

Safety and Environmental Initiatives

RESPONSIBLE CARE REPORT 2007



Please direct opinions and inquiries to:

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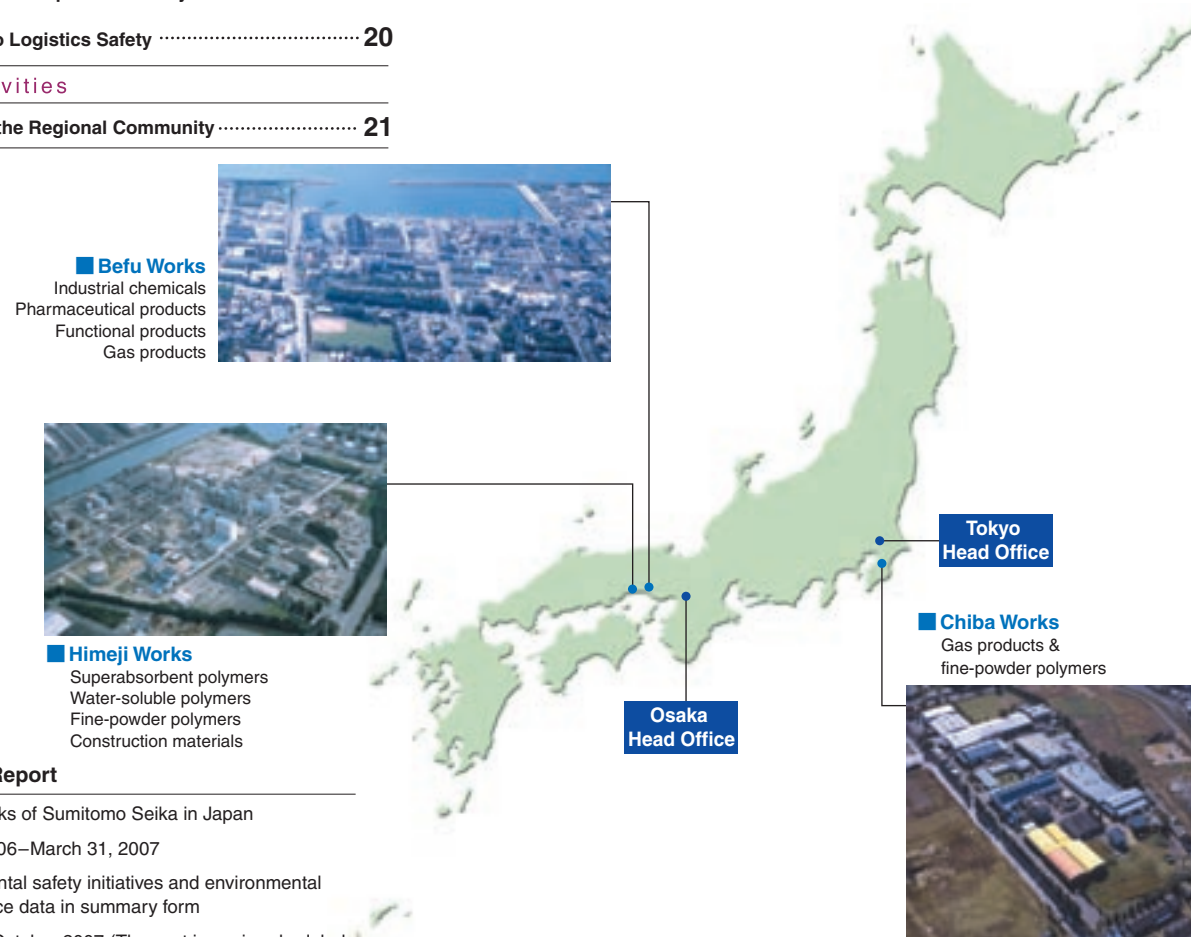
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Company Outline (as of March 31, 2007)

Company Name	Sumitomo Seika Chemicals Company Limited
Head Offices	Osaka: 4-5-33 Kitahama, Chuo-ku, Osaka, Japan Tokyo: 1-11-5 Kudan Kita, Chiyoda-ku, Tokyo, Japan
Website	http://www.sumitomoseika.co.jp/
Established	July 1944
Capital	¥9,698 million
Sales	¥54,471 million (consolidated) ¥41,995 million (non-consolidated)
Employees	1,014 (consolidated) 729 (non-consolidated)
Major Lines of Business	
Chemical Businesses	
Fine Chemicals	Industrial chemicals, pharmaceutical products, and functional products
Functional Polymers	Superabsorbent polymers, water-soluble polymers, fine-powder polymers, and construction materials
Gas Engineering Businesses	
Gas	Gases for medical use, chemical gases, standard gases, and gases for electronics applications
Engineering	Generators of oxygen, nitrogen and hydrogen gas (PSA method), general chemical machinery, and pollution control devices
Works	
Befu Works	346-1 Miyanishi, Harima-cho, Kako-gun, Hyogo, Japan
Himeji Works	1 Irifune-cho, Shikama-ku, Himeji City, Hyogo, Japan
Chiba Works	1384-1 Kamikoya, Yachiyo City, Chiba, Japan

Locations in Japan



Scope of This Report

Organization: Works of Sumitomo Seika in Japan

Period: April 1, 2006–March 31, 2007

Fields: Environmental safety initiatives and environmental performance data in summary form

Publication date: October 2007 (The next issue is scheduled for September 2008.)

Message from the President

Committed to the Development of a Sustainable Society



Masami Nakamoto
President
Sumitomo Seika Chemicals Company Limited

Our modern society has succeeded in securing a life of abundance for many. At the same time, however, the environmental problem of global warming — an increasingly urgent challenge — and other environmental issues triggered by ever-increasing amounts of waste and chemical substances have created a situation that threatens the rich natural environment we all enjoy. In light of these circumstances, demand has grown stronger for a clear social commitment to sustainability.

To help break this impasse, all members of society must begin to assume responsibility for addressing these issues. Business enterprises, in particular, hold positions of great responsibility, and it is now especially important that they actively contribute to bringing about a sustainable society through their own initiatives.

Since our company's founding in 1944, Sumitomo Seika has taken steps to adapt its corporate structure to changing times. At the same time, we have contributed to society by actively applying our unique technologies to the chemical industry worldwide and providing high-quality products incorporating distinctive features.

In the future, we will remain committed to aggressively tackling the environmental challenges that face us while sharing with society our achievements in this area. We will also expand communication through discussion in our desire to provide service to society at large.

As we address the above issues on our own initiative and in a positive manner, we are implementing our policy of ensuring compliance with all laws and regulations. Through these efforts, we will strive to ensure safety and protect the environment.

Specifically, we have identified the following priorities for our management policy:

1. to ensure zero injuries and zero accidents by building on a foundation focused on safety above all else;
2. to respond appropriately to the risks surrounding the company; and
3. to focus our corporate initiatives on environmental protection and assurance of safety and health by adopting the policies of Responsible Care, a set of voluntary initiatives to ensure a responsible approach throughout the entire product lifecycle from development to final disposal.

This report summarizes the results of the initiatives we emphasized in 2006 as well as our activity plan for 2007. We are confident this report will serve to clarify our Responsible Care activities.

With the goal of contributing to the emergence of a sustainable society, we will take steps to improve our environmental protection and safety assurance efforts. As we pursue this endeavor, we look forward to your continued support.

September 2007

What Is Responsible Care?

In an effort to address problems related to the environment, safety and health arising from the growth of global environmental issues and industrialized regions — not to mention new issues arising from technological progress — modern industries are compelled, more than ever before, to voluntarily take responsible action in order to ensure that the chemical substances they use do not harm the environment, reduce safety, or endanger human health.

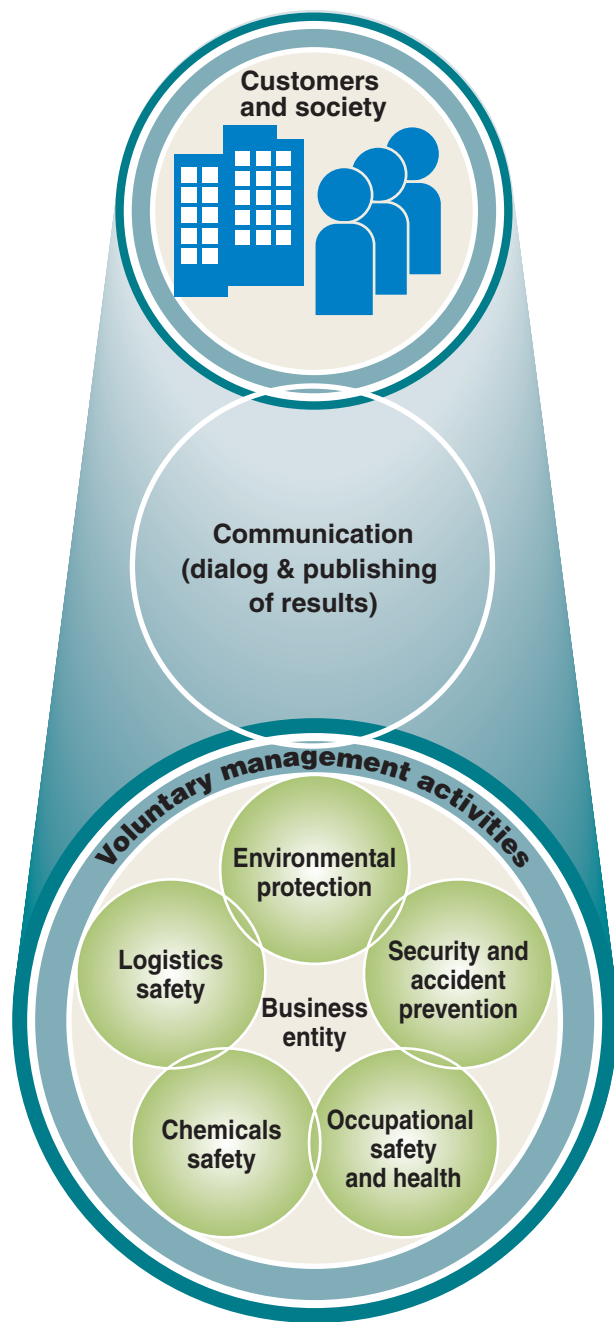
Against this background, the global chemical industry is voluntarily ensuring that no negative impact harms the environment, safety, or human health in any process from development, distribution, application, and end-use to final disposal. Moreover, the industry is publishing the results of its initiatives and maintaining an open dialog and good communication with residents of regional communities.

Responsible Care Symbol



This symbol has been designed as "both hands and a molecular model" to show "careful handling of chemical substances." The symbol was determined by the International Council of Chemical Associations (ICCA) as a mark for use by enterprises and associations that are committed to responsible care activities. Use of this mark is permitted only to the national chemical industry associations that belong to ICCA and their members.

In Japan, this mark can be used only by the Japan Chemical Industry Association (JCIA), the Japan Responsible Care Council (JRCC) and JRCC member companies.



Community dialog meeting sponsored by JRCC (Takasago City, Hyogo)

Corporate Policy on Quality, the Environment, and Safety

In our chemical business, Responsible Care activities have proved extremely important to ensuring continued sustainable development and earning the trust of society.

In 1995, Sumitomo Seika declared its commitment to promoting Responsible Care activities and established its Corporate Policy on Quality, the Environment, and Safety.

Our corporate policy affords priority to specific objectives: achieving zero injuries and zero accidents, maintaining customer satisfaction, and ensuring harmony and mutual prosperity with society. To promote our efforts to attain these goals, we require all our employees to strictly observe laws and

regulations and continuously strive to adopt further improvements. Moreover, in order to respond to changes in social circumstances with a systematic and methodical approach, we have established medium-term activity guidelines and are sharing our goals to ensure unity of purpose.

Corporate Policy on Quality, the Environment, and Safety

In accordance with Sumitomo's business philosophy, Sumitomo Seika has taken on the following missions: to contribute the growth of society by supplying a variety of unique and high-quality products and services with innovative and advanced chemical technologies; and to contribute to the development of a sustainable society in promoting our business. With a commitment to "safety first," Sumitomo Seika is managing its operations according to the principles of (i) maintaining zero injuries and zero accidents from operations, (ii) ensuring customer satisfaction, and (iii) promoting mutual prosperity with society.

Grounded in these principles and in harmony with the spirit of Responsible Care, Sumitomo Seika is committed to the following top-priority initiatives.

- 1 To maintain zero injuries and zero accidents from operations, and to ensure the safety of our employees and neighboring communities;
- 2 To ascertain the safety of raw materials, intermediates and products, and to avoid exposing our employees, distributors, customers, and consumers to any possible hazard;
- 3 To supply products and services of the highest quality that earn the confidence and satisfaction of our customers;
- 4 To protect the environment by assessing and reducing the environmental impact at all operational stages, from product development to disposal.

All sections and employees of our Company shall remain fully aware of the significance of this policy and, in the spirit of compliance, shall respond to any issues they cover promptly, independently and with a positive attitude and shall strive for continual improvements.

Medium-term Activity Guidelines

[Common Guidelines]

1. Strengthen and promote education and improve facilities. Prevent problems that originate with human factors.
2. Promote the visualization of standards, procedures, progress of goals, and problems.
3. Replace older equipment according to plans and strengthen maintenance and inspection.

[Accident Prevention and Safety]

1. Implement process danger assessments such as HAZOP and "What-if."
2. Develop and operate occupational health and safety management systems; implement risk assessments of chemical substances; and implement improvements (acquisition of OSHMS certification) in response to the assessment results.

[The Environment]

1. Develop products and processes with reduced environmental impact.
2. Reduce the amount of air pollutants released, including substances subject to the PRTR, VOCs, and greenhouse gases.
3. Promote energy and resource conservation.

[Quality]

1. Increase customer satisfaction by strengthening the quality assurance system (encompassing product quality, cost and lead time) and promoting technological developments in the future.
2. Promote proactive quality assurance activities such as assessments of potential risks and prevention of problems.

Masami Nakamoto

President

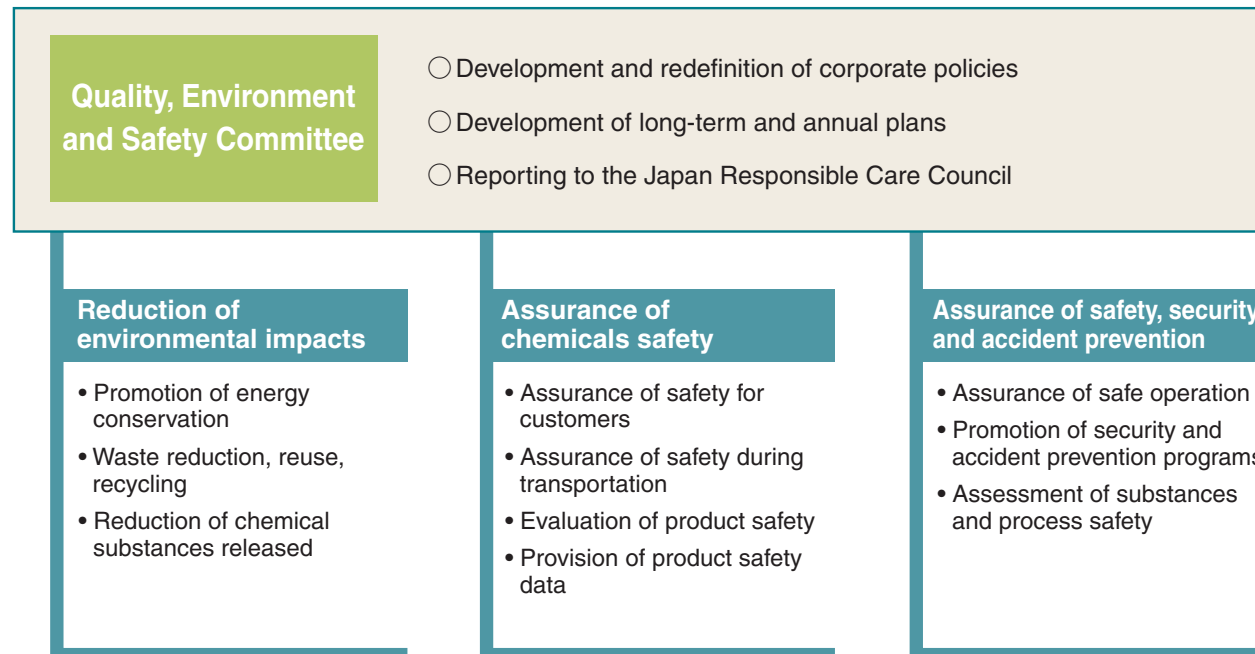
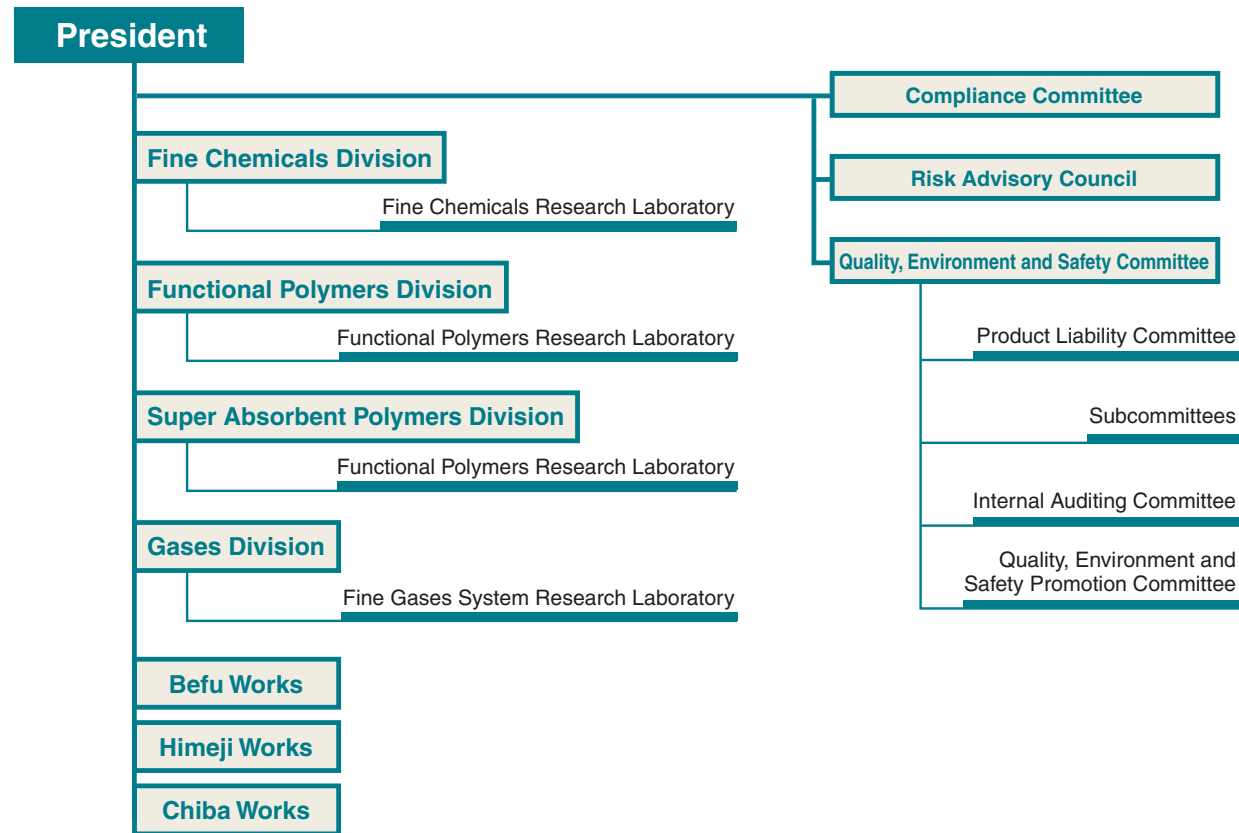
Sumitomo Seika Chemicals Company Limited

(Established March 1995, and revised June 1999, March 2001, July 2003, March 2006, and July 2007)

Organization and System for Quality, the Environment, and Safety

With the aim at promoting Responsible Care activities by top management, Sumitomo Seika has established a Quality, Environment and Safety Committee chaired by the director in charge of Quality, the Environment and Safety (Responsible Care) and composed of managers and other relevant staff from the various divisions. We develop a medium-to-long term plan in June of each year and deliberate and determine a fiscal year promotion plan in January. Items that have been determined are reported to the Quality, Environment and Safety Promotion Committee, which is comprised of Works managers, laboratory managers, and general managers.

We promote efficient and continuous implementation of Responsible Care activities, such as drafting execution programs, confirming the state of progress, and deliberating on investigations and countermeasures targeting points at issue.



Accelerating Responsible Care Activities

The requirement of Responsible Care activities is the voluntary planning, execution and review in management cycles that steadily achieve improvements.

Activity Plan

Once the activity plan has been formulated, Sumitomo Seika reviews the plan in several stages and checks the progress of implementation or revises the plan. We are working to ensure a stable upward spiral in stages.

Specific procedures are detailed below:

[Development of the plan]

Every year, we compile the results of our activities in December. In January, following deliberations by the Quality, Environment and Safety Promotion Committee and the Quality, Environment and Safety Committee, we finalize a company-wide plan for implementation in April.

Following the company-wide plan, each Works and department draws up its own plan.

[Development of a medium-to-long-term plan]

In July, we draw up a medium-to-long-term Responsible Care plan that reflects the company's financial results for the fiscal year as well as currents in society. The issues adopted into the plan will be incorporated in the annual plan for the following fiscal year.

[Mid-term progress evaluation]

To manage progress during the year, we collect the evaluations made by each section; in October, the entire company, including the Works, compile the interim progress achieved to date in the year, report the progress status and relevant issues to management, and carry out a management review in which future activities are revised.

[Review of activities]

We implement initiatives in one-year cycles in the fields of environmental protection; security and accident prevention; occupational safety; chemicals safety; and logistics safety. We believe that such reviews are particularly important to ensure that the tasks in question are addressed consistently, that compliance with laws and regulations is followed, and that the realities of these activities are correctly understood so that appropriate improvements are implemented.

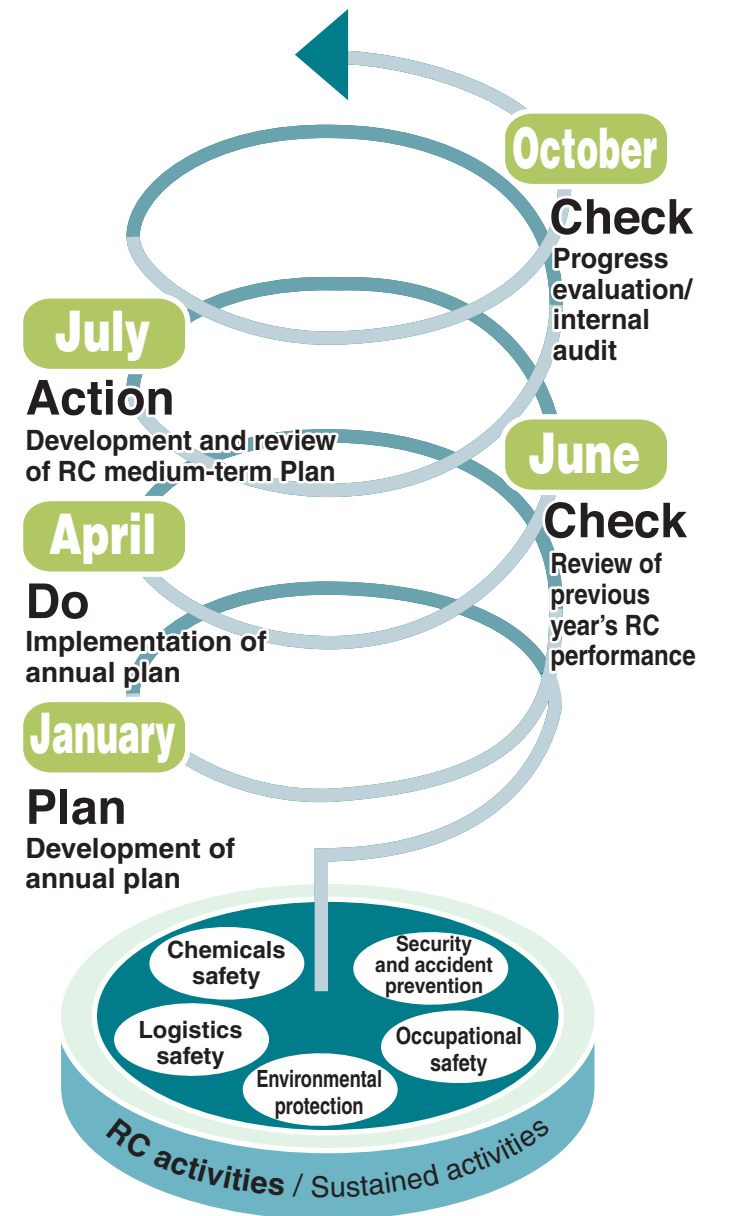
Having established an RC Auditing Subcommittee under the chairmanship of the director in charge of Responsible Care, every year we periodically review compliance with laws and regulations and the status of our activities, targeting all Works including those situated outside Japan.

In addition, we have established a system of internal auditors who undertake reviews of our certification of ISO 14001 and ISO 9001 registration; moreover, we request ISO examiners from authorized external certification bodies to conduct reviews.

RC Audits

In fiscal 2006, we addressed mainly the following items with a focus on Sumitomo Seika Singapore Pte. Ltd., Sumisei Taiwan Technology Co., Ltd., the three Works located in Japan.

1. Special instructions given by the president (thorough prevention of trouble recurrence and reinforcement of compliance systems)



2. Confirmation of progress of the company-wide plan
 3. Status of facility maintenance
 4. Status of trouble prevention measures
- As a result, we confirmed our stable improvement at the management level.

Acquisition of Environmental Management System (ISO 14001: 2004) Certification

As a means of enhancing awareness of environmental protection, an essential aspect of RC activities, under our president, we have acquired registration of ISO 14001 certification as part of our integrated system encompassing all our Works. Accordingly, all departments are implementing continuous improvements to environmental protection by utilizing the systems required by ISO.

Quality Management System

Sumitomo Seika has already registered with the revised ISO 9001:2000 standard for quality management systems company-wide. In our pharmaceutical and medical intermediate businesses, we manage our production according to GMP (Good

Manufacturing Practice), the quality management standard for drug manufacturing.

Type	Target organization	Month and year of certification acquisition	Registration number	Standard designation	Certifying agency
Environmental Management	Befu, Himeji, and Chiba Works	June 2004	JCQA-E-0577	ISO14001	JCQA
		June 2006			
Quality Assurance	Sumitomo Seika (company-wide)	December 1996	JCQA-0171	ISO9001:2000	JCQA
Quality Assurance	Engineering Division	June 1997	LRQA-JBC0957996	ISO9001:2000	LRQA

*1 JCQA: Japan Chemical Quality Assurance Ltd.
*2 LRQA: Lloyd's Register Quality Assurance Limited



ISO audits and inspections taking place in a meeting room



ISO audits and inspections taking place in a meeting room



ISO audits and inspections taking place on the site



Certificate

Environmental Protection & Safety: Initiatives and Achievements

Our fiscal 2006 targets and achievements for environmental protection, occupational safety, security and accident prevention, logistics safety and chemicals safety are summarized below. For fiscal 2007, we are making further efforts based on our progress in fiscal 2006.

Initiatives and Achievements for Fiscal 2006 and Objectives for Fiscal 2007

Scope	Target	Fiscal 2006 Implementation Plan	Achievement of Initiatives in Fiscal 2006	Assessment of Activities	Fiscal 2007 Objective	Details	
Environmental Protection	Prevention of global warming	Maintaining a 1% reduction in the energy consumption rate	As a result of measures to reduce steam loss, reduce steam consumption, and introduce energy-efficient machinery, we reduced the energy consumption rate by 0.9%	○	Continuation of 1% reduction in the energy consumption rate	P9	
		Research into installation of facilities intended to reduce greenhouse gas emissions	Postponed efforts to address gas recovery from returned gas cylinders	△	<ul style="list-style-type: none"> Reducing greenhouse gas emissions resulting from transportation Addressing the need to recover gas from returned gas cylinders 		
	Waste reduction	Reduction in solid waste emissions from Works to below the levels of the preceding fiscal year	Achieved a 6% reduction	◎	<ul style="list-style-type: none"> Addressing ways of reducing the waste output rate Maintaining reduction in waste emissions from Works to fiscal 2004 levels Maintaining the landfill disposal amount and recycling rate to fiscal 2004 levels 	P10	
		Research into ways of reducing and assessing the waste output rate from new products	Implemented assessment of 6 items	◎			
		Maintaining recycling rate and landfilled rate at fiscal 2004 levels	Achieved a 35% reduction of fiscal 2004 levels in the amount of waste disposed of in landfills and increased the recycling rate from 52% to 53%	◎	P11		
		Reduced release of substances subject to PRTR by March 31, 2010, 1 t/year of EDC and 1,3-butadiene; 3 t/year of trichlene maximum	Reduction in annual output of specified substances	In spite of reviewed reduction and installed substance removal facility, some goals could not be achieved	△	Reducing emissions through installation of emissions reduction facilities 1,3-butadiene, 1,2-dichloroethane: 1 t/year maximum (March 31, 2010 target) Trichloroethylene: 3 t/year maximum (March 31, 2008 target)	P13 P14
		Reduced release of volatile organic compounds (Reducing emissions to 30% of fiscal 2004 levels by March 31, 2010)	Continued examining technologies for reducing emissions of heptanes and n-hexane	Implementation of reexamination of release, draft of temporary countermeasures, partial reduction countermeasures	○	Continuing study of technologies to reduce heptane and n-hexane emissions	P12
	Improvement of the environmental management system through application of ISO 14001 standards	Integration and extension of ISO 14001 registration from three Works to company-wide implementation	Passed company-wide inspection in May 2006	◎	Conducting research on the introduction of an environmental accounting system	P6	
Occupational Safety	Achievement of zero injuries and zero accidents (zero accidents leading to suspension of operations and zero accidents not leading to suspension of operations)	Implementation of hazard and toxicity investigations and safety measures	Zero accidents leading to suspension of operations, five accidents not leading to suspension of operations	△	Preparation for certification and registration of the Occupational Health and Safety Management System	P19	
Security and accident prevention	Elimination of serious accidents	Zero accidents	Two incidents of wastewater malfunctions	△	Implementing assessments by the facility design manuals	P18	
		Implementation of reassessment and countermeasures for high-risk facilities	Assessed new facilities: 3 cases Assessed existing facilities: 8 cases		Implementation of process safety assessments (HAZOP) of existing facilities and continuation of safety measures		
		Increased inspections of aging facilities and systematic maintenance	Increased investment in aging facilities		Systematic disposal of gas cylinders returned by customers, which are disused for a long period		
	Implementation of measures to reduce human error	Implemented horizontal involvement in near-misses & promoted 5S	Implementing measures such as visualization practice to prevent human error				
Chemicals safety	Zero accidents at the customer's premises	Ensuring accurate responses to regulations of chemicals both inside and outside Japan	Provided chemical information on labeling Obtained and responded to chemical regulations in Europe and information on labeling	○ ○	Implementing appropriate response to labeling standards for chemicals and material safety data sheets (MSDS) Obtaining and responding to chemical regulations in Europe and information on labeling	P16	
Logistics safety	Elimination of serious logistics accidents	Supporting safe transportation by logistics contractors	Held a logistics safety meeting and implemented assessments for each contractor's activities Implemented emergency drills with logistics contractors Provided training to logistics contractors	◎	Continuing to provide logistics contractors with support for safety guidance Studying transportation records and examining a reduction plan to prevent global warming Addressing the Yellow Card label to support safe transportation of products containing high-pressure gas	P20	
Occupational health and safety	Reduction in rate of absenteeism due to personal injuries and illnesses	Strengthening the guidance of health care staff in cooperation with industrial physicians Promotion of measures to prevent lifestyle diseases	Worker-days of absenteeism due to personal injury or illness totaled 1,681 days	○	Strengthening the leadership of health care staff under the guidance of industrial physicians Implementing measures to counter lifestyle diseases (metabolic) and ensure mental health care		
	Reduction of traffic accidents by half	Reduction of at-fault road accidents					

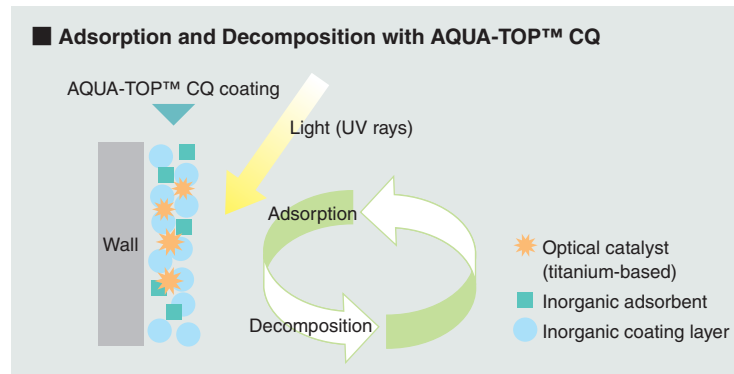
Sumitomo Seika's Environment-Related Products

Our products are highly regarded and used in various industrial fields because of their functionality and quality. We have also been actively committed to supplying a variety of products that contribute to environmental protection and product safety. Some of our environment-related products are described in this section. We will continue to be committed to the development of products that contribute to society.

Functional Polymers Division

AQUA-TOP™ CQ (chemical quencher)

AQUA-TOP™ CQ is an indoor air quality improving paint that adsorbs and decomposes hazardous substances, including formaldehyde, that are regarded as causes of sick-house syndrome, as well as offensive odor-releasing substances.



Gases Division

Standard Gases for Analyzing the Atmosphere and Ecosystems

- [1] HAPs standard gases**
Standard gases for monitoring hazardous air pollutants
- [2] PAMS standard gases**
Standard gases for monitoring photochemical smog
- [3] NMOG standard gases**
Standard gases for compliance with new regulations for automotive exhaust gas analysis
- [4] IAP standard gases**
Standard gases for monitoring indoor air pollutants (sick-house syndrome inducing substances)
- [5] ODOR standard gases**
Standard gases for monitoring odorous substances
- [6] Soil pollution standard gases**
Standard gases for monitoring hazardous substances in soil

PSA Gas Generator

This PSA (Pressure Swing Adsorption) Gas Generator is used to supply oxygen for energy conservation, to recover greenhouse gases (CO₂ and methane) that contribute to global warming, and to generate hydrogen, which is expected to serve as a clean energy source.



General Purpose Standard Gases/ JCSS (Japan Calibration Service System) Standard Gases

Standard gases for monitoring automotive exhaust gas and air pollution



Medical gas produced in clean room



Gas cylinders for semiconductors

Combustion-Type Exhaust Gas Treatment System for the Semiconductor Industry: e-SHINE

This system has been specifically designed to decompose the greenhouse gas CF₄. It realizes low energy consumption operation by incorporating a cooling-rinsing system into the combustion-decomposition process, which is executed with a high-temperature burner.



Efforts toward Preventing Global Warming

The Kyoto Protocol, which entered into force in February 2005, stipulates that, during the First Commitment Period (2008–12), Japan is obliged to reduce greenhouse gas emissions by a total of 6% compared with 1990 levels. Therefore, Japanese industry in general is required to continue implementing reductions that are more stringent; specifically, reduction targets for the chemical industry, to which Sumitomo Seika belongs, indicate a 10% reduction in the energy consumption rate relative to the 1990 levels by 2010. The chemical industry is taking steps to reduce greenhouse gas emissions through energy conservation.

Moreover, revisions to the Law Concerning the Rational Use of Energy (Energy Conservation Law) in 2005 stipulate energy conservation efforts for the transportation industry, whose energy consumption has increased remarkably in recent years.

Main Initiatives and Achievements in Fiscal 2006

In accommodating the chemical industry's target, which is a 10% reduction in the energy consumption rate compared to the 1990 levels by 2010, we designed our program to reduce the energy consumption rate by 1% annually and have been implementing resource and energy conservation initiatives accordingly.

■ Past Major Initiatives

- Process improvements
- Introduction of cogeneration systems (Befu Works in 1989, Himeji Works in 2002)
- Conversion to alternative fuels

• Waste heat recovery

We are also engaged in a variety of other efforts. As a result, in 2006 we achieved a 31% reduction in the energy consumption rate relative to 1990 levels. However, improvements in our energy consumption rate have gradually slowed year by year, and we were restricted to a 0.9% reduction in 2006 due to increased production volume. In addition, we are rapidly devising and implementing measures to reduce emissions of dinitrogen monoxide (marketed as surgical anesthetic), which is a greenhouse gas.

Main Efforts to Mitigate Global Warming in Fiscal 2006

○ Befu Works

We have addressed the following areas: review of energy efficiency in all our Works; improvement in product yield; introduction of inverters for electric motors; and improved steam management. However, we managed to reduce our energy consumption rate by only 0.8% from the fiscal 2006 level.

○ Himeji Works

Among other measures, we have taken steps to reduce steam

consumption by our manufacturing facilities and reduce electric power consumption for cooling; however, partly because of increased production, we reduced our energy consumption rate by only 0.5%.

○ Chiba Works

Improvement in product yield has contributed to a reduction in the energy consumption rate that has resulted in a 7% reduction.

Measures Taken in the Product Transport Stage

We transport our products by truck, railway, and ship. To date, our global warming mitigation measures have focused on the production stage; however, in the future, we will be required to consider measures to reduce emissions resulting from transport.

For this reason, last year we established a system that assesses

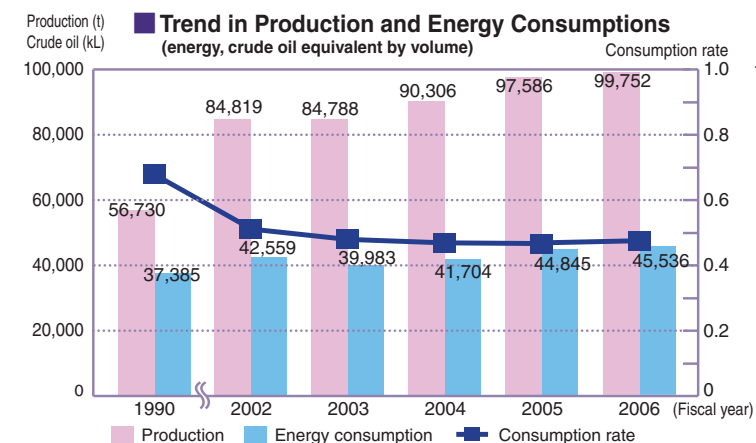
emissions in the product transport stage.

Using the data obtained from the system, we will consider changes to the mode of transport in an effort to reduce CO₂ emissions. For example, we will consider practical use of rail transport, changing the type of packaging we use, and introducing larger vehicles.

Reducing greenhouse gas emissions through fuel conversion

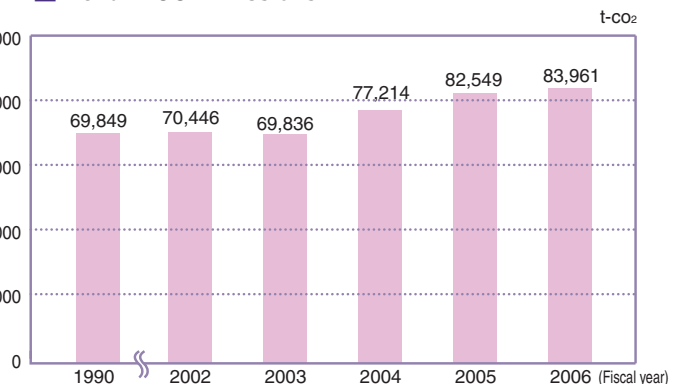
The sources of energy consumed in the operations of our Works are electricity purchased from power companies, steam generated by boilers, and electricity produced by an independent generator. For fueling our boilers, we have long relied on conventional heavy oil; however, natural gas discharges less CO₂ and fewer air

pollutants such as particles of soot; therefore, we have been promoting a conversion from heavy oil to natural gas after deciding to adopt this course of action. As a result, in March 2007, the entire company completed the conversion from heavy oil to natural gas.



Note: The energy consumption rate is an index calculated as the [total energy consumption as a crude oil equivalent] / [total production]. "Total production" is a concept established in the Law Regarding the Rationalization of Energy Use and is a value based on the energy amount used by a main product in which each product is calculated as an equivalent to this main product. (Actual product weight differs.)

■ Trend in CO₂ Emissions



Note: The CO₂ emissions values reported vary according to fiscal year as a result of a review of the emissions factor as required by Hyogo Prefecture.

Efforts to Realize a Recycling-Oriented Society

The Basic Law for Establishing a Recycling-Based Society requires that the entire society strive to reduce waste emissions and ensure the effective utilization of resources by promoting the "3Rs" — reduce, reuse, and recycle.

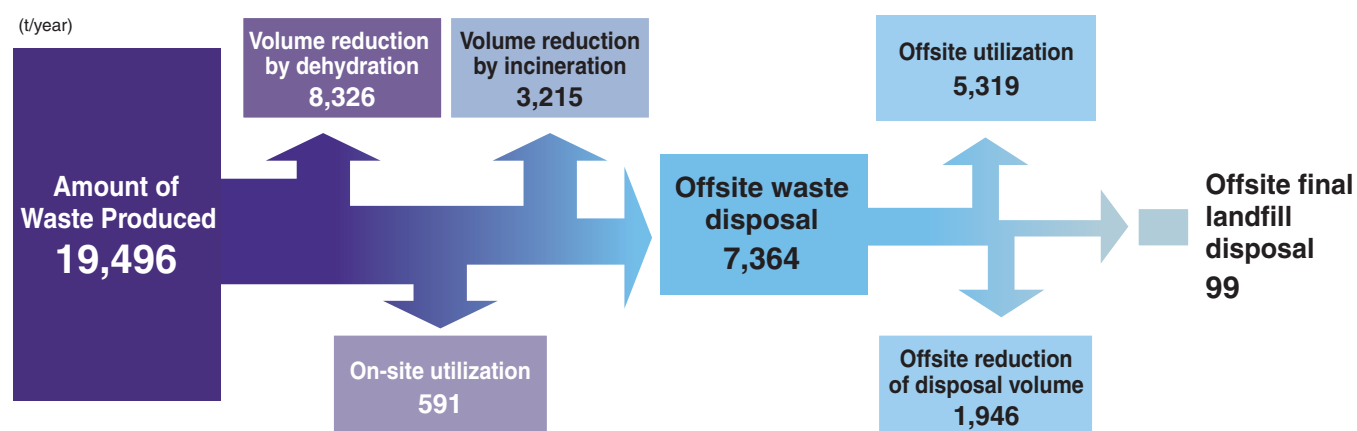
Commitment to Waste Reduction

At Sumitomo Seika, we are implementing the following three initiatives:

1. Reducing waste emissions from our Works by subjecting them to the following:
 - 1) dehydration, separation and/or concentration;
 - 2) utilization by the manufacturer;
 - 3) detoxification (wastewater treatment), and/or volume reduction (incineration, etc.).
2. Promoting effective utilization of waste through the following practices when commissioning its disposal:

- 1) conversion to fuel (waste plastic, waste oil, etc.)
 - 2) recycling (regenerative distillation processes of waste solvents or the like, reuse of metal scrap, and use as reducing agent)
 - 3) effective utilization (recovery of steam generated through incineration, power generation, etc., and fertilization)
3. We will focus our efforts on reducing the amount of landfill waste disposal.

Waste Disposal in Fiscal 2006



Our production levels largely determine the amount of waste we generate; for the past several years, the amount of waste produced in our Company had continued to increase until last year, when it decreased by about 3%.

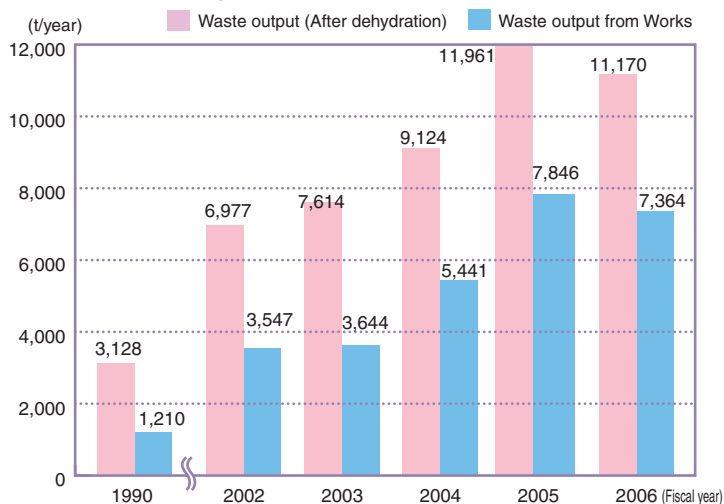
We have plans to further increase our production in and after fiscal 2007; therefore, we will focus our efforts on shifting our manufacturing methods to those that reduce waste to the minimum and on decreasing the overall amount of waste we generate. By reducing the discharge of waste offsite, we will contribute to the emergence of a society committed to recycling.

- In fiscal 2006, we focused on the following initiatives:
- reducing the volume of waste generated by our Company (Works); and
 - reducing the volume of waste discarded in offsite landfills.

As a result of these initiatives, we succeeded in achieving our planned reductions in both waste output from the Company (Works) and waste volume landfilled. However, the reduction of waste output from our Works can be partly attributed to the items we manufactured, so we will continue to improve the following initiatives:

- 1) researching ways of reducing waste from the product development stages; and
- 2) researching ways to improve existing processes in order to further reduce the amount of waste generated.

Trend in waste generation



Note: In conformity with research and statistics prepared by the Ministry of Economy, Trade and Industry, the measured amounts of waste generated in fiscal 2006 were changed to reflect values after dehydration treatment.

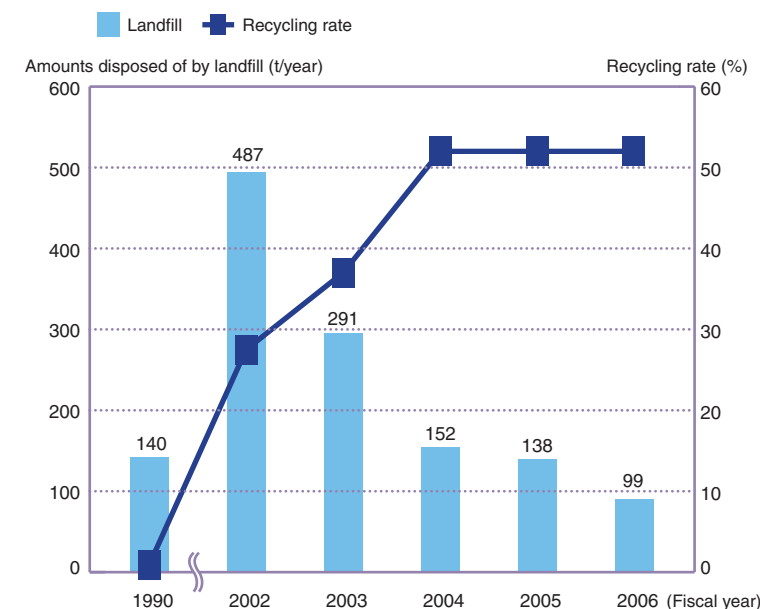
Improvement of the Waste Recycling Rate (Utilization) through Outsourcing of Waste Disposal

The most common wastes produced by Sumitomo Seika are waste liquids. Although certain types of waste liquids can be converted into useful products through regenerative distillation processes, most waste liquids had been disposed of in the past by incineration as a means of volume reduction. In recent years, however, the popular desire to promote society's commitment to recycling has been growing. Therefore, in order to ensure positive utilization of our waste liquids, we have been seeking subcontractors who can utilize them as auxiliary fuels, as neutralizing and reducing agents, and in thermal recycling processes (through utilization of waste heat).

We consider the waste disposed of by these subcontractors as having been utilized (recycled), and we are now addressing the improvement of our recycling (utilization) rate.

In fiscal 2006, we achieved a recycling rate of 53%, resulting in effective utilization of about half our waste in some form.

Recycling Rates and Amounts Disposed of by Landfill



Reduction in Final Disposal by Landfill

Since fiscal 2005, we had been seeking an alternative to disposal by landfill of the active sludge produced by our Himeji Works. As the scope of utilization of active sludge as a raw material for cement and fertilizer has greatly expanded, we have been able to significantly decrease the amount of active sludge that is disposed of by landfill.

In fiscal 2007, we plan a further increase in production; therefore, we have taken measures to introduce new dehydration facilities so that the amount of final disposal does not increase.



Collection of carefully classified wastes



Waste-incinerating volume-reduction plant

Air Pollutant Reduction

In major cities, air pollution remains a serious issue. In an effort to address this problem, the Air Pollution Control Law of Japan stipulates control of emissions of sulfur oxides (SOx), nitrogen oxides (NOx), and particulate matter for factories and automobile exhaust gases. In addition, the Automobile NOx/PM Control Law was instituted and came into effect in 2005.

Commitment to Air Pollution Prevention

In addition to operating our Works so that the amounts of air pollutants we release do not exceed the control levels specified in the Air Pollution Control Law, Sumitomo Seika has also been taking steps to reduce the amounts of these emissions in line with the company's own voluntarily imposed control levels.

Our restructuring efforts and fuel conversion initiatives have contributed greatly to reduced emissions of SOx, NOx, and particulate matter from our Works. As a result, we have recorded significantly decreased emissions.

Reduction of Volatile Organic Compounds

Revised and enacted in fiscal 2005, the Air Pollution Control Law stipulates a systematic reduction in emissions of volatile organic compounds (VOCs) by 30% from fiscal 2000 levels by 2010.

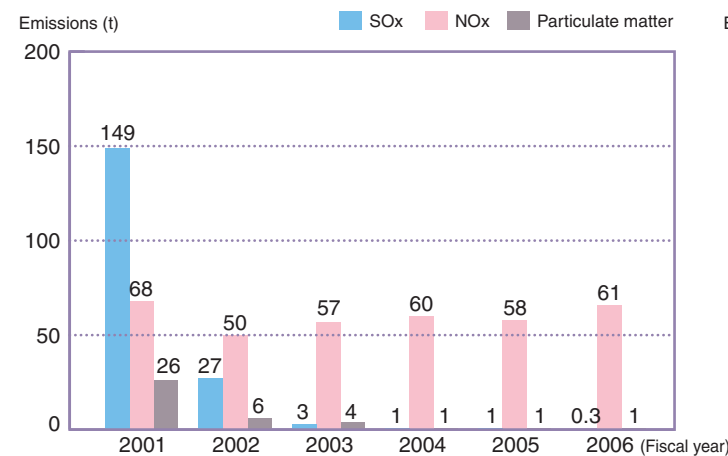
Our emissions increased substantially, however, as a result of our significantly stronger sales of products for which VOCs are used as solvents.

In compliance with this law, we are targeting a 30% reduction in emissions from fiscal 2000 levels by the target year of 2010.

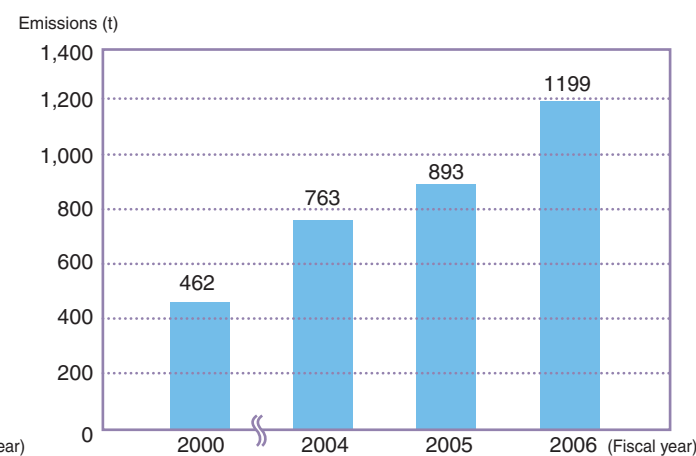
We are now working to reduce emissions systematically and are taking steps to strengthen the seals on major rotating devices in our Works.

In addition, beginning with the current fiscal year, we are examining recovery facilities and other emissions reduction technologies.

Emissions of Three Air Pollutant Types



Emissions of VOCs



This cogeneration facility also contributes to reducing the amounts of SOx and particulate matter (Befu Works)

Efforts to Reduce Chemical Substance Emissions (1)

The Pollutant Release and Transfer Register (PRTR) Law was enacted in Japan in 1999 in an effort to control the amount of specified chemical substances released into the environment and to improve emission control methods.

In compliance with this law, manufacturers handling chemical substances are required to report the amounts of chemicals they release and transfer and to remain committed to voluntary efforts to reduce emissions.

Commitment to Reducing Chemical Emissions

In 1995, before the establishment of the PRTR Law, Sumitomo Seika initiated a survey to determine the company's emissions of 480 chemical substances (as specified by the Japan Chemical Industry Association); in contrast, the PRTR Law specifies only 354 chemical substances.

In fiscal 1995, as part of our priority Responsible Care activities, Sumitomo Seika began voluntary research on the amounts of chemical substances that we release and transfer through our operations. In particular, we have been systematically reducing the emissions of 12 chemicals that the chemical industry intends to phase out. This effort has entailed improvements to manufacturing processes, substitution with

alternative solvents, improved chemical recovery facilities, and complete sealing of tanks.

As a result, we succeeded in reducing emissions beyond the primary reduction plan (30% reduction compared with fiscal 1995 levels) and secondary reduction plan (30% reduction compared with fiscal 1999 levels) established by the industry to date.

Last year, however, as a result of increased production and for other reasons, we adopted new emissions reduction targets for specified substances. Specifically, we adopted targets that go one step further in reducing emissions while maintaining our commitment to ongoing emissions reductions.

Priority Substances Subject to Voluntary Emissions Control

The Central Environment Council of the Ministry of the Environment has prepared a list of 22 priority substances subject to emissions control. The chemical industry, meanwhile, has identified 12 hazardous air pollutants and has already implemented voluntary emissions control targeting these substances.

Sumitomo Seika now handles nine of these 12 substances. We have prepared a reduction plan for the priority substances subject to voluntary emissions control and have been implementing this plan in order to reduce emissions of hazardous substances into the atmosphere.

During this period, we ceased handling acrylonitrile. In addition, after having successfully reduced emissions of 1,2-dichloroethane, trichloroethylene, and ethylene oxide, we reduced total emissions by approximately 82% compared with fiscal 1995 levels.

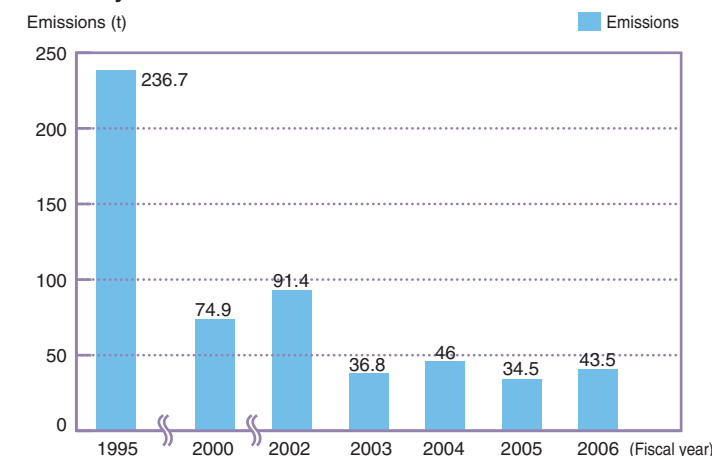
However, in fiscal 2006, we increased total emissions by 26% compared with the previous year due to several issues, including

a malfunction in our new trichloroethylene recovery facilities. Consequently, we renewed our commitment to further emissions reduction measures by identifying three substances in fiscal 2007.



Exhaust gas pollutant removal equipment

Emissions of Hazardous Air Pollutants Subject to Priority Emissions Control



Some of the fiscal 1995 emissions used are approximate values.

Major Reduction Measures to the Present

[1] Trichloroethylene	Enhancement of condensing-cooling recovery facility, extension of distillation time (1998, 2000, 2002)
[2] Dichloromethane	Adoption of alternative solvents for certain products (1998, 2002, 2003)
[3] 1,2-dichloroethane	Enhancement of recovery facility (1996, 1999, 2002)
[4] Formaldehyde	Installation of equalization piping (1998, 2000)
[5] Benzene	Disposal by incineration after modification of the exhaust gas line (2001)
[6] Ethylene oxide	New charging scheme, installation of simple pollutant removal equipment (2001, 2003)
[7] Acrylonitrile	Total ban on use (2003)
[8] 1,3-butadiene	Execution of exhaust gas disposal by incineration (2003)
[9] Trichloroethylene	Installation of adsorption recovery facility (2006)

Efforts to Reduce Chemical Substance Emissions (2)

Sumitomo Seika's Atmospheric Emissions Standards

No emission control or environmental standards have yet been specified for most of the substances that have been categorized as subject to the PRTR Law or as hazardous air pollutants.

This is because of the absence of any verified correlation between the amount emitted and the magnitude of the hazard presented by these substances. For this reason, chemical emissions manufacturers are required to reduce the emissions of such substances through voluntary determinations of emissions standards.

Therefore, Sumitomo Seika established voluntary emissions standards by referring to the guidelines of the WHO and the EPA, and has been verifying at regular intervals that the emissions of certain chemical substance do not exceed their control values.

In accordance with these standards, we have been strictly controlling the emissions of potentially hazardous chemical substances.

(NOTE) WHO: World Health Organization
EPA: U.S. Environmental Protection Agency

Atmospheric Emissions Reduction Plan

In fiscal 2007, we plan to reduce emissions of trichloroethylene; 1,2-dichloroethane; and 1,3-butadiene in addition to the reductions already implemented to date. We also plan to reduce emissions of toluene, n-hexane, and other VOCs.

Trichloroethylene: 3 t/year maximum (2007)
1,2-dichloroethane: 1 t/year maximum (2010)
1,3-butadiene: 1 t/year maximum (2010)



Gas recovery facility (Himeji Works)

Emissions of Hazardous Air Pollutants Subject to Priority Emissions Control

Substance	1995	1999	2003	2004	2005	2006
Acrylonitrile	9	8.8	2.5	-	-	-
Dichloromethane	70	24.8	3.5	11.7	4.2	4.2
1,2-dichloroethane	72	35.3	11.5	11.7	8.3	6.9
Tetrachloroethylene	1	1.2	0.5	0.7	0.6	1.2
Trichloroethylene	70	18.9	9.7	12.4	11.5	17.6
Ethylene oxide	4.7	4.7	3.7	3.2	3	2.8
1,3-butadiene	3	2.8	3.5	4.4	4.8	8.3
Benzene	4	4.1	0	0	0	0
Formaldehyde	3	2	1.9	1.9	2.1	2.4
Total	236.7	102.6	36.8	46	34.5	43.4

Atmospheric Emissions of Other Substances Subject to the PRTR Law

Substance	2002	2003	2004	2005	2006
Chloromethane	4.7	2.8	7.3	2.9	3.2
Acrylic acid	1.3	1.7	1.8	1.6	1.6
Xylene	1	1.2	0.9	1.5	0.3
Toluene	1.6	3.4	4.3	4.4	5.1
Xylene	1.5	2.2	1.8	1.3	1.1
Ethylene glycol	1.5	1.5	1.5	2.8	1.7
Monomethyl alcohol	1.4	2.1	1.7	1.1	1.0
Ethyl benzene	1.4	2.1	1.7	1.1	1.0
Total	13	14.9	19.3	15.6	14

Dioxin Control Measures at Incineration Facilities

Sumitomo Seika's waste-liquid incineration facility at the Befu Works is classified as a small-scale incinerator furnace. In compliance with the Law Concerning Special Measures against Dioxins and the Waste Management and Public Cleansing Law,

we have been measuring dioxin concentrations in the atmosphere, water and the working environment every year. The measurements are maintained to within 10% of the control values.

Measures to Reduce Water Pollution Impacts

Our Befu Works and Himeji Works are located at the Harima Industrial Area on the Seto Inland Sea. The mechanisms that cause red tide and the eutrophication of this wide stretch of closed water have been investigated. In addition, area-wide total pollutant impact control has been implemented here in order to decrease chemical oxygen demand (COD) and alleviate the overall impacts of pollutants such as nitrogen and phosphorus that adversely affect water quality.

Pollutant Handling

To date, control of total COD has been implemented in five stages, but the environmental standard has not yet been satisfied due in part to the increase in household wastewater.

To address this problem, nitrogen and phosphorus pollutants have been added to the fifth control stage as a countermeasure to the eutrophication issue. The government is applying the sixth control stage for total COD in 2007 and has targeted fiscal 2009

as the completion date.

Sumitomo Seika is committed not only to fulfilling these standards in compliance with relevant laws and regulations but also to properly maintaining the quality of its wastewater through a system for constantly reporting the measurements of its wastewater to government authorities.

Efforts to Prevent Water Pollution

Recently, many manufacturers have been violating laws and regulations related to control of water and air pollution. Various regional communities, administrative organs, and others are now requesting manufacturers to adopt much more stringent wastewater controls.

Sumitomo Seika has been implementing the following more stringent wastewater controls:

- 1) Installation of continuous nitrogen and phosphorus analyzers (as required by relevant laws)
 - 2) Installation of emergency shutoff valves
 - 3) Installation of TOC measuring instruments to detect organic substances in wastewater; ORP meters; and pH meters for determining acidity or alkalinity
- TOC meter: Total organic carbon meter
ORP meter: Oxidation-reduction electrometer
pH meter: Hydrogen-ion density meter

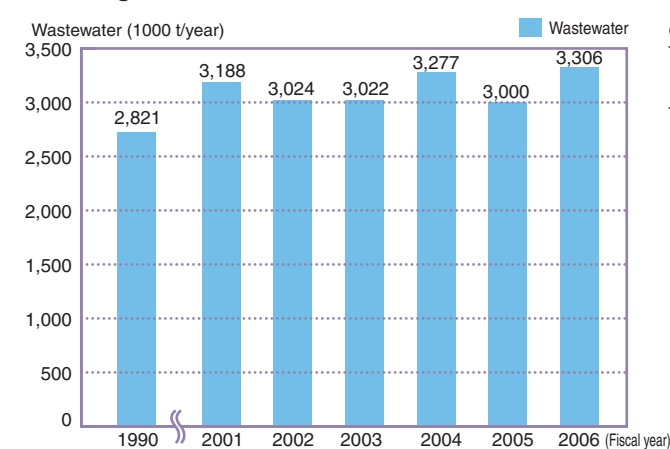
4) Review of control standards

However, the Himeji Works experienced damage to its underground piping and the Befu Works experienced refrigerant piping problems, which resulted in spill incidents in 2006. We implemented the following measures in 2007 as further safeguards:

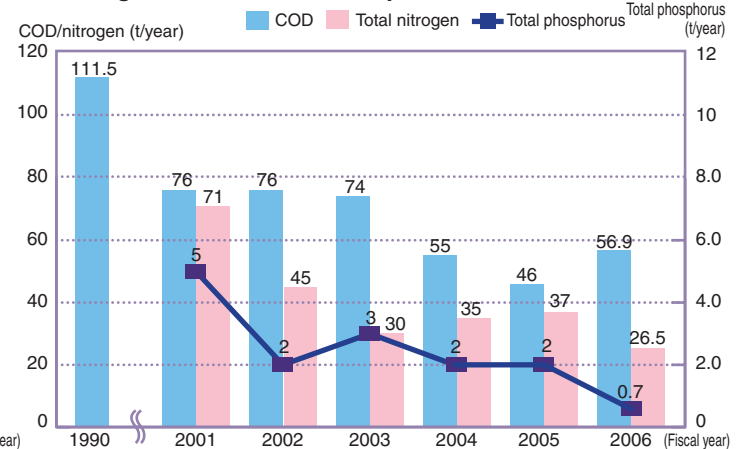
- 1) We expanded the scope of continuous monitoring by increasing the number of TOC meters and pH meters (Befu Works).
- 2) We installed emergency shutoff valves (Himeji Works).

A graph of Sumitomo Seika's water resource utilization statistics and the trend in our COD emissions are shown in the following graphs.

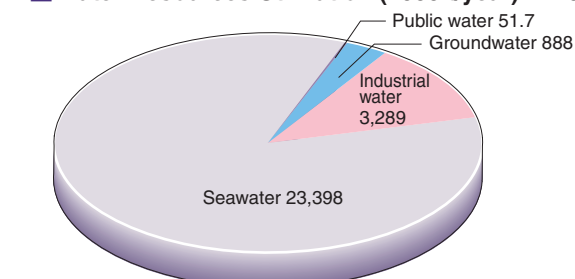
Change in Wastewater Amounts



Change in Water Pollution Impacts



Water Resources Utilization (1000 t/year) in 2006



Wastewater treatment facility (Befu Works)

Commitment to Chemicals Safety

Chemical substances are indispensable for providing abundance and comfort to modern society. However, certain chemical substances pose danger and can cause harm to people and the environment. In the effort to ensure chemicals safety, learning the properties of chemicals and handling them carefully are critical.

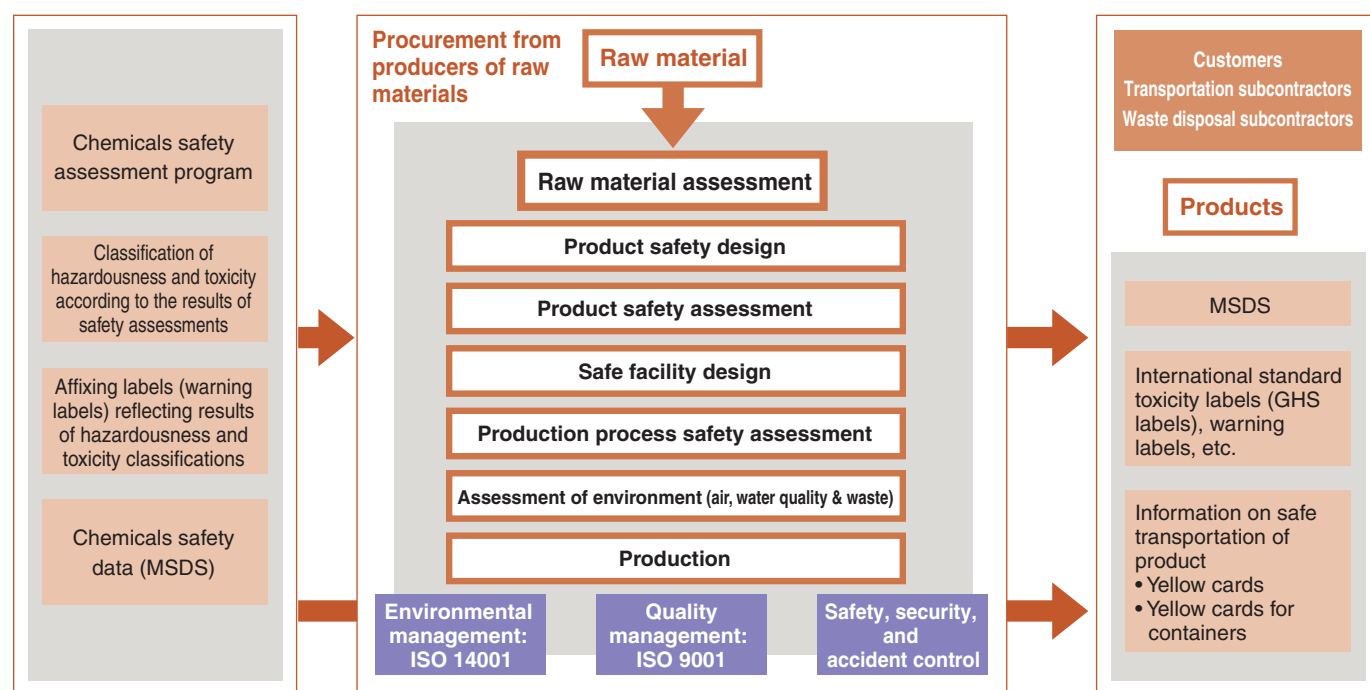
Ensuring Chemicals Safety

To ensure chemicals safety, common international rules are now being formulated for the following items:

1. **safety assessments of chemical substances;**
2. **classification and indication of hazardousness and toxicity; and**
3. **provision of product safety data.**

Sumitomo Seika's chemicals safety assurance initiative is outlined in the following conceptual illustration.

At each stage, we undertake safety assessments of chemical substances and implement suitable safety measures. In addition, we are providing the necessary information to relevant customers and subcontractors.



Assessment of New Chemical Substances

For newly developed chemical substances, Sumitomo Seika will carry out biodegradation tests, mutagenicity tests, and other

safety tests. Last year, we carried out safety assessments on 55 chemical substances.

Safety Survey on High Production Volume Chemical Substances

At the Earth Summit held in 1992, the proposal was made that the acquisition of safety data for existing chemical substances should be promoted. Then, the Organization for Economic Cooperation and Development (OECD) decided to acquire safety data on chemical substances in use with annual national production levels exceeding 1,000 tons. When the Japan Chemical Industry Association (JCIA) expressed its intention to support this project, Sumitomo Seika agreed and voluntarily promised to acquire the data for six substances (sulfolane, hydrogen sulfide, formaldehyde, dimethyl ether, sulfur dioxide, and sulfonyl chloride).

Recently, we acquired safety data on sulfolane, which was reviewed in Japan. In addition, the data was submitted to the OECD Nineteenth SIDS Initial Assessment Meeting (SIAM 19), where the environmental and human health hazards of the

substance were assessed. As a result of the assessment, it was determined that sulfolane should not be recognized as a hazard requiring urgent measures.

In Europe, meanwhile, a new chemical regulation (REACH: Registration, Evaluation, and Authorisation of Chemicals) came into force that requires the acquisition of material safety data sheets on all chemical substances in use as of June 2007. In addition to the requirement for acquisition of material safety data sheets under this law, no sale in Europe is to be recognized unless the chemicals* in question have been registered, evaluated and authorized. To this end, we will undertake sequential registration and evaluation of our products.

* Excluding pharmaceuticals and agricultural products.

Quality Assurance

Having acquired certification of and put into practice ISO 9001, the international standard for quality assurance systems, Sumitomo Seika remains committed to providing our customers with a sense of reliability and satisfaction. Furthermore, in manufacturing pharmaceuticals and their intermediates, we have

implemented comprehensive quality assurance practices that are compliant with the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (GMP of ICH).










Provision of Product Safety Information

Today, chemical substances are transported around the world. The United Nations, therefore, has sought to establish a globally harmonized system to ensure information is provided in compliance with common rules. Known as the Globally Harmonized System of Classification and Labeling of Chemicals, or GHS, this system is scheduled for introduction in 2008. In 2005, Japan amended its Industrial Safety and Health Law.

Since last year, therefore, we have been requested to provide information in compliance with the existing international system. To date, Sumitomo Seika has used product catalogs, material safety data sheets, and warning labels as means of notifying our customers of the correct use of our chemical products. In the future, we will extend our commitment to providing labels and MSDSs that comply with international rules for their use.

Globally Harmonized System of Classification and Labeling of Chemicals: GHS labels

GHS Symbols and Names

 Flammable	 Oxidizing	 Explosive
 Corrosive	 Compressed gas	 Dangerous
 Acute hazard	 Environmental hazard	 Respiratory hazard

Meanings of GHS Hazard Symbols and Pictograms

 Explosive, self-reactives, organic peroxides	 Combustible & flammable gases, combustible & flammable aerosols, flammable fluids, combustible solids, etc.	 Combustion-supporting & oxidizing gases, oxidizing fluids, oxidizing solids
 Acute toxicity (class 4), skin corrosivity and irritation (class 2), others	 Acute toxicity (class 1-3)	 Compressed gases
 Corrosive to metal, skin corrosivity and irritation, others	 Respiratory sensitizers, reproductive toxicity, carcinogens, reproductive toxicity, others.	 Aquatic toxicity

GHS labels are depicted as "caution instructions and caution symbols" depending on the class of chemical danger or chemical hazard.

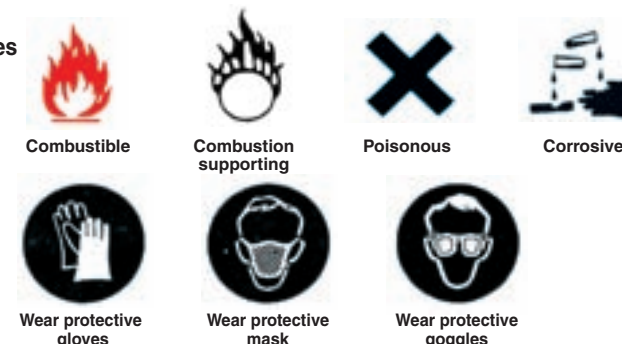
The frame of the diamond shape is colored red; black is used for the enclosed symbol. The displayed illustration differs depending on the type and class of danger or hazard.

Note: The items in **boldface** above represent physicochemical dangers; the items in plain face are health and environmental hazards.

Warning Labels (Product Liability Labels)

For products not subject to GHS labels, we provide warning labels that enable our customers to quickly determine the level of danger or hazard presented by Sumitomo Seika products used by our customers.

Warning Label Examples



Safety and Accident Prevention Efforts

Sumitomo Seika has established the goal of zero injuries and zero accidents. Upon establishing our management policy, we declared that safety must be accorded the top priority; we also communicated the importance of safety to all our employees.

During the past several years, in keeping with our safety policy and efforts to prevent accidents in our Works, we have been emphasizing the importance of verifying process safety and facility safety. We have also been concentrating on enhanced inspection and systematic renewal of highly aged facilities.

Safety and Accident Prevention Initiatives

We placed particular emphasis on the following initiatives.

- 1) Implementation of evaluations based on the facility design manual under new or partially new management
- 2) Verification and prompt action on safety measures for highly hazardous or toxic facilities
 - Implementation of HAZOP assessment (process safety assessment method)
- 3) Enhanced inspection of highly aged facilities and systematic maintenance
- 4) Implementation of measures to prevent human error (eradication of misoperation and lack of confirmation)

Pre-assessments of Facilities

The following illustration shows the sequence of actions required to construct a new facility or change an existing facility. As shown in the illustration, representatives of the production, design, and environmental safety divisions preliminarily assess and discuss

the safety of facilities to prevent accidents. In fiscal 2005, in order to incorporate process safety assessments, we adopted approaches such as HAZOP for this assessment system.



Disaster Response Drills

Disaster response measures should be adopted and disaster response drills carried out to ensure safety and prevent disasters should at least minimize the damage resulting from a disaster. Our Himeji Works and Befu Works are subject to the Petrochemical Complex Disaster Prevention Act; therefore, we signed the Agreement on Regional Disaster Prevention and participated in regional disaster response drills in addition to our own disaster response drills. This approach has enabled us to construct a mutual support system with regional communities.



New type of fire engine

Large Squirt Chemical Fire Truck

Our Himeji Works is subject to the Petrochemical Complex Disaster Prevention Act. Because this plant stores massive quantities of hazardous materials and compressed gases, it is required to maintain its own fire truck as part of its voluntary firefighting system.

We replaced a conventional chemical fire truck with the latest large squirt chemical fire truck. With its 22-meter extension, this truck has the capacity to spray 3,800 liters of water or 3,400 liters of chemical foam per minute.



Comprehensive disaster response drill at the Hyogo Prefectural Petrochemical Complex



Safety Assembly



Higashi Fire Department performing high-structure rescue drill



Disaster response squad conducting first-aid drill

Commitment to Occupational Safety

Through our safety policies and basic approach to preparedness, we seek to create a cheerful and enjoyable workplace by eliminating injuries and accidents from our workplace.

Occupational Health and Safety Initiatives

Safety Management Policies

"Safety should be given top priority in our business operations."

- 1) Line management underpins all safety measures.
- 2) Each individual worker bears operational liability for ensuring safety.
- 3) Both subcontractors and our own employees are responsible for ensuring safety.

Essential Safety Initiatives

Basic Preparedness

- 1) Approach occupational health and safety by recognizing it as part of our business operations.
- 2) Strictly comply with relevant laws and regulations.
- 3) Implement stringent line management.
- 4) Adopt a local focus (local site, local goods, and on-the-spot confirmation).
- 5) Continually enhance activities through the PDCA cycle.
- 6) Ensure that all involved in operations undergo safety training.
- 7) Document and hand down our company expertise in occupational health and safety management as a workplace asset.

Regrettably, in 2005, our record of no accidents leading to suspension of operations since 1998 came to an end. Accidents not leading to suspension of operations are also on a rising trend.

In response to these circumstances, upper management decided to take steps to instill in our workers the importance of safety. To communicate this policy to all concerned, our president undertook the following initiatives at every opportunity, such as during Safety Week.

- 1) Distributed a safety message to all our employees and to the employees of subcontractors engaged in our Works.
- 2) Visited each facility on safety patrols and asked management and employees to reacquire themselves with their accountability to ensure safety through instruction on items requiring improvement.

Meanwhile, the Industrial Safety and Health Law was revised last year with a requirement to respond to workplace risks. Consequently, our Works listed the following items:

- 1) investigation of risk factors and implementation of necessary countermeasures;
- 2) implementation of guidance and collaboration with subcontractors involved in hazardous operations;
- 3) expansion of education and training;
- 4) promotion of voluntary efforts.

Moreover, we are taking steps to ensure safety in all workplaces under

Sumitomo Seika's president participating in a safety patrol

the direction of our Works Managers.

As a result, between January and December 2006, we experienced zero accidents leading to suspension of operations and five accidents not leading to suspension of operations. Our operation suspension rate was 0 (versus a rate of 1.90 for all industries and 0.88 for the chemical industry). Although we registered an enviable level of achievement, we did not succeed at maintaining zero accidents not leading to suspension of operations.

Accordingly, because our basic approach is to ensure that each workplace determines its own risks and takes measures to ensure safety, we decided to acquire certification of registration with the Occupational Health and Safety Management System in fiscal 2008.

As we move forward, we remain committed to creating cheerful, robust workplaces by implementing our "safety first" policy.



Promoting improvements at our Works



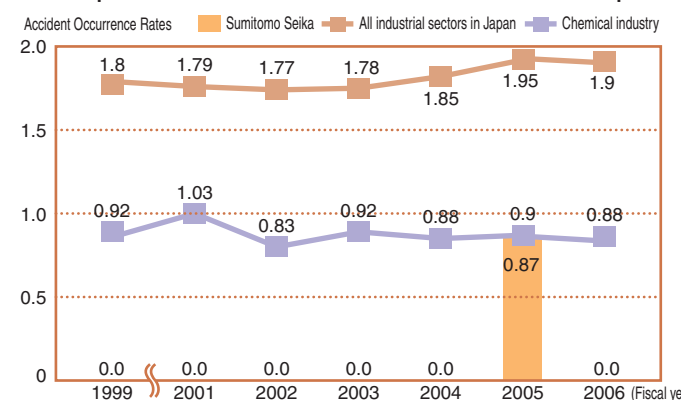
Emergency drill

Detecting Hazard Factors

In the current year, our safety activity plan is to detect latent hazard factors in each workplace and to take necessary measures against each hazard factor detected. We are engaged in identifying and improving hazardous operations. Each worker, therefore, is

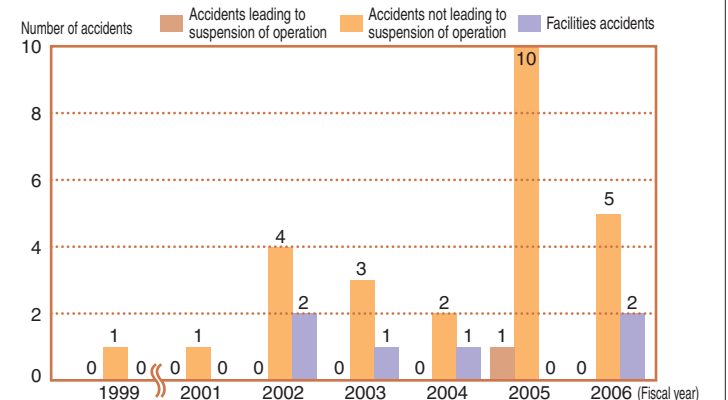
required to report the hazardousness of his or her work. Following the classification of harmful substances, operations newly detected as hazardous must be reported. We will determine priority orders and take all necessary measures to ensure worker safety.

Comparison of Job-Related Accident Occurrence Rates in Japan



Accident occurrence rate = (number of deaths and injuries caused by job-related accidents)/(total work hours) × 1,000,000 hours
The accident occurrence rate is for accidents that occurred in factories.

Number of Job-Related Accidents (at factories)



Commitment to Logistics Safety

Should an accident occur during the transport of chemical products, the environment could be damaged and the regional community could be subjected to a disaster scenario.

The safe transportation of our products is as important as safe production in our Works, but they differ in some ways. Safe transportation can be ensured only if we gain the cooperation of our transportation subcontractors.

Our Efforts to Ensure Safe Transportation

We organized a logistics safety meeting together with the participation of our logistics subcontractors. While we communicate our safe transportation policy to our subcontractors,

they report to us with their safety activity plans and achievements. In this way, both parties are cooperating to ensure safe transport.

Provision of Safety Information

In order to ensure the safe transport of our products by our logistics subcontractors, it is indispensable that we provide them with sufficient product information. For example, we must provide essential data such as the properties of the chemical substances, the first aid response to be given, and the person or division to be contacted following an accident. We provide this information to our logistics subcontractors by including material safety data sheets (MSDS) and "yellow cards" (information on first aid required in an emergency). Drivers for our subcontractors are required to carry these yellow cards while transporting chemicals so that appropriate emergency measures can be taken when necessary.



Yellow cards and container labels summarizing accident response measures

Supporting Safe Transportation by Subcontractors

To confirm that transport drivers are fully knowledgeable about our products, we visit our logistics subcontractors and provide them with instructions on how to transport and move compressed gas products and how to store and handle our products. In addition, we carry out joint drills together with our subcontractors in order to train the drivers in accident reporting procedures and emergency response measures and the like so they can minimize the risk of emergency situations.



Subcontractors undergoing training



Joint response with transport subcontractors

Hazard Assessment for Substances Being Transported

Before transporting our products, we review the hazards that could arise from each chemical substance by referring to the standards of the National Fire Protection Association of the U.S.A. These standards are based on three elements — health hazard, combustion hazard, and instability hazard. Last year, we undertook assessments of the properties of 13 products and evaluated 45 transportation methods.

We use the results of our review to determine container construction, the unit amounts for transport, transportation routes, and the logistics subcontractors to be used for transport to ensure in-transit safety.



Tanker incorporating safety features



Joint disaster response drill with transportation subcontractors

Transportation Accident Relief Drills

As a member of the High Pressure Gases Regional Accident Prevention Association, Sumitomo Seika is participating in regional accident relief drills held at its plants to prepare for possible accidents as well as to develop a liaison network in preparation for response to emergency situations.

Transfer from lorry to safe JR cargo train



Harmony with the Regional Community

Our management philosophy is to share our prosperity and maintain harmony with society.

As a member of the regional community, we develop our business in a manner that enables us to grow together with the community. This approach enables us to gain the confidence of the residents of these communities.

Therefore, we are committed to implementing environmental protection and disaster response initiatives. In addition, we are informing the regional community of our activities.

Communication Activities with Local Citizens

In the past, we took advantage of various opportunities to provide explanations and exchange opinions with members of the public through factory tours. We publicized the results of our environmental protection initiatives at Pollution Control Meetings held by local governments and at other opportunities.

Moreover, as a voluntary initiative, we invite local residents to observe our disaster response drills and encourage them to observe our daily procedures in detail.

As part of our Responsible Care activities, we held a variety of meetings in cooperation with chemical companies in regional communities. This initiative has enabled us to maintain our community dialog meetings.

In 2002, we held our first dialog meeting with residents of the regional community, and in 2004 we held our second such

meeting in Himeji. We held our third community dialog meeting in Takasago in 2006. In this meeting, we collected questionnaires that we had earlier distributed to local residents. This allowed us to obtain the residents' opinions on environmental protection and other issues, and we compiled the survey results. To reflect these results, we introduced our Responsible Care activities and exchanged opinions.

We will continue to promote these initiatives in an effort to gain the goodwill of neighboring residents.



Community dialog meeting

Acceptance of Internships

Internships were introduced 100 years ago in Europe and North America, eventually becoming an established part of business and society. Today in Japan, this approach has been attracting attention as a means of cultivating human talent in cooperation with industry, academia, and government. Moreover, it has been promoted with the goal of enabling young people to find their

preferred type of work on a subjective basis and cultivating students with a high level of professional awareness. We intend to promote internships in a positive manner and accept interns in our workplaces. As well, we will continue to support the development of personnel who can reform and create the world of the 21st century.

Opening of Employee Welfare Facilities

We are now ready to open our employee facilities, athletic fields, tennis courts, gymnasiums and other facilities for the use of neighboring residents.

In addition, we engaged first in accessible tasks such as cleaning the area around our Works and participating in various events such as the Himeji Environmental Fair held annually by the City of Himeji. In addition, we are contributing to improved environmental awareness throughout our society.



Community clean-up campaign



Himeji Environmental Fair 2005

Responsible Care at Plants in Other Countries

We maintain three international production bases in Singapore, Taiwan and Thailand.

We operate our international plants in compliance with the relevant laws of the corresponding countries; however, we also apply the environmental protection and safety techniques we developed in Japan to these international plants.

Singapore requires stricter controls than does Japan: our Singapore plant is required to carry out safety assessments (HAZOP and the like). The workforces in our international plants are varied. They have diverse religions, are of different races, and have different educational backgrounds. Under such conditions, safe and stable operation of a plant can be more challenging than is the case in Japan, but these plants have succeeded in

maintaining a clear record of zero accidents since the start of operation.



Safety meeting (left) at Sumitomo Seika Singapore Pte. Ltd. (above)