SUMITOMO CHEMICAL

CSR REPORT 2016

Sustainable Chemistry

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Operations and CSR

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Editorial Policy

This report was produced to help our stakeholders improve their understanding of the Sumitomo Chemical Group's approach to Corporate Social Responsibility (CSR), including measures taken by the Group 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: "The Sumitomo Chemical Group's Operations and CSR" and "Initiatives that Underpin the Businesses of the Sumitomo Chemical Group."

Regarding quantitative information, assurance is provided on the indicators labeled with a star mark (★) by KPMG AZSA Sustainability Co., Ltd. We have also received 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 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 27 to 28, 34 to 38 and 45 to 59 includes the following companies that have production divisions as well as sales above a minimum level, or whose environmental impact is deemed significant.

Non-consolidated: Sumitomo Chemical non-consolidated manufacturing facilities

Group companies in Japan: Sumitomo Chemical non-consolidated manufacturing facilities and the production plants of 14 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 Covestro Urethane Company, Ltd.; and Sumika Agrotech Co., Ltd.)

However, some data in p34, 51, 49, 55-56 include the data of Sumitomo Joint Electric Power Co., Ltd. And, due to its stoppage of production, the data of Nihon Oxirane Co., Ltd. is not included from FY2015.

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 Sumitomo Chemical's CSR website below.

● Period covered by this report:

April 1, 2015 – March 31, 2016 (FY 2015)
(with specific exceptions outside this time frame)

● Date of publication:

October 2016 (The previous issue was published in October 2015. Next issue: Scheduled for publication in October 2017)

● Frequency of publication:

Once annually

● Guidelines referred to when preparing this report:

- The Global Reporting Initiative's (GRI) "G4 Sustainability Reporting Guidelines"*
- 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)

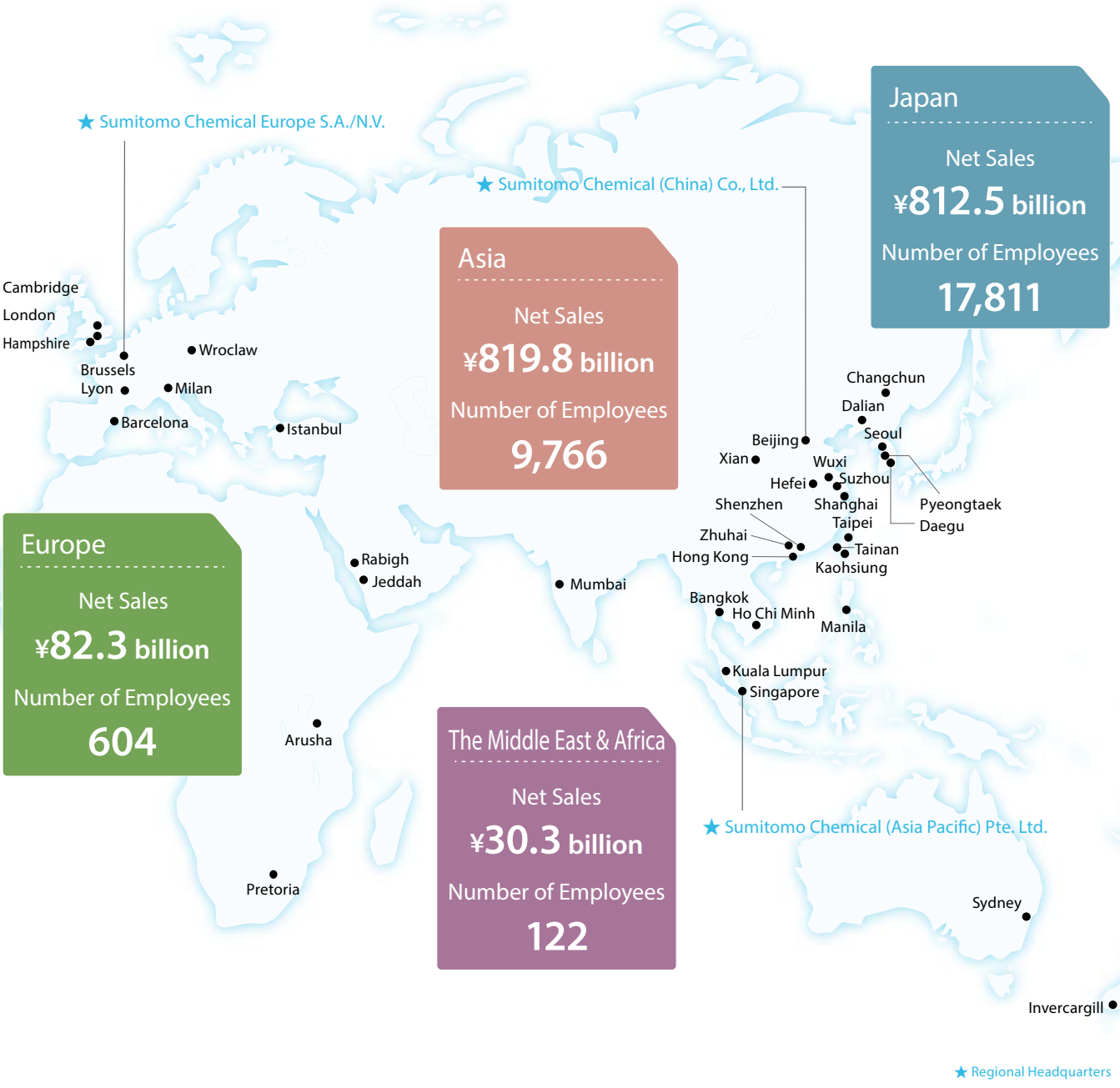
* This report contains standard disclosure items in accordance with the GRI's Sustainability Reporting Guidelines.

Sumitomo Chemical's CSR website:
http://www.sumitomo-chem.co.jp/english/csr/

The United Nations Sustainable Development Summit was held at UN headquarters between September 25 and 27, 2015, and the agenda entitled ***Transforming our world: the 2030 Agenda for Sustainable Development*** was adopted. The agenda outlined declarations and goals as an action plan for people, the Earth, and prosperity. These goals are **the Sustainable Development Goals (SDGs)**, which comprise 17 goals and 169 targets and succeed the Millennium Development Goals (MDGs). The Sumitomo Chemical Group will continue contributing to initiatives aimed at achieving these goals for sustainable development.

Business Overview

The Sumitomo Chemical Group Spreading Its Wings Across the World



Company Profile

Name: Sumitomo Chemical Company Limited

Head Office (Tokyo): Tokyo Sumitomo Twin Building (East)
27-1, Shinkawa 2-chome, Chuo-ku,
Tokyo 104-8260, Japan

(Osaka): Sumitomo Building
5-33, Kitahama 4-chome, Chuo-ku,
Osaka 541-8550, Japan

Founding: September 22, 1913

Start of business operations: October 4, 1915

Incorporation: June 1, 1925

Capital: 89,699 million yen

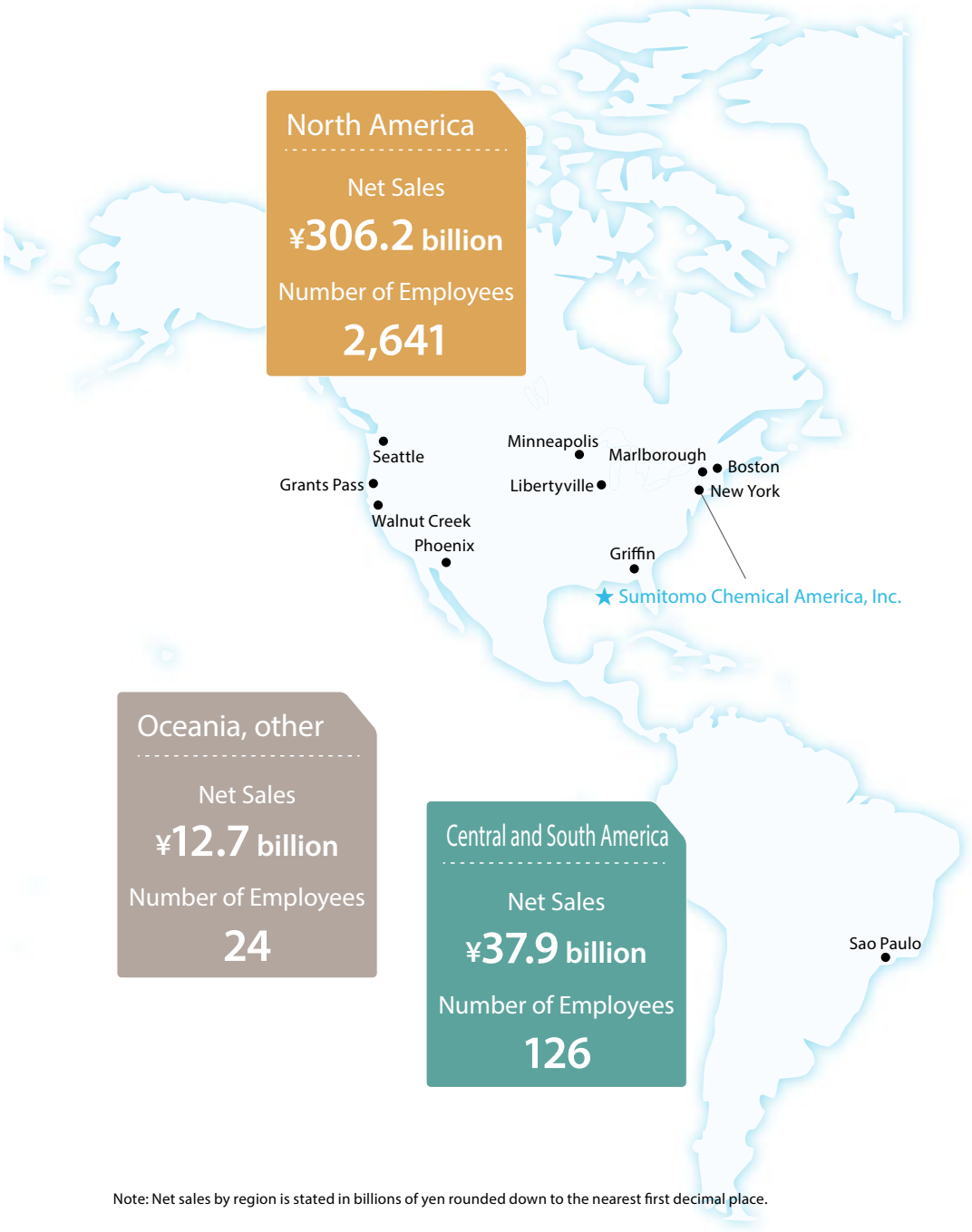
Number of consolidated subsidiaries: 160

Net sales Consolidated: 2,101.8 billion yen
Non-consolidated: 735.3 billion yen

Number of employees Consolidated: 31,094
Non-consolidated: 5,895

Note: As of March 31, 2016.

At present, the Sumitomo Chemical Group conducts business globally in five sectors: Petrochemicals & Plastics, Energy & Functional Materials, IT-related Chemicals, Health & Crop Sciences, and Pharmaceuticals. To continue to receive the approval of its wide-ranging 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, and energy.



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

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

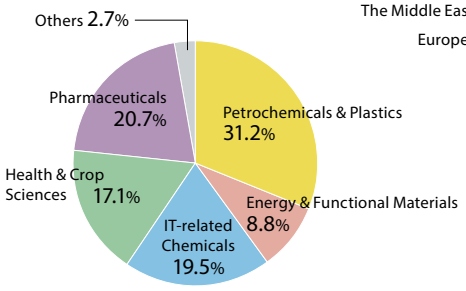
Contributing to the stable supply of more abundant, sustainable food as well as to people's health.

Pharmaceuticals Sector

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

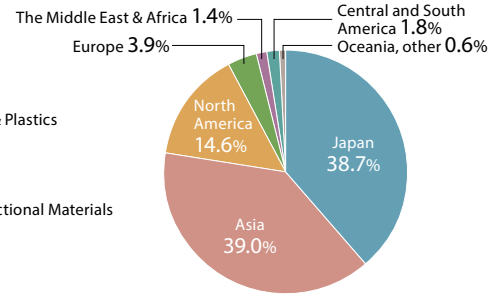
The Sumitomo Chemical Group

Net Sales by Business Sector



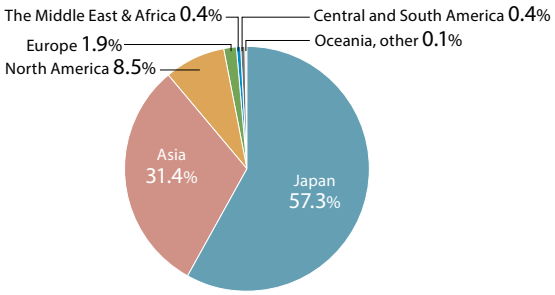
Fiscal 2015 total: 2,101.8 billion yen

Net Sales by Region



Fiscal 2015 total: 2,101.8 billion yen

Number of Employees by Region



Fiscal 2015 total: 31,094

Message from the Executive Chairman and the President

Osamu Ishitobi, Executive Chairman

石飛 修

Masakazu Tokura, President

十倉雅和

Contributing to the Sustainable Development of Society

Sumitomo Chemical's Business and CSR

With the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 and the Paris Agreement—a new framework for fighting against global warming—reached at the 21st Conference of the Parties of the UNFCCC (COP21) held in France in December of the same year, the international community marked a major step forward toward the realization of a sustainable society.

In view of the significant progress on these global initiatives, we at the Sumitomo Chemical Group have reaffirmed our strong commitment to corporate social responsibility (CSR) in our new three-year Corporate Business Plan launched in 2016. By continuing to focus our resources mainly on the areas of the environment and energy, information and communication technology (ICT), and life sciences, and by fully leveraging the technology and know-how cultivated over many years as a diversified chemical company, we will strive to bring innovative technologies and products to market, both for the betterment of the world and to create new value.

In the area of environmental protection, we are working to lower the burden on the environment by employing manufacturing processes that help reduce greenhouse gas emissions and energy consumption, as well as by providing a wide range of products that pay greater attention to the environment, safety and quality. In order to further accelerate these efforts, in April 2015 we established our new "Energy & Functional Materials" business sector, which is focused on developing new businesses that help resolve issues related to the environment and energy.

In addition, we are working on the global problem of food supply. Through various businesses and services that leverage the Sumitomo Chemical Group's innovative technologies in the areas of crop protection chemicals, biorationals, and feed additives, we aim to contribute to meeting the rising global demand for a stable supply of safe and reliable food.

Developing Human Resources that Drive Our Business

Sumitomo Chemical believes that its people are one of the most important sources of power for generating new innovations and achieving sustainable growth. With this conviction, we have been putting significant effort into human resource development and the improvement of work environments to empower our people to drive the Sumitomo Chemical Group's business.

For example, we provide training programs for each Group executive and employee to learn more about the Sumitomo Chemical's Corporate Philosophy and Charter for Business Conduct, which represent the foundations for the Group's management. This is intended to help everyone at the Sumitomo Chemical Group to put these central policies into action in their daily operations.

In addition, in order to create an environment where our diverse employees can fully demonstrate their abilities and actively work with a sense of accomplishment and reward, we are implementing various efforts to improve our systems to help employees with their work-life balance. These efforts include an initiative to support employees who are facing major life events, such as child or nursing care, so that they can continue their career at Sumitomo Chemical.

Moreover, with a strong determination to make safety our first priority, all our executives and employees are endeavoring to ensure that safety practices are always observed, and are striving together to take the entire Group's safety activities to higher levels. In an effort to enhance our people's safety skills and knowledge, we regularly convene global meetings for Responsible Care (RC) managers of Group companies in Japan and overseas, while also providing various seminars and training sessions at our safety conferences for employees who engage in production operations.

"As We Conduct Business, We Must Value Trust and Integrity."

As it has been in business for more than 100 years, Sumitomo Chemical has placed the Sumitomo Family's "Business Principles" at the center of its code of conduct. The Business Principles state that, as we conduct business, we must value trust and integrity—particularly emphasizing the importance of maintaining society's trust in us.

All of us at the Sumitomo Chemical Group remain firmly committed to these principles and continue to work together as a united whole, engaging in a wide range of business activities in close collaboration with our stakeholders. By making full use of the creative power of chemistry, we continue to deliver to the world innovative products that support people's lives, and strive to achieve sustained growth as a diversified chemical company trusted by society and to contribute to the sustainable development of society for many more years to come.

We appreciate your continued understanding and support.

Operations and CSR

The Sumitomo Chemical Group's Operations and CSR

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

We believe that our business must benefit society, not just our interests.

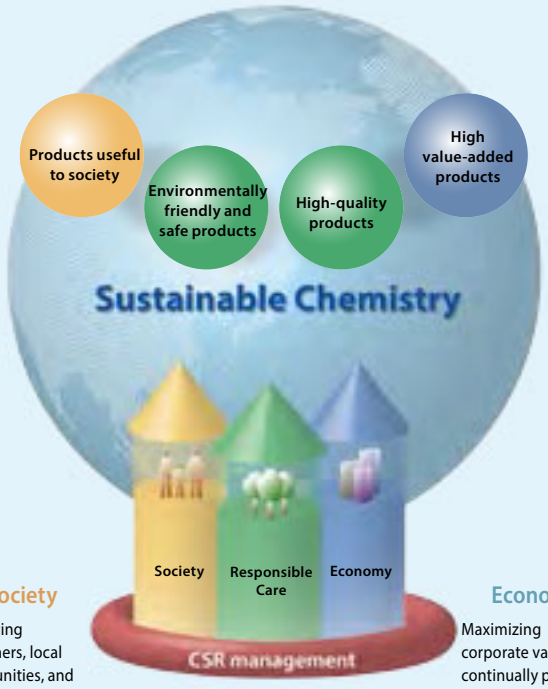
Sumitomo Chemical's Business Philosophy

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.

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.

The Sumitomo Chemical Group's CSR



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

Economy
Maximizing corporate value by continually providing better products

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

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.

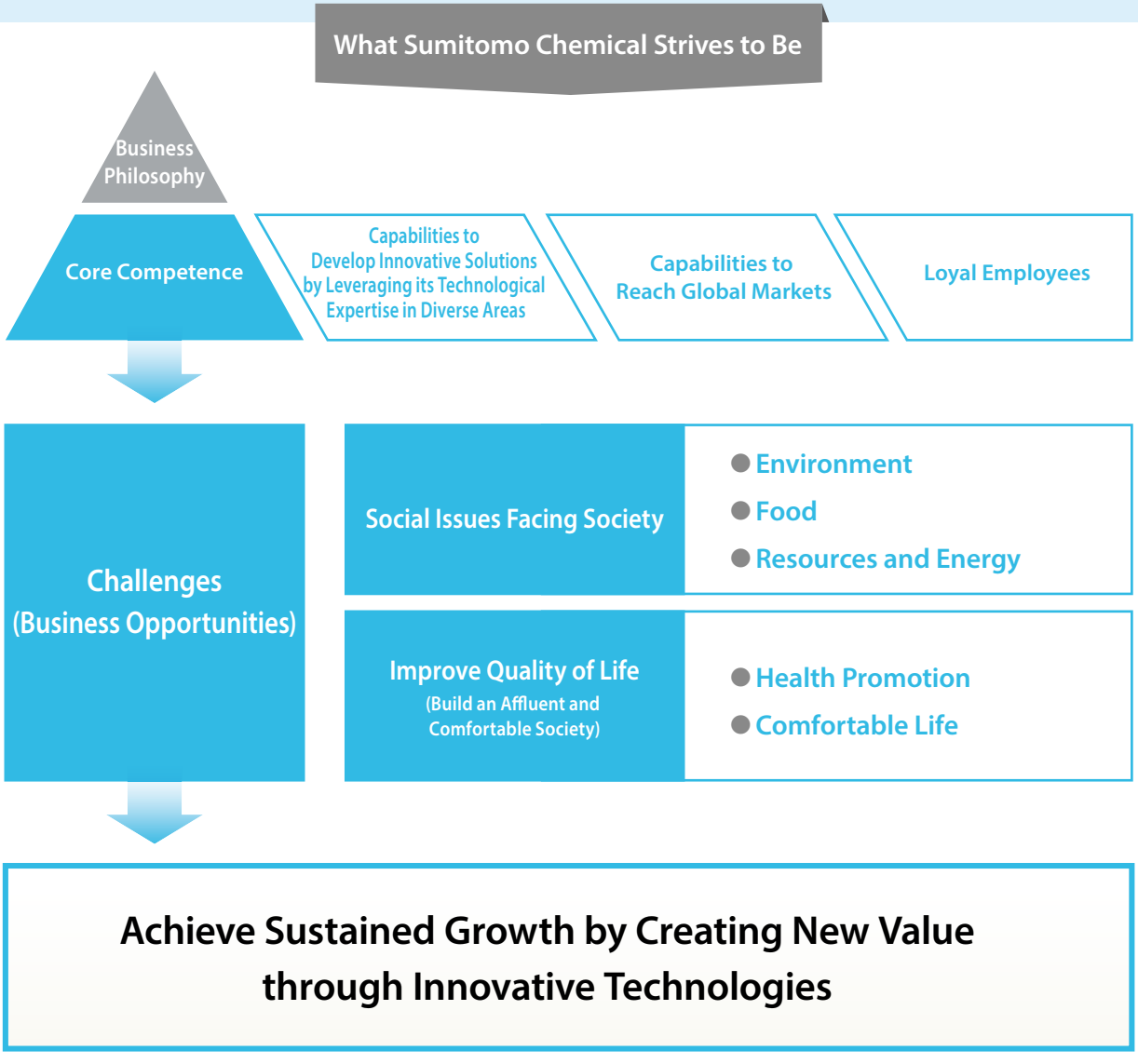
In order to accomplish this, the Sumitomo Chemical Group will proactively work for profitable business operations, preservation of the environment, safety, product quality and positive social activities. We will pursue and promote our CSR activities with consideration for the interests of all our stakeholders,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

With the Sumitomo Spirit as its cornerstone, the Sumitomo Chemical Group has steadily forged ahead for more than 100 years.
The Group's Basic CSR Policy was formulated in light of the Sumitomo Spirit, Sumitomo Chemical's Business Philosophy,
and the Sumitomo Chemical Charter for Business Conduct and has been reflected in the Corporate Business Plan launched in 2016.

Overview of the 2016—2018 Corporate Business Plan

Our slogan under the 2016—2018 Corporate Business Plan is:
"Change and Innovation: Create New Value"

We aim to achieve sustained growth by creating new value through innovative technologies.



The Basic Policy of the Corporate Business Plan

1. Further improve business portfolio
2. Generate more cash flow
3. Accelerate the launch of next-generation businesses
4. Promote globally integrated management
5. Ensure full and strict compliance, and establish and maintain safe and stable operations

Operations and CSR

The Sumitomo Chemical Group's Contribution to the SDGs

Primary Financial Indicators and Sustainability Indices

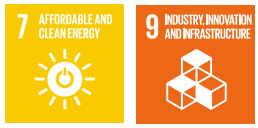
The Sumitomo Chemical Group has outlined the following stance in its Basic CSR Policy: "By continuously creating and providing new value for our stakeholders, the Sumitomo Chemical Group will build the corporate worth, contribute to solving the problems facing society and our environment while enriching people's lives." In order to accomplish this, the Sumitomo Chemical Group has been proactively working for profitable business operations, preservation of the environment, safety, product quality and positive social activity.

Through these Groupwide initiatives, we contribute to the sustainable development of society and also help achieve the UN Sustainable Development Goals (SDGs) that are to be reached across the globe by 2030.

Contribution to the SDGs through Business

Life Sciences Field

Environment, Energy, and ICT Fields



Responsible Care Activities

Social Activities

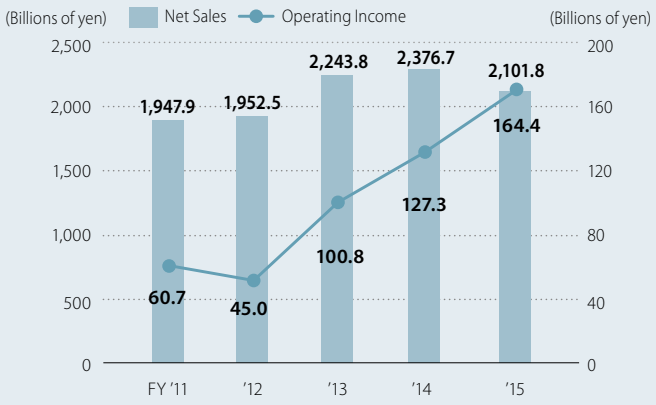
*For more details, see our website.

The Sumitomo Chemical Group and the SDGs
http://www.sumitomo-chem.co.jp/english/csr/management/sdgs/index.html

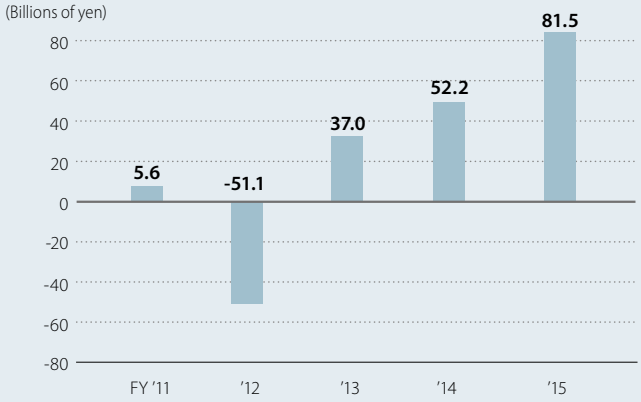
Primary Financial Indicators

The Economy

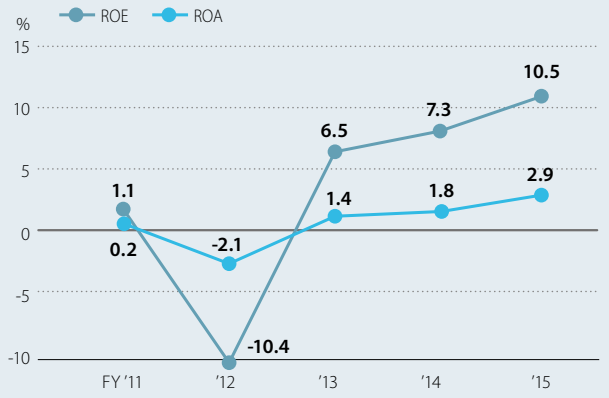
Net Sales and Operating Income



Net Income (Loss) Attributable to Owners of the Parent



Return on Equity (ROE)/Return on Assets (ROA)



Sustainability Indices

Responsible Care

CO_2 emissions in Japan[*1]

2,981 thousand tonnes

YoY (Unit index)

2.2% improvement

CO_2 emissions outside Japan[*2]

928 thousand tonnes

YoY (Unit index)

5.1% improvement

*1 Aggregate total of Sumitomo Chemical and major Group companies in Japan (14 companies)
*2 Aggregate total of major Group companies outside Japan (10 companies)

Water usage in Japan[*3]

93.3 million tonnes

YoY

9.9% decrease

Water usage outside Japan[*4]

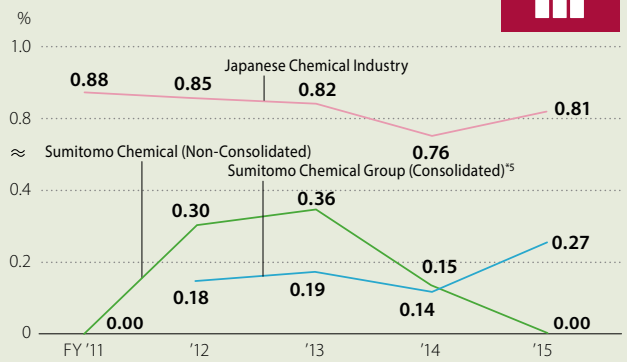
6.5 million tonnes

YoY

1.1% increase

*3 Aggregate total of the same companies in note 1 and Sumitomo Joint Electric Power Co., Ltd.
*4 Aggregate total of major Group companies outside Japan (10 companies)

Work-Related Incident Rate



*5 Aggregate total of Sumitomo Chemical and Consolidated Group companies

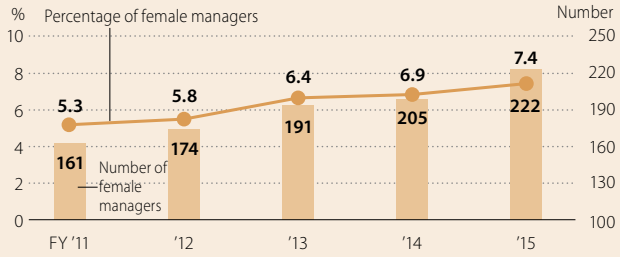
Society

Number and percentage of female managers (Non-Consolidated)

7.4%

YoY

17 more female managers

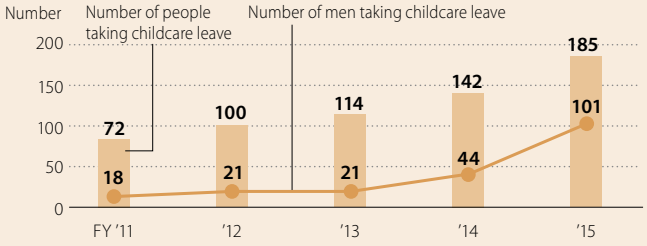


Number of men taking childcare leave (Non-Consolidated)

101 men

YoY

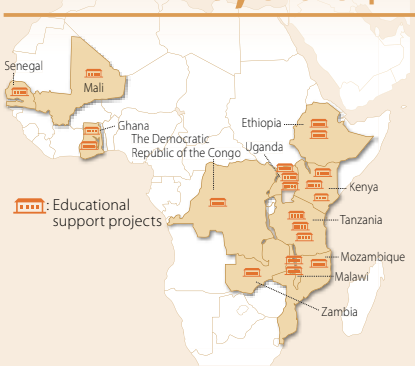
57 more men



Support for Education in Africa

Total Number of Beneficiaries

Over 10,000 people



Total Number of Projects

18 projects completed

2 projects under way

(As of April 2016)

Communication with Stakeholders

Under its Basic CSR Policy, the Sumitomo Chemical Group pursues and promotes CSR activities taking into consideration the interests of all stakeholders. Our stakeholders include the international community, stockholders and other investors, customers, business partners, local communities and society, and employees. Our dialogue with stakeholders over our history has defined our responsibilities to our stakeholders and how we approach them. Going forward, the Sumitomo Chemical Group will continue to fulfill its responsibilities to all its stakeholders and work to enhance communication with everyone.

Communication with Stakeholders

Dialogue with the International Community

Jeffrey D. Sachs
Director, Center for Sustainable Development,
The Earth Institute, Columbia University

Acclaim for Activities to Prevent Malaria and Anticipation for Future Initiatives

"Sumitomo Chemical has been the exemplary leader in the successful global effort to slash the burden of malaria. Its ingenious engineers designed the first long-lasting insecticide treated net, thereby transforming the prospects for success. The company then dramatically scaled up its production of the path-breaking Olyset™ Net in conjunction with the global control effort. Sumitomo Chemical licensed its technology to African-based producers. And the company actively supported research to improve the systems for control as well as to continue to improve the bed-net technology. This is global corporate responsibility at its very finest. And even more, the company continues its firm commitment and leadership efforts to drive the malaria burden still lower and deaths to near zero."

Initiatives for the UN Global Compact's Ten Principles

The Sumitomo Chemical Group signed the UN Global Compact (GC) in January 2005. The UN Global Compact is a United Nations initiative in which businesses demonstrate responsible and creative leadership and voluntarily participate as good members of society in efforts to establish a worldwide framework that enables them to achieve sustainable growth.

UN GC LEAD is a framework to bring the vision espoused under the UN GC to fruition. It was launched in November 2011 with the participation of companies that have made great contributions to the GC, and Sumitomo Chemical has been a participant ever since.

In compliance with the Global Compact's Ten Principles, we are further ramping up activities by networking with the UN and other organizations.

The UN Global Compact's Ten Principles

UN GLOBAL COMPACT
WE SUPPORT

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.

Stakeholders	Sumitomo Chemical's Responsibility	Methods
The International Community	The Sumitomo Chemical Group observes international regulations in an effort to resolve various issues confronting society, including food, climate change, educational disparity and gender inequality. We also believe it is important to collaborate with various international organizations, NGOs, and other companies.	• Promoting the activities of the UN Global Compact • Participating in a task force of the International Council of Chemical Associations (ICCA) • Engaging in a variety of activities through economic and industrial organizations • Conducting programs in collaboration with NGOs and NPOs

Communication with Stakeholders

Dialogue with Shareholders and Investors

Engaging in Proactive IR Activities

Sumitomo Chemical engages in IR activities aimed at promoting an accurate understanding of our operations, supporting appropriate share price formation, and improving corporate value through communication with its shareholders and investors.

In fiscal 2015, we held management strategy briefings, where the president himself explained the Company's management strategies, and briefings on the Corporate Business Plan a combined total of three times. We also held business strategy briefings on the Petrochemical & Plastics Sector and conference calls on results for each quarter. In addition to these briefings, we held one-on-one interviews with analysts and worked to enhance our various IR tools and website.

In recognition of these efforts, Sumitomo Chemical received the IR Special Award from the Japan IR Association in November 2015. This award is given to companies that continuously improve their investor relations and companies with unique IR practices.

Stakeholders	Sumitomo Chemical's Responsibility	Methods
Shareholders and Investors	We promote scheduled, effective and strategic communication with shareholders and investors in regard to our management policies, business strategies and earnings trends. Through this communication, we fulfill our responsibility to disclose information to shareholders with the aim of maintaining and improving the market's trust in Sumitomo Chemical. By promoting an accurate understanding of our operations, we support appropriate share price formation and improvement in corporate value.	• Conducting general meetings of shareholders • Holding management strategy briefings and business strategy briefings • Holding conference calls • Holding briefings for individual investors • Holding one-on-one interviews with analysts • Disclosing information via annual reports, investors' handbooks, and other publications • Providing information on the Company's website

Dialogue with Local Communities

Responsible Care Dialogue Meetings

At our Oita Works, we hold Responsible Care dialogue meetings every two years with the ten companies in the Oita industrial complex to which we invite local residents and municipal government officials. The latest meeting was held in February 2016, and it turned out to be quite a large gathering, despite being held on a weekend, with a total of 188 participants, 107 of whom were local residents.

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

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

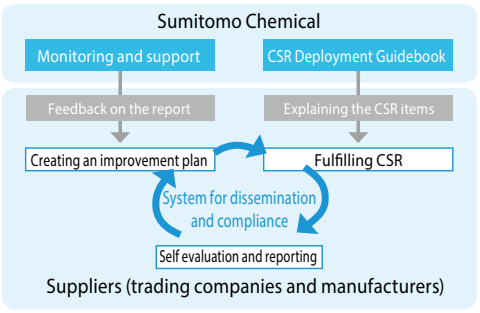
Stakeholders	Sumitomo Chemical's Responsibility	Methods
Local Communities and Society	In the belief that its business must be based on mutual prosperity with society, Sumitomo Chemical is building and maintaining good relationships with local communities by conducting activities to meet local needs while aiming to enhance communications, and ensure the safety of the region and preservation of the environment.	• Publishing the Report on the Environment and Safety at all work sites • Publishing local PR magazines • Hosting local dialogues • Holding science workshop classes • Engaging in local cleanup activities

Communication with Stakeholders

Dialogue with Business Partners

Promoting Responsible Procurement

System for Responsible Procurement



The Sumitomo Chemical Group conducts fair and transparent transactions. In the spirit of ensuring corporate compliance, we promote responsible procurement activities and encourage all our business partners to engage in CSR activities. Specifically, we monitor the status of CSR initiatives using a check sheet for existing overseas suppliers and any new suppliers of raw materials. For suppliers that need further action, we provide individual feedback on the improvements we want to see and ask for their understanding and cooperation with regard to responsible procurement activities. Through these kinds of efforts, we strive to establish mutually beneficial and sound relationships with all our suppliers.

Stakeholders	Sumitomo Chemical's Responsibility	Methods
Business Partners	Sumitomo Chemical is committed to building progressive and mutual relations with business partners based on the Basic Procurement Principles.	• Engaging in communication through purchasing activities • Monitoring and feedback that draws on the CSR Deployment Guidebook and check sheets • Providing contact points for inquiries

Dialogue with Employees

An Opportunity to Reflect on Our History and Corporate Philosophy

The year 2015 was the 100th anniversary of the start of Sumitomo Chemical's operations. Taking this opportunity, each employee reflected on the history of the Company, and we held a Centennial Workplace Meeting, where employees discussed their experiences and thoughts concerning their workplaces and facilities.
In the regional manager training program for the local managers of overseas Group companies, lectures were held with the aim of spreading and ingraining Sumitomo Chemical's Business Philosophy and corporate values. Group workshops were held under the theme of lessons from our 100-year history, which also took into account CSR perspectives. In 2015, this training program was held in Singapore, Belgium, the United States, China, South Korea, and Taiwan; 215 people participated. The dialogues with employees that arose from these situations presented a good opportunity to increase awareness about the Sumitomo Spirit and Sumitomo Chemical's Business Philosophy.

Stakeholders	Sumitomo Chemical's Responsibility	Methods
Employees	Sumitomo Chemical is working to create human resources development systems and a workplace environment in which individual employees can make the most of their abilities, while respecting the well-being and diversity of employees. Also, the Company and its labor union will maintain a favorable relationship that has been built based on mutual understanding and trust.	• Conducting central and regional labor-management meetings • Convening the Labor-Management Committee for Diversity and Work-Life Balance • Providing various training programs • Publishing an in-house magazine

Dialogue with Customers

Sumitomo Chemical aims to meet customer needs throughout the entire Group and provide quality products and services that customers can use with confidence. These efforts are supported by business managers and each product's help desk, according to the product or need.

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.	• 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

Special Feature 1

Addressing Global Climate Change

Goals

Formulate measures to lessen climate change and its effects.

Issues

The average global temperature is expected to rise between 2.6 and 4.8 degrees Celsius by the end of the 21st century if no effective measures are taken to combat global warming.

Sumitomo Chemical's Initiatives on Climate Change

With the signing of the Paris Agreement at COP 21 in 2015, the international community took a large, bold step toward implementing measures to address climate change. To achieve the foremost goal of the Paris Agreement, limiting the rise in global temperature to less than 2 degrees above pre-industrial levels, corporations will be required to severely restrict their CO_2 emissions. Sumitomo Chemical is working to resolve climate change problems from three perspectives: easing climate change (reducing emissions), developing new sources of energy, and adapting to climate change.

Easing Climate Change (Reducing Emissions)

Sumitomo Chemical is promoting manufacturing processes that conserve resources and limit environmental impact while offering products that take into account environmental, safety, and quality considerations. For example, to produce propylene oxide (PO), the raw material for polyurethane and other products, the Company's PO-only process conserves resources and limits the generation of by-products. In addition, Sumitomo Chemical provides solution styrene-butadiene rubber (S-SBR) for use in tire treads, which helps improve fuel efficiency for automobiles.

Developing New Sources of Energy

As solar power and other forms of renewable energy become more commonplace around the world, the Company is advancing development of organic photovoltaics (OPV). Light-weight, flexible and transparent, OPV offer superior design features and are suitable for installation on windows, building exteriors and other locations. We expect OPV applications to expand greatly, particularly in the areas of electric chargers for portable devices.

Adapting to Climate Change

The environmental stress brought by abnormal weather phenomena caused by climate change, including high temperatures and drought, negatively affect crop yields. In a new field we call "crop stress management," we seek to ease environmental stress through technological development focused on improving productivity by improving crop resilience through the power of chemicals.

The PO-only process

A test OPV product affixed to a windowpane

Evaluation test on chemicals in a greenhouse

Helping to Greatly Reduce Energy Consumption

Succeeding in Trials of CO_2 Separation Membranes Beginning Feasibility Studies Regarding the Introduction of Commercial Equipment

Sumitomo Chemical is working to develop products and processes that help resolve problems concerning climate change and energy. Through our business activities, we aim to contribute to the COP21's Paris Agreement and the Sustainable Development Goals adopted by the United Nations in 2015. Employees of Sumitomo Chemical Group companies engaged in this development are proud to contribute to society and eager to provide the world with excellent products that will be appreciated by society.

The Sumitomo Chemical Group is currently developing a CO_2 separation technology that uses a membrane separation method. The process is simpler than the existing chemical absorption method and greatly reduces energy consumption. In addition, the equipment can be scaled down to less than half the size of the equipment currently employed.

CO_2 separation technology is used to remove CO_2 from target gases in the production of hydrogen, refining of natural gas, and similar processes. Looking ahead, the demand for CO_2 separation is expected to expand with greater use of hydrogen-based energy and the advancement of technologies using natural gas. In addition, natural gas, which is highly acidic with high concentrations of CO_2, is a very important inexpensive resource in securing diverse sources of energy.

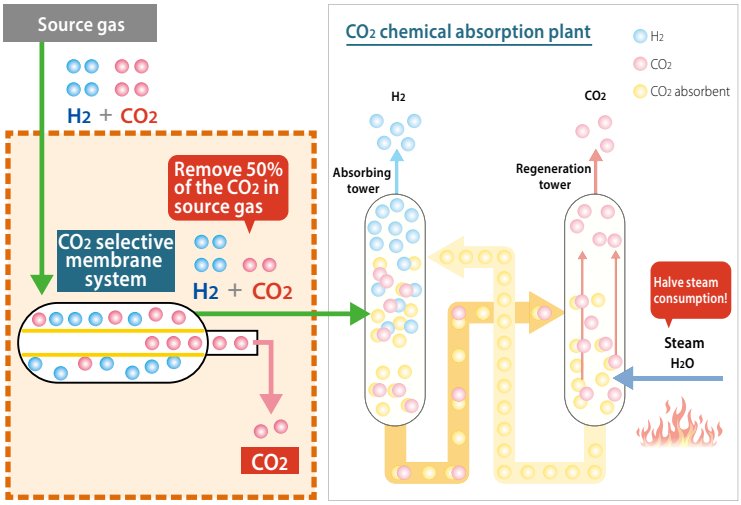
With an eye to controlling costs for CO_2 separation and capture, potential customers are anticipating the practical applications of the membrane separation method we are currently developing.

In 2013, Sumitomo Chemical established the joint venture "CO2 M-Tech," which is earnestly engaged in commercialization efforts related to this separation technology. The company achieved positive results in the previous year in trials of the CO_2 separation membranes under development. We have agreed to continue feasibility studies on introducing commercial equipment for CO_2 separation membranes to the plant of a chemical manufacturer in Japan by around the beginning of 2017.

We will quickly commercialize CO_2 separation membranes and meet the rising global demand for CO_2 separation technologies.

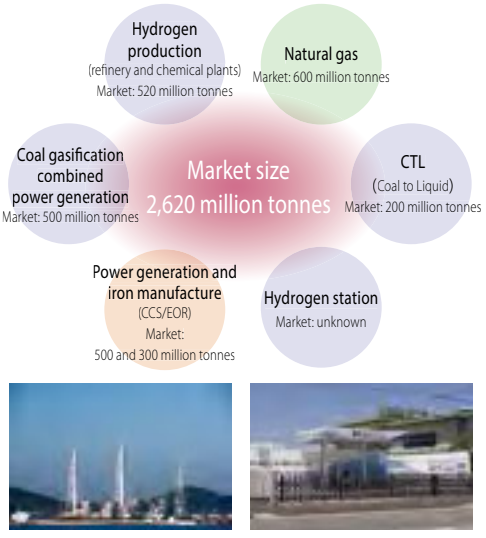
Hiroshi Ueda
Representative Director &
Senior Managing Executive Officer

Application of CO_2 Separation Technology in the Hydrogen Production Process



As part of the process that separates H_2 and CO_2 during the production of hydrogen, the CO_2 selective membrane system is installed upstream of the CO_2 chemical absorption plant and removes around 50% of the CO_2 contained in the source gas, reducing the steam cost incurred downstream in the absorption plant.

CO_2 Separation Market (Forecast for 2030)



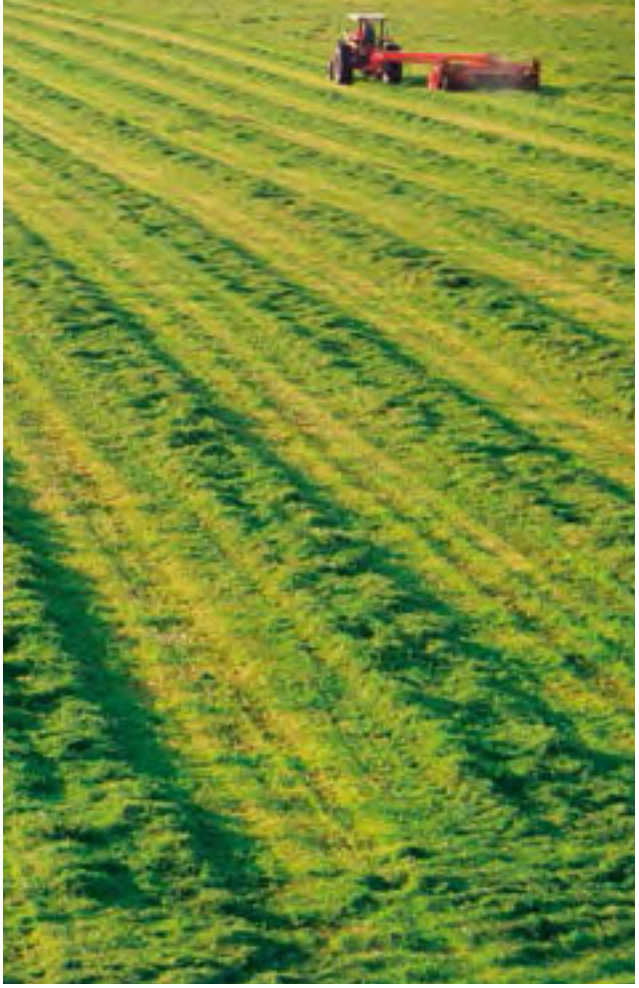
: Separation of H_2 and CO_2 : Separation of CH_4 and CO_2 : Separation of N_2 and CO_2

TOPIC Sumitomo Chemical Included in CDLI for Fourth Straight Year

Sumitomo Chemical has been selected by CDP, an international NPO representing 822 institutional investors who manage $95 trillion in total assets, for inclusion in the Climate Disclosure Leadership Index (CDLI) of the Japan 500 report in recognition of its excellent disclosure of climate change information. Sumitomo Chemical is the only company in the materials sector that received a perfect disclosure score of 100. This honor is in recognition of the Company's provision of reliable information related to its climate change initiatives, marking the fourth consecutive year it has been included.

Special Feature 2

Initiatives to Address the Global Food Problems



Goals

End hunger, ensure food security as well as improved nutrition, and promote sustainable agriculture.

Issues

Respond to the growing global population and increased demand for grain. Stably provide safe and reliable agricultural products.

The Crop Protection and Enhancement Business of Sumitomo Chemical

Sumitomo Chemical's Crop Protection and Enhancement business is committed to food safety and security while focusing on environmental considerations through its crop protection and enhancement business. An important aspect of our mission is to ensure that demands for a stable food supply and the provision of sustenance for the world's growing populations are met.

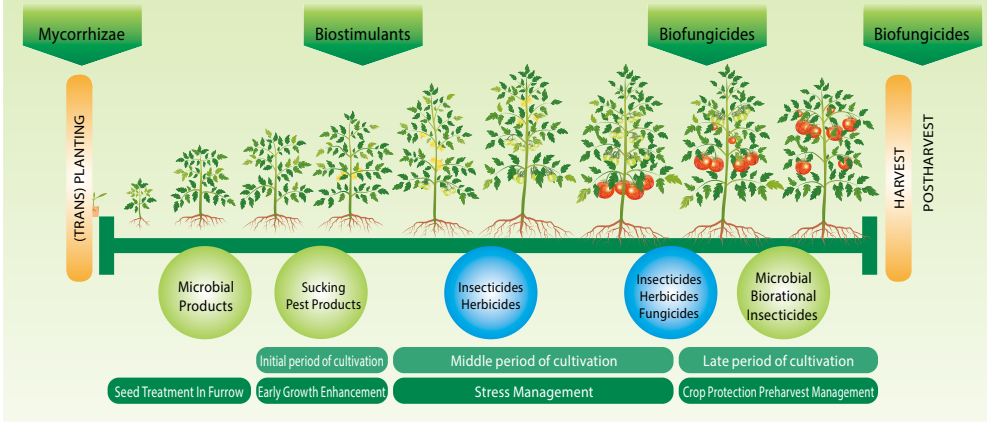
The world population has topped 7 billion and is expected to reach 9.5 billion in 2050. However, farmland is not expected to increase at the same pace. Therefore, agricultural productivity per unit of area must be increased to ensure a stable food supply to feed the growing world population.

Sumitomo Chemical is contributing in various ways to address these issues. We will deliver innovative products that will enable farmers to improve crop quality and yields. We will also help current and future agricultural workers learn from our experiences and know-how so that they may maximize the benefits of using our products.

Expanding Business Areas

Leveraging knowledge and experience accumulated over many years in the agrochemical field and promoting safety assessments of crop protection chemicals with biotechnology and other leading-edge technologies, we have expanded our business across a broad range of fields, from seed treatment to post-harvest phase, thereby contributing to meeting the world's growing demand for a stable supply of safe and reliable food.

Images of the usage of Sumitomo Chemical's crop protection chemicals in the case of the tomato cultivation



Promoting Sustainable Agriculture

The Crop Protection and Enhancement Business Embodies the Sumitomo Spirit

The UN's Sustainable Development Goals (SDGs) include such bold targets as ending global hunger by 2030, achieving food security, improving nutrition, and promoting sustainable agriculture. The World Food Program estimates that one in every nine people worldwide does not receive sufficient nutrition for a healthy, active life. The global population is increasing but the amount of arable land is limited. Solutions are currently being sought to improve food quality and agricultural productivity while protecting the environment.

The SDGs are especially meaningful for the Sumitomo Chemical Group because they so closely align with the Sumitomo Spirit. The Group constantly aims to develop technologies that contribute to society. The success and growth of our crop protection business is attributable to this resolve. The Group's innovative technologies and the latest biorationals help enable farmers to grow higher quality crops with greater yields than ever before through a food production system that supports a sustainable future.

Andrew Lee
Executive Officer
(President, Valent U.S.A. Corp.,
Valent BioSciences Corp.)

The Valent Group shares the future-oriented commitment and vision that Sumitomo Chemical has for the global agricultural industry. In line with the Sumitomo Spirit, we proudly take on the SDGs as our own goals.

Strengthening the Biorational Business

Sumitomo Chemical's acquisition of the biological crop protection business from U.S.-based Abbott Laboratories in 2000 was a very forward-looking decision. We foresaw a future where sustainability would continue to grow in importance as a driver not only of the development of society but also of global business.

We define biorationals as solutions that protect crops from pests using microbial pesticides, plant growth regulators, microbial agricultural materials, and other such products, as well as solutions that improve the quality and yield of crops.

The core of this business—Valent BioSciences Corp. (VBC)—has recently been expanding its biorational business in the United States, opening in 2014 a new plant for active ingredients of microbial pesticides and acquiring Mycorrhizal Applications LLC, a producer of mycorrhizal fungal inoculum, in 2015. VBC also intends to build a new research unit, the "Biorational Research Center," in 2017. The Sumitomo Chemical Group is currently developing its incomparable, robust biorational business. The environment- and ecosystem-friendly approach of this business is garnering a great deal of attention from the vantage point of promoting sustainable agriculture.

Mycorrhizal Applications, LLC | VALENT BioSciences | SUMITOMO CHEMICAL | MGK | Pace International

TOPIC Expanding the Plantation Solutions Business

The Sumitomo Chemical Group is strengthening and expanding such agriculture-related businesses as the Plantation Solutions business, which is geared toward large-scale plantations producing bananas, oil palms, and other agricultural products. In April 2016, we operated a booth at the International Banana Congress in the U.S. city of Miami.

SUMITOMO CHEMICAL GROUP COMPANIES Plantation Solutions

The plantations we serve are large-scale agricultural enterprises in tropical or subtropical regions where generally a single type of crop is cultivated. Such operations require efficient agricultural materials that have minimal environmental impimpact. The Group handles a broad range of agriculture-related materials, including crop protection chemicals and fertilizers. By providing products and services suited to bananas, oil palms, pineapples, sugarcane, and other crops, we contribute to improved yields and more efficient operations, including water and fertilizer management, harvesting activities, and weed and pest prevention.

Special Feature 3

Initiatives for Safety Assurance

Goals

Assure employee safety and achieve zero labor accidents.

Issues

Thoroughly ensure safe conduct and improve hazard prediction abilities across the entire Sumitomo Chemical Group.

Initiatives for Safety Assurance at All Group Locations

Careful analysis of the causes of labor accidents that have occurred on the Sumitomo Chemical Group premises in recent years revealed that the majority of incidents were attributable to unsafe conduct. With the global expansion of our business, we consider it especially imperative to minimize the number of such incidents at overseas Group companies and subcontractors.

Committed to making safety its first priority, the Sumitomo Chemical Group aims to achieve zero-accident operations at all locations through initiatives for safety assurance focused on people.

Ingraining Basic Principles of Safe Conduct

We have learned from experience that we can prevent the majority of labor accidents by thoroughly ensuring basic safe conduct, including hazard prediction. We have therefore set groupwide ground rules and are working to raise awareness of these rules among Group employees while we strive to eliminate labor accidents. We are also working to bolster Groupwide safety activities.

The Sumitomo Chemical Group's Ground Rules

1. Think Before You Act!
2. Help each other to be more aware of unsafe actions
3. Do not place hands in and around areas of working machinery/equipment

Safety Education to Prevent Labor Accidents

Four-Round Kiken Yochi Training (4R-KYT) is a hazard prediction training program that uses illustrations to categorize and suggest improvement measures to be taken to prevent unsafe conduct. These improvement measures are broken down into four steps: assess the current situation, determine the root cause, establish countermeasures, and set targets. 4R-KYT is a widely used form of training at manufacturing sites in Japan. By demonstrating this training at global safety conferences and other large gatherings, we aim to roll out 4R-KYT across the entire Group, both in Japan and overseas.

An example of a 4R-KYT worksheet

Sharing Information

We regularly hold global meetings and information exchange meetings with Group companies. We report on safety activities and specific incidents in addition to conducting Responsible Care (RC) award ceremonies and introducing RC activities of the award recipients.

In addition, we send out an RC newsletter once a month in four languages (English, Chinese, Korean, and Japanese) to Group companies in Japan and overseas. Recently, we have seen growth in feedback regarding articles in the newsletter. In this way, the newsletter is enabling us to engage in more active two-way communication with Group companies.

Training People Responsible for the Safety of the Group

Holding the IT-related Chemicals Sector Global Safety Conference

In March 2016, we held the third IT-related Chemicals Sector Global Safety Conference to raise and maintain safety awareness at manufacturing sites in the IT-related Chemicals Sector, which covers a broad range of components and materials related to Information and Communication Technology (ICT). Including executives from the sector, there were around 400 participants. The following events were held at the conference.

The 4R-KYT Practice Contest

Through the safety activity report, we shared each location's best practices and undertook to organize and improve daily safety initiatives through communication during the preparation of the report and after the report was released.

At the 4R-KYT Practice Contest, five teams representing each region covered by the IT-related Chemicals Sector competed on the quality of their hazard prediction abilities and teamwork. 4R-KYT practice at the Global Safety Conference began in fiscal 2013, and the habit of sharpening hazard prediction abilities has been spreading throughout the entire Group.

Top place in the Award for Workplace Safety was bestowed upon the team from Sumika Electronic Materials (Wuxi) Co., Ltd. The company was lauded for both its high productivity and its absence of accidents and disasters thanks to its provision of thorough safety education to new employees.

Business Bases in Asian Region of the IT-related Chemicals Sector

Dongwoo Fine-Chem Co., Ltd. hosted the conference, and its president Hwang Inwoo stressed the importance of safety.

He said safety is a major prerequisite for a company's business. He believes that once safe and stable operations have been firmly secured, the company can gain the trust of society and form long-term partnerships with customers.

Accidents and disasters can have huge impacts on a company and threaten its survival. To secure and maintain safety, it is important to change employees' mindsets and create safety assurance systems for the company, he explained.

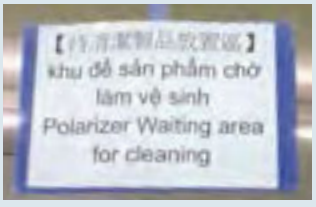
When talking to employees during training, President Hwang tells them that every single employee has an obligation to obey the rules and safely carry out their work, and that the company, in turn, has an obligation to provide a workplace where employees can safely work.

He also communicates to all employees that they should think of each person in their workplace as a family member and execute safety measures with the same level of commitment they would give to safeguarding their loved ones from harm.

Hwang Inwoo
Executive Officer
(President, Dongwoo Fine-Chem Co., Ltd.)

TOPIC Promoting Work Safety among Foreign National Employees

The Taiwan-based Sumika Technology Co., Ltd. also employs foreign nationals from across Southeast Asia. The company has various measures in place to ensure that tasks are performed safely regardless of differences in language or lifestyle habits. For example, videos and illustrations are used to communicate the utmost importance of safety during operations, and signs and bulletins are written in multiple languages. When giving operating instructions, instructors demonstrate the required actions and have trainees perform the tasks, preventing accidents that could arise from insufficient operator knowledge. Further, when an employee is injured, the employee creates a video message in his or her native language explaining the cause of the accident to coworkers of the same nationality to prevent recurrences.



A multilingual sign

Special Feature 4

Initiatives Geared toward the Next Generation

Goals

Educate children—the leaders of tomorrow—
and promote diversity and work-life balance.

Issues

Respond to stakeholders' anticipation of companies' educational support for children.
Create workplaces that foster innovation.

Educational Support Around the World Encourages Children's Interest in Chemistry

At the Sumitomo Chemical Group, we believe that conveying the fun of chemistry is important in getting children interested in chemistry. Thus, we are continually expanding our science workshop class initiative at each worksite and Group company in Japan and overseas.

Bringing Science Workshop Classes to Overseas Group Companies

Science workshop classes were originally held only at workplaces in Japan, but we are actively rolling them out at overseas Group companies. In China, Sumitomo Chemical (China) Co., Ltd. has continuously held science workshop classes for elementary school students in collaboration with other Group companies since 2012. In addition, in Singapore, Sumitomo Chemical (Asia Pacific) Pte. Ltd. held science workshop classes at day-care centers in collaboration with neighboring Group companies in September 2015. In Belgium, Sumitomo Chemical Europe S.A./N.V. participated for the first time in science events for children for a science day in November 2015. Through these and other efforts, science workshop classes are steadily expanding at overseas Group companies.

VOICE Science Workshop Classes Exploring the Wonders of Chemistry

Whispering Hearts Student Care Centre (in Singapore)

Mr. Yeo Yew Huat (back) and Ms. Nur Hassinahbanu Bte Md Salim (front)

Thanks to the efforts of everyone at Sumitomo Chemical Group companies in Singapore, we were able to successfully hold our first science workshop class. The elementary school students conducted a unique experiment using polarizers and water-absorbent polymers and gasped at the brilliant colors of the sparkling kaleidoscope, the mysterious cylinder trick, and the changing shape of the mysterious powder. Many of the children provided positive feedback, stating that they now like science and they were now more interested in chemistry. We were impressed by how the Group employees carefully explained to the children the content of the experiments using Sumitomo Chemical Group products, provided safe instructions, and prepared the experiment materials. Going forward, we hope to continue these science workshop classes with the support of everyone at the Sumitomo Chemical Group.

Diversity Is a Driving Force toward the Future

We aim to increase the diversity in our organization and enable all employees to achieve their fullest potential to foster innovation.

Initiatives to Promote Diversity

Sumitomo Chemical has positioned the promotion of diversity as an important management theme. We are focusing our efforts on creating a workplace where diverse people can realize the full potential of their unique abilities regardless of gender, nationality, or age, and work actively with a sense of accomplishment. We believe that as we expand business globally, these kinds of measures will energize our workplaces, strengthen the competitiveness of the Company, and generate innovation.

Promoting the Active Advancement of Women

As part of the Company's promotion of diversity, Sumitomo Chemical is pressing ahead with various measures related to the active advancement of women. One initiative is the Women Leader Creation Academy. In this program, Sumitomo Chemical's female employees exchange opinions with female managers and instructors from both inside and outside the Company. The purpose is to provide necessary skills and instill the sense of commitment required in managers; furnish instruction on how to develop a career-oriented mindset; and impart essential leadership skills, including ways to move tasks forward and appropriate methods for communicating with staff. In fiscal 2015, 23 female employees participated in this program, which was conducted four times during the year. In the fourth round, with the participation of their supervisors, the employees created and shared their career visions, which provided an opportunity for supervisors and subordinates to reach a mutual understanding regarding their careers.

Participants earnestly listened to the lecture, and joined in the group discussion.

A session underway at the Women Leadership Development Academy

Comments from Participants

- Based on actual experience, the external instructor's lecture was compelling.
- As the other female employees were from a wide range of sections I don't normally have contact with, I was able to expand my network.
- In the *Letter from My Boss*, my boss wrote about the expectations of my section, and I now have greater motivation toward my work.

Initiatives to Promote Work-Life Balance

The Company is strengthening its work-life balance efforts to help employees make their private and business lives compatible and enable them to enjoy sounder and more fulfilling lives. We have enhanced various systems to help employees who are experiencing strenuous life events such as childcare and nursing care. To ensure employees maintain harmony between work and life, we are encouraging them to regularly take paid holidays and participate in "work-life balance days." On such days, which occur at least once a week, employees are not allowed to work overtime.

VOICE On Taking Paternal Childcare Leave

Takao Oishi, Legal Dept.

After the birth of my daughter, I took paid paternity leave and childcare leave for a total of a little less than one month. This allowed me to better help my wife, who was still recuperating. We shared housework, such as cleaning, laundry, and shopping, while taking care of our newborn baby girl. It was a great joy to tend to our daughter around the clock together as a couple, despite the uncertainties of being a new parent, thanks to the childcare leave. Being away from work for a while also provided a good opportunity to ponder my relationship with my family and the way I work. I am indebted to my boss and coworkers, who expressed their gladness at my taking childcare leave, as well as to the Company's robust childcare leave system, which paid me for a portion of the time off. I am so grateful for everyone's support.

CSR Management

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

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CSR Management

Message from the CSR Officer

Hiroshi Niinuma
Managing Executive Officer

In its Basic CSR Policy, the Sumitomo Chemical Group outlines this commitment: By continuously creating and providing new value, the Sumitomo Chemical Group will build its corporate worth, contribute to solving the problems facing society and our environment while enriching people's lives. We are also proactively working to promote business activities, positive social activities, positive social and safety, environmental, and quality assurance activities.

Our code of conduct is based on the Sumitomo Spirit, which says that our top priority should be maintaining society's trust. The Sumitomo Chemical Group was born from the twin missions of overcoming environmental problems and boosting agricultural production. Since its founding, the Group has maintained this spirit of solving social problems through business operations in its DNA.

Going forward, the Sumitomo Chemical Group will continue to play a significant outsize role in the sustainable development of society as all of its employees manifest this spirit in their daily work with passion and a sense of purpose.

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, we set medium-term promotion plans, yearly policies and specific goals for each workplace, and implement CSR activities to achieve them.

CSR Promotion System

Chaired by the President and composed 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 Basic CSR Policy and activities are shared at the Regional CSR Meetings in each region and the Global CSR Meetings for CSR managers from the regional headquarters established in each of the world's four regions.

At the CSR Promotion Committee meeting held in February 2016, we set out the annual CSR activity policies for fiscal 2016 and the medium-term promotion plan covering the Group's CSR activities between fiscal 2016 and 2018. We also agreed to include a basic policy of sharing the Group's vision with stakeholders in the medium-term promotion plan. In discussions, we maintained that CSR activities are a source of competitive advantage, and we will continue to fulfill our corporate social responsibility as a global company. Furthermore, we reached emphatic agreement that it is important for all Sumitomo Chemical Group employees to work together to achieve the Group's common goals.

In September 2015, the United Nations General Assembly laid out the Sustainable Development Goals that the international community is supposed to achieve by 2030. In light of this, we all agreed that companies are expected to play a larger role than ever in resolving these global issues.

◎CSR Promotion System

CSR Management

Links with the International Community

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

▶ UN Global Compact Activities

Sumitomo Chemical became the first Japanese chemical company to become a participant in 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 (see page 12), we are further ramping up activities by networking with the UN and other organizations.

In the UN Global Compact, at the Private Sector Forum 2015 held at the UN headquarters in September 2015, an executive officer of the Company participated as a panelist and exchanged opinions with panelists representing governments, businesses, and NGOs, about the importance of companies in resolving global issues. In addition, Sumitomo Chemical participates in the GC Working Group on the 10th Principle (Anti-Corruption). In fiscal 2013, Sumitomo Chemical endorsed the "Women's Empowerment Principles" (WEPs), which were formulated through collaboration between the United Nations Global Compact and UN Women. We continue to participate in the annual event for WEPs.

We actively share information with participating companies and exchange views through our participation in the Japan-China-South Korea Roundtable, the Post 2015 Subcommittee, 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.

▶ Our Contributions to the UN's Sustainable Development Goals

The United Nations Sustainable Development Summit was held at UN headquarters in September 2015, and the agenda entitled *Transforming our world: the 2030 Agenda for Sustainable Development* was adopted. The agenda outlined declarations and goals as an action plan for people, the Earth, and prosperity. These goals are the Sustainable Development Goals (SDGs), which comprise 17 goals and 169 targets and succeed the Millennium Development Goals (MDGs). Companies are expected to leverage their innovative power to help achieve these goals. The Sumitomo Chemical Group will continue contributing to initiatives aimed at achieving these goals for sustainable 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.

Sumitomo Chemical participates in the activities of the International Council of Chemical Associations (ICCA)*3 and is active in a number of Global Compact Working Groups, including one on energy and climate change and one on chemical policy and health. We work together to create reports compiling study results, conduct surveys, and promote the greater acceptance of product quality control methods. Specifically, we helped gather the opinions of ICCA members regarding climate change policies and reported the results at an event at COP21, which was held in Paris in December 2015.

In addition, we participate in the Chemical Policy and Health taskforce and help conduct surveys of systems around the world for relaying information on the chemical substances products contain and promote product stewardship*4 in participating countries, especially those in Asia.

*3 ICCA: This organization was established to harmonize the strategies of chemical industry associations and councils around the world through dialogue and cooperation. As the principal representative of the chemical industry, ICCA presents opinions to international organizations about key topics shared by its members and various activities of the chemical industry.

*4 Product stewardship: This refers to evaluating the risks throughout a chemical product's life cycle, including manufacture, sale, use/consumption, disposal, as well as the supply chain, then protecting the public's health and the environment in response to those risks.

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 "Safety comes first," the Sumitomo Chemical Group engages in RC activities from a variety of perspectives.

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Responsible Care Activity Goals and Results

See the Supplementary Data on pages 45 to 59 for further details.

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

Items	Fiscal 2015 Goals	Fiscal 2015 Results	Evaluation	Fiscal 2016 Goals	Page
Responsible Care (RC) Audits	● Enhance global RC audits ● Expand technical assistance to Group companies ● Enhance development of RC human resources	● Used integrated RC audit checklist internally and at Group companies in Japan and overseas ● Held safety and quality assurance seminars when overseas Group companies conducted audits ● Introduced an RC Global Auditor System	○ ○ ○	● Expand RC audit scope ● Investigate accidents from the view point of a third party ● Promote RC Global Management	P32 P46
Environmental Protection	**Promotion of Environmental Management**				
	● Sumitomo Chemical (non-consolidated): 0 severe environmental accidents ● 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	● Sumitomo Chemical (non-consolidated): 0 severe environmental accidents ● Grasped environmental regulatory trends in a timely manner and responded ● Implemented Company-wide organization management as planned ● Completed the standardization and systematization of environmental management	○ ○ ○ ○	● No severe environmental accidents for the Group in Japan or overseas ● Properly respond to more stringent laws and regulations and proactively address trends in new environmental regulations ● Promote labor saving in and streamlining of environmental protection management	P33-34 P45 P47 P55-57
	Addressing Climate Change Issues				
	● Reduce unit CO_2 emissions from energy use • Sumitomo Chemical (non-consolidated) and Group companies: Work toward achieving fiscal 2015 and 2020 goals and improving unit CO_2 emissions from energy use. ● Improve unit energy consumption • Sumitomo Chemical (non-consolidated) and Group companies: Work toward achieving fiscal 2015 goals and implement initiatives aimed at improving unit energy consumption. ● Improve unit energy consumption in the logistics division • Sumitomo Chemical (non-consolidated[*1]): Aim to improve by an annual average of 1% or more relative to the fiscal 2006 standard, and improve unit energy consumption	● Reduced unit CO_2 emissions from energy use • Sumitomo Chemical (non-consolidated): Reduced by 11.9% relative to fiscal 2005 • Group companies in Japan: Reduced by 4.5% relative to fiscal 2010 • Group companies overseas: Reduced by 18.7% relative to fiscal 2010 ● Improved unit energy consumption • Sumitomo Chemical (non-consolidated): Improved by 16.0% relative to fiscal 2005 • Group companies in Japan: Improved by 11.9% relative to fiscal 2010 • Group companies overseas: Improved by 19.0% relative to fiscal 2010 ● Improved unit energy consumption in the logistics division • Sumitomo Chemical (non-consolidated[*1]): Improved by an annual average of 0.1% relative to the fiscal 2006 standard	○ △ ○ ○ ○ ○ △	● Reduce unit CO_2 emissions from energy use • Sumitomo Chemical (non-consolidated): Improve unit CO_2 emissions from energy use 15% by 2020 compared to 2005 levels • Group companies in Japan: Improve unit CO_2 emissions from energy use over 1% per year on average • Group companies overseas: Improve unit CO_2 emissions from energy use over 1% per year on average ● Improve unit energy consumption • Sumitomo Chemical (non-consolidated): Improve unit energy consumption 15% by 2020 compared to 2005 levels • Group companies in Japan: Improve unit energy consumption over 1% per year on average • Group companies overseas: Improve unit energy consumption over 1% per year on average ● Improve unit energy consumption in the logistics division • Sumitomo Chemical (non-consolidated[*1]): Aim to improve by an annual average of 1% or more relative to the fiscal 2006 standard, and improve unit energy consumption	P35-36 P48-49 P56-57
	Waste Reduction Initiatives				
	● Reduce 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 ● Properly treat PCB waste • Work toward appropriate storage and recovery of waste containing high concentrations[*2] of PCBs and complete PCB waste treatment at an early stage • Work toward appropriate storage and recovery of waste containing minute amounts[*3] of PCBs and complete PCB waste treatment by March 2025	● Reduced the amount of industrial waste sent to landfills • Sumitomo Chemical (non-consolidated): Reduced by 94.3 % relative to the fiscal 2000 Level • Group companies in Japan: Reduced by 65.3% relative to the fiscal 2010 level ● Properly treated 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	○ ○ ○ ○	● Reduce the amount of industrial waste sent to landfills • Sumitomo Chemical (non-consolidated): Maintain 80% reduction in waste volume compared to fiscal 2000 levels • Group companies in Japan: Lower fiscal 2020 waste volume to below fiscal 2015 results ● Properly treat 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	P37 P49-50 P56

*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: Polychlorinated biphenyl (PCB) intentionally used as insulation oil in such items as electric appliances
*3 Minute amounts of PCB: PCB unintentionally mixed in as insulation oil in such items as electric appliances (over 0.5mg/kg)

Responsible Care Activity Goals and Results

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

Items	Fiscal 2015 Goals	Fiscal 2015 Results	Evaluation	Fiscal 2016 Goals	Page
Environmental Protection	**Protecting the Atmosphere, Water, and Soil** ● Prevention of air and water pollution • Sumitomo Chemical (non-consolidated): Work to maintain levels below our voluntary management criteria[*4] ● Effective use of 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% relative to fiscal 2010 by fiscal 2015 ● Response to 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 ● Reduction of VOC emissions • 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[*5] ● 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 conservation • Sumitomo Chemical (non-consolidated): Ensure compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity"	● Prevention of air and water pollution • Sumitomo Chemical (non-consolidated): Four incidents of pollution exceeding voluntary limits; causes have been investigated and countermeasures implemented in all cases ● Effective use of water resources • Sumitomo Chemical (non-consolidated): Unit water usage worsened by 13.5% relative to fiscal 2010 • Group companies overseas: Unit water usage improved by 18.5% relative to fiscal 2010 ● Response to PRTR • Sumitomo Chemical (non-consolidated): Reduced emissions by 86.0% relative to fiscal 2008 • Group companies in Japan: Reduced emissions by 34.4% relative to fiscal 2010 ● Reduction of VOC emissions • Sumitomo Chemical (non-consolidated): Reduced emissions by 51.8% 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 conservation • Sumitomo Chemical (non-consolidated): Ensured compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity" and promoted detailed initiatives	△ △ ○ ○ ○ ○ ○ ○	● 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): Strive to effectively and efficiently use water resources • Group companies overseas: Improve unit water consumption by at least 1% on average per year ● Response to PRTR • Sumitomo Chemical (non-consolidated): Reduce total emissions of air and water pollutants by 60% relative to fiscal 2008 • Group companies in Japan: Reduce total emissions of air and water pollutants to below fiscal 2015 levels by fiscal 2020 ● Reduction of VOC emissions • 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 ● Conservation of Biodiversity • Sumitomo Chemical (non-consolidated): Ensure compliance with "Sumitomo Chemical's Commitment to the Conservation of Biodiversity"	P37-38 P51-54 P56-57
Product Responsibility/ Product Stewardship	● 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[*6] ● Logistics quality-related incidents: No Rank A or Rank B incidents, two or fewer Rank C Incidents	● Acted precisely in accordance with relevant laws and regulations ● Systematically put in place risk assessment methods ● Introduced SuCCESS at two Group companies ● Performed 67 risk assessments, including for high-risk products ● Logistics quality-related incidents: No Rank A or Rank B incidents, one Rank C incident	○ ○ ○ ○ ○	● Continue to act precisely in accordance with domestic and overseas laws and regulations ● Continue to promote risk-based chemical 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	P39-40
Occupational Safety and Health/ Industrial Safety and Disaster Prevention	● Lost-workday injuries: 0 ● Severe industrial accidents: 0 ● Workplace injuries in logistics: 0	● Lost-workday injuries: 0 ● Severe industrial accidents: 0 ● Workplace injuries in logistics: 4	○ ○ △	● Lost-workday injuries: 0 ● Frequency rate of lost-workday injuries for the Group[*8]: less than 0.1 ● Severe accidents[*9] for the Group[*7]: 0 ● Severe industrial accidents[*10] for the Group[*7]: 0 ● Workplace injuries in logistics: 0	P41-44 P58-59

*4 Voluntary management targets that are stricter than the criteria of relevant laws and regulations, including agreements reached with local authorities.
*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.
*7 The Group is defined as Sumitomo Chemical (including its partner companies and others) and consolidated subsidiaries in Japan and overseas.
*8 The Responsible Care Department determines if accidents that occur at overseas consolidated subsidiaries are considered to be lost-workday injuries or non lost-workday injuries based on how the accidents are handled in Japan.
*9 Severe accidents are defined as those that result in a fatality or those that result in medium to severe lost-workday injuries, including blindness and loss of a limb.
*10 Severe industrial accidents are defined as industrial accidents resulting in any of the below conditions.
- The local residents suffer injuries requiring at least regular hospital visits or treatment.
- Employees at the facility suffer injuries that at least require a lost workday.
- The damage to the facilities totals more than ¥10 million.

Responsible Care Management

See the Supplementary Data on pages 45 to 46 for further details.

A Message from the Executive Officer in Charge of Responsible Care

Yasuhiko Kitaura
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. As we promote the Corporate Business Plan, which commenced in April, we will continue to affirm the importance of Responsible Care activities, diligently carrying them out, and contributing to the development of society while earning its trust.

"Safety comes first"

"Safety comes first," is at the heart of our principles. That is different than "Safety is the first priority." It emphasizes that we must place safety above everything else and that each and every one of us must be proactive and take the initiative in ensuring safety. It has been more than 20 years since this declaration. Going forward, we aim to continue working to gain the confidence of people in local communities.

Enhancing Groupwide RC Activities

Under the new RC medium-term plan, we are focusing on raising the level of RC activities across the entire Group. Since 2015, we have placed RC managers at regional headquarters in the United States, Europe, and China, enabling the expansion of RC activities rooted in each local community. We are enhancing specific activities while strengthening risk control in the areas of industrial safety and disaster prevention, occupational safety and health, environmental protection and climate change, product responsibility and product stewardship.

Aiming to Realize a Sustainable Society

The role Sumitomo Chemical is expected to fill as a globally operating diversified chemical company is continuing to expand as global issues pile up, including realizing a recycling-oriented society, conserving biodiversity, and addressing climate change (which is reflected in the 2° C target agreed upon at COP21). The Company is promoting its own specific, transparent, and reliable initiatives, and the Japan Chemical Industry Association and the International Council of Chemical Associations (ICCA) are also working hard to resolve global issues. We will also work to proactively and effectively promote these efforts around the world.

Corporate Policy on Safety, the Environment and Product Quality

In conformity with the Sumitomo Spirit, the 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 "Safety comes first," 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.

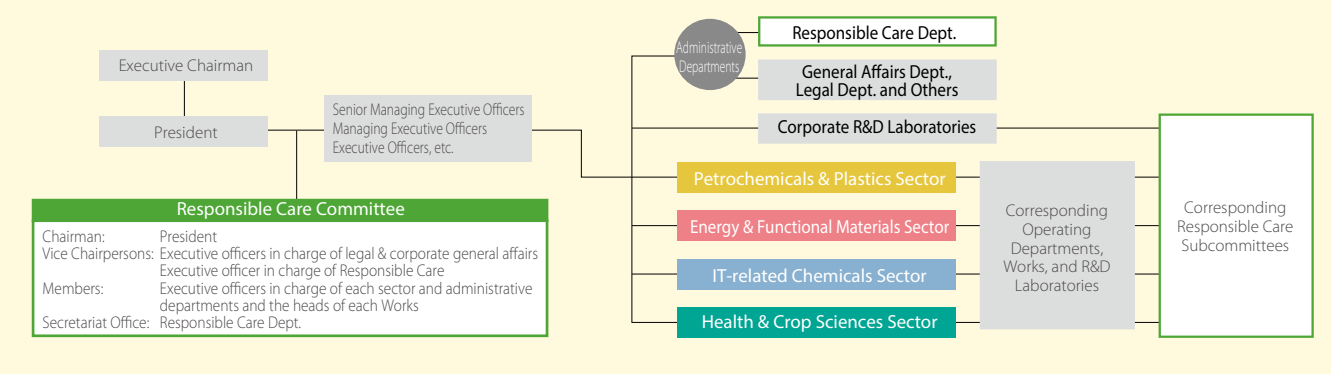
Revised: July 15, 2013 (Established: January 1995)

Responsible Care Management

Organization for Responsible Care Activities

Sumitomo Chemical's RC activities are classified into the fields of occupational safety and health, industrial safety and disaster prevention, environmental protection and climate change, product responsibility and product stewardship. As the highest body for deliberating and approving RC activities, the Responsible Care Committee is chaired by the executive officer in charge of Responsible Care and comprises executive officers supervising the administrative departments and the four business sectors of the Company, and the heads of each Works. The Committee puts in place policies on activities, long-term plans, and specific measures as they relate to Responsible Care. The Committee also analyzes and assesses the results of Responsible Care activities.

◎Organization of Responsible Care Activities



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

	Medium-Term Plan (for fiscal 2016 to 2018)	Long-Term Goals for fiscal 2020
Occupational Safety and Health	Improve the Group's culture of safety by strictly following safety requirements	Achieve zero accidents by establishing a culture of safety
Industrial Safety and Disaster Prevention	Bolster safety assurance capabilities by improving process risk assessment and promoting safety measures	Ensure the achievement of zero accidents and zero disasters through stable operations
Environmental Protection	Properly respond to more stringent laws and regulations and proactively address trends in new environmental regulations	Promote risk-based environmental management
Addressing Climate Change	Work to improve unit CO_2 emissions and energy consumption Establish an internal certification system for products that help address climate change and promote the development and adoption of said products	Promote the reduction of GHG emissions throughout the product life cycle
Product Responsibility and Product Stewardship	Promote stronger voluntary product quality control by actively using the comprehensive chemical management system (SuCCESS) and encourage the use of product safety risk assessments, including at Group companies	Promote chemical management based on risks identified by risk assessments of products that are high-risk in terms of safety
RC Audits	Reduce risks by expanding the scope of RC audits	Contribute to RC Global Management
Logistics	Reduce the number of logistics safety and quality-related incidents	Promote a modal shift

Promoting RC Activities as a Unified Group

Sumitomo Chemical shares policies and targets regarding RC across the entire Group. We promote activities as a unified group and aim to achieve outstanding performances in each area of RC. To this end, in 2010 we therefore formulated the Group Responsible Care Standards, wherein specific requirements are set out. We abide by these standards and revise them when appropriate. In addition, we created the *Responsible Care Management Manual* to ensure a deeper understanding of the standards at Group companies. The Group is working to ensure, maintain, and improve safety, environmental protections, and quality assurance. Through these efforts, the Sumitomo Chemical Group is promoting RC activities to ensure that it continually enjoys the trust and understanding of society with regard to its business activities.

Furthermore, to support the RC activities of Group companies, within the Responsible Care Department we formed a global management team that promotes a wide range of initiatives. When an accident or disaster occurs at a Group company, the team promptly shares case studies with the rest of the Group and publishes an RC newsletter with information on preventing the occurrence of similar disasters as well as articles on RC activity-related topics. The team meets with Group companies in Japan and overseas for face-to-face meetings to discuss RC. The team also organizes the RC Award to recognize the excellent RC activities of Group companies.

Responsible Care Management

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

- Approximately 70% of hazard assessment completed and risk assessments performed for 318 products

Voluntary initiative on the safety of HPV[*1] chemicals and conducting LRI[*2] activities

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

●

Cutting the release of substances subject to the PRTR Act into the air and water in half

- Secured an 86.0% reduction in fiscal 2015 from the fiscal 2008 level, surpassing 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 and Safety (at all plants), local PR newsletters, etc., made school visits, accepted student interns, and engaged in dialogue with local residents

Preventing Global Warming

Continuously improving unit energy consumption and CO_2 emission intensity at all manufacturing sites

- Secured improvements in unit energy consumption of 16.0% and captive consumption CO_2 emission intensity of 36.4% in fiscal 2015 from the fiscal 2005 level, surpassing the improvement target of 10% and 8%, respectively, from the fiscal 2005 level by fiscal 2015

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 (This activity has ended.)

○

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 1.9% deterioration in unit energy consumption in fiscal 2015 from the previous fiscal year level compared with the annual average unit energy consumption improvement target of 1%

Reducing CO_2 emissions by households in cooperation with the labor union

- Engaged in communication activities through internal magazines, the intranet, and proprietary Environmental Accounting Book (This activity has ended.)

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 94.3% reduction in Group-wide industrial waste landfill in fiscal 2015 from the fiscal 2000 level, surpassing the reduction target of 80% from the fiscal 2000 level by fiscal 2015
- Industrial waste landfill was below the 3% ratio of total waste generated across all plants in line with the target.

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*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 implemented measures to fulfill the revised version since April 2012. (For the full text of the Eco-First commitments, see Supplementary Data.)

Responsible Care Management

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 the following four-step approach.

Step 1: Sharing Sumitomo's business principles and philosophy

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

Step 3: Establishing and developing 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 given assistance to put in place 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 Audits Overview and Framework

▶ Overview

Sumitomo Chemical has an independent RC audit team. The RC auditors, who have a wealth of knowledge, experience, and technical expertise, take the lead in directly visiting internal Works as well as Group companies and conducting audits. In addition, RC audits of internal Works are conducted from a management perspective by Sumitomo Chemical's executive officers in charge of RC.

▶ Features

Features of Sumitomo Chemical's RC audits:

- Technical support is provided to ensure improvement at Group companies.
- Throughout RC audits, human resource development programs are incorporated to train Manufacturing Section Heads of Sumitomo Chemical and RC staff of Group companies.
- Local consultants are engaged to ensure the thoroughgoing and comprehensive check of compliance at overseas Group companies.

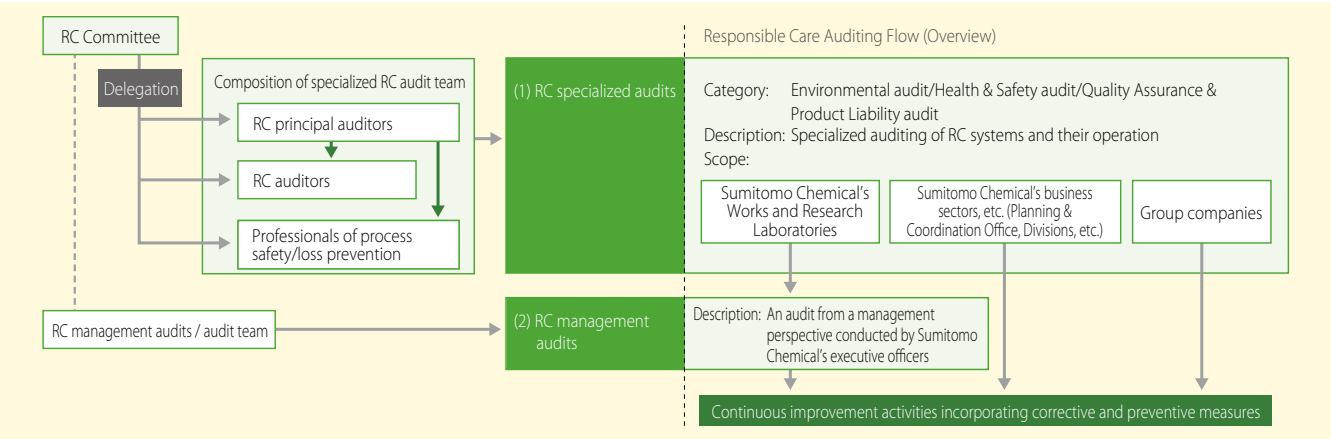
▶ The scope and cycle

RC audits are conducted annually at Sumitomo Chemical's Works and business sectors, and every three years at Group companies.

Looking Ahead

We will play a central role in the global management of RC and aim to contribute to business creation and effective management.

◎Responsible Care Auditing Framework



TOPIC

The JCIA Responsible Care Award (May 2015)

On May 28, 2015, the Japan Chemical Industry Association hosted the JCIA Symposium 2015 at the Palace Hotel Tokyo. Sumitomo Chemical's Responsible Care Department (technical reliability audits) received the 9th Annual Responsible Care Award (RC Jury's Special Award). The award was given for "The Turnaround in Responsible Care Audit of Sumitomo Chemical" and in recognition of the department's ability to swiftly uncover latent risks, its support for improvement efforts after audits are concluded, and its initiatives focused on personnel training. Going forward, we will leverage the strengths of our audit organization to expand the scope of activities and contribute to the development of Responsible Care.

Environmental Protection

See the Supplementary Data on pages 47 to 57 for further details.

Basic Stance

Everyone at Sumitomo Chemical works together to realize environmental management, which is to say management that helps the company and society develop in a sustainable manner that is mindful of the environment. Our aim has been to realize environmental management through our business operations. Thus, we are always thinking of how to use the power of chemistry to help resolve global issues, including those related to energy and the environment.

Under the new medium-term plan for climate change and environmental protection, which commenced in fiscal 2016, we work to strengthen key initiatives concerning our production activities with the aim of further enhancing environmental management.

Priority Initiatives of the Medium-Term Plan for Climate Change and Environmental Protection (Fiscal 2016–Fiscal 2018)

(1) Climate Change

- Achieve the world's highest energy efficiency standards
- Develop processes and products that help build a low-carbon society
- Effectively implement management of energy, CO_2, and fluorocarbons
- Respond to government policies on energy and global warming in Japan and overseas

(2) Environmental Protection

- Properly respond to more stringent laws and regulations and proactively address trends in new environmental regulations
- Promote voluntary activities related to environmental protection
- Provide individual support to Group companies for responding to environmental regulations
- Provide guidance and support to formulate consolidated Group targets and to achieve said targets

Overview of Activities (Key Initiatives and Major Results in Fiscal 2015)

▶ Take definitive steps to uphold Eco-First Commitments

We have worked to rationalize processes, reduce CO_2 emissions and energy consumption through heat recovery, reduce emissions of PRTR substances into the air and water based on thorough risk management, limit the generation of waste, and reduce landfill waste through recycling, reuse, and recovery. We plan to renew our targets and uphold Eco-First Commitments.

▶ 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 CO_2 emissions when they are used as final products, we calculate their contribution to reducing CO_2 emissions based on the Carbon Life Cycle Analysis (c-LCA) concept, which assesses CO_2 emissions throughout the entire product life cycle from procurement of the raw materials to manufacture, distribution and disposal.

▶ Effectively implement management of energy consumption and GHG emissions

Sumitomo Chemical finished the test run of its system for collecting and managing Company-wide energy and GHG data in fiscal 2014, and began managing this data for plants and all departments in fiscal 2015. This has enabled the easy management of plan figures based on actual results.

▶ Promote an optimum mix of appropriate legal and regulatory compliance measures and voluntary activities

We respond to revisions of laws and regulations in a systematic and timely manner. We revised environmental risks in various fields and took measures to reduce risks while weighing the costs and benefits.

▶ Standardize environmental protection management methods and reduce environmental treatment expenses

Over the span of two years, 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 in-house system. We have finished revising the system and begun operations. However, we have also begun considering introducing a data management system that uses an external cloud system in order to ensure the accurate and prompt collection of a wide range of performance data related to energy and the environment for all Group companies in Japan and overseas. Meanwhile, we are continuing to carry out the trial evaluation of a waste management system designed to strengthen compliance and increase efficiency by providing the visualization of waste management data from major plants. The entire Company regularly works to efficiently reduce its environmental processing costs for gas emissions, water emissions, and waste materials.

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

All major Sumitomo Chemical Group companies in Japan and overseas have set common targets with a base fiscal year of 2010 and have taken various measures to achieve them by the target fiscal year of fiscal 2015.

The Group companies will set new targets for fiscal 2016 onwards and continue striving to improve the performance of the entire Group.

Environmental Protection

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).

*1 Environmental performance data is provided for Sumitomo Chemical and the following Group company manufacturing facilities: Sumitomo Dainippon Pharma Co., Ltd.; Koei 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.; Asahi Chemical Co., Ltd.; Shinto Paint Co., Ltd.; Sumika Styron Polycarbonate Limited; Sumika Covestro Urethane Company, Ltd.; and Sumika Agrotech Co., Ltd.

◎Primary Environmental Performance (Fiscal 2015)

Figures in black: Sumitomo Chemical Group*1 Figures in green: Sumitomo Chemical (Non-Consolidated)

INPUT Energy and Resources*2

Water★

(Millions of tonnes)

Industrial water	67.5	61.2
Drinking water	0.9	0.4
Seawater	949.8	199.1
Groundwater	22.0	19.1
Other water	2.3	2.3
Total	1,042.5	282.2

Energy★

Calculated as kl of crude oil

(Thousands of kl)

Fuel, heat, and electricity*3	1,159*4	906

Exhaustible resources

(Thousands of tonnes)

Hydrocarbon compounds	1,940	1,553
Metals (excluding rare metals)*5	123	117
Rare metals*6	0.08	0.02

Sumitomo Chemical Group PCB/CFCs under Secure Storage

No. of electrical devices containing high concentrations of PCBs*7	51 units	17 units
PCB volume*7	1.0 kl	0.1 kl
No. of refrigeration units using specified CFCs as a coolant	47 units	12 units
No. of refrigeration units using HCFCs as a coolant	340 units	145 units

OUTPUT Product Manufacturing and Environmental Impact

Products★

(Thousands of tonnes)

(Calculated on the basis of ethylene production)*8	1,582	1,306

Water Pollutant Emissions★

(Tonnes)

COD	Coastal waters/waterways	945	869
	Sewer systems	200	74
Phosphorus	Coastal waters/waterways	34	31
	Sewer systems	4	3
Nitrogen	Coastal waters/waterways	1,318	1,230
	Sewer systems	28	22
Substances subject to the PRTR Act*9		55	54

Waste Materials★

(Thousands of tonnes)

Waste generated*10	261	54
Landfill*10	23	1.4
(Breakdown)		
On-site landfill	0	0
External landfill	23*10	1.4

Atmospheric Emissions★

(Thousands of tonnes of CO_2)

Greenhouse gases (seven gases)*3		
Emissions from energy use (CO_2)	3,261*4	2,560
CO_2 emissions from other than energy use	66	55
N_2O	150	65
HFC, PFC*11 Methane, Sulfur hexafluoride NF_3	–	–

(Tonnes)

Others		
NOx	4,896	1,910
SOx	5,281	1,268
Soot and dust	209	72
Substances subject to the PRTR Act*9	505	289

*2 See Supplementary Data from page 47 for data on energy consumption, CO_2 emissions, water usage, and landfill disposal amounts for major overseas Group companies.

*3 Up to fiscal 2011, the energy (kl in terms of crude oil) and greenhouse gases (all seven 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 CO_2 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.

*4 In accordance with note 3, and in line with the change in computation method in fiscal 2012, the amount of energy consumed and the amount of CO_2 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 CO_2 emissions, but do not include the amount of energy consumed and the associated CO_2 emissions from the production of power and steam sold to external parties. In the case the amount of energy consumed and the associated CO_2 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 CO_2 emissions from energy use indices would be 1,880 thousand kl and 5,786 thousand tonnes-CO_2, respectively.

*5 Calculations include the following 12 metals: iron, gold, silver, copper, zinc, aluminum, lead, platinum, titanium, palladium, gallium, and lithium.

*6 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.

*7 Fluorescent lamps and mercury lamp ballast as well as contaminated substances (wastepaper, etc.) including PCB waste are not included in unit and volume data.

*8 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 2,233 thousand tonnes when the aforementioned is included.

*9 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).

*10 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 a dry weight basis.
The amount of waste generated at Sumitomo Joint Electric Power is also included in the figures for external landfills with 21 thousand tonnes of waste transferred to its landfill outside the grounds of its electric power plant.

*11 Outside the scope of reporting under the Act on Promotion of Global Warming Countermeasures

★: Assured by an independent assurance provider

Addressing Global Climate Change

In December 2015, over 190 nations and organizations adopted the COP21 Paris Agreement to reduce greenhouse gas emissions and set out to combat climate change. It is very important to both realize a sustainable society through economic development and deal with climate change, including extreme weather events that severely impact our lives on a global scale.

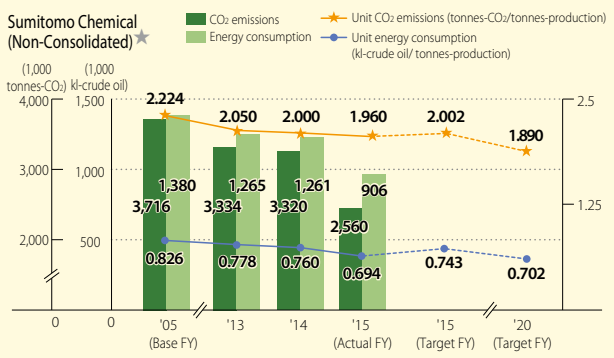
To reduce greenhouse gas emissions at our domestic works, we are replacing old equipment, rationalizing production processes, installing energy-saving equipment, and improving activities so that employees can save more energy. We have also begun working with experts to cut the energy usage of equipment that is highly specialized and difficult to upgrade, such as the equipment in clean rooms.

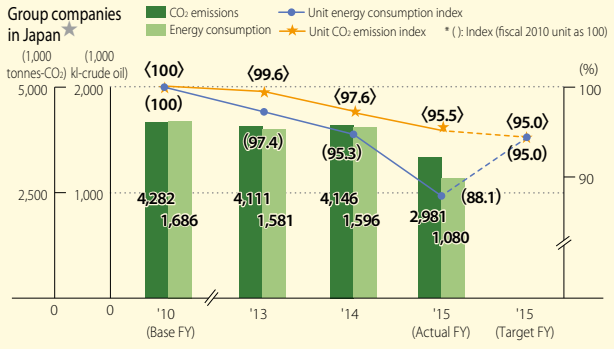
The energy managers of each works share the status and other useful information pertaining to these activities at periodical meetings and are working to reduce greenhouse gas emissions across the Company.

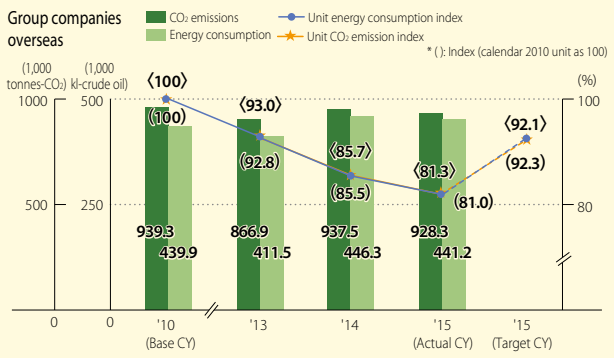
In fiscal 2015, we boldly undertook expansive business restructuring that included suspending operations at the ethylene and several related plants at the Chiba Works as well as the liquid-phase caprolactam plant at the Ehime Works.

Thanks in part to these efforts we reduced energy consumption 353 thousand kl (Crude oil base), and CO_2 emissions from energy sources 760 thousand tonnes year on year in fiscal 2015.

◎Trends in Energy Consumption, Unit Energy Consumption, CO_2 Emissions from Energy Use, and Unit CO_2 Emissions







Note: A portion of data for previous years has been retroactively adjusted to enhance accuracy.

Data Disclosure by Scope

Sumitomo Chemical's emissions by scope in fiscal 2015 are shown below. For scope 3 data, indirect greenhouse gas emissions from business activities throughout the supply chain are calculated separately by category and then added together.

◎Status of CO_2 Emissions by Scope (Sumitomo Chemical (Non-Consolidated))

Category classification	Emissions (1,000 t-CO_2/year)
Scope 1 (direct emissions)★	1,437
Scope 2 (indirect emissions from energy use)★	1,243
Scope 3 (other indirect emissions, upstream and downstream)	3,606

Note: Scope 1 includes CO_2 and N_2O (CO_2 equivalent) emissions from non-energy sources.

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

No.	Category	Emissions (t-CO_2/year)
1	Purchased goods and services★	1,230,000
2	Capital goods	170,000
3	Fuel- and energy-related activities not included in Scope 1 and 2★	223,000
4	Upstream transportation and distribution★	54,500
5	Waste generated in operations★	17,300
6	Business travel	6,260
7	Employee commuting	7,330
8	Upstream leased assets	750
11	Use of sold products★	84,200
	Other (downstream)	1,813,000

Note: Other (downstream) is the total of Category 9 (downstream transportation and delivery), Category 12 (End-of life treatment of sold products), and Category 15 (Investments).

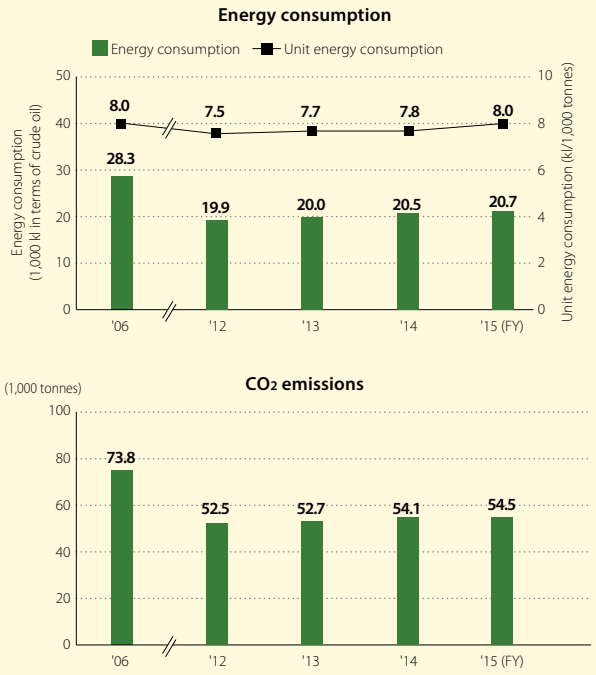
★: Assured by an independent assurance provider

Environmental Protection

Logistics Initiatives

Sumitomo Chemical continues to promote modal shift, or transportation by more efficient and environmentally friendly modes, such as rail and ship instead of trucks. In fiscal 2015, however, due to the business restructuring, our product lineups changed and the average distance of cargo transported increased. As a result, unit energy consumption worsened by 1.9% compared with fiscal 2014. We continue to aim to improve unit energy consumption by 1% or more.

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



TOPIC

Promoting Joint Distribution with Other Chemical Companies

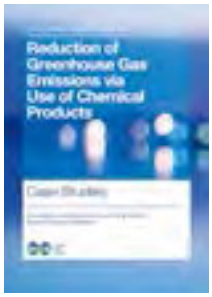
Sumitomo Chemical has begun quickly shifting to joint distribution with other companies in the chemical industry. Recently, the shortage of truck drivers in the distribution industry has worsened and there are LTL carriers* that limit their handling of hazardous materials. Realizing that as a sender we need to consider systems that efficiently transport small lots, in the previous fiscal year we took the first step for such shipments to the northern Kanto region. We began jointly using hazardous material warehouses with other chemical companies in the northern Kanto region and jointly shipping these materials to the same recipients. Looking ahead, we aim to roll out joint storage and transportation to the Kansai region and other areas.

* LTL carriers (less than truckload): Trucks that travel along designated routes and combine small lots from many different customers shipping goods in the same general direction.

TOPIC

ICCA Report

At an event at COP21 in December 2015, the International Council of Chemical Associations (ICCA) exhibited several specific chemical products that help control emissions of greenhouse gases. The ICCA created case studies based on these products and compiled them into a report. The greenhouse gas reduction enabled by Sumitomo Chemical's feed additive DL-methionine was included as a case study in the report.



This report can be viewed on the website of the Japan Chemical Industry Association (JCIA).

https://www.nikkakyo.org/sites/default/files/ICCA_GasReduction_Guidelines_200dpi_300316.pdf

TOPIC

Received the Fiscal 2015 METI Chubu Chief Award for Excellent Energy Management

The Gifu Plant received the fiscal 2015 METI Chubu Chief Award for Excellent Energy Management.

This award is given to operators and facilities in Ehime, Mie, and Gifu prefectures that work tirelessly to promote excellent energy management and achieve great results that can serve as a model for others. The Gifu Plant received the award for reducing its annual consumption of heavy oil by 14.5 kl (39.3 tonnes CO_2 equivalent). This was accomplished by installing new air conditioning units to manage and adjust the temperature in its product warehouses. The new units use well water to precool or preheat the air, improving energy efficiency.

Encouraged by this award, all the employees of our workplaces will continue giving their all to foster ingenuity and promote energy management.

★: Assured by an independent assurance provider

Environmental Protection

Thorough Waste Management and the Reduction of Landfill Waste★

The Sumitomo Chemical Group works in unison to properly and thoroughly manage waste. We have worked to help achieve the goals of the Japan Business Federation's voluntary environmental action plan, a major industry initiative. Among these goals was to reduce the amount of industrial waste sent to landfills to 65% below the fiscal 2000 level by fiscal 2015. In addition, we set in-house reduction targets jointly with each Group company and worked to reduce the amount of waste generated and promote recycling.

In fiscal 2015, landfill waste was 1.4 thousand tonnes on a non-consolidated basis and 2.1 thousand tonnes for Group companies in Japan, representing reductions well beyond the targets of the above-mentioned action plans.

We will formulate new targets for fiscal 2016 onwards and continue to properly manage waste and reduce landfill waste.

▶ Processing PCB Waste

As for both high- and low-concentration PCB-containing waste, we are stepping up our equipment surveys, seeking to identify PCB-containing devices currently in use, including condensers, transformers, and stabilizers. In addition, we are accelerating our systematic disposal and processing waste in line with the regulations stipulated in the Act on Special Measures against PCB Wastes.

As for low-concentrations PCB-containing waste, we are currently assessing rational non-incineration processing policies for containers that have had the insulation oil removed.

Protecting the Atmosphere, Water, and Soil

Sumitomo Chemical works to identify major environmental risks in each field in line with the latest laws and regulations, including the Air Pollution Control Act, Water Pollution Control Act, and Soil Contamination Countermeasures Act. We take measures to systematically reduce risks related to highly important and urgent matters.

▶ Protecting the Atmosphere

● Reining in PM2.5* Emissions

We conduct detailed surveys of boilers, gas turbines, heating furnaces, dry furnaces, cracking furnaces, waste incinerators, and other such equipment, testing for emissions of VOCs and other gaseous atmospheric pollutants, soot, SOx, NOx, and hydrogen chloride, which are also the source of secondary particles and PM2.5. We strive to further reduce emissions for each source.

In addition, we seek to inform national policymakers of the industry perspective in part by participating in a national exploratory committee (Central Environment Council's Fine Particulate Matter Expert Committee) as a representative for the Japan Chemical Industry Association. We are also focusing efforts on addressing current industry-wide issues while uncovering new ones.

* Particulate matter of up to 2.5 μm in diameter

● Enhancing Fluorocarbon Management

We are executing a plan with a definitive deadline to completely phase out refrigeration equipment that uses CFCs and HCFCs as refrigerants. We aim to dutifully adhere to this plan, which, in line with the Act for Rationalized Use and Proper Management of Fluorocarbons, includes devising ways of minimizing leaks when industrial refrigeration and air conditioning equipment is in use as well as taking thorough, swift action once problems related to equipment installation are uncovered.

● Emissions of Mercury into the Atmosphere from Waste Incinerators

We measure concentrations of mercury (both gas and particles) emitted into the atmosphere by our waste incinerators, which we own as assets, and study the impact of these emissions. We have confirmed that mercury is being effectively removed by emission gas removal equipment, including bag filters and scrapers installed at incinerators.

▶ Protecting Aquatic Environments

● Regulations for Reducing Total Water Emissions

We are continually working to reduce the impact of water emissions from our plants on Tokyo Bay and other closed coastal waters where regulations are in place for reducing the total water emissions of COD, nitrogen, and phosphorus. In fiscal 2016, we formulated our eighth basic policy on reducing total water emissions. With tougher regulations for some operations and facilities expected to take effect, we will work to preserve water quality and are considering further treating emitted water as necessary.

● Promoting Safer and More Reliable Water Treatment

We have developed water treatment management technology that helps reduce our impact on the environment and are employing this technology to realize safe and reliable water treatment at all our plants.

▶ Protecting the Soil Environment

Based on soil management conditions at Sumitomo Chemical business sites, we have established targets to prevent harmful substances (oil, heavy metals) 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 Group-owned 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.

★: Assured by an independent assurance provider

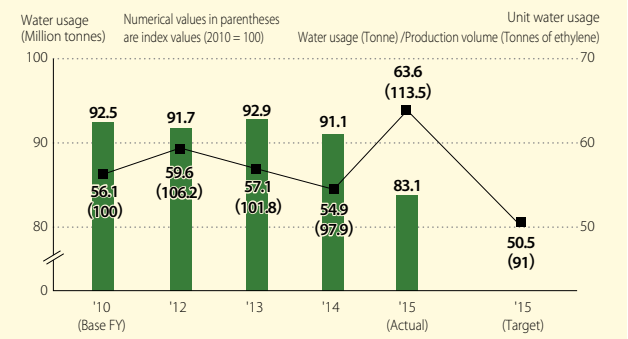
Environmental Protection

Promoting the Effective Use of Water

Sumitomo Chemical recognizes that the importance of water as a limited natural resource is a global issue. We strive to reduce the amount of water we use by examining more effective ways to use water by application, while continuing to maintain and improve the quality of water released from our business sites into public water resources such as the ocean and waterways.

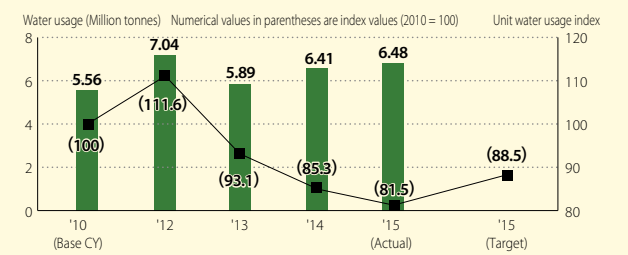
◎Water Usage and Unit Water Usage (Sumitomo Chemical (Non-Consolidated))★

Note: Does not include seawater



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

Note: Does not include seawater



* A portion of data for previous calendar years has been retroactively adjusted to enhance accuracy.

Biodiversity Preservation Initiatives

Taking biodiversity into consideration is one of Sumitomo Chemical's most important pillars as it strives toward building a sustainable society. We actively participate in a private-sector biodiversity partnership while giving considerable thought to what we should be mindful of as a chemical company. We are also expanding individual activities at Group companies.

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

Sumitomo Chemical's Commitment to the Conservation of Biodiversity

1. We position the conservation of biodiversity as one of our most important management issues and strive to help protect the global environment.
2. 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.
3. By regularly implementing education programs, we ensure that employees fully recognize and understand the importance of biodiversity and promote our commitment to its conservation.
4. We continuously engage in corporate social responsibility activities that contribute to environmental protection and lead to greater trust and confidence from society.
5. We disclose the results of these efforts and maintain effective communication with the general public.

TOPIC

Sumitomo Dainippon Pharma's Biodiversity Initiative

Sumitomo Dainippon Pharma has launched a biodiversity initiative as one of its major environmental activities with the aim of preserving biodiversity and sustainably using ecosystem services. The company is working to reduce the environmental impact of its business activities and is promoting initiatives that contribute to society, such as forest conservation. For its 10th anniversary, from October 2015 Dainippon Sumitomo Pharma began participating in Kishiwada City's Owl Forest Restoration Project, which is being undertaken as part of the Osaka prefectural government's adopt-a-forest program. The project is to establish 0.45 hectares of mountain forest (the Sumitomo Dainippon Pharma Forest) in Sangayama Town of Kishiwada City over a period of five years. The aim is to restore the area to forestland where people and owls live in harmony and children can interact with nature.

Volunteers at the Sumitomo Dainippon Pharma Forest

Looking Ahead

If everyone around the world was granted the lifestyle conveniences and comforts enjoyed in Japan today, it would require the resources and energy of around 2.4 earths. To effectively use the earth's limited resources and shift to a sustainable society, we must fulfill our ever expanding role in the field of environmental conservation.

Sumitomo Chemical aims to further reduce environmental risks through measures intended to address environmental conservation issues. These measures are centered on ongoing strict risk management, adherence to domestic and overseas regulations, careful monitoring of environmental trends, and promoting proactive and effective voluntary activities.

★: Assured by an independent assurance provider

Product Responsibility / Product Stewardship

Please refer to Supplementary Data on page 45.

Basic Stance

▶ Product Stewardship at Sumitomo Chemical

Under its Corporate Policy on Safety, the Environment, and Product Quality, Sumitomo Chemical promotes product stewardship and works to provide products and services that satisfy customers and can be used with peace of mind. Product stewardship is the assessment of risks and protecting people's health and the environment from those risks throughout the product life cycle, including the supply chain from development of chemical products to manufacture, sale, use/consumption, and disposal.

To achieve the 2020 target*1 proposed at the World Summit on Sustainable Development (WSSD) in 2002, it is now time for chemical management to be risk-based in regards to laws and regulations as well as company efforts to promote product stewardship on a global basis.

To achieve the 2020 target, Sumitomo Chemical lends its full support to voluntary initiatives to enhance product stewardship, including 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 a promoter of these initiatives, we actively participate in capacity-building activities, conduct risk assessments of our products, and perform risk-based management.

*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 chemical management based on risk in order to minimize risks throughout the supply chain. Under GPS/JIPS, toxicological information on chemical products is disclosed to the general public, including customers.

▶ The Global Information Sharing System and Ensuring Thorough Compliance

Sumitomo Chemical conscientiously adheres to various laws and regulations related to manufacture, import, and sale of goods. The governments of Europe, the United States, and China hold considerable sway over trends in global laws and regulations. We post product stewardship specialists at our regional headquarters in these areas and are constructing a system to swiftly collect information related to regulatory trends. And as for South Korea, Taiwan, and Southeast Asia, where regulatory trends are garnering more attention recently, we are working to gather information and ensure thorough compliance by working with local chemical industry associations through our globally expanding group of companies.

▶ Quality Assurance System

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 Initiatives

▶ Risk Assessment and Management throughout the Entire Product Life Cycle

Sumitomo Chemical supports the Ministry of the Environment's Eco-First program, having pledged to systematically conduct appropriate risk assessments for its products manufactured or sold in annual amounts of one tonne or more by fiscal 2020 in line with the voluntary initiatives (GPS/JIPS) adopted by chemical industry associations.

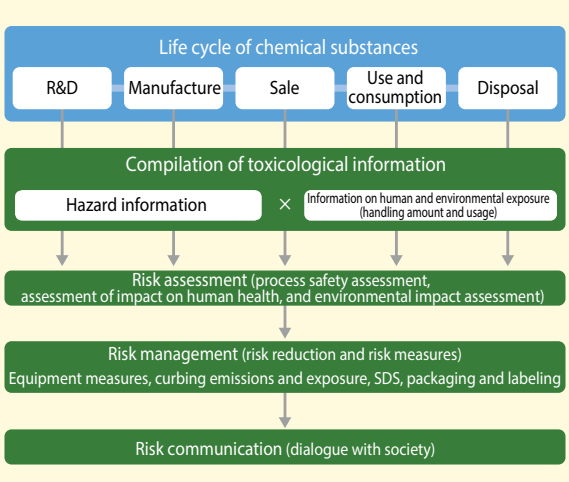
In conducting chemical risk assessments, it is necessary to collect information regarding the hazards associated with each product and the levels of human and environmental exposure when products are handled. To estimate exposure levels, the Company uses projection models and expert insight in Japan and overseas and has developed its own simulation program. We also use the latest technology to efficiently conduct highly precise risk assessments.

As for risk assessments of product safety, it is necessary to assess chemical substances in products as risks as well as the risks associated with product applications and uses. The Company rigorously assesses newly launched products and reassesses products already on sale. In fiscal 2015, we assessed 67 high-risk products.*3 In the six-year period from fiscal 2010 to 2015, we assessed a total of 318 products. We properly conduct risk-based product quality control.

We also conduct surveys of high-risk products from Group companies and work to help ensure that risk assessments and countermeasures are properly implemented.

*3 High-risk products: Products likely to pose relatively high risks due to the nature of the chemical substances the product contains and the product's application.

◎Risk-Based Chemical Management throughout the Entire Life Cycle



Product Responsibility / Product Stewardship

▶ Effective Use of SuCCESS

In order to appropriately manage and effectively use information on chemicals handled by the Company, such as their composition, safety, and regulatory requirements, Sumitomo Chemical has developed the comprehensive chemical management system (SuCCESS).*4 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*5 in around 40 languages to comply with GHS*6 and yellow cards for logistics personnel in case of an emergency during transportation. This system is also being proactively rolled out to Group companies. We installed the system at two Group companies in fiscal 2015.

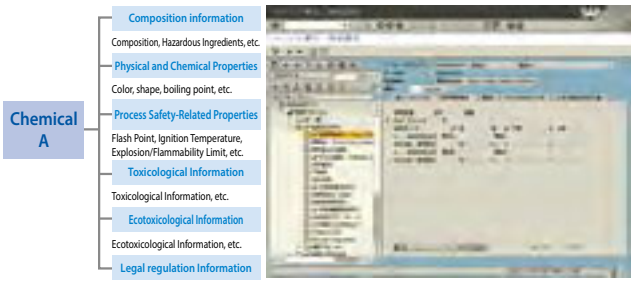
*4 Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCCESS)

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

*6 Globally Harmonized System of Classification and Labeling of Chemicals (GHS): In 2003, the United Nations established these global rules for how to convey information about the classification and degree of hazards for chemical substances.

◎SuCCESS comprehensive chemical management system

Management of chemical composition, toxicological, 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 the humane treatment of laboratory animals and applies the 3Rs of replacement, reduction, and refinement to conduct animal studies appropriately with due consideration for animal welfare.

▶ Providing Stable Quality Products and Services

As a diversified 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 for 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 and GMP,*8 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 2015, a total of three major quality problems with our products and services occurred in the Petrochemicals & Plastics Sector, IT-related Chemical 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 enhancing our 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 and providing appropriate guidance.

*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.

Looking Ahead

In line with its Eco-First commitments, Sumitomo Chemical promotes proper risk-based chemical management and is working to achieve its goal of completing risk assessments of all products and confirming the effectiveness of related strategies and measures by fiscal 2020.

In response to strong social demand for the proper management of chemicals, the establishment and revision of laws and regulations relating to chemical 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 enhancing the functions of its comprehensive chemical management system (SuCCESS).

To improve 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.

Occupational Safety and Health / Industrial Safety and Disaster Prevention

See the Supplementary Data on pages 58 to 59 for further details.

Basic Stance on Occupational Safety and Health

Sumitomo Chemical's core principle on safety is "Safety comes first." 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.

Initiatives to Prevent Labor Accidents

There were zero lost-workday injuries involving employees and nine employee injuries that did not result in lost workdays in fiscal 2015 (non-consolidated). Because almost all of the direct causes of the labor accidents were related to unsafe employee actions, Sumitomo Chemical is working to raise its employees' ability to perceive danger by enhancing accident preparedness and hazard prediction training, also known as Kiken Yochi Training (KYT), at each workplace.

▶ Ensuring Thorough Compliance with Basic Safety Rules

In light of recent trends in accidents, the entire Sumitomo Chemical Group is working to enhance its culture of safety by ensuring thorough compliance with basic rules, including stopping to think before beginning an operation.

▶ Improving Hazard Prediction Abilities

Most accidents could be prevented if people were simply aware of the presence of danger. We are working to train employees to perceive danger—their hazard prevention abilities, in other words—through workplace discussions using illustrations, for example.

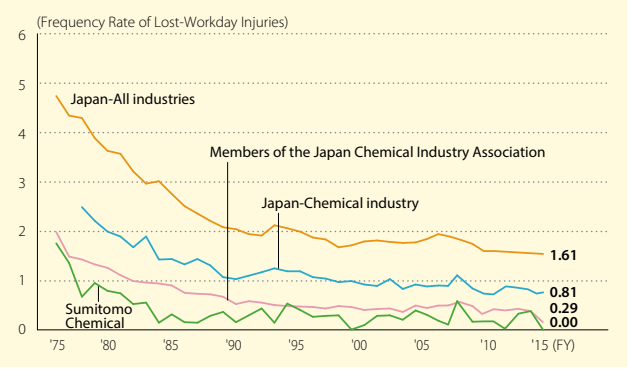
▶ Sharing and Using Accident Data

We share information about accidents that occurred at Sumitomo Chemical, its partner companies, and Group companies in Japan and overseas, to prevent recurrences of accidents across the Group through safety education and re-examinations of similar trouble areas.

▶ Consolidating Knowledge

When an accident occurs, we conduct a thorough examination of the causes and organize studies on how to prevent recurrences through onsite inspections with the top management of the affected workplace and safety managers of other plants. In addition, once or twice a year we hold information exchange meetings for Group companies in Japan, Group companies overseas, Group companies in the same area or business segment overseas, and safety managers of Sumitomo Chemical workplaces.

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



◎Lost-Workday Injuries (Sumitomo Chemical Group)

	FY2012	FY2013	FY2014	FY2015
Number of lost workday injuries	11	12	9	17
Frequency rate of lost workday injuries	0.18	0.19	0.14	0.27

TOPIC

Second Place in the National Forklift Derby (Women's Division)

Aiko Hisano, who works at the Ehime-based Group company Shintou Unyu Co., Ltd. spectacularly won second place in the women's division of the 30th Annual National Forklift Competition held in September 2015 and organized by the Land Transportation Industry Safety & Health Association in Saitama Prefecture. In the Company's Ehime region, we hold a forklift derby with our logistics partner to determine who will go onto the annual Ehime derby. Through these initiatives, we aim to raise greater awareness of safe operations and hone the skills and knowledge of our employees. Ms. Hisano's prize performance at the national derby feels like a testament to these continuous efforts. Ms. Hisano had this to say: "My performance at this derby is thanks to all the guidance and support of the Company, the Logistics Department, and the prefectural officials. I am so grateful to everyone. I hope that I can help train my younger colleagues even a little bit using my experience here."

★: Assured by an independent assurance provider

Occupational Safety and Health / Industrial Safety and Disaster Prevention

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.

▶ Awards for Safety

The president of Sumitomo Chemical gives safety commendations to facilities that have recorded zero accidents. The President's Award for Workplace Safety was established as a program to honor the hard work of the manufacturing employees and researchers who support our safe and stable operations. This award was presented to eight workplaces in fiscal 2015.

▶ Company Newsletter

Since fiscal 2013, Sumitomo Chemical has published and distributed information via the Company newsletter that covers specific examples of accidents that can easily occur during operations and detailed explanations of safety issues and countermeasures.

▶ Ensuring Thorough Compliance with the Sumitomo Chemical Ground Rules

Because most of the labor accidents that occur at Sumitomo Chemical are due to unsafe actions, we set the following Group-wide rules and are working to raise awareness of them. We aim to reduce the number of labor accidents and enhance our culture of safety through a feeling of Group unity.

1. Think Before You Act!
2. Help each other to be more aware of unsafe actions
3. Do not place hands in or around areas of working machinery / equipment

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:

Yasufumi Kubo
Electrical Instrumentation Team
Engineering Division
Ehime Works

Thoughts of the Slogan Writer

I hope to foster greater awareness of safety by prompting people to help each other address dangers that are hard to notice alone and prevent carelessness. The advice you receive today is wisdom that you will later be able to pass on to someone in a similar situation.

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 accident preparedness training and "know-how, know-why" education.

1) Examples at the Works and Research Laboratories

Sumitomo Chemical is implementing a wide range of measures, including accident preparedness training and hazard prediction training, also known as Kiken Yochi Training (KYT).

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 accident information from both the Company and Group.

Looking Ahead

With the aim of putting in place a structure that is capable of achieving and maintaining "zero accidents," the Sumitomo Chemical Group will continue to enhance a culture of safety.*

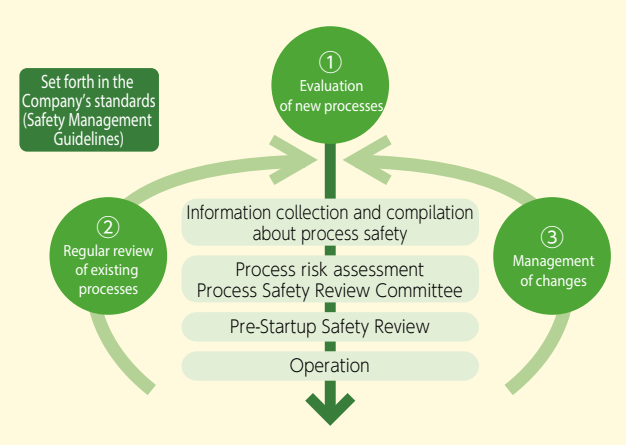
* This refers to a corporate culture that prioritizes the health and safety of workers. It is fostered by promoting thorough safety education for each stage of work and personal life and by conducting inspections of risks and hazards to make equipment and operations in the workplace safer and reduce the number of labor accidents.

Occupational Safety and Health / Industrial Safety and Disaster Prevention

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 2015 Industrial Safety and Disaster Prevention Results

Sumitomo Chemical achieved the target of "no severe industrial accidents"* in fiscal 2015 just as it did in fiscal 2014.

However, there were four industrial accidents in Group companies in Japan and abroad in fiscal 2015. While there was no human injury attributable to the incidents or impact on local residents, we will work to enhance safety management and quickly share the causes of the industrial accidents and the lessons learned across the entire Sumitomo Chemical Group.

* "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 when there is no change in the process, Sumitomo Chemical conducts 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.

In accordance with recent directives by government authorities to improve the seismic adequacy of existing facilities, we crafted a plan to retrofit critical high-pressure gas equipment with earthquake-resistant features and are carrying out renovations and reconstruction in line with the plan. Before beginning work on the equipment, we took measures to reduce risk and ensure safety, such as reducing the volume of gas left in equipment in order to decrease its weight and meet the earthquake resistance criteria as well as lowering the pressure to minimize any impact on the areas surrounding the plants in the event of an accident.

Areas in Kyushu, particularly in Kumamoto and Oita prefectures, have suffered a great deal of damage in the earthquakes that began striking on April 14, 2016. Fortunately, no Sumitomo Chemical workplaces were significantly damaged. Going forward, we will continue working to reduce risks associated with disasters, including large-scale earthquakes and tsunamis.

Occupational Safety and Health / Industrial Safety and Disaster Prevention

Industrial Safety and Disaster Prevention Education

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

▶ 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 industrial 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 2015 aimed to improve the methods for assessing risks.

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 114 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. The Council is expanding the Logistics Department's Responsible Care activities. With regard to the transport of hazardous substances in tanker trucks and other vehicles, the Council annually holds a nationwide competition for tanker truck drivers and training workshops, instructing drivers on the basics of unloading trucks and on what to do when problems arise. However, in fiscal 2015, there were three lost-workday injuries and one non lost-workday injury, and we will take various measures to improve the situation.

◎Workplace Injuries in Logistics

(Number of cases)

	FY2011	FY2012	FY2013	FY2014	FY2015
Lost-workday injury	2	1	1	1	3
Non lost-workday injury	0	0	0	0	1

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.

Industrial Safety Action Plan

Industry organizations came together with the Japan Petrochemical Industry Association and drew up an industrial safety action plan in July 2013 in a bid to step up efforts aimed at promoting industrial safety. Here we introduce the Company's initiatives based on the action plan.

(1) Commitment by top management to industrial safety

- Sumitomo Chemical has identified efforts to ensure full and strict compliance and maintain safe and stable operations as one of the Group's priority management issues under its Corporate Business Plan.
- The president issues a safety week message to all employees and Group companies in Japan and overseas to coincide with National Safety Week, which begins on July 1 each year.
- We have continually held the President's Awards for Workplace Safety since fiscal 2012.

(2) Setting industrial safety targets

- Each year, Sumitomo Chemical sets targets for a variety of key parameters, including the elimination of all accidents resulting in lost workdays as well as all severe industrial accidents. The Company engages in a broad spectrum of activities aimed at achieving these targets.

(3) Drawing up an action plan to secure industrial safety

- Sumitomo Chemical 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.
- 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.

Supplementary Data

1. Responsible Care Management

▶ 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 Certification Date	ISO9001:2008 Certification Date
Ehime Works [JCQA-0019] [YKA-4004422/J]	October 1994 —	October 2009 August 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.

Supplementary Data

▶ 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	2015
Specialized Audits	Works	4	5	4	5	4	7	4	5	4	11	11	10	11	11	10	8
	Research Laboratories	2	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1
	Logistics Centers	0	0	1	0	0	1	0	0	1	0	0	0	0	0	0	0
	Business Sectors	4	4	7	5	6	5	5	6	5	5	4	4	4	5	5	4
	Group Companies (Japan)	22	16	9	8	12	10	12	14	16	16	14	14	16	15	12	15
	Group Companies (Overseas)	—	2	1	2	3	1	4	4	4	3	6	7	5	7	13	6
Management Audits	Works and Research Laboratories	6	6	5	6	6	5	6	6	5	7	7	6	7	6	5	7
Total		38	34	27	27	32	29	32	36	35	43	43	41	44	45	45	41

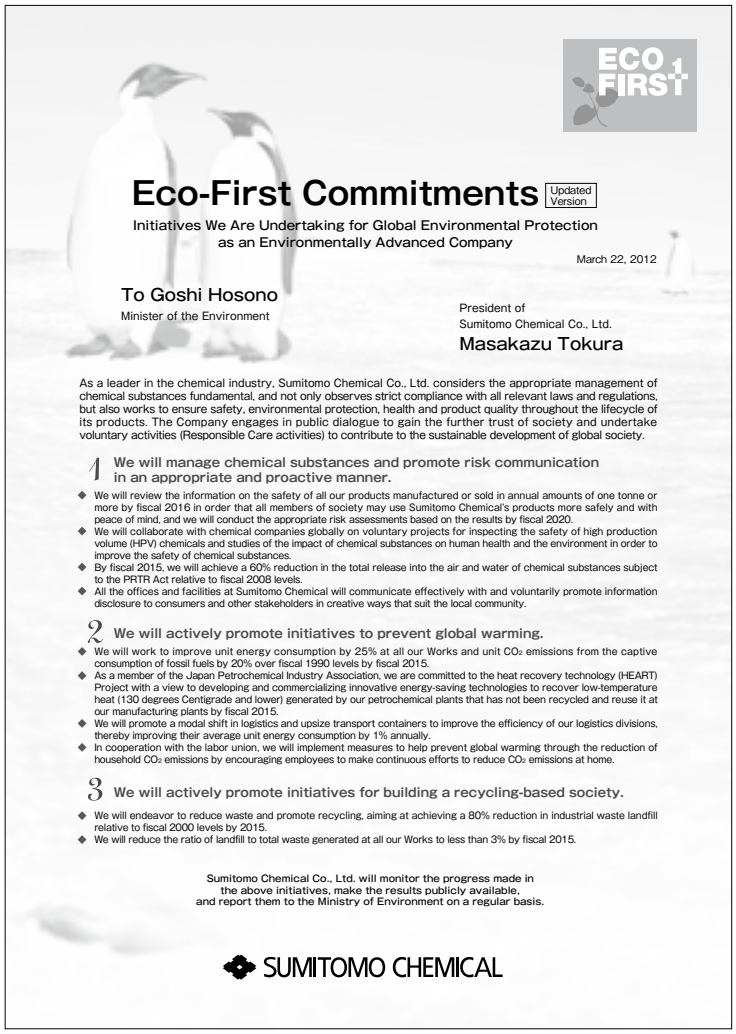
Note: The fiscal 2014 figures for specialized audits and the total have been revised for greater accuracy.

Specialized Audits for Facilities and Business Sectors

Area	Facilities (Works, Research Laboratories)	Business Sectors (Head Office Business Sectors)	Total
Good	13	1	14
Needs Improvement	122	8	130
Needs to be Examined	59	7	66
Total	194	16	210

▶ 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

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

President of
Sumitomo Chemical Co., Ltd.
Masakazu Tokura

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.

1 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.

2 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 CO_2 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 CO_2 emissions by encouraging employees to make continuous efforts to reduce CO_2 emissions at home.

3 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

2. Environmental Protection

▶ 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, 2015 to March 31, 2016

(2) Boundary: Sumitomo Chemical and 16 major consolidated subsidiaries (11 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 decreased by 1.0 billion yen, and consolidated expenses decreased by 4.3 billion yen.

*1 16 major consolidated subsidiaries: Sumitomo Dainippon Pharma Co., Ltd.; Koei 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.; 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

(100 million yen)

Classification		Details of Major Initiatives	Fiscal 2014				Fiscal 2015			
			Non-Consolidated		Consolidated		Non-Consolidated		Consolidated	
			Investment	Expenses	Investment	Expenses	Investment	Expenses	Investment	Expenses
Facility Area Costs			13	195	36	299	20	169	26	272
Breakdown	Pollution Prevention Costs	Prevention of air pollution, water pollution, soil contamination, noise pollution, odors, ground subsidence, etc.	(7)	(138)	(26)	(177)	(13)	(117)	(17)	(159)
Breakdown	Global Environmental Protection Costs	Energy saving, prevention of global warming, ozone layer depletion, and other measures	(1)	(4)	(5)	(37)	(3)	(3)	(6)	(34)
Breakdown	Resource Recycling Costs	Resource saving, water saving and rainwater usage, waste reduction/disposal treatment, recycling, etc.	(4)	(53)	(5)	(84)	(3)	(49)	(3)	(79)
Upstream/Downstream Costs		Green purchasing, recycling, recovery, remanufacturing and appropriate treatment of products, recycling costs associated with containers and packaging, environmentally friendly products and services, etc.	0	0	1	4	0	0	0	4
Administrative Costs		Costs associated with environmental education, environmental management systems, the monitoring and measuring of the environmental impact of business activities and products, environmental organization operations, etc.	0	7	0	12	0	7	0	12
R&D Costs		Development of products with attention to environmental safety, research into energy-saving processes, etc.	0	77	0	78	1	60	1	60
Social Activity Costs		Protection of the natural environment and enhancement of its scenic beauty and greenery, support for community initiatives aimed at environmental protection, support for environmental preservation groups, environment-related paid contributions and surcharges, etc.	0	5	0	7	0	5	0	8
Environmental Remediation Costs		Environmental rehabilitation of contaminated environments and other environmental damage, reserve funds to cover environmental recovery, etc.	0	0	0	0	0	0	0	0
Total			13	284	37	400	21	241	27	357

Economic Effects

(100 million yen)

Results	FY2014		FY2015	
	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated
Reduced costs through energy saving	5	7	3	6
Reduced costs through resource saving	4	6	3	20
Reduced costs through recycling activities	36	36	27	31
Total	45	49	33	57

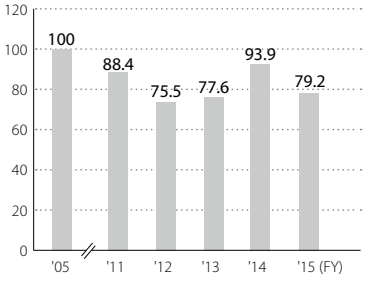
TOPIC

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.

Cost Efficiency of Environmental Protection Measures (Sumitomo Chemical (Non-Consolidated))

Figures are index values (2005=100)

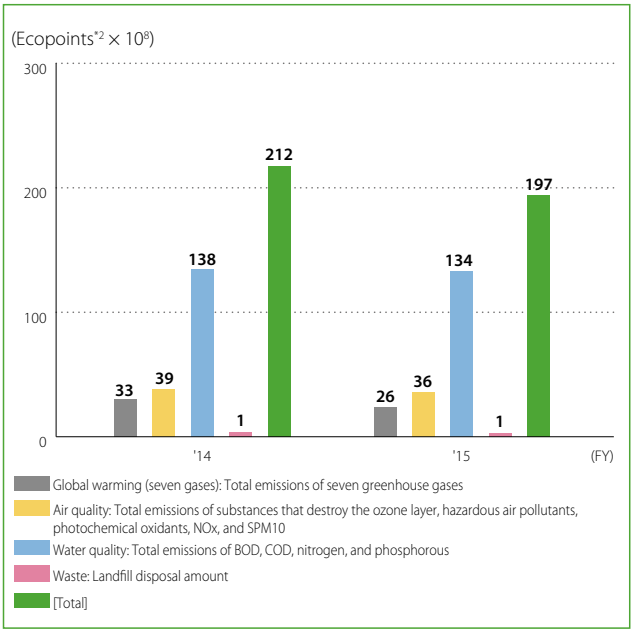


Note: The fiscal 2014 index value has been revised for greater accuracy.

Supplementary Data

▶ 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 JEPIX*3

In fiscal 2015, 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 LIME*4

For more practical use of LCA*5 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.

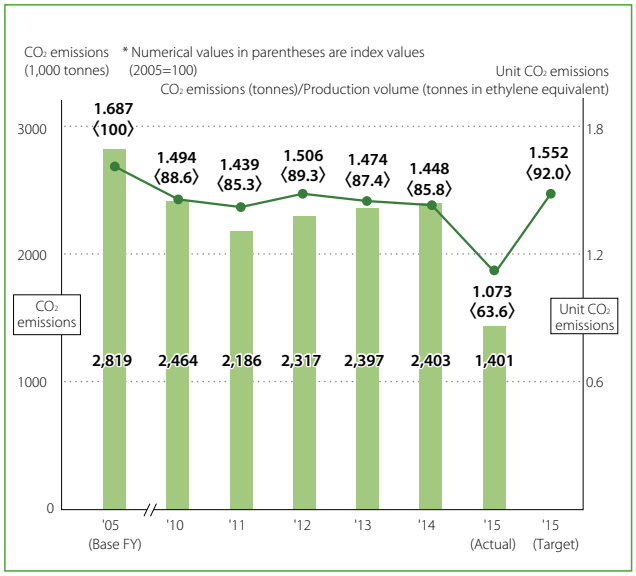
*5 Life Cycle Assessment (LCA): A method for evaluating the environmental impact of products and services throughout their lifecycles.

*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

CO_2 (Non-Consolidated (Target: All Works))

CO_2 Emissions from Fossil Fuel for Captive Consumption and Corresponding Unit Emissions



Target Achieve an 8% improvement compared with fiscal 2005 in unit CO_2 emissions originating from fossil fuels consumed in-house by fiscal 2015.

Results In fiscal 2015, the volume of unit CO_2 emissions originating from fossil fuels consumed in-house was 1.073. This was a decrease of 36.4% compared with fiscal 2005.

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

(1,000 tonnes in CO_2 equivalent)

		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
CO_2	Energy sources	3,512	3,454	3,134	3,190	3,357	3,347	2,559
	From other than energy use	107	109	98	62	63	65	55
Methane (CH_4)		—	—	—	—	—	—	—
Nitrous oxide (N_2O)		58	49	58	67	63	76	65
Hydrofluorocarbon (HFC)		—	—	—	—	—	—	—
Perfluorocarbon (PFC)		—	—	—	—	—	—	—
Sulfur hexafluoride (SF_6)		—	—	—	—	—	—	—
NF_3		—	—	—	—	—	—	—

* CH_4, HFC, PFC, SF_6, and NF_3 are outside the scope of reporting.

Supplementary Data

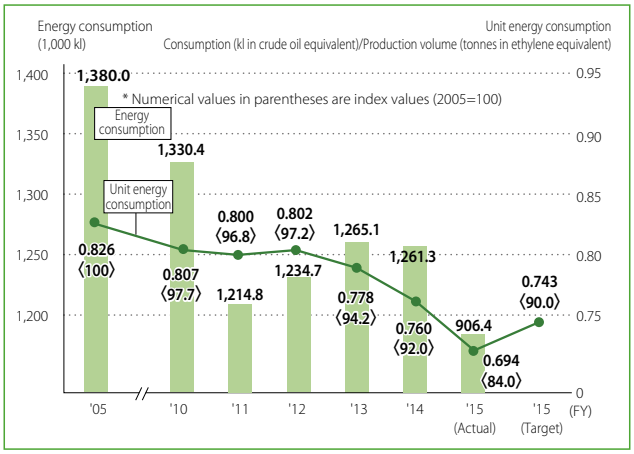
▶ Energy Saving

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	417.3	667.2	0.63
Chiba Works	375.0	453.3	0.83
Osaka Works	21.0	12.1	1.74
Oita Works	45.4	41.0	1.11
Misawa Works	11.1	9.3	1.19
Ohe Works	36.6	122.7	0.30
Total	906.4	1,305.6	0.69

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.

Results In fiscal 2015, energy consumption totaled 906 thousand kl in crude oil equivalent. Unit energy consumption improved 8.7% year on year and 16.0% compared to fiscal 2005.

New Target Improve unit energy consumption for fiscal 2020 by 15% compared with fiscal 2005.

Energy Consumption and CO_2 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	1,188	3,316
Works	1,159	3,260
Non-manufacturing sites including the Head Offices and Research Laboratories	29	56
Non-Consolidated	918	2,584
Works	906	2,560
Non-manufacturing sites including the Head Offices and Research Laboratories	12	24

The above table shows the results of Group companies in Japan (a total of 15 companies, including Sumitomo Chemical[*2]) for fiscal 2015. These results are based on data reported to governmental authorities by each of the companies at the end of July 2016.

*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 34.

Initiatives for Energy Saving and CO_2 Emissions Reduction in the Logistics Division

Energy Consumption and CO_2 Emissions for Group Companies in Japan ("Two Specified Consigners")[*3]

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[*4]
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	1.6
CO_2 emissions (1,000 tonnes)	10.3	9.6	7.9	8.3	8.9	10.9	10.3	10.3	10.3	3.9

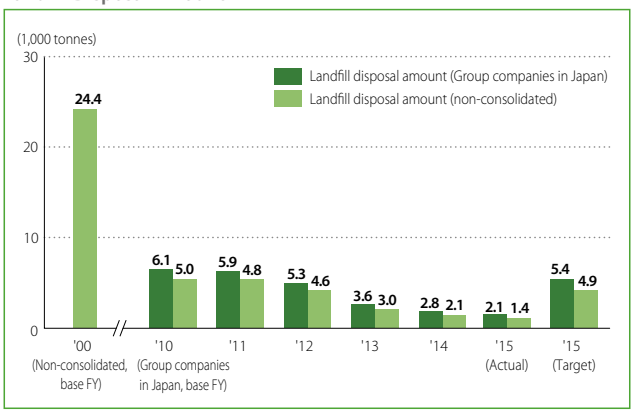
Trends in the total amounts of energy consumption and CO_2 emissions for the two Group-company-specified consigners in Japan have essentially remained unchanged over recent years.

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

*4 Following the dissolution of Nihon Oxirane Co., Ltd., the figures are only for Nippon A&L Inc.

▶ Industrial Waste Reduction

Landfill Disposal Amount★



Note: Sumitomo Chemical had been recording the waste it generates as a waste-producing enterprise as that of the Company, but in 2014 the Company switched to recording the waste generated by its subsidiary at the Ehime Works with that of other subsidiaries. Figures for non-consolidated landfill waste in previous years have been retroactively revised.

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

Storage and Control of High-Concentration PCB-Containing Waste as of the End of Fiscal 2015 (Non-Consolidated and the Group)

	Number of units of PCB waste	Volume of PCB (kl)
Non-consolidated	17 (stored: 17/in use: 0)	0.1
Group	51 (stored: 51/in use: 0)	1.0

Note: Minute amounts of PCB waste are not included. High-concentration PCB-containing waste classified into fluorescent lamps, mercury lamp ballast, and contaminated substances (wastepaper, etc.) fall outside the scope of calculation. 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-concentration polychlorinated biphenyl (PCB)-containing waste.[*5] 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.

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

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

★: Assured by an independent assurance provider

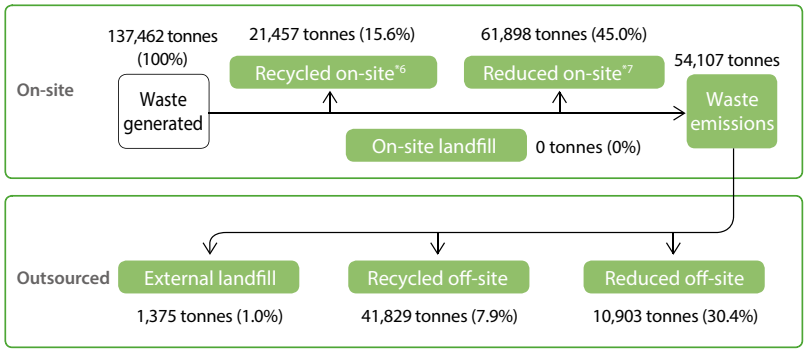
Supplementary Data

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

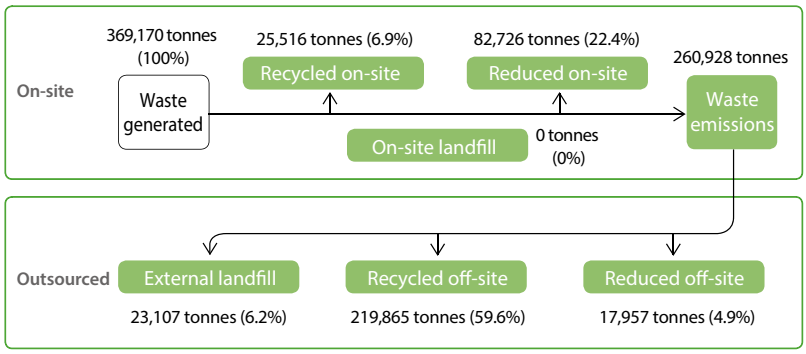
	Number of manifests issued	Number of manifests digitized	Digitization rate (%)
FY2010	17,745	12,609	71
FY2011	19,243	15,048	78
FY2012	17,502	13,259	76
FY2013	19,389	15,329	79
FY2014	18,662	14,930	80
FY2015	18,973	16,337	86

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 (Non-Consolidated (Target: All Works))



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



*6 Recycled waste: Total amount of waste that was reused, recycled, or thermally recycled
*7 Reduced waste: Total amount of waste reduced through incineration, etc.

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

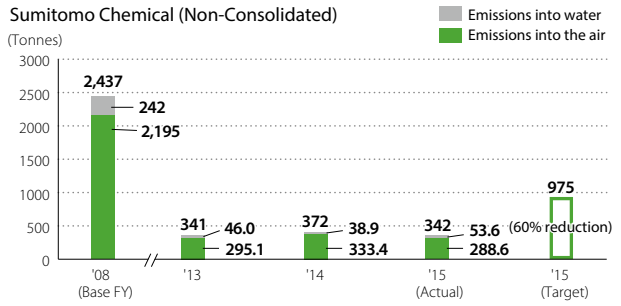
(Unit: tonnes)

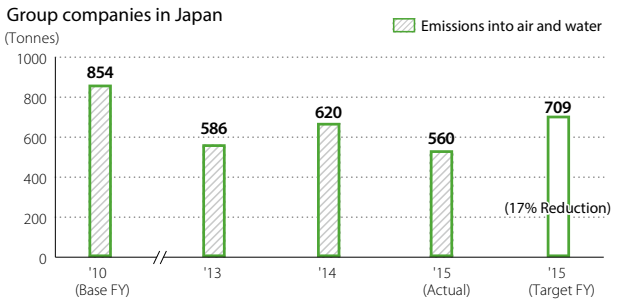
Type	Classification	Waste/valuable resource classification		Waste	Valuable resource	Recycled on-site		Reduced on-site		Waste/valuable resource emissions	On-site landfill	Reduced off-site	Recycled off-site		External landfill
		Waste	Valuable resource	Generated	Generated	Reused, recycled	Thermally recycled	Incineration	Other				Reused, recycled	Thermally recycled	
Burnt residue	Burnt residue	○		3,697.8	0.0	0.0	0.0	0.0	0.0	3,697.8	0.0	0.0	3,612.3	0.0	85.5
Sludge	Inorganic sludge	○		78.0	0.0	0.0	0.0	0.0	0.0	78.0	0.0	2.0	74.0	0.0	2.0
	Inorganic sludge		○	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Organic sludge	○		5,942.5	0.0	0.0	0.0	5,025.0	0.0	917.5	0.0	321.3	594.7	0.5	1.0
	Inorganic and organic mixed sludge	○		41,353.5	0.0	0.0	8,668.2	17,046.9	3,596.4	12,042.0	0.0	1,480.2	10,128.0	0.0	433.8
Oil waste	Oil waste other than organic waste solvents	○		4,369.2	0.0	0.0	2,214.4	124.0	0.0	2,030.8	0.0	250.4	1,777.0	0.0	3.4
	Organic waste solvents	○		26,881.2	0.0	2,427.2	7,785.8	8,990.6	0.0	7,677.6	0.0	1,525.7	4,314.3	1,817.0	20.6
	Organic waste solvents		○	0.0	357.7	0.0	0.0	0.0	0.0	357.7	0.0	0.0	357.7	0.0	0.0
Waste acid	Waste acid	○		8,291.1	0.0	63.0	10.8	3,357.7	1,371.0	3,488.6	0.0	1,924.9	1,545.2	12.1	6.4
Waste alkali	Waste alkali	○		29,442.9	0.0	8.4	63.1	18,805.6	239.8	10,326.0	0.0	3,953.0	5,306.0	1,047.8	19.2
Waste plastic	Waste plastic other than waste synthetic rubber	○		6,433.6	0.0	0.0	195.9	1,570.3	773.9	3,893.5	0.0	681.5	2,506.2	77.1	628.7
	Waste plastic other than waste synthetic rubber		○	0.0	3,894.1	0.0	0.0	0.0	0.0	3,894.1	0.0	0.0	3,894.1	0.0	0.0
Waste paper	Waste paper	○		1,135.3	0.0	0.0	0.0	878.3	0.0	257.0	0.0	20.3	234.9	1.5	0.3
	Waste paper		○	0.0	34.2	0.0	0.0	0.0	0.0	34.2	0.0	0.0	34.2	0.0	0.0
Wood waste	Wood waste	○		711.5	0.0	0.0	0.0	77.4	0.0	634.1	0.0	59.0	512.7	53.9	8.5
Textile waste	Textile waste	○		48.6	0.0	0.0	0.0	36.0	0.0	12.6	0.0	10.7	1.9	0.0	0.0
Animal and plant residues	Animal and plant residues	○		8.5	0.0	0.0	0.0	0.0	0.0	8.5	0.0	8.5	0.0	0.0	0.0
Metal waste	Scrap iron	○		499.3	0.0	0.0	0.0	0.0	0.0	499.3	0.0	262.0	219.5	0.0	17.8
	Scrap iron		○	0.0	2,379.1	0.0	0.0	0.0	0.0	2,379.1	0.0	0.0	2,379.1	0.0	0.0
Glass and pottery waste	Glass waste	○		405.5	0.0	0.0	0.0	0.0	0.0	405.5	0.0	30.9	328.6	0.0	46.0
	Pottery waste	○		12.1	0.0	0.0	0.0	0.0	0.0	12.1	0.0	0.0	12.1	0.0	0.0
Slag	Slag and others	○		378.0	0.0	0.0	0.0	0.0	0.0	378.0	0.0	0.0	378.0	0.0	0.0
Debris	Debris	○		559.5	0.0	20.0	0.0	0.0	0.0	539.5	0.0	370.4	102.0	0.0	67.1
Soot and dust	Soot and dust	○		7,213.5	0.0	0.0	0.0	5.4	0.0	7,208.1	0.0	1.9	7,172.0	0.0	34.2
			Total	137,461.6	6,665.1	2,518.6	18,938.2	55,917.2	5,981.1	60,771.6	0.0	10,902.7	45,484.5	3,009.9	1,374.5

Supplementary Data

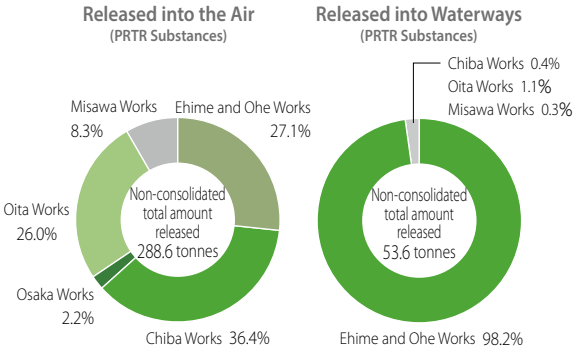
▶ Addressing PRTR and VOCs

Trends in Emissions of Substances Subject to the PRTR Act





PRTR Substances Released by Works (Non-Consolidated)



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

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

(Tonnes)

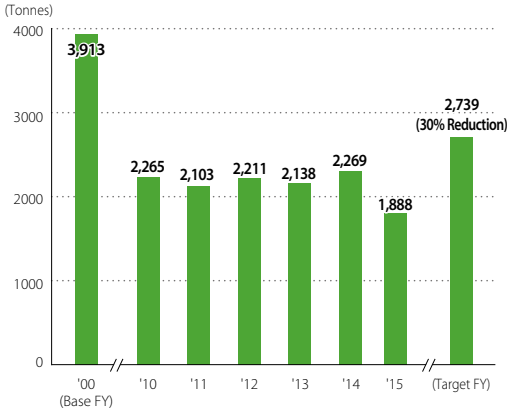
	Released			Transferred		
	Air	Water	Subtotal	Sewage	Waste	Subtotal
PRTR substances						
Non-consolidated (99 substances)	288.6	53.6	342.2	3.5	4,105.3	4,108.8
Group companies in Japan	505.1	54.8	559.9	9.0	6,506.9	6,515.9
JCIA PRTR substances						
Non-consolidated (129 substances)	848.6	195.8	1,044.4	32.6	806.3	838.8

Target Reduce the total release of PRTR substances by 60% compared with fiscal 2008 by fiscal 2015. (Non-Consolidated)

Results Reduced the total release of PRTR substances by 342.2 tonnes, or 86%, compared with fiscal 2008 by fiscal 2015. (Non-Consolidated)

New Target Maintain a 60% reduction in the total release of PRTR substances compared with fiscal 2008 on a non-consolidated basis. (Non-Consolidated)

Initiatives to Reduce Emissions of Volatile Organic Compounds (VOCs) (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 2015)

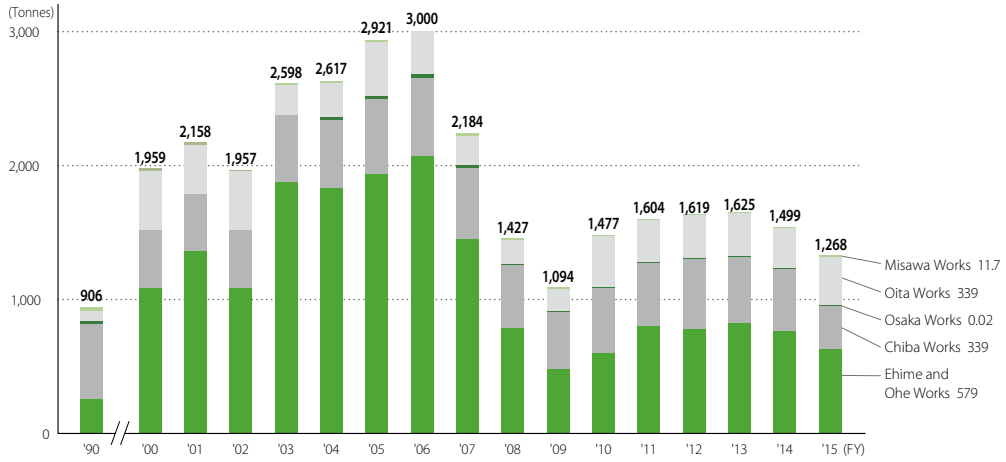
	Non-Consolidated	Group companies in Japan
CFC11	10	12
CFC12	2	34
CFC113	—	—
CFC114	—	—
CFC115	—	1
HCFC22	119	263
HCFC123	26	29
HCFC142b	—	1

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.

Supplementary Data

▶ Preventing Pollution Atmospheric Emissions of SOx, NOx, Soot, and Dust★ (Non-Consolidated)

SOx Emissions

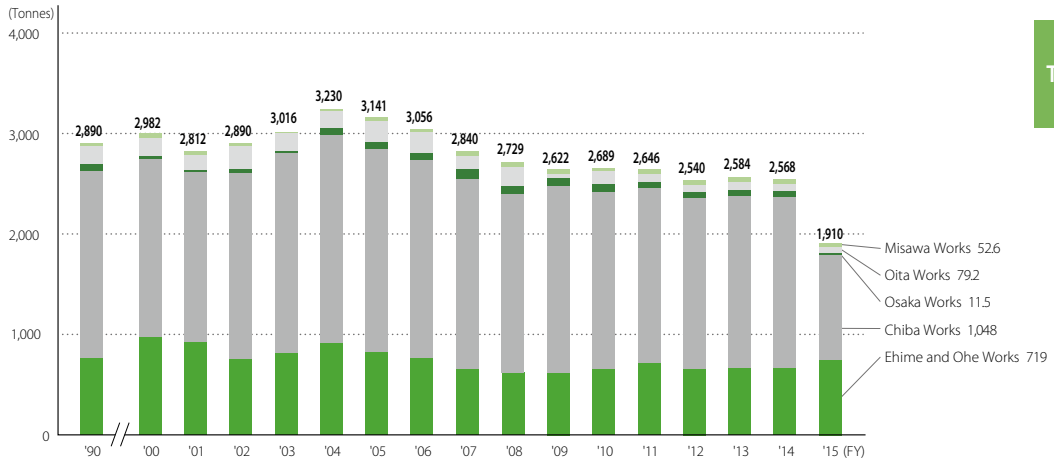


In 1970, Sumitomo Chemical achieved a marked reduction in the release of SOX, NOX, soot, and dust into the atmosphere, and continued to maintain low levels of emissions from 1980 to the present. Furthermore, the Company has concluded cooperative agreements with local municipal governments at each of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

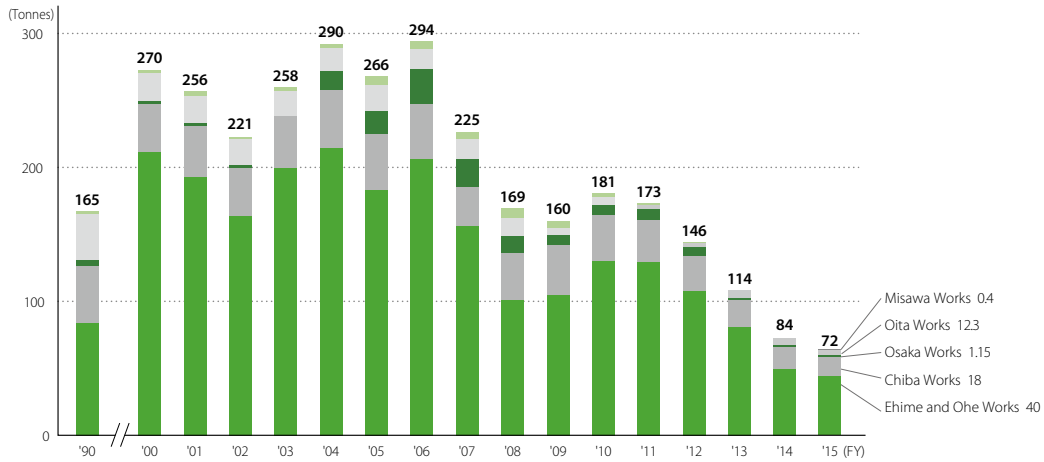
Note: Data for the Gifu Plant and Okayama Plant from fiscal 2004 to fiscal 2012 is included in Osaka Works. Data for the Gifu Plant and Okayama Plant from fiscal 2013 is included in Oita Works.

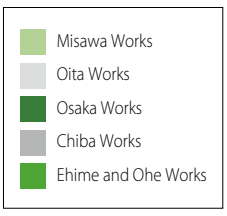
Target Continue to sustain levels below voluntary control standard values.

NOx Emissions



Soot and Dust Emissions



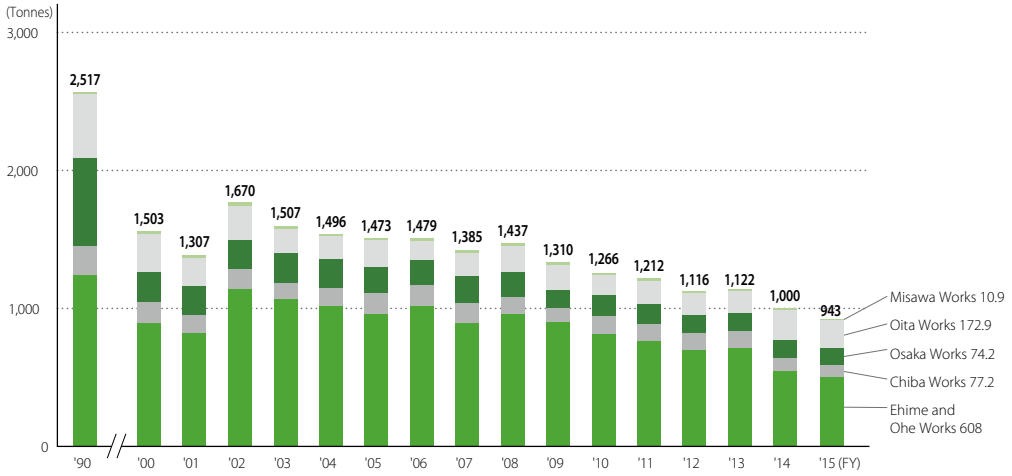


★: Assured by an independent assurance provider

Supplementary Data

▶ Water emissions of COD, Nitrogen, and Phosphorus (water emissions include water discharge to sewage systems)★ (Non-Consolidated)

COD Emissions

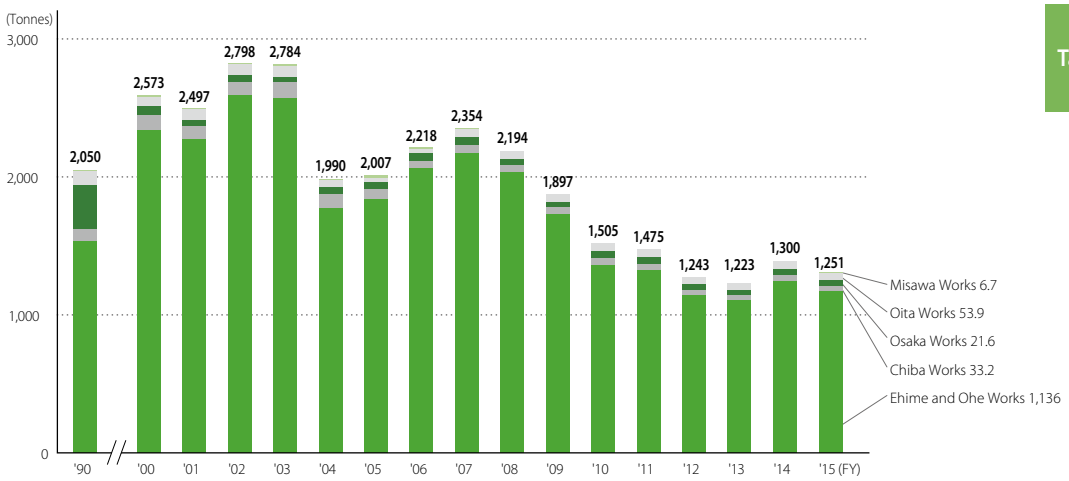


Sumitomo Chemical has also concluded cooperative agreements with local municipal governments to establish voluntary control levels for COD, nitrogen, and phosphorus released into waterways. These standards are also stricter than those established under applicable laws and regulations. A number of measures have been implemented to cut emissions, in line with fifth-generation Water Quality Standards, and emissions of nitrogen and phosphorus in particular have been significantly reduced since fiscal 2004.

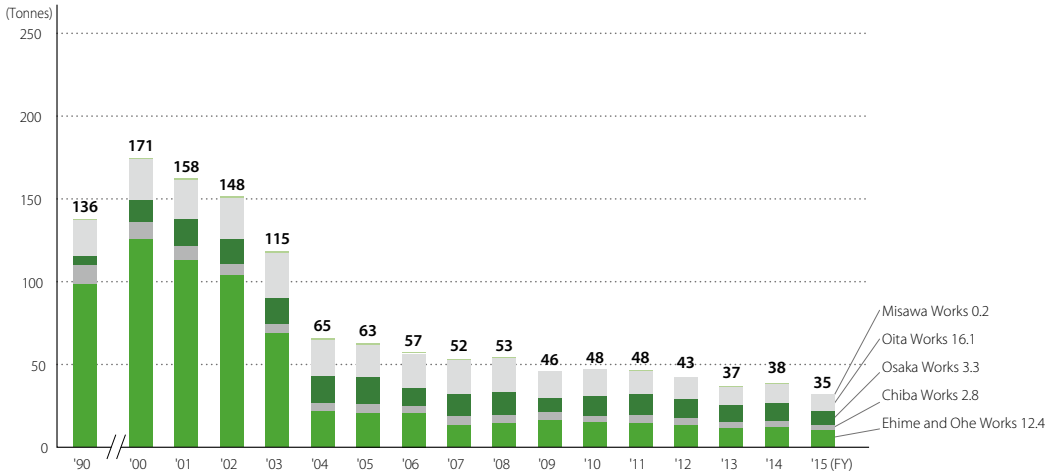
Note: Data for the Gifu Plant and Okayama Plant from fiscal 2004 to fiscal 2012 is included in Osaka Works. Data for the Gifu Plant and Okayama Plant from fiscal 2013 is included in Oita Works.

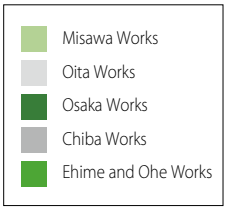
Target Continue to sustain levels below voluntary control standard values.

Nitrogen Emissions



Phosphorus Emissions





★: Assured by an independent assurance provider

Supplementary Data

▶ Response to the Pollutant Release and Transfer Register Ordinance (Issued on November 21, 2008)

Release and Transfer of PRTR Substances in Fiscal 2015 (Non-Consolidated (Target: All Works))

No.	Name of Chemical Compound	Amount Released					Amount Transferred		
		Air	Water	Soil	Landfill	Total	Sewage	Waste	Total
1	Zinc compounds (water-soluble)	0.0	3.9	0.0	0.0	3.9	0.0	155.5	155.5
2	Acrylic acid and its water-soluble salts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Methyl acrylate	3.4	0.0	0.0	0.0	3.4	0.0	0.0	0.0
4	Acrylonitrile	3.6	0.0	0.0	0.0	3.6	0.0	0.0	0.0
5	Acrolein	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Acetaldehyde	0.3	0.0	0.0	0.0	0.3	0.0	0.0	0.0
7	Acetonitrile	1.0	0.0	0.0	0.0	1.0	0.0	34.1	34.1
8	Aniline	0.6	0.0	0.0	0.0	0.6	0.0	50.0	50.0
9	2-Aminoethanol	0.0	0.2	0.0	0.0	0.2	0.0	19.9	19.9
10	m-Aminophenol	0.0	< 0.1	0.0	0.0	< 0.1	0.0	4.6	4.6
11	3-Amino-1-propene	0.0	< 0.1	0.0	0.0	< 0.1	0.0	0.0	0.0
12	Allyl alcohol	< 0.1	0.0	0.0	0.0	< 0.1	0.0	0.0	0.0
13	Isobutyraldehyde	0.7	0.0	0.0	0.0	0.7	0.0	0.0	0.0
14	Isoprene	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	O-ethyl O-6-nitro-meta-tolyl-sec-butylphosphoramidothioate (Butamifos)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
16	Ethylbenzene	7.4	< 0.1	0.0	0.0	7.4	< 0.1	88.6	88.6
17	Epichlorohydrin	0.9	< 0.1	0.0	0.0	0.9	0.0	0.0	0.0
18	1,2-Epoxypropane (also known as propylene oxide)	0.0	< 0.1	0.0	0.0	< 0.1	0.0	0.0	0.0
19	ε-Caprolactam	0.4	10.6	0.0	0.0	11.0	0.0	1.8	1.8
20	Xylene	5.4	< 0.1	0.0	0.0	5.4	< 0.1	70.5	70.5
21	Cumene	37.9	< 0.1	0.0	0.0	37.9	0.0	0.0	0.0
22	Cresol	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0
23	Chloroaniline	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24	Chloroacetic acid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	3-Chloropropene (also known as allyl chloride)	3.1	0.0	0.0	0.0	3.1	0.0	0.0	0.0
26	Chlorobenzene	8.5	< 0.1	0.0	0.0	8.5	0.0	72.9	72.9
27	Chloroform	0.0	0.0	0.0	0.0	0.0	0.0	29.7	29.7
28	Cobalt and its compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Vinyl acetate	35.9	0.0	0.0	0.0	35.9	0.0	0.0	0.0
30	Salicyl aldehyde	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	(RS)-alpha-Cyano-3-phenoxybenzyl 2,2,3,3-tetramethylcyclopropanecarboxylate (Fenpropathrin)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Inorganic cyanide compounds (excluding complex salts and cyanates)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33	1,4-Dioxane	< 0.1	0.0	0.0	0.0	< 0.1	< 0.1	94.1	94.1
34	Cyclohex-1-ene-1,2-dicarboximidomethyl=(1RS)-sis-trans-2,2-dimethyl-3-(2-methylprop-1-enyl) cyclopropanecarboxylate (also known as tetramethrin)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	Cyclohexylamine	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.8
36	2,2-Dichloro-1,1,1-trifluoroethane (HCFC-123)	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
37	1,2-Dichloropropane	0.0	0.0	0.0	0.0	0.0	0.0	442.4	442.4
38	1,3-Dichloropropene (also known as D-D)	0.1	0.0	0.0	0.0	0.1	0.0	287.6	287.6
39	Dichlorobenzene	0.0	0.0	0.0	0.0	0.0	0.0	123.5	123.5
40	Dichloromethane (also known as methylene chloride)	1.1	0.0	0.0	0.0	1.1	0.0	21.4	21.4
41	Dicyclopentadiene	< 0.1	0.0	0.0	0.0	< 0.1	0.0	5.1	5.1
42	2,4-Dinitrophenol	0.0	0.0	0.0	0.0	0.0	0.0	39.9	39.9
43	1,3-Diphenylguanidine	0.0	0.4	0.0	0.0	0.4	0.0	7.8	7.8
44	2,6-Di-tert-butyl-4-cresol	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
45	2,4-Di-tert-butylphenol	0.0	0.0	0.0	0.0	< 0.1	0.0	0.0	0.0
46	N,N-Dimethylacetamide	< 0.1	0.0	0.0	0.0	< 0.1	0.0	3.7	3.7
47	N,N-Dimethylaniline	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
48	Dimethylamine	0.0	8.4	0.0	0.0	8.4	0.0	9.6	9.6
49	Dimethyl sulfide	0.0	< 0.1	0.0	0.0	< 0.1	0.0	0.0	0.0
50	N,N-Dimethylformamide	0.1	0.0	0.0	0.0	0.1	0.0	114.4	114.4
51	Styrene	2.2	0.0	0.0	0.0	2.2	0.0	0.0	0.0
52	Dioxins	< 0.1	0.0	0.0	0.0	< 0.1	0.0	0.0	0.0
53	O,O-Dimethyl O-(3-methyl-4-nitrophenyl) phosphorothioate (Fenitrothion or MEP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
54	Decyl alcohol (Decanol)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
55	Terephthalic acid	0.0	0.0	0.0	0.0	0.0	0.0	458.9	458.9
56	Water-soluble copper salts (excluding complex salts)	0.0	< 0.1	0.0	0.0	< 0.1	0.0	0.0	0.0
57	Sodium dodecyl sulfate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
58	Triethylamine	2.1	27.7	0.0	0.0	29.8	0.6	27.1	27.7
59	2,4,6-Trichloro-1,3,5-triazine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
60	Trichlorofluoromethane (also known as CFC-11)	1.1	0.0	0.0	0.0	1.1	0.0	0.0	0.0
61	1,2,3-Trichloropropane	< 0.1	0.0	0.0	0.0	< 0.1	0.0	22.2	22.2
62	Toluidine	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0
63	Toluene	133.4	0.3	0.0	0.0	133.7	0.2	1747.1	1747.3
64	Naphthalene	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65	Nickel compounds	0.0	0.0	0.0	0.0	0.0	0.0	< 0.1	< 0.1
66	Nitrobenzene	0.6	0.5	0.0	0.0	1.1	0.0	46.6	46.6
67	Vanadium alloys	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
68	Arsenic and its inorganic compounds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
69	Hydrazine	0.0	0.2	0.0	0.0	0.2	0.0	8.0	8.0
70	Methyl 4-hydroxybenzoate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
71	Hydroquinone	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
72	Pyridine	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
73	Phenylenediamine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
74	1,3-Butadiene	0.0	0.0	0.0	0.0	0.0	0.0	8.9	8.9
75	Bis(2-ethylhexyl)phthalate	0.0	0.0	0.0	0.0	0.0	0.0	2.4	2.4
76	tert-Butyl hydroperoxide	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
77	2-tert-Butyl-5-methylphenol	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
78	2-Propyn-1-ol	< 0.1	0.0	0.0	0.0	< 0.1	0.0	0.0	0.0
79	2-Bromopropane	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	Hexadecyltrimethylammonium chloride	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
81	n-Hexane	20.7	< 0.1	0.0	0.0	20.8	0.0	33.4	33.4
82	Benzyl chloride	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
83	Benzaldehyde	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
84	Benzene	1.1	0.1	0.0	0.0	1.2	0.0	0.0	0.0
85	Boron compounds	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.1
86	Polyoxyethylene alkyl ether (alkyl C=12–15) and its mixture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
87	Formaldehyde	< 0.1	< 0.1	0.0	0.0	0.1	2.5	0.0	2.5
88	Manganese and its alloys	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
89	Phthalic anhydride	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
90	Maleic anhydride	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
91	Methacrylic acid	0.0	0.0	0.0	0.0	0.0	0.0	14.5	14.5
92	2,3-Epoxypropyl methacrylate	2.8	0.0	0.0	0.0	2.8	0.0	0.0	0.0
93	Methyl methacrylate	11.1	0.0	0.0	0.0	11.1	0.0	41.3	41.3
94	(Z)-2′-Methylacetophenone=4,6-dimethyl-2-pyrimidinyl hydrazone (Ferimzone)	0.0	0.5	0.0	0.0	0.5	0.0	0.0	0.0
95	Methylamine	0.3	0.0	0.0	0.0	0.3	0.0	10.9	10.9
96	3-Methylsulfanylpropanal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
97	Methylnaphthalene	2.1	0.0	0.0	0.0	2.1	0.0	0.0	0.0
98	Morpholine	0.0	< 0.1	0.0	0.0	< 0.1	0.0	0.0	0.0
99	Triphenyl phosphate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total	288.6	53.6	0.0	0.0	342.2	3.5	4,105.3	4,108.8

* Under the PRTR Act, significant figures are presented as double-digit kilograms. Unit data in this report, however, is in tonnes (mg-TEQ for dioxins) rounded to the nearest first decimal place.

Supplementary Data

▶ Unification of Group Environmental Protection Targets

Targets of Group Companies in Japan

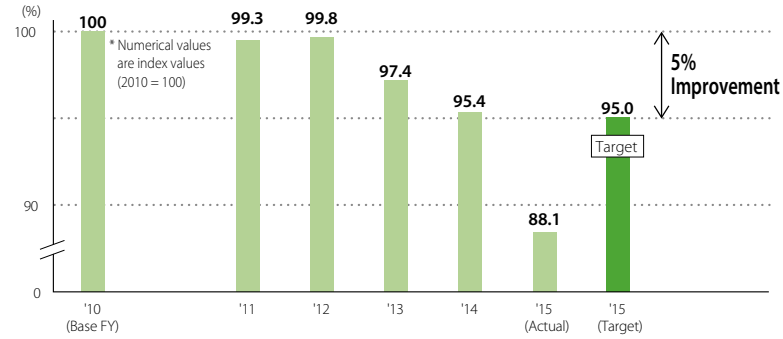
Individual company targets that formed the basis of the unified Group targets (determined specific target values) for the major areas of environmental protection management were as below.

	Energy Saving and Global Warming Initiatives	PRTR Initiatives Landfill	Disposal Reduction Initiatives
Asahi Chemical Co., Ltd.	• Reduce energy consumption by 20% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 20% compared with fiscal 2010 by fiscal 2015	• Reduce amount of PRTR substances released (into the air and water) during manufacturing processes to zero	• Maintain landfill disposal at the fiscal 2010 level
Sumika-Kakoushi Co., Ltd.	• Improve unit energy consumption by 1% annually	• Maintain amount released (into the air and water) at the fiscal 2010 level	• Maintain landfill disposal at the fiscal 2010 level
Koei Chemical Co., Ltd.	• Improve unit energy consumption by an average of at least 1% per year	• Control the amount of release increase to correspond to production levels	• Reduce landfill disposal by 25% compared with fiscal 2010 by fiscal 2015
Thermo Co., Ltd.	• Improve energy consumption by 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015	• Maintain zero release (into the air and water)	• Reduce landfill disposal by 20% compared with fiscal 2010 by fiscal 2015
SanTerra Co., Ltd.	• Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015	• Maintain zero release (into the air and water)	• Maintain landfill disposal at the fiscal 2010 level
Shinto Paint Co., Ltd.	• Improve energy consumption by 3% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 3% compared with fiscal 2010 by fiscal 2015	• Reduce amount released (into the air and water) by 5% compared with fiscal 2010 by fiscal 2015	• Reduce landfill disposal by 5% compared with fiscal 2010 by fiscal 2015
Sumika Color Co., Ltd.	• Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015	• Reduce amount released (into the air and water) by 10% compared with fiscal 2010 by fiscal 2015	• Reduce landfill disposal by 5% compared with fiscal 2010 by fiscal 2015
Sumitomo Joint Electric Power Co., Ltd.	—	Maintain zero release (into the air and water)	—
Sumitomo Dainippon Pharma Co., Ltd.	• Improve unit energy consumption by at least 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by at least 5% compared with fiscal 2010 by fiscal 2015	• Control the amount released (into the air and water) to below fiscal 2010 levels by fiscal 2015	• Reduce landfill disposal to 1% or less of waste generated by fiscal 2015
Sumika Styron Polycarbonate Limited	• Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015	• Maintain amount released (into the air and water) at the fiscal 2010 level	• Maintain landfill disposal at the fiscal 2010 level
Sumika Covestro Urethane Company, Ltd.	• Improve unit energy consumption by 7% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 7% compared with fiscal 2010 by fiscal 2015	• Reduce amount released (into the air and water) by 10% compared with fiscal 2010 by fiscal 2015	• Maintain landfill disposal at the fiscal 2010 level
Taoka Chemical Co., Ltd.	• Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015	• Reduce amount released (into the air and water) by 5% compared with fiscal 2010 by fiscal 2015	• Reduce landfill disposal by 5% compared with fiscal 2010 by fiscal 2015
Nippon A&L Inc.	• Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015	• Reduce amount released (into the air and water) by 20% compared with fiscal 2010 by fiscal 2015	• Control landfill disposal to below fiscal 2010 levels
Nihon Medi-Physics Co., Ltd.	• Reduce energy consumption by 1% annually • Control unit CO_2 emissions from energy use to below fiscal 2010 levels.	• Maintain amount released (into the air and water) at the fiscal 2010 level	• Control landfill disposal to below fiscal 2010 levels
Sumika Agrotech Co., Ltd.	• Improve unit energy consumption by 5% compared with fiscal 2010 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 5% compared with fiscal 2010 by fiscal 2015	• Maintain amount released (into the air and water) at the fiscal 2010 level	• Reduce landfill disposal by 50% compared with fiscal 2010 by fiscal 2015
Sumitomo Chemical Co., Ltd.	• Improve unit energy consumption by 10% compared with fiscal 2005 by fiscal 2015 • Improve unit CO_2 emissions from energy use by 15% compared with fiscal 2005 by fiscal 2020	• Reduce amount released (into the air and water) by 60% compared with fiscal 2008 by fiscal 2015	• Reduce landfill disposal by 80% compared with fiscal 2000 by fiscal 2015

Supplementary Data

Group Companies in Japan (Target: All Works)

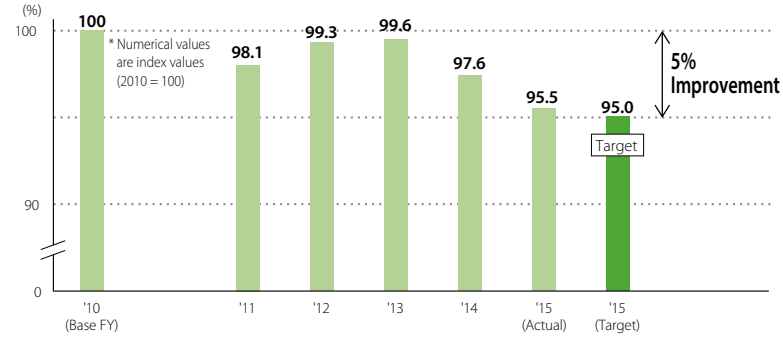
Unit Energy Consumption Index



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 2015 improved by 11.9% compared with fiscal 2010.
New Target	Improve unit energy consumption by 1% or more on average per year from fiscal 2016.

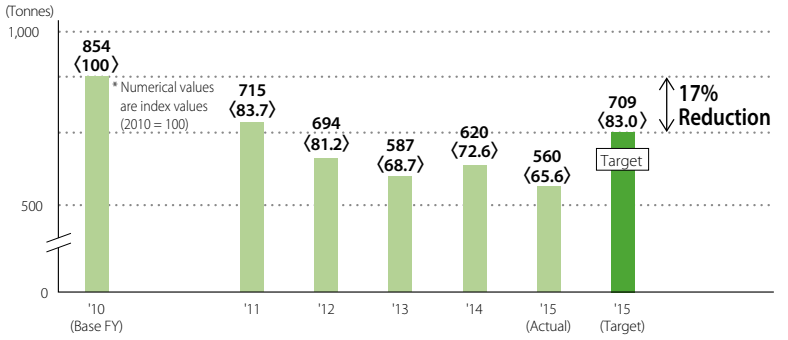
Unit CO_2 Emissions Index



Improvement in unit CO_2 emissions

Target	Improve unit CO_2 emissions by 5% compared with fiscal 2010 by fiscal 2015.
Results	Unit CO_2 emissions in fiscal 2015 improved by 4.5% compared with fiscal 2010.
New Target	Improve unit CO_2 emissions by 1% or more on average per year from fiscal 2016.

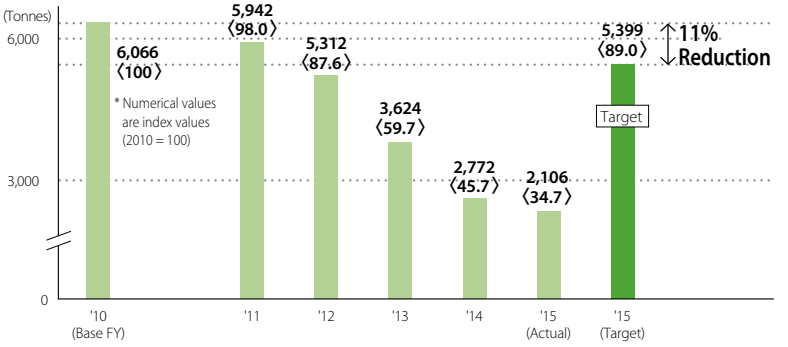
Volume of PRTR Substances Released (into the Air and Water) and PRTR Substance Emissions Indices



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 2015 was reduced by 34.4% compared with fiscal 2010.
New Target	Maintain the total volume of chemical substances released into the air and water to at or below fiscal 2015 levels from 2016 onward.

Landfill Disposal Amount and Landfill Disposal Indices



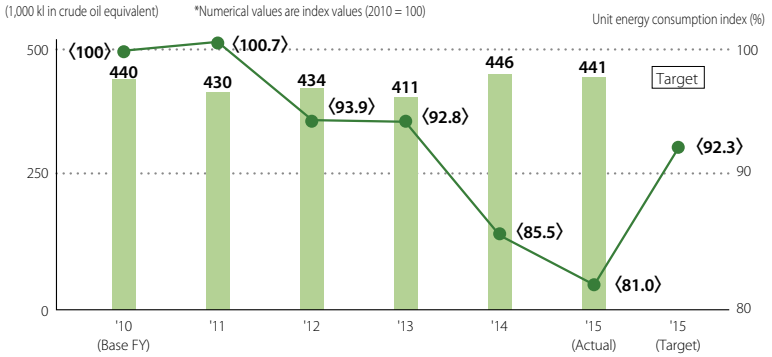
Reduction of landfill disposal amount

Target	Reduce landfill disposal amount by 11% compared with fiscal 2010 by fiscal 2015.
Results	Landfill disposal amount in fiscal 2015 was reduced by 65.3% compared with fiscal 2010.
New Target	Maintain the industrial landfill waste to at or below fiscal 2015 levels from 2016 onward.

Supplementary Data

▶ Group Companies Overseas (Target: All Works)

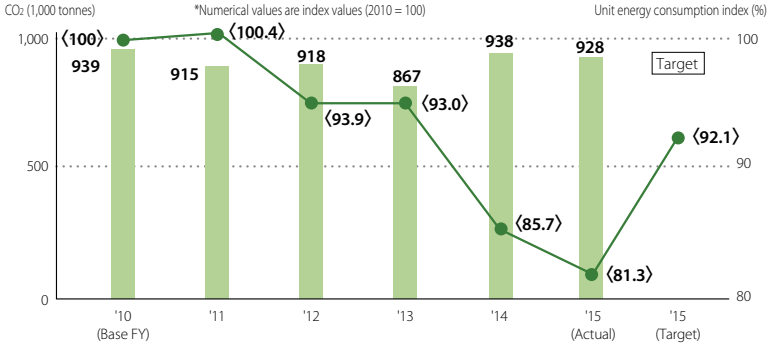
Energy Consumption and Unit Energy Consumption Indices



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 2015 improved by 19.0% compared with fiscal 2010.
New Target	Improve unit energy consumption by 1% or more on average per year from fiscal 2016.

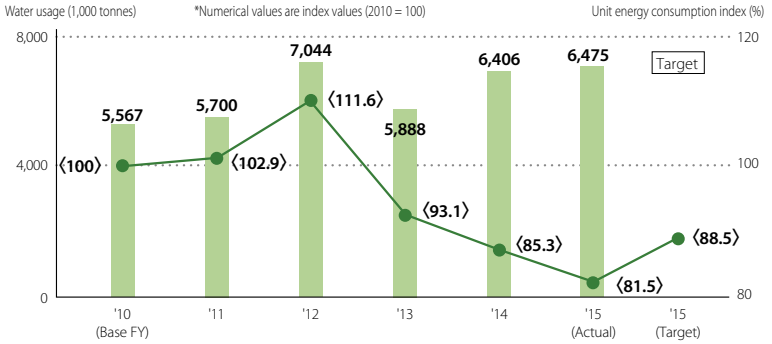
CO_2 Emissions (Energy use) and Unit CO_2 Emissions Indices



Improvement in Unit CO_2 Emissions

Target	Improve unit CO_2 emissions by 7.9% compared with fiscal 2010 by fiscal 2015.
Results	Unit CO_2 emissions in fiscal 2015 improved by 18.7% compared with fiscal 2010.
New Target	Improve unit CO_2 emissions by 1% or more on average per year from fiscal 2016.

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 2015 improved by 18.5% compared with fiscal 2010.
New Target	Improve unit water usage by 1% or more on average per year from fiscal 2016.

• Data for previous fiscal years has been retroactively adjusted to enhance accuracy.

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.

3. Occupational Safety and Health / Industrial Safety and Disaster Prevention

▶ Criteria and Results of the President's Safety Award for Zero-Accident and Zero-Lost Workday Operations (as of May 31, 2016)

Sumitomo Chemical Employees

Facilities	Criteria for the President's Safety Award*1	Results
Ehime Works	3 million hours	Reached 6 million work hours in March 2016. Working to reach the target of 9 million work hours.
Ohe Works・SAT	3 million hours	Reached 6 million work hours in February 2016. Working to reach the target of 9 million work hours.
Chiba Works	3 million hours	Reached 6 million work hours in June 2015. Working to reach the target of 9 million work hours.
Osaka Works	1.5 million hours	Reached 7.5 million work hours in November 2015. Working to reach the target of 9 million work hours.
Oita Works*2	1.5 million hours	Working to reach the target of 1.5 million work hours
Misawa Works	30 months	Reached 150 months in March 2016. Working to reach the target of 180 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

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 24 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 24 months.
Chiba Logistics Association (Logistics)	24 months	Working to reach the target of 24 months.
Osaka Association	24 months	Reached 48 months in October 2015. Working to reach the target of 72 months.
Oita Association	24 months	Reached 48 months in April 2015. Working to reach the target of 72 months.
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	Working to reach the target of 240 months.
Tsukuba Research Laboratory	48 months	Working to reach the target of 96 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.

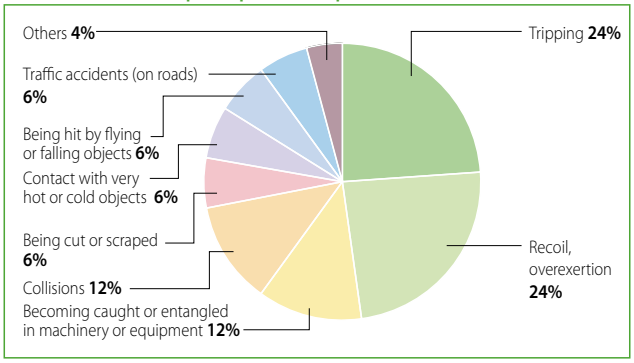
*1 Continuous periods of zero-accident, zero-lost workday operations.
*2 Oita Works includes the Utajima Pilot Production Department, Gifu Plant, and Okayama Plant.
*3 Tsukuba Research Laboratory was reorganized into the Advanced Materials Development Research Laboratory, Energy & Functional Materials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

▶ Safety Achievements of the Sumitomo Chemical Group (Sumitomo Chemical (Including Partner Companies and Others) and Group Companies in Japan and Overseas)

	Number of lost workday injuries	Frequency rate of lost workday injuries
FY2012	11	0.181
FY2013	12	0.194
FY2014	9	0.144
FY2015	17	0.269

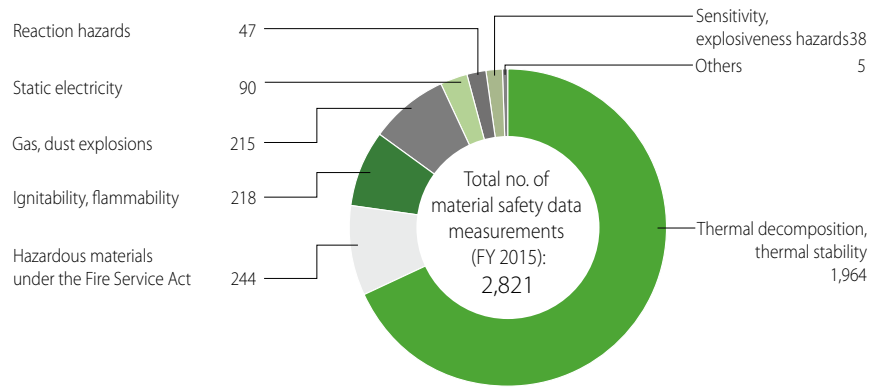
In fiscal 2015, the number of injuries resulting in lost workdays regrettably increased by 8 from the previous fiscal year. Because many of these accidents were cause by unsafe actions or the inability to predict danger, we enacted basic safety rules, and everyone in the Group is working to uphold them.

▶ Breakdown of Sumitomo Chemical Group Injuries by Type (Sumitomo Chemical (Including Partner Companies and Others) and Consolidated Group Companies in Japan and Overseas)



Supplementary Data

▶ Results of Material Safety Data Measurements (Non-Consolidated)



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 2,616 material safety data measurements were taken in fiscal 2015 (3,080 measurements in fiscal 2014) from within Sumitomo Chemical. In addition, 205 measurements were taken in fiscal 2015 (191 measurements in fiscal 2014) from Group companies. Total measurements undertaken were 2,821 in fiscal 2015 (3,271 measurements in fiscal 2014).

▶ The Launch of Several Process Safety Review Committees (Non-Consolidated)

	R&D stages		Industrialization stage		
Fiscal year	Level 1	Level 2	Level 3	Level 4	Level 5
2012	23	23	51	92	36
2013	28	32	47	107	23
2014	17	40	44	112	31
2015	22	29	41	131	26

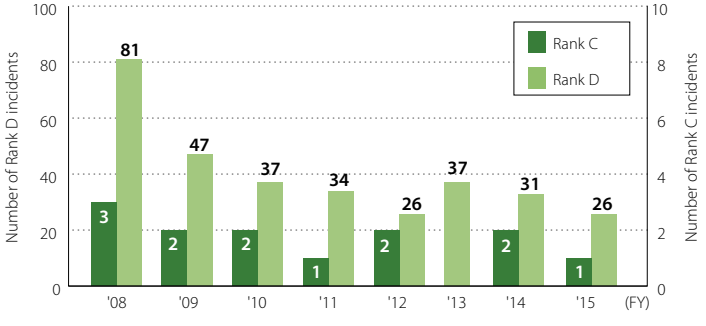
When new processes are developed at Sumitomo Chemical, the Process Safety Review Committee (levels 1 to 5) convenes at every step, from R&D through to industrial scale production. In essence, this Committee focuses on process safety assessment results and confirms whether safety countermeasures are appropriate.

▶ Safety Information Database (Non-Consolidated)

	Number of data sets	(Year on year comparison)
Accident prevention technology information	17,904	(Increased by 537)
Accident cause investigations	2,250	(Increased by 65)
Accident information	19,610	(Increased by 464)
As of March 31, 2015	39,764	

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 2016, 39,764 sets of data were stored in the database (38,698 sets of data as of March 31, 2015). 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))



In fiscal 2015, the Company reported 27 incidents of rank D or above, the lowest number ever for the Company. However, 18 of these incidents involved errors in shipment and delivery, which can cause significant problems in the quality of customers' products. Going forward, we will continue to promote measures to reduce the number of these incidents.

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

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.

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Social Activity Goals and Results

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

Item	Fiscal 2015 Goals	Fiscal 2015 Results	Evaluation	Fiscal 2016 Goals	Page Listed
Hand in Hand with Customers	● Improve the level of service provided by customer service personnel	● Improved the level of service provided by customer service personnel	○	● Improve the level of service provided by customer service personnel (including Group companies)	P62
	● Improve the dissemination of information, including through the Company's website	● Improved the dissemination of information, including through the Company's website	○	● Improve the dissemination of information, including through the Company's website	
Hand in Hand with Local Communities and Society	● Provide support to achieve United Nations Millennium Development Goals	● Created employment opportunities and supported education in Africa through Olyset™ Net	○	● Provide support to achieve United Nations Sustainable Development Goals	P63-70
	● Provide prompt and precise support in response to emergencies and disasters in Japan and overseas	● Provided prompt support to those affected by natural disasters	○	● Provide prompt and precise support in response to emergencies and disasters in Japan and overseas	
	● Promote social contribution activities appropriate for the Sumitomo Chemical Group by leveraging the strengths of each workplace	● Participated in and cooperated with local events, held science workshop classes	○	● 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	● Continued to expand information disclosure and promote interactive dialogue	○	● Continue to expand information disclosure and promote interactive dialogue	
Hand in Hand with Employees	● Further promote global HR initiatives and talent development	● Undertook global recruitment, systematically conducted global talent development	○	● Further promote global HR initiatives and talent development	P71-76
	● Work on workforce management that is responsive to business expansion	● Secured necessary personnel for business operations, utilization of effective organizations, task formulation, human resources	○	● 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	● Held a meeting of the Committee for Diversity and Work-Life Balance, managed in-house childcare facilities, surpassed the legal requirements for employment of employees with disabilities, improved the ratio of female managers	○	● Build HR systems that respond to revisions to relevant laws and regulations as well as changes in conditions	
	● Promote diversity and work-life balance			● Promote diversity and work-life balance	
Hand in Hand with Business Partners	● Conduct fact-finding surveys of new suppliers and provide guidance and training to existing suppliers	● Conducted fact-finding surveys of new suppliers by utilizing monitoring and feedback and promoted the CSR procurement of existing suppliers by providing guidance and training	○	● Thoroughly ensure compliance ● Conduct fact-finding surveys of new raw-material suppliers and provide guidance and training to existing suppliers	P77

Hand in Hand with Customers

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 in 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.

Supporting Development of Resin Products

Sumitomo Chemical conducts research into the structure and composition of resin materials in line with customer requests to offer comprehensive support of their efforts to develop resin products.

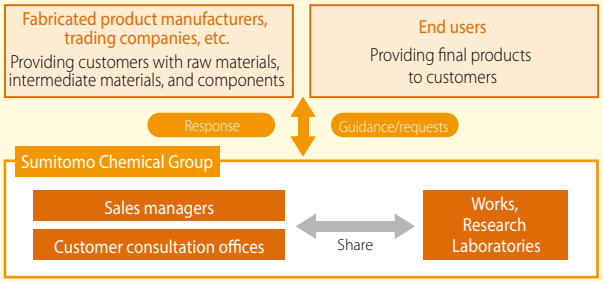
In the automotive component field, for example, we offer resin materials primarily aimed at rationalizing production and creating lighter, stronger products with a wider range of functions. In addition, we use plastic computer-aided engineering (CAE) technology to offer information about the formation and processing characteristics of resin materials and predictions about the practical applications of certain resin products.

Going forward, we will work to swiftly develop resin materials in line with customer requests and continue creating new value demanded by the market with our customers.

Petrochemicals Research Laboratory

Large-scale injection molding machines

◎Customer Communication System



Initiatives of the AgroSolutions Division-Japan

The AgroSolutions Division-Japan established a customer consultation office related to crop protection chemical products and fertilizers. The division promotes business operations based on a spirit of compliance and prompt, appropriate, sincere service provided with an awareness of the customer's perspective.

We receive a wide range of questions from customers regarding crop protection chemicals and fertilizers, from how to appropriately use them to the safety of products grown using them. The consultation office works diligently to find the latest information, including registrations, regarding these chemicals to enable the provision of accurate, easy-to-understand information in line with Japan's Agricultural Chemicals Control Act and other related laws. The office's consultants are in constant contact with customers, striving to enable them to correctly and effectively use Sumitomo Chemical's crop protection chemicals and fertilizers.

In addition the AgroSolutions Division-Japan maintains an agricultural support website entitled Sumitomo Chemical i-*nouryoku*. Through this site, the division delivers a range of information, including introductions of new crop protection products and fertilizers. The division also issues a monthly i-*nouryoku* newsletter to members of the site with the aim of enhancing communication with customers.

Sumitomo Chemical i-*nouryoku*
URL: https://www.i-nouryoku.com (Japanese only)

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.

Hand in Hand with Local Communities and Society

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 2015, Sumitomo Chemical provided assistance in the form of monetary donations and, depending on circumstances on the ground, relief supplies to victims of the earthquake in southern Taiwan and the heavy rains in the Kanto and Tohoku regions. We have also continued to assist areas affected by the Great East Japan Earthquake, and provide educational support for Africa.

In fiscal 2015, we made a total of 387 donations, amounting to 269.43 million yen.

◎Major Donations Made in Fiscal 2015 (Sumitomo Chemical (Non-Consolidated))

(Unit: million yen)

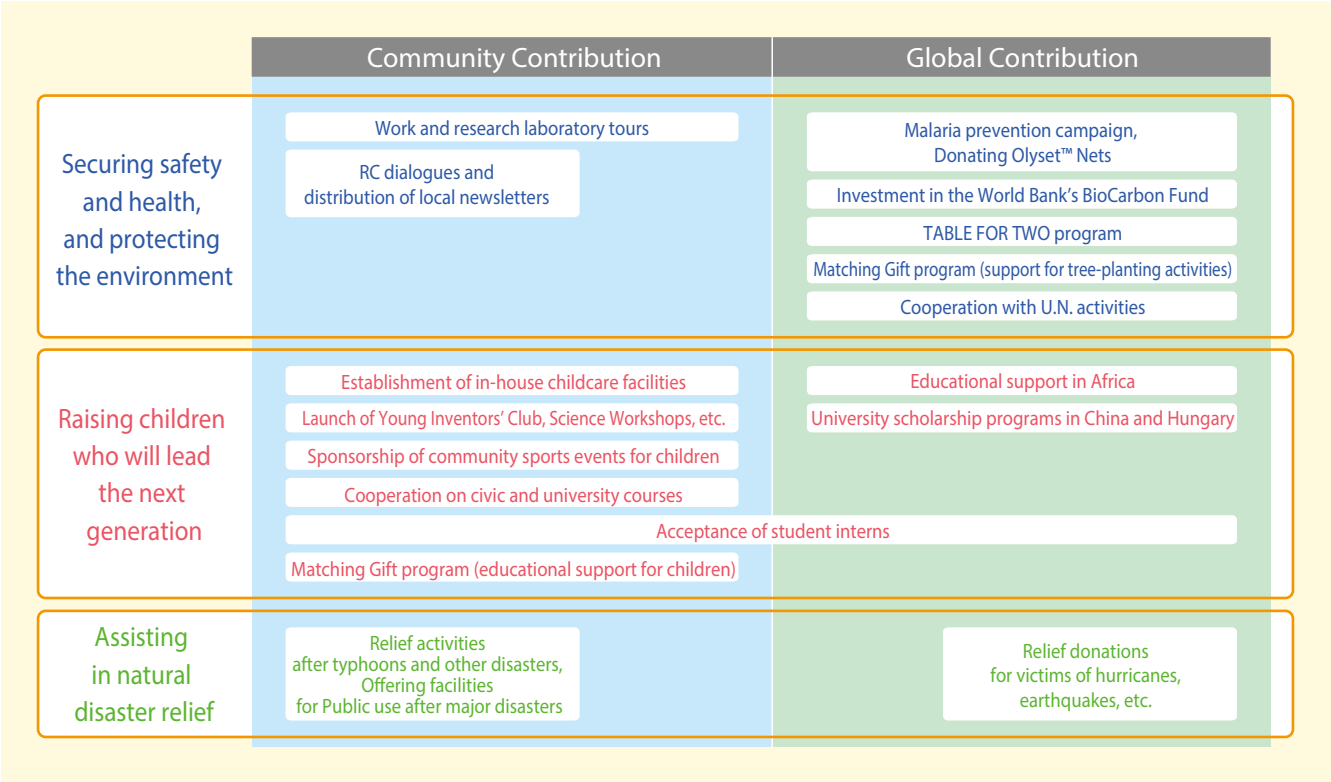
Item	Amount
To support schools in the Democratic Republic of the Congo and the Republic of Senegal	19
To support the earthquake recovery in southern Taiwan	10
To support the development and education of children through ASHINAGA	7
To support OISCA's tree planting activities	7
To provide Olyset™ Nets to national hospitals in Ghana	5*1
To support relief efforts to counter damage caused by heavy rains in the Kanto and Tohoku regions	0.4

*1 Monetary equivalent of the donated Olyset™ Nets

◎Number of Major Donations Made in Fiscal 2015 (Sumitomo Chemical (Non-Consolidated))

Item	Number of cases
Local community activities	96
International exchange and cooperation	48
Academic study and research	31
Sports	24
Culture and art	16
Education and social education	15
Social welfare	15
Support to areas devastated by disasters	7

◎Sumitomo Chemical's Social Contribution Activities



Hand in Hand with Local Communities and Society

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 publish 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.

Information about the Report on the Environment, Health and Safety for Works, Research Labs and Facilities

http://www.sumitomo-chem.co.jp/csr/report/facilities_report.html (Japanese only)

Assisting in Natural Disaster Relief

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

We donated money to help people affected by the heavy rains of Typhoon No. 18, which hit the Tohoku and Kanto regions in September 2015, as well as the earthquake that struck southern Taiwan in February 2016. We also provided Olyset™ Nets that are effective at preventing malaria to the central region of Nepal after the earthquake in April 2015.

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 originating in the Tohoku and Kanto regions affected by the disaster. At these Fairs, we sold goods typical of Aomori, Iwate, Miyagi and Fukushima prefectures to our employees.

We also continue to provide donations from "Tohoku and Kanto Support Meals"[*2] served in our cafeterias and made using ingredients produced in the Tohoku and Kanto regions. In fiscal 2015, we provided reconstruction event menu items using processed seafood products from companies operating in the affected region through the Reconstruction Department's regional reconstruction matching program, which aims to build bridges between companies in affected areas with supporting unaffected companies.

In June, we dispatched 18 employee volunteers to the OISCA coastal woodland rejuvenation project aimed at rejuvenating black pine coastal woodlands in Natori, Miyagi Prefecture. These woodlands were damaged by the tsunami caused by the Great East Japan Earthquake. Volunteers provided saplings, planted trees, and weeded and fertilized areas where trees were planted with the aim of rejuvenating about 100 hectares of coastal woodland.

It has been five years since the earthquake. Helping to support the new lives of people who have moved from temporary residences to public housing, we provided necessary daily supplies.

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

*2 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 (Osaka)

People removing weeds to rejuvenate coastal woodlands

Results

- Fairs to Support Disaster Affected Areas
  Head Office (Osaka): twice (May, November); Osaka Works: once (June)
- Tohoku and Kanto Support Meals (matching type with executives, employees, and the Company)
  Total: ¥3,629,220 and 61,683 meals
  September: The Great East Japan Earthquake Miyagi Children's Fund: ¥1,838,140
  (the portion used between March 2015 and August 2015)
  March: The Great East Japan Earthquake Fukushima Children's Fund: ¥1,791,080
  (the portion used between September 2015 and February 2016)

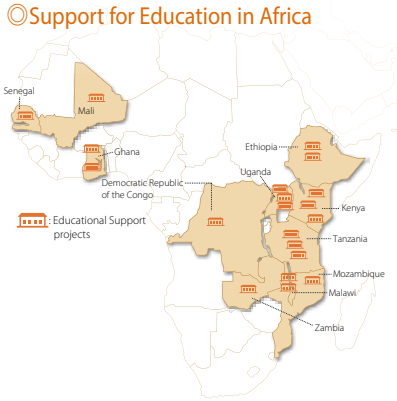
Hand in Hand with Local Communities and Society

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 NPOs 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 improved the educational environment for many children.

Sumitomo Chemical will continue to proactively promote initiatives that meet local needs in Africa.

◎Support for Education in Africa



Results

Supported countries: 11 (18 projects completed, 2 under way)

* The two projects under way are in the Democratic Republic of the Congo and the Republic of Senegal (as of April 2016)

Beneficiaries: over 10,000 people

TOPIC

Valent BioSciences Educational Support at the Osage Plant

Valent BioSciences established a specialized factory producing biological pesticides in the U.S. town of Osage, Iowa, in 2014. It has since become a model of biotechnology in the region. The plant workers have been making significant CSR contributions by closely working with local high schools and universities to train the next generation of scientists and manufacturing engineers.

Under the Agriculture Future of America (AFA) program, students interested in crop and soil sciences are selected to participate in hands-on workshops held over the course of three days and are given opportunities to engage with leaders of various industries. In 2015, students from across the country were invited to the Osage plant. In the same year, plant tours were held for local high school students with an interest in welding, industrial tools, metal casting, and industrial system technologies (such as installing, maintaining, and operating high-tech equipment).

Participants in an educational support program

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 with regard to the quality of its mathematics instruction. Against this backdrop, since 2015 Sumitomo Chemical has provided supplementary mathematics educational materials (provided by Gakken Educational Co., Ltd.) translated into the local language Tetun to students of Bebonuk Primary School in Dili, the capital of Timor-Leste.

Children having fun learning with the educational materials

Matching Gift Program

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

The entire Group donates 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.

Results

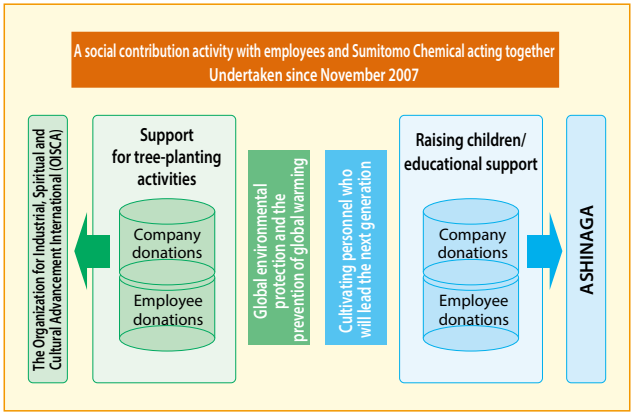
Support for raising and educating children: a total of ¥13,364,550

Support for tree-planting activities: a total of ¥12,860,592

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

*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



Hand in Hand with Local Communities and Society

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 April 2016, we received a letter of appreciation as a Platinum Supporter from the TFT secretariat.

Results

Total: ¥2,515,040 and 62,876 meals
(matching type with executive, employees, and the Company)

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 the employees participating in the matching gift and volunteer programs as well as the local residents, who also help with planting trees and managing the forest. Every year, many 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. Going forward, we will continue to promote environmental support activities centered on employee participation.

People planting trees

Results

Period: November 21–27, 2015
Participants: 20 (from Japan, Thailand, Malaysia, and Taiwan)
Total forest area: 195 hectares
Total trees planted: 553,000
Total participants: 159

*Total figures are for the period between 2008 and March 2016

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. We distributed posters and manga in 10 languages as global communications tools to emphasize the importance of communications among employees around the world.

▶ Second Round: Centennial Give back (Fiscal 2015)

Commemorating Sumitomo Chemical's centennial on October 4, 2015, we carried out an initiative where 30,000 Group employees around the world participated in social contribution activities with a sense of gratitude for the communities that have supported the Group. Information on these activities was then uploaded to a purpose-built website.

There were 31,858 submissions from around the world related to a variety of activities, including cleaning up local areas, planting trees, donating blood, and collecting monetary donations. All the participants did what they could to have a positive impact on the world and shared their experiences with the entire Group.

▶ Third Round: Our Sustainable Trees (Fiscal 2016)

Aiming to realize a sustainable society, we are carrying out an initiative where all Sumitomo Chemical employees think about what they can do in their own work and personal lives to help resolve specific social issues and share their ideas via a dedicated website. The specific social issues are based on the 17 UN Sustainable Development Goals (see page 2), which are aimed at resolving global issues related to poverty, food, health, education, the environment, and energy. The main goal of this activity is for everyone in the Group to help resolve social issues through their daily works, social contribution activities, and personal lives.

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.

Hand in Hand with Local Communities and Society

Sumitomo Chemical Group: Main Social Contribution Activities List (Fiscal 2015 Results)

Matching Gift | Local Beautification | Educational Support | Environmental Protection | Blood Donation | Internships Vocational Experience | Collections and Donations

Europe

Sumitomo Chemical Europe S.A./N.V.
- Participating in *Cyclers with a Cause* to support cancer patients

Sumitomo Chemical Italia S.r.l.
- Donating collected plastic bottle caps

Sumika Ceramics Poland Sp. z o.o.
- Participating in a charity run to benefit sick children

Kenogard S.A.
- Donating books to children

Asia and Oceania

Sumika Electronic Materials (Wuxi) Co., Ltd.
- Supporting an elementary school in Kejia Village, Longmen Town, Hengfeng County, Jiangxi Province

Sumika Huabei Electronic Materials (Beijing) Co., Ltd.
- Supporting an elementary school in Kejia Village, Longmen Town, Hengfeng County, Jiangxi Province
- Holding science workshop classes in collaboration with the China Soong Ching Ling Foundation at an elementary school in Huangtugang, Fengtai District, Beijing

Sumika Electronic Materials (Shanghai) Corporation
- Holding a Japanese-language speech contest (once a year)
- Supporting an elementary school in Kejia Village, Longmen Town, Hengfeng County, Jiangxi Province

Sumika Electronic Materials (Shanghai) Co., Ltd.
- Supporting an elementary school in Kejia Village, Longmen Town, Hengfeng County, Jiangxi Province

Sumika Electronic Materials (Shenzhen) Co., Ltd.
- Supporting an elementary school in Kejia Village, Longmen Town, Hengfeng County, Jiangxi Province

Sumika Electronic Materials (Xi'an) Co., Ltd.
- Donating supplies to an elementary school in Yuanmadian Village in Hu County, a suburb of Xi'an, in collaboration with the South Korean consulate general in Xi'an

Sumika Electronic Materials (Hefei) Co., Ltd.
- Promoting a campaign to end the wasting of food

Sumitomo Chemical Shanghai Co., Ltd.
- Supporting an elementary school in Santang Village, Hualong County, Qinghai Province

Sumitomo Chemical (China) Co., Ltd.
- Holding science workshop classes in collaboration with the China Soong Ching Ling Foundation at an elementary school in Huangtugang, Fengtai District, Beijing

Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.
- Supporting a greening project in collaboration with the China Green Foundation
- Donating supplies to orphanages and volunteer activities

Dalian Sumika Chemphy Chemical Co., Ltd.

Dalian Sumika Jingang Chemicals Co., Ltd.

Sumitomo Chemical India Private Limited
- Supporting volunteer medical camps in Gujarat State

Sumitomo Chemical Enviro-Agro Asia Pacific Sdn. Bhd.
- Volunteering for science workshop classes in Singapore
- Donating chicken eggs to an orphanage

Petrochemical Corporation of Singapore (Pte.) Ltd.
- Hosting a plant tour for students

SCAS Singapore Pte Ltd
- Participating in the Sumitomo Chemical Charity Walk

Sumitomo Chemical (Asia Pacific) Pte. Ltd.
- Volunteering in World Water Day events in Singapore

Sumitomo Chemical Asia Pte Ltd
- Volunteering in World Water Day events in Singapore

Sumitomo Chemical Engineering Singapore Pte. Ltd.
- Participating in the Sumitomo Chemical Charity Walk

Sumitomo Chemical Singapore Pte Ltd
- Creating a program to boost health in the workplace
- Providing internships to university students from Singapore Polytechnic

Sumitomo Seika Singapore Pte. Ltd.
- Volunteering for science workshop classes

The Polyolefin Company (Singapore) Pte. Ltd.
- Participating in the Sumitomo Chemical Charity Walk

Charity Activities

Sumika Ceramics Poland Sp. z o.o.

Participating in a charity run for children who need rehabilitation

Educational Support

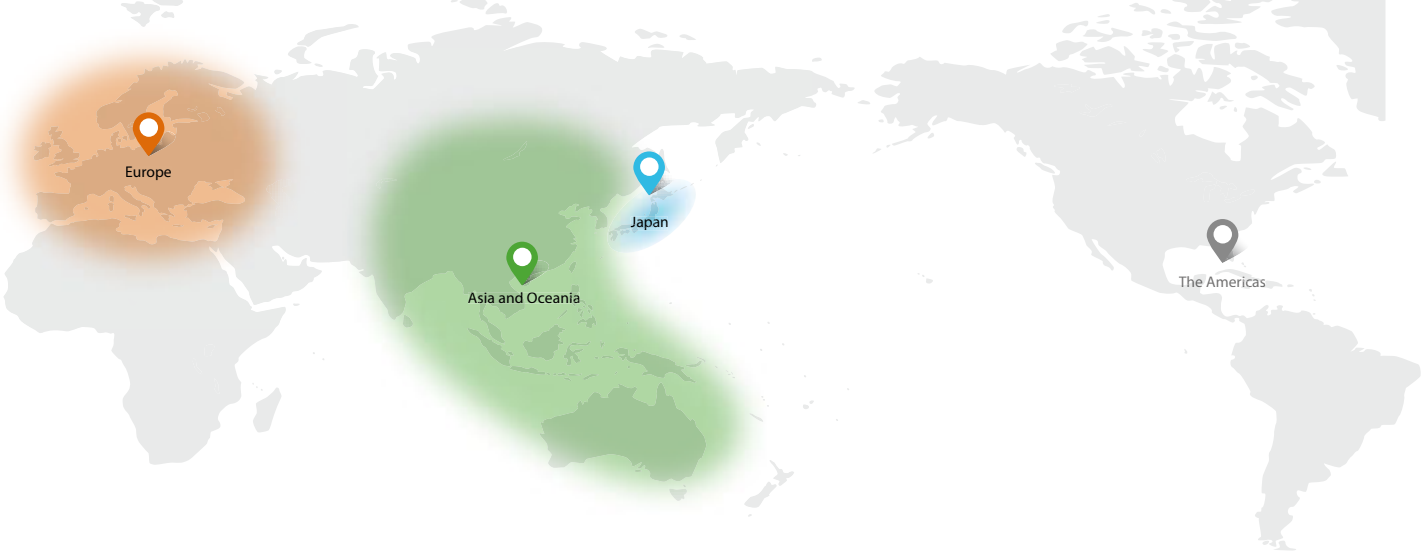
Sumitomo Chemical (China) Co., Ltd.
Sumika Huabei Electronic Materials (Beijing) Co., Ltd.

Holding science workshop classes in collaboration with the China Soong Ching Ling Foundation at an elementary school in Huangtugang, Fengtai District, Beijing

Environmental Protection

Bara Chemical Co., Ltd.

Transplanting coral in Chonburi Prefecture (70 participants)



Bara Chemical Co., Ltd.

- Transplanting coral
- Donating wheelchairs to the disabled

Sumika Polymer Compounds (Thailand) Co., Ltd.

Sumipex (Thailand) Co., Ltd.

Dongwoo Fine-Chem Co., Ltd.

- Hosting Run Together, a turtle marathon (once a year)
- Supporting and participating in events during Japan Week (once a year)

SSLM Co., Ltd.

- Cleaning up the Geumho River (four times a year)

Sumipex TechSheet Co., Ltd.

- Donating aid to areas hit by the earthquake in southern Taiwan

Sumika Technology Co., Ltd.

- Setting aside one day to encourage volunteering to help protect coastal environments (once a year)
- Donating mosquito nets to hospitals to fight dengue fever (once a year)

Japan

Sumitomo Chemical Co., Ltd.

Head Office (Tokyo)

- Promoting initiatives to support areas affected by the Great East Japan Earthquake (twice a year)

Head Office (Osaka)

- Holding fairs to support areas affected by the Great East Japan Earthquake jointly with Sumitomo Electric (twice a year)

Nagoya Branch

- Exhibiting at and participating in Messe Nagoya 2015 (once a year)
- Exhibiting at and participating in the 7th Annual Toyota Business Fair
- Offering Nagoya Dome season seats (Nagoya Sumitomo Club)

Fukuoka Branch

- Participating in Love Earth Cleanup 2015 beach cleanup activities (once a year)

Ehime Works

- Holding works tours for local councils/schools in neighboring areas (14 times a year)
- Donating educational equipment to elementary schools through proceeds from recycling of empty cans (twice a year)
- Dispatching instructors to human resource development programs in manufacturing
- Opening the Company's center of historical records to the general public (468 visitors)
- Opening Company property for use by the general public (parking lot (4 times a year), gym and grounds (year round), etc.)
- Serving local fish cutlets at onsite cafeterias and dormitories
- Conducting traffic monitoring for schoolchildren at local crosswalks (every morning on school days)

Ohe Works

- Cleaning up after the Niihama Taiko Festival (once a year)

Chiba Works

- Hosting the Ichihara-Sodegaura Young Inventors' Club (twice a month)
- Donating children's books to the Sumitomo Chemical Library (once a year)
- Supporting the Chiba Prefecture Youth Orchestra
- Communicating with local communities through regular maintenance briefings and works tours (16 times a year)
- Participating in the light-down campaign (July to September)

Osaka Works

- Promoting sports (five sports, once a year each)
- Works tours (six times a year) and publication of newsletter (twice a year)
- Work experience/lectures (four junior high schools/one elementary school, once a year for each school)

Oita Works

- Participating in Tsurusaki Odori (Dance) Festival (once a year)
- Supporting the organization of the Tsurusaki Cup junior soccer competition (once a year)
- Publication of newsletter (twice a year) and work tours
- Accepting internships in Utajima (middle school students, once a year)
- Foot Baseball Tournament in Okayama
- Holding classes at elementary schools in Oita, Okayama, and Gifu

Misawa Works

- Promoting sports (four sports, once a year each)
- Participating in Misawa Festival street dances (once a year)
- Dispatching Dream Achievement Promotion Business instructors (once a year)
- Works tours (elementary and high school students) (once a year)

Advanced Materials Development Laboratory

- Research laboratory tours for local residents, schools and universities (four times a year)
- Blood donation (twice a year)

Health & Crop Sciences Research Laboratory

- Takatsukasa-Jidoukan (children's house) Festival (once a year)
- Takatsukasa Elementary School tour (once a year)

Blood Donations

SSLM Co., Ltd.

Employees participate in blood drives (once or twice a year)

Promoting Sports

Sumitomo Chemical Co., Ltd. (Osaka Works)

Holding the 39th Sumitomo Chemical Wakaba Cup with 15 softball teams and 16 volleyball teams (around 400 participants)

Supporting and Participating in Local Events

Sumitomo Chemical Co., Ltd. (Oita Works)

Participating in the Tsurusaki Odori (Dance) Festival with related companies in the Oita region

Hand in Hand with Local Communities and Society

Sumitomo Chemical Group: Main Social Contribution Activities List (Fiscal 2015 Results)

Matching Gift | Local Beautification | Educational Support | Environmental Protection | Blood Donation | Internships Vocational Experience | Collections and Donations

Japan

Asahi Chemical Co., Ltd.
- Collecting plastic bottle caps

EGS Co., Ltd.
- Taikodai Donation (Shinden Taikodais) (once a Year)

Oita General Service Co., Ltd.

Osaka General Service Co., Ltd.

Career Support Co., Ltd.

Koei Chemical Co., Ltd.
- Sodegaura green space maintenance volunteers (once a month)

Thermo Co., Ltd.
- Child sponsorships (once a year)

SanTerra Co., Ltd.
- Accepting interns

Ciatec, Ltd.
- Donating funds to mark the fifth anniversary of the Great East Japan Earthquake (once a year)

Shinto Paint Co., Ltd.
- Hosting rice cake-making festival open to local residents (once a year)

Sumika Agro Manufacturing Co., Ltd.
- Cooperating with industrial sightseeing tours for parents and children organized by the Kudamatsu Chamber of Commerce and Industry (once a year)

Sumika Assembly Techno Co., Ltd.
- Cleaning up after the Niihama Taiko Festival (once a year)

Sumika Alchem Co., Ltd.

SC Environmental Science Co., Ltd.
- Holding joint fairs (once a year)

Sumika-Kakoushi Co., Ltd.
- Blood donation cooperation activities (twice a year)

Sumika Color Co., Ltd.
- Donating to the Japanese Red Cross Society (once a year)

Sumika Technical Information Service, Inc.

Sumika Chemtex Co., Ltd.

Sumika Covestro Urethane Company, Ltd.

Sumika Styron Polycarbonate Limited
- Providing volunteers for traffic safety monitoring (19 times a year)

Sumika Technoservice Corporation.

Sumika Agrotech Co., Ltd.
- Holding farming workshops (three days a year)

Sumika Human Support Co., Ltd.

Sumika Real Estate Co., Ltd.
- Regional cooperation (joint donations by Ehime Works) (twice a year)

Sumika Plastech Co., Ltd.
- Promoting sports (two types, each once a year)
- Toy park summer festival and charity bazaar (once a year each)

Sumika Chemical Analysis Service, Ltd.
- Providing volunteers for traffic safety monitoring (19 times a year)
- Campaigns to improve manners when commuting to and from work (participating in Sumitomo Chemical activities) (twice a year)

Sumika Logistics Co., Ltd.
- Donations to Ehime Prefecture chapter of the Japanese Red Cross Society (once a year)
- Donating to the social welfare corporation Japan Braille Library (once a year)

Local Beautification

Sumitomo Chemical Co., Ltd. (Ehime Works)

Volunteering to clean up the areas around Ehime with related companies in the Ehime region

Accepting Interns and Providing Vocational Experience

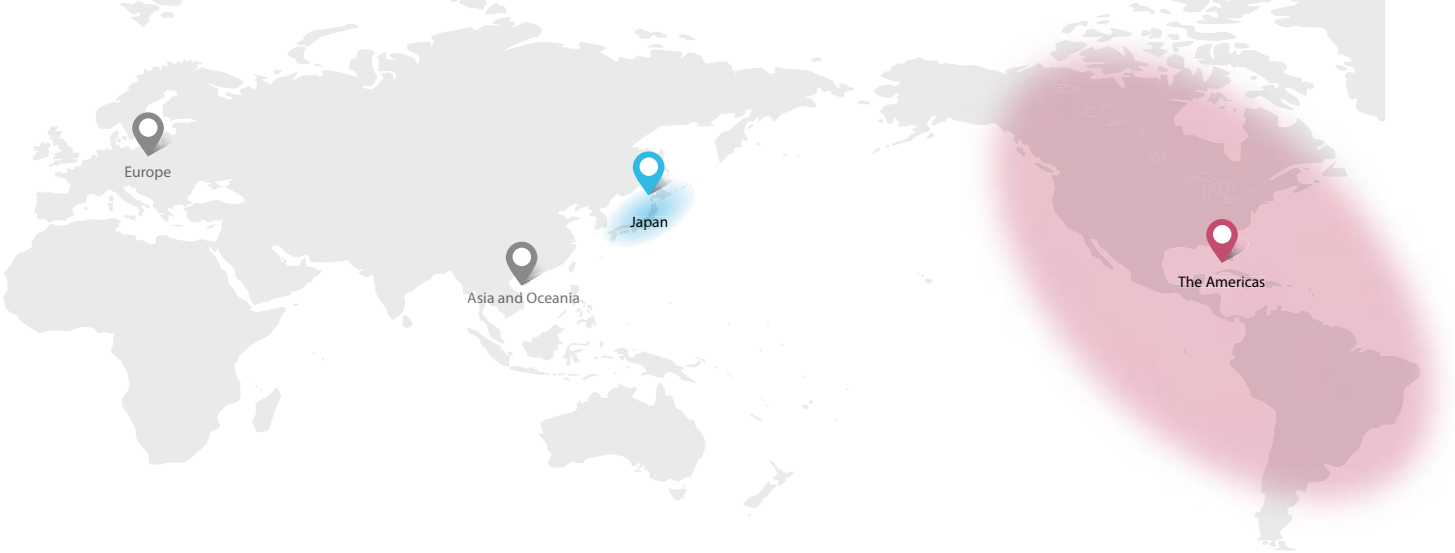
Sumika Agrotech Co., Ltd.

Holding farming workshops for elementary and middle school students in Nagano Prefecture

Plant Tours

Nippon A&L Inc.

Holding plant tours for technical high school students (70 participants at the Ehime Works)



Sumitomo Chemical Garden Products Inc.

- Supporting school flower bed and vegetable garden project and Flower & green reconstruction assistance project (providing flower/vegetable seeds, fertilizer) (once a year)
- Holding gardening education campaign workshops and seminars (once a year)

Sumitomo Chemical Systems Service Co., Ltd.

- Providing volunteers for traffic safety monitoring (four times a year)

Sumitomo Joint Electric Power Co., Ltd.

- Ishizuchi Fureai cleanup activities (once a year)

Sumitomo Chemical Engineering Co., Ltd.

- Providing volunteers for traffic safety monitoring (once every two months)

Sumitomo Seika Chemicals Co., Ltd.

- Let's Make Food Samples Using the Power of Chemicals environmental education for children (twice a year)
- Observing comprehensive disaster preparedness drills for local residents (once a year)

Ceratec Co., Ltd.

- Providing volunteers for traffic safety monitoring (three times a month)

Sumitomo Dainippon Pharma Co., Ltd.

- Providing on-site lectures (junior high schools and high schools) (7 times a year)
- Helping with sports days in disaster-affected areas (Okuma Town, Fukushima Prefecture kindergartens, elementary, junior high schools)
- Fairs and photo exhibitions to support disaster affected areas (Michinoku Fair) (once a year)

Taoka Chemical Co., Ltd.

- Local council gateball competition (once a year)

Chiba General Service Co., Ltd.

- Providing fire truck visits for daycare centers (children from Sumika Kids Chiba daycare center visit to a fire truck) (once a year)

Niihama Coal Center Co., Ltd.

Nippon A&L Inc.

- Holding plant tours for technical high school students (once a year)

Nihon Medi-Physics Co., Ltd.

- Donating unused calendars to a fund-raising calendar recycling fair run by Nippon Volunteer Network Active in Disaster, a non-profit organization based in Nishinomiya City (once a year)

Rainbow Chemical Co., Ltd.

- Donating to Malaria No More Japan (once a year)

The Americas

Mycorrhizal Applications, LLC

- Hosting Earth Day Celebration 2015 (once a year)

Sumika Electronic Materials, Inc.

- Sponsoring Saint Mary's Food Bank (once a year)

Sumika Polymer Compounds America, Inc.

- Participating in Kennedy Middle School's career day (once a year)

Sumitomo Chemical America, Inc.

- Donating food (once a year)

Valent BioSciences Corp.

- Caring for elderly people (once a year)
- Participating in the Mason City STEAM (Science, Technology, Engineering, Arts, Math) Festival
- Participating in a program related to the future of U.S. farming

Valent U.S.A. Corp.

- Earth Day chemistry activities

Sumitomo Chemical do Brasil Representações Limitada

- Christmas donation campaign (once a year)

Collections and Donations

Mycorrhizal Applications, LLC

Employees collect and donate goods (twice a year)

Sumitomo Chemical Group Global Project Centennial Give Back

Sumitomo Chemical Group Companies

Employees of Group companies in Japan and abroad carried out social contribution activities on their own as a way to give back to society in celebration of the Company's centennial.

Sumitomo Chemical Group employees posted their experiences to a website
(Example: volunteering to plant trees in Thailand)

Hand in Hand with Employees

Basic Stance

Sumitomo Chemical is actively promoting 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.

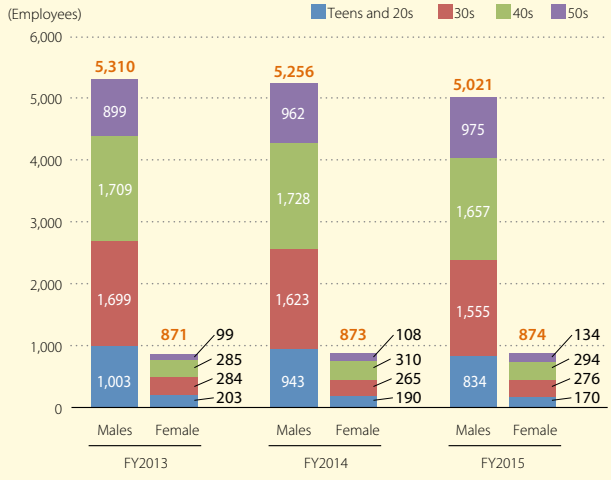
In addition, Sumitomo Chemical is taking steps to further bolster its global human resource initiatives in order to strengthen its global management endeavors from a human resource perspective. The Company is also undertaking proper workforce planning based on business expansion.

◎Basic Human Resource Data★

Fiscal year		FY2013	FY2014	FY2015
Number of employees (consolidated)		30,745	31,039	31,094
Number of employees (non-consolidated)		6,181	6,129	5,895
	Male	5,310	5,256	5,021
	Female	871	873	874
Number of non-Japanese employees (non-consolidated)		132	128	110
Average length of service (years; non-consolidated)		13.4	13.8	14.2

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

◎Employee Age Composition and Distribution (Sumitomo Chemical (Non-Consolidated)★



Recruitment

To secure diverse and high-potential talent that will serve as the driving force of rapid globalization, Sumitomo Chemical hires personnel from a number 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.

◎Number of New Hires

FY2015 Results		Number
New graduate hires	Male	79
	Female	26
	Non-Japanese employees among the above	5
Mid-career hires	Male	51
	Female	7
	Non-Japanese employees among the above	1

Internships

To recruit high-quality overseas talent and offer students from other countries opportunities to study Japanese culture and business practices, Sumitomo Chemical has been accepting overseas university and graduate students as interns every year since fiscal 2007. In addition, we have been accepting university and graduate students in Japan as interns since fiscal 2013 to provide opportunities to learn about our business.

◎Interns

FY2015 Results	Number
University students overseas	37
University students in Japan	184

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.

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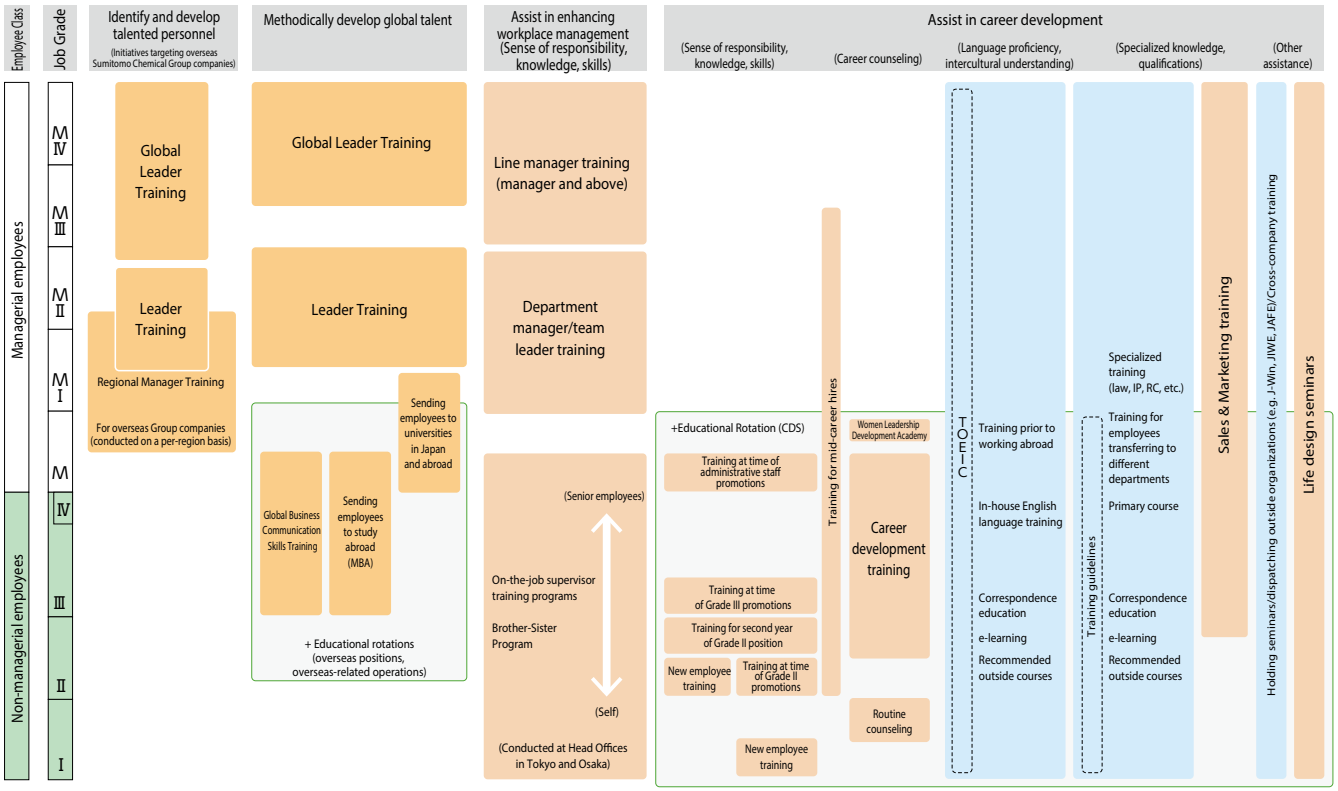
Hand in Hand with Employees

◎Human Resources Development



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

◎Recruitment, Human Resources Development and Human Resources System

(No. of people)

Name	Approach	FY2015 Results
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.	748
Trainer System	Highly skilled employees who have an aptitude for teaching provide instruction and advice to younger employees to facilitate their development.	65*1
Full-time Instructor System	We give supervisors and potential supervisors on-the-job training to develop core talent for manufacturing departments.	5*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 various training programs.	
(1) Global Leader Training	Our global leadership training program focuses on action learning.	24
(2) Leader Training	Held in Singapore since fiscal 2014 to develop the next generation of leaders, we conduct training programs in English.	26
(3) 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. In fiscal 2014 and 2015, the Company implemented a training program to share the Business Philosophy by going over Sumitomo Chemical's history and contribute to the success of each employee in accordance with the Corporate Business Plan.	258
(4) 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.	71
Global grading and assessment system for regional managers	A grading and assessment system shared with Sumitomo Chemical is applied to regional managers (MI and above) of overseas Group companies.	343 (regional managers)

*1 As of April 1, 2016

Hand in Hand with Employees

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 the 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 2015, 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 Leadership Development 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 2015, 23 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 supervisor work together to create career visions.

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 April 1, 2016, the former ratio was 4.3% and the latter ratio was 13.0%.

◎Initiatives to Promote Diversity (Sumitomo Chemical)★

Name	Concept	Results		
		FY2013	FY2014	FY2015
Number of female managers*1	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.	191	205	222
Percentage of female managers (%)*1		6.4	6.9	7.4
Employment rate for people with disabilities (%)*2	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.	2.12	2.26	2.23
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.	153	105	118
The reemployed		138	91	99
Reemployment rate (%)		90.2	86.7	83.9

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

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.

▶ Ceasing from work for childcare

As a result of taking measures to encourage more male employees to cease from work for childcare, the number of men ceasing from work for childcare has increase every year with 101 men (9.8%) ceasing from work for childcare. In addition, the percentage of female employees who return to work after ceasing from work for childcare was 97.8% in fiscal 2015.

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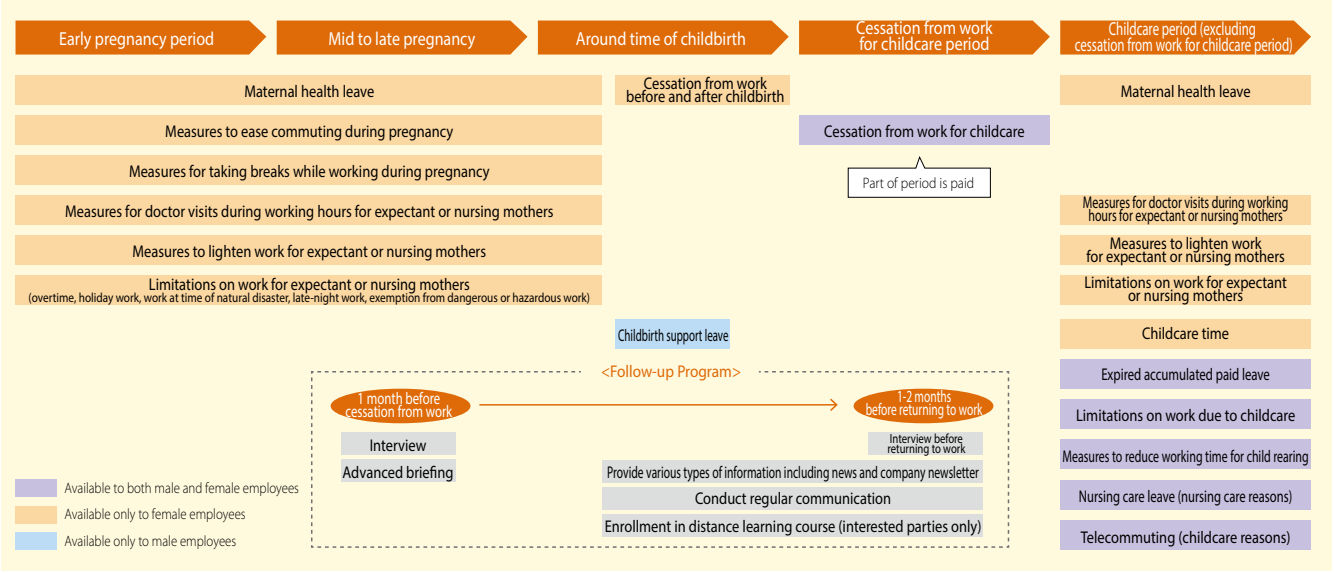
Hand in Hand with Employees

▶ 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 everyday 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)★

(No. of people)

	System/Measure		FY2013	FY2014	FY2015
Childcare/Nursing Support	Cessation from work for childcare		114	142	185
		Men	21	44	101
		Women	93	98	84
	Cessation from work for nursing care		3	2	3
	Nursing care leave		96	120	132
	Childbirth support leave		166	202	167
	Maternal health leave		44	47	58
	Special reserve leave (paid)*3		48	56	59
	Reduced working hours system		83	101	114
	Telecommuting*4		–	9	13
	Reemployment system*5		9	11	11
	In-house childcare facilities*6		121 (69)	126 (78)	156 (101)
	Mutual aid association support money for childcare*7		149	171	175
Other	Suspension from work for special reasons the Employee accompanies the spouse going on overseas transfer*8		7	2	6
	Employee survey*9		Conducted in August	–	–

*3 Only for childcare and nursing care
*4 Number certified at the end of each fiscal year
*5 Number registered as of the end of each fiscal year
*6 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.
*7 Aggregate number of people at end of each fiscal year
*8 Number of applicants as of the end of each fiscal year
*9 Conducted once every three years

Notes: • Employee numbers do not include temporary employees, part-time staff, or dispatch employees.
• The number of employees taking childcare leave in fiscal 2013 has been revised for greater accuracy.

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Kurumin Mark

In September 2015, Sumitomo Chemical was certified as a company that supports childcare and received the next-generation Kurumin certification mark. Under this system, business operators who successfully carry out action plans formulated based on the Act on Advancement of Measures to Support Raising Next-Generation Children and meet all the certification criteria receive certification from the Minister of Health, Labour and Welfare.

This was our third certification (June 2012–March 2015). The first one covered the period between April 2005 and May 2007, and the second one covered the period between June 2007 and May 2012. The Company was commended for its initiatives to help promote work-life balance, such as expanding in-house childcare facilities and encouraging employees to take various forms of leave.

Next-generation Kurumin certification mark

Hand in Hand with Employees

Communication with Employees

▶ Dialogue with Labor

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 once in fiscal 2015. Every effort is being made to promote opinion exchanges and a uniform understanding of current measures and future challenges.

Sumitomo Chemical and its labor union have concluded a union-shop contract, and 100%★ of the non-managerial employees of the Company are enrolled in the union.

▶ Social Contribution Activities Promoted through Labor-Management Cooperation

As for social contribution activities promoted through labor-management cooperation, the Company and its labor union are working together to continue encouraging employees to each make a difference in fiscal 2015.

◎Social Contribution Activities Promoted through Labor-Management Cooperation

Name	Overview
Environmental Accounting Book	Reduce household CO_2 emissions using environmental accounting books.
Matching Gift program (Please refer to page 65)	In this program, donations are made by executives and employees, Sumitomo Chemical matches the amount collected.
Mangrove planting project in Thailand (Sumitomo Chemical Forest) (Please refer to page 66)	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.
Sumitomo Chemical Group Global Project (Please refer to page 66)	Provides opportunities for Sumitomo Chemicals Group employees to consider and take actions together to address issues both in Japan and abroad.
Coastal woodland rejuvenation project (Please refer to page 64)	This is one program supported by donations from the matching gift program. Employee volunteers nurture saplings to rejuvenate coastal woodlands in Natori, Miyagi Prefecture, that were damaged by the tsunami that followed the Great East Japan Earthquake.

VOICE Social Contribution Activities Promoted through Labor-Management Cooperation

In 2004, the labor union celebrated its 50th year. To mark the occasion, the union launched a reforestation project in Thailand as a social contribution activity that everyone from all labor union branch offices could participate in together. In 2008, this evolved into a joint labor-management initiative, and the number of people dispatched to the area soared. The participants live with local people for several days and plant tree after tree. During this time, they become aware of something they cannot put into words and return to their home countries profoundly moved by their experience. Each year, I feel that we have organized something truly fulfilling.

Since fiscal 2015, labor and management have been cooperating to promote volunteer activities aimed at rejuvenating devastated pine forests in Natori, Miyagi Prefecture, as a way to support recovery efforts in areas affected by the Great East Japan Earthquake. Going forward, we will continue to work with local residents in the region.

Atsushi Yamada
Manager of Social and Industrial Issues
Sumitomo Chemical Labor Union

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Hand in Hand with Employees

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.

We have been cooperating with medical staff to implement the stress checks required by law for business operators since December 2015.

▶ 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 2015, medical counseling and environmental evaluations were implemented twice in Saudi Arabia, and once each in Taiwan, South Korea, Europe (Belgium, Poland, and Spain), China, and Singapore (including employees dispatched to India).

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 2015, we held a total of 127 seminars and lectures on human rights as a part of the in-house training curriculum, in which a total of 3,330 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 2015, there was no instance of discrimination reported.

Looking Ahead

In line with its basic stance, Sumitomo Chemical will continue to promote global HR initiatives, train personnel, 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.

Hand in Hand with Business Partners

Basic Stance

Regarding the purchase of raw materials and packaging materials, Sumitomo Chemical is committed to building mutually beneficial and sound relationships with business partners. In addition to ensuring fairness, equitability, and transparency in our transactions with business partners, we are 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

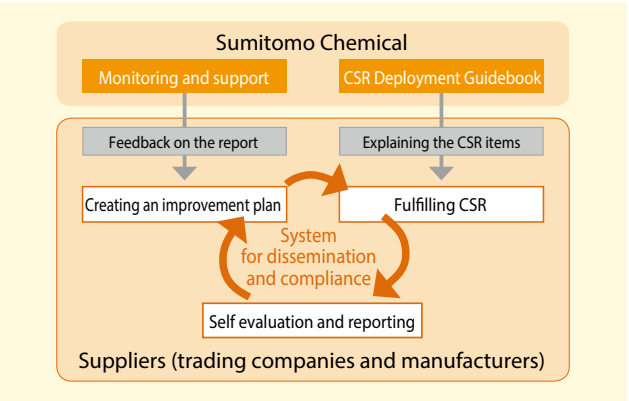
▶ Using the CSR Deployment Guidebook and Check Sheets

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 of raw materials, especially those outside Japan, via the CSR Deployment Check Sheets. Every year, there are around 10 to 20 new suppliers subject to monitoring. In fiscal 2015, all these new suppliers were given a good evaluation, and we therefore entered into business with them. As for current suppliers, there are around 30 to 40 companies subject to monitoring via check sheets every year. This includes overseas suppliers for whom we partner with overseas subsidiaries to monitor and suppliers in Japan who are subject to quality assurance audits.

We manage the data from the check sheets submitted by suppliers and periodically assess the content. For suppliers who need to follow-up on problems revealed by the monitoring, we furnish feedback, including point-by-point requests for improvement offered with an eye to providing guidance and training. By seeking to raise awareness of and cooperation in ensuring responsible procurement, we aim to prosper alongside our suppliers.

◎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:
http://www.sumitomo-chem.co.jp/english/company/purchasing/csr_procurement.html

Looking Ahead

Utilizing our current framework, we will provide support for responsible procurement through a process of guidance and education. Going forward, we plan to revise the CSR Deployment Guidebook and Check Sheets to reflect the needs of society.

Governance

Serving the interests of shareholders and other stakeholders 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 communicate with stakeholders.

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Corporate Governance

Corporate Governance Initiatives

Sumitomo Chemical has been committed to continual efforts to improve corporate governance. In response to demands for further raising the governance level, including application of the Corporate Governance Code, we are taking measures to achieve the optimal governing structure and decision-making processes, while remaining faithful to the intent and spirit of the Code.

▶ Basic Stance

Under the philosophy of "our business must benefit society, not just our interests," we develop a vibrant corporate culture and continue to be a company that society can trust, and commit ourselves to creating new value by building on innovation, in order to achieve sustained growth. Aware of the importance of effective corporate governance toward these ends, we are enhancing governance in accordance with the following principles. Basic to these are cooperation with shareholders and various other stakeholders, faster decision-making, proper oversight of the management, enhancement and strengthening of the compliance organizational structure and internal control system, and active dialog with stakeholders.

- Sumitomo Chemical shall respect the rights of shareholders, and shall strive to develop an environment facilitating the exercise of those rights and to ensure effectively equal treatment of shareholders.

- Recognizing that the cooperation with various stakeholders, including employees, customers, business partners, creditors, and local communities, is essential to sustained growth, Sumitomo Chemical shall actively fulfill its corporate social responsibility and strive to cultivate a corporate culture that earns the trust of society.

- As part of building a foundation for constructive dialog with stakeholders, Sumitomo Chemical shall endeavor to provide information that is highly reliable and useful to the recipients.

- Sumitomo Chemical's Board of Directors, based on their fiduciary responsibilities and accountability to shareholders, and recognizing the important role of outside directors, shall present effective management policies and business strategies that take into account changing social and economic conditions, and shall implement highly effective oversight of the management, in these ways properly fulfilling the role of Directors.

- Sumitomo Chemical shall endeavor to engage in constructive dialog with stakeholders who share the desire to achieve sustained growth and increased value of the Company in the medium to long term.

◎Measures to Date for Strengthening Corporate Governance

Date	Major Initiatives	Board Composition	Appointment of Board Members	Executive Compensation	Other
2002 December	Established Risk Crisis Management Committee				●
2003 June	Introduced Executive Officer system (reduced number of Directors from 25 to 10)	●			●
July	Established Compliance Committee				●
2004 June	Eliminated system of retirement benefits for Directors and Corporate Auditors			●	
2007 May	Established Internal Control Committee				●
September	Established Compensation Advisory Group			●	
2010 September	Established Nomination Advisory Group		●		
2011 November	Drew up standards for appointment of independent outside directors	●	●		
2012 June	Appointed 1 outside director	●			
2015 June	Selected 3 outside directors (increased by 2)	●			
October	Established Compensation Advisory Committee in place of Compensation Advisory Group			●	
	Established Nomination Advisory Committee in place of Director Nomination Advisory Group		●		

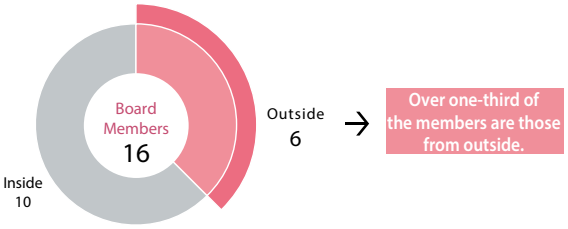
Corporate Governance

Recent Initiatives to Strengthen Corporate Governance

▶ Composition of Board of Directors

In June 2015, we added two outside directors to the Board of Directors, raising their number to three, in order to strengthen the oversight functions of the Board and to increase the transparency and objectivity of management. Moreover, we appointed accounting specialists as outside corporate auditors to further enhance the oversight and management functions of the Board of Directors.

◎Board Composition (As of June 21, 2016)



	Inside	Outside
Director	8	3
Corporate Auditor	2	3

▶ Changes in Board of Directors Administration

In 2015 we reviewed the way the Board of Directors is administered, making changes that put more focus on deliberating management policies, business strategy, and important matters for carrying out operations, and on oversight of those operations. The changes also expand the scope of decision-making delegated to Executive Officers with the aim of speeding up execution of operations. At board meetings, reporting on the performance of duties by each Director has been enhanced, and three types of reports are defined based on the contents, aiming for effective reporting. Along with enhanced reporting, the monetary threshold the Board of Directors to resolve has been raised, faster decision-making has been achieved, and the monitoring functions of the Board of Directors have been strengthened.

▶ Establishment of Nomination Advisory Committee and Compensation Advisory Committee

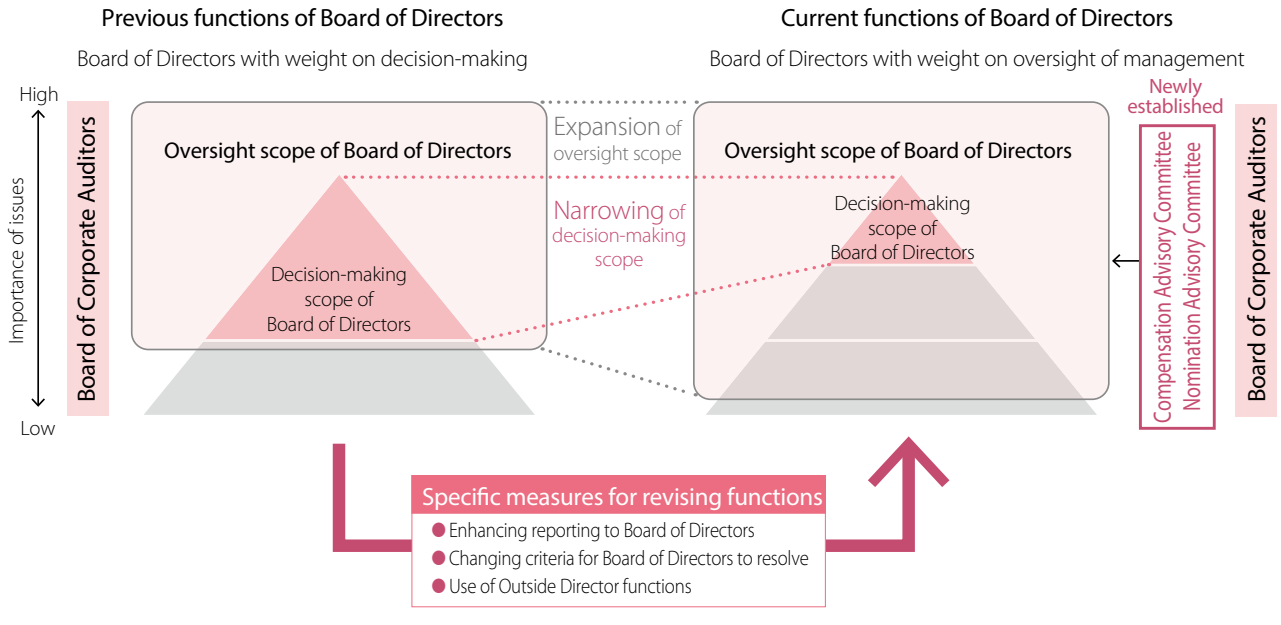
A nomination advisory committee and a compensation advisory committee were created in October 2015. Currently both committees are made up of a majority of independent outside directors. By nominating members of the Board of Directors and advising on compensation, they are helping to make the decision-making process more transparent, fair, and open.

▶ Use of Outside Director Functions

To make maximum use of the oversight and advisory functions of the outside directors, the relevant organizations provide outside directors with detailed explanations of agenda items before they are deliberated in the Board. Important matters such as management policy, M&A, and large-scale projects are explained to the Board of Directors in advance so that the views of Directors can be reflected; and advice is given by outside directors and others based on their expert knowledge.

For further understanding of Sumitomo Chemical business, outside

◎Changes in Board of Directors Functions



directors are taken on tours of operating sites, informal meetings with outside directors and lunch meetings with directors (including Executive Officers) are held, and other steps are taken to create an environment conducive to proper fulfilment of roles.

▶ Assessing the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors is assessed each year. The assessment method and results for fiscal 2015 are summarized below.

Assessment Methods

2015	December	Questionnaire survey
2016	January	Compiled views of Board of Corporate Auditors
	February	Exchanged views at informal meetings of outside directors
		Exchanged views at Management Meeting
	March	Board of Directors (analyzed and summarized assessment results)

Assessment Results

The assessment confirmed that the effectiveness of the Board of Directors is mostly achieved with regard to its composition (size, membership, etc.), administration (frequency and length of meetings, substance and quality of explanatory documents, advance explanation, etc.), deliberation and reporting in Board of Directors meetings (level of criteria for referring matters for discussion, whether constructive discussions are carried on freely and frankly, etc.), and oversight of the performance of duties (oversight from independent and objective standpoint, proper risk-taking, etc.).

Some measures for improvement were also pointed out for the sake of further raising the effectiveness of the Board of Directors. The assessment confirmed that Board of Directors deliberations could be further energized by disclosure of discussions held before the Board of Directors meeting and by improving the way of regular reports of performance of duties in the Board.

Current Corporate Governance Organization

▶ Organizational Structure

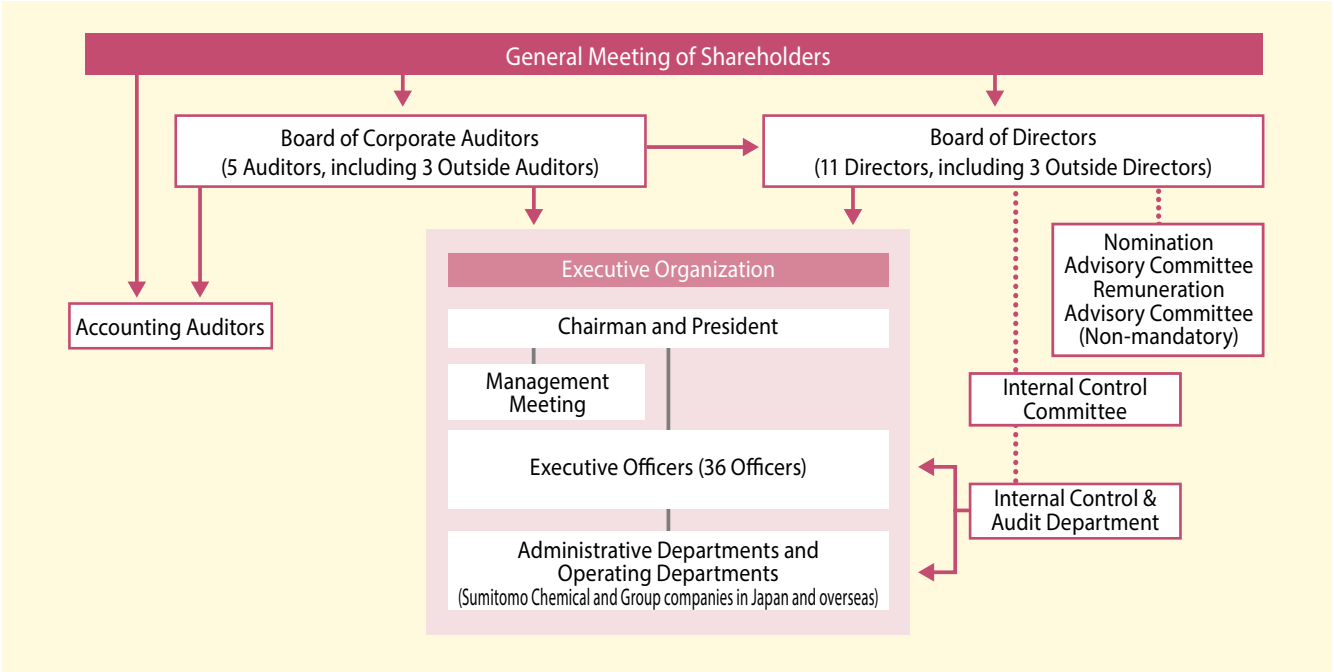
Board of Directors

The Sumitomo Chemical Board of Directors decides important matters concerning the Company's management, including management policy and business strategies, in accordance with the law, the Articles of Incorporation, and Board of Directors regulations. It also receives reports from Directors and others on the performance of duties, financial situation, and operating results, and oversees the performance of duties by each Director.

The Board currently consists of 11 Directors, three of whom are independent outside directors having no conflict of interest with general shareholders. The term of office of Directors is one year, in order to make the administrative organization responsive to changes in the business environment and to establish clear administrative responsibility and roles of Directors.

Board of Directors meetings are held monthly as a rule, with special meetings convened as needed. To ensure the effectiveness of the Board of Directors, assessments and analyses are conducted annually and the results are fed back to members.

◎Corporate Governance Organization (As of June 21, 2016)



Corporate Governance

Corporate Auditors and Board of Corporate Auditors

We have a Corporate Auditor System, with a Board of Corporate Auditors consisting of five Corporate Auditors including three outside corporate auditors.

The Corporate Auditors and the Board of Corporate Auditors play a vital role in our corporate governance, by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The Board of Corporate Auditors meets 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. In conducting their audits, they receive reports and explanations as needed from the Internal Control & Audit Department, operating divisions, and accounting auditors. In addition, Standing Corporate Auditors attend meetings of the Internal Control Committee and other important company meetings.

The results of audits and the objective views of outside auditors are appropriately reflected in internal audits, corporate auditors' audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing.

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

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

Executive Officers

We have appointed Executive Officers to expedite the implementation of business operations. Executive Officers are responsible for carrying out operations in accordance with the policies adopted by the Board of Directors. We have 36 Executive Officers, with 8 acting in dual capacity as Directors. The Executive Officers are 33 Japanese and three non-Japanese, consisting of 35 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, including matters to be deliberated in the Board of Directors for discussion and reports to be made to the Board. The Management Meeting consists of all the Directors (excluding outside directors), some of the Executive Officers of corporate divisions, and one Standing Corporate Auditor. Meetings are held 24 times a year as a rule.

◎Independent Director

Title	Name	Reason for Appointment	Major Activities
Outside 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 2015, contributing mainly from his specialist standpoint as a university professor with expertise in accounting, business administration and other areas.
	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 management executive of a major corporation.	Following his appointment as director in June 2015, attended all 10 meetings of the Board of Directors held thereafter, contributing his views as appropriate from his standpoint as a highly experienced management executive.
	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 management executive of a major corporation.	Following his appointment as director in June 2015, attended all 10 meetings of the Board of Directors held thereafter, contributing his views as appropriate from his standpoint as a highly experienced management executive.
Outside Corporate Auditor	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 management 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 2015, contributing from his standpoint as an experienced management executive.
	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 a lawyer.	Attended all 13 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors held in fiscal 2015, contributing mainly from his specialist standpoint as a lawyer.
	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.	Following his appointment as corporate auditor in June 2015, attended 9 of the 10 meetings of the Board of Directors and all 10 meetings of the Board of Corporate Auditors held thereafter, contributing his views as appropriate from his specialist standpoint as a certified public accountant.

Note: All the outside directors are independent directors having no conflict of interest with general shareholders.

Corporate Governance

Committees

We enhance 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 and others 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 2015
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	3*
Responsible Care Committee	Comprehensively promote responsible care activities from a longterm viewpoint	1
Compliance Committee	Promote compliance-oriented business management	1

* Subcommittee meetings on specific key themes

Executive Nomination and Compensation

▶ Nomination Advisory Committee

The Nomination Advisory Committee was created in October 2015 to act as an advisory body to the Board of Directors on selection of top management and on appointment of directors and auditors. The committee is made up of outside directors and Sumitomo Chemical representative directors. Regular meetings are held annually and ad hoc meetings are convened as needed. With a majority of members being outside directors, the committee advises the Board of Directors on appointment of officers, with the purpose of ensuring more transparency, fairness, and openness in the process of appointing officers and bringing greater clarity to the process.

▶ Compensation System

Compensation for top management and Directors consists of basic compensation and bonuses. Basic compensation is paid as fixed compensation assigned to each rank, reflecting the duties of Directors and the Company's medium- to long-term performance. The intention is that directors will not take actions having only short-term effect or be content with less than full optimization. Bonuses are paid to heighten incentive to meet the business plans for each year, with the amount being determined based on consolidated performance for the fiscal year.

▶ Compensation Levels

To ensure objectivity and appropriateness of compensation, levels are set by an outside third party based on the results in a database relating to executive pay, comparison with pay levels of the Company's employees, past amounts paid, and other data.

▶ Compensation Advisory Committee

In September 2007, the Company established a Compensation Advisory Group as a body that reports to the Chairman about policy and concrete plans concerning the officer compensation system, compensation levels, and other benefits. It includes academic, legal and other outside experts, who provide their informed viewpoints to raise the objectivity of decisions on compensation systems and levels.

The Compensation Advisory Group was replaced in October 2015 with a Compensation Advisory Committee, as an advisory body to the Board of Directors on the compensation system for directors, compensation levels, and other related matters. The committee is made up of outside directors and Sumitomo Chemical representative directors. It holds regular meetings annually and convenes ad hoc meetings as needed. With a majority of members being outside directors, the committee advises the Board of Directors in deciding the officer compensation system and levels, in order to achieve greater transparency, fairness and openness.

◎Directors' and Corporate Auditors' Compensation in Fiscal 2015

(Millions of yen)

Title	Eligible Persons	Basic Compensation	Bonuses	Total
Directors (excluding Outside Directors)	8	¥465	¥131	¥596
Standing Corporate Auditors	3	¥78	—	¥78
Outside Directors and Corporate Auditors	6	¥75	¥10	¥84
Total	17	¥618	¥141	¥759

Note: The above numbers include one director and one corporate auditor who retired from their positions during the fiscal year.

Corporate Governance

Internal Control / Risk Management

▶ 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 on Sumitomo Chemical and major Group companies 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 Control & Audit Department regularly holds meetings of the Internal Audit Coordination Board to share with relevant departments 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. The Department also evaluates the effectiveness of Sumitomo Chemical's internal control over financial reporting, in accordance with Japan's Financial Instruments and Exchange Act.

▶ Timely Disclosure

The Corporate Communications Department 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

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.

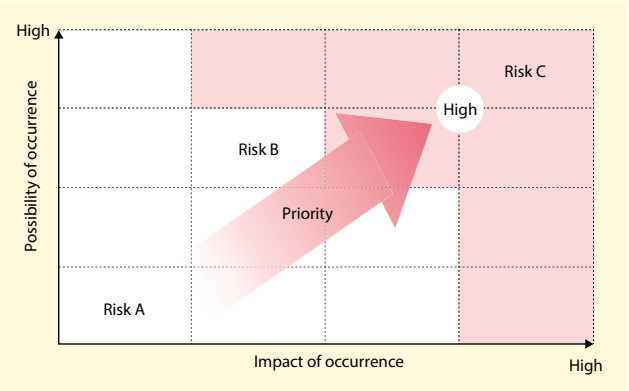
Each organization of the Sumitomo Chemical Group takes various measures in day-to-day operations to detect risks at early stage, to prevent risks from materializing, and to respond promptly and appropriately on the occurrence of the risks.

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 abroad 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



Compliance

Compliance-Focused Business Management Underlies Time-Honored History of Sumitomo Chemical Group

Sumitomo Chemical places "compliance" at the bedrock of corporate management. As we engage in business in many parts of the world, all companies of Sumitomo Chemical Group are devoting earnest efforts to stay in strict compliance with not only laws and regulations, but also ethical principles in a business environment.

The spirit and letter of ensuring compliance in our business activities has been enshrined at Sumitomo Chemical ever since the company was founded. This unwavering resolve towards compliance is embodied succinctly in the "Sumitomo Chemical Charter for Business Conduct" which serves as the guideline of conduct for every employee to abide by, constituting the backbone of our day-to-day compliance activities. As business operations continue to globalize across national borders, laws and regulations governing them are increasingly tightened and their enforcement becomes more rigorous. Accordingly, the importance of ensuring compliance grows even further. At Sumitomo Chemical Group which operates globally, all companies are firmly united in achieving full and strict compliance as they expand and diversify business activities.

Fine-tuning a compliance system to individual Group companies

Sumitomo Chemical's Compliance Committee is the linchpin of our activities to attain compliance throughout Sumitomo Chemical Group. The Compliance Committee establishes overarching principles of compliance from a global perspective, according to which it not only supervises compliance activities of Sumitomo Chemical itself, but also works with every Group company in Japan and abroad in building and operating their compliance systems in a manner desired.

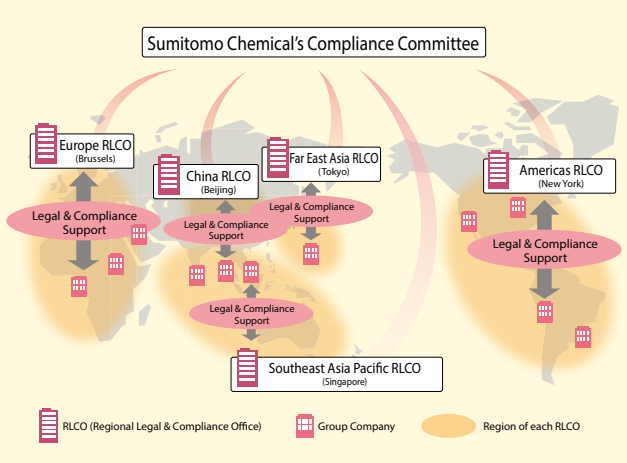
As our business globalization advances, it becomes increasingly crucial that each company's compliance system be fine-tuned, in both structure and operation, to a specific situation of the company as well as legal or other requirements of a country where it operates. For this reason, under the guiding principle of "Think globally, Manage regionally, Act locally," we have a network of regional units, each called Regional Legal & Compliance Office (RLCO), in our major business regions around the world. RLCOs actively work with respective Group companies in promoting their compliance activities as well as providing legal support services to them.

As far as compliance management is concerned, RLCOs hold close and direct dialogue with Group companies, thereby grasping their specific needs and challenges and working together in preparing and implementing concrete compliance measures as well as supporting generally in building and operating desired compliance systems.

Providing education and trainings periodically is vital for realizing compliance. RLCOs provide programs of compliance trainings tailored to a particular situation of each company, whether it be face-to-face lecture session or E-learning. Among a variety of compliance issues, a focus of RLCOs' recent support to Group companies is particularly on building and operating compliance systems geared to preventing corruption, ensuring observance of competition laws, and preventing leakage of confidential information, which are the areas where Sumitomo Chemical Group has been enhancing activities in recent years.

As Sumitomo Chemical reinforces its Group-wide compliance activities in the years ahead, RLCOs will play an even greater role by promoting closer cooperation with Group companies to make their supportive services more "tangible, practical and visible."

◎Compliance System



To realize full and strict compliance, it is essential that every employee be motivated to have a strong compliance-focused mindset and make unabated efforts voluntarily to ensure compliance at the workplace. A beacon to guide such efforts is the "Sumitomo Chemical Charter for Business Conduct" and a "Code of Ethics" or its equivalent. Every employee must make an independent and proactive effort to understand correctly and thoroughly the basics of behavior and conduct outlined in these guidelines. In addition, it is important that the company provide education to its employees, by way of trainings and the like, to help them deepen such understanding. This is true of all companies in the Group. In fact, every company is working to take as many occasions a possible to provide its employees with trainings or other educational initiatives on compliance.

Speak-Up hotline

Equally important for ensured compliance is building an internal system whereby any sign of compliance violation is detected in its early stage and removed promptly, or appropriate measures are taken swiftly should there actually be any violation. This thought has led us to adopt a dual-channel Speak-Up System equipped with an internal Speak-Up hotline and an external Speak-Up hotline, at not just Sumitomo Chemical, but all Group companies as far as relevant laws of their respective countries permit it. Under the System, an employee can report any violation or suspected violation of compliance to

his or her 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. Annually, Sumitomo Chemical Company and its Group companies, all combined, receive approximately 40 cases of speak-up reporting in total.

Operating Compliance System More Effectively

Sumitomo Chemical's support, through its Compliance Committee, to Group companies begins with working on introducing their compliance systems in accordance with Group's certain common standards. To realize strict compliance at a Group company, however, the proper operation of the introduced compliance system is most important. Ensuring compliance is tantamount to conducting compliance-related risk management adequately, which means detecting compliance risks in their early stage and nip them in the bud. Sharing this understanding together, all Group companies are re-doubling their efforts toward achieving effective risk management through assessing compliance risks that their business activities might carry, and then preparing and implementing appropriate measures against the risks.

For such risk management to be conducted properly, it is essential that compliance risks lying hidden in day-to-day business activities be looked into from as objective a viewpoint as possible and assessed appropriately. What a single Group company can do by itself in the risk assessment would naturally be limited. This is where RLCOs can contribute much, fully utilizing their diverse knowledge and on-theground experiences gained from working with various companies locally in a relevant region. RLCOs will support proactively or cooperate closely with Group companies to help them conduct risk management as well as a risk assessment more effectively and efficiently.

TOPIC

Initiating "Compliance Promotion Month"

On the auspicious occasion of Sumitomo Chemical's 100th anniversary and in tune with the "Corporate Ethics Promotion Month" established by Keidanren (Japan Business Federation), Sumitomo Chemical and some of its Group companies have decided to designate the month of October every year as "Compliance Promotion Month," in which the companies will run a special campaign aimed at raising compliance awareness of their employees.

In FY2015, as part of efforts to reduce compliance risks at the workplace, Sumitomo Chemical conducted company- wide initiatives at every workplace with all employees participating in them. They held active discussions to identify compliance-related risks at their own workplace, and then examined or prepared possible measures that could be taken to prevent the risks from manifesting themselves. For those preventive measures that were already in place, they re-examined whether they would be effective enough or not.

TOPIC

Second Global Conference Held on Group-wide Legal and Compliance Initiatives

Following last year, we held the second Global Legal and Compliance Conference on March 7 and 8 in Tokyo, attended by representatives of each Regional Legal and Compliance Office (RLCO), and managers of certain Group companies in charge of legal and compliance affairs.

The conference was intended, as in the previous year, to serve two objectives, i.e. further promoting activities to ensure strict compliance at every Sumitomo Chemical Group company, and enhancing the companies' capabilities in handling legal aspects of their day-to-day business operations. Participants from respective Regions reported their activities over the past year, briefing on how they have specifically been working with Group companies. The activities included supporting in contract drafting and negotiation for legal matters, and undertaking risk assessment/management for priority compliance risks in such fields as competition law observance and corruption prevention. The conference then discussed, through a candid exchange of views, concrete measures to be taken going forward to make the RLCO's initiatives a more effective one.

Global Legal & Compliance Conference

All Group companies growing together as a responsible corporate citizen

Going forward, the Compliance Committee of Sumitomo Chemical, RLCOs and all Group companies will work more cohesively and grow together to make our compliance activities more effective. Through such a cooperative endeavor, Sumitomo Chemical will fulfill its responsible corporate citizenship as a globally operating 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.	p5-6	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.	p8, p84	6.2
Organizational Profile			
G4-3*	a. Report the name of the organization.	p3-4	
G4-4*	a. Report the primary brands, products, and services.	p3-4, p15-18	
G4-5*	a. Report the location of the organization's headquarters.	p3-4	
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.	p3-4	
G4-7*	a. Report the nature of ownership and legal form.	p3-4	
G4-8*	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	p3-4	
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	p3-4, p9-10	
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).	p71	6.4 6.4.3
G4-11*	a. Report the percentage of total employees covered by collective bargaining agreements.	p75	
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	Not applicable	
G4-14*	a. Report whether and how the precautionary approach or principle is addressed by the organization.	p11-14, p24-25, p79-82, p84	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.	p25	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	p25	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.	p1, p34	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.	p1-2, p9-11	
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	p1, p34	
G4-21*	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	p11-14	
Stakeholder Engagement			
G4-24*	a. Provide a list of stakeholder groups engaged by the organization.	p11-14	6.2
G4-25*	a. Report the basis for identification and selection of stakeholders with whom to engage.	p11-14	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.	p11-14, p61-86	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.	p11-14, p62-86	6.2
Report Profile			
G4-28*	a. Reporting period (such as fiscal or calendar year) for information provided.	p1	
G4-29*	a. Date of most recent previous report (if any).	p1	
G4-30*	a. Reporting cycle (such as annual, biennial).	p1	
G4-31*	a. Provide the contact point for questions regarding the report or its contents.	p1, Back Cover	

Category	Description	Report Page	ISO26000
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.)	p1, p87-90	
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.	p1, p91	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.	p24, p79-82	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.	p24, 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.	p24, 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.	p24, 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.	p24, p29-30, p79-82, p84	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.	p84	
G4-47	a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	p79-82	6.2
Highest Governance Body's Role In Evaluating Economic, Environmantal and Social Performance			
G4-49	a. Report the process for communicating critical concerns to the highest governance body.	p79-82	6.2
Renumeration 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.	p83	6.2
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.	p83	
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.	p79-83	6.2

GRI Guidelines <G4> / ISO26000 Reference Table

Category	Description	Report Page	ISO26000
Ethics and Integrity			
G4-56*	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	p7-8	
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	p85-86	
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	p85-86	

* Core performance indicator

SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC			
Aspect: Indirect Economic Impacts			
G4-EC7	DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED	p63-70	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	p63-64	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	p34	6.5.4
Aspect: Energy			
G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	p34-36, p49, p57	6.5.4
G4-EN5	ENERGY INTENSITY	p35-36, p49, p56-57	6.5.4
G4-EN6	REDUCTION OF ENERGY CONSUMPTION	p35-36, p49, p57	6.5.4
G4-EN7	REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES	p15-16	6.5.4 6.5.5
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G4-EN8	TOTAL WATER WITHDRAWAL BY SOURCE	p34, p38	6.5.4
Aspect: Emissions			
G4-EN15	DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)	p35	6.5.5
G4-EN16	ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)	p35	6.5.5
G4-EN17	OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)	p35	6.5.5
G4-EN18	GREENHOUSE GAS (GHG) EMISSIONS INTENSITY	p35, p48, p56-57	6.5.5
G4-EN19	REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS	p35, p48, p57	6.5.5
G4-EN20	EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)	p34, p37, p51	6.5.3 6.5.5
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G4-EN30	SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE	p35-36, p49	6.5.4 6.6.6
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Aspect: Employment			
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Category	Description	Report Page	ISO26000
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Aspect: Anti-Corruption			
G4-SO4	COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES	p12, p25, p85-86	6.6.1 6.6.2 6.6.3 6.6.6
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G4-SO9	PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY	p77	6.3.5 6.6.1-6.6.2 6.6.6 6.8.1-6.8.2 7.3.1
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G4-PR1	PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED FOR IMPROVEMENT	p39-40	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	p39-40	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	p39-40	6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9

Independent Assurance Report

KPMG

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, 2015 to March 31, 2016 (the "Indicators") included in its CSR REPORT 2016 (the "Report") for the fiscal year ended March 31, 2016.

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 G4 Sustainability Reporting Guidelines 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 Company's website.

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 14, 2016

Third-Party Opinion

Keisuke Takegahara

General Manager
Economic & Industrial Research 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 June 2016 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 2016 incorporates innovations throughout that are fitting for the Company's 101st anniversary while maintaining the overall structure of the previous year's report.

What first catches the reader's eye in the first half of the report is the presentation of the 17 SDGs on the opening page. Sumitomo Chemical's direction is clarified in the Message from the Executive Chairman and the President that "we will strive to bring innovative technologies and products to market, both for the betterment of the world and to create new value." This and similar pronouncements emphatically convey even more clearly than before the Group's vision of helping resolve social issues through its business operations. Using the SDGs framework to convey the Group's vision is pioneering, and Sumitomo Chemical excellently demonstrates the effectiveness of this strategy in special features 1 and 2.

The Company's action on global climate change is communicated through its business from the perspective of easing and adapting to climate change. Also its initiatives for ending hunger are disclosed through crop protection and enhancement business. By using the SDGs as a means to discuss CSR activities, Sumitomo Chemical's positions on various subjects have become much clearer. I was also impressed by the coverage of the CO_2 membrane and biorational businesses, which hints at a product portfolio able to meet diverse needs and sophisticated technical capabilities to support the Company's vision.

The second half focuses on introducing more detail with an emphasis on continuity, but there are signs for future developments. This includes the placement of the Group's contributions to SDGs at the beginning of the CSR management section, thereby providing perspective on the use of innovation, as well as the enhancement of the corporate governance section with the presentation of a list detailing the process by which governance has been strengthened since 2002.

My impression is that the Company is working to better unify the first and second halves of the report under a common theme—to give social issues the attention they deserve and offer solutions to them through business operations—as I had advised previously. Another major feature of this report is a focus on the people who will lead the next generation. The perspective on human resource development provided in the Message from the Executive Chairman and the President is fleshed out in special features 3 and 4, linking up with Responsible Care and Social Activities in the latter half. This perspective also helps to unite organically the two halves of the report.

As evidences of change are cited throughout the report, I look forward to seeing efforts to further define the Group's direction in the future. If the central thrust of the report—resolving social issues through business operations—is realized, it will naturally be necessary to reflect this accomplishment in the sustainability indices, which are displayed alongside the financial indicators. As I also pointed out in the previous year's report, one concern is that current indices could bog the Group down playing defense due to an over-focus on downside risks. Furthermore, with overseas sales accounting for over 60% of total sales and having reinforced its central focus on people, the fact that many of the social activity items subject to disclosure are limited to Sumitomo Chemical's non-consolidated data leaves room for improvement.

To respond to these kinds of issues, a materiality analysis is useful. In the section entitled "The Sumitomo Chemical Group's Operations and CSR," the Sumitomo Spirit, which acts as a philosophical foundation, is connected to the Corporate Business Plan through the Basic CSR Policy. In this business plan, the Company focuses on how it will utilize innovative technologies to create new value and thus overcome a number of challenges to achieve sustainable growth. This could be incorporated into the materiality analysis by verifying it from the perspective of stakeholders. The newly established section "Communication with Stakeholders" seems useful for this purpose. The routine communications with stakeholder in daily operations were listed in a table, but, buried in the CSR management section in the back number. By switching them to two-way communications that affirm the Company's understanding of stakeholders, the issues the Company should work on would become clearer and the sustainability indices would naturally be defined and play a more active role in the Company. I look forward to the next steps for Sumitomo Chemical's continually evolving report.

SUMITOMO CHEMICAL COMPANY, LIMITED

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Cover Illustration

The design of the cover illustration is meant to express the Sumitomo Chemical Group (TREE) which contributes to the sustainable development of society (SKY) through various Business, Responsible Care, and Social Activities (FRUITS), in collaborations with our stakeholders (CITIES), based on the Sumitomo Family's "Business Principles" and the Corporate Philosophy (ROOTS).
We want to continue to help resolve the problems facing humanity through the power of chemistry and, like this tree, grow for a brighter tomorrow.

Responsible Care®

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FTSE4Good

A SRI Index in which Sumitomo Chemical is included