



Corporate Social Responsibility Report 2013

If you have questions, please contact:

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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, 2012 to March 31, 2013

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

Publication: Sept. 2013 (Next publication: Sept. 2014)

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

Basic Guiding Principles in Sumitomo Seika Group

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 2010, we formulated our new mid-term business plan spanning six years, SEIKA PLAN 2015, and have since been working hard to achieve the targets of the PLAN in which we 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.

Toward realizing targets of SEIKA PLAN 2015

The SEIKA PLAN 2015 outlines what Sumitomo Seika Group aims to be and the future direction for the Group to follow, and it is the keystone of our business development going forward. With the first half of the PLAN's six-year term having passed now and in view of the achievements accomplished over the past three years, we have set new numerical targets to achieve during the course of the next three years. In our firm determination to meet by all means the targets set for the final year, FY 2015, all companies of Sumitomo Seika Group will join hands and work vigorously to achieve the shared goal.

Ensuring safety – the fundamental to corporate activity

In recent years, we have seen successive instances of painful accidents at chemical plants, such as explosions and fire, both in Japan and overseas, taking precious lives of workers. Ensuring safe and stable plant operation and securing local community's safety are essential to sustainable business activities of chemical companies. We will go back to the basics once again and re-double our companywide efforts across the Group toward further upgrading our management on safety and disaster prevention, bearing always in mind that our fundamental policy on safety management is "Safety Comes First".

Taking part in global environmental protection

Our Group is making constant efforts to meet a variety of global environmental protection challenges through such initiatives as promoting energy saving, reducing wastes and emissions of PRTR substances and VOC, and striving to achieve the "zero" occurrence of major problems associated with the environment. As we work to achieve our own targets, we will make unabated efforts to contribute to protecting the global environment by implementing each and every specific measure with the PDCA cycle in operation.

The core concept of our CSR is to stay as a company that gains trust and confidence from every one of you as we work to offer new values to people, society, and the environment through conducting business activities according to our corporate policy and contributing to the building of a sustainable, safe and secure society. To this end, we will continue to ensure legal & ethical compliance, enhance an internal control system, and promote business activities in a fair and transparent manner, while always placing our first priority on safety to achieve "zero-accident and zero-injury operations". In addition, we will establish, maintain and improve our quality control system capable of securing high quality throughout the lifecycle of our products, from development to manufacture to logistics operation and delivery so that safe and secured products will reach the doorsteps of our customers in Japan and overseas.

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

September 2013
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.

(Revised March 2009)

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. It 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 electronic materials, 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
- Industrial Chemicals ● Functional Materials

◆ Gases

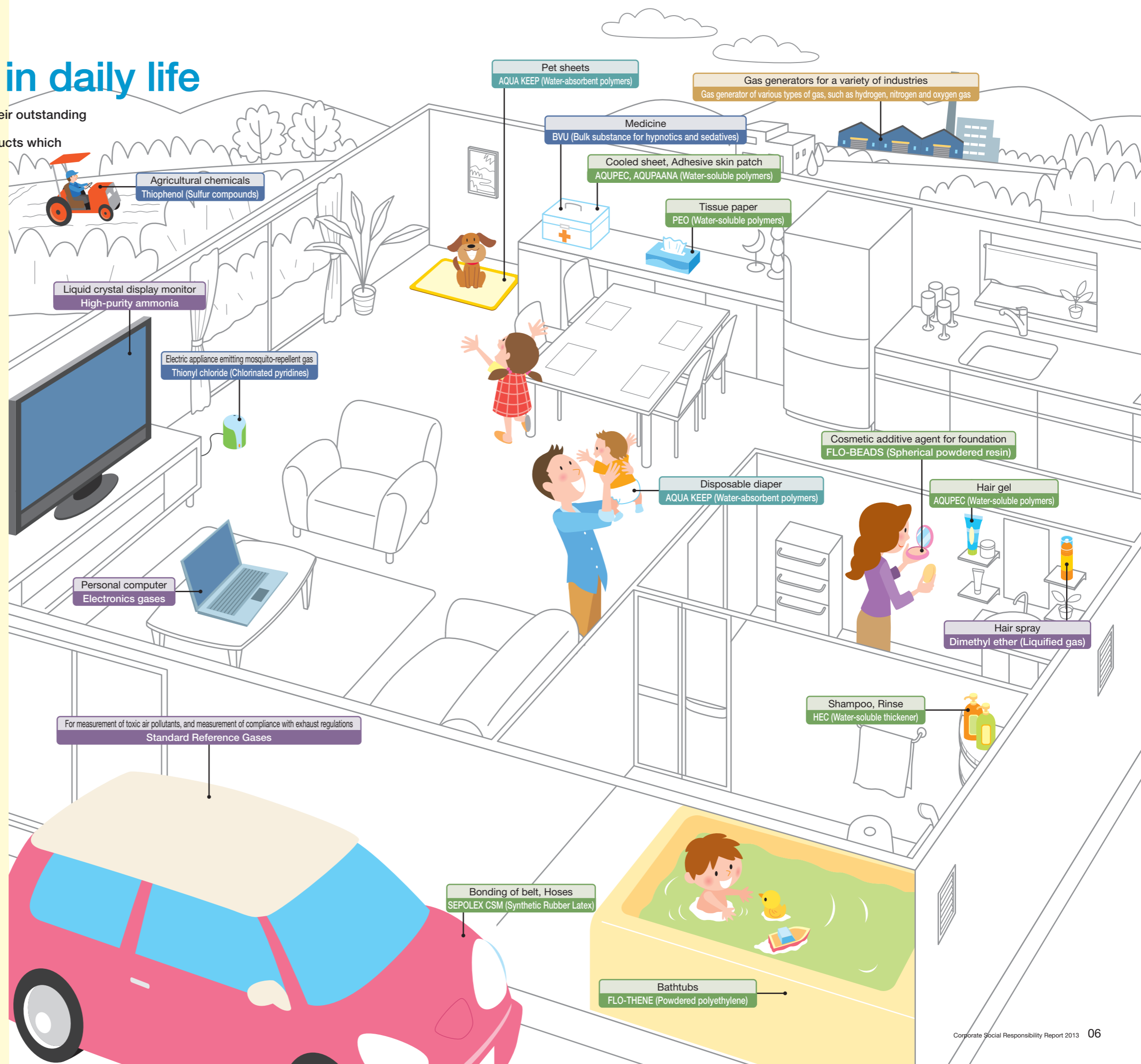
Capitalizing on our advanced synthesis, purification and analysis technologies, we offer cost-competitive high-purity gases that meet every user's needs in the fields of semiconductor gases, standard gases used for environmental monitoring and calibration of analytical equipment, and industrial gases 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(O₂-PSA, N₂-PSA, H₂-PSA, etc.)
- Chemical Plant



Getting a glimpse of our CSR efforts in the Works

We are running operations by taking a due care of safety and environment. Here are some examples of our CSR efforts.

Effluent treatment facility

Waste water is treated by activated sludge suitably enough to satisfy the regulatory standards and then discharged to ordinary water system in compliance with existing regulations.



Waste gas incineration

We are striving to reduce emission of PRTR substances using our combustion treatment technology.



Co-generation system

We are saving energy by introducing a co-generation system, a combined heat and power system that simultaneously generates electricity and heat (steam, in our case).



Management system

Having acquired certifications of three management systems (quality, environment, and occupational safety and health), we are working to steadily improve our safety and environmental performance and product quality.

Certification name	Registration date	Certification organization
ISO9001	1996/12	Japan Chemical Quality Assurance Ltd.
ISO14001	2004/6	Japan Chemical Quality Assurance Ltd.
OSHMS (*) certification from JISHA	2009/2	Japan Industrial Safety and Health Association

*Occupational Safety and Health Management System



Progress of Actives under Mid-term Business Plan: SEIKA PLAN 2015

In April 2010, we formulated its mid-term business plan, SEIKA PLAN 2015, for the six years from FY 2010 to FY 2015. During the past three years from FY 2010 to FY 2012, we have been working vigorously toward achieving the PLAN's goal of attaining the net sales of 100 billion yen by end of FY 2015, following the basic policy of expanding a business scale and establishing a solid foundation for stable earnings. In order to ensure achieving the goal, we have set numerical performance targets for each of the next three years from FY 2013 through FY 2015.

[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

01 Mid-term Business Plan: SEIKA PLAN 2015 2010-2012 achievements

	2010	2011	2012	(Reference) 2012 Original Plan
Net Sales (in billion yen)	64.7	68.2	70.6	77.0
Operating Income (in billion yen)	5.8	4.3	4.2	5.5

02 Mid-term Business Plan: SEIKA PLAN 2015 2013-2015 Target

Business Strategy

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

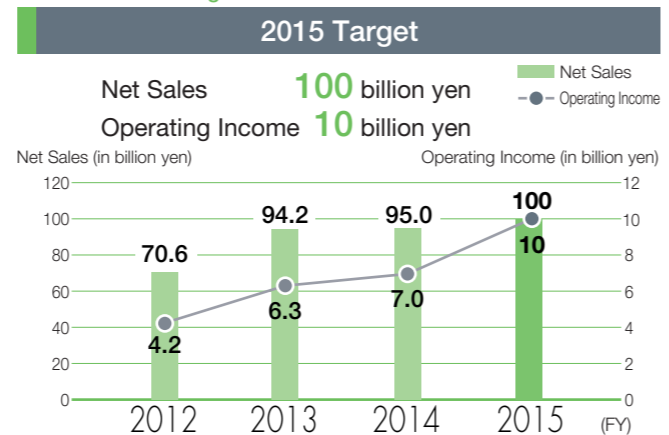
Targets

Maintaining the original plan to achieve the specified financial targets for FY 2015, with net sales of 100 billion yen and operating income of 10 billion yen

Drivers of growth

- Completing the expansion of production capabilities for super absorbent polymers to 300,000 tons per annum and executing next expansion plans for FY 2016 and beyond
- Enhancing profitability through developing high-performance products in growth fields such as Environment / Energy, Daily life / Amenities, IT / Electronic Materials
- Reducing cost through upgrading and innovating production technologies
- Developing human resources and fostering a vibrant corporate culture

Performance Targets



Consolidated financial results for fiscal 2012

Operating results

During the twelve months ended March 31, 2013 (fiscal 2012), business conditions in Japan remained unsteady by and large, due to concerns about the prolonged financial crisis in Europe and the decelerating growth of emerging economies. In the second half of the fiscal year, certain views developed that Japan's economy had bottomed out, encouraged by expectations for the government's emergency economic measures and the enhanced monetary easing undertaken by the Bank of Japan. However, their immediate effect turned out to be marginal as far as this particular period is concerned.

Against this backdrop, the Sumitomo Seika Group's financial results for fiscal 2012 were as follows: Net sales posted 70.591 billion yen, a 3.5% increase over the previous fiscal year; operating income was 4.182 billion yen, a 2.1% decrease from the previous fiscal year; ordinary income was 4.692 billion yen, a 15.5% increase over the previous fiscal year; and net income was 3.121 billion yen, a 49.3% increase over the previous fiscal year. Financial results by business segment were as follows:

[Chemicals]

While sales of functional products and fine particulate polymers increased, industrial chemicals posted reduced sales as a result of withdrawal from part of the business. Accordingly, net sales for this segment decreased by 4.0% from the previous fiscal year to 17.020 billion yen. Due to increases in sales volume of high value added products as well as cost reduction, operating income recovered to a loss of 0.299 billion yen, an increase of 1.430 billion yen over the previous fiscal year.

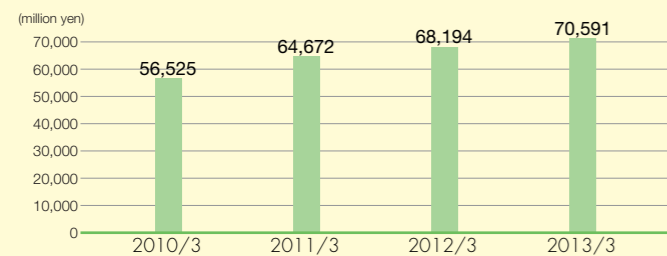
[Super Absorbent Polymers]

Expanded production with a new SAP plant at Himeji Works, which became operational in January 2013, contributed to increasing net sales by 9.0% to 41.054 billion yen. Operating income, however, decreased by 22.2% from the previous fiscal year to 3.645 billion yen, due to the supply-demand balance softened with further intensified competition in overseas markets.

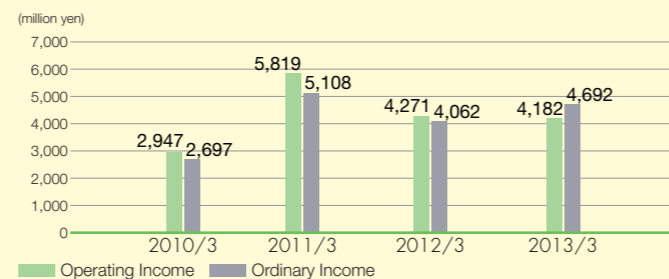
[Gases and Engineering]

Sales for the electronics gases took a downturn due to sharply curtailed production in the semiconductor and liquid crystal industries as well as further intensified price competition, which caused net sales and operating income to decrease by 2.2% to 12.516 billion yen and by 33.7% to 0.859 billion yen, respectively, from the previous fiscal year.

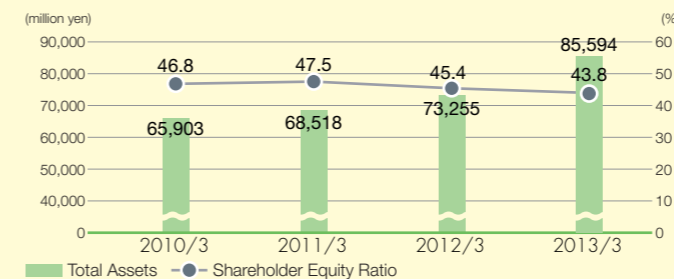
Net Sales



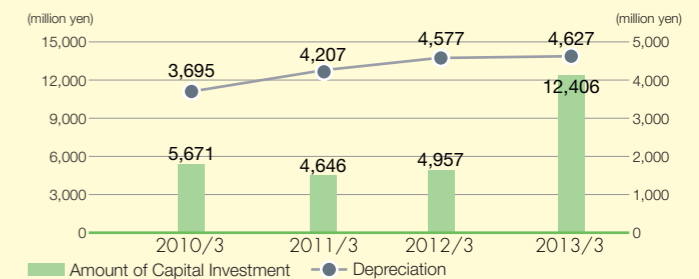
Operating Income/Ordinary Income



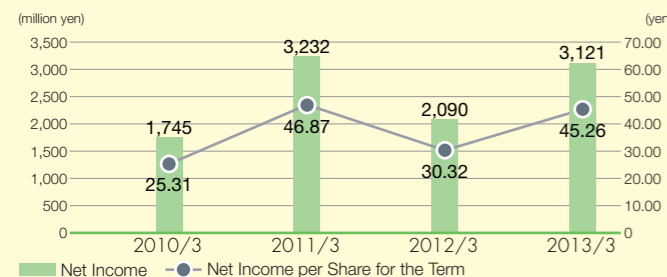
Total Assets/Shareholder Equity Ratio



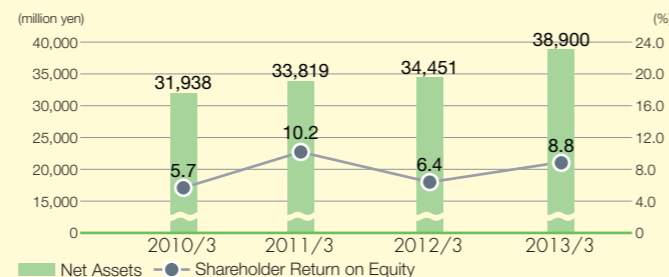
Amount of Capital Investment/Depreciation



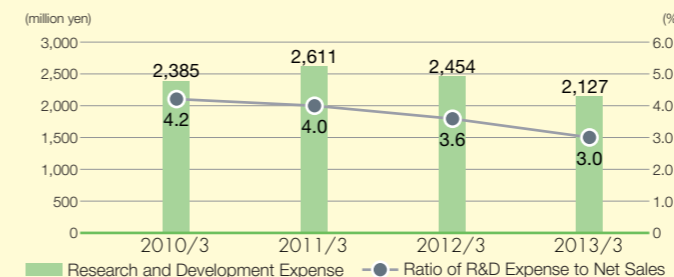
Net Income/Net Income per Share for the Term



Net Assets/Shareholder Return on Equity



Research and Development Expense/Ratio of R&D Expense to Net Sales



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.

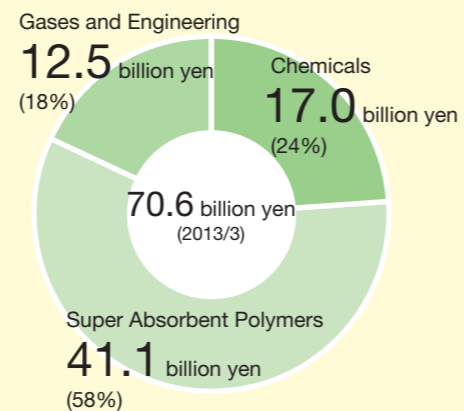
Corporate profile

Established	July 20, 1944
Capital	9,698 million yen
Number of employees	1,104 as consolidated as of March 31, 2013

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.

Breakdown of net sales as consolidated



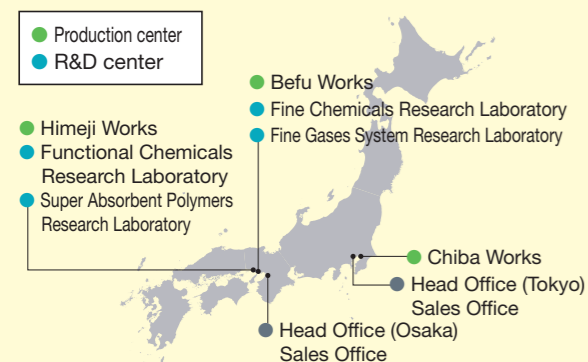
Business locations in Japan

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

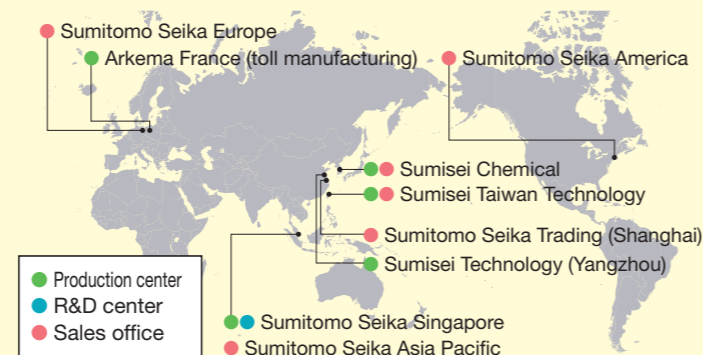
Subsidiaries

	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
	Sumisei Chemical Co., Ltd. (Korea)	Manufacture and Sales of Electronics Gases
	Sumitomo Seika Trading (Shanghai) Co., Ltd.	Sales of Super Absorbent Polymers and Gases 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



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.

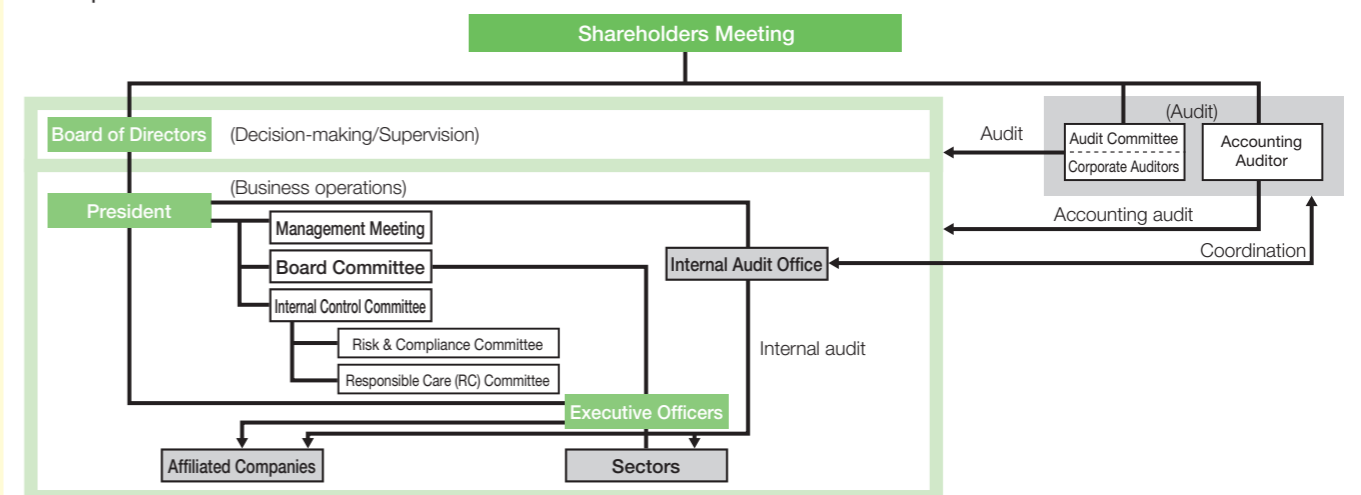
Internal audit

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



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

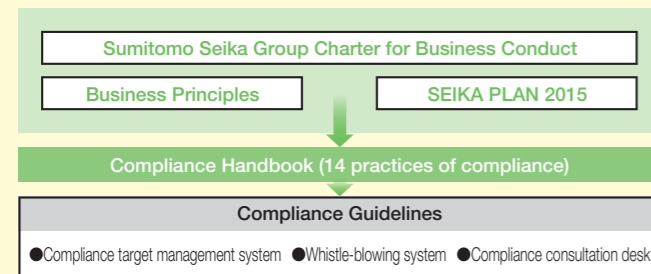
We have formulated the Sumitomo Seika Group Charter for Business Conduct, and strive to ensure all employees understand the importance of complying with the principles of the charter.

[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

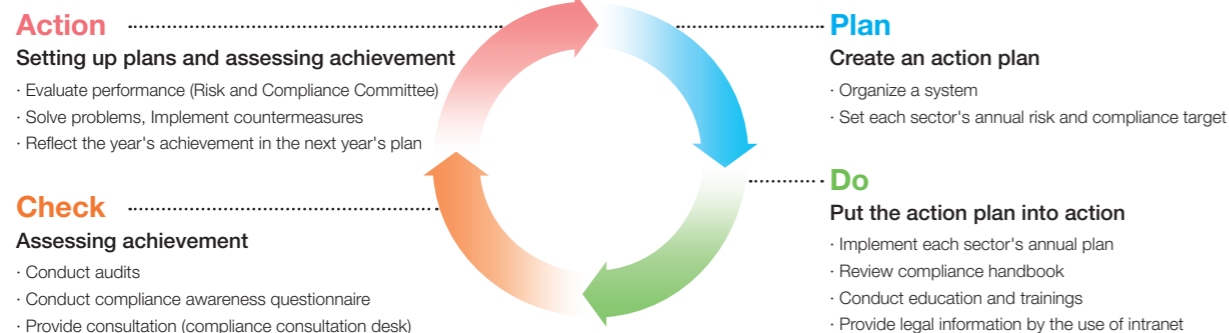


Our efforts to secure effective compliance management

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.

Management cycle for risk and compliance



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.

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 or recycling via production, distribution, use, and final consumption, while publishing results of activities and maintaining dialogue and communication with society.

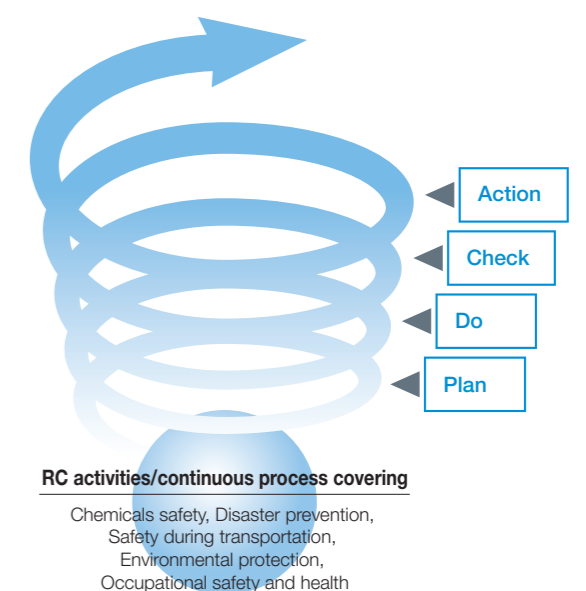
Organization

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 Internal Control Committee and the RC Committee for the purpose of precisely judging rightfulness of plans and executions of our RC activities. These Committees respectively meet 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 verified by RC audits, and the audit outcome is reported to the Internal Control Committee and the RC Committee for review by executives. We upgrade RC activities step by step spirally with the continuous PDCA cycle.

Spiral up of Responsible Care activities



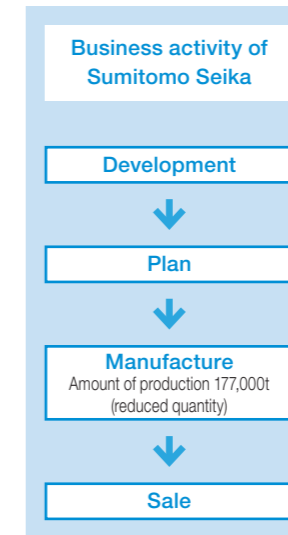
Report on our 2012 RC targets and achievements, environmental burden, environmental accounting outlining costs allocated to reduce environmental load, and economic effects achieved.

Area	2012 Target	Action plans and results 2012		Rating
		Action plans	Results	
Compliance with Law	"Zero" Violation of Law	1) Compliance evaluation and remediation based on the evaluation results 2) Strengthening of checking systems at R&D stage regarding related laws and regulations 3) Compliance with sales operation-related laws and regulations (Update, change or verify descriptions of items required for approvals and licenses)	Violation: 1 There was a violation of the Alcohol Business Act (usage and disposal) at Himeji Works.	△
Occupational safety	"Zero"- accident with lost workday / without lost workday, "Zero"- traffic accident (offending)	1) Thorough implementation of preventive measures 2) Scheduled implementation of risk assessment	Accident involving lost workdays: 0 Accident involving no lost workdays: 4 Traffic accident (at fault): 23 cases	△
Health	Reduction in the number of absentees due to sickness / private injury, and establishment of a comfortable work environment	1) Creating comfortable work environment to ensure employees' well-being	We worked to reduce overtime hours, encouraged employees to take paid holidays, and improved mental health programs.	○
Disaster prevention	"Zero" major accident	1) Scheduled risk assessment on production process at existing facilities 2) Revision and maintenance of standards for fire use 3) Promotion of earthquake-resistant measures	Major accident: 0 Minor accident: 36	◎
Chemicals safety	Promotion of rightful control of chemicals	1) Responding to overseas chemical regulations	We are committed to strict compliance with regulations such as REACH and EU-CLP	◎
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	◎
Strengthening safety management system to prepare for global competition	Strengthening safety management system to prepare for global competition	1) Establishment of Sumitomo Seika Group safety management standards 2) Implementation of periodic safety trainings and verification thereof by RC audits at overseas subsidiaries 3) Sharing among departments concerned of detailed information of each accident case (Accident reports)	We worked on establishing Sumitomo Seika Group safety management standards and sharing among departments concerned of detailed information of each accident case.	○
Global warming / Energy saving	Promotion of environmental protection by energy saving 1) Unit energy consumption: 1% reduction compared to FY 2011 2) Unit energy consumption in transportation: 1% reduction compared to FY 2011	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	Unit energy consumption: 0.398, 0.8% increase compared to FY 2011 Unit energy consumption in transportation: 7.9, 3.1% reduction compared to FY 2011	○
Solid waste management	Reducing waste 1) Unit waste generation: 0.138 t/y (Level of FY 2010) 2) Disposal by contractors: less than 7,300 t/y (FY 2010) 3) Recycling rate: 60% 4) Final landfill disposal: less than 140 t/y (FY 2010)	1) Minimization of waste generation in new process and modified process	Unit waste generation: 0.118 t/y Disposal by contractors: 10,115 t/y Recycling rate: 65% Final landfill disposal: 209 t/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 (August 2013)	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: 1.6 t/y 2) 1,2-dichloroethane: 5.5 t/y 3) Trichloroethylene: 5.3 t/y 2. VOC emissions: Reduction by 3.5% of FY 2011 level (Near future target: reduction by 30% of FY 2000 level)	△
Environmental protection (air, water and soil)	"Zero" serious environment-related troubles	1) Proper operation of effluent monitoring system and appropriate measures at the time of abnormality	Major environment-related trouble: 0	◎
Improving environmental management system to prepare for global competition	Improving environmental management system to prepare for global competition	1) Sharing among departments concerned of information on environment-related troubles 2) Support to overseas subsidiaries in dealing with local administrative affairs	We had no environment-related troubles.	◎
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 Reduction of customer complaints and intra-process non-conformance (Number of customer complaints and intra-process non-conformance: less than 55) Improvement of quality assurance system aimed at business expansion and globalization	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 3) Improvement of quality assurance system 4) Review and improvement of quality assurance system for gas products 5) Upgrading of quality assurance system responding to globalization	Major complaints: 0 Number of customer complaints and intra-process non-conformance: 86 We carried out quality audits and promoted sharing of quality-related information, such as quality troubles and product test results, to strengthen quality assurance system in overseas subsidiaries.	△

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

2012 environmental load

Energy consumption (crude oil equivalent)	70,269kℓ
Amount of water used	25,704×1,000m ³
Amount of raw materials used	191,000t and 2,102×1,000m ³



Air	CO ₂ *	186,825t
	SO _x	6.1t
	NO _x	51.2t
	Dust	0.9t
	PRTR substances	132.6t
Water	VOC	862t
	Effluent	3,744×1,000m ³
	COD	35.1t
	Total nitrogen	12.5t
Industrial waste	Total phosphorus	0.69t
	Solid waste	20,792t
	Waste disposal by contractors	10,115t
	Recycling rate	65%
	Landfill disposal	209t

* 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. In FY 2012, we invested 983 million yen in the area of environmental protection, which was mainly invested in 1) energy-saving efforts, 2) prevention of air pollution, 3) R&D, and 4) prevention of water pollution. The calculation was made based on Environment Accounting Guideline of Ministry of Environment and Environment Accounting Guideline of Japan Chemical Industry Association.

Counting for 2012			(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	85	162
		Prevention of water pollution	Enhancement of effluent control Maintenance / management of effluent treatment facility	64	276
		Others	Prevention of noise and odor	1	1
	Global environmental protection costs (global warming, energy saving)		Global warming and energy saving	730	1,429
Resource recycling costs		Waste disposal and recycle	0	347	
Upstream / Downstream costs		Use of environmentally-friendly packaging materials	4	1	
Administrative costs		Costs associated with monitoring environmental load and managing operations of environment protection systems	21	149	
R&D costs		R&D for gas-recovery unit and environmental load-reducing technologies	78	296	
Social activity cost		Protection of natural environment, enhancement of greenery, natural beauty, and landscape preservation	0	1	
Environmental remediation costs		Environmental remediation costs	0	0	
Total			983	2,662	

Period: April 1, 2012 – March 31, 2013
Scope: Our domestic bases only
Method of calculation: Investment and cost for environment protection are calculated on a prorata basis from the total amount

Economic effects

We were able to reduce 1) purchasing cost of solvents and 2) steam consumption, owing respectively to reduction in VOC emissions and introduction of high-efficiency dryer, both of which largely contributed to the reduction of our environmental load.

Counting for 2012			(Unit: million yen)
Kind	Contents		Amount
Cost saving	Reduction in discharge of VOC induced reduction in purchase cost of solvents		209
	Reduction of steam consumption by introduction of high-efficiency dryer		155
	Reduction in solvent use and reduction in consumption of steam and power through introduction of high-efficiency equipment and capacity increase of HR production facility		46
	Reduction of subcontract costs by installation of waste sludge reduction facility		25
	Others		9
Total			444

Period: April 1, 2012 – March 31, 2013
Scope: Our domestic bases only

Environmental protection

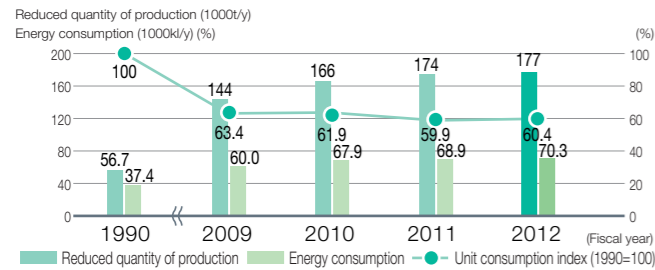
Today, there is a growing need to improve our natural environment for better biodiversity. Protecting air and water quality is essential in creating a rich environment. Sumitomo Seika continues to make efforts to reduce our environmental load.

Energy saving / Global warming

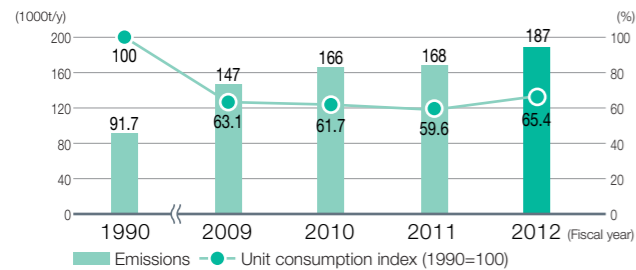
We have always been making energy-saving efforts in various ways, such as conversion of boiler fuel from heavy oil to city gas, introduction of energy saving devices, and changeover of production methods. As a result, in FY 2012, we were able to reduce our unit energy consumption to 60% of the FY 1990 level (40% reduction).

While our production increased 3.1 times, our energy consumption increased only 1.9 times.

Trend of energy consumption



Trend of CO₂ emissions



GENBA Interview



Tomohisa Tatsumi
Himeji Technical Office, Himeji Works

At Himeji Works, while we continued efforts to reduce VOC emissions by sealing equipment and introducing VOC recovery unit, our VOC emissions remained unchanged due to the expansion of production operations. Aiming to achieve further reduction of VOC emissions, we introduced VOC incineration unit in FY 2012.

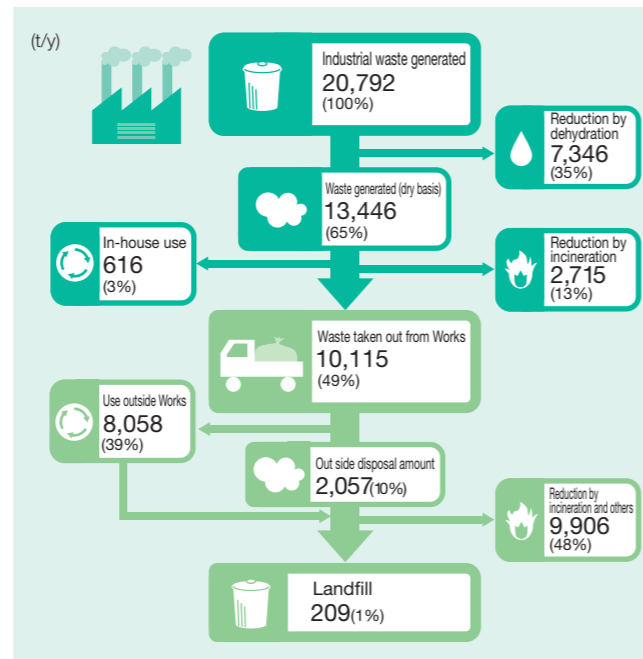
At the planning phase of this unit, we carried out a series of case studies to make sure that we would be able to achieve the intended VOC emission reduction and the energy efficiency.

The unit can degrade 98 % of VOC in waste gas, enabling a large reduction in VOC emissions. At this point, we have this unit only in some selected facilities, but we are examining introduction of the unit in more facilities. We will exert further efforts to become a world-class company not only in the area of product quality but also in environmental protection.

Reducing waste

In FY 2012, we were able to achieve the targeted unit waste generation and recycling rate, but disposal by contractors and landfill amount both exceeded the targeted level.

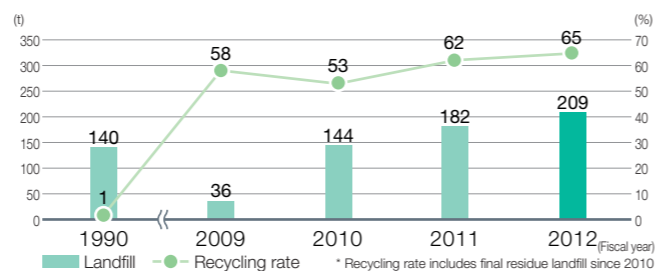
Waste disposal



Trend of waste generated and unit waste generation



Trend of recycle rate and landfill



* Recycling rate is calculated as ratio of the total of in-house use and outside use to the total waste generated (dry basis)

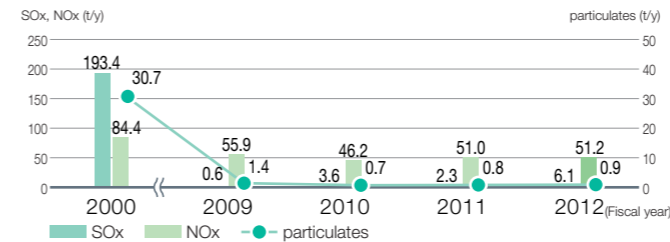
Preventing air pollution

Recently, emissions of SOx, NOx, and particulates, which are suspected to be major cause of air pollution, had fallen much below the level of FY 2000 as a result of conversion of fuel from heavy oil to city gas, but in FY 2012 they were a little higher than the level of FY 2011.

Emissions of PRTR substances decreased slightly, and we are now considering ways, such as an introduction of recovery units, to further reduce the emissions.

Our VOCs emission in FY 2012 declined by 32 tons over the previous year because measures were taken including introduction of waste gas incineration. We will continue to exert emissions-reduction efforts.

Trend of emission of SOx, NOx, and particulates



Trend of emission of PRTR substances

	1995	2009	2010	2011	2012
1,3-butadiene	2.8	5.8	9.0	4.7	1.6
1,2-dichloroethane	72.0	3.9	6.1	7.1	5.5
Trichloroethylene	70.0	5.7	5.4	4.3	5.3
Hexane	-	-	102.4	116.4	109.5
Dichloromethane	69.6	1.8	1.9	1.1	1.2
Others	21.6	10.0	10.9	10.5	9.5
Total	236.0	27.2	135.7	144.1	132.6

*Hexane is included since FY 2010

Trend of VOC substances emission

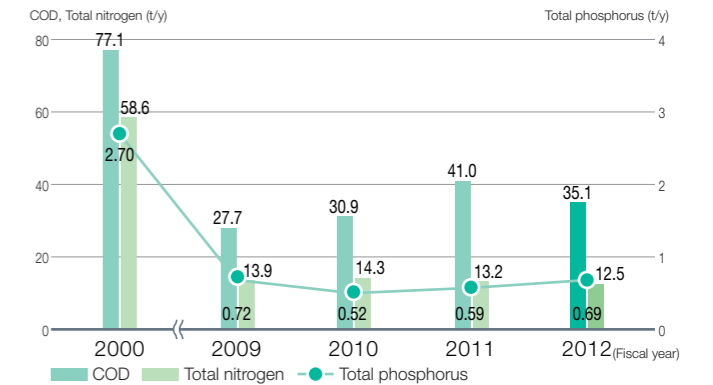
	2000	2009	2010	2011	2012
Heptane	292	614	634	582	486
Pentane	2	163	120	130	199
Methanol	21	22	25	10	20
MIBK	20	21	20	24	22
Others	171	139	139	148	136
Total	506	959	938	894	862

Protecting water quality

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

In FY 2012, we expanded the effluent treatment facilities at Himeji Works to respond to the production increase and continued our efforts to reduce emissions of COD, nitrogen, and phosphorus, which are substances regulated under the Seto Inland Sea water quality regulation.

Trend of water contamination load



Effluent treatment facility

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.

Emergency drill to enhance our preparedness

Our production activity is always carried out placing highest priority on safety. At each Works, we reviewed SOPs and manuals, carried out daily check and periodic inspections of facilities, conducted KY trainings, and improved or corrected unsafe spots and actions in our workplace. Those are examples of our efforts to prevent accidents. We also conduct emergency drills regularly to prepare for emergencies such as earthquake, fire and leakage in corporation with the local fire department and neighboring companies.

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.

In FY 2012, we worked on the following two actions successively from FY 2011 in an effort to raise the level of our safety and security: 1) review of risk management 2) seismic assessment of buildings under constant use that were built before 1981.



Firefighting training



Emergency first-aid training

Occupational safety and health

Ensuring safety is fundamental to our business activity, and our business growth cannot be achieved without the basic concept on the safety. 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 when one such accident occurred. However, 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/near-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)

Approach to occupational safety and health

For our approach to occupational safety, our Chiba Works won the Director General of Chiba Labor Bureau Encouraging Prize for measures for ensuring safety in FY 2012.

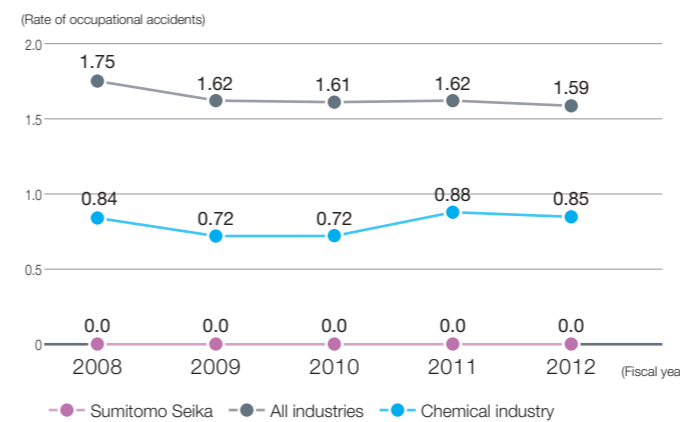


Director General of Chiba Labor Bureau Encouraging Prize

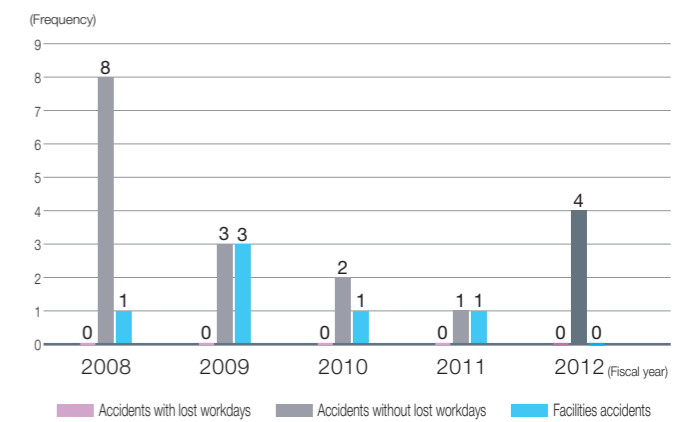
Recent awards

Date	Category	Award Name	Location
July 25, 2007	Disaster prevention	Nuclear and Industrial Safety Agency Award	Chiba Works
Oct. 2, 2007	Disaster prevention	Chiba Labor Standard Association Award	Chiba Works
Jan. 10, 2010	Community disaster prevention	Shirasagi Disaster Prevention Award	Himeji Works
June 4, 2010	Hazardous Materials Safety	Himeji City Mayor Award (management of hazardous facilities)	Himeji Works
July 1, 2010	Safety and health	Minister of Health, Labor and Welfare Prize (OSH)	Himeji Works
Oct. 4, 2012	Measures for ensuring safety	Director General of Chiba Labor Bureau Encouraging Prize	Chiba Works

Rate of occupational accidents



The number of occupational accidents



GENBA Interview



Kazuki Adachi
Fine Chemicals Manufacturing Section, Befu Works

The Fine Chemicals Section where I work is a high-risk workplace since we handle a wide variety of hazardous materials. In order to prevent troubles, we are mainly taking the following four measures: 1) daily KY training, 2) risk assessment, 3) effective use of a trouble calendar, and 4) simulation trainings to deal with possible troubles corresponding to each production item.

In the daily KY training, we try to predict risks for every work to be done in the day. Through this training, we can raise safety awareness of all workers in the section, thereby reducing risk in our operation. Our risk assessment covers all of our products and is carried out for each process, aiming to recognize both apparent and potential risks and reduce them.

The trouble calendar is a calendar that shows troubles which actually occurred in our section in the same month in the past. It is put on the wall of our control room and utilized in our morning meeting to recall the past incidents, their causes and measures actually taken, which helps us to keep memories of the incidents and reminds us of the importance of prevention of recurrence. In the simulation training for dealing with troubles, we first create a detailed scenario assuming a trouble and use it to train workers with regard to methods for dealing with such assumed troubles. By identifying who will do what, when and how, in case of emergency, we work to improve our ability to respond to troubles. We will continue these efforts to ensure safe and stable operations.

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 according to ISO 9001 standard, an international quality assurance scheme.

History of our ISO certifications

December 1996 ISO 9002 certification for Befu, Himeji and Chiba Works
 June 1997 ISO 9001 certification for Engineering Dept. (PSA systems)
 December 2002 ISO 9001 certification for all of the company’s business locations including the head offices and three Works

* We acquired ISO 9001 certification across the board on the ground of our basic thinking that all the company members should exert concerted efforts to assure quality for customers.

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

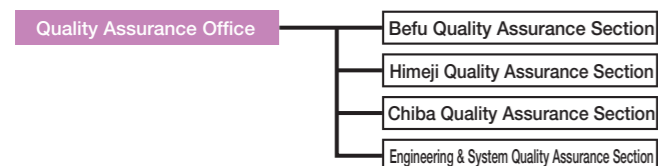
*GMP: Guidelines set by US FDA for the manufacture of pharmaceuticals and quality control

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.

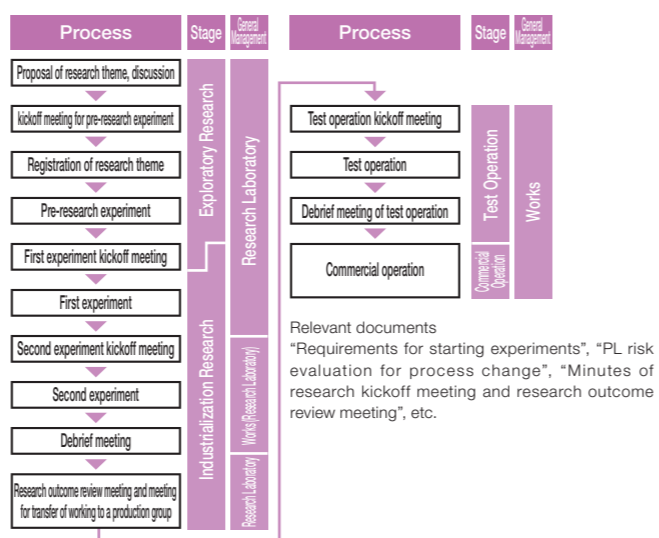
Quality Assurance Office organization



Quality Assurance at R&D phase

To ensure that our products meet our customers’ needs and our R&D/design targets, we hold a kickoff meeting and a debrief meeting at an appropriate and reasonable time depending on progress of R&D.

R&D process



Quality assurance activity

The QA Office (including Quality Assurance Section in each Works) 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 Quality Reports, and shared among middle and top managements and overseas subsidiaries to prevent reoccurrence of similar quality problems and to enhance our QA system.

The QA Office also holds a monthly QA Meeting attended by the Work’s general manager and manufacturing section chiefs at each Works, in which details of complaints and responses are reported and discussed in an effort to share necessary information to prevent recurrence of similar quality problems.



Quality meeting

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 site conditions, manufacturing conditions, quality control conditions and results of corrective actions, and thereby help to improve our QA activities as well as customers’ satisfaction.



Quality audit in domestic Works



Quality audit in overseas subsidiaries

Record of audits in FY 2012

Audit date	Audited section or company
2012.04.10	Chiba Quality Assurance Section
2012.05.18	Befu Quality Assurance Section
2012.06.21	Himeji No.3 Manufacturing Section
2012.08.07	Himeji Administrative Office
2012.09.07	Chiba Plastics Section
2012.11.22	Befu Administrative Office
2012.12.05	Himeji No.4 Manufacturing Section
2013.01.11	Chiba Fine Gases Section
2013.01.23-25	Sumisei Taiwan Technology
2013.02.05-06	Sumitomo Seika Europe
2013.02.20-22	Sumisei Chemical Paju Plant, Jangan Plant
2013.02.25-26	Sumitomo Seika Singapore
2013.02.28	Befu Industrial Chemicals Manufacturing Section

Befu : Befu Works Himeji : Himeji Works Chiba : Chiba Works

Quality assurance education

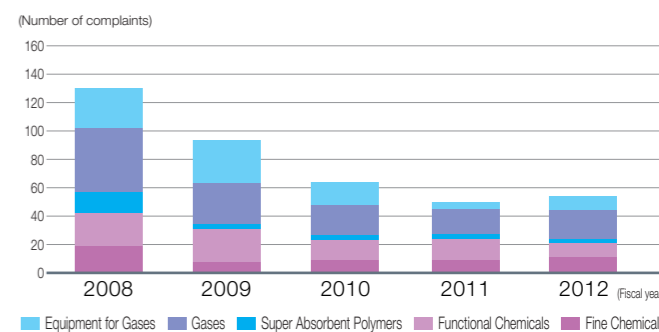
We provide quality education on a timely basis, taking into account the occurrence of customer complaints, the progress of QA activities, and changes in external circumstances.

- 1) Training for new employees of both Sumitomo Seika and our overseas subsidiaries
- 2) Training for mid-level employees
- 3) Other QA and quality control-related training

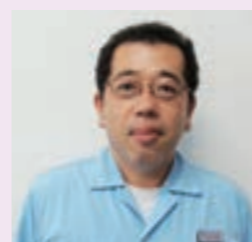


Quality assurance education

Trend of the number of customer complaints



GENBA Interview



Naohiro Yoshikawa
Quality Assurance Office

Established in February 2008, the QA Office has organized QA Section in each Works and aggressively promoted quality assurance activities. We have been receiving expert advice from outside QA consultant since July of 2008 to improve the level of our QA activities. Since then, the number of customer complaints has decreased steadily (please see the above graph), and the number of human error, which could be a cause of serious complaints, has also decreased. In FY 2012, however, the number of complaints slightly increased from the previous year despite our effort, which makes us realize how difficult it is to achieve targets. In FY 2013, based on the lessons we learned in FY 2012, we will work hard to achieve our target for reduced customer complaints, mainly by promoting risk assessment of product quality.

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 community safety and environment. 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, in order to prevent occurrences of adverse events such as accidents, disasters, environmental pollutions or health problems, 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 supervisors and operators of 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
 MSDS: the term "SDS =Safety Data Sheet" is used depending on a destination country or region where "SDS" is their terminology.
 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.

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. Suppliers' 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.

[Purchase Policy]

Fair and equitable transaction

- Compliance with laws and regulations related to purchasing
- Implementation of transparent and fair trade on equal footing

Quality, delivery period, service, and stable supply

- Selection of materials and products of dependable quality
- Selection of suppliers based on supply stability

Partnership spirit

- Building-up of mutual trust with suppliers
- Contingency plans to avoid risk from interrupted supply

Exact access to environmental information and data, and evaluation

- Receive safety information and data on supplied materials / products to ensure our products meet customers' safety expectations; evaluate suppliers from this standpoint
- To contribute to conservation of global environment, seek suppliers' cooperation for our efforts in quantifying and reducing environmental load throughout the product life cycle from development, manufacture, distribution, use, and final consumption through disposal and recycle

Topic

Award from the President of Republic of Korea

In November 2012, our Korean subsidiary, Sumisei Chemical Co., Ltd. (Mr. Fujimura, President) received President's Award from the President of Republic of Korea in recognition of our successful investment and distinguished contribution to their country. This award is given at the award ceremony on "Foreign Company Day", organized by the Korea Foreign Company Association) and the Ministry of Trade, Industry and Energy, to recognize the contribution of the foreign business community in Korea. We were commended for ensuring a stable supply of key materials used in Korea's leading LCD, LED, and semiconductor industries, thereby contributing to their domestic production. We believe that this award will improve our credibility and upgrade our presence in the Korean market, as well as boost morale of our employees. As a member of Sumitomo Seika Group, we will continue efforts to ensure to our customers a stable supply of quality products, and improve our performance through safe and stable operations.



President's award

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

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 learn about recycling and take interest in chemistry. We encouraged them to think about environmental issues, such as reducing and separating waste.



Fun chemistry class

Support for environmental events of communities

Since 2001, we have been participating in the annual “Himeji Environmental Festival” organized by Himeji City. In the 2012 festival, we held events to help raise environmental awareness among participants, both kids and adults, in a fun way.



Environmental festival

Community beautification and cleanup

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



Community beautification and cleanup campaign

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.



Residents take a firsthand look at our drill

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.

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.

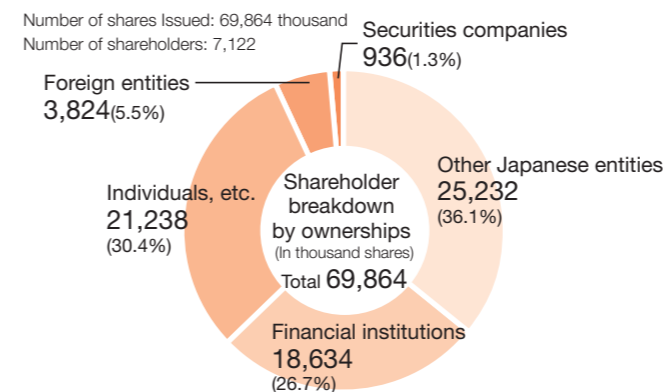


Communication with stockholders and investors

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.

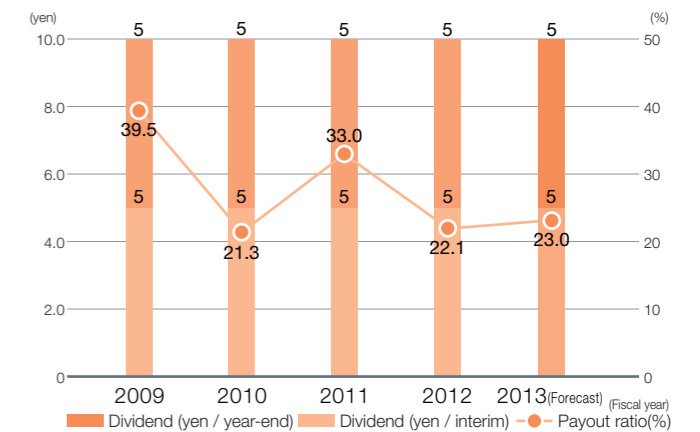
Share information (as of March 31, 2013)



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.

Elder system Yuki Sakai Corporate Planning and Accounting Office



Last year, after three years at the company, I became an elder to a new employee for the first time. As the elder, I had a role of assisting him both at work and outside of work to help him adjust himself to a new environment and be ready to take on tasks. At first, I was worried if I could fulfill such an important role since I only had a few years of experience in the company myself, but I soon discovered that I was not alone in this big responsibility. I also had a lot to learn myself through this

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, Global skill development course 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



Technology education

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

Global skill development course

In tune with globalization of operations of our Group's business, the need for globally capable human resources is ever growing. In 2012, we commenced a new training program, the Global Skill Development Course, with the objective of facilitating early competence development of younger employees in Japan. The program attendants will acquire skills and knowledge required for working globally through a training course in Japan, and also experience working at our overseas business base for a period of several months. There is also a follow-up course after returning to their usual workplaces in Japan to help develop their capabilities. Fostering of human resources with global skills is essential for our Group to achieve successful growth in the future, and we will continue to exert efforts in this area.

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	2008	2009	2010	2011	2012
Number of retired employees	22	34	38	35	30
Number of re-employees	9	20	25	22	15
Ratio of re-employment	41%	59%	66%	63%	50%

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.

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.



Sexual harassment seminar

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 2012, we built a new company dormitory.



New company dormitory at Yaka

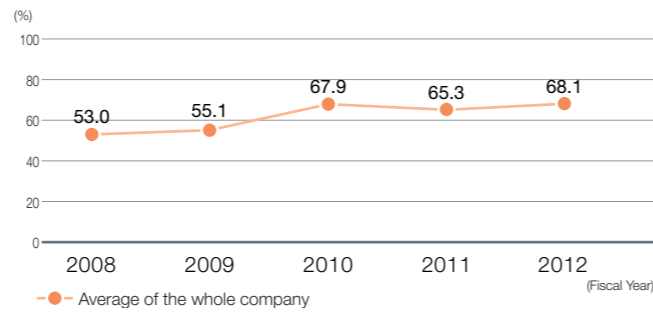
Promotion of work-life balance

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	FY 2012
Scheduled annual leave	71.2	66.6	64.1
Anniversary leave	79.9	78.1	76.7

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).

Site Report

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: 385 ● Production Items: Fine Chemicals, Gas Products etc.



Hiromoto Shigeta
General Manager, Befu Works

Results of activities in 2012

In FY 2012, we strengthened our safety management of the construction work, and also worked on the prevention of occupational accidents by stepping up our KY activities at each workplace to find risks based on safety, environment, and quality perspectives. We had, however, one accident without lost workday, and we were forced to realize that we needed further upgrade of our KY activities and more efforts to instill keen sense of safety awareness in the employees to prevent accidents stemming from insufficient KY or carelessness. In FY 2013, we will continue to enhance our risk assessment practices, and raise safety awareness of all employees at the Works.

In the area of environment protection, after many years' efforts to reduce emissions of 1, 3-butadiene, we finally introduced incineration treatment equipment in the second half of the FY 2012. We could not achieve the target of total emissions (less than 1 t/y) in FY 2012, but in FY 2013, we believe we will be able to achieve the goal with the equipment operating throughout the year.

Performance Data at Befu Works		
Energy (as crude oil)		13,400 kℓ/y
Air	CO ₂	74,900 t/y
	SO _x	6.1 t/y
	NO _x	8.2 t/y
Effluent	Volume of effluent	1,648 X 1,000 m ³ /y
	COD	20.9 t/y
Waste material	Quantity	10,600 t/y
	Recycle ratio	63 %
	Landfill	197 t/y
PRTR (Volume of exhaust to air)		4.8 t/y

02

Himeji Works

[Policy] Himeji Works is located in Harima Industrial Zone facing Harima-nada in southern part of Himeji City, Hyogo Prefecture. We seek to improve the level of our activities related to OSH, environment protection, and QA, and aim to create a safe and secure workplace where 5S initiatives are widely practiced. We have been achieving a sustainable growth while earning trust from customers and society.

- Location: 1 Irifune-cho, Shikama-ku, Himeji City, Hyogo
- Number of employees: 360
- Production Items: Super Absorbent Polymers, Water-soluble Polymers, Fine Particulate Polymers



Hironobu Masumoto
General Manager, Himeji Works

Results of activities in 2012

In FY 2012, we focused on responsible care activities with a major emphasis on "prevention" in order to reduce both potential and apparent risks. We had a big expansion project, which we were able to complete without any accident or disaster. The phase 3 of C-TPM (Compact-Total Productive Maintenance) started, and we are obtaining tangible results by improving our operation from both "soft (human)" and "hard (facilities)" aspects through such efforts as 5S campaign (for on-site subcontractors also) and hidden cost analysis, aiming to achieve higher efficiency levels. We will continue to improve the level of our safety, environmental protection, and quality, by respecting basic rules and providing trainings to employees.

Performance Data at Himeji Works		
Energy (as crude oil)		55,100 kℓ/y
Air	CO ₂	104,000 t/y
	SO _x	- t/y
	NO _x	42.8 t/y
Effluent	Volume of effluent	1,729 X 1,000 m ³ /y
	COD	13.6 t/y
Waste material	Quantity	10,000 t/y
	Recycle ratio	72 %
	Landfill	12 t/y
PRTR (Volume of exhaust to air)		125 t/y

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: 72
- Production Items: Gas Products, Fine Powder Plastics etc.



Masato Yamamoto
General Manager, Chiba Works

Results of activities in 2012

In an effort to rewrite our record of zero-accident operation and to ensure stable operation, we conducted more safety patrols, and implemented safety measures, safety trainings, and other activities based on OSHMS rules aiming to standardize the safety and disaster prevention measures at our Works. As a result of such efforts, we received a safety performance award from the Director General of Chiba Labor Bureau for the first time in our 43-year history.

For the environment protection, we continued to work on the reduction of volatile organic solvent through equipment improvement. Also, in addition to our responsible care activities, we implemented VPM (Value Producing Management) activities that focused on cost reduction. Exerting efforts in such areas as energy saving, streamlining of production processes, and waste reduction, we were able to achieve desired results in the area of environmental protection.

We encourage each member to have better communication with other members based on HORENSO (internal communication among members including managers), and to have broader vision, and will continue to work hard to achieve the targets of Seika Plan 2015 and to create a manufacturing works that is trusted by customers and society.

Performance Data at Chiba Works		
Energy (as crude oil)		1,690 kℓ/y
Air	CO ₂	3,150 t/y
	SO _x	- t/y
	NO _x	0.2 t/y
Effluent	Volume of effluent	367 X 1,000 m ³ /y
	COD	0.6 t/y
Waste material	Quantity	216 t/y
	Recycle ratio	25 %
	Landfill	0.4 t/y
PRTR (Volume of exhaust to air)		7.2 t/y

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 be responsible for our use of energy and resources, and strive to protect environment.
 4. We will comply with laws, regulations, covenants, and all the other similar rules.

- Location: 17 Sakra Road, Singapore
- Number of employees: 42
- Production Items: Production Items: Super Absorbent Polymers



Wong Chee Seng
General Manager, Sumitomo Seika Singapore Works

Results of activities in 2012

In FY 2012, we had two milestones in our CSR activities. The first was a record of 1,000,000-hour operation without any accidents we marked in May. We were able to achieve this by such efforts as identifying potential risks, fostering a sense of responsibility for safety in employees, and continuing actions aimed at decreasing health and safety risks. The second was a participation in responsible care (RC) activities we began in June. They were voluntary initiatives to embrace responsibility in all aspects of the company's activities including the protection of the environment and resources, OHS, process safety, product stewardship, and risk management.

We will continue our efforts to improve our operation through RC activities to supply quality products which are fully satisfactory to our customers.

Performance Data at Sumitomo Seika Singapore Works		
Energy (as crude oil)		33,300 kℓ/y
Air	CO ₂	43,800 t/y
	SO _x	- t/y
	NO _x	- t/y
Effluent	Volume of effluent	143 X 1,000 m ³ /y
	COD	111 t/y
Waste material	Quantity	963 t/y
	Recycle ratio	- %
	Landfill	944 t/y
PRTR (Volume of exhaust to air)		- t/y

05 Sumisei Taiwan Technology Co., Ltd.

[Policy] Based on the management policy for safety, environment, and quality, we will improve our competitiveness, earn trust from our customers, and fulfill social responsibilities by ensuring 1. stable operation with zero accident, 2. environmental protection, 3. safe management of chemicals, 4. quality assurance and customer satisfaction, and 5. communication with society.

- Location: No.2 Chang Ping West 4th road, Chang Ping Industrial Park, Siansi Township, Chang Hua County, Taiwan R.O.C.
- Number of employees: 32
- Production Items: High-Purity Ammonia



Robert Yih
General Manager, Sumisei Taiwan Technology Works

Results of activities in 2012

Following an accident with lost workdays in FY 2011, we have returned to the basics, and have been making safety efforts such as safety trainings by outside experts, and promotion of safety actions and 5S. We also put extra time in a training course held during RC audits, in which attendees discuss risk assessment procedures. Exerting such efforts, we believe that we were able to raise safety awareness of our employees.

In March, we achieved a record of 500-day operation without any accidents. We will continue to address issues relating to safety, environment, and quality, and aim to extend the record to 1,000 days in July next year, as we celebrate 10th anniversary of our plant.



Sumisei Taiwan Technology employees

06 Sumisei Chemical Co., Ltd.

[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".

- Location: Paju / Jangan, Gyeonggi-do, Korea
- Number of employees: 28
- Production Items: High-Purity Ammonia, etc.



Ilsung Cheong
General Manager, Sumisei Chemical Works

Results of activities in 2012

Last year, we completed the construction of Jangan Works and started its operation including dichlorosilane filling facilities. In addition to efforts to ensure safety during the construction phase, we also worked hard to create operational procedures and training programs for post-construction phase, aiming to establish quality management system as well as safety and environmental systems and to build a solid infrastructure for the Works. At Paju Works, we made efforts to ensure safe work practices while focusing on compliance with SOPs and practice of PDCA cycle. As our ammonia facilities went into their fourth year of operation, we expected periodic replacements of parts to be necessary, and enhanced our daily check routines. We also worked to eliminate human errors through KY activities in order to further strengthen our safety measures. As a result, we were able to achieve zero accident operation in both of our Works, and Jangan Works acquired certifications of ISO 9001. In FY 2013, we will focus on the following targets: 1. cost reduction of high-purity ammonia through improvement of manufacturing conditions, and product price revision, 2. promotion of customer satisfaction survey on product quality, and 3. acquiring of ISO 14001 certification.



Safety training

07

Sumisei Technology (Yangzhou) Co.,Ltd.

[Policy] Under our annual basic policy of “establishing a safe and stable operational framework”, we will encourage each employee to be well aware of the importance of “Safety Comes First”, and will contribute to society through such efforts as enhancing development of human resources, saving energy, protecting environment, ensuring OSH, and supplying quality products which are fully satisfactory to our customers.

- Location: No.9 Venture Road, Qingshan Town, Yizheng City, Jiangsu Province, China
- Number of employees: 21 ●Production Items: High-Purity Ammonia



Yan Bao Ping
Manager Manufacturing Dept,
Sumisei Technology (Yangzhou)

Results of activities in 2012

Our Works was established to meet China's fast-growing demand for high-purity ammonia. After the test operation started in March 2012, we worked hard to continue zero-accident operation and provide quality products to our customers through such efforts as preparing and updating SOPs, providing safety trainings and support for obtaining work-related qualifications for plant operators, and reducing risks by encouraging HORENSO (internal communication among members including managers). For the environment protection, we took measures to minimize effluent and waste, and reduce effects on the environment, while complying with the environmental laws in China. With “Safety Comes First, and Strict Observance of Safety Rules” as our motto, we raise safety awareness of employees who are less-experienced in the chemical industry through periodic disaster drills, fire drills, and emergency first-aid trainings. While making efforts for the realization of zero accident operations by early detection of risks and safe and stable operation of facilities, we will provide quality products to our customers and aim to establish an environment and human friendly workplace.



Disaster drill

Our CSR Report web page

CSR Report 2013 and back numbers are also available on our website.

[Page of CSR Report]



[Sumitomo Seika website front page]



<http://www.sumitomoseika.co.jp/english/csr/responsiblecare/index.html>



Corporate Social Responsibility Report 2013 Independent Verification Report

August 1, 2013

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 as an expert in the chemical industry, on the following items presented on the “Corporate Social Responsibility Report 2013” (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 Himeji 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 Himeji 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 Himeji 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.
- 3) The details of the Company's Responsible Care activities
 - We place much value on the Company's efforts for the continuous improvement of quality, safety and environmental performance made through activities focusing not only on occupational safety and environment but also on product quality.
 - We highly appreciate the company-wide efforts to prevent recurrence of past accidents including occupational accidents and plant accidents by proving causes and developing preventive measures for such accidents and by sharing necessary information horizontally and vertically among and within the organizations concerned. We encourage further efforts to achieve zero-accident operations.
 - We highly value the Company's efforts to prevent recurrence of quality troubles and to strengthen its QA system. The information on customers' complaints and quality troubles is shared by employees and summed up in the monthly reports which are released to top managements, managers of related departments, and overseas group companies.
 - We admire in particular the prevention-minded activities at Himeji Works and their risk assessments carried out for environment and quality as well as occupational safety. As part of KY training, each section at Himeji Works is actively implementing programs to predict as many potentially dangerous situations as possible and to minimize occurrence of accidents by way of C-TPM method, while setting annual targets. We look forward to future fruit of this effort.
 - We praise highly the efforts of Bofu Works to maintain a good relationship with the local community, such as inviting neighborhood residents to emergency drills and sharing information with the community on a regular basis.
- 4) The characteristics of the Report
 - The Report contains well-balanced information, describing the Company's Responsible Care activities, business activities, as well as its commitment to society.
 - We suggest the annual target, action plans, and results of “commitment to society” also be included in the sections of activities and achievements of the Report.