



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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Contributing to the SDGs through Social Activities





Social Activity Goals and Results

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

Items	Fiscal 2017 Goals	Fiscal 2017 Results	Evaluation	Fiscal 2018 Goals	Page
Hand in Hand with Customers	<ul style="list-style-type: none"> ● Improve the level of service provided by customer service personnel (including Group companies) ● Improve the dissemination of information, including through the Company's website 	<ul style="list-style-type: none"> ● Improved the level of service provided by customer service personnel ● Improved the dissemination of information, including through the Company's website 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> ● Improve the level of service provided by customer service personnel (including Group companies) ● Improve the dissemination of information, including through the Company's website 	pp. 77-79
Hand in Hand with Business Partners	<ul style="list-style-type: none"> ● Thoroughly ensure compliance ● Promote CSR procurement by strengthening collaboration with business partners through CSR surveys related to raw materials and packaging materials 	<ul style="list-style-type: none"> ● Thoroughly ensured compliance ● Promoted CSR procurement by strengthening collaboration with business partners through monitoring and feedback 	<ul style="list-style-type: none"> ○ ○ 	<ul style="list-style-type: none"> ● Thoroughly ensure compliance ● Promote CSR procurement by strengthening collaboration with business partners through CSR surveys related to raw materials and packaging materials 	pp. 80-82
Hand in Hand with Employees	<ul style="list-style-type: none"> ● Further promote global HR initiatives and talent development ● Work on workforce management that is responsive to business expansion ● Implement fair and objective system operations in line with the aim of the new HR system ● Promote diversity and work-life balance 	<ul style="list-style-type: none"> ● Held global manager meetings, systematically conducted global talent development ● Secured personnel by revising the hiring system and appropriately placed personnel in response to business expansion ● Built and ran HR systems that encourage employee growth and development ● Held meetings about highly productive working styles, formulated an action plan to reform working styles, acquired certification as a 2018 Health & Productivity Management Outstanding Company (White 500), acquired same certification for special subsidiaries 	<ul style="list-style-type: none"> ○ ○ ○ ○ 	<ul style="list-style-type: none"> ● Further promote global HR initiatives and talent development ● Secure personnel and work on workforce management that is responsive to business expansion ● Develop personnel and run HR systems to promote employee growth and development ● Promote diversity and work-life balance 	pp. 83-94
Hand in Hand with Local Communities and Society	<ul style="list-style-type: none"> ● Provide support to achieve the United Nations Sustainable Development Goals ● Provide prompt and precise support in response to emergencies and disasters in Japan and overseas ● Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace ● Continue to expand information disclosure using SDGs and promote interactive dialogue 	<ul style="list-style-type: none"> ● Created employment opportunities and supported education in Africa through Olyset™ Net ● Provided prompt support to those affected by natural disasters ● Participated in and cooperated with local events, held science workshop classes ● Continued to expand information disclosure using SDGs and promote interactive dialogue 	<ul style="list-style-type: none"> ○ ○ ○ ○ 	<ul style="list-style-type: none"> ● Provide support to achieve the United Nations Sustainable Development Goals ● Provide prompt and precise support in response to emergencies and disasters in Japan and overseas ● Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace ● Continue to expand information disclosure using SDGs and promote interactive dialogue 	pp. 95-99

Note: More details are available in the supplementary data section between pages 100 and 103.

Hand in Hand with Customers

Basic Stance

Throughout the Group, Sumitomo Chemical is working to supply high-quality products and services that satisfy customers' needs and ensure safety in their use, and sales managers and customer consultation offices provide support tailored to products and specific details.

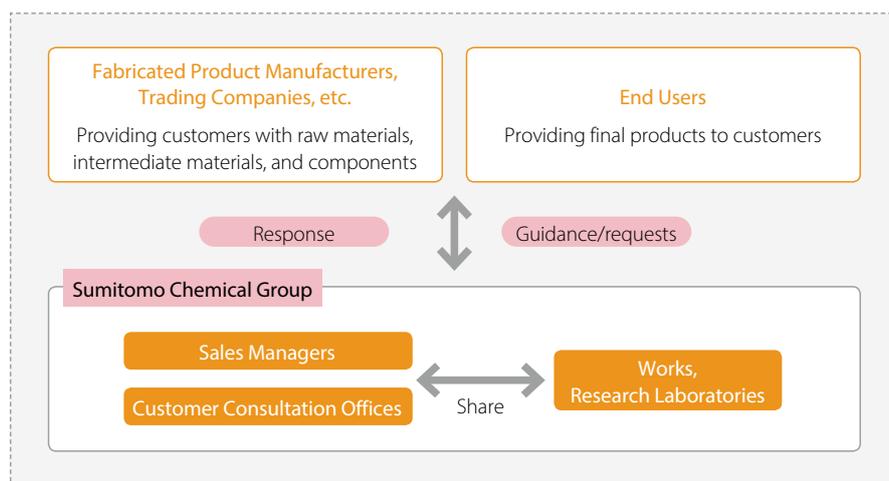
Business & Products

<https://www.sumitomo-chem.co.jp/english/products/> 

Framework for Initiatives

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 are stored on an internal database to prevent similar issues from occurring.

Customer Communication System





Hand in Hand with Customers

Examples of Initiatives

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.

Initiatives of the AgroSolutions Division-Japan

The AgroSolutions Division-Japan established a customer consultation office related to Sumitomo Chemical's 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 the i-nouryoku newsletter to members of the site with the aim of enhancing communication with customers.

Sumitomo Chemical i-nouryoku

<https://www.i-nouryoku.com/> (Japanese only)

Initiatives in the Rice Business

In autumn of 2014, Sumitomo Chemical started a business that handles everything from providing rice producers with original varieties of rice seed, crop protection chemicals, and fertilizers; supporting cultivation management; and buying and selling harvested rice. We have teamed up with a range of business partners in agricultural regions, including producers; wholesalers of crop protection chemicals and fertilizers; agricultural cooperatives; and collection businesses. We've also joined with distribution partners, including rice wholesalers. Taking advantage of the unique characteristics of different rice varieties with regard to flavor and yield, we have been engaged in producing commercial-grade rice seed, which is in high demand. We will continue to contribute to the development of Japan's agriculture through new rice production proposals.



Hand in Hand with Customers

Pharmaceutical Business Measures

Sumitomo Chemical started its pharmaceuticals business as the first Japanese company to manufacture synthetic pharmaceuticals based on its advanced organic synthesis technology. Our affiliate Sumitomo Dainippon Pharma Co., Ltd. considers the below listed items to be part of its duty to its customers in the pharmaceutical business.

Conduct Responsible Advertising and Marketing

(Refer to section 11. Promotional Activities of Sumitomo Dainippon Pharma's Compliance Standard for more details.)

https://www.ds-pharma.com/profile/compliance/pdf/eco_gl1_rev2.pdf

Initiative for Access to Healthcare

https://www.ds-pharma.com/csr/customer/improved_access.html

Transparency in Partnerships with Patients and Medical Institutions

https://www.ds-pharma.com/csr/fair/app_relationship.html

Looking Ahead

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



Hand in Hand with Business Partners

Basic Stance

The Sumitomo Chemical Group is committed to building mutually beneficial and sound relationships with business partners. In addition to ensuring fairness, equitability, and transparency in our transactions with business partners, we are promoting responsible procurement activities throughout the supply chain with an emphasis on compliance and respecting human rights, which will encourage our partners to also engage in CSR activities. Furthermore, Sumitomo Chemical's stance toward and policy on responsible procurement is clarified in the Basic Procurement Principles and the Group Business Standards of Procurement, which provide guidelines for procurement operating activities for Group companies in Japan and overseas.

■ Basic Procurement Principles (Outline)

1. The Procurement Section shall strive to conduct procurement transactions on the basis of fair, equitable, transparent and free competition without involving personal interests or arbitrary considerations.
2. The Procurement Section shall strive to select suppliers to transact with in accordance with the most appropriate and economically rational methods and shall pursue the maintenance of sound business relationships with suppliers, aiming for mutual growth and development.
3. The Procurement Section shall strive to provide corporate services globally throughout the entire Group.
4. In its procurement, the Procurement Section shall give preference to those suppliers that are active in 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 the quality requirements of Sumitomo Chemical's internal sections that request purchases of Goods and Services.
6. In performing Procurement Operations, the highest priority shall be given to safe and stable operations in order to realize zero-accident and zero-injury operations.
7. In performing Procurement Operations, the highest consideration shall be given to customer satisfaction.
8. The Procurement Section shall ensure the transparency of Procurement Operations.

Detailed Information

<https://www.sumitomo-chem.co.jp/english/company/purchasing/principles.html>



Hand in Hand with Business Partners

Responsible Procurement Activities

Sumitomo Chemical has added a webpage about CSR procurement to its Procurement Information page on its official website to inform more stakeholders of our responsible procurement initiatives. The webpage features 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. Suppliers can now download the guidebook and check sheets and report the results of their self-evaluations.

Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets (CSR Criteria Explanation)

0 Overall Promotion of Corporate Social Responsibility (CSR)

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

I Compliance with Laws and Ethics

Questions in this chapter focus on whether the company properly: ensures compliance with various business laws (including laws and regulations in Japan and overseas, such as REACH); prohibits impediments to free competition; prohibits abuse of a superior position; prohibits corruption and bribery; prohibits the offering and receiving of inappropriate profits and advantages; ensures respect for intellectual property; detects and prevents injustice promptly; and prevents the leakage of personal information, customer and third-party confidential information.

II Human Rights and Labor

Questions in this chapter focus on whether the company properly: ensures respect for human rights; prohibits discrimination; regulates working hours; respects the rights to freedom of association; prohibits forced labor; prohibits child labor; and pays appropriate wages.

III Accident Prevention and Occupational Health and Safety

Questions in this chapter focus on whether the company properly: ensures proper disaster and accident management; applies safety measures for equipment and instruments; promotes safety in the workplace; promotes hygiene in the workplace; and promotes health maintenance programs for employees.

IV Environmental Conservation

Questions in this chapter focus on whether the company properly: establishes and implements an environmental management system; controls hazardous chemicals in manufacturing; obtains environmental and government permits; minimizes environmental pollution (water, soil, air); promotes waste reduction; and promotes resource and energy saving by reducing, reusing, and recycling (3Rs).

V Product Quality and Safety

Questions in this chapter focus on whether the company properly: establishes and implements a quality management system; controls hazardous chemicals in products; provides accurate information on products and services; and furnishes prior consultation on manufacturing process change and compliance with standards and specifications.

Procurement Information, "CSR Deployment Guidebook and Check Sheets"

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

Refer to the Topics Columns Presented on page 92 of the Compliance Section in *Annual Report 2018*.

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



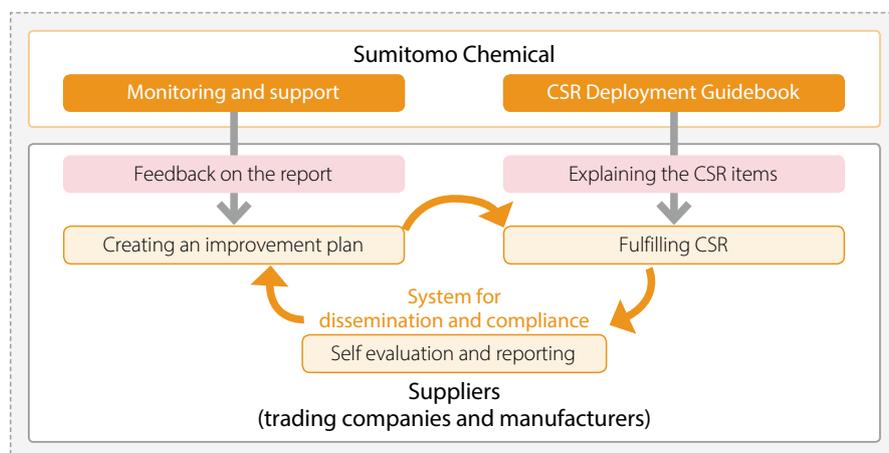
Hand in Hand with Business Partners

Using the CSR Deployment Guidebook and Check Sheets

Sumitomo Chemical promotes responsible procurement while strengthening cooperation with business partners in part by collecting Sumitomo Chemical Supply-Chain CSR Deployment Check Sheets from suppliers of raw materials.

We collect CSR Check Sheets from all new suppliers and only enter into business with those given good evaluations. Current suppliers are also subject to monitoring via check sheets as well as 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, to raise awareness of and cooperation in ensuring responsible procurement.

System for Responsible Procurement



Conflict-Free Procurement Policy

In an environment in which the social responsibilities of corporations are growing, if a given commitment relates to a social problem for which there is significant interest and there is a social expectation of compliance, as is the case with a U.S. rule* on conflict minerals, for example, Sumitomo Chemical works with its suppliers to ensure the responsible procurement of raw materials.

* Rule on conflict minerals: A final rule applying to companies that are publicly listed in the United States that was adopted by the U.S. government in August 2012 pursuant to Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act, which is known as the Conflict Minerals provision. The rule requires companies to disclose and report to the U.S. Securities and Exchange Commission the use in their products or production processes of conflict minerals, including tantalum, tin, gold, or tungsten, originating from the Democratic Republic of Congo or adjoining countries.

Conflict-Free Procurement Policy

https://www.sumitomo-chem.co.jp/english/company/purchasing/csr_procurement_policy.html

Promoting Responsible Procurement throughout the Group

We periodically hold Group purchasing information exchange meetings that gather together responsible purchasing representatives from each Group company. Through these information exchange meetings, Sumitomo Chemical is able to promote responsible procurement throughout the Group by actively sharing necessary information on the Company's responsible procurement activities.

Looking Ahead

Under our current responsible procurement measures, we will continue to strengthen cooperation with business partners and provide support for responsible procurement.



Hand in Hand with Employees

★: Assured by an independent assurance provider

Basic Stance

Sumitomo Chemical's basic policy for HR measures is to enable the Group to achieve sustainable growth as a global chemical company through the development and growth of all employees through the fulfillment of duties with a sense of pride and motivation.

In addition, Sumitomo Chemical is taking steps to further bolster its Global HR 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.

■ Number of Employees (Sumitomo Chemical Group)

	FY2016	FY2017★
Male	24,232	24,015
Female	8,304	7,822
Total	32,536	31,837

Note: Although the methodology used for counting employees has changed slightly since fiscal 2017, the effect has been minor.

Human Resources System Initiatives

Sumitomo Chemical has introduced a job- and results-based HR system, wherein the compensation provided is based on results achieved, work content and volume, and level of responsibility. Because compensation is based on actual work performance, employees with drive and ability can quickly take on higher roles. This system encourages self-motivated employees who want to grow.

In addition, to encourage development and growth amid the current climate of diversifying ideas about career trajectories, we have incorporated Career Development Fields (CDF) (professional categories) into our HR systems. We decided to do this because we understand the importance of determining the details of medium- to long-term placements and training in line with each employee's ability and suitability as well as based on their career goals. Planned placements and training are conducted in line with each employee's career goals, and employees' experience of their own development and growth serves to further encourage them to take the reins when thinking about their careers.

Moreover, with regard to specialist careers, we offer more than the conventional path, which assumes a largely vertical progression in rank from manager to general manager, and so on. To reflect the increasingly advanced and complex nature of operational and R&D fields, we have introduced a mechanism that provides appropriate compensation so that personnel with sophisticated abilities in their specialization can unleash their full potential and rack up accomplishments.

Accordingly, our evaluation system is not limited to evaluating how well each employee is able to perform the duties their position and role entails; it evaluates how well said employee demonstrates their ability to deliver real results and acquire the knowledge and skills needed to do so. The system thus encourages individual development and growth without overly focusing on short-term achievements.

Managers talk with their subordinates on a regular basis to help 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. Furthermore, we have adopted the same performance evaluation system for managers at overseas Group companies as for Sumitomo Chemical's managerial employees.

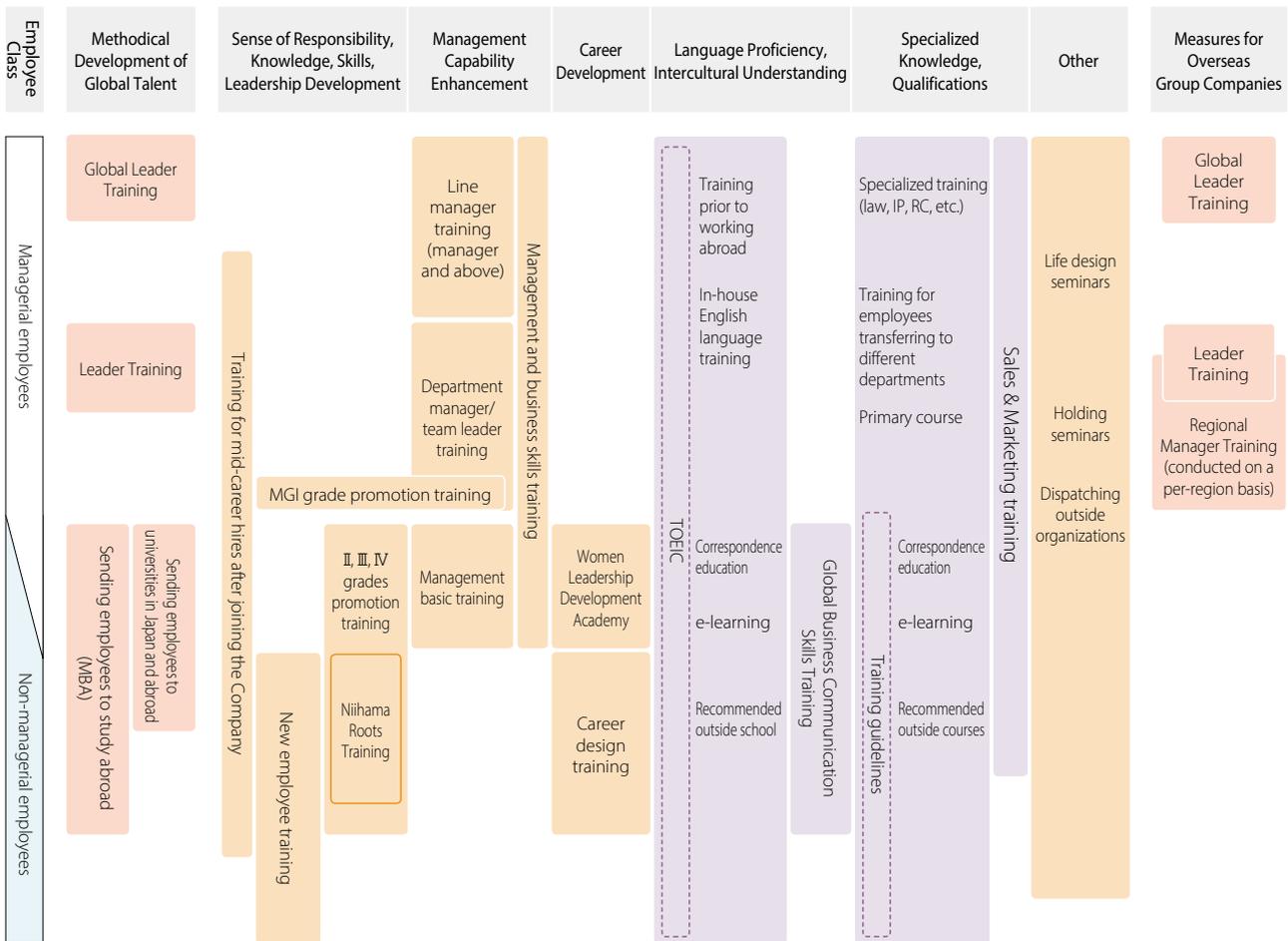
 **Hand in Hand with Employees**

Human Resources Development

Sumitomo Chemical strives to develop human resources and enhance the abilities of its employees. In order to nurture professional human resources who can excel on the world stage, the Company has introduced a variety of measures, training programs, and educational rotations that enable motivated personnel to fully demonstrate their abilities.

Reflecting the fiscal 2017 revision of the HR system, we revised our training systems and programs to help develop leadership, enhance management capabilities, and foster employees' awareness of the need to take charge of their own growth as well as an awareness of their responsibility to train their subordinates.

Human Resources Development



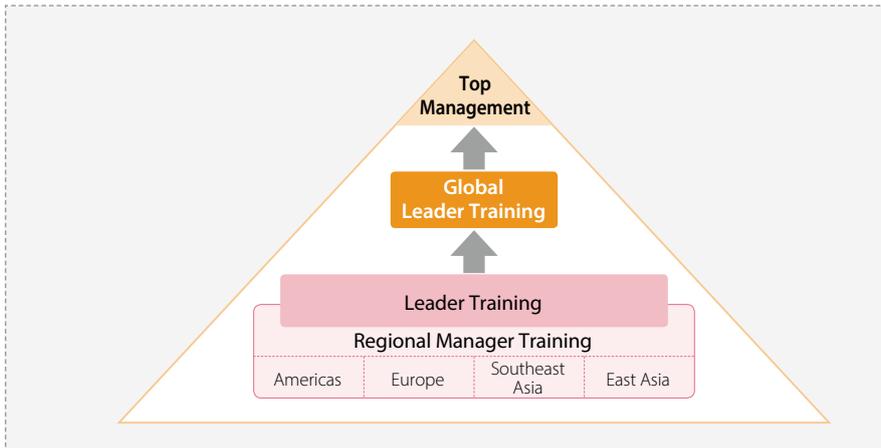
Note: The Company conducts in-house training courses in the areas of compliance, human rights, CSR, and health maintenance and improvement



Hand in Hand with Employees

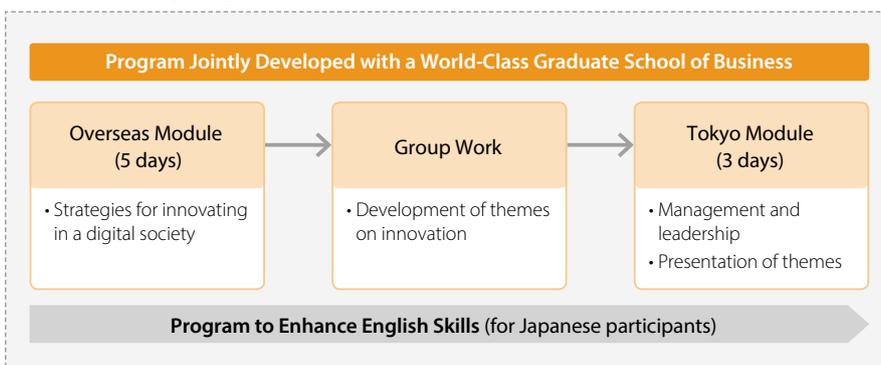
In addition, Sumitomo Chemical is carrying out a staged training program in human resource development for employees both in Japan and at overseas Group companies, in order to discover and develop next-generation leaders in a systematic way, emphasizing the creation of Global Leaders who can take on the role of core management.

Next-Generation Leader Development System



In Sumitomo Chemical's Leader Training for management-level employees both inside and outside of Japan, Sumitomo Chemical has worked with an overseas graduate school of business to carry out a program in both Singapore and Japan, held completely in English, with the goal of developing the employees' conceptual strength and abilities to propose strategies for the creation of new value.

Leader Training Program





Hand in Hand with Employees

■ Recruitment, Human Resources Development, and Human Resources System

		(No. of people)
Name	Approach	FY2017 Results
Career Development System (CDS)	To ensure that individuals are active in the field to which they are most suited, non-managerial employees and some managers are rotated through job assignments linked to the development plans made by their managers based on stated preferences and an interview to help plan and develop their ideal careers.	679
Trainer System	Highly skilled employees who have an aptitude for teaching provide instruction and advice to younger employees to facilitate their development.	65
Full-time Instructor System	We provide supervisors and potential supervisors with on-the-job training to develop core talent for manufacturing departments.	5
Development of Global Talent	In order to create global leaders who will play a central role in management and to develop talent that supports our global business operations, we systematically conduct various training programs.	
① Global Leader Training	Our global leader training program focuses on action learning.	23
② Leader Training	Held in Singapore and Japan since fiscal 2014 to develop the next generation of leaders, we conduct training programs in English.	28
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.	78
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	57
Evaluation system for managers	A common evaluation system is applied to managers of overseas Group companies.	368 (Local managers)

Note: As of April 1, 2018

Global Personnel Training

FY2017 Results

Participants

186

Average time

58 hours per person



Hand in Hand with Employees

★: Assured by an independent assurance provider

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.

Initiatives to Promote Diversity (Sumitomo Chemical)

Name	Concept	Results		
		FY2015	FY2016	FY2017
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.	80	80	85
Percentage of Female Managers (%)*1★		4.3	4.2	4.5
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 these employees to make the most of their abilities.	2.23	2.07	2.09
Number of 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.	118	190	38
Number of Reemployed		99	175	35
Reemployment Rate (%)		83.9	92.1	92.1

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.

*1 Number and percentage of employees holding positions equivalent to sectional manager or above (Following the revision of the HR system, the scope of managerial employees has been changed, which has been retroactively reflected in previous year figures.); as of April 1 of each fiscal year

*2 Average for each fiscal year

Promoting the Active Advancement of Women

Sumitomo Chemical has outlined the following targets to further promote the active advancement of women in line with the Act on Promotion of Women's Participation and Advancement in the Workplace.

Target 1 Women accounting for at least 10% of positions equivalent to manager or above by 2020.
(FY2017 results: 4.5%)

Related measures

- Continue to provide training for women holding positions equivalent to assistant manager through the Women Leadership Development Academy
- Continue to provide training for workplace managers to promote understanding and raise awareness about promoting the active advancement of women
- Continue to send employees for outside training to sharpen their skills and expand their knowledge

Target 2 At least 50% of male employees taking childcare leave by 2020.
(FY2017 results: 18.7%)

Related measures

- Put out press releases and otherwise raise awareness about programs that enable employees to flexibly respond to life events
- Work to establish an environment that enables flexible workstyles and improves productivity by promoting a better work-life balance
- Draft and implement measures to promote the use of these programs mainly through the Labor-Management Committee for Work-Life Balance



Hand in Hand with Employees

Measures to Improve Productivity

Sumitomo Chemicals takes various measures to improve productivity that helps ensure the Company's sustained growth.

◇ Formulation of the Action Plan to Reform Workstyles

In March 2018, Sumitomo Chemical formulated an action plan to reform workstyles. In this action plan, we established key performance indicators (KPIs) along with three main targets: ① correcting long working hours, ② encouraging employees to take paid annual leave, and ③ promoting flexible workstyles. We then set out measures to achieve these targets. The details are as follows.

■ Action Plan to Reform Workstyles

	KPI	Measures
① Correct Long Working Hours	Reduce the annual percentage of people working long hours* to below 10% by fiscal 2020.	<p>A. Employ the Internet of Things (IoT) to reform workstyles and revolutionize operations Digitize plant-related operational processes and data, make office operations more efficient by actively using cloud sourcing and the latest technologies (including AI and sensors), etc.</p> <p>B. Improve productivity by promoting a better work-life balance Regularly convene the Labor-Management Committee for Work-Life Balance with labor and management representatives, take various measures to improve productivity in each workplace, hold lectures to promote better work-life balance, etc.</p>
② Encourage Employees to Take Paid Annual Leave	Realize an average of 70% of paid leave taken annually by 2020.	<p>A. Create an annual leave chart that covers several fiscal years Every year create an annual leave chart that covers several fiscal years to make it easier to plan far into the future and help encourage employees to take paid leave</p> <p>B. Encourage employees to take paid leave</p> <ul style="list-style-type: none"> • Encourage employees to take paid leave during Golden Week and other similar periods • Encourage employees to create four-day weekends by adding days of paid leave to either side of weekends and promote taking time off in the September–November period • Encourage senior employees to take paid leave <p>C. Continue to systematically provide paid leave Systematically provide around five paid-leave days every year (does not include statutory leave)</p>
③ Promote Flexible Workstyles	<p>○ Realize 50% of male employees taking childcare leave by 2020.</p> <p>○ Regarding the below questions in the employee awareness survey, achieve the target figures by the time of the next survey.</p> <ul style="list-style-type: none"> • Realize at least 60% affirmative responses to the question: "Is the general consensus in your workplace that both men and women can easily take paid or unpaid leave for childcare or caregiving and use the reduced working-hour system?" • Realize at least 75% affirmative responses to the question: "Are the programs and working environment at the Company conducive to easily working after giving birth, raising children, or caregiving?" 	<p>A. Issue PRs and raise awareness about programs Continually issue PRs and raise awareness about various programs that enable employees to flexibly adjust for their individual needs, including those related to life events involving childcare and caregiving. In addition, encourage male employees with newborns to take childcare leave.</p> <p>B. Foster an environment that allows the realization of flexible workstyles By taking the measures outlined above for correcting long working hours, create an environment where it is easy to improve the productivity of employees and their workplaces and to realize flexible workstyles.</p> <p>C. Encourage use of programs Through the Labor-Management Committee for Work-Life Balance and other such meetings, identify the specific usage needs and improvement requests for the various programs. Use this information to help draft and implement measures to encourage wider use of programs.</p>

* People who work at least a total of 35 hours of overtime per month, including both time worked after regular hours and on weekends and holidays.



Hand in Hand with Employees

Sumitomo Chemical is taking the following actions with regard to the target of correcting long working hours as outlined in the action plan on the previous page.

- ① From April 2017, we reduced the upper limit on overtime work to 80 hours per month and 720 hours per year.
- ② Regarding the obligatory physician interviews for people working long hours mandated by the Industrial Safety and Health Act, we established and are enforcing our own guidelines, which are harsher than the law, requiring interviews for people who work 70 hours or more of overtime in one month or 150 hours or more in a three-month period
- ③ From March 2018, we established an even more appropriate work management system by displaying computer logon and logoff times when reporting work hours in addition to the existing system for reporting work hours.

Hand in Hand with Employees

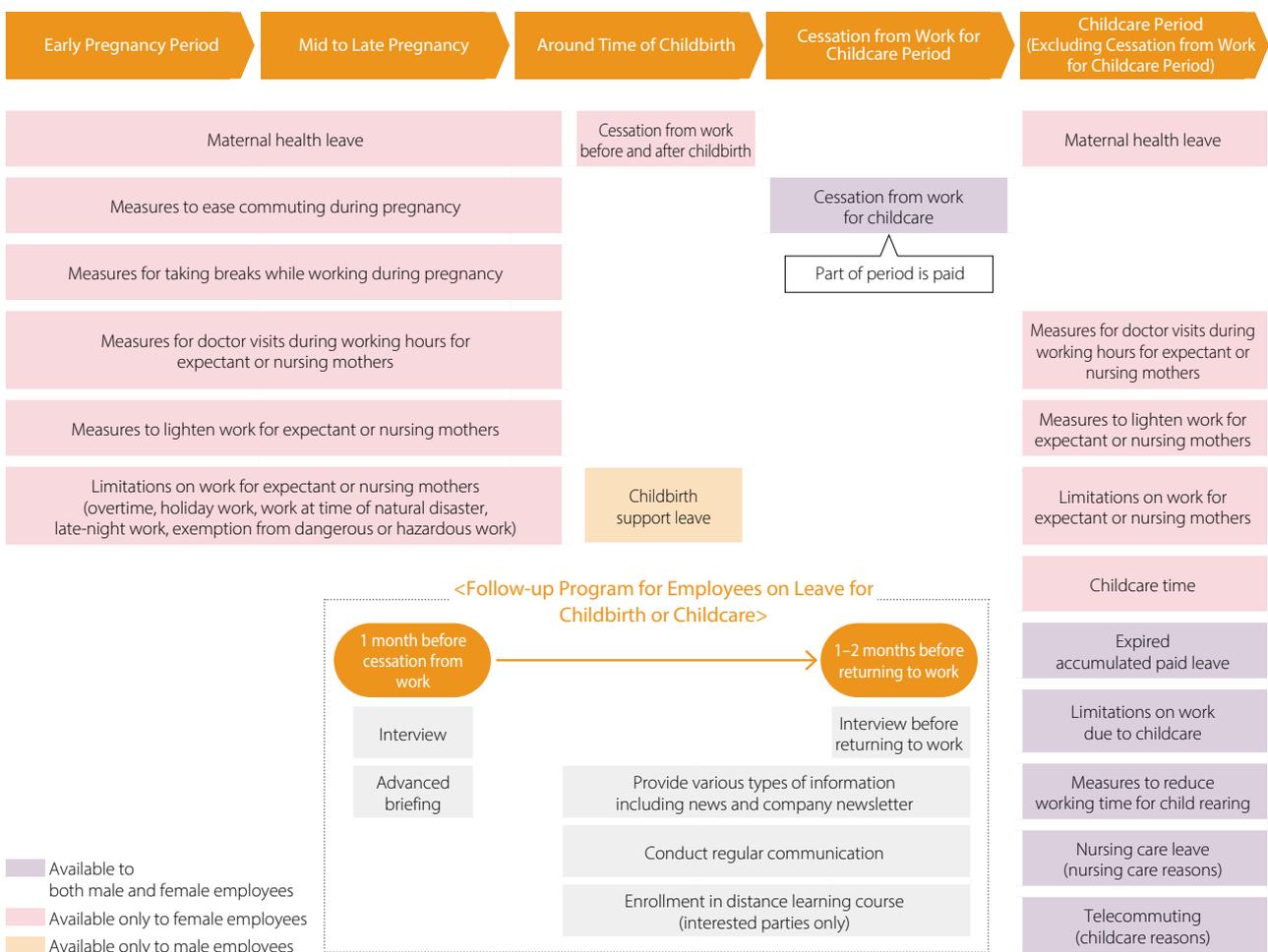
Measures to Improve Work-life Balance

By regularly convening the Labor-Management Committee for Work-Life Balance with labor and management representatives to gain a clear understanding of employee needs, Sumitomo Chemical has carried out various measures to promote a better work-life balance.

Every year, we designate May and November as “work-life balance promotion months,” during which the Company and labor organizations work together to promote various measures related to promoting work-life balance. For Sumitomo Chemical to continue to develop further, the Company needs to raise the productivity of its employees while ensuring they feel greater motivation and a deeper sense of fulfillment than ever. From this perspective, during the promotion month of November in 2017, we held meetings at each workplace under the theme of “how to make your workstyle highly productive.”

Going forward, Sumitomo Chemical aims to improve productivity and realize a better work-life balance through free and active debate, as is the proud tradition of the Company.

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





Hand in Hand with Employees

★: Assured by an independent assurance provider

Results of Systems for Work-life Balance (Non-consolidated)

System/Measure	FY2015	FY2016	FY2017	
Childcare/Nursing Support	Cessation from work for childcare★	185	248	304
	Male	101	142	175
	Female	84	106	129
	Cessation from work for nursing care	3	3	3
	Nursing care leave	132	134	153
	Childbirth support leave	167	204	237
	Maternal health leave	58	55	48
	Expired accumulated paid leave*1	59	62	72
	Reduced working hours system	114	118	134
	Telecommuting*2	13	15	16
	Reemployment system*3	11	12	8
In-house childcare facilities*4	156 (101)	161 (108)	167 (118)	
Mutual aid association support money for childcare*5	175	195	211	
Other	Suspension from work for special reasons for employees accompanying spouses going on overseas transfer*6	6	7	9
	Employee survey*7	—	Conducted in August	—

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

*1 Only for childcare and nursing care

*2 Number certified at the end of each fiscal year

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

*4 Number of users on April 1 each fiscal year.

Includes users other than Sumitomo Chemical.

The figures in parentheses are the number of Sumitomo Chemical users.

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

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

*7 Conducted once every three years

Kurumin Mark

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

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



Next-generation Kurumin certification mark



Hand in Hand with Employees

Protection of Human Rights

Sumitomo Chemical has outlined in its Compliance Manual (the Sumitomo Chemical Code of Business Conduct) the following basic policy: The Company respects the fundamental human rights of all people and will not impugn the dignity of a person through unfair discrimination or harassment based on social standing, employment type, age, gender, birthplace, ancestry, nationality, race, disability, religion, beliefs, marital status, or other such attribute. We are raising awareness of this policy through the internal intranet.

Under this policy, we make it clear that, in line with the principle of respect for human rights, we have completely rooted out speech and behavior that manifests as harassment and bullying, such as that which disparages another's character based on personal opinions or values without respecting their human rights. We prohibit all forms of harassment, including power harassment and sexual harassment (including LGBT-related and that directed at people of the same gender), and do not permit any kind of forced labor or child labor.

Regarding the prohibition of unfair discrimination, the Company does not conduct any discriminatory acts that impugn people's dignity based on employment type, age, gender, birthplace, ancestry, nationality, race, disability, religion, beliefs, marital status, or other such attribute. We also prohibit discrimination based on a person's physical gender or perceived gender due to a difference in gender identity or sexual orientation. We also prohibit discrimination against people with disabilities.

In addition, we regularly hold compliance-related training to deepen employees' understanding and raise their awareness. In fiscal 2017, as in the past, there were no cases recognized as discrimination within the Group.

Moreover, we believe that it is important for not only Sumitomo Chemical but also each Group company in Japan and overseas to implement the basic policy detailed above. We are therefore working hard to ensure thorough compliance across the entire Group, including for measures to protect human rights. Overseas, through the regional headquarters established in the United States, Belgium, Singapore, and China, we have set up compliance systems based on each country's legal system and are working to ensure compliance.

Note: Regarding child labor and forced labor in the supply chain, refer to the Responsible Procurement Activities section on page 81 under "Hand in Hand with Business Partners."

Raising Employees' Awareness of Human Rights

To educate employees on human rights issues, we incorporate human rights-related education into not only the introductory training all employees take after joining the Company but also all internal training programs, including those for newly promoted employees. Sumitomo Chemical holds a committee on human rights every year that formulates annual policies on human rights and implements training and other measures at each workplace to protect human rights. In fiscal 2017, we held a total of 159 seminars and lectures on human rights in which a total of 4,058 employees, or 68% of the total, participated.

Consultation Office

Aiming to establish a system wherein employees are able to receive counseling for various kinds of harassment, including sexual harassment, power harassment, and maternity harassment, Sumitomo Chemical has set up a harassment consultation office staffed with counselors.



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 parties to exchange opinions. The Labor-Management Committee for Diversity and Work-Life Balance was established in fiscal 2010. Every effort is being made to promote opinion exchanges and a uniform understanding of current measures and future challenges.

In addition, we have established a Safety and Health Committee at each worksite based on a collective labor agreement as we strive to ensure and improve the safety and health of union members.

Furthermore, 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 2017.

■ Social Contribution Activities Promoted through Labor-Management Cooperation

Name	Overview
Matching Gift Program	In this program, donations are made by executives and employees, and Sumitomo Chemical matches the amount collected.
Mangrove Planting Project in Thailand (Sumitomo Chemical Forest)	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.
Coastal Woodland Rejuvenation Project to Support Recovery from the Great East Japan Earthquake	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.
Sumitomo Chemical Group Global Project	Provides opportunities for Sumitomo Chemical Group employees to consider and take actions together to address issues both in Japan and abroad.



Hand in Hand with Employees

Managing Physical and Mental Health

Sumitomo Chemical is implementing a range of measures to help maintain and promote physical and mental health with the assistance of the Company's chief occupational health physician, beginning with medical staff providing health-related guidance to employees.

Mental Health

We have been cooperating with medical staff to properly implement the stress checks required by law for companies. We are working to prevent mental health problems by encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. Employees are able to receive counseling from the Company's medical staff.

Seminars on maintaining mental health are held for new employees and newly promoted employees, and training seminars on looking after subordinates and providing feedback on stress check results are also organized for new 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. Under this system, an on-site occupational health physician, an HR staff member, and the employee's manager cooperate in helping the employee start working again by determining the working days, hours, and other details for the employee.

Physical Health

The health insurance associations of companies have been required by law to have all employees and their dependents aged 40 or older undergo specified health checkups and receive specified guidance for lifestyle disease. Sumitomo Chemical works with its health insurance association to ensure that all employees and their dependents undergo both regular and specified health checkups, regardless of age, and employees and their dependents aged 35 or older receive guidance with regard to lifestyle diseases, thereby helping employees with the early diagnosis and prevention of such 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 accompanying families. In fiscal 2017, medical counseling and environmental evaluations were implemented three times in Saudi Arabia, three times in China, and once each in Europe, South Korea, Taiwan, and Singapore.

Sumitomo Chemical collaborates with its health insurance association on various measures, including health and productivity management undertaken by the Company and health data compiled by the health insurance association.

Logo for Health & Productivity Management Outstanding Organization

In February 2018, Sumitomo Chemical was certified as a Health & Productivity Management Outstanding Organization (White 500). The Certified Health & Productivity Management Outstanding Organization Recognition Program was created in 2016 by the Ministry of the Economy, Trade and Industry. The program recognizes companies that practice outstanding health and productivity management based on the health promotion efforts of the Japan Health Council. The Company's various measures and systems related to health and productivity management received a positive evaluation.



2018
Health & Productivity Management
Outstanding Organization
White 500

Looking Ahead

In line with its basic stance, Sumitomo Chemical will continue to promote global HR initiatives, train personnel, secure personnel, and engage in proper workforce management that reflects optimal business operations, run HR systems that spur employee growth and development, and build HR systems that respond to revisions to relevant laws and regulations as well as changes in conditions.



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 undertaken from the perspectives of solving global problems and coexistence with local communities.

Sumitomo Chemical, its worksite 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.

Sumitomo Chemical's Social Contribution Activities

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

Securing Safety, a Sound Environment, and Health

Communication with Society

Sumitomo Chemical has put in place Group-wide policies regarding communication with society and is endeavoring to promote 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 worksite formulates annual activity plans and conducts specific activities based on the aforementioned Group-wide policies. Taking into consideration feedback and requests received, the Company also strives to improve the aesthetic appeal of worksites.



Hand in Hand with Local Communities and Society

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

At Sumitomo Chemical, each worksite publishes the *Report on the Environment and Safety* (at all worksites) every year to report on its local activities in detail. The reports complement the Company's own *Sustainability Data Book* (this publication). In addition, the Ehime, Osaka, and Oita worksites each publish local newsletters for the proactive distribution of area-specific information. These are often delivered to residents as newspaper inserts.

Moreover, each worksite engages in a variety of risk communication and dialogue activities for various purposes. These include risk communication model projects carried out jointly with local governments, environment and safety support projects for domestic and overseas governments and businesses, regular meetings with local residents, and dialogues with the community based on cooperation with the chemical industry. At the Company's head office, Sumitomo Chemical participates in a range of committee activities conducted by the national government and industrial associations as well as in industry-government-academia seminars and lectures to disseminate relevant information and exchange opinions in a timely manner. The overall aim is to help people deepen their understanding of Sumitomo Chemical and to secure the society's trust in us.

Information about the *Report on the Environment and Safety* (at all worksites)

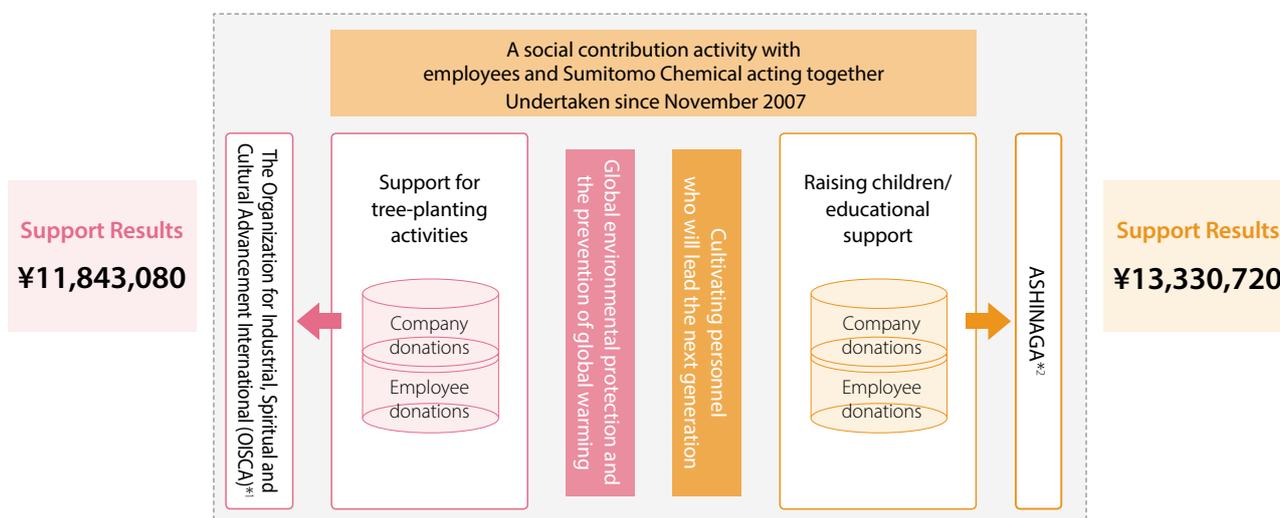
https://www.sumitomo-chem.co.jp/csr/report/facilities_report.html (Japanese only)

Matching Gift Program

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

One of the beneficiaries of the donations from the matching gift program is the Organization for Industrial, Spiritual and Cultural Advancement International (OISCA), with whom we work on various tree-planting projects. In collaboration with the labor union, we have been dispatching employee volunteers to help with these projects since 2008.

■ Matching Gift Program



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

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

<Sumitomo Chemical Forest>

Running total* of forested area

245 hectares

Total trees planted

748,000

Running total* of participants

179

(Tree-Planting Project in Thailand)

* Running totals figures are as of February 2018 for a period dating back to 2008



Hand in Hand with Local Communities and Society

TABLE FOR TWO Activities

Since May 2008, each of Sumitomo Chemical's worksites has participated in the TABLE FOR TWO (TFT) initiative. Participating companies in this matching gift-style program donate an amount of money equal to the total donated by employees.

When employees choose to eat any of the healthy TFT menu options available at the Company's cafeterias, 20 yen per meal is donated to help fight starvation in developing countries as well as obesity and lifestyle diseases in advanced nations. Through these types of social contribution activities originating in Japan, we are working to eliminate food disparity.

In fiscal 2017, Sumitomo Chemical ranked 12th of 578 participating companies in terms of amount of money donated. In May 2018, we received a letter of appreciation as a Platinum Supporter from the TFT secretariat.

FY2017 Results

¥2,392,880 **59,822** meals

(matching type with executives, employees, and the Company)

Nurturing the Children of the Next Generation

Supporting Education through Science Workshops

Sumitomo Chemical's Group companies and worksites hold general classes and science workshops at local schools and events. We hold science workshops at our bases for children to conduct experiments and make crafts with our products, enabling them to experience the wonders and appeal of science with their own hands, in order to convey in a manner that children can easily understand how everyday products are linked to chemicals.

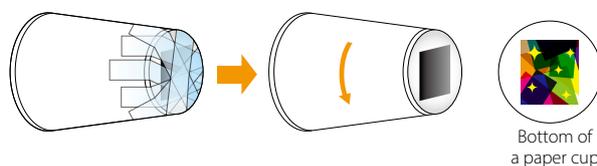
In fiscal 2017, we held science workshops entitled, "Let's Make a Glittery Kaleidoscope!" at the Tokyo Head Office and Misawa Works for visiting children with the aim of helping them understand the inspiring nature of the chemical industry. Going forward, we will continue holding science workshops in each region and at each worksite to pique an interest in chemistry among as many children as possible.

Example: Let's Make a Glittery Kaleidoscope!

Materials Paper cups, polarizers, cellophane adhesive tape

- Directions**
- ① Punch holes in the bottoms of two paper cups and affix polarizers over the holes
 - ② Affix overlapping pieces of cellophane adhesive tape on to the polarizer of one cup in various angles and place the other cup over the top
 - ③ Point the overlapping paper cups toward a bright light, and rotate one cup to make it possible to see vivid, sparkling colors just like a real kaleidoscope

Purpose Utilize the Company's polarizers used in TVs and other LCD products to enable children to learn about the properties of light and, in turn, show how science is used in their everyday lives



Bottom of a paper cup



Hand in Hand with Local Communities and Society

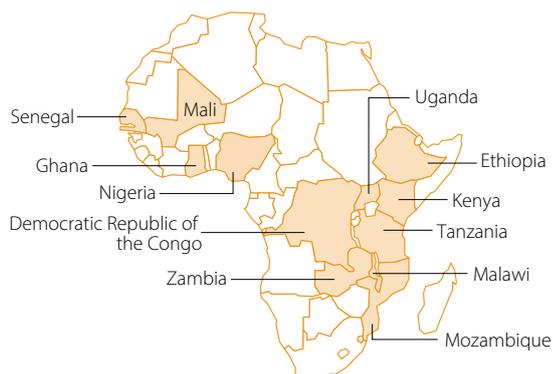
Support for Education in Africa

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. Since 2005, Sumitomo Chemical has been 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.

As a result of a new collaboration with the Nigerian Oando Foundation begun in fiscal 2017 as well as activities undertaken with the World Vision Japan and Plan International Japan, we have to date completed 25 projects in 12 African nations and improved the educational environments of more than 15,000 children.

In fiscal 2017, in the Democratic Republic of the Congo, we supplied math and science teaching materials, raised awareness of malaria, and offered preventive healthcare training in addition to building classrooms for elementary schools. Also, in the Republic of Senegal, we built classrooms and restrooms for middle schools, built science laboratories, and strengthened science classes for female students. In Nigeria, we improved learning environments by providing aid to build Information and Communications Technology (ICT) centers at three elementary schools as well as teacher training and computer peripheral equipment and other devices for ICT-related education and science, technology, engineering, and math (STEM) education.

Support for Education in Africa



Results

Beneficiaries over **15,000** people

Supported countries: 12
(25 projects completed, 3* under way)

* The three projects under way are in the Democratic Republic of the Congo, Senegal, and Nigeria (as of May 2018)



Hand in Hand with Local Communities and Society

Assisting in Natural Disaster Relief

The Sumitomo Chemical Group supports areas affected by natural disasters in a variety of ways.

In 2017, northern Kyushu was inundated with torrential rain and floods. We provided donations to the affected people through the Central Community Chest of Japan. Furthermore, we joined with Sumitomo Dainippon Pharma to dispatch employee volunteers from our shared Oita Works to help with recovery efforts.

Since the Great East Japan Earthquake of 2011, we have been promoting initiatives involving employee participation to keep the memory of the disaster fresh in people's minds. We have also been providing donations collected through the sale of "Disaster Hit Area Support Meals" served in our cafeterias since April 2011. Under this scheme, a portion of sales is donated to a business that aids orphans in areas hit by the disaster, and the companies match that amount.

Since fiscal 2013, through the matching gift program, we have participated in the OISCA coastal woodland rejuvenation project aimed at rejuvenating black pine coastal woodlands in Natori, Miyagi Prefecture. These woodlands were damaged by the tsunami caused by the Great East Japan Earthquake. Since fiscal 2015, we have dispatched employee volunteers to the area. In fiscal 2017, we dispatched 20 volunteers who provided black pine saplings, planted trees, and weeded and fertilized areas where trees were planted with the aim of rejuvenating about 100 hectares of coastal woodland.

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

Support Results

Disaster Hit Area Support Meals

¥1,267,520 **31,688** meals

September:

The Great East Japan Earthquake Fukushima Children's Fund: **¥650,000**
(the portion used between March 2017 and August 2017)

March:

The Great East Japan Earthquake the Iwate Learning Hope Fund: **¥617,520**
(the portion used between September 2017 and February 2018)

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.