



CORPORATE SOCIAL RESPONSIBILITY REPORT 2020



If you have questions, please contact:

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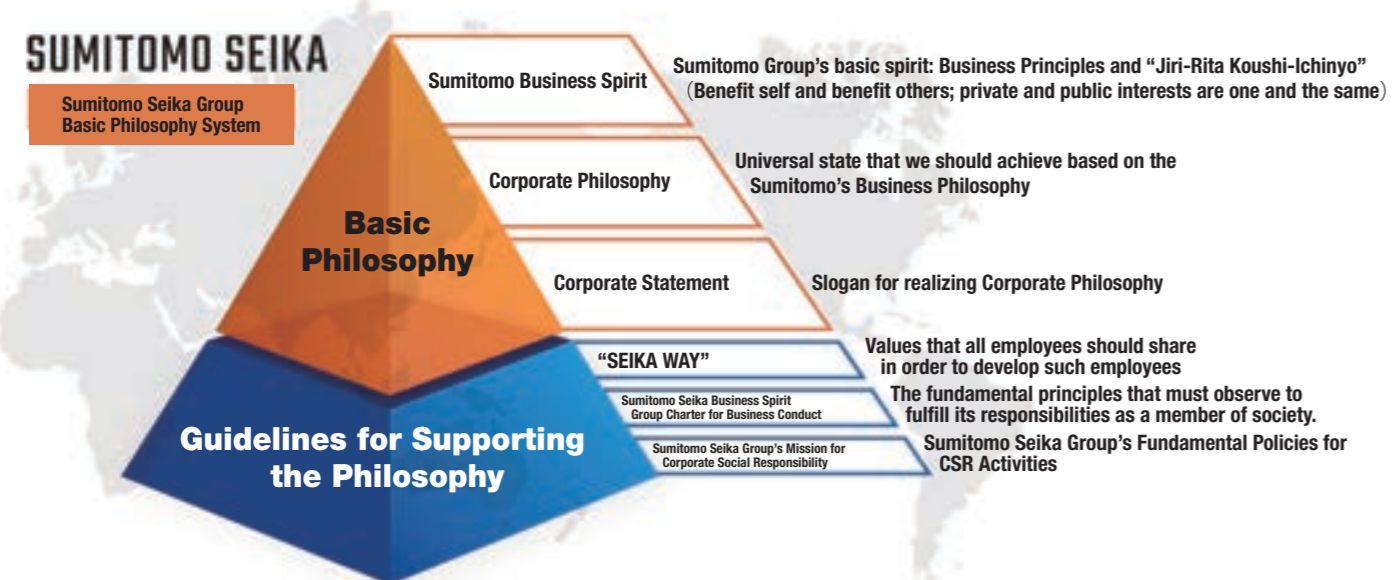
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Our Mission – The Sumitomo Seika Group’s Basic Philosophies –

The Sumitomo Seika Group has organized the basic philosophy system that serves as a foundation for management.

This system comprises the “Sumitomo Business Spirit,” “Corporate Philosophy” and “Corporate Statement” and the three guidelines that support these philosophies.

Under the basic philosophy system, the Sumitomo Seika Group will keep taking on new challenges each day to realize healthy and comfortable lives for people and contribute to the development of society.



Sumitomo Business Spirit

➤ See page 34 for Sumitomo Business Spirit.

1. Business Principles

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

2. “Jiri-Rita Koushi-Ichinyo”- Benefit self and benefit others; private and public interests are one and the same

This teaching states that Sumitomo’s business must benefit not only Sumitomo itself but also the nation and society. Sumitomo must always conduct business in harmony with the public interest and fulfill its corporate social responsibilities.

Corporate Philosophy

Following the Sumitomo Business Spirit, the Sumitomo Seika Group will contribute to the advancement of society by developing world-class creative technologies in the field of chemistry and, based thereon, supplying unique, high quality products to people around the world.

Corporate Statement



Sumitomo Seika Group will strive to provide “URUOI”, a Japanese word meaning richness in quality, to Mother Nature and lives of people through products and services we supply as we ourselves continue to grow, anticipating changes likely to come about in society and thereby creating products of wonder with unique ideas and flexible thinking.

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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, we now present extensive information on our relations with our customers, shareholders, business partners, local communities and other stakeholders in the form of 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 2018” 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 and employment-related data cover only the Company’s domestic sites.
2. Consolidated subsidiaries are covered in corporate profile, financial data and site report.

Period : From April 1, 2019 to March 31, 2020

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

Publication : Sept. 2020 (Next publication: Sept. 2021)

* Sumitomo Seika Group means a corporate group comprised of Sumitomo Seika Chemicals and its consolidated subsidiaries.
** Dates are clearly expressed for the statements outside the period covered by this report as it contains some up-to-date information.

“We will continue strengthening our ability to adapt to change in times of uncertainty.”

To begin with, I would like to share a few basic thoughts with you in delivering this year's report to you all.

We are today faced with an array of globally vital challenges such as climate change and frequently occurring natural disasters, along with various other issues that involve economic growth or modern society in general. In an attempt to solve these problems, members of the international community are working actively together on Sustainable Development Goals (SDGs). Furthermore, there has arisen another imperative of our common concern, which is how we can successfully contain the COVID-19 infections that are spreading on a global scale.

As far as the COVID-19 is concerned, it appears that business much live with the virus for years to come. The same is true of the Sumitomo Seika Group. All Group companies, fully recognizing the situation, must work as one, more than ever, in tackling a variety of pressing challenges, such as reducing energy consumption, curtailing CO₂ emissions and recycling resources. Two years ago, in order to promote the Group's CSR initiatives more vigorously, we established a Group-wide guiding principle “Sumitomo Seika Group's Mission for CSR” and declared that we would accelerate our endeavor to take up the challenges contained in the common global agenda of the SDGs. Concurrently, toward achieving the SDGs, we set up a “CSR Committee” as an organization responsible for promoting concrete CSR activities across the Group. During the current fiscal year, we intend to identify a set of Material Issues (high priorities in management) for the Group, a beacon which should guide us in advancing our CSR activities in the years ahead. At the same time, the future being so volatile and unpredictable, we ought to prepare ourselves for a variety of risks we might face in business, such as the current coronavirus pandemic, and also strive to seize those risks as opportunities for possible business development, thereby strengthening our ability to respond to changes swiftly and adapt to new situations flexibly.

There is a time-honored business principle called “Sumitomo Business Spirit”, which is a fundamental principle that has guided the Sumitomo Seika Group as well as other Sumitomo

companies in doing business over many decades. It states: “Benefit self and benefit others; private and public interests are one and the same (Jiri-Rita Koushi-Ichinyo).” This principle expresses the teaching that “A company's business must benefit not only itself, but also the nation and society.” This teaching is something every employee should clearly bear in mind at all times as they engage in business activities. The Sumitomo Business Spirit, which in fact has the same aspirations as the SDGs, has been passed down unbroken within our organization for generations from long past. Employees of the Sumitomo Seika Group companies are requested to recognize that the SDGs align with the corporate culture cultivated within the Group and that they constitute the cornerstone of our business management. With that understanding, we are expected to always act accordingly, instead of trying to do something special for the sake of the SDGs alone. The Sumitomo Seika Group companies are continuing business activities with a firm commitment to fulfill their corporate social responsibilities. At the same time, given that no sign of the COVID-19 containment is yet in sight, we place top priority on ensuring the health of employees, their families, business partners, and local communities we serve, as we interact with them during the course of our day-to-day business operations. Even during times of hardships, each and every employee of the Sumitomo Seika Group companies will never spare diligent efforts to keep observing the guiding business principle of the Group so that we can continue to pursue sustainable business management, even in society where we have to live with the coronavirus.

This report outlines some of the CSR activities that the Sumitomo Seika Group is undertaking. We hope you will find the report useful in understanding our CSR initiatives policy and latest concrete efforts. We will welcome any comments or opinions from you, which we hope will help further enhance our CSR activities. We will greatly appreciate your unchanged support and cooperation.

September 2020

Message from the PRESIDENT

OGAWA Ikuzo, President
Sumitomo Seika Chemicals Company, Limited



The Sumitomo Seika Group is committed to the following CSR activities.

Social contribution through business activities

The Sumitomo Seika Group intends to contribute to the sustainable development of society through our business; the provision of products and services.

For example, the super absorbent polymer AQUA KEEP, one of our products, is used as a raw material in disposable diapers. We regard providing higher quality products as a way of contributing to clean and comfortable lives for all disposable diaper users, including the babies themselves, as well as to mitigate the burden of those involved in childrearing and nursing care.

With a keen sense for resolving social issues and contributing to the development of a sustainable society through our own products and services, the Sumitomo Seika Group will mount efforts in our business activities.

Ensuring safe and stable operation

Securing safety and maintaining stable operations are the core of our business, and it is our social responsibility to put safety first in all processes related to our business and to ensure a stable supply of products. Accordingly, we have been making steady and unabated efforts to ensure safety, constantly bearing in mind the importance of “preparing against the unexpected” and adhering to our basic management policy of “prioritizing safety over everything else”. For example, we have been conducting company-wide accident response drills in

order to further heighten employee consciousness regarding risk/crisis management. Making the most of lessons learned from our past accidents and experiences from the drills, we will continue to expend efforts on employee education and trainings so that the level of our safety management will be further raised.

Protecting the global environment

To protect the global environment, our Group has been taking a variety of initiatives such 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. We will stand firm in our commitment to taking unabated actions also on other environmental issues to help protect the environment.

Fulfilling corporate social responsibility

To fulfill our corporate social responsibility, we highly respect the spirit of Responsible Care and endeavor to ensure not only legal but also ethical compliance. Furthermore, we will further increase our corporate value through unwavering efforts, which include enhancing internal control systems, maintaining and improving product quality, protecting the environment, securing safety, reinforcing corporate governance through closer dialogue with various stakeholders and contributing to local communities.

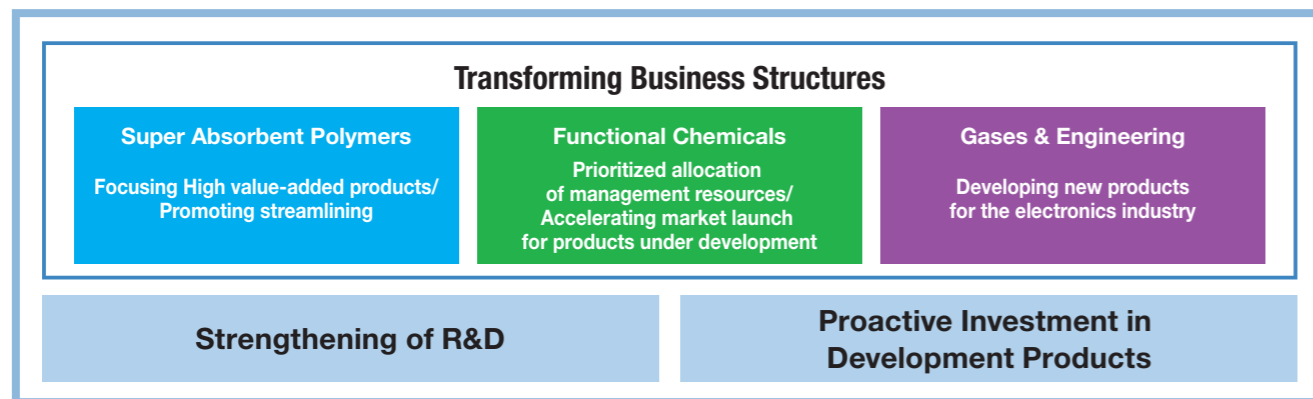
Corporate Business Plan for 2020 to 2022

Changes in the Corporate Business Plan

We have been promoting initiatives based on the 10-year medium-to-long-term management plan that began in fiscal year 2016 and the 3-year medium-term management plan that was launched in fiscal year 2018. However, given the environmental changes in the super absorbent polymers business and delays in new product development plans, we came to the conclusion that achieving the planned goals was difficult and decided to revise our initial plans.

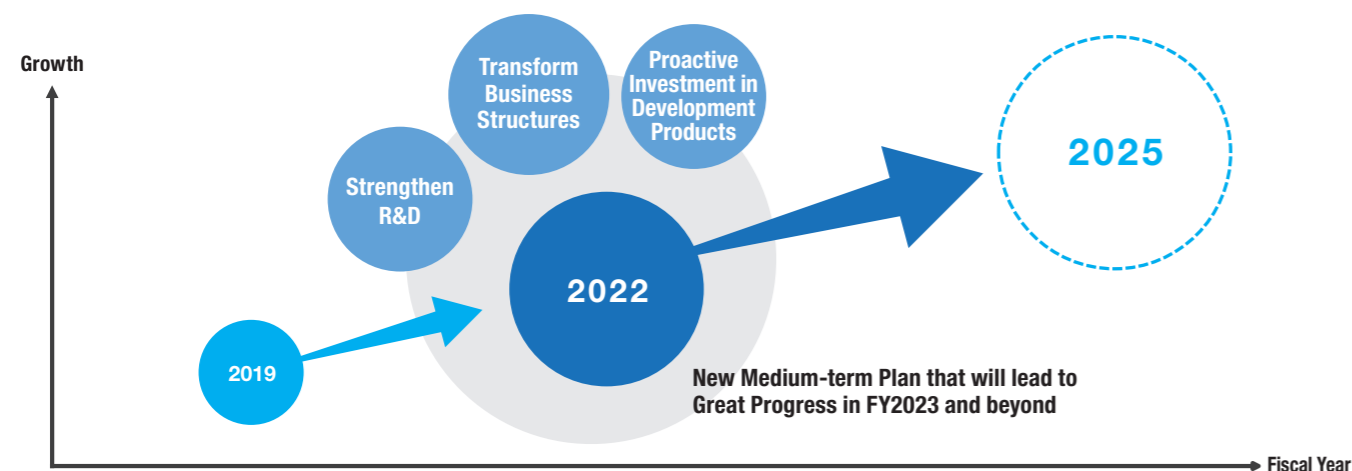
Under the new medium-term management plan from fiscal year 2020 to fiscal year 2022, we will take steps to reform our business structure and strengthen R&D, which we regard as pressing management issues. We will mount an effort to transform our business structure so all three businesses will drive growth of us.

FY2022 Targets		
Net Sales 120 billion JPY	Operating Income 8 billion JPY	ROE 8.5%



New Medium-term Plan that will lead to Great Progress in FY2023 and beyond

Transitioning to a Sustainable Business Structure toward Great Progress in FY2023 and beyond



FY2025 Targets

Formulated as the next medium-term management plan in consideration of changes in the business environment and the status of new product development

Sumitomo Seika Group's Mission for CSR

Our group has established "Sumitomo Seika Group's Mission for CSR" as a guideline, which states that we are committed to CSR activities on a company-wide basis and to contributing to the development of a sustainable society by addressing the challenges of the SDGs, which are goals shared worldwide.

Sumitomo Seika Group's Mission for CSR (Enacted November 6, 2018)

"The Sumitomo Seika Group will tackle on the Sustainable Development Goals (SDGs), globally-shared challenges, by creating value that we alone can offer through translating our corporate philosophy into practice, thereby contributing ultimately to the development of a sustainable society. With these initiatives, we will aim to meet expectations of all our stakeholders."

Sumitomo Seika Group's Fundamental Policies for CSR Activities (Enacted November 6, 2018)

The Sumitomo Seika Group will engage in CSR activities in accordance with the following fundamental policies.

1. We will provide products that will help make people's lives more comfortable, satisfy customer needs with product functionality, and supply superior products and services that will support the foundation of the industries that the Sumitomo Seika Group serves, thereby contributing to solving societal problems and developing a sustainable society.
2. We, as a chemical manufacturer, will give the highest priority to ensuring "zero accidents and zero injuries" and will strive to achieve and maintain safe and stable plant operation as well as safe shipment and delivery of products.
3. We will appropriately assess possible influences of our products and production processes on humans and the environment and take measures to ensure safety and environmental stewardship.
4. We will ensure thoroughly conducting quality management of our products and services so that our customers can use them to their satisfaction and with confidence.
5. We will provide a safe and healthy working environment to our employees and also develop a corporate culture that allows our employees to work with pride and a sense of fulfillment.
6. We, as a responsible corporate citizen, will participate in society, aiming to realize co-existence and co-prosperity with society.



CSR Committee

The Group has set up the CSR Committee, a cross-functional organization comprising of the managers of respective departments, that promotes concrete activities to realize “Sumitomo Seika Group’s Mission for Corporate Social Responsibility (CSR)” and “Sumitomo Seika Group’s Fundamental Policies for CSR Activities,” and has engaged in CSR activities. The CSR Committee sets annual goals for Sumitomo Seika Group’s CSR activities, reviews the implementation status of these activities, and provides guidance and advice for the respective departments’ CSR activities.

In addition, each division sets its own targets based on the company-wide annual targets set by the CSR Committee, and promotes CSR activities.



CSR activity

Changing the our consciousness and practicing for achieving SDGs

2019 target

1. Each Sumitomo Seika member understands relationships between our society and SDG’s, and our works, and we cultivate our corporate culture to work based on this understanding.
2. Each division sets its goals from the SDG’s 17 goals, which are closely related to its business, and we make efforts to achieve the goals through our daily operation.

2020 target

1. In carrying out our business activities, we identify issues related to SDGs, evaluate the potential impact on our stakeholders, and then determine the tasks (materiality) that the Company as a whole should prioritize.
2. Each division, including our overseas subsidiaries, sets targets for the 17 SDGs that it should contribute to based on the business it does and how, and strives to achieve those targets through its daily operation.

Targets for each department in 2019 Example: Domestic division

Targets for each department in 2019 Example: Overseas subsidiaries

Policy and Promotion System for Responsible Care Activities

We are committed to implementing Responsible Care(RC) activities, which are to voluntarily ensure environmental protection, safety, and health, and to maintain dialogue and communication with society.

Representative Director
Managing Executive Officer,
in charge of Responsible Care (RC)

Mr. SHIGETA Hiromoto



Policy

We have 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 coprosperity with society”, while maintaining the fundamental policy of “prioritizing safety over everything else”.

RC activities, among others, are extremely important issues for our chemical industries in order to continue sustainable development and gain trust and confidence from society. Having been participating in RC activities since 1995, as a member of society, we not only comply with related laws and regulations but also voluntarily work on environment protection, occupational safety, and disaster prevention. Incidentally, to further augment our RC activities and communicate the activities to society, we signed the Responsible Care Global Charter revised in 2014.



Promotion system

RC activities require large investment decisions at times, in an effort to address such issues as environment

protection, occupational safety, and disaster prevention. We have formed the RC Committee under the Internal Control Committee for the purpose of precisely judging rightfulness of plans and executions of our RC activities. These Committees respectively meet every year to deliberate and decide on policies and plans, and to make sure that the Plan-Do-Check-Act (PDCA) cycle of RC activities is successfully implemented in accordance with the management system.

RC audit

In order to ensure the continuous implementation of the PDCA cycle and the spiral upward, a specialized unit established by the chairperson of RC Committee conducts RC audits of domestic plants and manufacturing sites of overseas consolidated subsidiaries every year. We check the implementation of RC action programs through the RC audit, and report the results at the Internal Control Committee and the RC Committee, of which we make the best use for the management review.

Management system certification

We have established quality, environmental and occupational safety and health systems and obtained certification.

	Standard	Certification body
Quality	ISO9001 : 2015	JCQA
Environment	ISO14001 : 2015	JCQA
Occupational safety and health	OSHMS	Japan Industrial Safety & Health Association

What is Responsible Care?

Responsible Care refers to voluntary activities by many chemical 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. Responsible Care is a global initiative, adopted in more than 60 countries around the world.



Responsible Care Activities and Achievements

Report on our RC targets and achievements

Area	2019		Rating	2020
	Target	2019 Target achievement level		Target
Compliance with Law	(1) "Zero" legal violations (2) Compliance with in-house regulations and rules	(1) "Zero" legal violations (2) All employees were instructed to always observe established rules and documents containing rules and regulations were reviewed.	○	(1) "Zero" legal violations (2) Compliance with in-house regulations and rules
Occupational safety	"Zero" accidents involving/not involving lost workdays, "zero" traffic accidents (company at fault)	Accidents involving lost workdays: 0 Accidents not involving lost workdays: 3 Traffic accidents (company at fault): 20 cases	×	"Zero" accidents involving/not involving lost workdays, "zero" traffic accidents (company at fault)
Health	Reduction in the number of absentees due to illness/non-occupational injury, and establishment of a safe and healthy working environment	Worked to reduce overtime hours, encouraged employees to take paid holidays, and improved mental healthcare programs and physical checkups	○	Reduction in the number of absentees due to illness/non-occupational injury, and establishment of a safe and healthy working environment
Disaster prevention	(1)"Zero" major accidents (2)Strengthening of responses in the event of accidents	(1) Major accidents: 0 (2) Implemented various trainings.	○	(1)"Zero" major accidents (2)Strengthening of responses in the event of accidents
Chemicals safety	Promotion of proper control of chemicals	Steadily responding to overseas regulations on chemical substances in the United States, Europe, South Korea and Taiwan.	○	Promotion of proper control of chemicals
Logistics safety	"Zero" major accidents in logistics	Major accidents in logistics : 0	○	"Zero" major accidents in logistics
Environment	(1) "Zero" major environment-related issues (2) Unit energy consumption in production and logistics 1% reduction year-on-year (3) Unit waste generation: Maintain 0.039 t/t (Production volume basis of representative products) (FY 2015 results) Final landfill disposal: 1% or less of all waste generated	(1) Major environment-related issues: 0 (2) Unit energy consumption in production: 0.354, 1.1% increase year-on-year Unit energy consumption in logistics: 5.41, 6.9% increase year-on-year (3) Unit waste generation: 0.043 t/t Final landfill disposal: 24 t/year (0.2% of total wastes generated)	×	(1) "Zero" major environment-related issues (2) Unit energy consumption in production and logistics: 1% reduction year-on-year (3) Promotion of GHG (greenhouse gas) reduction efforts (4) Promotion of zero waste emission efforts
Quality	(1) Continue with "zero" major claims. (2) Reduce the number of quality troubles caused by the Company. Number of company-wide quality troubles: 60 or less Number of human-caused quality troubles: 10 or less (3) (Item added in the second half of the year: Cost of loss /15 million yen or less)	(1) Major claims: 0 (2) Reduction in the number of quality troubles caused by the Company Company-wide quality troubles: 58 Human-caused quality troubles: 11 (3) (Cost of loss: 25 million yen)	△	(1) Continue with "Zero" major claim. (2) Reduce the number of quality troubles caused by the Company. Number of company-wide quality troubles: 55 or less Number of human-caused quality troubles: 10 or less (3) Cost of loss: 15 million yen or less
Approach to Sumitomo Seika Group	Reinforcement and operational support for the safety/environmental management, chemical safety and quality assurance system of the Sumitomo Seika Group companies (overseas)	Distributed accident news and trouble reports. Conducted RC audits and quality audits of overseas subsidiaries.	○	Reinforcement and operational support for the safety/environmental management, chemical safety and quality assurance system of the Sumitomo Seika Group companies (overseas)
Disclosure of information and social contribution	Communication through disclosure of RC information to stakeholders, and contributions to the local community	Participation in Chemistry Day: Children's Chemical Experiment Show, Fun chemistry class, Himeji Environmental festival, implementation of internship programs and the community forum.	○	Communication through disclosure of RC information to stakeholders, and contributions to the local community

○ : Target achieved △ : Almost achieved × : Target unachieved

Environmental Protection

Reducing environmentally hazardous substances is an important issue when considering the global environment and human health and safety. With that in mind, we strive to contribute to environmental protection by achieving “Zero” environment-related issue and reducing the environmental impact of our business operations.

► 2019 environmental load

Energy consumption (crude oil equivalent)	81,404kl
Amount of water used (except for cooling seawater)	4,890×1,000m ³
Amount of raw materials used	233,000t and 2,036×1,000Nm ³ (gases)

INPUT

Business activity of Sumitomo Seika

Plan

Development

Manufacture

Amount of production 230,000 t/year(Equivalent production volume)

Sale

OUTPUT

Air	CO ₂ *	212,035 t
	SOx	1.2 t
	NOx	57.8 t
	Dust	0.5 t
	PRTR substances	27.8 t
	VOC	220 t
Water	Effluent	4,249×1,000 m ³
	COD	41.1 t
	Total nitrogen	10.2 t
	Total phosphorus	1.05 t
Industrial waste	Unit waste generation	0.043 t/t
	Waste disposal by contractors	6,603 t
	Recycling rate	73 %
	Landfill disposal	24 t

*Only CO₂ includes discharge amount from head offices.

Environmental trouble prevention

We conduct our business activities with the goal of achieving “zero” major environment-related problems* every year. In fiscal year 2019, we achieved the target of “zero” problems.

We will continue to comply with the regulation values of the Air Pollution Control Act and the Water Pollution Control Act, as well as the values agreed on with local governments, and to protect the environment so we can remain free from environment-related problems.

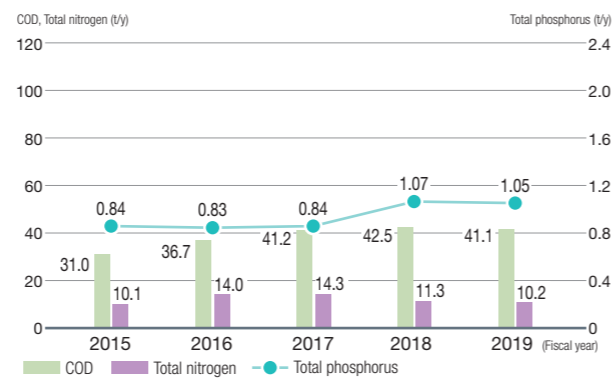
*This refers to accidents that could result in serious environmental problems in manufacturing processes, etc. Such accidents can be categorized as follows:

- 1) Those that required provision of services by public disasterprevention agencies.
- 2) Those that incurred punishment under applicable environmental laws and regulations.
- 3) Those that resulted in reports to relevant organizations pursuant to applicable environmental laws and regulations but did not incur administrative penalties.

Water quality management

We regularly make efforts to reduce the release of water pollutants and to properly manage such substances using activated sludge treatment and other processes. As a result, in fiscal year 2019, we achieved the almost same level as the previous year.

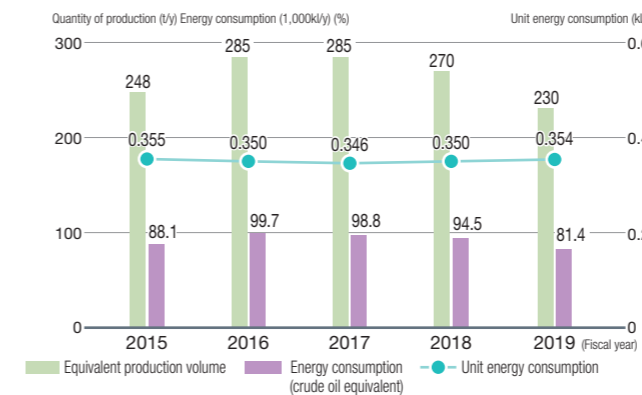
► Trend of water contamination load



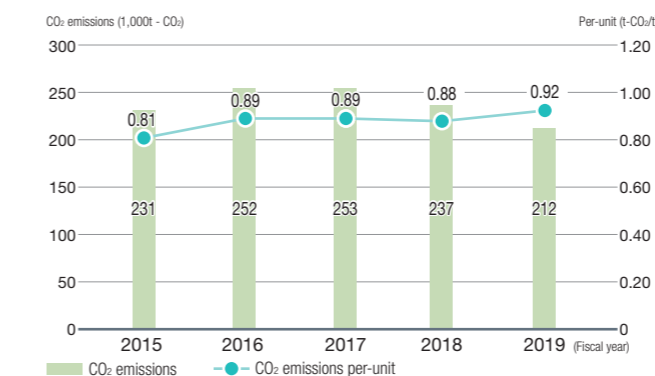
The fight against climate change and efforts for energy conservation

We strive to protect the environment by identifying and managing CO₂ emissions and energy consumption on a “per-unit” production basis of our principal products, which we are endeavoring to reduce. In fiscal 2019, despite various efforts, unit energy consumption increased by 1.1% year-on-year, against an original target of a 1% reduction year-on-year.

► Trend of energy consumption



► Trend of CO₂ emissions



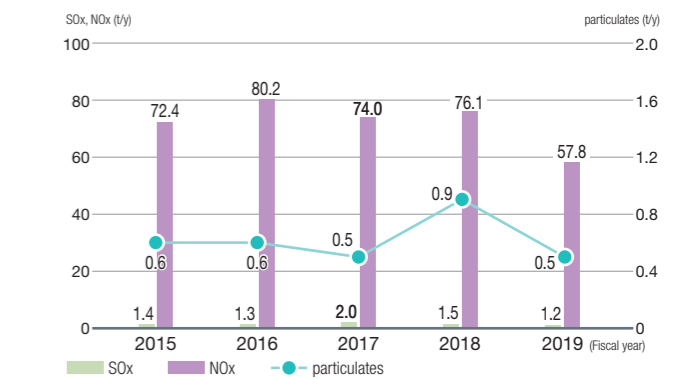
Prevention of air pollution

We are committed to properly managing and reducing emissions of SOx, NOx, dust, PRTR (Law concerning Pollutant Release and Transfer Register)-regulated substances and volatile organic compounds (VOCs). In fiscal year 2019, there was a decrease in SOx and NOx emissions generated by boilers.

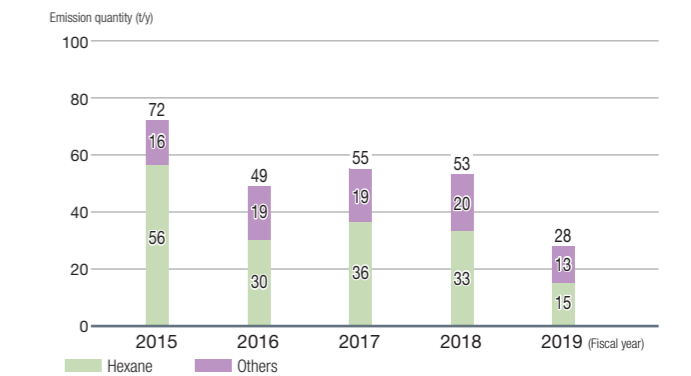


PRTR-regulated substances’ emissions into the atmosphere decreased substantially compared to the previous year, as a result of our efforts to reduce the emissions in a planned manner. In addition, volatile organic compounds (VOCs) into the atmosphere decreased significantly compared to the previous fiscal year due to a decrease in equipment operating rates.

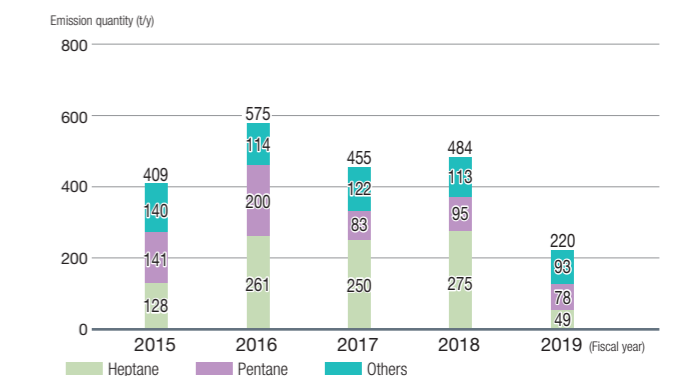
► Trend of emission of SOx, NOx, and particulates



► Trend of emission of PRTR substances



► Trend of VOC substances emission



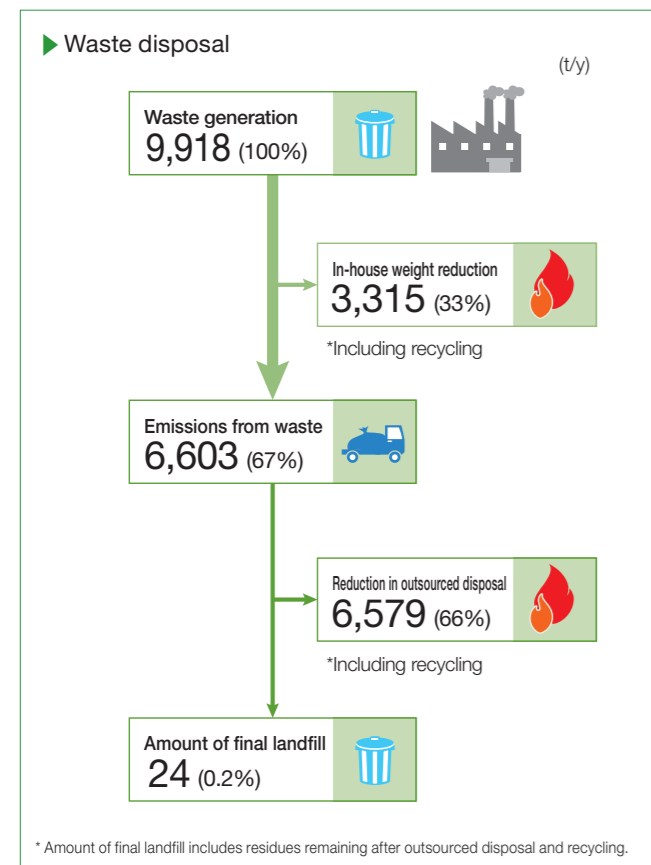


Environmental Protection

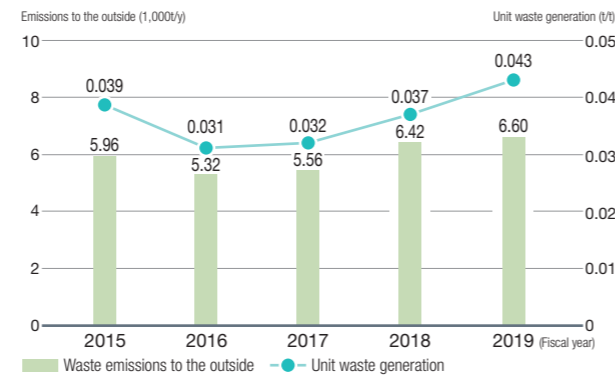
Waste reduction

In discharging the waste, we fully comply with the Waste Management and Public Cleansing Act by carrying out separation, keeping manifests updated and requesting industrial waste disposal operators to properly dispose of the waste that we generate.

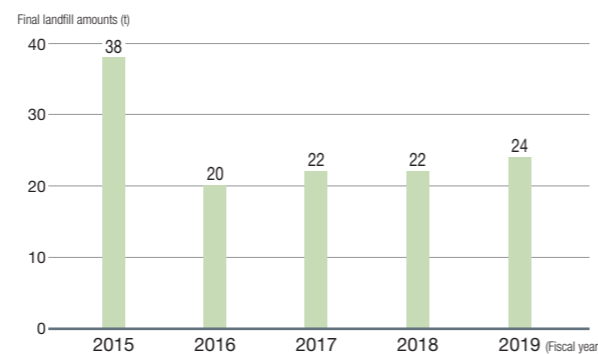
In fiscal year 2019, our actual unit waste generation and the amount of final landfill were 0.043 t/t and 0.2% of waste generated, against the targets of 0.039 t/t and 1% or less of waste generated.



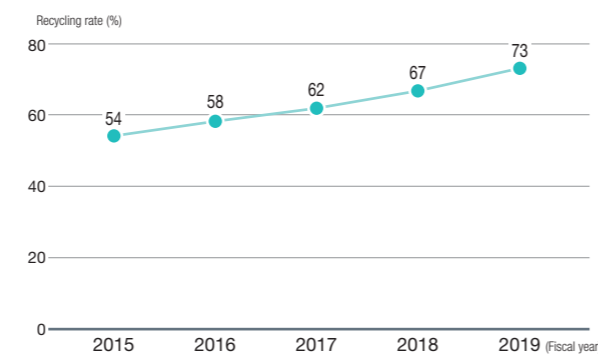
Waste emissions to the outside / Unit waste generation



Amount of final landfilling



Trend of recycling rate



Environment Accounting and Economic Results

(million yen)

Classification of environmental cost	FY2017		FY2018		FY2019	
	Amount of investment	Amount of expenses	Amount of investment	Amount of expenses	Amount of investment	Amount of expenses
Business area costs						
Pollution prevention costs	48	329	4	280	70	258
Global environmental protection costs (global warming, energy saving)	18	1,785	34	1,878	23	1,797
Resource recycling costs	0	266	0	284	0	328
Upstream / Downstream costs	1	11	1	11	0	11
Administrative costs	10	166	26	172	13	161
R&D costs	192	288	153	325	15	168
Social activity cost	0	1	0	2	0	1
Environmental remediation costs	0	0	0	0	0	0
Total	269	2,846	218	2,952	121	2,724
Economic Results	799		472		443	

Accounting period: One year starting from April 1 of each year to March 31 of the following year Scope: Our domestic bases
Method of calculation: Investment and cost for environment protection are calculated on a prorata basis from the total amount

Performance Data of Works (FY2019)

	Befu Works	Himeji Works	Chiba Works	
Energy (as crude oil)	12,324kl/y	66,869kl/y	2,115kl/y	
Air	CO ₂	72,755t/y	129,424t/y	5,362t/y
	SO _x	1.2t/y	—	—
	NO _x	6.2t/y	51.2t/y	0.4t/y
	PRTR substances	2.4t/y	18.9t/y	6.5t/y
Effluent	Volume of effluent	2,046 × 1,000 m ³ /y	1,975 × 1,000 m ³ /y	229 × 1,000 m ³ /y
	COD	25.4t/y	15.4t/y	0.3t/y
Waste material	Quantity	6,208t/y	3,537t/y	173t/y
	Recycle ratio	58%	99%	95%
	Final landfilling	16.6t/y	7.1t/y	0.7t/y

Growing Together with the Community



Communication with the Community

All employees in every business office are engaged in information disclosure activities and communications with local communities with a view to form and develop good relations with them.

Participation in public events

We participated in the “Chemical Day Children’s Chemistry Experiment Show (Experimental theme: Let’s make a jellylike aromatic agent)” sponsored by the Japan Chemical Industry Association, which is an annual event. We also participated in “Fun Chemistry Class (Lecture on environmental issues such as sorting and recycling of garbage through the production of food samples)” in Harima Town, Hyogo Prefecture, and sponsored the “Himeji Environmental Festival” organized by Himeji City, Hyogo Prefecture. We are hoping that these events will inspire children to develop an interest in chemistry and take the time to think about environmental issues.



Chemical Day Children’s Chemistry Experiment Show

Community beautification and cleanup

We actively take part in local campaigns for community beautification through periodical cleanup of roads near our Works and roadside ditches near our works.



Community beautification and cleanup (Example of Himeji Works)

Community outreach

In line with the principles of information disclosure and good communications with local communities, we invited residents of our host communities to join fire and disaster prevention drills and other events to outline our initiatives and to hear their opinions and proposals.



Community forum (Befu Works)

Providing opportunities for internship programs

We accept junior and senior high school students for internships and Hyogo Prefecture’s educational program “Try-Yaru-Week” to give them an opportunity to think about their own majors, career perspectives, and ways of life.



Internship (Example of Himeji Works)

Blood donation

Every year, we hold a blood drive at each of our offices and Works in cooperation with the Red Cross, which is attended by many employees.

We will continue the activity from now on.



Occupational Safety and Health, Security and Disaster Prevention

Placing “prioritizing safety over everything else” as a fundamental principle of our corporate management, we are committed to promoting our security programs to develop working environment where front-line employees can work in safety and security.

Occupational safety and health

Every year, we set our goal of achieving “zero” accidents involving/not involving lost workdays and “zero” traffic accidents (where the Company is at fault). However, we had three accidents not involving lost workdays in fiscal year 2019. By familiarizing each one of our employees with the SEIKA basic safety rules (“Take a breath before starting work” and “Be sure to bring each other’s attention to any unsafe behavior”), and with the awareness of strict observance of predetermined rules, we will strive to achieve “zero” accidents.

Security and disaster prevention

We also set, at the beginning of each year, a goal of achieving “zero” major accidents*. Since the reporting of one major accident in FY2013, there have been no such accidents within our Group. In addition, we are in the process of formulating a Business Continuity Plan (BCP) and conducting on-the-spot training based on disaster and accident scenarios so that we can quickly restore and resume business operations while minimizing the impact on critical operations in the event of a disaster or accident. From now on, we will improve the capacity to respond to crises through conducting continuous drills of practical contents.

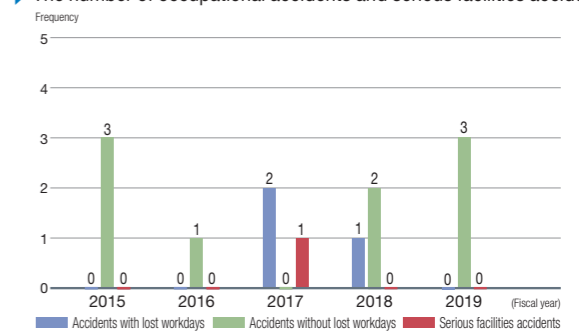
*This refers to accidents resulting in serious safety (security/disaster prevention) issues in manufacturing processes, etc. Such accidents can be categorized as follows:

- 1) Those that required provision of services by public disasterprevention agencies.
- 2) Those that incurred punishment under applicable disaster prevention regulations.
- 3) Those that resulted in reports to relevant organizations pursuant to applicable disaster-prevention regulations but did not incur administrative penalties.



Comprehensive disaster drill (Example of Chiba Works)

▶ The number of occupational accidents and serious facilities accidents



TOPICS

Concluded an “Agreement on Assistance and Cooperation in the Event of Disaster” with Harima Town (Befu Works)

In November 2019, the Company signed an “Agreement on Assistance and Cooperation in the Event of Disaster” with Harima Town. In the event of a large-scale disaster, we will provide our athletic fields and other facilities for evacuation and disaster equipment staging and supply. Since the area adjacent to our plant is densely populated, not only is there a high risk of large-scale fires but a lack of sites for evacuation and recovery activities during the post-disaster phase have posed problems in the past. The Company graciously acceded to this agreement, because we are actively promoting CSR activities aimed at contributing to and coexisting with local communities, and because the agreement perfectly matches our philosophy. Recently, a series of unexpected natural disasters have occurred and presented conditions that made it very difficult to respond to

them. That being said, as one of our corporate responsibilities, we must be prepared for events that happen beyond our control. This agreement is just one of the ways in which we prepare for the unexpected. We hope this will give everyone in the community a little peace of mind. In addition, we will always keep in mind the unexpected, take the opportunity of concluding this agreement to further brace ourselves, and continue to conduct our business activities in a safe and secure manner.



Ms. Shimizu, Town Mayor and Mr. Yamamoto, General Manager of Befu Works exchanging agreement

Growing Together with Customers and Suppliers



With a view to establishing a long-term trust of our customers, we are committed to providing quality products and services that are safe in use and meet customers' needs.

Cooperation with suppliers

To fulfill our corporate social responsibilities, we consider cooperation with our suppliers to be essential. While maintaining due supplier evaluation, as well as our fair and transparent purchasing policy, we will strive to fulfill our social responsibilities throughout the supply chain in cooperation with our suppliers.

Basic principles of purchasing

1. We will seek free, transparent and fair purchasing activities.
2. We will conduct purchasing activities on the major premise of compliance.
3. We will not reflect personal interests in the implementation of purchasing activities.
4. We will fulfill our corporate social responsibilities in its purchasing activities.
5. We will place emphasis on the following items when choosing our suppliers.
 - ◇ Compliance with social norms and relevant laws and regulations
 - ◇ No connection with anti-social forces
 - ◇ Making efforts for environmental conservation
 - ◇ Making efforts for human rights and the elimination of racial discrimination
 - ◇ Emphasis on the consideration for the working environment

TOPICS

Received the 2019 High Pressure Gas Safety Award (Excellent Distributor) from METI

In October 2019, the Osaka Head Office of Sumitomo Seika received the High Pressure Gas Safety Award (Excellent Distributor) from the Ministry of Economy, Trade and Industry (METI) for its many years of achievement as a high pressure gas distributor. With the aim of raising safety awareness and promoting high pressure gas safety, this award recognizes the efforts and achievements made by business operators and sites in the name of preventing high pressure gas accidents, as well as the long years of distinguished service ensuring high pressure gas safety provided by personnel. This award is presented every autumn during "High Pressure Gas Safety Actions Promotion Week."

Our company has sales bases in Osaka (Head Office) and Tokyo (Head Office), and produces more than 40 types of gas, such as medical gases and electronic specialty gases. Over the years, we have promoted stable supply and safety actions by allocating key personnel to safety management, thoroughly preparing for whatever may happen, and having engineers provide information to medical institutions, etc. and conduct

safety training. Because of the importance they bear on high pressure gas safety, we believe that such measures were strongly considered in giving us the award. Receiving this award has motivated us to be even better prepared, make an even greater commitment to stable supply and safety activities, and strive to become a model sales office for others.



High Pressure Gas Safety Award plaque given by METI



Logistics Safety /Chemicals Safety

We are positively engaged in various activities to ensure safety not only in manufacturing process but also in 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

A major accident such as a hazardous chemical leak, explosion or fire during transport could seriously affect the safety and environment of the nearby area. We are working together with our logistics contractors to ensure safety in logistics operations and full compliance with relevant laws and regulations during transport. In an effort to prevent accidents, safety training is provided to supervisors and operators of logistics companies to familiarize them with the properties and safe handling of hazardous chemicals. Along with that, in order to respond promptly and adequately in the event of an accident, we jointly conduct drills on emergency response and containment.

Chemicals safety

Amid the wide use of chemicals in the world, laws and regulations are becoming increasingly strict internationally for proper management of chemicals contained in products and the like. We thoroughly comply with Japanese and overseas laws and regulations. In addition to that, to ensure safe handling of our products by customers, we proactively collect information on the hazardous and toxic properties of chemicals and supply our customers with the information through SDS (Safety Data Sheet) and Warning Labels in local languages and ask them for appropriate use.

TOPICS

Efforts to improve logistics and reduce environmental load for the realization of sustainable logistics

Since 2019, we have participated in the "White Logistics" program advocated by the Ministry of Land, Infrastructure, Transport and Tourism and others. With logistics functions falling into a critical situation due to a serious shortage of truck drivers, this program was launched to improve the productivity of truck transportation, raise logistics efficiency, and realize a working



White Logistics program portal site (in charge of "White Logistics" program by Cargo Transport Division, Road Transport Bureau, the Ministry of Land, Infrastructure, Transport and Tourism) <https://white-logistics-movement.jp/faq/>

environment that is comfortable for everyone. It is aimed at securing stable logistics and contributing to economic growth. Through this program, we are striving to realize highly productive logistics and work style reform. Additionally, in March 2020, through a three-party agreement with the consignee and the logistics company, we converted land transport by truck to marine transport by coastal container ship in order to reduce environmental load and cope with the shortage of truck drivers. Because of this effort, we have been certified as one of the best supporters of Eco-Ship Modal Shift Project and commended by the Ministry of Land, Infrastructure, Transport and Tourism. We are proud that we have been recognized for our achievements in reducing environmental load.



エコシップマーク
Eco Ship Mark: Mark that can be used by a company certified as Eco-Ship Modal Shift Project Supporters

We will continue to work with customers and logistics companies to improve logistics and reduce environmental load in order to realize sustainable logistics.



Growing Together with Employees

Quality Assurance (QA)

Through our quality management system, we earn the trust of our customers and contribute to the realization of innovation.

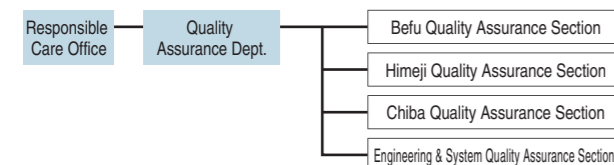
Company-wide quality assurance system

By developing a single standardized quality management system for the whole company, we can conduct quality assurance activities from the customer's perspective and, therefore, supply "products and services of a quality that meets the customer's needs and ensures their safety. Additionally, we will promote activities aimed at achieving "Customer Satisfaction, Company Satisfaction and Social Satisfaction" by being conscious of SDGs in our daily quality activities.

Quality assurance structure

As the corporate administrator, the Quality Assurance Department in the Responsible Care Office oversees quality assurance across the company, and conducts cross-sectional quality assurance activities with the Quality Assurance Section established in each production area.

Quality Assurance organization



Quality assurance activity

Every month the QA Department holds a QA Department Liaison Meeting at which policies are decided and the systematic implementation of QA activities is coordinated and discussed and then communicated to other sites in Japan.

At the Monthly Quality Review Meeting, how we respond to quality problems actually reported (complaints, claims and internal non-conformance) are discussed and shared by participants. The results are further compiled in the Monthly Quality Report, which are shared across the board, department managers, and section managers to prevent recurrence of similar problems as part of our initiatives to enhance quality assurance.

The Monthly Quality Meeting is also held at the Works, where the reason for problems and our responses are reported and discussed. The results of discussions are shared so the entire organization will be thoroughly

Catchphrase in quality assurance activities

Achieve Customer Satisfaction, Company Satisfaction and Social Satisfaction in quality assurance activities.

informed. Additionally, as part of preventive measures, we identify risks through quality risk assessment to prevent problems.



Quality Meeting

Quality audit

The QA Department carries out plant audits and QC patrols at every Works and production consignees in Japan to maintain and improve our quality assurance system.

As auditors, QA Department members implement plant audits together with manufacturing divisions to find room for improvement, which leads to the prevention of quality-related problems and improved customer satisfaction.

In QC patrol, they take various initiatives to explore and implement improvements through inspecting workplaces with a focus on 4S (sort, set in order, shine and standardizing) and visual management (displays and signs), or extracting quality risks conducted at site by manufacturing department and quality assurance department.



Overseas plant audit



Domestic plant audit

Global promotion of quality assurance

We hold Global Quality Liaison Meetings semiannually with our overseas bases to exchange information and provide guidance on activities related to quality and product safety, discuss issues, and regularly conduct audits of overseas plant to inspire each other. Recently, both our plants in Japan and abroad have been increasing overseas procurement of raw materials. In line with the trend, we participate in on-site audits of overseas raw material suppliers and outsourced producers, thereby strengthening our supplier management.

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 create labor environments where employees are able to work comfortably and peacefully.

Our human resources development policy

We have defined "ideal employees" as those who strive to realize our desired corporate image and are always conscious of and live up to "SEIKA WAY" which is values that all employees should share. To develop such employees, we are preparing the environment and implementing a variety of measures related to human resources development in accordance with our human resources development policy. Guided by this policy, we are developing an environment and implementing various measures for human resource development. Stratified training programs, technology/skill transfer training, globalization support education and many other educational programs are provided.

Education - enhancement of technical education

The Company uses seasoned employees and outside professionals who are deeply experienced and knowledgeable as instructors tasked with transferring know-how and skills to young employees and training them to become full-fledged members in the shortest possible time. We have training courses for researchers and production engineers, designed to pass on know-how and skills needed by the individual participant whether from a plant, research laboratory or engineering department.

Global Skill Development

In tune with globalization of the operations of our business, we run a training program, the Global Skill Development Course, with the objective of facilitating early competence development of the human resources capable of playing an active role on the global stage.

This education program consists of two parts: a training period in Japan for about a year and a half, and a training period at the Group's overseas bases for several months.

In FY 2019, the 4th members worked on domestic training, and two trainees conducted the training at overseas bases.

Since the fostering of human resources with global skills is essential for the growth of our Group, we will continue to make efforts in this area.

Life planning seminar

We hold life planning seminars as an opportunity for employees to think about their own lives in terms of what brings them satisfaction in their personal world and job. The seminar was originally a part of training provided for employees aged 55, but, as of fiscal year 2019, we have newly introduced a career planning program for employees aged 50.

In that same year, training was provided to all employees on the corporate-type defined contribution pension plan [DC plan (Defined Contribution Plan)].

We will open our life planning seminars to all employees so they can autonomously cultivate their own careers.

Promoting Health and Productivity Management

Basic policies for health and productivity management and major initiatives

In April 2019, the Company embarked on full-scale efforts for health and productivity management. Our president, who heads up executive management, declared that he would proactively address health and productivity management as a priority issue, and put in place a basic policy. Based on this policy, we are implementing a variety of measures to maintain and improve health.

[Basic policy for health and productivity management]

1. The Company promotes initiatives for "health and productivity management" so that employees and their families can live with peace of mind.
2. The Company proactively supports our employees so that they can maintain and improve their health on their own.
3. The Company works together with the Sumitomo Seika Health Insurance Association and the Sumitomo Seika Labor Union to ensure physical and mental health of employees and their families.

Major initiatives include regular/follow-up medical checkups for all employees, no smoking during working hours, and vaccinations at worksites to prevent influenza. Also, an incentive system that awards points for health improvements is incorporated into management.

As for our employees' families, we are subsidizing the expense of medical checkups and actively encouraging that they get their checkups to promote good health. In fiscal year 2019, we held a health fair for our employees' families at the Himeji Works and Chiba Works, during which a seminar on the importance of exercise was held and mobile health checkups were provided on a bus.

We will continue our proactive stance on "maintaining and improving the mental and physical health" of our employees and their families, as we recognize this to be an important management issue.



Growing Together with Shareholders and Investors

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

● Certified as a Company with Excellent Health Management 2020 (Large enterprise category)

In March 2020, we applied for the first time to the “Company with Excellent Health Management 2020 (Large enterprise category)” program that is jointly certified by the Ministry of Economy, Trade and Industry and the Japan Health Council, and were certified.

We will realize a work environment that is even easier to work in, so that we remain certified as a good health management corporation, and will translate that into further growth for the company.

Promotion of Work-Life Balance (WLB)

● Work-Life Balance Promotion Committee

We created a Work-Life Balance Exploratory Committee to help our employees find their work more rewarding and their life more fulfilling. Through the work of the committee, issues have been identified and various measures have been discussed between our employees and the management.

In fiscal year 2019, as remarkable progress was made on shorter working hours, one of the most important issues between labor and management, the title of the committee has been changed to the Work-Life Balance Promotion Committee.

We have set indicators in line with the themes of reducing actual

working hours, promoting diversity, realizing flexible workstyles and other areas where labor and management can work together. The indicators are the basis for regular progress checks and discussions into various issues and countermeasures aiming at further WLB promotion.

● Efforts to improve workstyles

Following labor-management negotiations held in fiscal year 2019, employees and management agreed to shorten the prescribed working hours, which had been an issue for many years, in order to improve workstyles. Shorter working hours have been adopted since April 2020. As a result, both day shifts and night shifts work 1,883 hours per year. And, though the time one spends on the job has been shortened, labor and management continue to work together to reduce the actual working hours through productivity improvement.

● Implementation of trial mental health counseling

As a mental health initiative, we have introduced EAP (Employee Assistance Program) in cooperation with various external organizations. In order to promote its use, we conducted trial counseling with counselors invited to our various offices. In fiscal year 2019, approx. 100 persons participated in the trial. We will explore activities that will help those who are indecisive about receiving consultation, and strive for prevention and early detection of mental health disorders.

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 basic approach is to make the disclosure in a just, timely and fair manner. It is made through the “TD net” (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.



Investors Information webpage

Communication with shareholders and investors

● Shareholders Meeting

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

● Dividend policy

We believe 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.

● Investors meeting

Meetings are held periodically (twice a year) with analysts, institutional investors and others to explain our financial results and earnings outlook, and answer various questions from our investors.

Since the investors meeting for the first half of fiscal year 2019 (held in November 2019), we have been sharing video and audio of the meetings after they ended.



Investors' meeting

TOPICS

Sports event held with the participation of families

Each office in our company holds recreational activities every year for the purpose of refreshing our mind and body and boosting exchange among employees. This time, we would like to introduce the “Sports festival for Sumitomo Seika employees

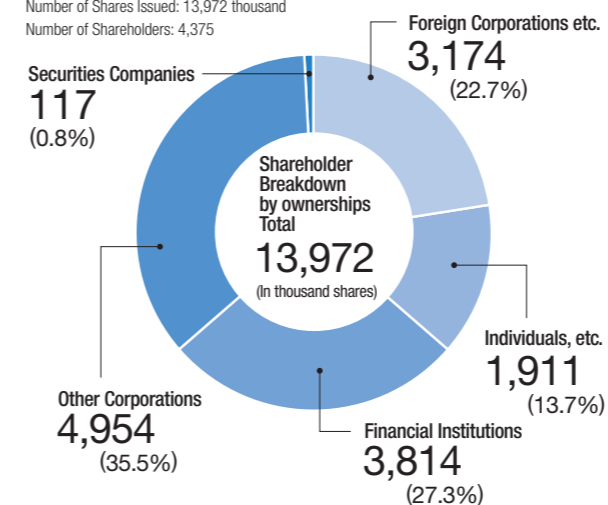


Sports festival game - Multiage relay (Himeji Works)

and families” held at our Himeji Works in November last year. Approximately 230 employees and their families participated on the day of the sports festival. They were divided into four teams on a workplace basis and competed in 11 events. All of the events were meticulously planned out by the executive committee (employees) and, because they put all of their ingenuity into each event, amused the participants very much. Stalls were set up with sweets for the children, which were a big hit. On the day of sports festival, there was a strong sense of unity amongst the different workplaces and the workforce as a whole, as we saw our employees and their families working together to win the first prize and chatting in the tent. We would like to continue to provide quality recreational activities as part of our employee support programs.

▶ Share information (as of March 31, 2020)

Number of Shares Issued: 13,972 thousand
Number of Shareholders: 4,375



Measures to prevent insider trading

We are 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.

Governance, Risk & Compliance

In order to achieve sustainable growth and increased mid- to long-term corporate value, we are constantly engaged in enhancing our corporate governance, improving our risk and compliance management system, and increasing the effectiveness of that system.

Corporate governance

Basic position on corporate governance

- We ensure that our shareholders are provided with all of the information that they need to properly exercise their rights and with opportunities to exercise such rights, and that all shareholders are treated equally.
- We foster a corporate culture that respects the interests of our stakeholders, including shareholders, customers, employees, and local communities, and proactively cooperate with them.
- We establish and implement a code of conduct that our officers and employees must abide by and appropriately manage an internal control system.
- We promote appropriate and adequate information disclosure through such means as publishing financial information in English and providing information via the website in a timely manner, thereby ensuring management transparency.
- Given its fiduciary responsibilities and accountability to shareholders, the Board of Directors presents the management policies and corporate strategies of Sumitomo Seika Group and makes timely and bold decisions in order to promote sustainable growth and improve the Group's medium-to long-term corporate value.
- We engage in constructive dialogue with shareholders toward achievement of sustainable growth and increased medium to long-term corporate value, and we clearly explain our management strategies and plans in an easily understandable manner through such dialogue.

Corporate governance structure

Our corporate governance structure is as shown on the right chart. The term of office for a director is set at one year, which allows greater flexibility in responding to changes in the business environment. We have also set up an Officer Nomination Committee and an Officer Compensation Committee (comprising a president, a director in charge of personnel, and two independent outside directors), which provide advice on

nomination and compensation of directors and nomination of corporate auditors. The Management Meeting is a vehicle for full-time directors to discuss important management issues for the Group with fulltime corporate auditors also in attendance. In Executive Committee, directors, corporate auditors, and executive officers report and exchange views on business operations. The Internal Control Committee supervises risk management, compliance, and Responsible Care (RC) activities, which are aimed at "achieving zero-accident and zero-injury operations," "promoting environmental protection," and, "ensuring safety of customers and increasing their satisfaction." The Internal Audit Dept. audits business operations.

Risk and Compliance

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

Risk management system

● Preventive measures

The Risk & Compliance Committee and RC Committee evaluate and supervise the implementation status of risk countermeasures.

● Emergency response

We set up an emergency task force in case of emergencies in order to limit the extent of damage, stabilize the situation and restore operations as quickly as possible, and to prevent recurrence. Emergencies are any unexpected event, 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.

Compliance

● PDCA management of compliance

Every year, the Risk and Compliance Committee and the Responsible Care Committee evaluate and supervise the implementation of compliance measures and report on the status of compliance with laws and regulations in an effort to improve compliance.

● Whistleblower system

We have a whistleblower system for reporting compliance breaches and other matters via a website, e-mail and

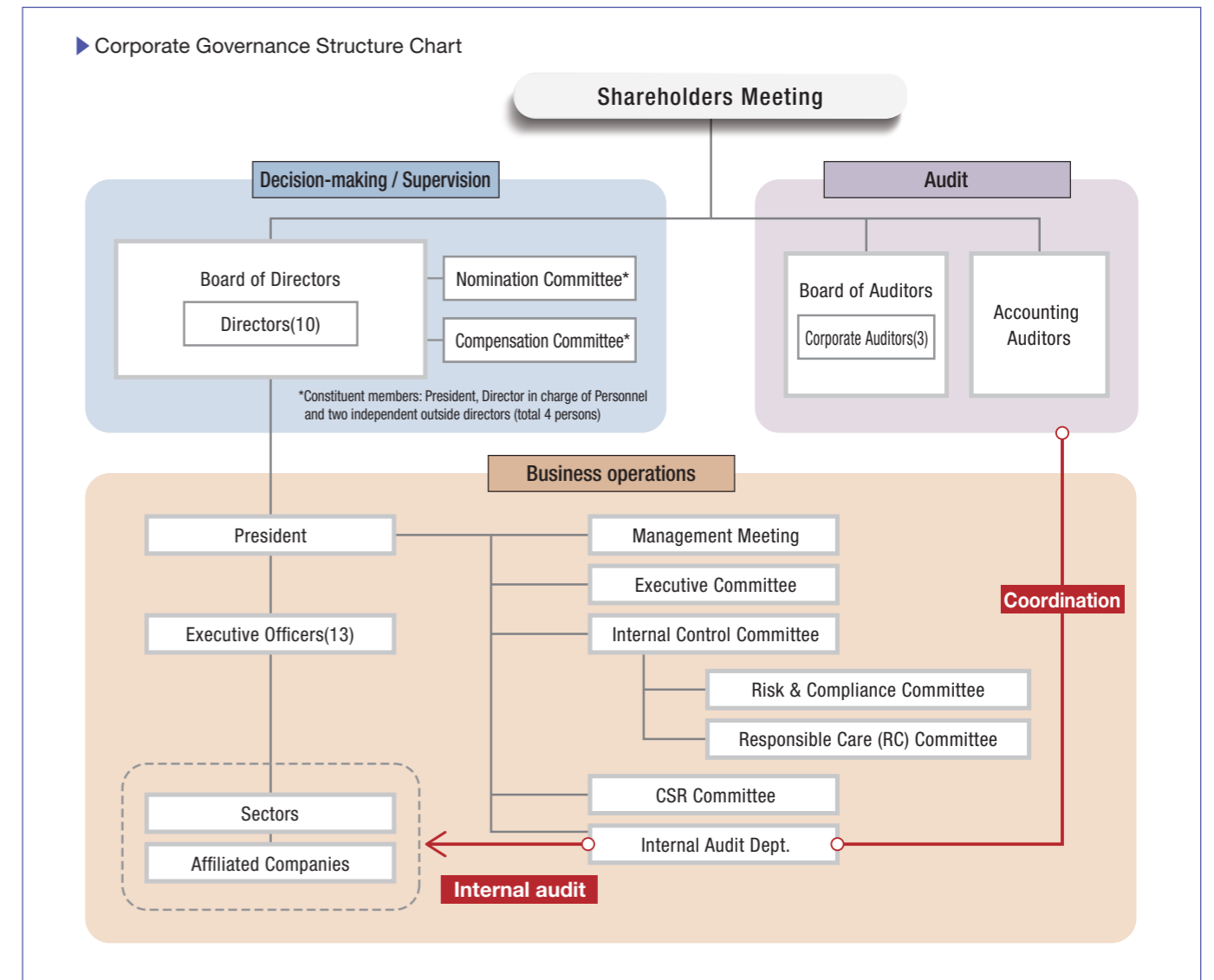
ordinary mail. A Help Desk has been set up inside and outside (law firm) the Company.

● Compliance consultation desk

We 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.



Company Profile & Financial Results (FY2019)

Company Profile

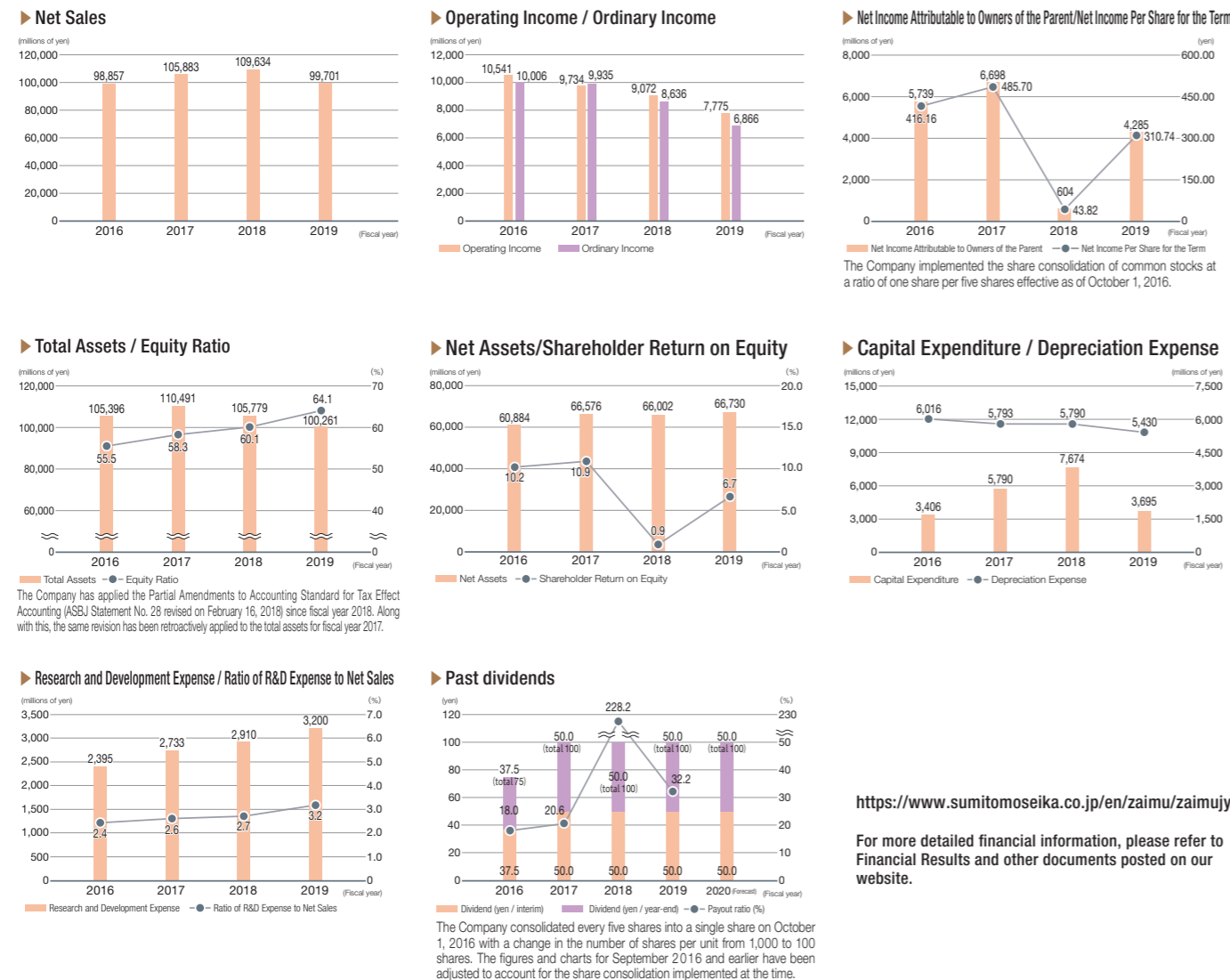
Established : July 20, 1944 Capital : 9,698 million yen Number of employees : 1,359 as consolidated as of March 31, 2020

Consolidated financial results for fiscal 2019

During the twelve months ended March 31, 2020 (fiscal 2019), as circumstances in Japan surrounding employment and household income continued to improve, the economy saw signs of recovery of consumer spending and observed increased capital investment by corporations. Overseas economies also generally showed a continued moderate recovery. However, in the course of the fourth quarter, there arose a mounting concern over future global economic prospects as the new coronavirus epidemic spreading violently throughout the world is anticipated to give a significantly adverse impact on the world economy.

Against this background, the Sumitomo Seika Group's financial results for fiscal year 2019 were as follows: Net sales posted 99.701 billion yen, a 9.1% decrease compared with the previous fiscal year, Operating income was 7.775 billion yen, a 14.3% decrease compared with the previous fiscal year; Ordinary income amounted to 6.866 billion yen, a 20.5% decrease from the previous fiscal year, which decrease was due mainly to foreign exchange losses of 1.120 billion yen recorded with respect to foreign-currency-denominated receivables and payables associated with the parent company and the Company's overseas subsidiaries; Net income attributable to owners of the parent increased by 3.681 billion yen to 4.285 billion yen, a 609.1% increase from the previous fiscal year owing mainly to the recording of the impairment loss of 4.040 billion yen on fixed assets at overseas subsidiaries in the previous fiscal year, Net income per share was 310.74 yen and return on equity (ROE) was 6.7%.

Financial Indicators



Sumitomo Seika's proprietary technology to add "URUOI" to people's lives

Super Absorbent Polymers

Enabling water absorption capability to be controlled according to users' specific applications, our AQUA KEEP super absorbent polymer features Sumitomo Seika's proprietary technology to add "URUOI" to people's lives.



Social contribution through our business

-Introduction of Product -
AQUA KEEP



Voice of employee

Super Absorbent Polymers Section,
Super Absorbent Polymers
Manufacturing Dept., Himeji Works

Mr. WATARAI Yuta

Everyone in the Group is united as one to ensure safe and stable operation.



Sumitomo Seika's super absorbent polymer AQUA KEEP can absorb and retain up to several hundred times its weight in water. By applying proprietary technology created over many years of research and development, we are able to freely control AQUA KEEP's water absorption capabilities based on the user's individual needs. This technology has been incorporated into a wide variety of products, from everyday necessities such as disposable diapers and pet sheets to industrial products, such as water repellent materials for power and optical cables. With production bases in Japan, South Korea, Singapore, and France, Sumitomo Seika has set up a system for meeting the demands of every region of the world. We will contribute to solving SDGs issues and improving the global environment and people's lives through the provision of products and services that leverage our uniqueness.

I engage in the production of AQUA KEEP, a highly water-absorbent polymer. I specifically operate equipment on multiple lines in order to ensure a stable supply of products of various qualities to meet the needs of users. In my section, a cozy work environment has been created where people with a wide range of business experience, from seasoned veterans to mid-career and young employees, can actively exchange opinions. Staff members of the section are united in continuing efforts to improve production efficiency and quality.

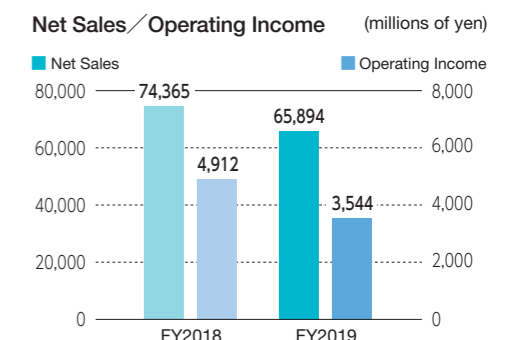
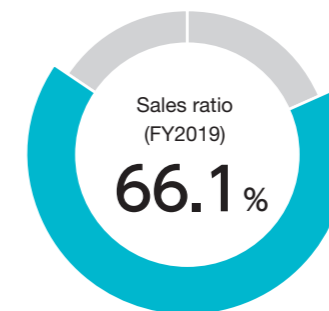
As we promote such efforts, we keep in mind that "prioritizing safety over everything else." By advancing risk prediction activities, utilizing risk assessments and providing education using work procedures, safety has become a central focus of our thoughts and actions throughout the section. As a member of the Manufacturing Section, I undertake my work with a sense of responsibility. And, I'm proud that, as a manufacturer, we are providing products indispensable to living, such as sanitary materials for childcare and nursing care.

Business Performance of Super Absorbent Polymers

Net sales decreased by 11.4% from the previous fiscal year to 65.894 billion yen, and operating income also decreased by 27.9% to 3.544 billion yen, which was attributable to a decrease in sales volume and also a decline in selling price as well as the impact of the weaker yuan in the Chinese market.

Main Products

Super Absorbent Polymers
(Hygiene Products, Industrial Materials, Other Applications)



Sumitomo Seika's functional chemicals deliver "URUOI" to customers around the world



Functional Chemicals

Ranging from personal care products for a convenient lifestyle and industrial materials such as high-performance adhesives and rubber products through battery and energy materials, Sumitomo Seika's functional chemicals deliver "URUOI" to customers around the world.

Social contribution through our business



-Introduction of Product -
HEC

HEC (Hydroxyethyl cellulose) is a water-soluble polymer compound made from cellulose. Cellulose, the raw material, is a substance that is still attracting attention and under study as a sustainable material that can be obtained in large quantities from the natural environment. HEC is used in various fields, for example, as thickeners for cosmetics and paints, and additives for polymerization. Made with proprietary technology, our HEC is of high-purity grade, as it contains reduced metal impurities, and is therefore used as a raw material for cosmetics and silicon wafer polishing agents that must meet strict standards. By developing and providing products that satisfy the needs of society, we will continue to address the issues of SDGs, which are globally common goals, and contribute to the development of a sustainable society.

Voice of employee

Battery Material Group,
Material Development Laboratory



Ms. INUI Moe
I find it rewarding to be involved in developing products that can improve environmental issues.

I am engaged in research and development of materials used for high performance lithium ion batteries. Performance evaluation of developed products is my main duty, so I collect battery performance evaluation data and set evaluation conditions, which are necessary when providing our products to battery manufacturers. In performing this job, it is required to have knowledge of chemistry in general and batteries as well. In the early days of my assignment to this group, I was anxious because I did not know much about those things. So I attended on-site trainings and seminars and conducted researches

on patents and literature to accumulate knowledge, and I was able to utilize what I learned in my job. Amid the growing interest in environmental issues, such as global warming, lithium-ion batteries have become indispensable for saving energy and reducing environmental load. With a great sense of satisfaction to be involved in the development of products related to the improvement of such environmental issues, I'm working hard so I can contribute to society by proving the world with products I was involved with as an engineer.

Chemically based gas product supplier

Gases & Engineering

Tapping into our advantage as a "supplier of chemically synthesized gases" to develop new products and markets, we will aim for being a leading creator that announces new products and applications ahead of the competition.



Social contribution through our business



-Introduction of Product -
Semiconductor gases

High-purity specialty gases for semiconductors are used in the deposition and etching of semiconductor devices such as memories and logic ICs. For example, high-purity hydrocarbons are used in 3D-flash memory, and SiC power semiconductors which are expected to become popular as energy-saving alternatives to conventional power semiconductors. Based on the synthesis and refining technologies we have developed as a chemical manufacturer and our analysis and handling technologies as Japan's first manufacturer of reference gases for instrument calibration, we are committed to solving the SDGs and contributing to the development of a sustainable society by providing safe and stable supplies of various semiconductor material gases to Japan and abroad.

Voice of employee

Engineering & System Dept.,
Gases Division



Mr. IWAMOTO Junichi
I feel rewarded for my work contributing to the improvement of global environment.

I am involved in the sale of PSA gas generators and gas recovery and refining equipment in the Gases Division. Oxygen gas generators are used as one of the essential utilities in all manufacturing industries across the world that use oxygen gas. Meanwhile, various types of gas recovery and refining equipment is used to recover and reuse hydrogen gas, carbon dioxide gas, rare gas and the like from exhaust gases generated at our customers' plants. I'm engaged in sales activities every day to encourage our customers to

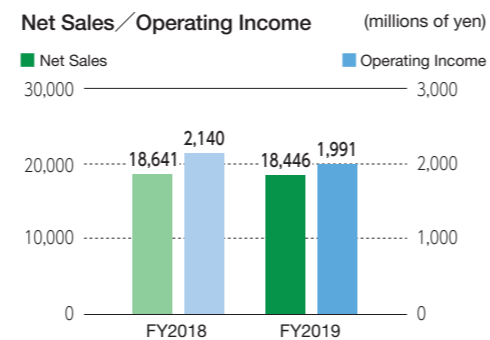
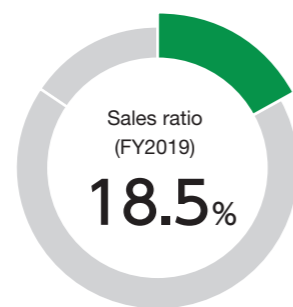
use such equipment in many different countries and industries around the world. In our equipment manufacturing and sales activities, we endeavor to deliver equipment that satisfies different needs and requests of our customers as much as possible, in cooperation with the Engineering Division. Our equipment can contribute to improving efficiency in our customers' manufacturing processes, ensuring stable manufacturing, reducing exhaust gas emissions, and using gas effectively, which I feel is rewarding.

Business Performance of Functional Chemicals

Net sales decreased by 1.0% from the previous fiscal year to 18.446 billion yen, and operating income also decreased by 7.0% to 1.991 billion yen. The decline in operating income was attributable to an increase in R&D expenses, among others.

Main Products

Water-soluble polymers,
Synthetic rubber latex, Emulsion, Ultra-fine powdered polyethylene,
Pharmaceuticals-related products, Various additives, etc.

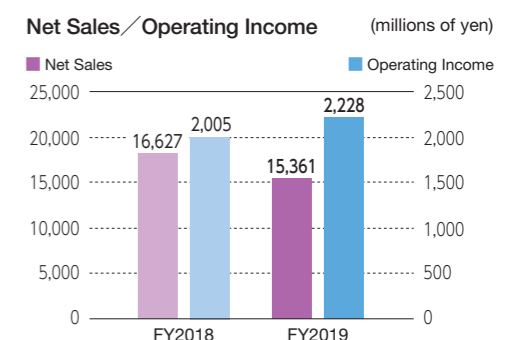
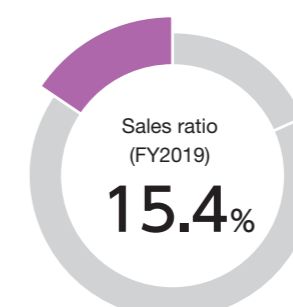


Business Performance of Gases & Engineering

Net sales decreased by 7.6% from the previous fiscal year to 15.361 billion yen, while operating income increased by 11.1% to 2.228 billion yen. The net sales decline was due to a drop in sales volume of electronics gases, and the operating income increase reflected mainly improvement in the profitability of the engineering business.

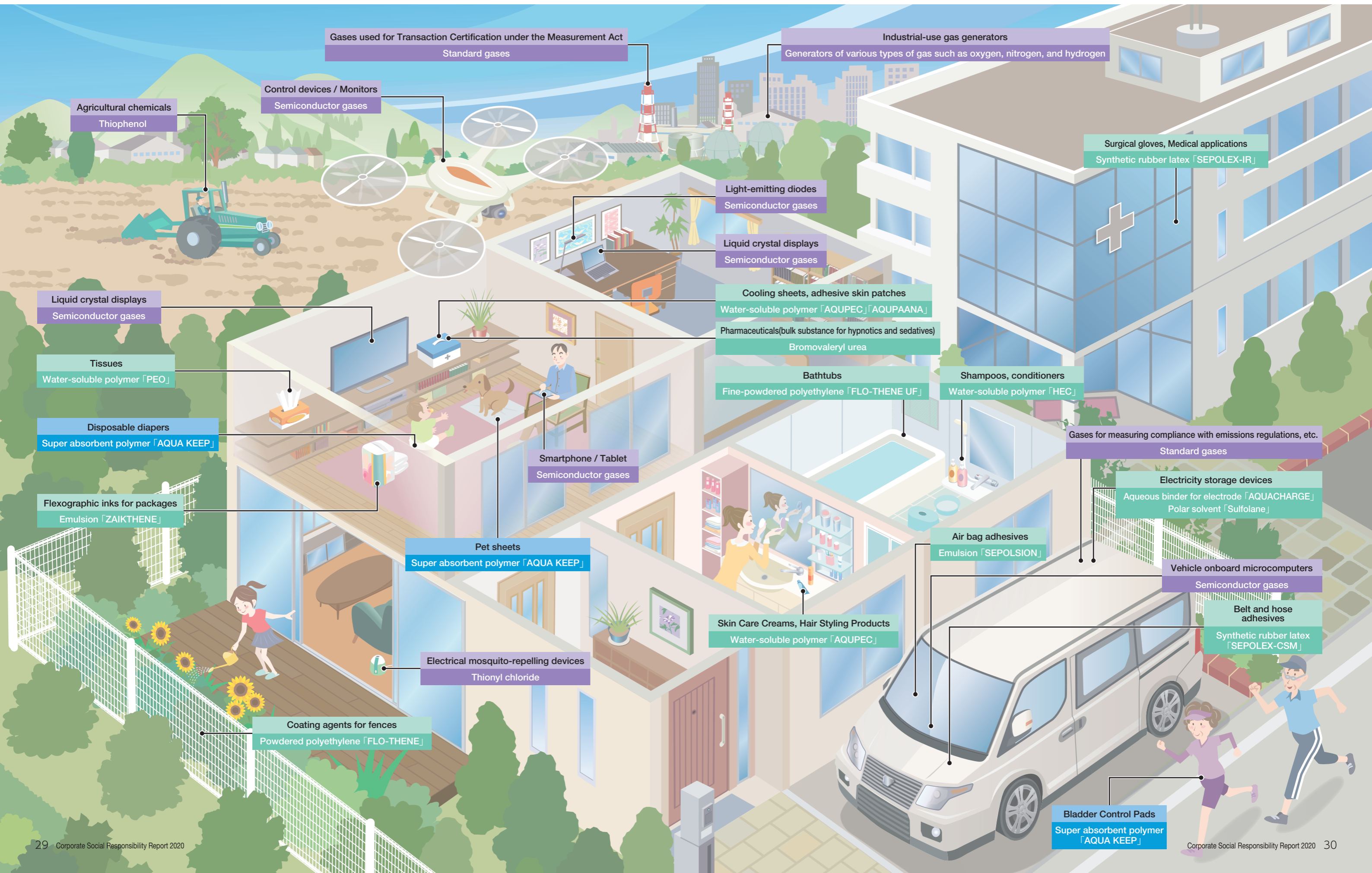
Main Products

Semiconductor gases, Standard gases, Industrial chemicals,
Chemical gases, PSA gas generators, etc.



Sumitomo Seika in Daily Life

Super Absorbent Polymers Functional Chemicals Gases and Engineering



Gases used for Transaction Certification under the Measurement Act
Standard gases

Industrial-use gas generators
Generators of various types of gas such as oxygen, nitrogen, and hydrogen

Agricultural chemicals
Thiophenol

Control devices / Monitors
Semiconductor gases

Surgical gloves, Medical applications
Synthetic rubber latex 「SEPOLEX-IR」

Light-emitting diodes
Semiconductor gases

Liquid crystal displays
Semiconductor gases

Cooling sheets, adhesive skin patches
Water-soluble polymer 「AQUPEC」 「AQUPAANA」
Pharmaceuticals (bulk substance for hypnotics and sedatives)
Bromovaleryl urea

Liquid crystal displays
Semiconductor gases

Tissues
Water-soluble polymer 「PEO」

Bathtubs
Fine-powdered polyethylene 「FLO-THERE UF」

Shampoos, conditioners
Water-soluble polymer 「HEC」

Disposable diapers
Super absorbent polymer 「AQUA KEEP」

Smartphone / Tablet
Semiconductor gases

Gases for measuring compliance with emissions regulations, etc.
Standard gases

Flexographic inks for packages
Emulsion 「ZAIKTHENE」

Electricity storage devices
Aqueous binder for electrode 「AQUACHARGE」
Polar solvent 「Sulfolane」

Pet sheets
Super absorbent polymer 「AQUA KEEP」

Air bag adhesives
Emulsion 「SEPOLSION」

Vehicle onboard microcomputers
Semiconductor gases

Skin Care Creams, Hair Styling Products
Water-soluble polymer 「AQUPEC」

Belt and hose adhesives
Synthetic rubber latex 「SEPOLEX-CSM」

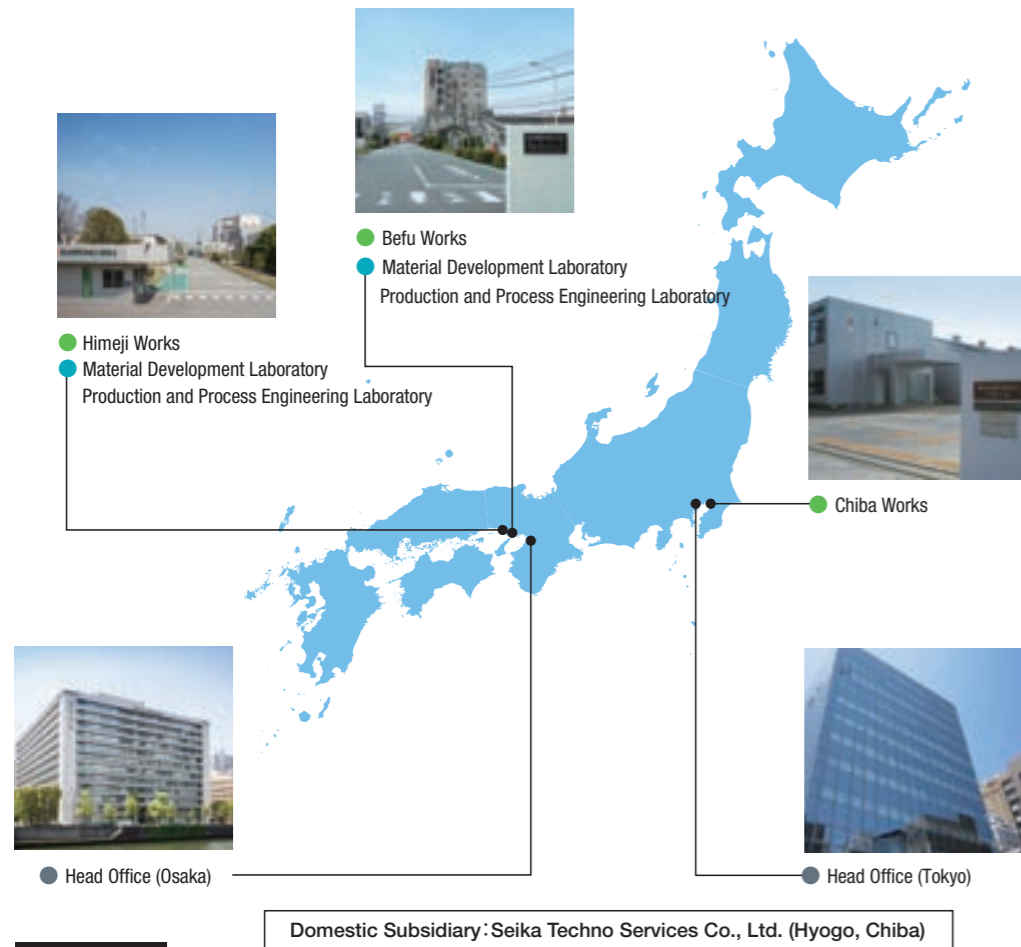
Electrical mosquito-repelling devices
Thionyl chloride

Coating agents for fences
Powdered polyethylene 「FLO-THERE」

Bladder Control Pads
Super absorbent polymer 「AQUA KEEP」

Group Network

Locations in Japan



Business locations overseas



TOPICS

Certificate of appreciation for donations received from Shanghai Charity Foundation Sumitomo Seika Trading (Shanghai) Co., Ltd.

Based in Shanghai, China, our company sells super absorbent polymers, our flagship products, for hygienic application and provides technical services to paper diaper manufacturers and others all over China. Amid the spread of the new corona virus in China, we made a small donation to Shanghai Hua Shan Hospital, Fudan University, via the Shanghai Charity Foundation. It was to express our gratitude to the medical professionals who keep working so hard in a medical setting. We were hoping that we could contribute even just a little as a company operating in the hygiene industry in any way, and that the pandemic would die down as early as possible. We received a certificate of appreciation from the hospital for this donation. Surely it was not enough, but we are very pleased that we were able to assist medical professionals. We will continue to value the connection with the local community, and contribute to the improvement of

hygiene issues in China and respond to the super-aging society through our super absorbent polymers business.

Date and Time: March 4, 2020 (Wednesday) 14:00 - 14:40
Venue: Old Red Cross Building, Shanghai Huashan Hospital, Fudan University (Middle Wulumuqi Rd, Jingan District, Shanghai)



Donation ceremony

Locations in Japan

Head Offices : Osaka, Tokyo

Works : Befu Works, Himeji Works, Chiba Works

Sales Offices : Osaka, Tokyo

Research Laboratories : Material Development Laboratory, Production and Process Engineering Laboratory

Consolidated Subsidiaries

	Corporate name		Lines of business
J a p a n	Seika Techno Services Co., Ltd.		Various Services
O v e r s e a s	Sumitomo Seika Singapore Pte. Ltd.	Singapore	Manufacture of Super Absorbent Polymers
	Sumitomo Seika Asia Pacific Pte. Ltd.	Singapore	Sales of Super Absorbent Polymers and Functional Chemical Products
	Sumisei Taiwan Technology Co., Ltd.	Taiwan	Manufacturing and Sales of Electronics Gases
	Sumisei Chemical Co., Ltd.	Korea	Manufacturing and Sales of Electronics Gases
	Sumitomo Seika Polymers Korea Co., Ltd.	Korea	Manufacturing and Sales of Super Absorbent Polymers
	Sumitomo Seika (China) Co., Ltd. ^(*)	China	Sales of Super Absorbent Polymers and Gases Products Providing regional management services such as administration and finance to its subsidiaries in China
	Sumisei Polymers Technology (Shanghai) Co., Ltd.	China	Technical Service and Market Research
	Sumisei Technology (Yangzhou) Co., Ltd.	China	Manufacturing and Sales of Functional Chemical Products
	Sumitomo Seika Europe S.A./N.V.	Belgium, France	Sales of Super Absorbent Polymers and Functional Chemical Products
	Sumitomo Seika America, Inc.	America	Sales of Functional Chemical Products

^(*)In July 2020, the company form of Sumitomo Seika Trading (Shanghai) Co., Ltd. was changed to "investment company," which has China business controlling function, and its trade name was also changed to Sumitomo Seika (China) Co., Ltd.



Sumitomo Seika Chemicals Company, Limited.
Corporate Social Responsibility Report 2020
Statement of opinion regarding the third-party verification

August 18, 2020

To : OGAWA Ikuzo, President
 Sumitomo Seika Chemicals Company, Limited.

■ Purpose of the verification

In this Responsible Care Verification Report, the Responsible Care Verification Center aims to express the opinions of chemical industry experts concerning the following items presented in the "Sumitomo Seika Chemicals Company, Limited. Corporate Social Responsibility Report 2020" (hereinafter the "Report") prepared by Sumitomo Seika Chemicals Company, Limited (hereinafter the "Company").

- 1) Rationale behind the collection, compilation, and methods of calculating performance indices (numerical data) and the accuracy of the data
- 2) Accuracy of the information (other than numerical data) presented in the Report
- 3) Evaluation of the Responsible Care activities
- 4) Characteristics of the Report

■ Verification procedure

- At the corporate head office, we evaluated the rationale for the methods used to collect and compile the numerical data reported from each site (office and works), as well as the accuracy of the information (other than numerical data) presented in the Report. This was done by interviewing those personnel responsible for the relevant business operations and those in charge of preparing the Report about its contents, asking them to provide supporting materials, and hearing their explanations of those supporting materials.
- At the Himeji Works, we evaluated the rationale for the methods used to calculate the numerical data reported to the corporate head office and the accuracy of the data, as well as the accuracy of information (other than numerical data) presented in the Report. This was done by interviewing those personnel responsible for the relevant business operations and those in charge of preparing the Report, as well as asking them to provide supporting materials, hearing their explanations of those supporting materials, and cross-checking the data and information with evidence, including on-site confirmation of actual items.
- We used a sampling technique to review the numerical data and other information presented in the Report.

■ Opinions

- 1) Rationale for the collection, compilation, and methods for calculating performance indices (numerical data) and the accuracy of the numerical data
 - Valid methods have been employed at the corporate head office and Himeji Works to collect, compile, and calculate the numerical data.
 - To the extent evaluated, the numerical performance data were accurately collected, compiled, and calculated.
- 2) Accuracy of the information (other than numerical data) presented in the Report
 - We confirm that the information presented in the Report is accurate. Although we made several comments about the appropriateness of some expressions and the understandability of some sentences at the draft stage, they have been corrected in the current Report, and we have found no items that require correction in the current Report.
- 3) Details of the Responsible Care (RC) activities
 - We acknowledge that when changing the management plan and formulating the new "2022 Medium-Term Business Plan", the details were thoroughly explained in internal explanation sessions,

explanations to the group companies and notices to business partners.

- We confirmed that under the leadership of top management, the RC activities and CSR activities are being actively promoted and the PDCA cycle is functioning.
 - We acknowledge that under the leadership of the RC Committee Chairman, RC audits are conducted every year at the company's works and subsidiary's manufacturing sites in Japan, the implementation status of the annual RC Activities Plan is checked, and the results thereof are reported to the RC Committee and Internal Control Committee and utilized during the management review.
 - Concerning the quality assurance activities, there were zero major claims, and the targets for trouble originating from quality issues involving Company were generally achieved. We acknowledge that "cost of losses" was added as a new target item in the second half.
 - The "Sports festival for Company employees and families" event held at the Himeji Works last year was attended by about 230 people. This event effectively fostered a feeling of solidarity within the organization and facilitated communication between employees, and it is expected that this event will continue to be held in the future.
- 4) Characteristics of the Report
- The Report has been prepared with the intent of expanding readership from the viewpoint of ESG (Environmental, Social and Governance).

NAGAMATSU Shigeki
 Chief Director, Responsible Care Verification Center
 Japan Chemical Industry Association

Sumitomo Business Spirit



1. Business Principles

Article 1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

2. "Jiri-Rita Koushi-Ichinyo"- Benefit self and benefit others; private and public interests are one and the same

Sumitomo's Business Principles lay the foundation of the Sumitomo Business Spirit. The phrase "placing prime importance on integrity and sound management" in the Article 1 emphasizes the importance of gaining trust of business partners and of society. "Under no circumstances, shall it pursue easy gains or act imprudently" in the Article 2 is a strong warning not to seek only immediate profits. The Spirit has been handed down to the present day among all Sumitomo Group companies.

The Sumitomo Group is a group of distinguished industrial, financial and commercial enterprises that share a mutual heritage of adherence to the business precepts established by the founder of the House of Sumitomo nearly 400 years ago. Emphasizing integrity, sound management and a progressive attitude, these principles have guided Sumitomo enterprises to positions of leadership in the fields of trade and industry. Although financially and managerially independent, Sumitomo Group companies are proud of their heritage.