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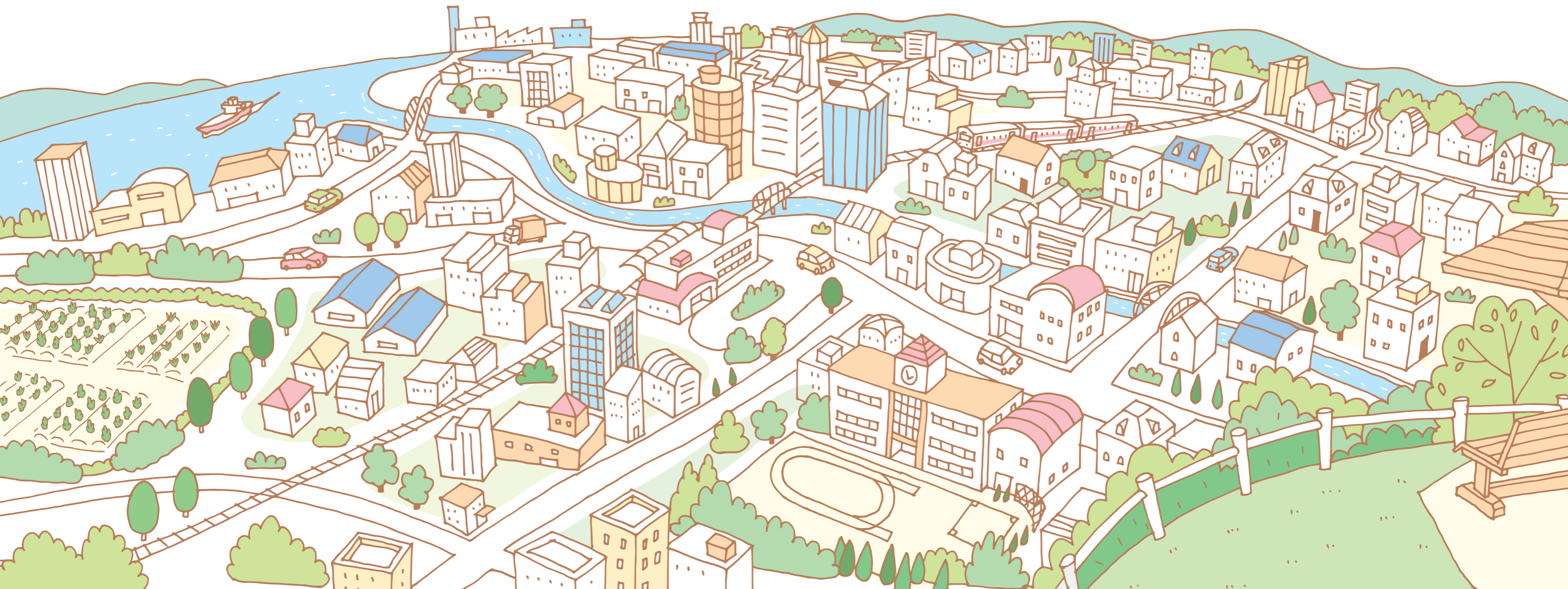
# Corporate Social Responsibility Report 2012



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# Sumitomo Seika Corporate Philosophy

## Management Policy

Our Group, as its basic policy, seeks to achieve co-existence and co-prosperity with society. Engaging in the chemical field, we will contribute to the growth of society by developing original and creative technologies that conform to global standards as well as supplying unique and high quality products both domestically and internationally.

## Sumitomo Seika Group Charter for Business Conduct

1

We respect Sumitomo's operational rules and aim for co-existence and co-prosperity with society.

2

In the chemical field, we develop original technology accepted in the world, and contribute to society by supplying high quality products both domestically and internationally.

3

We observe laws in and outside the country as well as company regulations, social rules and ethics, and act with social sound judgment.

## Corporate Image

- An R&D-oriented chemical company that keeps launching highly distinctive new products in growth fields
- A highly-profitable company specializing in a niche business globally with world-class technologies
- A company that fulfills social responsibilities and inspires its employees with a sense of pride and fulfillment

## Sumitomo's operational rules

### Business Principles

1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.
2. Sumitomo shall manage its activities with foresight and flexibility in order to act in concert with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

## About this Corporate Social Responsibility Report

Our Group has been committed to Responsible Care activities for many years to ensure environmental protection, safety, and health in all phases of the product life cycle from development through production, distribution, use and consumption to final disposal or recycling.

With a focus on our RC activities still, we now present broader information on our relations with our customers, stockholders, business partners, local communities and other stakeholders in the form of this CSR report. We hope that this and our future CSR reports will help familiarize an increasingly greater audience with our CSR policy and efforts, as we continue to upgrade the content.

This report has been prepared in line with "Environment Report Guideline 2012" and "Environment Accounting Guideline 2005" of Japan's Ministry of Environment, and the descriptions of this report have undergone independent third-party verification by Japan Chemical Industry Association.

### Coverage of this report

- Organizations:** 1. Responsible Care performance data cover only the company's domestic bases.  
2. Consolidated subsidiaries are covered in corporate profile, financial data and site report.

**Period:** From April 1, 2011 to March 31, 2012

**Major areas:** CSR activities, and Environment and safety activities performance

**Publication:** Sept. 2012 (Next publication: Sept. 2013)

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# Aiming to be a highly trusted company that contributes to building a sustainable society

In publishing this CSR Report

It has been more than a year since the Great East Japan Earthquake. Immediately after the quake, nationwide efforts for the recovery began, but many people are still forced to stay evacuated from their towns and villages. Once again, we extend our sincerest sympathies to all those affected by this disaster.

Sumitomo Seika Group, as its corporate policy, seeks to achieve co-existence and co-prosperity with society and contributes to the growth of society by developing original and creative world-class technologies in the chemical field and, capitalizing on them, supplying unique and high quality products both in Japan and abroad. In our new mid-term business plan, SEIKA PLAN 2015, which we formulated in June, 2010, we have set our goal to become an R&D-oriented chemical company, a highly-profitable company engaging in a niche business globally, and a company that fulfills social responsibilities and inspires its employees with a sense of pride and fulfillment.

### Moving forward toward realizing the SEIKA PLAN 2015

The PLAN outlines what Sumitomo Seika Group aims to be, and the future direction the Group should follow. It is, therefore, a cornerstone for our future business development. We will continue to fully dedicate our efforts to achieve the targets of the PLAN.

### Ensuring safety-the fundamental to corporate activity

Ensuring safety is fundamental to corporate activity, and a company cannot survive without attaining safety. Each of us at our Group will review once again own job from the standpoints of operational safety and accident prevention, and redouble our efforts toward making constant improvements so that we can nip possible causes of accidents in the bud as we work to maintain safe and stable operations.

### Supporting environmental protection

In our effort to support environmental protection, our Group has been taking a variety of initiatives for the prevention of global warming. Among other things, saving energy and

reducing greenhouse gas emissions are major corporate challenges, and we have been addressing these issues by making improvements in all operational stages from production to delivery. In FY 2011, following the revision to Japan's Law Concerning the Rational Use of Energy, we established a new internal organization to address these challenges, and we will continue to work together to save energy.

### Sustaining stable growth

We believe that the important driving forces in our CSR activities are the abilities of each employee and the collective power of the organization integrating each individual. Therefore, we are providing our employees with various educational programs to help them acquire knowledge and improve their abilities, creating a vibrant work environment.

The core concept of our CSR is to stay as a company that gains trust and confidence from everyone, while offering new values to people, society, and the environment through conducting business activities under our corporate policy as well as contributing to the building of a sustainable, safe and secure society.

To this end, we will continue to expend unwavering endeavors to achieve "zero-accident and zero-injury operations", enhance systems for legal & ethical compliance and internal control, and promote fair and transparent business activities, while always placing our first priority on safety. Also, we will establish, maintain and improve a reliable quality control system capable of ensuring high product quality throughout the lifecycle of our products, from development to manufacture and delivery, thereby supplying safe and secure products to customers at home and overseas.

This report outlines some of the CSR activities that Sumitomo Seika Group is undertaking. We hope that you will find this report useful in understanding our CSR initiatives policy and ongoing concrete efforts, and we welcome any comments or opinions you may have on the report. We would greatly appreciate your continued support and cooperation.

September 2012  
Yusuke Ueda, President  
Sumitomo Seika Chemicals Company Limited



### Corporate Policy on Safety, Environment and Quality

Sumitomo Seika Chemicals performs activities, conforming to Sumitomo's Business Principles, with the corporate mission of contributing to the growth of society through the supply of unique and quality products and services that draw upon the strength of the Company's innovative and advanced technologies as well as to the formation of sustainable society in promoting business and in accordance with the basic principles of achieving "zero-accident and zero-injury operations", ensuring "customer satisfaction" and promoting "co-prosperity with society", while maintaining the fundamental policy of "Safety Comes First". Based on these principles, Sumitomo Seika places the highest priority on realizing the following in tune with the objectives of the Responsible Care initiatives:

1. To ensure safety of employees and neighboring communities through continued achievement of "zero-accident and zero-injury operations";
2. To assure that all people concerned, including employees, logistics personnel, customers and general consumers, are free from health hazards, by ascertaining safety of raw materials, intermediates and products that the Company handles or supplies;
3. To supply quality products and services that are safe in use and meet customers' needs;
4. To protect the environment by assessing and reducing environmental load at all stages of a product lifecycle from development through disposal.

Each company section and every employee must fully recognize the vital importance of the above corporate policy and strive to address individual issues proactively and swiftly on their own initiatives and seek continual improvement in compliance with relevant laws and regulations.

# Sumitomo Seika in daily life

Sumitomo Seika's products are well received for their outstanding functions and qualities in various applications. The company is actively engaged in supply of products which well contribute to protection of the environment.

## Super Absorbent Polymers

The Super Absorbent Polymer "AQUA KEEP", which display superb water absorption and retention functions, is utilized for disposable diapers and other hygiene products as well as various industrial products. Its quality has been highly appreciated by our users.

## Functional Chemicals

We offer a wide variety of functional chemicals, such as water-soluble polymers, water-absorbent polymers, emulsion, latex, and powdered plastics, all of which are utilized in a number of familiar and diverse situations for a variety of reasons, such as shampoos, detergents, cosmetics, polymer coating, special adhesives, and rubber products.

- Water-soluble Polymers
- Water-Absorbent Polymers
- Emulsion
- Latex
- Powdered Plastics

## Fine Chemicals

We offer fine chemicals, such as pharmaceutical intermediates and various products for the IT industry, while utilizing our flagship synthetic technology of organic sulfur compound. We also run various production facilities with a broad range of applications in order to meet user needs by flexibly managing both pilot and large-scale productions under our established quality control system.

- Pharmaceutical-related Products
- Various Additives
- Various Industrial Chemicals
- Functional Materials

## Gases

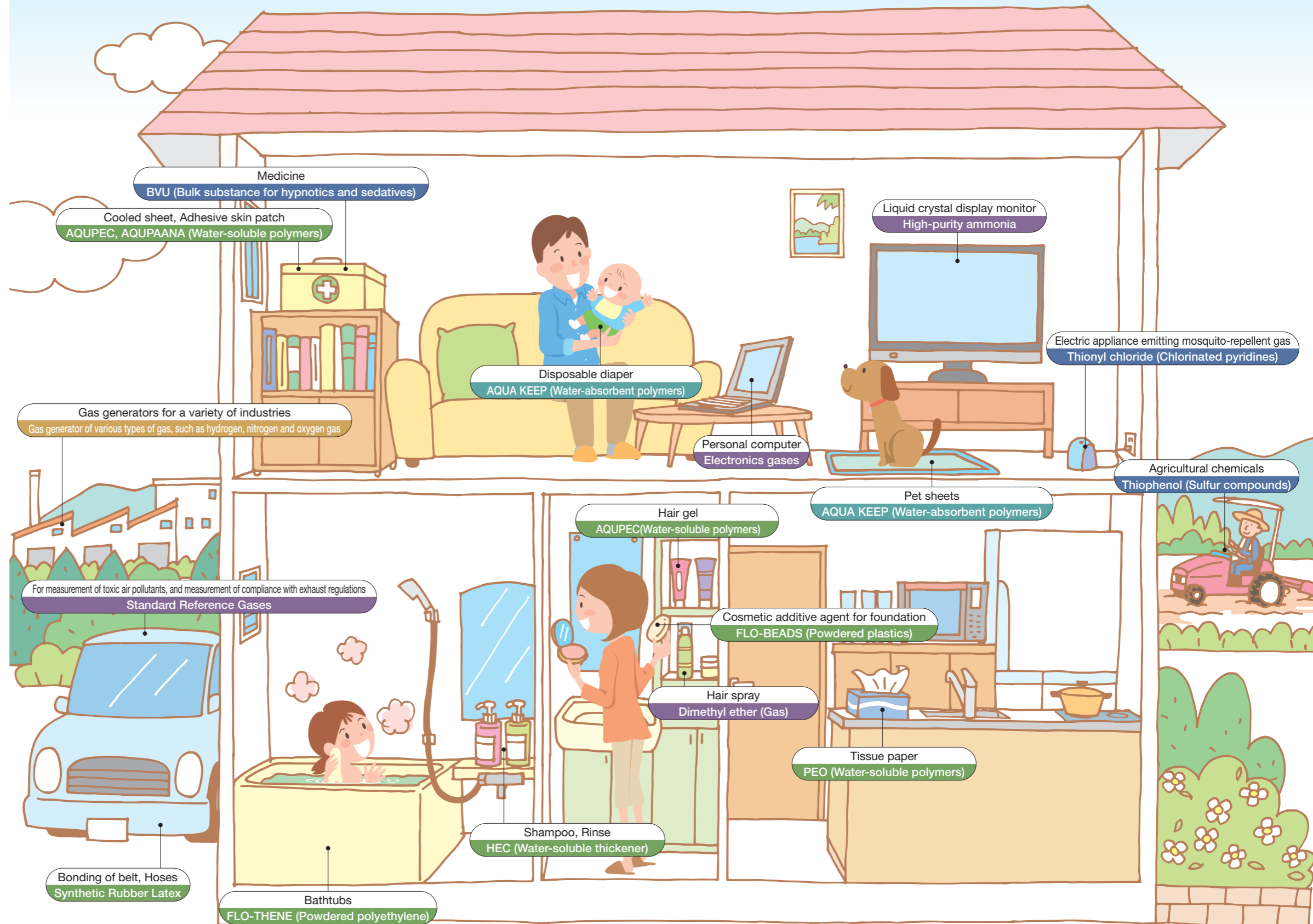
Capitalizing on our advanced synthesis, purification and analysis technologies, we offer cost-competitive high-purity gases that meet every user's needs in the fields of semiconductor gases, standard gases used for environmental monitoring and calibration of analytical equipment, and industrial gases used as basic materials.

- Electronics Gases (Semiconductor Gases)
- Mixed Gases
- Standard Gases
- Gases for precision Industries
- Medical Gases
- Gases used in daily life

## Engineering

Since our energy-saving gas generators, with a gas purification and separation system utilizing a PSA (pressure swing adsorption) method with highly efficient absorbency, have the advantage of being highly reliable and energy efficient, they are used all over the world.

- PSA System PSA Gas Generator(O<sub>2</sub>-PSA, N<sub>2</sub>-PSA, H<sub>2</sub>-PSA, etc.)
- Chemical Plant

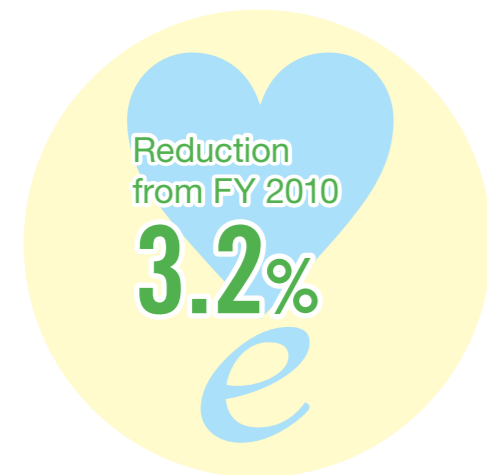


# Our major CSR activities

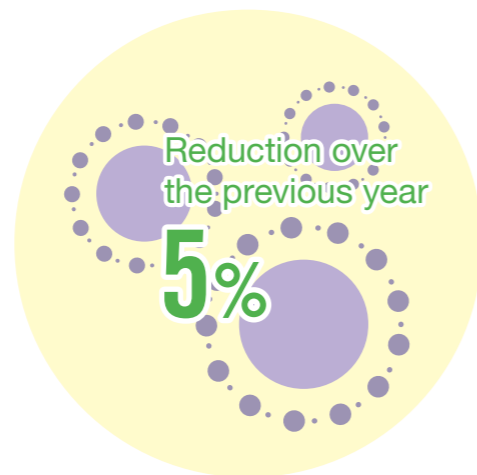
A summary of Sumitomo Seika's major CSR activities during FY 2011



## For the environment



Unit energy consumption



Volatile Organic Compounds (VOCs) emission

## Environment

In terms of environmental sustainability, we make strenuous efforts to address the issues of climate change issue and energy efficiency, reduce VOCs emission and solid waste generation, and prevent pollution of air, water and soil. In FY 2011, we successfully reduced the unit energy consumption and VOCs emission by 3.2% and 5%, respectively over the previous year.

## For safety



Accident with lost workdays

## Safety

We were successful in FY 2011 in achieving "zero-accident (forcing lost workdays)" as a result of our strong execution of near-miss prevention, and hazard-prediction, intensified finger pointing and calling practice, as well as 3S (sorting, straightening out and sweeping) activity and visualization.

## For the society



**"Feel the magical power of chemistry by making food replicas!"**

Nami Matsuo  
Fine Chemicals Research Laboratory

As a new initiative of contributing to the local community, we organized a "fun chemistry class" for elementary school students, jointly with Harima-cho of Hyogo Prefecture. Designed to cover the general themes of recycling, energy and environment, the program allowed the participating children to learn about recycling by making plastic food replicas from used plastic bottles and raise awareness about the importance of environment protection. We would like to continue these kinds of activities so that more school children and students take greater interest in chemistry.



# Consolidated financial results for fiscal 2011

## Operating results

During the twelve months ended March 31, 2012 (fiscal 2011), business conditions in Japan showed an upward trend with improvement in production as well as on other fronts, supported by unabated activities of restoration in the aftermath of the Great East Japan Earthquake. The country's economic environment, however, remained harsh for a number of reasons. Domestically, the economy was hit by the yen staying at a record high, in addition to the Earthquake's repercussions such as consequences of the resultant disastrous nuclear accident and the ensuing prolonged restriction of power supply. Overseas, compounding the situation were such factors as the further aggravating financial crisis in Europe and the mounting downward pressure of soaring oil prices on the world economy.

Against this backdrop, the Sumitomo Seika Group's financial results for fiscal 2011 were as follows: Net sales posted 68.194 billion yen, a 5.4% increase over a year earlier; operating income was 4.271 billion yen, a 26.6% decrease from the previous fiscal year; ordinary income was 4.062 billion yen, a 20.5% decrease from the previous fiscal year; and net income was 2.090 billion yen, a 35.3% decrease from the previous fiscal year, which was due in part to the recognition of impairment loss on fixed assets related to industrial chemicals in the Chemicals segment. Financial results by business segment were as follows:

### [Chemicals]

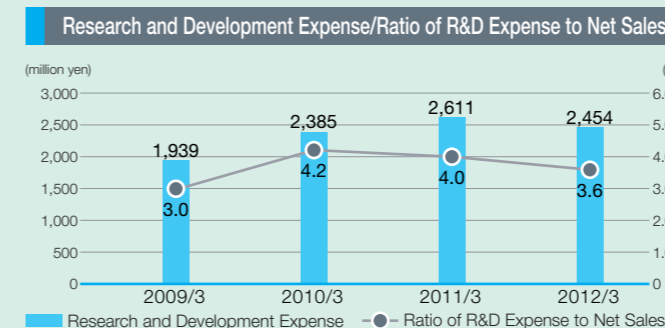
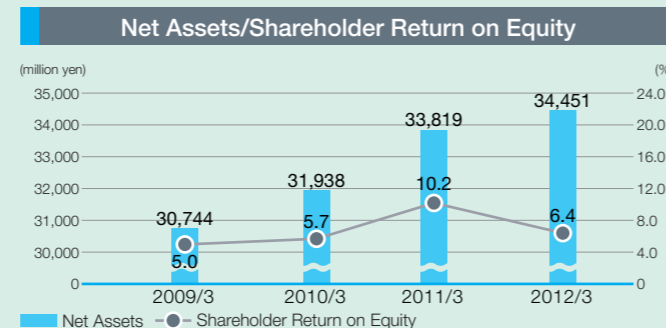
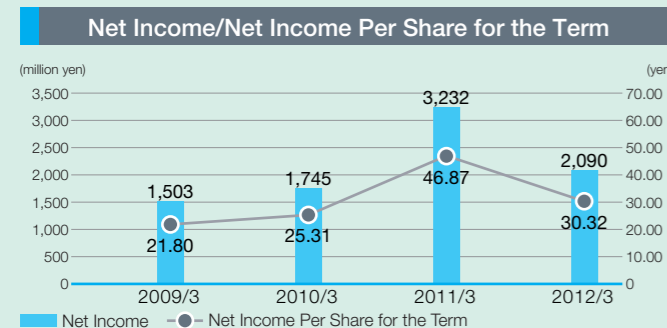
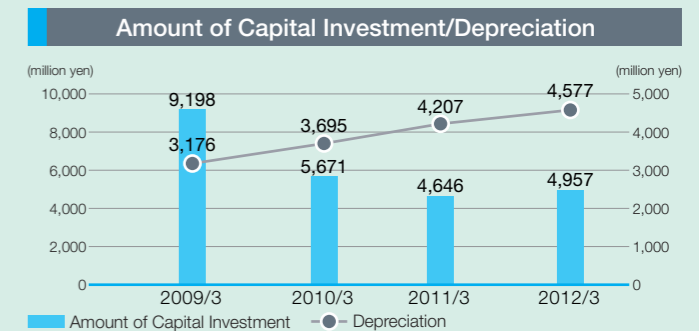
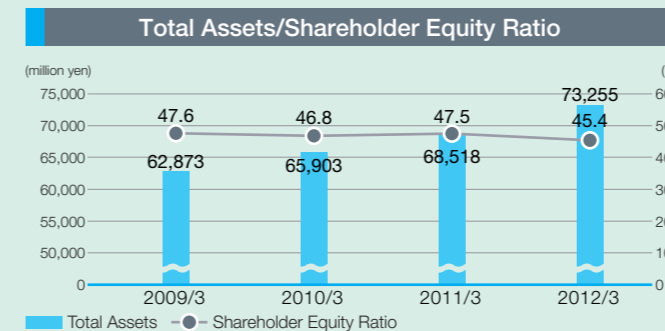
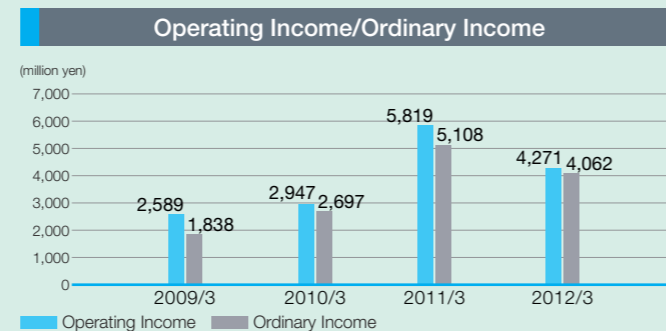
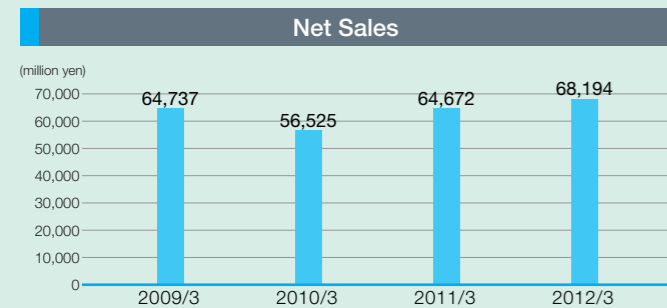
While sales of functional products and water-soluble polymers increased, industrial chemicals recorded reduced sales as a result of withdrawal from the chlorinated disinfectant business. Accordingly, net sales for this segment decreased slightly from the previous fiscal year to 17.729 billion yen, a 1.0% drop, and operating income also declined to a loss of 1.730 billion yen, a decrease of 0.287 billion yen.

### [Super Absorbent Polymers]

Steady demand mainly from the Asian market as well as expanded production with a new plant at Himeji Works, which became operational in August 2010, contributed to increasing net sales by 6.9% to 37.665 billion yen. Operating income, however, decreased by 23.4% from the previous fiscal year to 4.688 billion yen, due to the unprecedented appreciation of the yen and a hike in raw materials and fuels prices.

### [Gases and Engineering]

While demand for the Electronic gases weakened in the latter half of the fiscal year owing to a business downturn in the semiconductor industry, demand for products of this business segment stayed solid throughout the first half of the fiscal year, and plant capacity utilization of the Company's subsidiaries in Korea and Taiwan improved. As a result, net sales and operating income both increased over a year earlier, by 11.0% to 12.798 billion yen, and by 12.3% to 1.295 billion yen, respectively.



# Mid-term Business Plan: SEIKA PLAN 2015

We have formulated a mid-term business plan, SEIKA PLAN 2015, and will strive to achieve the targets of the Plan successfully with untiring and concerted efforts.

## [SEIKA PLAN 2015]

**Aiming to become a global-scale specialty chemical company**  
- Expansion of a business scale and establishment of a solid foundation for stable earnings -

### Management Policy

Our Group, as its basic policy, seeks to achieve co-existence and co-prosperity with society. Engaging in the chemical field, we will contribute to the growth of society by developing original and creative technologies that conform to global standards as well as supplying unique and high quality products both domestically and internationally.

### Corporate Image

- An R&D-oriented chemical company that keeps launching highly distinctive new products in growth fields
- A highly-profitable company specializing in a niche business globally with world-class technologies
- A company that fulfills social responsibilities and inspires its employees with a sense of pride and fulfillment

### Business Strategy

- Strengthening profitability through enhanced operation of high-performance product business
- Expanding the business scale of Super Absorbent Polymers

### New Products and New Businesses

We will target net sales of new products for 15 billion yen by end FY 2015 through accelerated development of new products in growth fields, such as environment / energy, daily life / amenities, and information technology / electronics materials, by capitalizing on our fundamental proprietary technologies.

### Fundamental Technologies

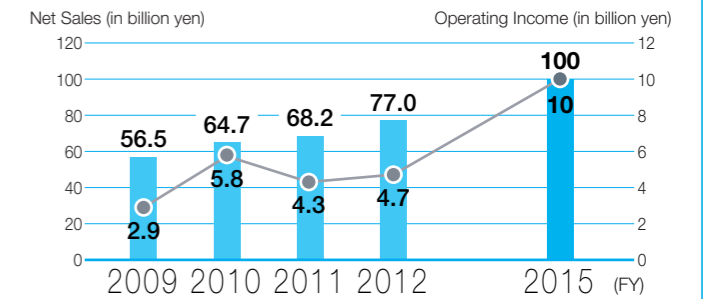
Polymerization  
Fine-particulate / Emulsification  
Organic Synthesis  
Separation / High Purification

### Growth Fields

Environment / Energy  
Daily life / Amenities  
IT / Electronics Materials

## Numerical Target (Fiscal Year 2015)

Net Sales **100** billion yen  
Operating Income **10** billion yen



### Segment policy

#### [Chemicals]

Enhancing profitability by developing niche and high-performance products and expanding their businesses globally

#### [Super Absorbent Polymers]

Expanding our business strategy deployment from an Asia-centered platform to a global arena

#### [Gases and Engineering]

Expanding the business scale with a focus on materials for electronics

# Corporate profile

In many fields, Sumitomo Seika develops products that make your daily life more convenient and more comfortable with safety, environment and quality in mind. We will strive to continue to be a chemical company that always contributes to society.

## Corporate profile

Established	July 20, 1944
Capital	9,698 million yen
Number of employees	1,085 as consolidated as of March 31, 2012

## Major lines of business

Business segment	Main products
Chemicals	Fine Chemicals (Industrial Chemicals, Pharmaceutical-related Products and Functional Materials, etc.), Functional Chemicals (Water-soluble Polymers, Fine Particulate Polymers, etc.)
Super Absorbent Polymers	Super Absorbent Polymers
Gases and Engineering	Medical Gases, Chemical Gases, Standard Gases, Electronics Gases, Generators of oxygen, nitrogen and hydrogen gas (PSA method), and General chemical machinery, etc.

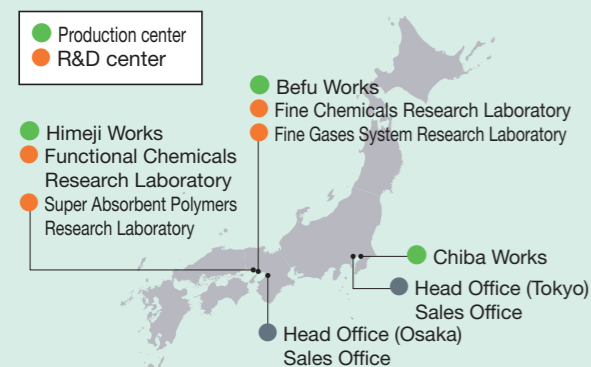
## Business locations in Japan

Head Offices	Osaka, Tokyo	Plants	Befu Works (Hyogo), Himeji Works (Hyogo), Chiba Works
Sales Offices	Osaka, Tokyo	Research Laboratories	Fine Chemicals Research Laboratory (Hyogo), Super Absorbent Polymers Research Laboratory (Hyogo), Functional Chemicals Research Laboratory (Hyogo), Fine Gases System Research Laboratory (Hyogo)

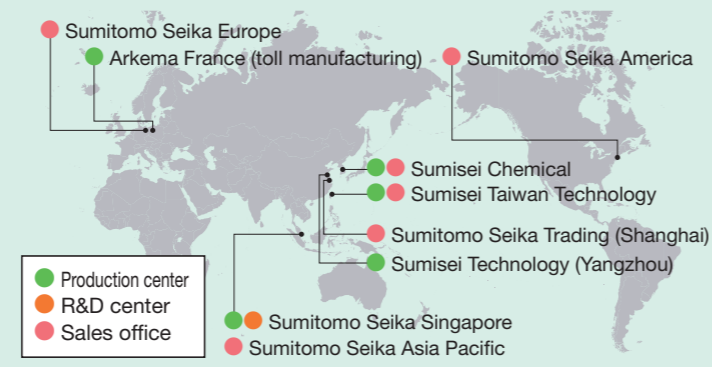
## Subsidiaries

	Corporate name	Lines of business
Domestic subsidiaries	Seika Techno Services Co., Ltd.	Various services
	Seika Engineering Co., Ltd.	Manufacture of various kinds of chemical plants and tanks
Overseas subsidiaries	Sumitomo Seika Singapore Pte. Ltd.	Manufacture of Super Absorbent Polymers
	Sumitomo Seika Asia Pacific Pte. Ltd. (Singapore)	Sales of Super Absorbent Polymers and other chemical products
	Sumisei Taiwan Technology Co., Ltd.	Manufacture and Sales of Electronics Gases, and sales of other chemical products
	Sumisei Chemical Co., Ltd. (Korea)	Manufacture and Sales of Electronics Gases, and sales of other chemical products
	Sumitomo Seika Trading (Shanghai) Co., Ltd.	Sales of Super Absorbent Polymers, gases and other chemical products
	Sumisei Technology (Yangzhou) Co., Ltd.	Manufacture of Electronics Gases
	Sumitomo Seika Europe S.A. /N.V. (Belgium)	Sales of Super Absorbent Polymers and other chemical products
	Sumitomo Seika America, Inc.	Sales of Super Absorbent Polymers and other chemical products

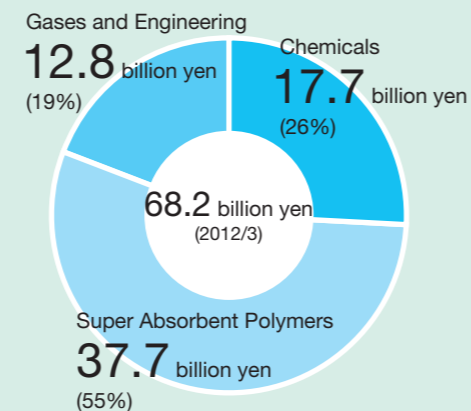
## Business locations in Japan



## Business locations overseas



## Breakdown of net sales as consolidated



# CSR management

We conduct business based on principles of the Group's charter for business conduct, in order to be a trusted company that answers to expectations and demands of a society. We continue our efforts to realize a better society while maintaining and improving our corporate philosophy.

## Corporate governance

### Basic stance on corporate governance

Our Group has outlined a management policy aimed at building a solid business infrastructure and contributing to social progress in response to the mandate from our stakeholders. To gain the unfailing trust of our stakeholders, we implement corporate governance aimed at quickly and properly disclosing information on the processes and results involved in carrying out efficient and fair management practices.

### Corporate governance structure

We strengthen our corporate governance structure by separating decision-making and supervisory functions from execution functions; the directors are responsible for formulating our basic corporate policies, making strategic decisions, and supervising our operations, while the executive officers focus on carrying out business operations. We have also adopted an Executive Officer System in order to boost management efficiency and competitiveness. In addition, our directors' term of office is set at one year, which allows for greater flexibility in responding to changes in the business environment. The executive officers carry out operations in their entrusted business areas based on the Board's strategic management planning.

The Management Meeting, where the full-time directors are present, deliberates our important management issues as well as matters to be reported or submitted to the Board of Directors.

The Audit Committee exchanges information with each director on a regular basis, and appropriately monitors the legality and adequacy of directors' execution of duties.

In order to ensure that our internal control system works effectively, we have organized Internal Control Committee (Chairman: President) which oversees Risk & Compliance Committee (to supervise risk management and legal compliance) and Responsible Care Committee (to supervise matters related to safety, environment and quality). With such control system structure, we seek to tackle various business challenges and secure efficient and fair operations.

### Internal control

The Board of Directors has approved a basic policy for improving our internal control system, and has declared, within and outside the company, the establishment and improvement of systems designed to ensure that the directors' execution of duty complies with laws and the company's articles of incorporation, appropriate operations are maintained, and an effective audit by Corporate Auditors is in place.

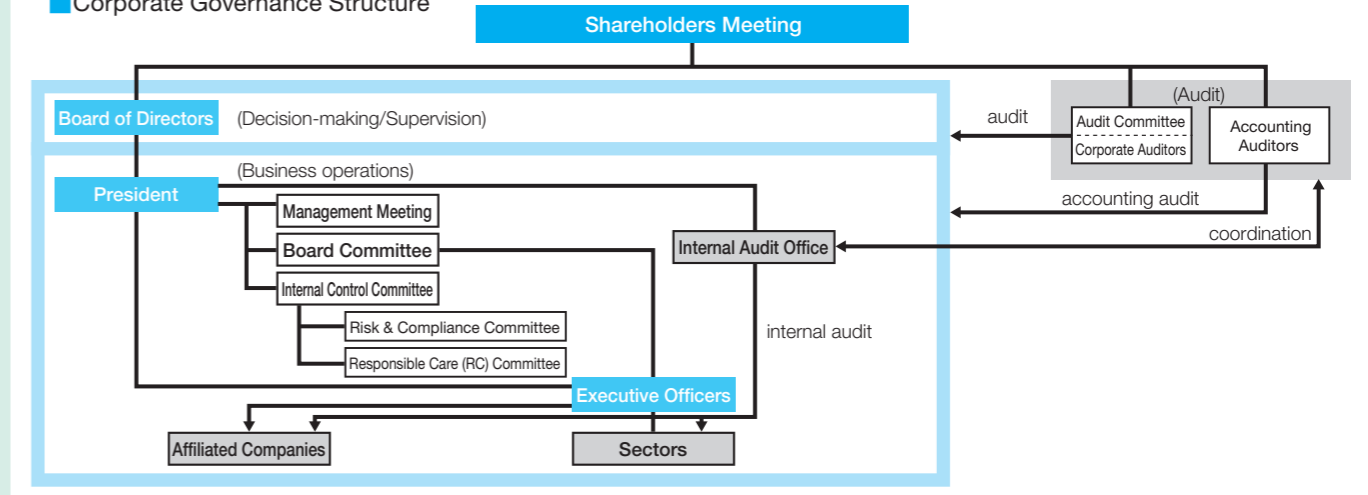
### Internal audit

For the purpose of monitoring our group's operations, the Internal Audit Office carries out an internal audit. This self audit system helps prevent a breach of compliance and increase operational efficiency.

### Timely disclosure

We seek to provide information necessary for investment decisions in a timely and appropriate manner, and will continue to promote and enhance our IR and PR activities. We have designated a department to be in charge of the IR and PR activities, seeking to promote the timely and appropriate disclosure of information and dialogue with society.

## Corporate Governance Structure



## Policy and organization

We are committed to implementing Responsible Care activities, which are to voluntarily ensure safety, environmental protection, and health in all phases of the product life cycle from development to disposal, and to maintain dialogue and communication with society.

### Compliance

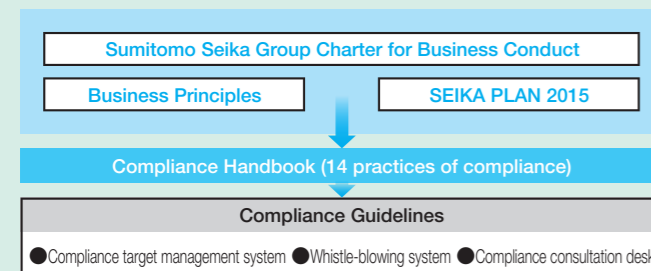
We have formulated the Sumitomo Seika Group Charter for Business Conduct, and strive to ensure all employees understand the importance of complying with the principles of the charter.

#### Sumitomo Seika Group Charter for Business Conduct

1. We respect Sumitomo's operational rules and aim for co-existence and co-prosperity with society.
2. In the chemical field, we develop original technology accepted in the world, and contribute to society by supplying high quality products both domestically and internationally.
3. We observe laws in and outside the country as well as company regulations, social rules and ethics, and act with social sound judgment.

Based on the Charter for Business Conduct, we set out the specific action guideline.

#### Sumitomo Seika Group Compliance Organization



#### Our efforts to secure effective compliance management

##### Compliance target management system

The Risk & Compliance Committee and the RC Committee set out respective company-wide annual targets including those of compliance and translate them into targets for each sector, whereby ensuring effective accomplishment of all such targets.

##### Whistle-blowing system

We have an internal and external whistle-blowing system to help prevent a breach of compliance.

##### Compliance consultation desk

We have a compliance consultation desk to answer questions our employees have on issues related to compliance.

##### Compliance education and training

We provide various educational and training programs for employees of various positions, from entry-level personnel to newly appointed managers, to raise the level of compliance awareness among all employees, and to maintain effective compliance management.

### Risk management

We improve our risk management system and increase the effectiveness of our risk management.

#### Risk management system

##### Preventive measures

We have the Risk & Compliance Committee and the RC Committee to evaluate level of impact and severity of each of possible risks and consider preventive measures. They are responsible for assessing impacts of various risks and setting up group-wide annual targets while taking into account the priority and severity of each such risk. They also review the current risk management system to improve our future risk management activities.

##### Emergency response

We have established a rule for setting up an emergency task force in case of emergencies in order to minimize the effect on our operations, limit the extent of damage, stabilize the situation and restore operations as quickly as possible, and to develop preventive measures. Emergencies are any unplanned events, such as incidents, accidents, natural disasters, or other situations that can cause deaths or injuries, or threaten the company's financial standing or public image.

#### Management cycle for risk and compliance

##### Action

###### Setting up plans and assessing achievement

- Evaluate performance (Risk and Compliance Committee)
- Solve problems, Implement countermeasures
- Reflect the year's achievement in the next year's plan

##### Check

###### Assessing achievement

- Conduct audits
- Conduct compliance awareness questionnaire
- Provide consultation (compliance consultation desk)

##### Plan

###### Create an action plan

- Organize a system
- Set each sector's annual risk and compliance target

##### Do

###### Put the action plan into action

- Implement each sector's annual plan
- Review compliance handbook
- Conduct education and trainings
- Provide legal information by the use of intranet

#### Responsible Care of Sumitomo Seika

We have been participating in Responsible Care since 1995, which is promoted by the world's chemical industries. We, as a responsible member of society, not only comply with related laws and international rules but also voluntarily work on energy-saving, resource-saving, environment protection, disaster prevention, and many others as Responsible Care activities, and publish results of such activities, while maintaining dialogue and communication with society and thereby intending to build a company more trusted by society. Safety and environmental challenges in today's business have become more diversified and sophisticated year after year, such as "achieving low-carbon society through reduction of greenhouse gas", "minimizing adverse effects of chemical substances on human health and the environment" and "enhancing safety systems to eliminate industrial disasters". We have been addressing these challenges through various management systems.

#### Policy

Sumitomo Seika Group has set "Corporate Policy on Safety, Environment and Quality" with the basic principles of achieving "zero-accident and zero-injury operations", ensuring "customer satisfaction" and promoting "co-existence and co-prosperity with society", while maintaining the fundamental policy of "Safety Comes First". Responsible Care initiatives, among others, are extremely important issues for our chemical industries in order to continue sustainable development and gain trust and confidence from society. As a responsible chemical company, we are committed to promoting Responsible Care activities.

#### What is Responsible Care?

Responsible Care refers to voluntary activities by companies handling chemical substances aimed at preserving "environment, safety and health" in all phases of the product cycle from development to disposal via production, distribution, use, and final consumption, while publishing results of activities and maintaining dialogue and communication with society.

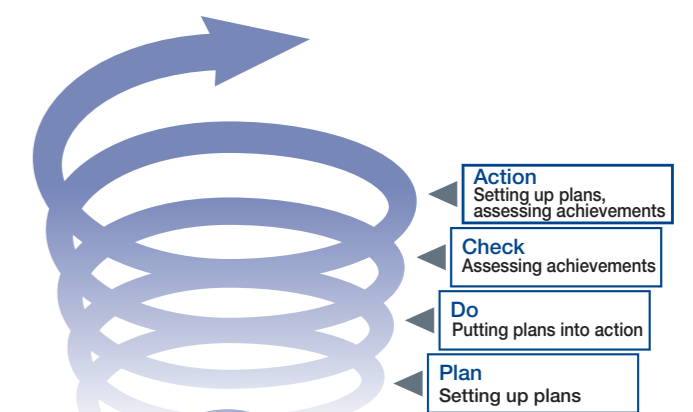
#### Organization

RC activities require major investments at times, in an effort to address such issues as climate change, safety of chemical substances and disaster prevention. Since it gives a significant impact to our business management, we have formed the RC Committee for the purpose of precisely judging rightfulness of plans and executions of our RC activities. The Committee meets three times a year to deliberate and decide on mid-and long-term policies and plans, and to make sure that the PDCA cycle of RC activities is successfully implemented in accordance with the management system.

#### Action Plan

Our RC activities are implemented under the mid-term (three-year) action plan and the annual action plan. Specific objectives of the mid-term action plan are set out under the principle of "achieving safe and stable operation with zero-accident and zero-injury, preservation of global environment, risk management of chemical substances and contribution to society through proactive implementation of RC activities". Progress of the annual action plan is reported to the RC Committee for review by executives, whereby RC activities are upgraded step by step spirally.

#### Spiral up of Responsible Care activities



#### RC activities/continuous process covering

Chemicals safety, Disaster prevention, Safety during transportation, Environmental protection, Occupational safety and health



Report on our 2011 RC targets and achievements, environmental burden, environmental accounting outlining costs allocated to reduce environmental load, and economic effects achieved.

Area	2011 Target	Action plans and results 2011		Rating
		Action plans	Results	
Targets	"Zero" trouble related to human error and facility management	1) Promotion of anti-"near-miss" movement, hazard-prediction activities, and thoroughgoing pointing and calling practice 2) Promotion of 3S campaign, visualization and mechanization 3) Introduction of piping facility management system and maintenance of PID* 4) Scheduled renewal and repair of aged facilities using RBI/RBM* method.	Total troubles: 39 The total number of troubles decreased from FY 2010 by nearly half.	○
Compliance with Law	"Zero" Violation of Law	1) Dissemination of knowledge on business related laws and regulations 2) Strengthening of checking systems at R&D stage regarding related laws and regulations	Violation: 1 There was a delay in submitting an official written notice of removal of a sewage treatment tank at Himeji Works.	△
Occupational safety	"Zero"- accident with lost workday / without lost workday, "Zero"- traffic accident (offending)	1) Scheduled implementation of risk assessment of operations 2) Promotion of 3S campaign, visualization and mechanization	Accident involving lost workdays: 0 Accident involving no lost workdays: 1	○
Health	Reduction in the number of absentees due to sickness / private injury, and establishment of a comfortable work environment	1) Reduction in overtime work 2) Measures against infectious diseases including a new strain of influenza	Overtime hours were reduced, and the number of absentees due to sickness / private injury did not increase.	○
Disaster prevention	"Zero" major accident	1) Scheduled risk assessment on production process at existing facilities 2) Enhancement of emergency response trainings 3) Revision and maintenance of standards for fire use 4) Scheduled implementation of the items pointed out in safety reviews by third party specialists 5) Maintenance of manufacturing standards aimed at successful technology transfer	Major accident: 1 There was one major accident (fire) at Befu Works.	△
Chemicals safety	Promotion of rightful control of chemicals	1) Compliance with REACH and EU-CLP 2) Compliance with the revised Chemical Substance Regulation Act 3) Provision of information on new chemicals regulations in Japan and overseas and precise responses to them	We have complied with laws and regulations in and outside the country and conducted required management for them.	◎
Logistics safety	"Zero" major accident during transportation	1) Assistance to logistics contractors for their safe transportation 2) Simulation training on handling of accident during transportation (for more than three contractors a year) 3) Assistance in concluding safety contracts for loading and unloading operations (tank trucks and tank containers)	Major accident in logistics: 0 Security education and training: 10 times Accident simulation training: 3 times	◎
Global warming / Energy saving	Promotion of environmental protection by energy saving 1) Unit energy consumption: 1% reduction compared to FY 2010 2) Unit energy consumption in transportation: 1% reduction compared to FY 2010	1) Systematic improvement of high unit energy consumption processes 2) Minimization of unit energy consumption in new process and modified process 3) Implementation of modal shift and transportation efficiency plans 4) Planning and implementation of greenhouse gas reduction measures 5) Establishment and maintenance of managerial standards based on Rationalization in Energy Conservation Law Article 5	Unit energy consumption: -3.2% Unit energy consumption in transportation: -13.6%	◎
Solid waste management	Sustainable business operation by reduction in solid waste 1) Waste generated: Maintain FY 2006 level ·Waste amount: 19,496 t/y ·Waste amount (dry basis): 11,170 t/y ·Waste disposal by contractors: 7,364 t/y 2) Recycling rate · Final landfill disposal ·Recycling rate: 60% ·Final landfill disposal: 50 t/y	1) Scheduled improvement of products with high unit waste generation 2) Minimization of waste generation in new process and modified process	Waste amount: 20,206 t/y Recycling rate: 62% Final landfill disposal: 182t/y	△
PRTR and Volatile organic compounds (VOCs)	1. PRTR substances Reduction in emissions of substances subject to the PRTR ACT by the Ministry of the Environment 1) 1,3-butadiene: 1 t/y 2) 1,2-dichloroethane: 5 t/y 3) Trichloroethylene: 3 t/y 2. VOC emissions: Reduction by 30% of FY 2000 level (2013/08)	1. Planning and implementation of reduction in hexane emissions 2. Implementation of reduction in VOC emissions	Targets were not achieved. Efforts are continued. 1. PRTR substances 1) 1,3-butadiene: 4.7 t/y 2) 1,2-dichloroethane: 7.1 t/y 3) Trichloroethylene: 4.0 t/y 2. VOC emissions: Reduction by 5% of FY 2010 level (Near future target: reduction by 30% of FY 2000 level)	△
Environmental protection (air, water and soil)	"Zero" serious environment-related troubles	1) Promotion of proper treatment of soil, such as soil analysis at the time of construction work 2) Proper operation of effluent monitoring system and appropriate measures at the time of abnormality	Major environment-related trouble: 0	◎
Disclosure of information and social contribution	Communication with stakeholders by disclosure of RC information, and contribution to the community	1) Promotion of communication with and contribution to the local communities 2) Preparation of CSR Report	We conducted information exchange meetings and events, including emergency drills, with neighboring communities on a regular basis.	◎
Quality	"Zero" major product quality problems, and quality assurance and improvement	1) Enhancement of quality control and quality assurance activities aimed at preventing quality problems 2) Progress management in handling of off-spec products and follow-up	Major complaints: 0 We have conducted quality audit at our domestic and overseas Works, activities to promote quality risk prediction, and quality meetings at each Works.	◎

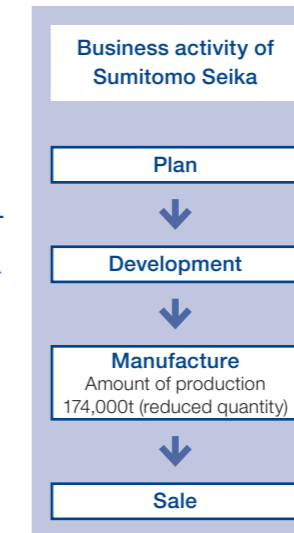
\*PID: Piping and instrumentation diagram  
RBI/RBM: Risk Based Inspection/Risk Based Maintenance

◎ : target achieved ○ : Almost achieved △ : To be achieved

2011 environmental load

Energy consumption (crude oil equivalent)	68,923kℓ
Amount of water used	32,064×1,000m <sup>3</sup>
Amount of raw materials used	201,000t and 1,893×1,000m <sup>3</sup>

INPUT →



→ OUTPUT

Air	CO <sub>2</sub> *	168,048t
	SO <sub>x</sub>	2.31t
	NO <sub>x</sub>	51.0t
	Dust	0.8t
	PRTR substances	144t
Water	VOC	894t
	Effluent	3,621×1,000m <sup>3</sup>
	COD	41.0t
	Total nitrogen	13.2t
Industrial waste	Total phosphorus	0.59t
	Solid waste	20,206t
	Waste disposal by contractors	8,504t
	Recycling rate	62%
	Landfill disposal	182t

\* Including discharge amount of Head Offices

Environment Accounting

Sumitomo Seika introduced the environmental accounting system to quantitatively gather and evaluate data on environment-related expenses, investments and economic results, thereby taking more efficient environmental measures.

Our total capital investment in FY 2011 in the area of environmental protection was 141 million yen, which was mainly invested in 1) a new recycling facility for stripper, and 2) renewal of an in-plant sewage treatment tank.

The calculation was made based on Environment Accounting Guideline of Ministry of Environment and Environment Accounting Guideline of Japan Chemical Industry Association.

Economic effects

We were able to reduce 1) the cost of waste treatment, 2) the cost for purchasing solvent, and 3) the steam consumption, owing respectively to the increased capacity of an activated sludge facility, the reduction in VOC emissions, and the introduction of high-efficiency dryer, thereby reducing our environmental impact.

Counting for 2011				(Unit: million yen)	
Classification of environmental cost		Major initiatives	Amount of investment	Amount of expenses	
Business area costs	Pollution prevention costs	Prevention of air pollution	Measure to control discharge of chemical substance	9	176
		Prevention of water pollution	Enhancement of effluent control Maintenance / management of effluent treatment facility	24	314
		Others	Prevention of odor	1	2
	Global environmental protection costs (global warming, energy saving)	Maintenance of energy-saving devices	21	1,129	
	Resource recycling costs	Waste disposal and recycle	33	326	
Upstream / Downstream costs		Product recovery, recycle	0	1	
Administrative costs		Costs associated with monitoring environmental load and managing operations of environment protection systems	20	179	
R&D costs		R&D for gas-recovery unit and environmental load-reducing technologies	33	171	
Social activity cost		Protection of natural environment, enhancement of greenery, natural beauty, and landscape preservation	0	0	
Environmental remediation costs		Environmental remediation costs	0	2	
Total			141	2,300	

Period: April 1, 2011 – March 31, 2012  
Scope: Our domestic bases  
Method of calculation: Investment and cost for environment protection are calculated on a prorata basis from the total amount

Counting for 2011			(Unit: million yen)
Kind	Contents	Amount	
Cost saving	Reduction of waste disposal cost by increased capacity of activated sludge facility	1,533	
	Reduction in discharge of VOC induced reduction in purchase cost of solvents	189	
	Reduction of steam consumption by introduction of high-efficiency dryer	103	
	Reduction of subcontract costs by the installation of waste sludge reduction facility	18	
	Others	37	
Total		1,880	

Period: April 1, 2011 – March 31, 2012  
Scope: Our domestic bases only

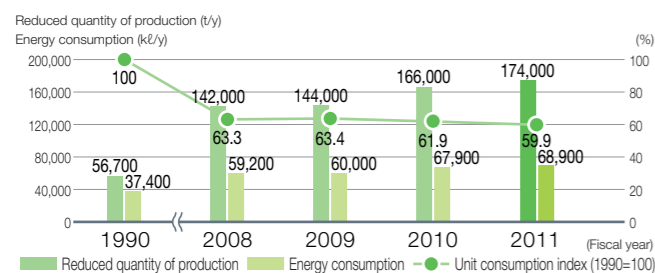
# Environmental protection

Today, there is a growing need to improve our natural environment for better biodiversity. Protecting air and water quality is essential in creating a rich environment. Sumitomo Seika continues to make efforts to reduce our environmental load.

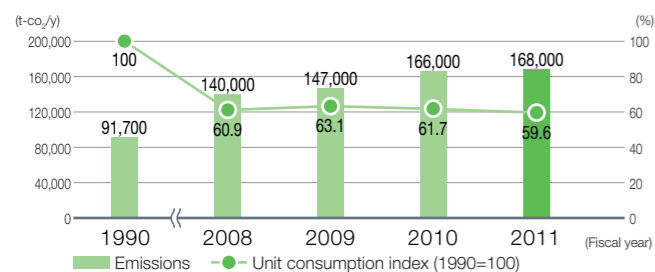
## Energy saving / Global warming

We have always been making energy-saving efforts in various ways, such as conversion of boiler fuel from heavy oil to city gas, introduction of energy saving devices, and changeover of production methods. As a result, as of the end of FY 2011, we were able to reduce our unit energy consumption to 60 % of the FY 1990 level (40% reduction). While our production increased 3.1 times, our energy consumption increased only 1.9 times.

### Trend of energy consumption



### Trend of CO<sub>2</sub> emissions



## GENBA Interview



Eigo Minowa  
Plastics Section, Chiba Works

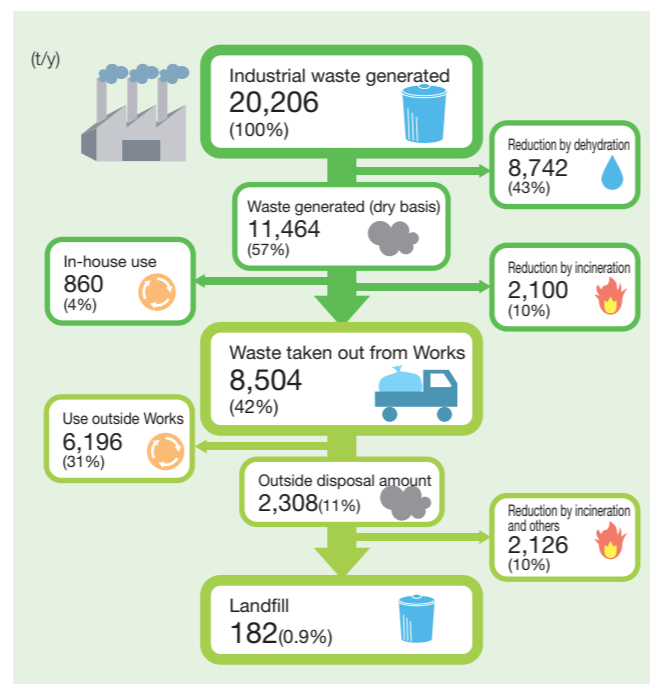
At Chiba Works, most of the power is consumed by powder machine in the powder plastics section. In our effort to save power, therefore, we have been focusing on the improvement of powder machine and the production efficiency in the plant. Last year, we were faced with a tough challenge when an official target of 15 % reduction of the peak power usage was set by the government due to the power shortage after the Great East Japan Earthquake. At the Plastics Section, we adjusted the operation while monitoring the total power consumption in the plant. Through these strenuous efforts, we were able to achieve the targeted reduction without affecting production output. After this experience, we started to pay more attention to our power consumption whenever introducing new equipment. We will continue to strive together to maintain safe and stable operations and also to reduce our power consumption.

## Reducing waste

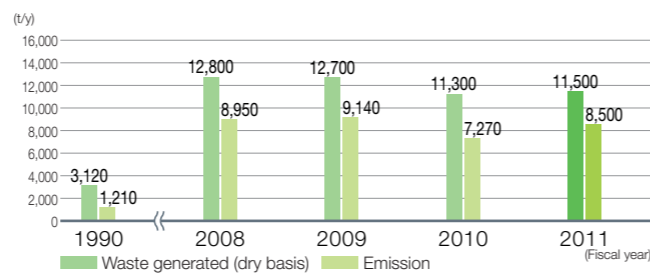
Our production for FY 2011 increased by 4% compared with the previous fiscal year, but the amount of waste generated decreased thanks to various efforts.

The waste disposal by contractors as well as the final landfill disposal, however, increased from FY 2010 because the ratio of industrial waste to the total waste generated increased.

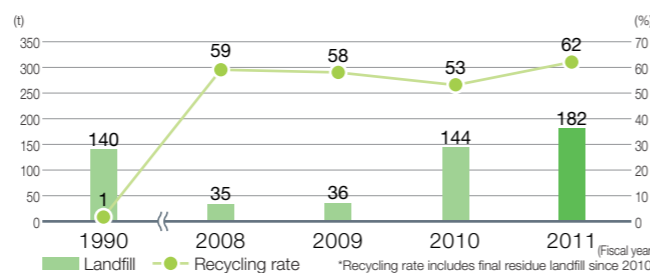
### Waste disposal



### Trend of waste generated



### Trend of recycle rate and landfill



## Preventing air pollution

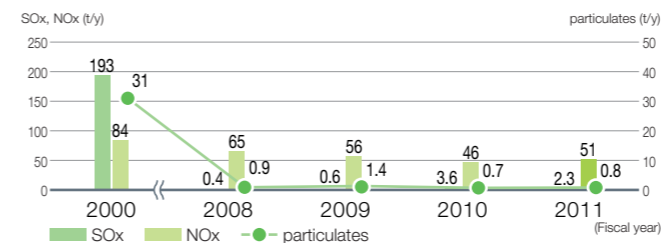
We have managed to reduce the emission of SOx, NOx and particulates, the three major air-polluting substances, drastically in the past ten years by switching boiler fuel from heavy oil to city gas. In FY 2011, however, due to the increase in production, the emission of NOx and particulates slightly increased from the previous fiscal year.

Currently, we are striving to reduce emission of PRTR substances, subject to the Law concerning Pollutant Release and Transfer Register, and volatile organic compounds (VOCs), subject to the Air Pollution Control Act.

Emission of PRTR substances in FY 2011 increased to 144 tons because of the increase in the production of products that use hexane in the manufacturing process.

Due to our continued efforts to reduce VOCs emission by sealing equipment and introducing waste gas incineration, our VOCs emission in FY 2011 declined by 44 tons over the previous year.

### Trend of emission of SOx, NOx, and particulates



### Trend of emission of PRTR substances

	1995	2008	2009	2010	2011
1,3-butadiene	2.8	5.8	5.8	9.0	4.7
1,2-dichloroethane	72	6.1	3.9	6.1	7.1
Trichloroethylene	70	4.1	5.7	5.4	4.0
Hexane	-	-	-	102.4	116.4
Dichloromethane	69.6	1.4	1.8	1.9	1.1
Others	21.6	11.9	10.0	10.9	10.6
<b>Total</b>	<b>236</b>	<b>29.3</b>	<b>27.2</b>	<b>135.7</b>	<b>143.9</b>

\*Hexane is included since FY 2010

### Trend of VOC substances emission

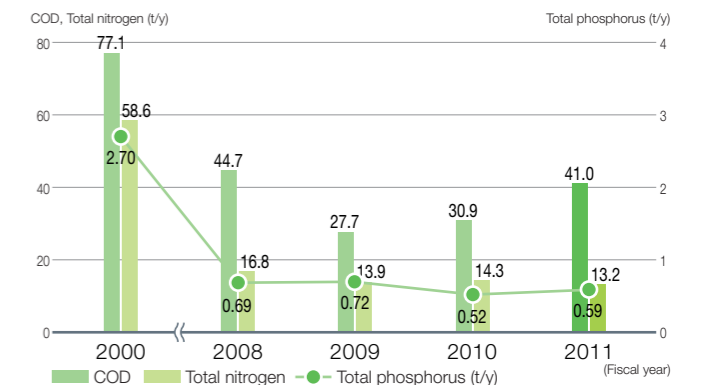
	2000	2008	2009	2010	2011
Heptane	292	713	614	654	582
Pentane	2	94	163	120	130
Methanol	21	45	22	25	10
MIBK	20	26	21	20	24
Others	171	127	139	139	148
<b>Total</b>	<b>506</b>	<b>1,005</b>	<b>959</b>	<b>938</b>	<b>894</b>

## Protecting water quality

Our drainage water discharge is controlled under our internal standards more stringent than the regulations. We have strengthened the management of our effluent treatment facilities several times in the past (such as the installation of emergency shut-off equipment), and enhanced both monitoring instruments and wastewater treatment facilities.

Last year, we successfully met the regulatory requirements for the Seto Inland Sea with 41.0 ton emission of COD, 13.2 ton emission of nitrogen, and 0.59 ton emission of phosphorus. In FY 2012, we will expand effluent treatment facilities at Himeji Works to respond to the production increase, and continue our efforts to further reduce the emission of these items.

### Trend of water contamination load



## GENBA Interview



Tsuyoshi Ohnishi  
Industrial Chemicals Manufacturing Section, Befu Works

In the Industrial Chemicals Manufacturing Section, we use PRTR substances in manufacturing products, and we focus our environmental efforts mainly on technological improvement, such as increasing reaction rates, plant operating management, and equipment maintenance. In FY 2011, we arrived at the stage of near completion of development of our combustion treatment

technology to reduce emission into atmosphere and actually applied such technology to real treatment of a part of our gas emissions. Currently, our Section is preparing facilities and management system, aimed at the full and stable application of this technology. In FY 2012, we expect to treat all the PRTR substances, thereby reducing the emission drastically. We will continue to make every effort to protect environment and ensure safety of the neighboring communities.

## Security and disaster prevention

Placing "Safety Comes First" as a fundamental principle of our corporate management, we are committed to promoting our voluntary security programs under our Responsible Care initiatives.

Our production activity is always carried out placing highest priority on safety. In FY 2011, unfortunately, a minor fire accident occurred at Befu Works. The fire was very small and went out even before fire extinguishers were activated. Nevertheless we reported it to the local fire station, which sent out fire engines immediately. Following this accident, we improved the equipment involved, modified the operation procedures and reviewed other facilities where similar equipment is used in order to prevent recurrence.

### Preparedness for earthquake

Since the Great Hanshin Earthquake in 1995, we have enhanced our preparedness for disasters by: 1) replacement and maintenance of aged facilities, 2) establishment of emergency shut-off systems, 3) seismic assessment of storage tanks and other structures, and 4) establishment of emergency earthquake alert system.

Following the 2011 Great East Japan Earthquake, we implemented measures to raise the level of our safety and security by: 1) reviewing our risk management and disaster-prevention measures and 2) evaluating the seismic capacity of buildings constructed before 1981.

### Emergency drill to enhance our preparedness

At every one of our Works, we carry out periodic inspection and routine check of facilities, and KYT (risk-prediction training) activity to identify and correct unsafe conditions and acts in order to prevent accidents. We also conduct emergency drills regularly to prepare for emergencies such as earthquake, fire and leakage.



Emergency drill (Water-discharge exercise)



Emergency first-aid training

### GENBA Interview



Takaaki Hisatsune  
No.3 Manufacturing Section,  
Himeji Works

In the No. 3 Manufacturing Section I belong to, we handle a lot of hazardous materials. In order to prevent plant troubles, we make every effort to minimize the risk by: early detection of irregularities through routine patrols, training by simulated near-miss accidents and risk assessment. We also work to eliminate human errors by implementing programs such as KYT, 5S (sorting, straightening out, sweeping, standardizing, sustaining the practice), improvement of the work environment and visualization. The number of plant troubles in our Section has decreased in recent years. We also conduct routine emergency drills and first-aid training in an effort to minimize damage in any accidents. Following the March 2011 tsunami and the nuclear power plant accident, we often hear the phrase "It was beyond expectation." At our workplace, we strive to be prepared for all types of situations and emergencies, and work hard to ensure safe and stable operations.

## Occupational safety and health

Safety is fundamental to our business activity, and safe and assured workplace is essential to keep our company strong. With a view to providing safe and secure work environment for our front-line employees, we are promoting a new internal campaign named "From zero-accident to zero-risk."

### Our efforts for zero occupational accidents

No accidents involving lost workdays have been experienced in our Works and other sites in Japan since 2005. In FY 2011, however, we had one accident with lost workdays (ammonia leakage) at one of our plants overseas. We were not successful in achieving zero occupational accidents in our Group, and accidents with no lost workdays continue to occur at times every year both at home and overseas. To achieve "zero occupational accidents", we will redouble efforts to share accident information among the Group companies so as to prevent reoccurrence of similar accidents.

We have identified the root causes of occupational accidents to be: 1) taking things for granted, 2) safety activities becoming mere formality, 3) increasing number of employees not having experienced serious accidents and hence overconfident and inattentive 4) many experienced employees reaching retirement age, resulting in loss of safety knowhow, and 5) alterations in personnel, equipment or management processes. With this in mind, we have been implementing the following measures to enhance our safety culture:

Back to basics	(1) 5S to create well organized workplaces (2) A campaign to encourage friendly greetings to improve internal communications (3) Pointing and calling to increase employee attentiveness (4) Visualization of facilities (labeling, etc.)
Preventive measures	(1) Implement measures to ensure facilities have intrinsically safe design and to mechanize operations (2) Conduct investigations to determine the cause through accident/hear-miss incident reports, develop preventive measures and ensure the information is shared
Trainings and education	(1) Safety and technical training at each level (new-entries, leaders, and managers) (2) Security and disaster prevention trainings: static, process safety (managerial staffs) (3) Simulation training (falling, being stuck between or caught into machinery, dust explosion, etc.) (4) Accident workshops (case study for managers, etc.)
Proactive safety control	(1) Use Occupational Safety and Health management System (PDCA cycle)
Staying a step ahead in safety	(1) Perform risk assessment (Identify potential risk factors and develop countermeasures)



Training facilities

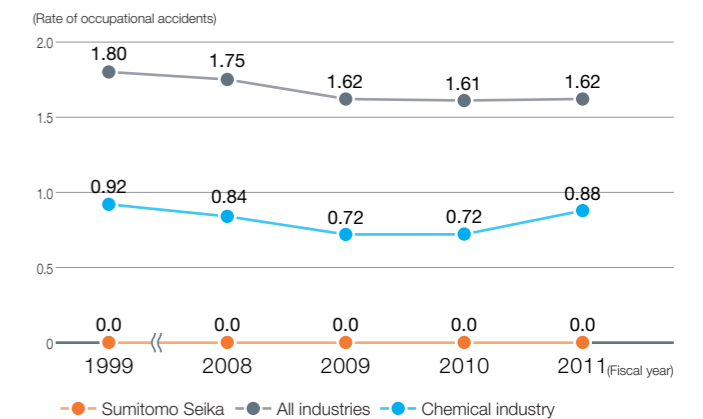
### Approach to occupational safety and health

In all our three Works in Japan, various activities and campaigns including "near-miss accident listing" and "KYT or risk prediction training" have been promoted for many years. In order to enhance management for safety, we obtained OSHMS (Occupational Safety and Health Management System) certification from the Japan Industrial Safety and Health Association (JISHA). OSHMS encourages certified companies to renew their certifications every three years, and in 2011, we obtained the second certification.

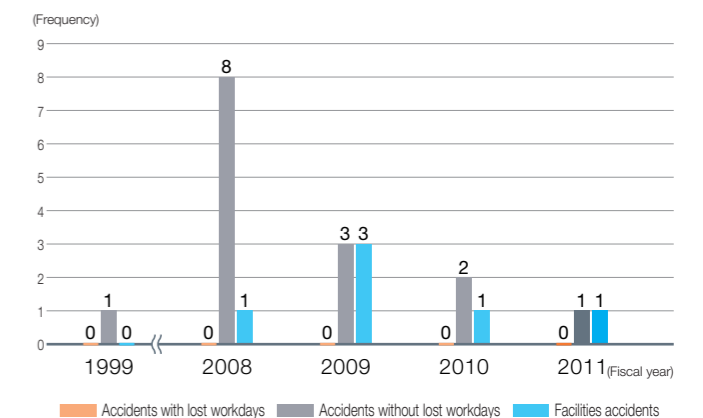


OSHMS certification

### Rate of occupational accidents



### The number of accidents occupational accidents (all Works)



## Quality assurance (QA)

We endeavor to supply our customers with products and services of reliable and satisfying quality by making continuing efforts to improve our total QA system.

### Company-wide quality assurance system

Under our corporate policy on safety, environment and quality, we make all-out effort to maintain and improve our QA system to “supply quality products and services that are safe in use and meet customers’ needs”. We are certified to ISO 9001 standard, an international quality assurance scheme.

For the manufacture of pharmaceutical intermediates and related products, we comply with the Pharmaceutical Affairs Law, ICH and GMP, thereby ensuring the quality of our products.

\*ICH: The International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use

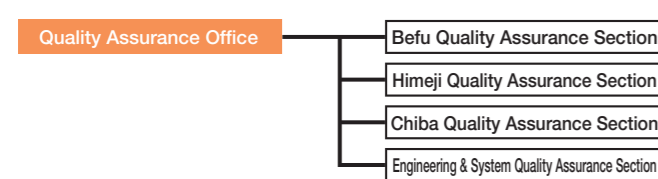
\*GMP: Guidelines set by US FDA for the manufacture of pharmaceuticals and quality control

Since 2008, we invite outside consultants to our quality meetings and internal audits to seek advice and counsel on our QA activities from customers’ standpoint. This also helps to ensure transparency in our QA activities.

### Quality Assurance Office

The QA Office is the corporate organization of our company-wide QA system, and manages the overall QA activities, working together with the quality assurance sections of individual Works.

#### Quality assurance organization



The QA Office holds a monthly QA Office Liaison Meeting, whereby approaches on QA matters are decided and systematic implementation of QA activities at the workplace level is discussed and coordinated. At Monthly Quality Review Meeting, quality complaints from customers are shared by all the participants and discussed. The results are compiled in monthly reports, and shared with middle and top managements and overseas subsidiaries to prevent reoccurrence of similar quality problems and to enhance our QA system. The QA Section of each Works holds a monthly Quality Conference, which is attended also by the Work’s general manager and manufacturing section chiefs. Details of complaints and responses are reported and discussed, in an effort to prevent recurrence of similar quality problems.

### Audit / Inspection

To maintain and improve our QA system, internal auditors appointed at each workplace conduct periodic audits. Apart from the above, QA Office makes on-site audits of manufacturing units of all Works of the Group (in Japan and abroad). These on-site audits are conducted from the QA standpoint with respect to the site conditions and the systems, and help to improve our QA activities as well as customers’ satisfaction.



Befu Works quality audit



France Arkema quality audit



Chiba Works quality control Patrol

### On Sumitomo Seika’s QA consultant activities Mr. Taira Fujita, Quality Assurance Consultant



Sumitomo Seika’s QA activities are systematically implemented by the QA Office, the main organization, and QA Sections at each Works. This framework enables a quick response to both management and production level QA matters, whereby effective company-wide and cross-sectional QA activities are ensured. As an outside consultant, I participate in the Quality Report Meeting, the Quality Meeting at each Works, and the Works Quality Audits.

In the Quality Report Meeting, the details of complaints and the countermeasures are discussed, such as the first remedial action, needs of customers, root cause analysis, and the quality of complaint handling. In the meeting, in-depth discussion is made among the members, and appropriate handling of quality problems is decided. It is also a good learning opportunity for the members. I am invited to the meeting to give them unbiased opinions and advice from customers’ point of view.

In the Quality Meeting, management members of each Works and members of the QA Office discuss the issues raised by the QA Office (and each QA Section), and I give an independent opinion on the matter. Findings of QC patrol (to check the state of 3S and

visualization), which is conducted before the meeting, and corrective actions for quality complaints are also discussed in the meeting, and appropriate actions are taken.

In the on-site audit at Works which is conducted by the QA Office, daily operations are audited from the customers’ point of view. This audit helps finding out the difference in the views of workers and customers, and has proven to be effective in preventing quality troubles. The audit is most effective in helping manufacturing sections improve process management as well as speed up their QA process in case of troubles.

The company is taking various measures to promote quality awareness as well as to incorporate opinions from both customers and third party specialist, in its efforts to upgrade the level of its quality management.

Also, to minimize human errors, QC patrols and quality risk assessment (prevention of contamination and quality troubles caused by human factors) are carried out, and seminars are held. In the future, however, quality management at the manufacturing section level will need to be further improved because technologies and Know How will be harder to transfer because the wider use of DCS (distributed control system) and other systems with black boxes. I hope that the QA Office will further cooperate with business sectors and research laboratories, and continue its effort to enhance the quality culture among all the employees of the company.



Himeji Works quality control patrol

### GENBA Interview



Kouji Fujimoto  
Quality Assurance Office, Himeji  
Quality Assurance Section

Established in February 2008, the QA Office has the basic philosophy to carry our quality assurance and management activities from customer’s perspectives, so that we can supply customers with quality products and services that are safe in use, thereby ensuring their satisfaction.

At the Himeji QA Section, we carry out the QA activities based on this basic philosophy, and we also seek advice from Mr. Fujita, our QA consultant. Based on his years of experience and expert knowledge, he gives us opinions on our QA activities from customer’s point of view.

I have only been a member of the QA Office for six months, but I will work hard to be customer-focused when I participate in Quality Meetings and Works Quality Audits, so that we can maximize customer satisfaction.

## Logistics safety / Chemicals safety

We are positively engaged in various activities to ensure safety in manufacturing process and physical distribution. We also supply customers with safety data of our products in order to promote safe and proper handling of chemical products.

### Logistics safety assurance

Our products and raw materials consist of many substances including high-pressure gases and hazardous or poisonous chemicals. Accidents during products transportation, such as explosions and leakage, may seriously affect the environment and community safety. For us, logistics safety is as sensitive a matter as safety in production. Product logistics is carried out by logistics contractors, whose cooperation is indispensable for safety in transportation. Thus, to secure collaborations with logistics contractors as well as to ensure safe and law-abiding transportation, we have organized the Logistics Safety and Environment Council jointly with our logistics contractors. In the annual council meeting, we discuss reports by contractors on their activities of the previous year and action plans for the year.

### Drills and safety trainings to enhance our preparedness

Extensive drills are periodically conducted to respond speedily and adequately to different emergencies by ourselves, or jointly with logistics companies as the case may be, to tackle with dummy leaks, fire and notification. Safety trainings for logistics contractors are also conducted to provide education on the chemical and other properties and safe handling of our products and raw materials, in an effort to prevent accidents.



Logistics Emergency Drill

### Chemicals safety

In view of the increasingly wider use of chemicals in the world, the United Nations recommended adoption and putting-into-practice of GHS as a way to accurately communicate the nature (including hazardous and toxic properties) of chemicals. Failure to properly control chemical substances or to provide information required by GHS may give serious adverse effects on human health and environment.

In Japan, the Industrial Health and Safety Law was revised in 2006, as to require information submission pursuant to GHS. Outside Japan, legislation has been or is being introduced that requires to submit MSDS (Materials Safety Data Sheets) and Warning Labels in local languages. In EU countries, in particular, CLP Rules issued in 2008 require each chemical producer to notify hazardous and toxic substances in addition to submission of the said MSDS and Warning Labels, effective 2010. To have our products handled safely, we collected information on hazardous and toxic chemicals as described in our MSDS and Warning Labels, and in 2010 we notified our CLP Rules and started supplying our customers with information required by the international classification and indication rules through our MSDS and Warning Labels in local languages.

GHS: Globally Harmonized System for Classification and Indication of Chemicals  
CLP Rules: EU Classification, Labeling and Packaging of substances and mixtures



GHS Symbol Mark

## Growing together with customers and suppliers

With a view to establishing a long-term trust of our customers, we are committed to providing products and services that are safe in use and meet customers' needs. In this section, we introduce the efforts of the Super Absorbent Polymers Division.

### Communications with customers

At Sumitomo Seika, each sales division provides customer support cooperating with, depending on the product or the kind of services requested, the QA Office, laboratories, the Works, or the Technical Office.

In the Super Absorbent Polymers Division, we have a structure that enables prompt communication with our customers worldwide. Each salesperson is assigned to a region to be in charge of, such as East Asia, Europe, and the Americas, and communicates with customers in close cooperation with our overseas sales companies in Belgium, the U.S., China, Korea, Taiwan and Singapore. We strive to ensure sincere and prompt response to our customers' requests in our effort to improve customer satisfaction.

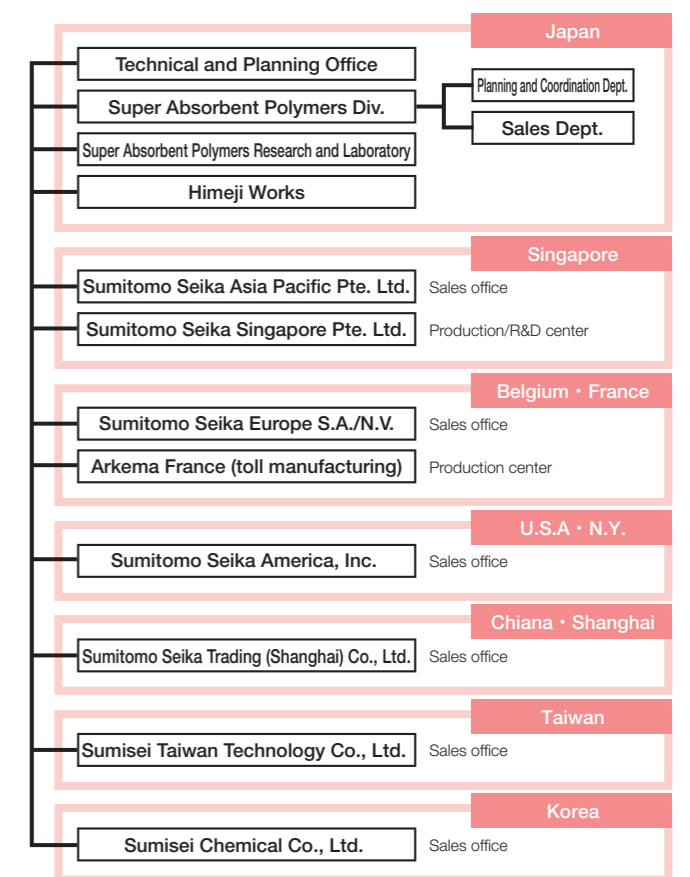
### Day-to-day efforts to improve customer services

As a result of our strenuous efforts to improve customer satisfaction, we recently received a gold award from a major globally-operating customer in its SRM (Supplier Relationship Management) program. The reasons for this honor included "20-plus-year partnership with the customer", "no complaints", "no returns", "outstanding quality services", "high-quality products", and "excellent cost effectiveness of the product". Aiming to provide products and services that are safe in use and meet customers' needs, we will continue to make efforts to improve our customer services.



Super Absorbent Polymers Division, Sales Dept.

### Production, sales and R&D global network of Super Absorbent Polymers Division



### Cooperation with suppliers

Demand for product safety is becoming increasingly high in recent years. Regulations on inclusion of hazardous chemical substances have been tightened in many parts of the world, making it necessary for chemical producers like us to step up efforts in ensuring green purchasing through analysis and warranty. Supplier's cooperation is indispensable for our performance of social responsibility in providing our customers with safe and trustable products. To respond to these challenges speedily and adequately, we are deepening the cooperation with our suppliers and promoting stable procurement, while maintaining our basic purchasing policy of due supplier evaluation and fair and transparent transactions.

## Growing together with the community

We at every operation sites are engaged in information disclosure to and communication with the respective local communities with the view to increasing their understanding of our business activities and building and maintaining good relations.

### Environmental education program for children

At Befu Works, we collaborated with the local community (Harima-cho Township) to host a “fun chemistry class” to teach local children the importance of protecting the environment. In this class titled “Feel the magical power of chemistry by making food replicas!”, the children made plastic food replicas from used plastic bottles to learned about recycling and take interest in chemistry. We encouraged them to think about environmental issues, such as reducing and separating waste.



Fun chemistry class

### Community outreach

In line with the principles of information disclosure and communications with local communities, we invite our host residents to our fire and disaster prevention drills and organize plant tours for families of our employees. We use these opportunities to outline our safety and environment protection initiatives and to listen to their opinions and proposals.



Dialogue with the local residents

### Community beautification and cleanup

Our Works actively take part in the local campaigns for community beautification through periodical cleanup of nearby roads and roadside ditches.

### Support for environmental events of communities

Since 2001, we have been participating in the annual “Himeji Environmental Festival” organized by Himeji City. In the 2011 festival, we held such events as picture coloring and pottery painting to help raise environmental awareness among participants in a fun way.



Environmental festival

### Internship programs

We accept intern students from high schools, and also accept junior high students as part of Hyogo Prefecture's educational program. In our internship programs, students have an opportunity to learn about their studies, think about their future career options while communicating with our employees.



Work experience for junior high-school students

## Growing together with shareholders and investors

We disclose necessary company information accurately and in a timely manner to our stockholders, investors and other stakeholders.

### IR Policy

To disclose investor relations (IR) information accurately and in a timely manner is of principal importance to Sumitomo Seika. In so doing, we comply with the pertinent laws and Stock Exchange regulations and make an effort to include information and presentations designed to help increase understanding about our company.

### Information disclosure channels

Our basis approach is to make the disclosure in a just, timely and fair manner. It is made through the “TDnet” (Timely Disclosure network) provided by Tokyo Stock Exchange and through mass media (press clubs and others).

### Investors Information webpage

Financial results, financial forecasts, shareholders meeting information and other investors information are available on our official website. We will continue to work to improve the webpage disclosure.



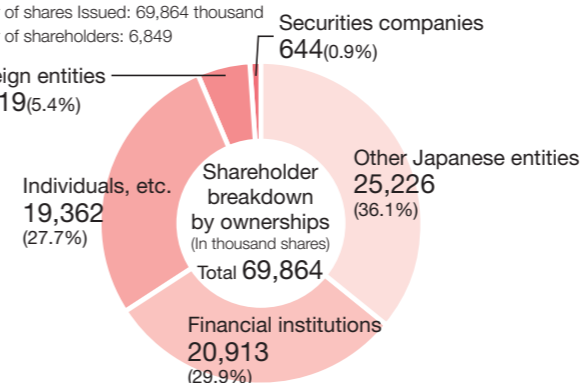
### Communication with stockholders and investors

#### Stockholders Meeting

We regard stockholders meeting as a major opportunity to provide our stockholders with fair and accurate information and listen to their opinions. We strive to make our reports easier to understand. Sumitomo Seika stockholders can cast their vote through the Internet, if they so wish.

#### Share information (as of March 31, 2012)

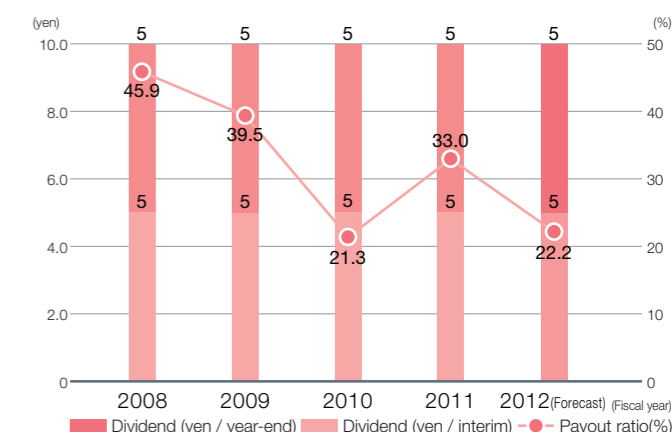
Number of shares Issued: 69,864 thousand  
Number of shareholders: 6,849



### Dividend policy

Sumitomo Seika believes that it is one of our major corporate responsibilities to distribute surplus to our shareholders and makes it a policy to pay stable dividends from earnings of each fiscal period to the shareholders while retaining a part of the earnings for the future expansion of our business to ensure sustainable growth of the company.

#### Past dividends



### Investors' meeting

Investors' meeting with analysts, institutional investors and others are held on a periodical basis (twice a year). In addition to financial results, our management policy, progress of our business plan are reported and discussed to improve communication.



Investors' meeting

### Measures to prevent insider trading

Sumitomo Seika Group is committed to preventing insider trading by all means to ensure healthy functioning of the stock market. Our internal rules require all employees to take prescribed steps in their trading of Sumitomo Seika shares in order to prevent suspicions of any unlawful acts.

## Growing together with employees

In order for a company to attain a sustainable growth, upgrading of its employees is indispensable. Our company works on nurture of "human resources" while viewing "human" as "resource" and takes various actions to build labor environments where employees are able to work comfortably and peacefully.

### Personnel system and human resource development

#### Ideal human resources

When unique individuals get together in a company, a vibrant corporate culture will be created, where several originalities come into being. In order for Sumitomo Seika, which places its future on "power" of chemistry, to continue developing its originalities, its employees are required to have the following three capabilities:

#### Ideal human resources

##### 1 Have objectives and targets

They should have their own objectives and targets, and they should struggle to achieve them aggressively and constructively.

##### 2 Comprehend trend of the times

Employees are encouraged to comprehend trend of the times which show quick changes in society and economy.

##### 3 Know the world

Employees should be professionals who are well aware of the world.

#### An outline of the personnel system

The company has introduced a personnel system where employees are motivated to work for the company through achievement-oriented evaluations with their respective roles as the base of the system. This merit system is designed to prompt employees to improve their abilities at their own initiatives with clear recognition of their functions and roles. Under this system, employees are induced to clearly understand their roles which they play in their organizations and motivated to attain their goals, which leads to better performance of their respective workplaces and in turn the company itself as well as to increased sense of satisfaction and progress for each individual employee.

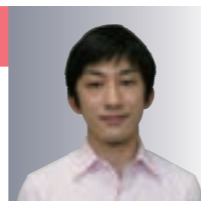
#### [Attending MOT course]

Yasuyoshi Kakiuchi Super Absorbent Polymers Division, Planning and Coordination Dept.

MOT (Management Of Technology) is as the name suggests a methodology for technological development and research development. Being a non-technical staff member, I thought at first participating in this training course was out of my field. I decided to participate in the course, however, because I wanted to find out how I could contribute, as a non-technical member, to a chemical manufacturer. The course was very educational. It could have been even better if I had more knowledge of chemistry, but I learned a lot from the program, such as the



importance of asking 5W2H questions and effective ways to carry out business. This is, of course, useful not just in the area of technology and research development but also in any other business situations. In my opinion, what is great and significant about the in-house MOT program is that course participants become instructors in the next MOT program. In this way, employees help one another in a cyclical manner, and this positive cycle will ultimately lead to the growth of the company. I am studying hard every day to prepare for the next MOT program so that I can help as an instructor, those employees who participate in the next course program.



#### Human resource development program

For the purpose of assisting ability development of employees, various programs are provided, which can be categorized mainly in the following five kinds:

##### Training classified by hierarchy

Training for officer candidates, Training for department managers, Training for new managers, Training for elders, Training for new employees, etc.

##### Knowledge/ Skill training

Basic knowledge education (legal work, accounting, intellectual property), MOT course, MBA course, etc.

##### Technology transfer/ skill transfer training

Training for manufacturing section chief, Technology education (application/ basics/ new employee), Training for production supervisors, etc.

##### Assistance for globalization

TOEIC test inside the company, English writing course, English conversation class, Orientation before moving overseas, etc.

##### Self-development

Financial aid for participation in correspondence education, Financial aid for acquisition of public qualification, etc.



#### Technology education

The company appoints veteran employees who have rich knowledge and experience as instructors to transfer technology and skill to young employees and train them to become full-fledged members in a shortest possible time.

- Technology education for new employees
- Technology education; basic course
- Technology education; application course



Practical technology training

#### Foreign language education program

In order to achieve "SEIKA PLAN 2015", not only globalization of the company but also globalization of employees is required. Efforts are exerted to provide employees with opportunities to learn various foreign languages so that they can develop abilities up to those of world-class professionals.

- TOEIC test inside the company
- Private lesson of English conversation
- Group lesson of English conversation (presentation, conference)
- Group lesson of Chinese language



Group lesson of English conversation

#### Pleasant working environment

##### Re-employment after age-limit retirees—utilization and promotion of the re-employment system

The company has a program to utilize knowledge and skill of those who retired due to age-limit for the purpose of ensuring job efficiency and nurturing their successors.

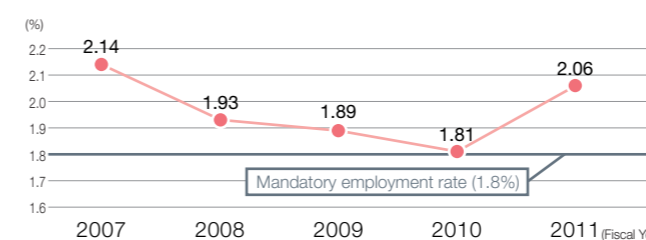
##### Trend of re-employees

Fiscal Year	2007	2008	2009	2010	2011
Number of retired employees	14	22	34	38	35
Number of re-employees	11	9	20	25	22
Ratio of re-employment	79%	41%	59%	66%	63%

#### Active employment of disability persons

Creating job opportunities for people with disabilities is an important issue for us. We promote employment of disability persons in collaboration with public agencies.

##### Trend of employment of disability persons



#### Toward respect of human rights and prevention of sexual harassment

The company undertakes training in this respect for new employees and also for those employees who are promoted to management positions. In addition, responsible persons selected jointly by labor and management are deployed in respective business locations for the purpose of consultation and handling of this sort of matters.



Lecture class of harassment

#### Approach to mental health problems

The company introduced EAP\* in 2010 in collaboration with external institutions to deal with mental health problems. Suggesting employee's self-care of mental health, the company conducts stress check on all employees and attempts to detect, prevent, and improve mental disease at an earlier stage. We have also introduced a support system for employees returning to work after a long leave due to mental illness.

EAP\*...Employee Assistance Program



Mental healthcare training

#### Sound labor-management relations

Respecting each other's position, the company carries out, jointly with the labor union, various programs toward further growth of the company, development of employees, and creation of better working conditions. Common understandings between management and labor are formed through discussions and consultations at various committees such as the central labor-management consultative committee, the central labor-management environment and safety committee, and local labor-management consultative committees of respective business locations, which are arenas where discussions are conducted to define measures to be taken for creation and maintenance of stable labor-management relations and its further development.

## Improvement of welfare facilities

In order to improve employees' working conditions, we are enhancing our welfare facilities.

In 2011, we built a new welfare building with a dining hall and a locker room at Himeji Works, and a new company dormitory near Befu Works.



Company dormitory at Nishifutami



New welfare building at Himeji Works

## Promotion of work-life balance

We are exerting continued efforts to improve employees' work-life balance by introducing various programs to reduce working hours and to enhance leave systems.

## Plans for reduction of actual working hours

In 2010 the company introduced a scheduled annual leave plan (3 days a year) and an anniversary leave plan (1 day a year) oriented to reduction of actual working hours of employees, while encouraging employees to take as many paid holidays as practically possible and setting up "day of no overtime work" at respective business locations. Thanks to these measures, employees are now taking more paid holidays. We will continue our efforts to further reduce actual working hours.

## Trend of utilization of paid holidays



## Status of utilization of scheduled annual leave/ anniversary leave

	Utilization ratio (%)	
	FY 2010	FY 2011
Scheduled annual leave	71.2	66.6
Anniversary leave	79.9	78.1

## Assistance for employees who need leaves to give nursing care / childcare

To assist employees who need to keep balance between home and workplace by unavoidable reasons, the company maintains several plans such as childcare leave plan and nursing care leave plan, which are related to childbirth, child rearing and nursing care.

## A list of childcare / nursing care benefit plans

Type of plan	Outline
Childcare leave	Approval is obtainable for an employee to rear his or her child after delivery (in principle until the child becomes one year old).
Nursing care leave	Approval is obtainable for an employee to nurse his or her family (1 year).
Childbirth leave	Approval is obtainable for an employee whose wife delivers a baby (Two days)
Nursing care leave for children	Approval is obtainable for an employee to use the plan to take care of injury or disease of his or her child (5 days / one child / year).
Care leave	Approval is obtainable for an employee to use the plan to give care to his or her family member who is in need of nursing care (5 days / each member of the family / year).
Exemption of non-scheduled work	Submission of request is allowable for an employee to apply for an approval to use the plan to nurse his or her child younger than three years.
Short-time service for child rearing	Condition for the request is the same as above (max. 2 hours a day; shortening of time acceptable with 30 minutes as unit of calculation).
Short-time service for nursing care	Submission of request is allowable for an employee to apply for an approval to use the plan to give care to his or her family member in need of nursing care (the maximum length of time is the same as above).

# 01

Befu Works

## [Policy]

At Befu Works, we are working to build a vibrant workplace where employees are able to work healthfully, actively and pleasantly, while placing priority on safety, environment and quality, through basic activities such as exchange of greetings and 5S initiatives. Aiming to be a manufacturing site that is trusted by neighboring communities and customers, we continue to engage in safe and stable production activities and also seek to improve rationality and efficiency of our operations.

● Location: 346-1 Miyanishi, Harima-cho, Kako-gun, Hyogo ● Number of employees: 405  
● Production Items: Fine Chemicals, Gas Products etc.

## Results of activities in 2011

In FY 2011, we carried out activities to further enhance our safety culture based on basic initiatives to promote safety awareness, such as exchange of greetings, 5S, and pointing and calling campaign. We believe that these efforts are yielding positive results, but we had one accident without lost workdays (by a contractor) in 2011. The accident occurred due to insufficient safety precautions before and during the construction work. That was a type of work which had been done for a long time, but we could not have predicted the risk and had not taken any appropriate measures to prevent the accident, for which we feel responsible. Reflecting on near-miss accidents, complaints and others that we had in FY 2011, we presume that many of them could have been prevented if we had been more thorough and careful in our KY (risk prediction) efforts in our routine operations and taken proper preventive measures. In FY 2012, we will continue to make efforts to enhance safety in our operations by adding comprehensive risk assessment (on safety, environmental, and quality issues) to our traditional safety activities, and will strive to eradicate risks that may be hidden in our routine operations. For the environment protection, in FY 2011 we nearly completed development of our combustion treatment technology, which is to treat a part of our gas emissions. We expect that after completion of the said technology in FY 2012 our PRTR emission will decrease drastically, achieving the targeted level of less than 1 ton/year. We intend to further improve the level of control for better environmental protection.



Disaster drill

## Application examples of the products of Befu Works

Production items	Major applications
Pharmaceutical-related products	Intermediate for pharmaceuticals, Bulk substance for hypnotics and sedatives, Synthetic reagent for intermediates of pharmaceutical chemicals
Additives	Fluorescent brightener for thermoplastic resins
Industrial chemicals	Raw material for agricultural chemicals, and organic synthesis
Gases products	Various analysis and tests, Lasers gas, General anesthesia, Sterilizing medical instrument, PC, Liquid-crystal display
Gas generators and related products	Oxygen and nitrogen gas generators, Hydrogen gas purification, Recovery and purification of carbon dioxide, argon and methane gas

## Performance Data at Befu Works

Energy (as crude oil)		12,500 kL/y
Air	CO <sub>2</sub>	64,000 t/y
	Sox	2.31 t/y
	NOx	8.0 t/y
Effluent	Volume of effluent	1,649 X 1,000 m <sup>3</sup> /y
	COD	24.2 t/y
Waste material	Quantity	8,594 t/y
	Recycle ratio	57%
	Landfill	161 t/y
PRTR (Volume of exhaust to air)		6.5 t/y



Hiromoto Shigeta  
General Manager, Befu Works



02

Himeji Works

**[Policy]**

Himeji Works is located in Harima Industrial Zone facing Harima-nada in southern part of Himeji City, Hyogo Prefecture. The basic principles of our plant operations are “manufacturing with trust from customers, placing emphasis on their safety and security” and “achieving a sustainable growth, ensuring co-existence and co-prosperity with the community, and developing safe and stable production activities”. Following these principles, we carry out our responsible care activities, aiming at creating a workplace where 5S initiatives are widely practiced and employees are able to work safely, peacefully and healthfully, and securing an increased corporate value while earning trust from customers and society.

- Location: 1 Irifune-cho, Shikama-ku, Himeji City, Hyogo ●Number of employees: 345
- Production Items: Super Absorbent Polymers, Water-soluble Polymers, Fine Particulate Polymers

**Results of activities in 2011**

We are aiming to enhance production activities at Himeji Works by focusing on the production of super absorbent polymers, the company's core product, and niche and high-performance products of the Chemicals Division. We seek to improve the level of our activities related to OSH, environment protection, and QA, in our effort to ensure safe and stable operation. In FY 2011, we completed the phase 2 of C-TPM (Compact-Total Productive Maintenance), and we were able to improve the operation from both “soft” and “hard” aspects, by thorough 5S and facilities improvement.

The environment that surrounds us is rapidly changing, and we, as a manufacturer, need to stay responsive to changing needs. At Himeji Works, all of the employees work together to address issues we face pertaining to safety, environment, and quality, with a major emphasis on “prevention”. In November of 2011, Himeji Works celebrated the 50<sup>th</sup> anniversary of its establishment. We continue to work hard to create a safe workplace where workers can work cheerfully and healthfully, while earning trust from customers and society.



Tree planting commemorating the 50<sup>th</sup> anniversary

Application examples of the products of Himeji Works	
Production items	Major applications
Super absorbent polymers	Disposable diapers, Pet sheets, Water repellent tape for power and optical cables
Water-soluble polymers	Shampoo, Hair conditioner, Hair gels, Cooled sheet, Adhesive skin patch
Powdered Plastics	Cosmetic additive agent for foundation, Emulsion, Cream, Scrub cosmetics
Latex	Sizing agent for glass fibers
Gases products	Aerosol propellants, Blowing agent

Performance Data at Himeji Works		
Energy (as crude oil)		54,500 kℓ/y
Air	CO <sub>2</sub>	96,400 t/y
	Sox	— t/y
	NOx	42.7 t/y
Effluent	Volume of effluent	1,673 X 1,000 m <sup>3</sup> /y
	COD	16.4 t/y
Waste material	Quantity	11,400 t/y
	Recycle ratio	76%
	Landfill	15 t/y
PRTR (Volume of exhaust to air)		135 t/y



Hironobu Masumoto  
General Manager, Himeji Works

03

Chiba Works

**[Policy]**

Major products of Chiba Works are standard gases, special gases for semi-conductors, coating materials for metal products, and powdered plastics which are materials for fabricating bathtubs. We are attempting to create a manufacturing works that is trusted by the community and customers under the basic Chiba Works policy of “Safety Comes First” and with a mantra of “clean & safety, communication & speed”.

- Location: 1384-1 Kamikoya, Yachiyo City, Chiba ●Number of employees: 66
- Production Items: Gas Products, Fine Powder Plastics etc.

**Results of activities in 2011**

Although we were affected by the Great East Japan Earthquake, we were able to rewrite our record of zero-accident operation which has lasted since 1989 with renewed efforts. In the summer, the government issued a restriction of power use due to the power shortage following the earthquake. Through concerted efforts, such as adjustment of operations with rotating schedule and stricter power saving measures, we were able to achieve the targeted reduction. In the area of environment protection, we have continued our efforts for the reduction in VOCs emissions through improvement of production facilities. As the need for saving energy is expected to keep growing, we will further increase our environmental efforts. While encouraging employees to acquire or upgrade skills through various training programs, we aim to continue zero-accident operations and establish an environment- and human friendly workplace.

Performance Data at Chiba Works		
Energy (as crude oil)		1,830 kℓ/y
Air	CO <sub>2</sub>	2,880 t/y
	Sox	— t/y
	NOx	0.3 t/y
Effluent	Volume of effluent	299 X 1,000 m <sup>3</sup> /y
	COD	0.4 t/y
Waste material	Quantity	248 t/y
	Recycle ratio	23%
	Landfill	6 t/y
PRTR (Volume of exhaust to air)		5.8 t/y



Masato Yamamoto  
General Manager, Chiba Works

04

Sumitomo Seika Singapore Pte. Ltd.

**[Policy]**

1. We will secure safety and hygiene, endeavor to maintain stable operations, and to improve the level of safety and hygiene.
2. We will supply quality products and services which are fully satisfactory to our customers.
3. We will ensure environment protection by way of proper use of energy and raw materials.
4. We will comply with laws, regulations, covenants, and all the other similar rules.

- Location: 17 Sakra Road, Singapore ●Number of employees: 40
- Production Items: Super Absorbent Polymers

**Results of activities in 2011**

We started a new safety initiative, “See Something, Say Something, and Do Something”. It is an effort to identify possible risks relating to environment, safety, and health (See Something), report them to supervisors (Say Something), and take corrective measures (Do Something). Every month, operators conduct a safety patrol, and report the findings to their supervisors. This helped to raise employees' safety awareness, and as a result, we were able to achieve zero accident, zero injury, and zero violation of laws. In the area of environment protection, we have continued our efforts to improve production efficiency, aiming to reduce energy consumption and unit consumption of raw materials. We also strive to supply quality products that meet or even exceed customers' needs to maintain customer confidence.

Performance Data at Sumitomo Seika Singapore Works		
Energy (as crude oil)		32,800 kℓ/y
Air	CO <sub>2</sub>	43,000 t/y
	Sox	— t/y
	NOx	— t/y
Effluent	Volume of effluent	136 X 1,000 m <sup>3</sup> /y
	COD	102 t/y
Waste material	Quantity	764 t/y
	Recycle ratio	— %
	Landfill	750 t/y
PRTR (Volume of exhaust to air)		— t/y



Wong Chee Seng  
General Manager, Sumitomo Seika Singapore Works

# Site Report

05

Sumisei Taiwan  
Technology Co.,  
Ltd.



Robert Yih  
General Manager, Sumisei  
Taiwan Technology Works

### [Policy]

As a leading supplier of high-purity ammonia in Taiwan, we seek to continually improve satisfaction of our customers. Under the corporate policy of "Safety Come First", we aim to raise employees' safety awareness and be a manufacturing site that is trusted by customers and society.

●Location: No.2 ChangPing West 4th road, Chang Ping Industrial Park, Siansi Township, Chang Hua County, Taiwan R.O.C. ●Number of employees: 28 ●Production Items: High-Purity Ammonia

### Results of activities in 2011

Supported by brisk demand for high-purity ammonia, we have expanded our production facilities, and have been continuing a successful operation in general. In FY 2011, however, we had some troubles including an accident with lost workdays, and needed to review our operational framework. Following these experiences, we have returned to the basics, and have been making efforts, cooperating with outside partners, to 1) achieve zero-accident operation, and 2) ensure quality of products. We have been also making efforts to raise safety awareness of each employee through safety education and training. Taking necessary measures, we will endeavor to earn trust from our customers.



Safety education and training

### [Policy]

We conduct our production activities based on our basic principles of "securing safety of our employees and the community through achieving zero-accident and zero-injury operation" and "ensuring a stable supply of quality products and services that are safe in use and meet customer's needs". In FY 2011, we have undertaken "further expansion of the high-purity ammonia production facilities" and "business building or finding new customers in the Chinese market" to strengthen the business of high-purity ammonia, one of our main products.

●Location: Paju-city, Gyeonggi-do, Korea ●Number of employees: 22 ●Production Items: High-Purity Ammonia

### Results of activities in 2011

In FY 2011, aiming to achieve zero accidents due to human errors and zero facilities troubles, we made efforts based on 5S campaign. We ensured reporting and sharing of information regarding near-miss incidents, conducted basic and safety trainings such as KY trainings, and revised manuals to standardize operations. We also conducted emergency drills to enhance our preparedness mainly for earthquakes and nighttime operations. In the area of facility maintenance, we enhanced periodic inspections and provided trainings to improve operators' understanding of facilities in our efforts to prevent troubles. Also, for the efforts to improve customer satisfaction and to achieve zero complaints, we strengthened the quality education and training for foremen, ensured prompt response to audits and information sharing, thereby enhancing our quality management system. As a result, we achieved a record of 600 days without accidents or injuries (as of December 31, 2011), as well as zero complaint from customers, and zero violation of laws in FY 2011.



No-accident and no-injury operation for 600 days



Ilsung Cheong  
General Manager, Sumisei  
Chemical Works

## Independent verification report



### Corporate Social Responsibility Report 2012 Independent Verification Report

July 27, 2012

To: Mr. Yusuke Ueda  
President  
Sumitomo Seika Chemicals Company, Limited

Junji Takase  
Chief Director, Responsible Care Verification Center  
Japan Chemical Industry Association

#### ■ Purpose of verification

This verification aims to express opinions of Responsible Care Verification Center, in its capacity as an expert in the chemical industry, on the following items presented in the "Corporate Social Responsibility Report 2012" (hereinafter "the Report") that was prepared by Sumitomo Seika Chemicals Company, Limited (the Company):

- 1) The rationality of collection, compilation and calculation methods of performance indices (numerical values) and accuracy of the values
- 2) The accuracy of information other than numerical values presented in the Report
- 3) The details of the Company's Responsible Care activities
- 4) The characteristics of the Report

\* We audited the matters relating to environment, safety, and health only.

#### ■ Verification procedure

- For the corporate head office, we audited the rationality of the calculation methods of numerical values reported from each site (office and works), as well as the accuracy of information other than numerical values presented in the Report. This was done by interviewing personnel responsible for relevant business operations and those in charge of preparing the Report, asking them about information given in the Report and hearing their explanations of supporting documents.
- For Befu Works, we audited the rationality of the calculation methods of numerical values reported to the corporate head office and the accuracy of those values, as well as the accuracy of information other than numerical values presented in the Report. We conducted the audit of Befu Works by questioning personnel responsible for relevant business operations or report writing, hearing their explanations of supporting documents, and cross-checking the data and information with evidential matter.
- We applied a sampling technique to the audit of numerical values and other information presented in the Report.

#### ■ Opinions

- 1) The rationality of collection, compilation and calculation methods of performance indices (numerical values) and accuracy of the values
  - Rational methods were employed at the corporate head office and Befu Works to collect, compile and calculate numerical values.
  - As far as we audited, the performance numerical values were accurately collected, compiled and calculated.
- 2) The accuracy of information other than numerical values presented in the Report
  - We confirmed that the information presented in the Report was accurate. Although we made a few comments about the appropriateness of some expressions and the readability of some sentences at the draft stage, reasonable corrections have been incorporated in the final Report. As a result, there are no important matters that require revisions at present.
- 3) The details of the Company's Responsible Care activities
  - We value the Company's steady implementation of RC activities and its specific targets, especially efforts for reduction in minor human errors and troubles of plant facilities.
  - We value the Company's compilation of useful database of past accidents, work-related injuries, and near-miss incidents and wide sharing of such information among various functional groups within the organization.
  - Befu Works organizes unstructured risk assessments conducted at each worksite into comprehensive risk assessments for quality, environment and safety to improve its risk management capabilities. We look forward to future fruit of this effort.
  - We value Befu Works' thoroughgoing 5S campaign, which includes visualization of equipment by effectively showing contents in tanks and pipes, flow directions of ductwork and underground drainpipes, and caution marks, and effective recycling activities by segregating waste in an efficient manner.
  - Befu Works makes various efforts to improve workplace safety, such as conducting risk assessment. We hope that Befu Works will further improve workplace safety through bottom-up approach.
- 4) The characteristics of the Report
  - The Company is trying to make the Report more easily understandable for readers by adding more photos and charts than the report published last year.
  - The event for children, "Fun to learn chemistry class (open school of chemistry)", which was held as part of communication with local people, is presented in the Report.