss their motivations for work and the meaning of work as well as social science studies that extend beyond science to cover a broad range of subjects.

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 recent years, we have been promoting these events in the cooperation with numerous business sites.

VOICE Science Workshop Classes for Having Fun with Science

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

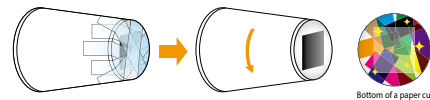
wonders of science by investigating the relationship between pressure and boiling water as well as comparing the strength of pressure by using vacuum distillation equipment to measure the weight of air. The fifth and sixth graders that participated in the science workshop class said that they like science more now and were able to understand science better. The teachers and PTA members of each school also praised the science workshops, saying that the children had fun conducting experiments that they could not do at school. This year marks the 10th year of science workshop classes. We aim to continue offering the classes while working to further improve the content and the way they are taught.

Torazou Sakurai
Ichihara-Sodegaura Young Inventors' Club
Special Instructor



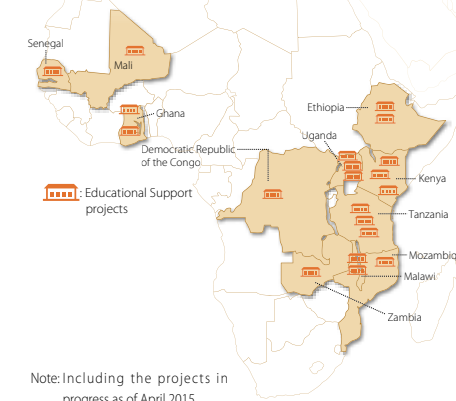
TOPIC [Science Experiment] Let's Make Glittery Kaleidoscope!

- Materials: Paper cups, polarizers, Scotch tape
 Directions: (1) Punch holes in the bottoms of two paper cups and affix polarizers over the holes
 (2) Affix overlapping pieces of Scotch tape on to the polarizer of one cup in various angles and place the other cup over top
 (3) Point the overlapping paper cups toward a bright light, and rotate one cup to make it possible to see vivid, sparkling colors just like a real kaleidoscope
 Purpose: Utilize the Company's polarizers used in TVs and other LCD products to enable children to learn about the properties of light and, in turn, show how science is used in their everyday lives



In December 2014, Sumitomo Chemical (China) Co., Ltd. collaborated with the China Soong Ching Ling Foundation (CSCLF) to hold the third science workshop class for elementary school students in Beijing's Shijingshan District. In cooperation with Sumitomo Pharmaceuticals (Suzhou) Co., Ltd., we conducted three experiments on the workshop days utilizing a polymer flocculant, a super absorbent polymer, and a polarizer. We will expand these types of activities among Group companies overseas.

Support for Education in Africa



Note: Including the projects in progress as of April 2015.



Happy children in front of their newly built school



Children in Timor-Leste receiving supplementary educational materials and backpacks

Support for Education in Africa

We believe that in order to break free from poverty and achieve sustainable economic development, Africa needs to build a better educational environment for children. Sumitomo Chemical has been cooperating with the NGOs World Vision Japan and Plan Japan since 2005 in conducting educational support activities centered on the construction of primary and secondary school buildings and related facilities in Africa to support children, on whom the continent's future rests. By using a portion of the sales from the Olyset™ Net business, we have up to now completed 18 projects in 11 African countries that have improved the educational environment for over 10,000 children. As of April 2015, we have been undertaking two such projects in Ghana and Kenya.

Reaching the 10th anniversary of these activities, Sumitomo Chemical will continue to proactively promote initiatives that meet local needs in Africa.

VOICE Educational Assistance that Changed Everything

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.

Mme Sene
Teacher at Tassette Primary School in Senegal



Providing Educational Assistance in Timor-Leste

Amid language-related problems caused by its turbulent history, Timor-Leste (East Timor) faces serious challenges in improving its educational environment, especially the quality of its mathematics instruction. Against this backdrop, in February 2015 Sumitomo Chemical gave supplementary mathematics educational materials (provided by Gakken Educational Co., Ltd.) translated into the local language Tetun as well as backpacks to carry them in to around 300 first graders of Bebonuk Primary School in Dili, the capital of Timor-Leste.

TOPIC Sending Instructors to Conduct CSR Endowment Lectures in Cooperation with Japanese Companies

In cooperation with other Japanese companies, Sumitomo Chemical sent instructors to conduct endowment lectures on CSR, starting with the Communication University of China. With the purpose of contributing to the development of personnel able to succeed in global companies, this endowment lecture was conducted eight times between November and December 2014 to encourage students to think deeply about corporate culture by citing examples of Japanese CSR activities. Endorsing our efforts, we have gained the cooperation of Keizai Koho Center (Japan Institute for Social and Economic Affairs) and have made preparations to continue conducting lectures focusing on Japanese companies.

These lectures showcase specific initiatives that contribute to society by harnessing the power of science along with the Sumitomo spirit, which has been maintained since its foundation. Listening eagerly to lectures on the Company's Corporate Philosophy and business activities, students participated in lively one-hour Q&A sessions that deepened their understanding of the meaning behind Sumitomo Chemicals Group's CSR activities.



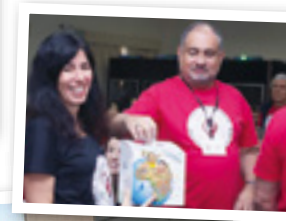
Sumitomo Chemicals CSR endowment lecture

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 solve problems facing the global environment.



Desks, chairs and textbooks donated to children



Matching Gift Program: Supporting Environmental Protection and Future Generations Together with Sumitomo Chemical

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

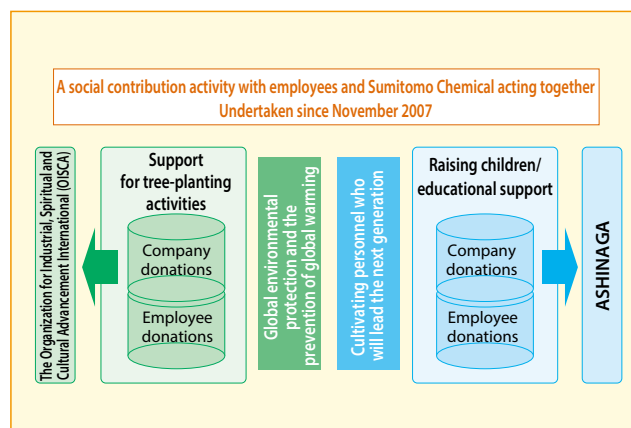
We donate funds to ASHINAGA,^{*1} an NPO, as part of our support for childcare and education, and the Organization for Industrial, Spiritual and Cultural Advancement International (OISCA)^{*2} to support its tree-planting activities as part of our support for global environmental protection and biodiversity preservation.

In fiscal 2014, the Group as a whole donated a total of 7,245,711 yen in support of childcare and education, and 6,686,309 yen to support tree-planting activities.

*1 ASHINAGA is a NPO established to provide physical and mental support for children who have lost their parents because of illness, accidents, or for other reasons. The money donated to this organization is used to provide a scholarship fund for these orphans.

*2 OISCA is a global NGO engaged in rural development and environmental protection mainly in the Asia-Pacific region. The money donated by Sumitomo Chemical to this organization is used for its Children's Forest Program, the Sumitomo Chemical Forest mangrove planting project in Ranong, Thailand, and Japan's Coastal Forest Restoration Project following the Great East Japan Earthquake.

© Matching Gift program



Undertaking the TABLE FOR TWO Initiative to Eliminate Food Disparity

We launched the TABLE FOR TWO (TFT) initiative in fiscal 2008 to enable employees to participate in social contribution activities while promoting healthy eating habits. When employees choose to eat any of the healthy TFT menu options available at the Company's cafeterias, 20 yen per meal is donated to help fight starvation in developing countries as well as obesity and lifestyle diseases in advanced nations. Through these types of social contribution activities originating in Japan, we are working to eliminate food disparity.

Furthermore, as a Matching Gift, the Company makes a donation to the TFT secretariat, matching employees' donations. In fiscal 2014, donations to this organization, from both employees and the Company, from 62,919 cafeteria meals totaled 1,258,380 yen.

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. 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. Every year, employees volunteer to plant trees in Ranong Province as part of the Sumitomo Chemical Forest project. 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. At the same time, employee volunteers have a chance to learn about different cultures and mindsets.

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). Going forward, we will continue to promote environmental support activities centered on employee participation.

VOICE Growing Trees with Heart

One characteristic of the efforts by Sumitomo Chemical is rather than focusing exclusively on the task of planting trees, the volunteers have a 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. In so doing, we are creating real forests that we will protect in the years ahead.

Sumitomo Chemical has worked consistently to plant trees with heart for seven years now, which has forged close bonds between local residents and themselves. These efforts in the initial fiscal year have created a forest that has produced a second generation of mangrove seedlings. Local residents are using these seedlings to grow new forests. By actively engaging in volunteer activities, participants have maintained strong relationships with local residents even after returning home.

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.



Tomomi Kasuga
OISCA Employee stationed in Thailand

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 Support for Education in Africa on page 68), 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 Give back (Fiscal 2015)

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



Basic Stance

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.

Sumitomo Chemical clearly states its basic principle of responsible procurement in the Company's Basic Procurement Principles. In addition, we clarify our stance toward and policy on responsible procurement in our Group Business Standards of Procurement, which provide guidelines for procurement operating activities for Group companies in Japan and overseas.

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.

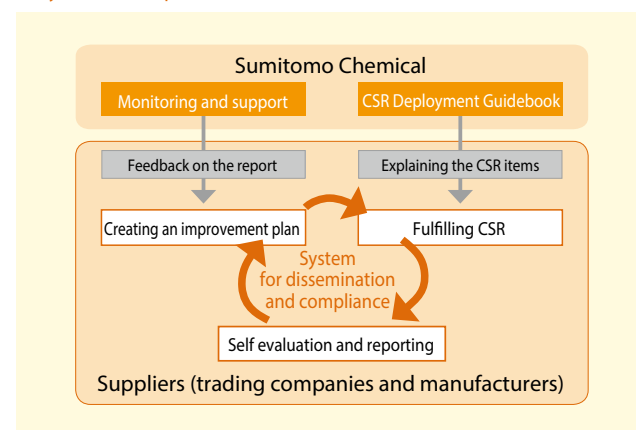
Responsible Procurement Activities

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.

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 CSR 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

Promoting Responsible Procurement throughout the Group

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

Looking Ahead

Utilizing our current framework, we will provide support for responsible procurement through a process of guidance and education, focusing on all new suppliers as well as current suppliers outside Japan. Going forward, we plan to revise the CSR Deployment Guidebook and Check Sheets to reflect the needs of society.

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

	Name	Approach	FY 2014 Results	
			Male	Female
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. In addition, we hire employees from a wide range of fields in order to fulfill our mission to create new materials and products for a broad array of business domains.	97	18
	Internships	Overseas college students: Sumitomo Chemical has been recruiting high-quality overseas talent as well as offering opportunities for such individuals to study Japanese culture and business practices since fiscal 2007. College students in Japan: Sumitomo Chemical has been providing opportunity for such individuals to learn about our business since fiscal 2013.	58	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 development.	73 ^{*1}	
	Full-time Instructor System	We give supervisors and potential supervisors on-the-job training to develop core talent for manufacturing departments.	8 ^{*1}	
	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, the Sumitomo Chemical Training Institute conducts training programs in English.	29	
	(2) Regional Manager Training	We provide training for local managers at overseas Sumitomo Chemical Group companies. This training is mainly to help participants better understand and practice Sumitomo Chemical's Business Philosophy and corporate value.	51	
(3) Global Business Communication Skills Training	Younger employees who are expected to become global talent attend a training seminar conducted in English to develop and improve their business communication skills.	87		
	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	56
			non-Japanese recruited	

*1 As of April 1, 2015

Basic Human Resource Data[★]

Fiscal year	2012	2013	2014	
Number of employees (consolidated)	30,396	30,745	31,039	
Number of employees (non-consolidated)	6,265	6,181	6,129	
	Male	5,409	5,310	5,256
	Female	856	871	873
Number of non-Japanese employees (non-consolidated)	123	132	128	
Average length of service (years; non-consolidated)	13.5	13.4	13.8	

Note: Employee numbers do not include temporary employees, part-time staff, dispatch employees, and staff assigned to companies not included in the scope of consolidation.

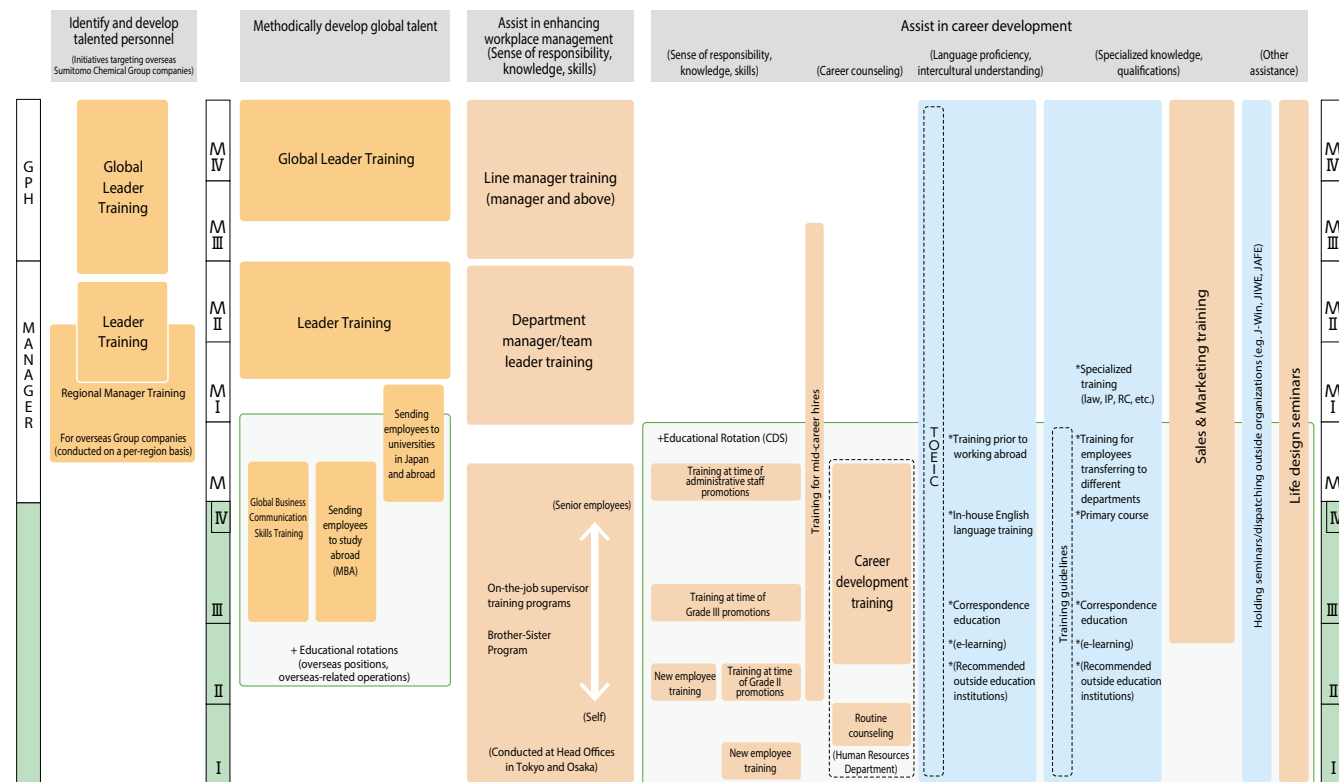
Human Resources System Initiatives

Sumitomo Chemical has introduced a job (role)-based personnel system that allows highly motivated and capable employees to engage in more challenging and responsible jobs, and that rewards those who have made significant efforts and contributions to the Company regardless of age, nationality, or gender. Both managerial and non-managerial employees are evaluated not only for performance but also for competencies, processes and behavior. This system encourages employees not only to pursue short-term achievements, but also to contribute to the Company's medium- to long-term prosperity and to develop their behavioral mindset.

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

As a part of efforts to develop human resources, the Company undertakes a variety of training initiatives targeting a broad employee base both in Japan and overseas in order to nurture professional human resources, who can not only excel on the world stage but are also capable of ensuring that Sumitomo Chemical takes a further leap forward as a global company.

Human Resources Development



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

Protection of Human Rights

To educate employees on human rights issues and responsible behavior, Sumitomo Chemical holds a committee on human rights every year, formulates annual policies on human rights, and implements measures to protect human rights.

Moreover, with a view to providing employees with workplaces where they can display their abilities with ease of mind, we are addressing the issues of sexual and power harassment, in addition to discrimination, mainly by holding enlightenment seminars. In fiscal 2014, we held a total of 135 seminars, lectures, and film shows as a part of the in-house training curriculum, in which a total of 3,996 employees participated. In addition, to ensure employee awareness of the importance of respecting human rights, this subject was included in the Compliance Manual, which was distributed to all employees. Just as in previous years, in fiscal 2014, there was no instance of discrimination reported.

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 a part of that 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.

Promoting Active Advancement of Women

Sumitomo Chemical implements programs to actively promote the advancement of women as part of its Mentor System. This involves female managers regularly meeting with executives with no working relationship to discuss career planning. In 2014, this program was held for eight female manager-executive pairs. We believe that meeting with superiors who are highly knowledgeable and possess wide-ranging operational experience helps to cultivate a broader perspective as well as an interest in taking on new challenges.

In addition, we conduct the Women Leader Creation Academy for female managers. The purpose of this program is to provide necessary hints and a sense of commitment required in managers; instruction on how to develop a career-oriented mindset; and instill essential leadership skills, including ways to move tasks forward and appropriate methods for communicating with staff. In fiscal 2014, 24 employees underwent a total of four full-day training sessions. The final session provides an opportunity to deepen mutual understanding by having participants and their superiors work together to create career visions.

Initiatives to Promote Diversity

Name	Concept	Results		
		FY 2012	FY 2013	FY 2014
Number of female managers*2	In order to promote the success of female employees, Sumitomo Chemical sets quantitative targets regarding the ratio of female managers and systematically promotes female employees to management positions.	174	191	205
Percentage of female managers (%) ²		5.8%	6.4%	6.9%
Employment rate for people with disabilities (%) ³	Sumitomo Chemical is undertaking initiatives to encourage the employment of people with disabilities to a greater extent than before by taking steps to create workplaces that allow employees with disabilities to make the most of their abilities	1.93%	2.12%	2.26%
Retirees	Sumitomo Chemical has been implementing a system to reemploy retirees to provide them with opportunities to demonstrate the skills and expertise they have gained to date.	154	153	105
The reemployed		102	138	91
Reemployment rate (%)		66.2%	90.2%	86.7%

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

*3 Average for each fiscal year

Note: Figures include Sumitomo Chemical employees on temporary transfer to other companies but do not include employees from other companies on temporary transfer to Sumitomo Chemical.

VOICE Participation in the Women Leadership Development Academy

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.

I am grateful to have had the opportunity to participate in this program. I want to apply the knowledge I acquired during the program to my work duties.



Maki Owaki
Intellectual Property Dept. (Osaka)

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: M I) 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%.

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.

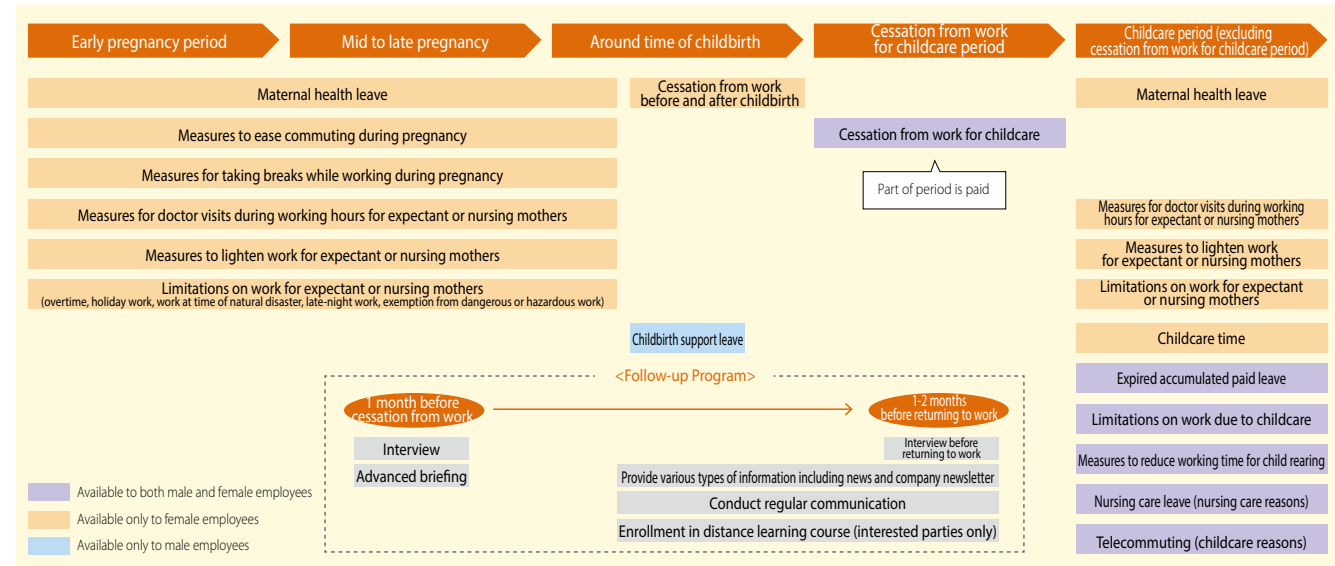
● Helping employees continue working

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. We also published a work-life-balance guidebook with easy-to-understand explanations about the procedures to be taken regarding pregnancy, childbirth, childcare and nursing care, and how to utilize these systems more effectively.

● Measures to improve work-life balance

Sumitomo Chemical is conducting activities to help employees work with high efficiency while enabling them to maintain harmony between work and life. Specifically, we are allocating paid holidays to employees in a systematic manner and ensuring that a “work-life balance day,” on which employees are not allowed to work overtime, is designated at least once a week. We conduct initiatives to raise the awareness of the efforts to achieve the work-life balance goals that have been set in each workplace. These initiatives include designating May and November as “work-life balance promotion months,” during which we display awareness-raising posters at each workplace. Furthermore, to check the work-life balance awareness level of employees and increase the effectiveness of related measures to enforce them, we collect data on work-life balance indicators from each workplace every six months, including total overtime work hours, the number of employees who worked longer hours, and the percentage of employees taking paid holidays.

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

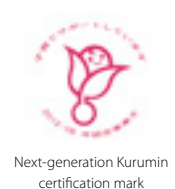


◎ Results of Systems for Work-Life Balance* (Non-Consolidated)

System/Measure		FY 2012	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 ¹	39	48	56
	Reduced working hours system	81	83	101
	Telecommuting ²	—	—	9
	Reemployment system ³	14	9	11
In-house childcare facilities ⁴	112 (62)	121 (69)	126 (78)	
Mutual aid association support money for childcare ⁵	140	149	171	
Other	Suspension from work for special reasons the Employee accompanies the spouse going on overseas transfer ⁶	6	7	2
	Employee survey ⁷	—	Conducted in August	—



*1. Only for childcare and nursing care
 *2. Number certified at the end of each fiscal year
 *3. Number registered as of the end of each fiscal year
 *4. Number of users on April 1 each fiscal year. Includes users other than Sumitomo Chemical on a non-consolidated basis. The figures in parentheses are the number of Sumitomo Chemical users on a non-consolidated basis.
 *5. Aggregate number of people at end of each fiscal year
 *6. Number of applicants as of the end of each fiscal year
 *7. Conducted once every three years



Communication with Employees

Sumitomo Chemical has been partnering with its labor union in addressing various challenges in management based on long-standing mutual understanding and trust.

At Sumitomo Chemical, central labor-management meetings and regional labor-management meetings are held semiannually for the parties to exchange opinions.

In addition, the Labor-Management Committee for Diversity and Work-Life Balance was established in fiscal 2010 and convened two times in fiscal 2014. Every effort is being made to promote opinion exchanges and a uniform understanding of current measures and future challenges.

Moreover, the Company and its labor union are cooperating in supporting the anti-global warming measures and social contribution activities led by employees.

◎ Social Contribution Activities Promoted through Labor-Management Cooperation

Name	Overview	FY 2014 results
Environmental Accounting Book	Reduce household CO2 emissions using environmental accounting books.	Implemented on an ongoing basis since fiscal 2008
Matching Gift program (Please refer to page 69)	In this program, donations are made by employees and executives, Sumitomo Chemical matches the amount collected.	ASHINAGA (NPO): ¥7,245,711 OISCA (NGO): ¥6,686,309
Mangrove planting project in Thailand (Sumitomo Chemical Forest) (Please refer to page 69)	This is one project supported by donations to our Matching Gift program. Employees volunteer to plant trees at the afforestation site in Ranong Province, Thailand.	Phase I: November 22–28, 2014 23 participants, approx. 11,000 trees planted Phase II: February 27–March 6, 2015 14 participants, approx. 6,000 trees planted
Sumitomo Chemical Group Global Project (Please refer to page 70)	Provides opportunities for Sumitomo Chemicals Group employees to consider and take actions together to address issues both in Japan and abroad	Implemented the School Aid For Africa Project 86 Sumitomo Chemical Group companies in 14 countries made donations Mali: Donated 572 textbooks and dictionaries to elementary schools Malawi: Donated 278 sets of desks and chairs (seating 2–3 students) to elementary schools

Managing Physical and Mental Health

Sumitomo Chemical is implementing a range of measures to help employees maintain and promote their physical and mental health with the assistance of the chief occupational health physician of the Company.

● Mental Health

Employees are able to receive counseling from the Company’s medical staff, including occupational physicians.

Seminars on caring for mental health are held for new employees and newly promoted employees, and stratified training seminars on mental health are also organized for sectional managers and team leaders.

In addition, in order to help employees who have been absent from work for extended periods due to mental health problems return to work, we introduced a rehabilitation work system in April 2009. Under this system, an onsite occupational health physician, an HR staff member, and the employee’s manager cooperate in helping the employee start working again by determining the working days, hours, and other details for the employee.

● Physical Health

Since April 2008, the health insurance association of companies has been required by law to have all employees and their dependents aged 40 or older undergo health checkups and receive guidance for lifestyle disease. Sumitomo Chemical works with its health insurance association to ensure that all employees and their dependents undergo the health checkups, regardless of age, and employees and their dependents aged 35 or older receive guidance for lifestyle disease, thereby helping employees with early diagnosis and the prevention of lifestyle diseases. In addition, the Company dispatches its chief occupational health physician to provide overseas medical counseling and evaluate medical service environments to support employees working overseas and their accompanied families. In fiscal 2014, medical counseling and environmental evaluations were implemented twice each in Saudi Arabia and China, and once each in the United States (including employees dispatched to Brazil), Singapore (including employees dispatched to India), Indonesia, and Thailand.

Looking Ahead

Based on its basic stance, Sumitomo Chemical will continue to promote global HR initiatives, pursue educational rotations that help to motivate employees and allow them to fully demonstrate their abilities, engage in proper workforce management that reflects optimal business operations, and build HR systems that respond to revisions to relevant laws and regulations as well as changes in conditions. Through these means, the Company will work to address various HR issues.

Basic Stance

Serving the interests of shareholders and other stakeholders under changing social and economic conditions is the very foundation of our corporate governance. In our efforts to further bolster our corporate governance, we will make continuous efforts to speed up important decision-making, appropriately supervise the execution of business duties, enhance and strengthen our compliance structure and internal control system, and actively pursue dialogue and communication with stakeholders.

Corporate Governance Structure

● Bodies

The Board of Directors

Based on the law, the Articles of Incorporation, and the Board of Directors regulations, our Board of Directors decides important matters concerning the Company's management, including basic policies and strategies for management of the Sumitomo Chemical Group, and also oversees the execution of duties by each Director. The Articles of Incorporation stipulates that the number of Directors should be 15 persons or less, and the Board consists of 10 members, all Japanese males, including three outside directors.

Title	Name	Reason for Appointment	Major Activities
Outside Director (independent director)	Kunio Ito	The Company has elected Mr. Ito as an outside director, anticipating that he will oversee its management by utilizing his many years of ample expertise in accounting, business administration and other areas as a university professor as well as a wealth of experience as a corporate outside director of other companies.	Attended all 13 meetings of the Board of Directors held in fiscal 2014, contributing mainly from his specialist standpoint as a university professor with expertise in accounting, business administration and other areas.
Outside Director (independent director)	Koichi Ikeda	The Company has elected Mr. Ikeda as an outside director, anticipating that he will oversee its management by utilizing a wealth of experience and extensive insight as a former executive of a major corporation.	As an outside auditor, he attended all 13 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors held in fiscal 2014, contributing from his standpoint as an experienced corporate manager.
Outside Director (independent director)	Hiroshi Tomono	The Company has elected Mr. Tomono as an outside director, anticipating that he will oversee its management by utilizing a wealth of experience and extensive insight as a former executive of a major corporation.	He was newly appointed outside director at the ordinary shareholders' meeting in June 2015.
Outside Corporate Auditor (independent director)	Shinichi Yokoyama	The Company has elected Mr. Yokoyama as an outside auditor, anticipating that he will perform audits from an objective viewpoint by utilizing a wealth of experience and extensive insight as a former executive of a business corporation.	Attended 12 out of 13 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors held in fiscal 2014, contributing from his standpoint as an experienced corporate manager.
Outside Corporate Auditor (independent director)	Mitsuhiro Aso	The Company has elected Mr. Aso as an outside auditor, anticipating that he will perform audits from an objective viewpoint by utilizing his many years of ample experience and expertise as a prosecutor and expertise as a lawyer.	Attended all 13 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors held in fiscal 2014, contributing mainly from his specialist standpoint as a lawyer.
Outside Corporate Auditor (independent director)	Yoshitaka Kato	The Company has elected Mr. Kato as an outside auditor, anticipating that he will perform audits from an objective viewpoint by utilizing his ample experience and expertise in finance and accounting as a certified public accountant.	He was newly appointed outside auditor at the ordinary shareholders' meeting in June 2015.

Regular Board meetings are convened once a month as a rule, with extraordinary Board meetings being convened as necessary. The term of office for Directors is limited to one year in order to clarify their duties and responsibilities.

We appointed outside directors independent of our management in order to further strengthen oversight functions of the Board of Directors and to increase the transparency and objectivity of management.

The Board of Corporate Auditors

In compliance with the Companies Act of Japan, we have a Board of Corporate Auditors, which consists of 5 auditors, including 3 outside auditors. The Corporate Auditors and the Board of Corporate Auditors play a vital role in our corporate governance by auditing the execution of duties by Directors in accordance with the law and the Articles of Incorporation. The Board of Corporate Auditors convenes once a month as a rule.

Standing Corporate Auditors and outside auditors attend meetings of the Board of Directors and the Board of Corporate Auditors. To conduct their audits, they also receive reports and explanations from executive departments, the Internal Control & Audit Department, and accounting auditors. In addition, Standing Corporate Auditors attend important meetings within the Company, such as the Internal Control Committee.

The results of the audits and the objective opinions from the outside auditors are appropriately reflected in internal audits, corporate auditors' audits and accounting audits, enhancing the effectiveness and efficiency of the audits.

The Corporate Auditors' Office has been established with staff dedicated solely to providing assistance in auditing functions under the instructions of corporate auditors.

● Management Organizations for Management Decision-making, Execution, and Auditing

Executive Officers

We have appointed Executive Officers to expedite the execution of strategies

and business plans. Executive Officers assume responsibility for conducting business in accordance with the basic principles determined by the Board of Directors. We have 34 Executive Officers, with 7 acting in dual capacity as Directors. The Executive Officers are 32 Japanese and 2 non-Japanese, made up of 33 males and one female. The term of office for Executive Officers is one year.

Management Meeting

The Management Meeting supports the decision-making of our management by providing a forum for deliberation on such vital matters as corporate strategy and capital investment. The Management Meeting is composed of all the Directors (excluding outside directors) and one Standing Corporate Auditor, and convenes twice a month as a rule.

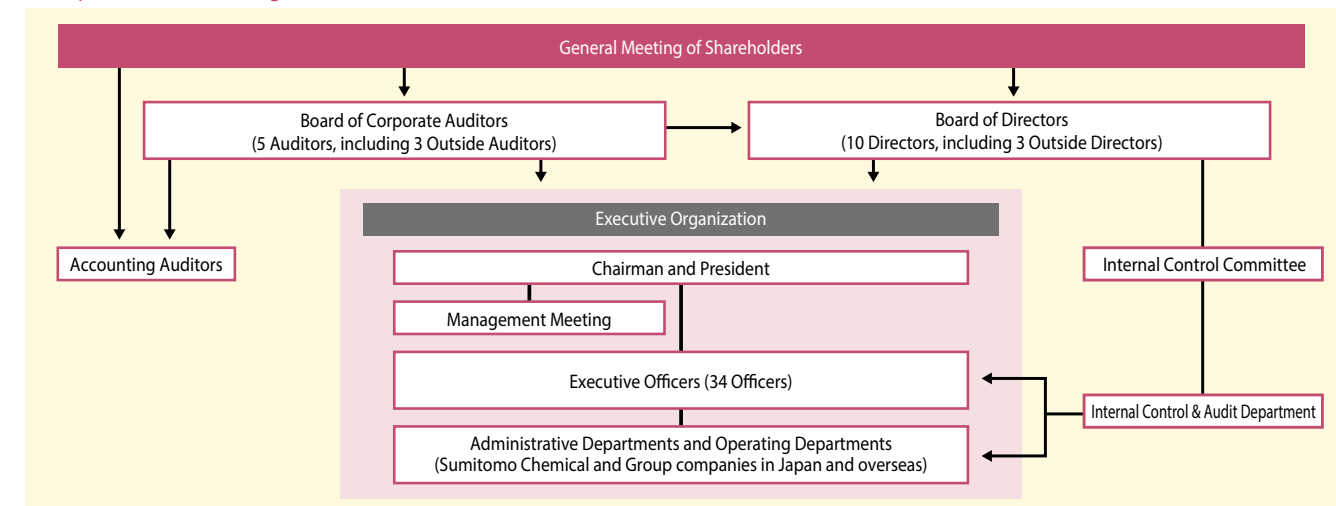
Committees

The Company enhances its business activities and oversight functions by establishing internal meetings (committees) to deliberate on important matters concerning the management of the Company and the Group from broad and diverse viewpoints. Of these committees, the Internal Control Committee, the Compliance Committee and the Responsible Care Committee convene at least once a year and are attended by Directors and others, as well as the Standing Corporate Auditor, who serves as an observer.

◎ Internal Committees

Name	Purpose	Number of Meetings in Fiscal 2014
Internal Control Committee	Deliberate on measures to build and improve a proper internal control system	3
Risk Crisis Management Committee	Deliberate on company policy to deal with individual risks such as large-scale disasters, pandemics, and a decline in public security	1
Responsible Care Committee	Comprehensively promote responsible care activities from a long-term viewpoint	1
Compliance Committee	Promote compliance-oriented business management	2

◎ Corporate Governance Organization (as of June 23, 2015)



● Status of Development of Internal Control System

We recognize the continuous development and enhancement of our internal control system as a necessary process in maintaining a sound organization, and believe this system should be actively utilized for the achievement of business objectives.

Based on the Basic Policy for Enhancement of the Internal Control System (revised in March 2015) established by the Board of Directors, we have strengthened the internal control system to conduct appropriate business operations throughout the Sumitomo Chemical Group, and have also formed the Internal Control Committee (chaired by the President) to inspect and maintain the system in response to changing circumstances. This committee is organized by the Internal Control & Audit Department, which promotes and coordinates various measures for improving the internal control system and monitors their implementation.

● Internal Auditing

Sumitomo Chemical's internal auditing is conducted by the Internal Control & Audit Department which is organized especially for the function. The Department carries out internal auditing to evaluate and ascertain designs, operations, and effective functioning of internal controls from the following perspectives in the execution of business duties by executives and employees of the Sumitomo Chemical Group: (1) effective and efficient operations; (2) reliability of financial reporting; and (3) compliance with relevant laws and statutes in all business activities. In addition, the Internal Audit Coordination Board regularly holds meetings to share the information of deficiencies detected by internal auditing and progress on their countermeasures in order to enhance the effectiveness and efficiency of internal auditing throughout Sumitomo Chemical and all Group companies.

● Timely Disclosure

The Corporate Communications Office is in charge of working in conjunction with other relevant departments to continually disclose necessary information in a timely manner. In addition to items requiring disclosure under Japan's Financial Instruments and Exchange Act and under stock exchange regulations, we also actively disclose information that may be considered material to the decisions of investors.

We endeavor to build stronger relationships of trust with society and capital markets by publishing documentation in accordance with the rules stipulated by the security exchanges in Japan, including reports on the Company's corporate governance philosophy and system, and notifications showing that independent directors and corporate auditors have no existing

conflicts of interest with general shareholders. These documents are available on the website of Japan Exchange Group Inc.

● Risk Management System

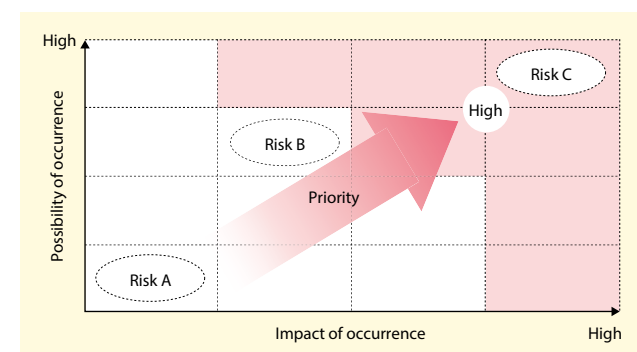
We seek to strengthen our risk management system to prevent materialization of risks that may hinder the achievement of business objectives as well as to mitigate damage on the occurrence of the risks.

Each organization of the Sumitomo Chemical Group takes various measures in day-to-day operations to detect risks at early stage, to prevent risks from materializing, and to respond promptly and appropriately on the occurrence of the risks. To support and ensure the risk management measures of each organization, the Internal Control Committee determines Group-wide risk management policy and deliberates initiatives pertaining to collection of risk information and its dissemination throughout the Group.

For enhancing the risk management system, each organization of Sumitomo Chemical Group including group companies both in Japan and overseas conducts a risk assessment every fiscal year in terms of the probability of risk occurrence and its possible impact, and the Internal Control Committee determines Group-wide priority risks which are to be implemented across the group. Each organization takes appropriate measures based on the Group-wide risk response plans, which are developed by Sumitomo Chemical's risk response coordination departments designated for each priority risk.

We also establish a Risk Crisis Management Committee to deliberate the Group's response policies and plans, pertaining to the individual risk crisis in order to make prompt responses in the event that a significant risk is realized, such as large-scale disasters (earthquakes, storms, floods and other), pandemics and a deterioration in security (terrorism, riots and wars and other).

◎ Risk Map



Directors' and Corporate Auditors' Compensation

● Basic Stance

The Company's Directors make up the Board of Directors and have the important duty of being in charge of the management decision-making and oversight functions of Sumitomo Chemical and the entire Sumitomo Chemical Group. The appropriate compensation level is commensurate with the responsibility of formulating the Company's management policy and concrete measures. Also, compensation is paid as a results-based distribution based on Company performance.

Since the duty of Corporate Auditors is to audit the execution of duties by Directors in accordance with the provisions of the Companies Act of Japan, the compensation level and compensation system take into consideration the characteristics of this duty. The amount of compensation for each Corporate Auditor is determined by consultation among the Corporate Auditors.

● Compensation System

Directors' compensation consists of basic compensation and bonuses. Basic compensation is paid as fixed compensation, which reflects the duties of Directors and the Company's medium- to long-term performance. The total amount of bonuses to be paid is determined on the basis of consolidated performance for the applicable fiscal year and is allocated to each Director with due consideration of their respective duties.

With respect to compensation to Corporate Auditors, Corporate Auditors are not paid bonuses and are only paid basic compensation that reflects the value of their duties because they are not involved in the execution of business. The Company abolished the system of retirement benefits for Directors and Corporate Auditors as of the conclusion of the 123rd ordinary shareholders' meeting held on June 29, 2004.

● Establishment of Compensation Level

The level of each individual item of compensation is determined in accordance with the basic stance mentioned above. To ensure objectivity and appropriateness of compensation, the appropriate compensation level is determined based on the results of the database relating to compensation by an outside third party, comparisons with compensation for the Company's employees, past payments, and other data.

● Compensation Advisory Group

The Company established the Compensation Advisory Group as the body that reports to the Chairman about policy and concrete plans concerning the officers' compensation scheme, compensation level and related treatment system. This body is composed of a few outside experts, including academic experts and legal experts. The opinions of these outside experts are reflected in the recommendations of the Compensation Advisory Group to further enhance objectivity regarding the officers' compensation scheme and level.

The above policy concerning the determination of compensation was formulated after deliberations at the meeting of the Compensation Advisory Group held on May 14, 2010.

◎ Directors' and Corporate Auditors' Compensation

Title	Eligible Persons	Basic Compensation	Bonuses	Total
Directors (excluding Outside Directors)	9	¥541 million	¥138 million	¥679 million
Standing Corporate Auditors	2	¥78 million	—	¥78 million
Outside Directors and Corporate Auditors	4	¥52 million	¥3 million	¥55 million
Total	15	¥672 million	¥141 million	¥813 million

* The numbers of persons specified above include one director who retired in fiscal 2014.

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

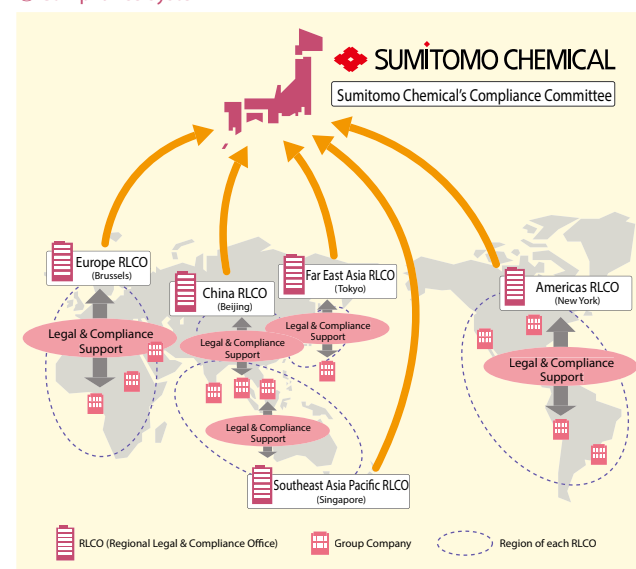
1. We will respect Sumitomo’s business philosophy and act as highly esteemed good citizens.
2. We will observe laws and regulations, both at home and abroad, and will carry out activities in accordance with our corporate rules.
3. We will develop and supply useful and safe products and technologies that 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.”

TOPIC 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 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.

GRI Guidelines <G4> / ISO26000 Reference Table

Category	Description	Report Page	ISO26000
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	p9-10	6.2
G4-2	a. Provide a description of key impacts, risks, and opportunities. The organization should provide two concise narrative sections on key impacts, risks, and opportunities.	p81	6.2
Organizational Profile			
G4-3*	a. Report the name of the organization.	p7-8	
G4-4*	a. Report the primary brands, products, and services.	p7-8, p17-24	
G4-5*	a. Report the location of the organization's headquarters.	p7-8	
G4-6*	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	p7-8	
G4-7*	a. Report the nature of ownership and legal form.	p7-8	
G4-8*	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	p7-8	
G4-9*	a. Report the scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	p7-8, p11-12	
G4-10*	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as selfemployed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	p74	6.4 6.4.3
G4-13*	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	p7-8	
G4-14*	a. Report whether and how the precautionary approach or principle is addressed by the organization.	p25-26, p79-81	6.2
G4-15*	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	p27	6.2
G4-16*	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	p27	6.2
Identified Material Aspects and Boundaries			
G4-17*	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	p7-8	6.2
G4-18*	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	p2, p26	
G4-20*	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization	p2, p36	
G4-21*	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization	p26	
Stakeholder Engagement			
G4-24*	a. Provide a list of stakeholder groups engaged by the organization.	p26	6.2
G4-25*	a. Report the basis for identification and selection of stakeholders with whom to engage.	p26	6.2
G4-26*	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	p26, p64-84	6.2
G4-27*	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	p26, p64-84	6.2
Report Profile			
G4-28*	a. Reporting period (such as fiscal or calendar year) for information provided.	p2	

Category	Description	Report Page	ISO26000
G4-29*	a. Date of most recent previous report (if any).	p2	
G4-30*	a. Reporting cycle (such as annual, biennial).	p2	
G4-31*	a. Provide the contact point for questions regarding the report or its contents.	Back Cover	
GRI Content Index			
G4-32*	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	p2, p85-88	
Assurance			
G4-33*	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	p2, p89	7.5.3
Governance			
Governance Structure and Composition			
G4-34*	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	p79-82	6.2
G4-37	a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	p25-26, p79-81	6.2
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	p79-82	6.2
G4-40	a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved	p79-82	6.2
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures	p79-82	6.2
Highest Governance Body's Role In Setting Purpose, Values, and Strategy			
G4-42	a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	p25, p79-82	
Highest Governance Body's Competencies and Performance Evaluation			
G4-43	a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	p25, p79-82	
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	p25, p79-82	6.2
Highest Governance Body's Role In Risk Management			
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	p25, p31-32, p79-82	6.2
G4-46	a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	p81	
G4-47	a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	p25, p31-32, p79-82	6.2
Highest Governance Body's Role In Sustainability Reporting			
Highest Governance Body's Role In Evaluating Economic, Environmental and Social Performance			
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	p79-82	6.2
Remuneration and Incentives			
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: – Performance-based pay – Equity-based pay – Bonuses – Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	p82	6.2

Category	Description	Report Page	ISO26000
G4-52	a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	p82	
G4-53	a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	p79-82	6.2

* Core performance indicator

SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC			
Aspect: Indirect Economic Impacts			
G4-EC7	DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED	p65-72	6.3.9 6.8.1 6.8.2 6.8.7 6.8.9
G4-EC8	SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS	p65-66	6.3.9 6.6.6 6.6.7 6.7.8 6.8.1 6.8.2 6.8.5 6.8.7 6.8.9
CATEGORY: ENVIRONMENTAL			
Aspect: Materials			
G4-EN1	MATERIALS USED BY WEIGHT OR VOLUME	p36	6.5.4
Aspect: Energy			
G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	p36-38	6.5.4
G4-EN5	ENERGY INTENSITY	p36-38	6.5.4
G4-EN6	REDUCTION OF ENERGY CONSUMPTION	p36-38	6.5.4
G4-EN7	REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES	p20	6.5.4 6.5.5
Aspect: Water			
G4-EN8	TOTAL WATER WITHDRAWAL BY SOURCE	p40	6.5.4
Aspect: Emissions			
G4-EN15	DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)	p37	6.5.5
G4-EN16	ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)	p37	6.5.5
G4-EN17	OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)	p37	6.5.5
G4-EN18	GREENHOUSE GAS (GHG) EMISSIONS INTENSITY	p37	6.5.5
G4-EN19	REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS	p37	6.5.5
G4-EN20	EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)	p50-53	6.5.3 6.5.5
G4-EN21	NO _x , SO _x , AND OTHER SIGNIFICANT AIR EMISSIONS	p39-40	6.5.3
Aspect: Effluents and Waste			
G4-EN22	TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION	p36	6.5.3 6.5.4
G4-EN23	TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD	p36	6.5.3
Aspect: Transport			
G4-EN30	SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE	p37-38	6.5.4 6.6.6

Category	Description	Report Page	ISO26000
Aspect: Overall			
G4-EN31	TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE	p49	6.5.1 6.5.2
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
Aspect: Occupational Safety and Health			
G4-LA6	TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER	p43, p46, p57	6.4.6 6.8.8
Aspect: Training and Education			
G4-LA10	PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS	p75	6.4.7 6.8.5
Aspect: Diversity and Equal Opportunity			
G4-LA12	COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY	p74-76	6.2.3 6.3.7 6.3.10 6.4.3
SUB-CATEGORY: HUMAN RIGHTS			
Aspect: Investment			
G4-HR2	TOTAL HOURS OF EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED	p75	6.3.5
Aspect: Non-discrimination			
G4-HR3	TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN	p75	6.3.6 6.3.7 6.3.10 6.4.3
Aspect: Human Rights Grievance Mechanisms			
G4-HR12	NUMBER OF GRIEVANCES ABOUT HUMAN RIGHTS IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	p75	6.3.6
SUB-CATEGORY: SOCIETY			
Aspect: Anti-Corruption			
G4-SO4	COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES	p83-84	6.6.1 6.6.2 6.6.3 6.6.6
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
Aspect: Customer Health and Safety			
G4-PR1	PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED FOR IMPROVEMENT	p41-42	6.7.1 6.7.2 6.7.4 6.7.5 6.8.8
G4-PR2	TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES DURING THEIR LIFE CYCLE, BY TYPE OF OUTCOMES	p41-42	4.6 6.7.1 6.7.2 6.7.4 6.7.5 6.8.8
Aspect: Product and Service Labeling			
G4-PR3	TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY THE ORGANIZATION'S PROCEDURES FOR PRODUCT INFORMATION AND SERVICE INFORMATION AND LABELING, AND PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES SUBJECT TO SUCH INFORMATION REQUIREMENTS	p41-42	6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9

Independent Assurance Report



Independent Assurance Report

To the President of Sumitomo Chemical Company, Limited

We were engaged by Sumitomo Chemical Company, Limited (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with "★" for the period from April 1, 2014 to March 31, 2015 (the "Indicators") included in its CSR Report 2015 (the "Report") for the fiscal year ended March 31, 2015.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Company's website, which are derived, among others, from the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's subsidiary selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
October 5, 2015

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.

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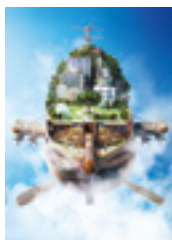
A SRI Index in which Sumitomo Chemical is included



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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.