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Corporate Social Responsibility Report 2014



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"Mori no Chonai-Kai" (Forest Neighborhood Association) --
Supporting sound forest management



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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, we now present extensive information on our relations with our customers, stockholders, 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 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, 2013 to March 31, 2014

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

Publication: Sept. 2014 (Next publication: Sept. 2015)

* Sumitomo Seika Group means a corporate group comprised of Sumitomo Seika Chemicals and its consolidated subsidiaries.

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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 have set our goal to become an R&D-oriented chemical company, a highly-profitable company engaging in a niche business globally, and a company that fulfills social responsibilities and inspires its employees with a sense of pride and fulfillment.

Gathering speed to realize a mid-term business plan, the SEIKA PLAN 2015

The Plan outlines what Sumitomo Seika Group aims to be, and the future direction the Group should follow. It is, as it were, a mariner's compass navigating us in the vast ocean of business opportunities where we implement a variety of action plans one after another to make our dreams come true. With the final year of SEIKA PLAN 2015 being only a year away, this year is very crucial, indeed, to realizing the Plan successfully. The current year is a finishing step for us to take to overcome various problems which we have been working on and, if there remains anything yet to be sorted out, to implement adequate measures for it. All of us will join hands in working vigorously to achieve the Plan's targets.

Ensuring safety – the fundamental to corporate activity

No company can survive without securing safety and maintaining stable operation. We, therefore, have been making steady efforts to ensure safety, bearing always in mind the importance of “trying to predict the unpredictable” and following our fundamental management policy of “Safety Comes First”. To our regret, however, an accident with lost working days occurred at one of our overseas production plants. Having investigated into a root cause of the accident and taking measures against it, we are also working to share the measures with other companies across the Sumitomo Seika Group as

well as re-doubling efforts on employee education and trainings for a further enhanced level of safety management.

Supporting environmental protection

Our Group is constantly exerting 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. In addition, we have been working strenuously on improving an energy consumption rate, and a certain tangible result is now beginning to come out. We will continue to render unabated efforts to ensure implementing necessary measures in meeting those challenges, thereby contributing ultimately to protecting the global environment.

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 2014
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 Chemicals develops products which make daily life more convenient and comfortable, with consideration for Safety, Environment and Quality in various applications.

Super Absorbent Polymers

The Super Absorbent Polymer "AQUA KEEP", which displays 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 electronics 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

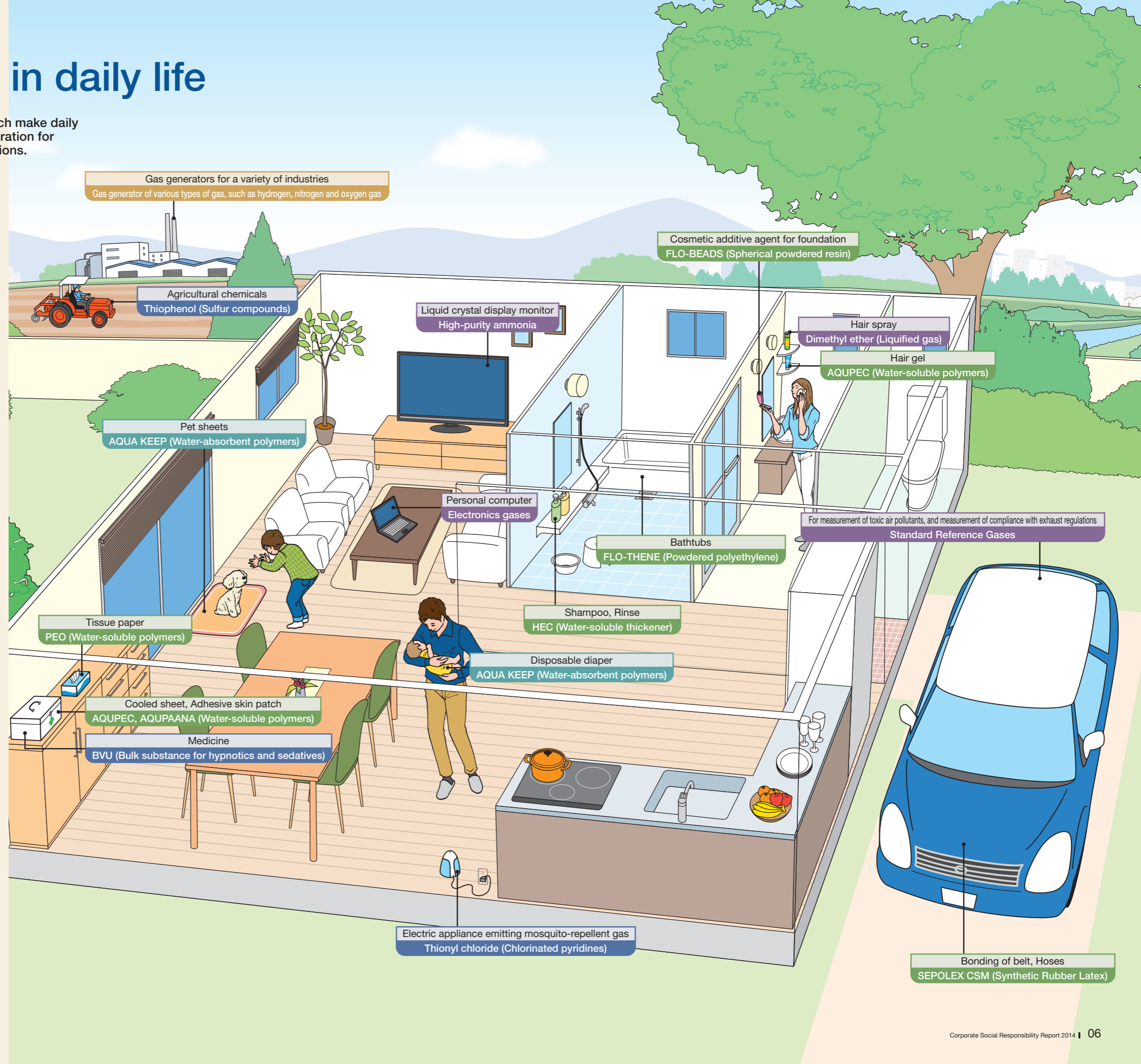
Capitalizing on our advanced synthesis, purification and analysis technologies, we offer cost-competitive high-purity gases that meet every user's needs in the fields of semiconductor gases, standard gases used for environmental monitoring and calibration of analytical equipment, and industrial gases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



Gas generators for a variety of industries
Gas generator of various types of gas, such as hydrogen, nitrogen and oxygen gas

Agricultural chemicals
Thiophenol (Sulfur compounds)

Liquid crystal display monitor
High-purity ammonia

Cosmetic additive agent for foundation
FLO-BEADS (Spherical powdered resin)

Hair spray
Dimethyl ether (Liquified gas)

Hair gel
AQUPEC (Water-soluble polymers)

Pet sheets
AQUA KEEP (Water-absorbent polymers)

Personal computer
Electronics gases

Bathtubs
FLO-THENE (Powdered polyethylene)

For measurement of toxic air pollutants, and measurement of compliance with exhaust regulations
Standard Reference Gases

Tissue paper
PEO (Water-soluble polymers)

Shampoo, Rinse
HEC (Water-soluble thickener)

Disposable diaper
AQUA KEEP (Water-absorbent polymers)

Cooled sheet, Adhesive skin patch
AQUPEC, AQUAANA (Water-soluble polymers)

Medicine
BVU (Bulk substance for hypnotics and sedatives)

Electric appliance emitting mosquito-repellent gas
Thionyl chloride (Chlorinated pyridines)

Bonding of belt, Hoses
SEPOLEX CSM (Synthetic Rubber Latex)

CSR digest

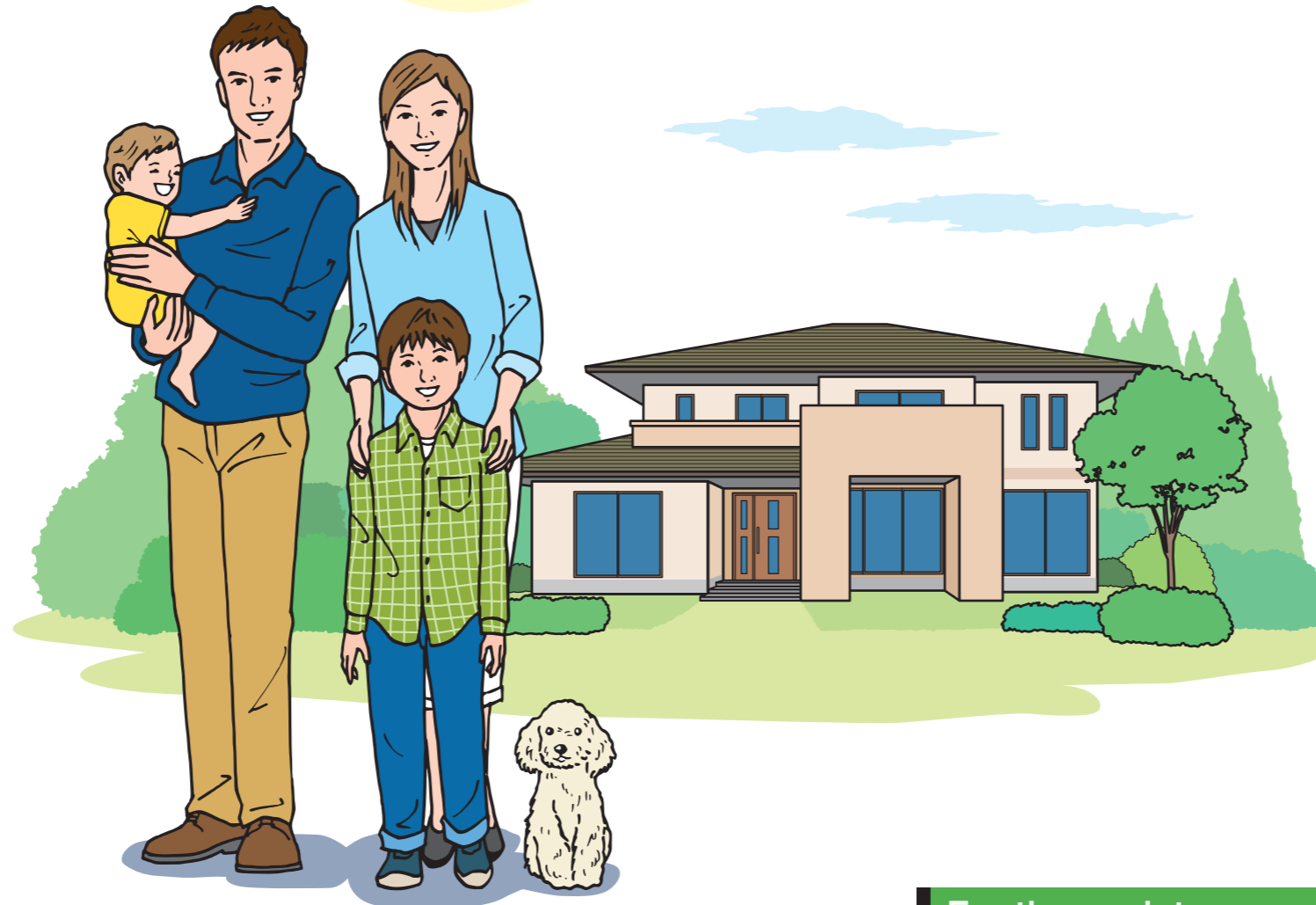
Here are summaries of our CSR activities in 2013.

VOC emissions

12%
reduction compared
to FY2012

Unit energy consumption

8%
reduction compared
to FY2012



Accident with lost workdays: "zero"
(There was "one" accident
with lost workdays at overseas works)

Leak accident:
1

We were awarded by Japan Traffic Safety Association
for our efforts for traffic accidents prevention.

For the safety



"Zero"
accident
with lost work
days

We achieved zero accident with lost work days at Japanese Works by promoting near-miss incident reports and KY activity, pointing and calling, 3S and visualization, while we experienced one accident with lost work days and one ammonia leakage accident at overseas Works. We were awarded by Japan Traffic Safety Association for our efforts for traffic accidents prevention.

For environment

We are working on activities for promoting global warming countermeasures and energy conservation, reducing Volatile Organic Compounds (VOC) emissions and an amount of waste as well as preventing environmental pollution (air-water-soil).

We were able to attain an 8% reduction in unit energy consumption and a 12% reduction in VOC compared to FY2012.

However, we received one complaint about noise.

For the society

We promoted communication activities with various local people to establish and sustain good relationship with local community. Here described are our major activities.

- Environmental education program for children (Fun chemistry class / Harima-Cho, Hyogo)
- Support for environmental events of communities (Himeji Environmental Festival / Hyogo)
- Internship programs (intern students from high schools and junior high schools as part of Hyogo Prefecture's educational program)
- Community beautification and cleanup
- Communication with local community

Consolidated financial results for fiscal 2013

Operating results

During fiscal 2013, the Japanese economy showed a trend of a pickup in corporate revenues and consumer spending as a result of the correction of the yen's too high value and a stock price hike that were brought about by the government's fiscal measures and the Bank of Japan's enhanced monetary easing. On overseas fronts, advanced economies of Europe and the U.S. exhibited a certain degree of recovery, while the decelerating trend in growth of emerging countries became conspicuous. All in all, the pace of economic recovery in Japan remained somewhat unsteady.

Under these circumstances, the Sumitomo Seika Group's financial results for fiscal year 2013 improved over the same period of the previous fiscal year as follows:

- Net sales posted 94.911 billion yen, a 34.5% increase over the previous fiscal year;
- Operating income was 8.056 billion yen, a 92.6% gain over the previous fiscal year;
- Ordinary income reached 8.815 billion yen, an 87.9% higher than the previous fiscal year; and
- Net income recorded 5.656 billion yen, an 81.2% growth over the previous fiscal year.

In order to ensure more appropriate management and information disclosure of Sumitomo Seika Group's financial performance, starting fiscal 2013, the fiscal year closing date of some of our consolidated subsidiaries outside Japan has been changed from December 31 to March 31, the closing date of our consolidated financial statements. As a result of this change, those subsidiaries' financial results for the fifteen-month period from January 1, 2013 to March 31, 2014 have been consolidated in the financial results of the current fiscal year.

Financial results by business segment were as follows:

Chemicals

Despite declined sales of fine chemicals products, this segment reported a 12.7% increase in net sales to 19.185 billion yen, and the improvement of 0.216 billion yen in operating loss to 0.083 billion yen, compared with the previous fiscal year, owing to sales increase of water-soluble polymers and fine particulate polymers.

Super Absorbent Polymers

Net sales posted 63.293 billion yen, a 54.2% increase over the previous fiscal year, and operating income amounted to 7.410 billion yen, a 103.3% increase over the previous fiscal year. If necessary adjustments were made to make a fair comparison in financial results between this fiscal year and the previous fiscal year by excluding the actual financial performance for the term from January 1, 2013 to March 31, 2013 of those consolidated subsidiaries that have changed their fiscal closing date, net sales would be 58.476 billion yen, a 42.4% increase over the previous fiscal year, and operating income would be 6.839 billion yen, a 87.6% increase over the previous fiscal year, owing to such factors as financial contribution made throughout the entire fiscal year by a new plant at Himeji Works having become operational in January 2013 and the yen being weaker than the previous fiscal year.

Gases and Engineering

Net sales were 12.433 billion yen, a slight decline of 0.7%, and operating income recorded 0.718 billion yen, a 16.4% drop from the previous fiscal year, due to reduced sales of gas generators, affected by a sluggish demand in the Japanese market as well as further intensified price competition for electronics gases.

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 FY2010 to FY2015. During the past three years from FY2010 to FY2012, we worked vigorously toward achieving the PLAN's goal of attaining the net sales of 100 billion yen by end of FY2015, 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 FY2013 through FY2015.

[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

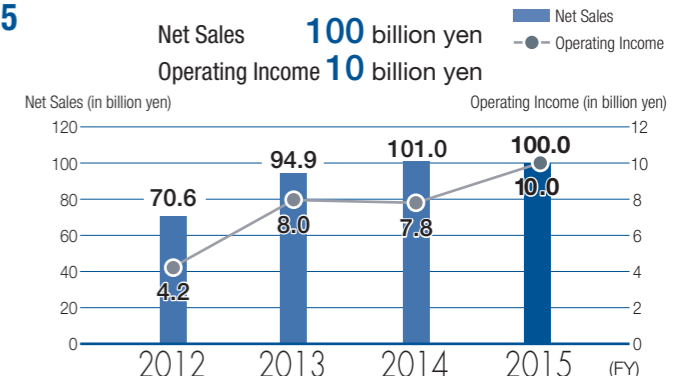
Maintaining the original plan to achieve the specified financial targets for FY2015, with net sales of 100 billion yen and operating income of 10 billion yen

Drivers of growth

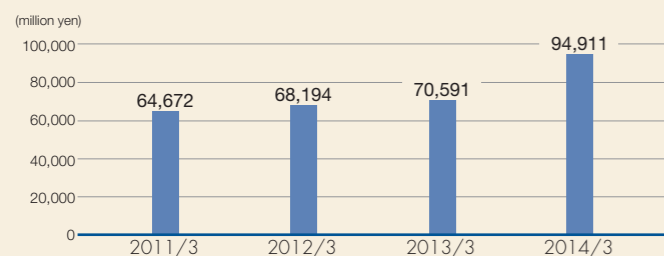
- Completing the expansion of production capabilities for super absorbent polymers to 300,000 tons per annum and executing next expansion plans for FY 2016 and beyond
- Enhancing profitability through developing high-performance products in growth fields such as Environment / Energy, Daily life / Amenities,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

Performance Goal

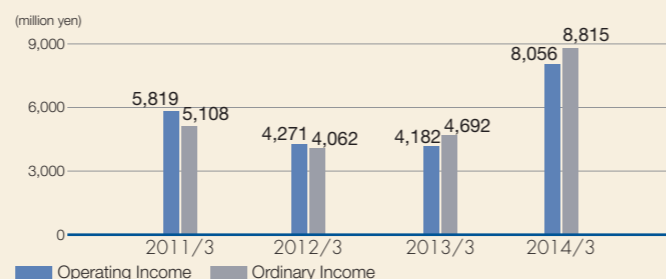
2015 Target



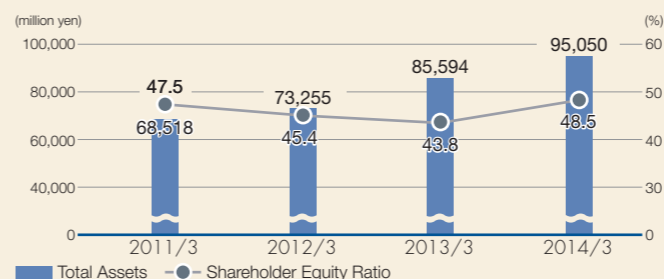
Net Sales



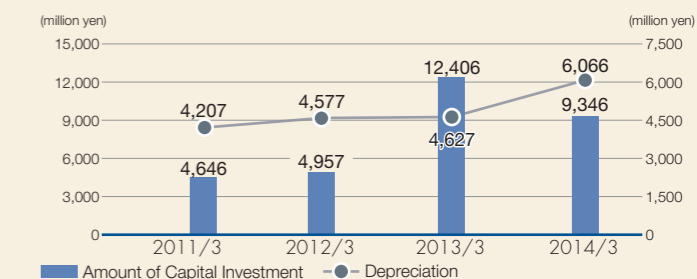
Operating Income/Ordinary Income



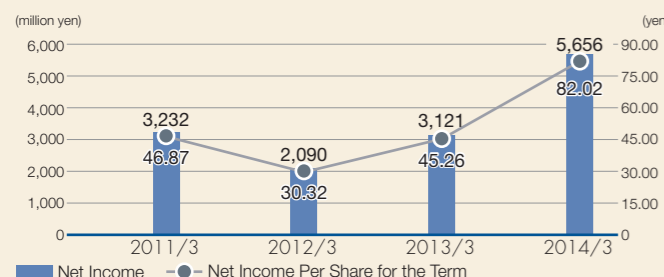
Total Assets/Shareholder Equity Ratio



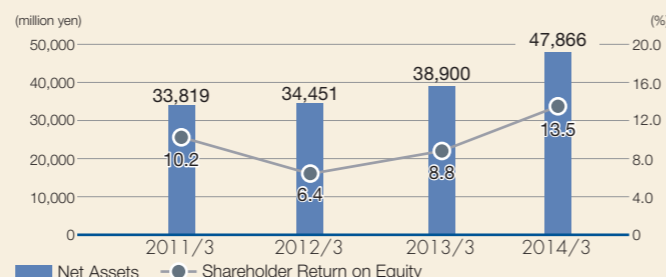
Amount of Capital Investment/Depreciation



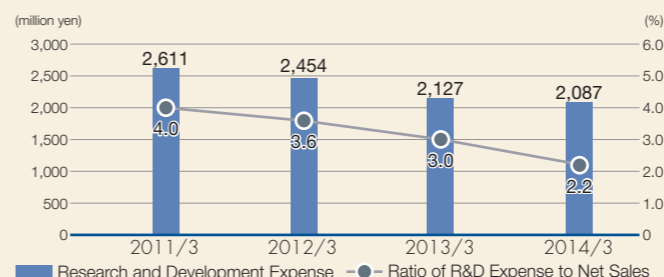
Net Income/Net Income Per Share for the Term



Net Assets/Shareholder Return on Equity



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



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

Compliance

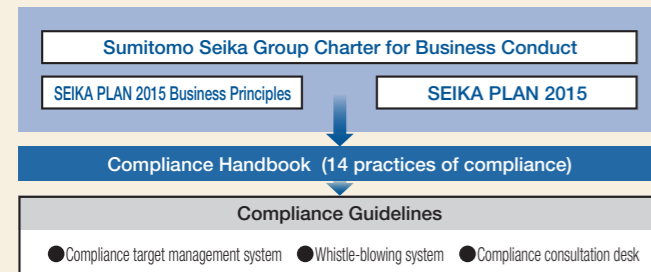
We have formulated the Sumitomo Seika Group Charter for Business Conduct, and strive to ensure all employees understand the importance of complying with the principles of the charter.

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 sets out respective company-wide annual targets including those of compliance and translate them into targets for each sector, whereby ensuring effective accomplishment of all such targets.

Whistle-blowing system

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

Compliance consultation desk

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

Compliance education and training

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

Risk management

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

Risk management system

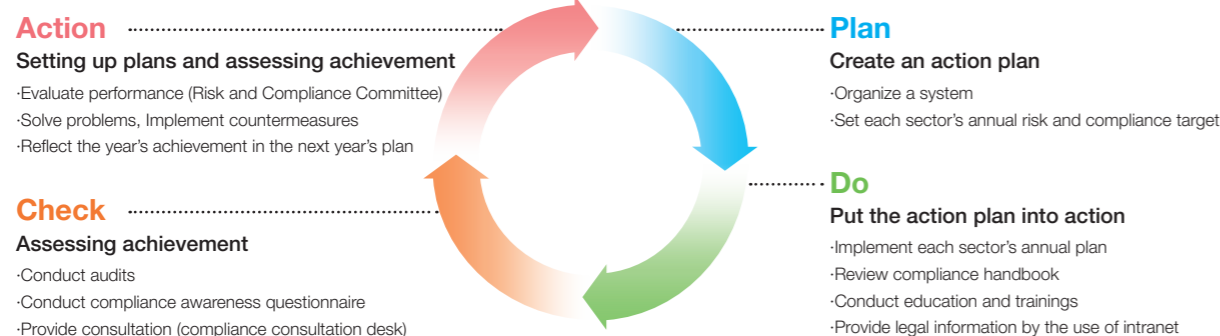
Preventive measures

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

Emergency response

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

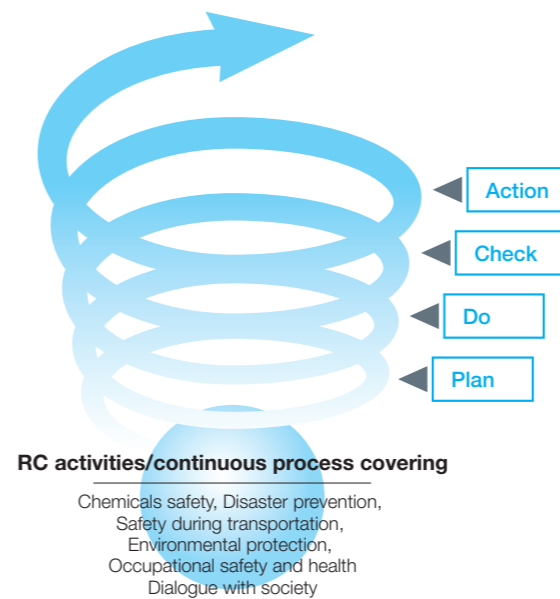
Management cycle for risk and compliance



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.

Spiral up of Responsible Care activities



Responsible Care of Sumitomo Seika

We have been participating in Responsible Care since 1995. We, as a responsible member of society, not only comply with related laws and international rules but also voluntarily work on environment protection, occupational safety and disaster prevention.

Safety and environmental challenges in today's business have become more diversified and sophisticated year after year. We have been addressing these challenges through various management systems, and publish results of such activities, while maintaining dialogue and communication with society and thereby intending to build a company more trusted by society.

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.

Organization

RC activities require major 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 PDCA cycle of RC activities is successfully implemented in accordance with the management system.

RC audit

We implement annual audit at 3 Japanese Works and 4 overseas sites, in order to continually improve the PDCA. 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.

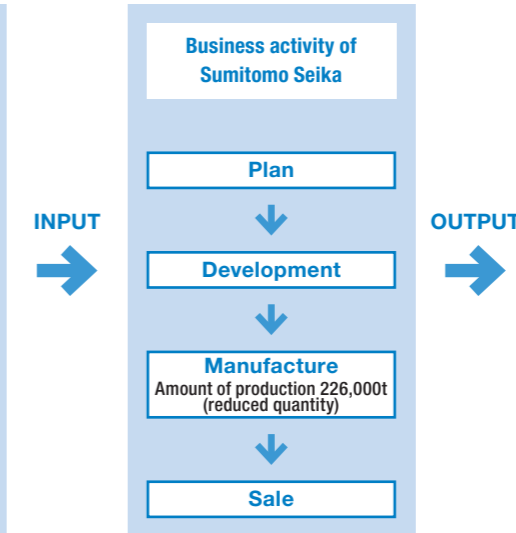
Report on our 2013 RC targets and achievements, environmental burden, environmental accounting outlining costs allocated to reduce environmental load, and economic effects achieved.

Area	2013 Target	Action plans and results 2013		Rating
		Action plans	Achievement of the target	
Compliance with Law	"Zero" Violation of Law	1) Exact operation of compliance evaluation systems and compliance with laws	Violation: 0	◎
Occupational safety	"Zero" - accident with lost workdays / without lost workdays, "Zero" - traffic accident (offending)	1) Thorough implementation of preventive measures 2) Thorough safety management on non-routine work	Accident involving lost workdays: 0 Accident involving no lost workdays: 1 Traffic accident (at fault): 15 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) Carry out thorough risk analysis on production process at existing plants 2) Promotion of earthquake and tsunami countermeasures	Major accident: 1 There was an accident of ammonia leakage. Minor accident: 28	△
Chemicals safety	Promotion of rightful control of chemicals	1) Appropriate response to overseas chemical regulations 2) Participation in global product strategy (JIPS :Japan Initiative of Product Stewardship)	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: 15 times Accident simulation training: 2 times	◎
Global warming / Energy saving	Promotion of environmental protection by energy saving 1) Unit energy consumption: 1% reduction compared to FY2012 2) Unit energy consumption in transportation: 1% reduction compared to FY2012	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: 0.365, 8% reduction compared to FY2012 Unit energy consumption in transportation: 5.96, 24.6% reduction compared to FY2012	◎
Solid waste management	Reducing waste 1) Unit waste generation: 0.138t/t (Level of FY2010) 2) Disposal by contractors: less than 7,300t/y (Level of FY2010) 3) Recycling rate: 60% 4) Final landfill disposal : less than 140t/y (Level of FY2010)	1) Minimization of waste generation in new process and modified process	Unit waste generation: 0.088t/t Disposal by contractors: 7,669t/y Recycling rate: 59% Final landfill disposal: 111t/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 FY2000 level	1. PRTR 1) Minimize emissions in new process and modified process 2. VOC 1) Implementation of reduction in VOC emissions	1. PRTR substances 1) 1,3-butadiene: 0.3 t/y 2) 1,2-dichloroethane: 8.8 t/y 3) Trichloroethylene: 5.7 t/y 2. VOC emissions: Reduction by 12% of FY2012 level (Near future target: reduction by 30% of FY2000 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 Noise complaint: 1	○
Quality	1. "Zero" major product quality problems 2. Reduction in the number of complaints, quality claims, and in-process non-conformities (20% reduction from FY2012 baseline of problems attributable to us.)	1) Strengthen the quality assurance system of Works in Japan 2) Strengthen the quality control system of Works in Japan	Major complaints: 0 Customer complaints and intra-process non-conformance: 75 We couldn't achieve the target of 20% decrease from the FY2012 due to a trend of increase in human errors by younger employees.	△
Approach to globalization	Improving safety and environmental management as well as quality management system to prepare for globalization	1. Safety and environment 1) Accident reports and incident reports, and share of information among the Group on each accident which actually occurred 2) Provide overseas Works/offices with support in responding to local administrative requirements 3) Support safety management operations at overseas Works, and monitor their operations through RC audit 2. Quality 1) Strengthen the quality assurance system of Sumitomo Seika group companies and support the operations of their quality assurance systems	1. Safety and environment Overseas Works Accident involving lost workdays: 1 Accident involving no lost workdays: 1 We distributed accident reports and trouble reports to the Group to prevent occurrence of similar accidents 2. Quality 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.	△
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	We conducted information exchange meetings and events, including emergency drills, with neighboring communities on a regular basis.	◎

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

2013 environmental load

Energy consumption (crude oil equivalent)	82,607kl
Amount of water used (except for cooling seawater)	5,290×1,000m ³
Amount of raw materials used	250,000t and 2,057×1,000m ³ (gases)



Air	CO ₂ *	214,523t
	SO _x	5.1t
	NO _x	63.5t
	Dust	0.7t
	PRTR substances	104.6t
Water	VOC	757t
	Effluent	4,324×1,000m ³
	COD	32.6t
	Total nitrogen	12.6t
Industrial waste	Total phosphorus	0.76t
	Unit waste generation	0.088t/t
	Waste disposal by contractors	7,669t
	Recycling rate	59%
	Landfill disposal	111t

* 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.

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

Classification of environmental cost	Major initiatives	Counting for 2012		Counting for 2013	
		Amount of investment	Amount of expenses	Amount of investment	Amount of expenses
Business area costs	Pollution prevention costs	85	162	52	166
	Global environmental protection costs (global warming, energy saving)	730	1,429	91	2,486
	Resource recycling costs	0	347	0	335
Upstream / Downstream costs	Use of environmentally-friendly packaging materials	4	1	0	1
Administrative costs	Costs associated with monitoring environmental load and managing operations of environment protection systems	21	149	11	156
R&D costs	R&D for gas-recovery unit and environmental load-reducing technologies	78	296	66	343
Social activity cost	Protection of natural environment, enhancement of greenery, natural beauty, and landscape preservation	0	1	0	1
Environmental remediation costs	Environmental remediation costs	0	0	0	0
Total		983	2,662	282	3,786

Counting for 2012: April 1, 2012 – March 31, 2013
Counting for 2013: April 1, 2013 – March 31, 2014
Scope: Our domestic bases only
Method of calculation: Investment and cost for environment protection are calculated on a prorata basis from the total amount

Counting for 2013		(Unit: million yen)
Kind	Contents	Amount
Cost saving	Reduction of industrial waste disposal costs by enhancing the sludge treatment equipment	798
	Reduction of steam consumption by introduction of high-efficiency dryer	336
	Reduction in discharge of VOC induced reduction in purchase cost of solvents	288
	Reduction of amount of purchased electricity, and improvement of steam generation efficiency by implementing cogeneration system	102
	Reduction of LNG consumption by recovering condenser water	51
	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	24
	Others	8
Total		1,607

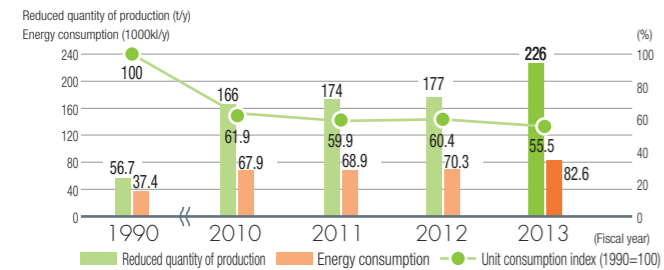
Period: April 1, 2013 – March 31, 2014
Scope: Our domestic bases only

Sumitomo Seika continues to make efforts to reduce our environmental load for improvement of our natural environment.

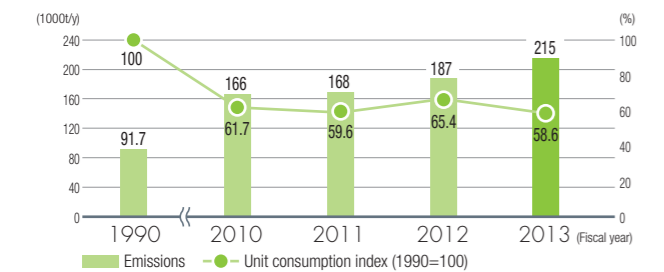
Energy saving / Global warming

We manage energy consumption and CO₂ emissions per unit production in terms of "Unit consumption", reduction of which we endeavor to achieve.

Trend of energy consumption



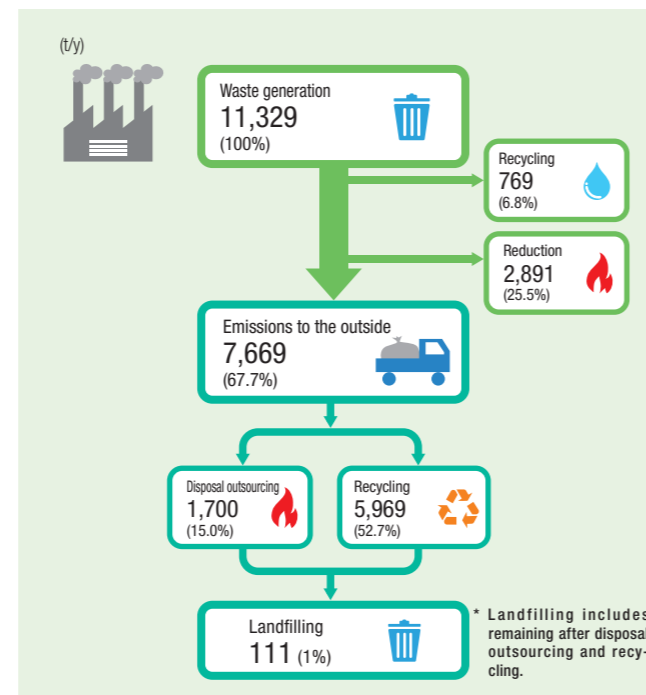
Trend of CO₂ emissions



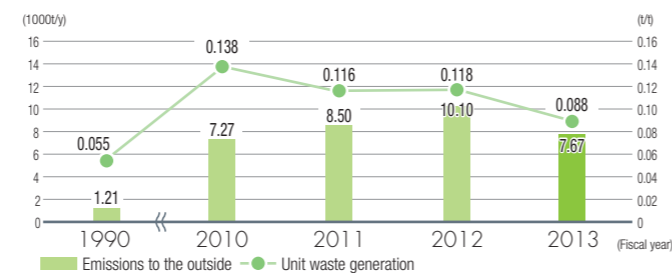
Reducing waste

We comply with Waste Management Law, while carrying out separation, management of manifest and requesting proper management to industrial waste disposal operators.

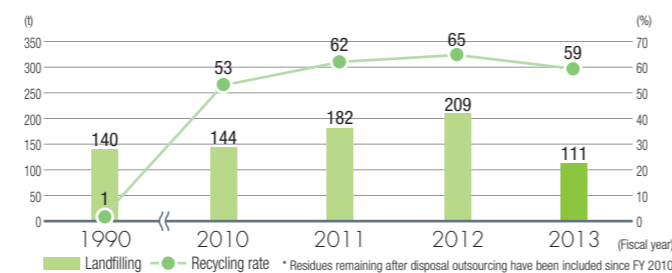
Waste disposal



Trend of unit waste generation



Amount of final landfilling and trend of recycling rate



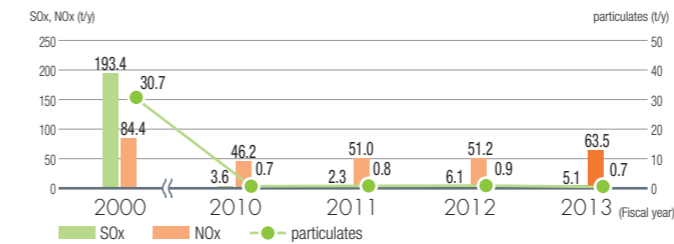
*Recycling rate is calculated as ratio of the total recycling amount to the total waste generated

Preventing air pollution/Noise

We work on management of air pollution substances, PRTR-specified chemical substances and VOC substances as well as reduction of emissions.

Meanwhile, we received one complaint in Japan about a noise attributable to manufacturing.

Trend of emission of SO_x, NO_x, and particulates



Trend of emission of PRTR substances

	1995	2010	2011	2012	2013
1,3-butadiene	2.8	9.0	4.7	1.6	0.3
1,2-dichloroethane	72.0	6.1	7.1	5.5	8.8
Trichloroethylene	70.0	5.4	4.3	5.3	5.7
Hexane	-	102.4	116.4	109.5	81.0
Dichloromethane	69.6	1.9	1.1	1.2	1.0
Others	21.6	10.9	10.5	9.5	7.8
Total	236.0	135.7	144.1	132.6	104.6

* Hexane has been included since FY2010

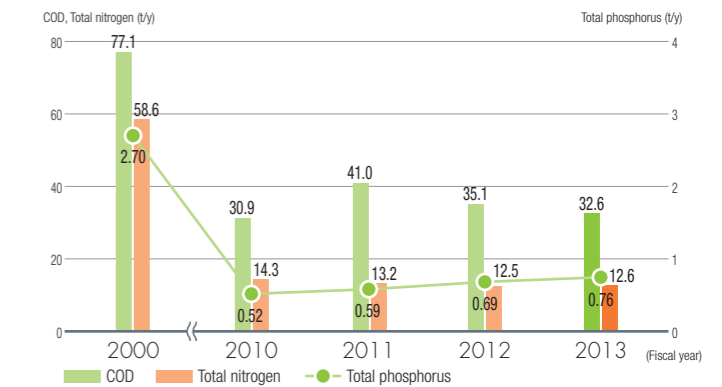
Trend of VOC substances emission

	2000	2010	2011	2012	2013
Heptane	292	634	582	486	481
Pentane	2	120	130	199	131
Methanol	21	25	10	20	22
MIBK	20	20	24	22	13
Others	171	139	148	136	110
Total	506	938	894	862	757

Protecting water quality

We continue our efforts to manage water pollution substances appropriately as well as to reduce emissions.

Trend of water contamination load



GENBA Interview



Morihiko Fukunaga
No.2 Manufacturing Section, Himeji Works

At Himeji Works, we use a lot of Volatile Organic Compounds (VOC) in manufacturing processes. We have worked on deliberating on introduction of VOC recovery and combustion system to reduce environmental footprint. Despite steady effects of these activities, we need further efforts to keep up with an increasing amount of materials due to increased production as a result of enhancement of production facilities.

Then, in 2013, we introduced a new VOC recovery system, in which we installed a separation recovery system to avoid deterioration of quality affected by moisture attributable to products and thereby succeeded in attaining efficient improvement in environment and quality.

We will continue to work on environmental conservation with due consideration of total balance.

Placing “Safety Comes First” 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.

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. In 2013, there was one accident with lost working days at overseas plant such as chemical burns due to adhesion of ammonia in ammonia receiving operation.

We aim to achieve zero occupational accidents while allowing same accidents or disasters not to happen again by sharing information on accidents or disasters in Japan and overseas.

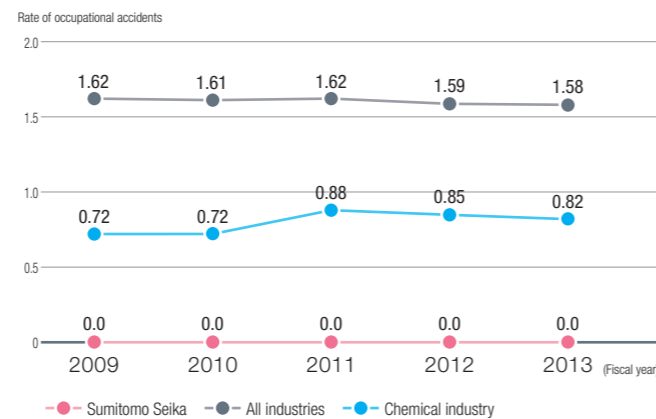
Our efforts for traffic accidents prevention

Befu Works was awarded by Japan Traffic Safety Association which evaluated our efforts for traffic accidents prevention. We will continue our efforts for traffic accidents prevention by implementing activities to enhance consciousness of employees.

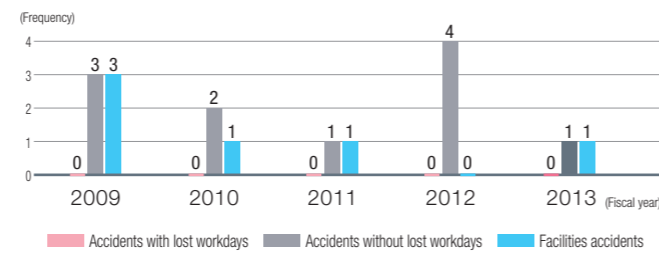


Commemorative gift

Rate of occupational accidents



The number of occupational accidents and facilities accidents



Our efforts for security and disaster prevention

We experienced one facility accident in a Japanese site caused by leakage of ammonia owing to corrosion in external surface. We have established new “rules for an inspection”, and we are exerting effort to prevent recurrence.

Disaster drill to prepare for emergencies

At each Works, we reviewed SOPs and manuals, carried out daily check and periodic inspections of facilities, conducted risk assessment and KY trainings, and improved or corrected unsafe spots and actions in our work place.

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 and the Great East Japan Earthquake in 2011, we have enhanced our preparedness for disasters to minimize possible damages.

In 2013, we implemented in a planned way seismic strengthening of buildings which were constantly used but had insufficient earthquake resistance because they were built under a loose regulation before 1981.



Firefighting training



Emergency drill

GENBA Interview



You Long
Fine Gases System Research Laboratory

All employees of Befu Works work on prevention of traffic accidents, while actively leading the community in traffic manner, through the committee for promotion of traffic safety which consists of representatives from every department.

In addition to various education activities, concepts of “being backed in a parking spot”, “do not use residential roads for commuting” and “do not drive with Maybe Assumptions” have been shared as common sense and practiced, while we are working on prevention of recurrence of the same accidents by feedback of information.

We were awarded as a superior company in traffic safety in “the 54th central meeting for national traffic safety” which evaluated our activities for traffic safety.

We will continue our efforts for traffic safety and prevention of traffic accidents.

We endeavor to supply our customers with products of reliable and satisfying quality by making concerted efforts to improve our company-wide 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, and we work on maintenance and improvement of QA system.

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, laboratories 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.

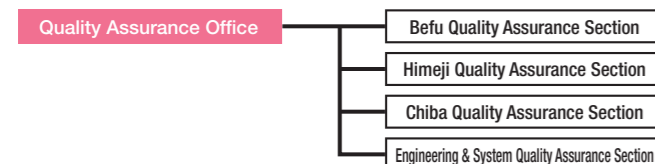
Our products vary greatly, including general industrial chemicals, raw materials for pharmaceuticals and cosmetics as well as raw materials for electronics and semiconductors. Different usage in customer always requires a different content even if the compound is same. Integrated efforts of Sales-Laboratory-Factory of the whole company under one management system ensure customer satisfaction through the best quality assurance activities.

We always enhance and improve the level of quality assurance as a corporate action to meet requirements from industries which are different industry by industry while referring to the strictest requirements.

Quality Assurance Office

The QA Office is a corporate organization of our company-wide QA system, and manages overall QA activities, working together with quality assurance sections of individual Works based on the basic policy of “QA from the customer’s viewpoint”.

Quality Assurance Office organization



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, coordinated and notified to other sites.

At Monthly Quality Review Meeting, quality complaints from customers are shared by all the participants and discussed.



Quality meeting

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.

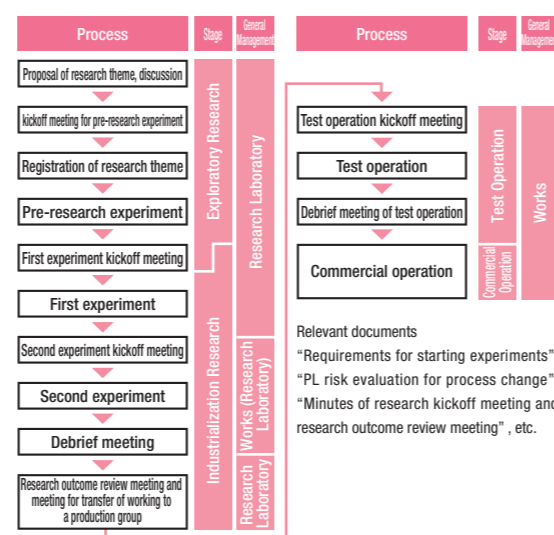
The QA Office also holds a monthly QA Meeting attended by the Work’s general manager and manufacturing section chiefs at each Works, in which details of complaints and responses are reported and discussed in an effort to share necessary information to prevent recurrence of similar quality problems.

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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



Relevant documents
 “Requirements for starting experiments”,
 “PL risk evaluation for process change”,
 “Minutes of research kickoff meeting and research outcome review meeting”, etc.

Audit / Inspection

Quality assurance office carries out “plant audit” and “QC patrol” in every Works in Japan to maintain and improve the quality assurance system.

As auditors, Quality Assurance Office members implement “plant audit” in accordance with monthly objectives for each manufacturing section and for each product. Manufacturing section and quality assurance work together to find out opportunity for improvement by inspecting workplace, manufacturing management and quality management from the viewpoint of quality assurance, which leads to improvement of quality assurance system and customer satisfaction.

We also thoroughly enforce 5S, which is a fundamental action program for quality assurance, meaning being orderly, neat, tidy, clean and discipline through implementation of “QC patrol” for inspection in workplace before or after a quality assurance meeting.

Also for overseas operations, we implement Safety-Environment-Quality audit together with RC Office in the form of “RC audit and quality audit”, and we also work on transfer and training of Safety-Environment-Quality management techniques, which we have so far nurtured in Japan.



QC patrol

Record of audits in FY2013

Audit date	Audited section or company
2013.04.25	Himeji Works No.2 Manufacturing Section
2013.05.27	Befu Quality Assurance Section
2013.06.05	Chiba Works Plastics Section
2013.06.19-21	Sumitomo Seika Europe
2013.08.21	Himeji Works No.3 Manufacturing Section
2013.08.30	Befu Works Fine Gases Section
2013.09.04	Chiba Works Fine Gases Section
2013.10.01-30	Company-wide internal quality audit
2013.11.29	Himeji Quality Assurance Section
2013.12.12	Befu Works Fine Chemicals Section
2014.01.22-25	Sumisei Taiwan Technology
2014.02.04	Chiba Quality Assurance Section
2014.02.05-08	Sumitomo Seika Singapore
2014.03.26-28	Sumisei Technology (Yangzhou)

Quality assurance education

We implement on a continuous basis “training on concept of quality assurance and quality management” led by Quality Assurance Office based on understanding of the importance of improvement in quality assurance system in order to keep customers fully satisfied, which is the ultimate target of our company management.

- 1) Training for new employees
- 2) Training for new leaders
- 3) Training for new managers
- 4) Technical training at each level

We also implement training activities in Japan and overseas as well as QC training to prevent recurrence of any quality problem using training materials based on actual complaints and quality trouble cases.

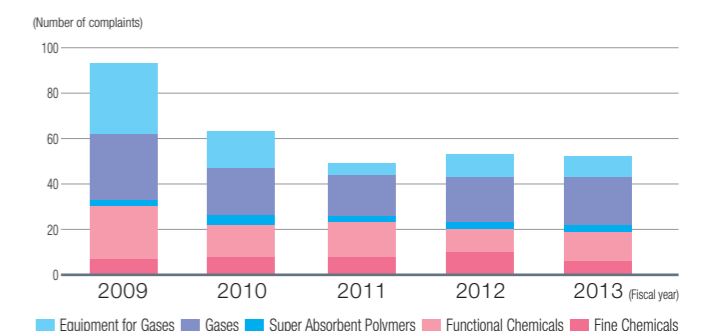


Audit at overseas Works



QC education at overseas Works

Trend of the number of customer complaints



Approach to safety

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

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.

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 with our logistics contractors, and conducted jointly safety activities.

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 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, chemical companies are required to submit information pursuant to GHS by the revision of relevant regulations. In Pacific-rim nations and European countries, 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 require each chemical producer to notify hazardous and toxic substances in addition to submission of the said MSDS and Warning Labels. To have our products handled safely, we collected information on hazardous and toxic chemicals as described in our MSDS and Warning Labels, and 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

Relationship with Society

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

- To 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, to final consumption through disposal and recycle



GSC Encouragement Awards ceremony

Topic

Sumitomo Seika received the 3rd term Green and Sustainable Chemistry Encourage Award.

We received the 3rd term GSC Encouragement Award for "Application of a clean oxidation technology to production of functional chemicals using hydrogen peroxide as the oxidizing agent", regarding which we conducted research with The National Institute of Advanced Industrial Science and Technology (AIST).

Oxidation reaction using hydrogen peroxide as its oxidizing agent is a clean oxidation reaction, which produces only water as by-product. We and AIST developed a process of oxidation reaction applicable to PTMA*, which is a kind of radical polymer, using hydrogen peroxide, and succeeded in a pilot scale production. This process has made it possible to produce safely, by way of efficient use of hydrogen peroxide, PTMA which is highly pure, and halogen-free, differently from production by the conventional processes.

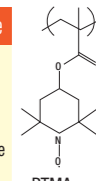
Oxidation technology in this research can be applied to production of a variety of radical polymers and other functional chemicals which are of high purity and halogen-free, and the radical polymers obtained in this process have so high purity that they can be used as raw materials for electronic devices which are required to be produced under clean conditions. Moreover, high affinity of the solvent in use enables application of this technology to highly efficient, low environmental load and safe production of functional chemicals. Other materials can be used either for the same purpose when the same solvent is in use. Thus, this technology is thought to contribute to GSC.

* poly (2,2,6,6-tetra- methyl-piperidine-1-oxyl methacrylate)

Issue, the conventional process: a heavy metal compound, organic peroxide materials, halogenated solvent, has high environmental and manufactural load

This research: practical oxidation technology of hydrogen peroxide

- Hydrogen peroxide: maximize utilization efficiency, by-products: water
- Solvent: halogen-free, suppresses the decomposability of hydrogen peroxide
- Catalyst: High-efficiency and high-reliability, applicable to scale-up



g scale



Kg scale

Synthesis of PTMA with safe and clean new technology

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 forming and maintaining good relations.

Environmental education program for children

We collaborated with the local community (Harima-cho Township) to host a “fun chemistry class”. In this class titled “Feel the magical power of chemistry by fabricating replica food!”, the children made plastic replica food. We encouraged them to think about environmental issues, such as reducing and separating waste.



Fun chemistry class

Support for environmental events of communities

We have been participating in the annual “Himeji Environmental Festival” organized by Himeji City. In the 2013 festival, we held events to help raise environmental awareness among participants, both kids and adults, in a fun way.



Himeji Environmental festival

Internship programs

We accept intern students from high schools, and also accept junior high students as part of Hyogo Prefecture’s educational program (Try-yaru week). In our internship programs, students have an opportunity to learn about their studies, think about their future career options.



Try-yaru week

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 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 initiatives and to listen to their opinions and proposals.

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 basic 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.

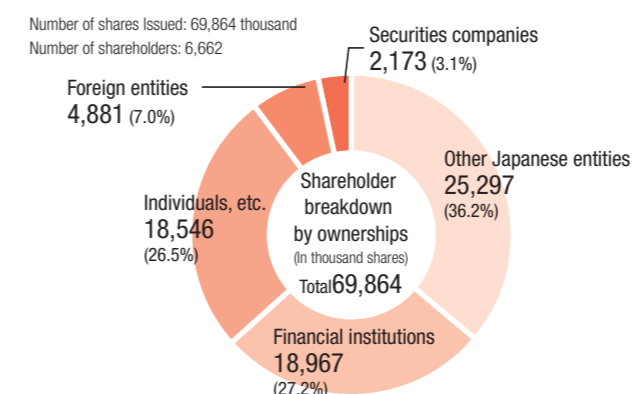


Communication with stockholders and investors

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.

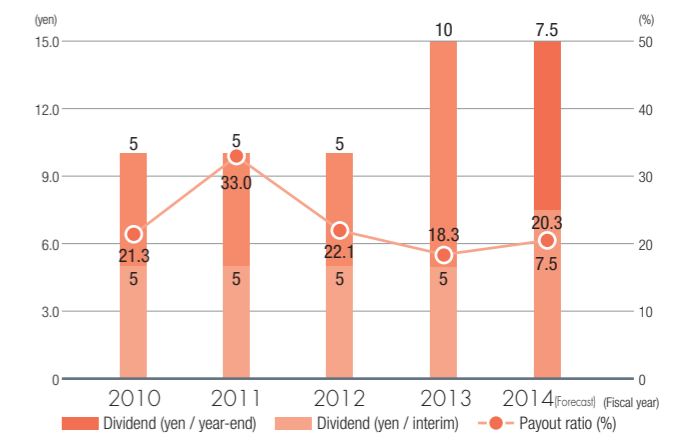
Share information (as of March 31, 2014)



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' meetings 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 create 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.

Having finished the Global Skill Development Course

Miyuki Hamagawa
Responsible Care Office



Fifteen months have passed since the start of the Global Skill Development Course. I've finished the training-in-Japan program which is a part of the Global Skill Development Course. The first half of the training-in-Japan program was designed to provide trainees with opportunities to learn other cultures, enhance logical thinking, and gain extensively skills and knowledge of marketing, accounting and management. On our days-off, we, trainees, went to business school and language school on an individual basis to upgrade

respective skills, and, in parallel, gathered together at the in-house training every two months to further study various subjects, stimulating ourselves mutually.

In August 2013, an interim debrief session was held, where every trainee reported what she or he would like to accomplish, taking advantage of what she or he learned under the training program. In the latter half of the training-in-Japan

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, Responsible Care training, 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. Twelve trainees have been selected for the first term training program and nine trainees have been selected for the second term training program. 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	2009	2010	2011	2012	2013
Number of retired employees	34	38	35	30	11
Number of re-employees	20	25	22	15	10
Ratio of re-employment	59%	66%	63%	50%	91%

Active employment of disability persons

Creating job opportunities for people with a disability 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.



Company dormitory at Yaka

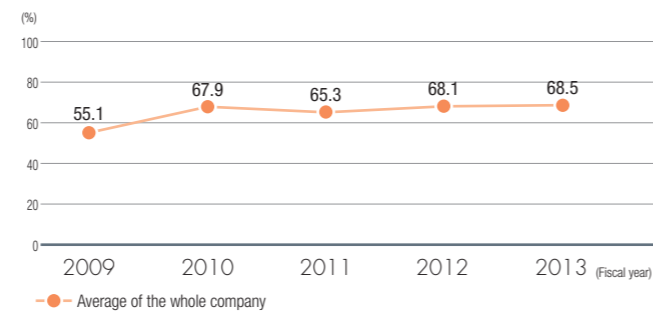
Promotion of work-life balance

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 2011	FY 2012	FY 2013
Scheduled annual leave	66.6	64.1	66.5
Anniversary leave	78.1	76.7	82.2

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.

Actual results for 2013: 3 employees for childcare leave plan, 1 employee for nursing care leave plan, 1 employee for short-time service for 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. We will continue our efforts to enhance our risk management level in order to reinforce our safety and security base.

- Location: 346-1 Miyanishi, Harima-cho, Kako-gun, Hyogo
- Number of employees: 327
- Production Items: Fine Chemicals, Gas Products etc.



Masato Yamamoto
General Manager, Befu Works

Results of activities in 2013

For our safety achievement in 2013, we achieved "complete zero accident", which means we had neither accident with lost working days, nor accident without lost working days, nor "Code 300" accident (which is the concept peculiar to Sumitomo Seika. Such case as the one where a worker receives a medical check but has no need for medical treatment is counted as "Code 300" accident) with employees of our company or subcontractors at Befu works. This remarkable record was achieved for the first time since 1965, and I believe this is an evidence of steady penetration of consciousness that safety of the workplace is achieved by effort of every employee.

There were, however, troubles such as gas leakage from pipes and contaminations in products on the front lines of manufacturing. We will continue enhancing our levels by brushing up our capability for change management and risk assessment.

Performance Data at Befu Works		
Energy (as crude oil)	12,700kl/y	
Air	CO ₂	73,500t/y
	SO _x	5.1t/y
	NO _x	7.6t/y
Effluent	Volume of effluent	1,824×1,000m ³ /y
	COD	18.1t/y
Waste material	Quantity	8,500t/y
	Recycle ratio	51%
	Landfill	103t/y
PRTR (Volume of exhaust to air)	2.5t/y	

02

Himeji Works

(Policy) All employees at Himeji Works including members of affiliated companies and subcontractors will work together to achieve a level one-step re higher in our activities, aiming to build "safe and secure Works which are trusted by communities and customers" and also intend to form "a truly beautiful manufacturing site" while being aware of the importance of "basic actions" and "rules and discipline".

- Location: 1 Irifune-cho, Shikama-ku, Himeji City, Hyogo
- Number of employees: 377
- Production Items: Super Absorbent Polymers, Water-soluble Polymers, Fine Particulate Polymers



Hironobu Masumoto
General Manager, Himeji Works

Results of activities in 2013

We focused on achieving early yet stable operations of various facilities of large-scale investments, and we pursued "Safety Comes First" manufacturing activities and "building a manufacturing site where employees are motivated to work, which induces vitalization of Himeji Works and eventually leads to a sustainable growth of our company". As a result, we were able to keep a high operation rate while attaining continued safe and stable plant operations based on RC activities and also able to proceed with expansion of production capacity, improvement in profitability, R&D, Himeji TPM activities smoothly. We will continue 5S activities and risk management together with all Himeji employees' participation.

Performance Data at Himeji Works		
Energy (as crude oil)	67,900kl/y	
Air	CO ₂	131,000t/y
	SO _x	- t/y
	NO _x	55.7t/y
Effluent	Volume of effluent	2,100×1,000m ³ /y
	COD	14.1t/y
Waste material	Quantity	2,600t/y
	Recycle ratio	91%
	Landfill	8t/y
PRTR (Volume of exhaust to air)	98t/y	

03 Chiba Works

(Policy) Based on the basic policy of “Safety comes first”, we intend to make Chiba Works a manufacturing site trusted by neighboring communities and customers with the slogan of “we are a manufacturing site of square of CS (clean & safety, communication & speed), while being always aware of the importance of achieving zero-accident and zero-injury, conservation of environment, and customer-focused quality improvement.

- Location: 1384-1 Kamikoya, Yachiyo City, Chiba
- Number of employees: 74
- Production Items: Gas Products, Fine Powder Plastics etc.



Keiji Shakuto
General Manager, Chiba Works

Results of activities in 2013

We were able to achieve 9,000 consecutive days of no accidents in August 2013, which would lead to our Work's objective 10,000 consecutive days, as a result of our activities to keep safe and stable operation as well as to reduce even small risks jointly with subcontractors by encouraging employees to have adequate awareness of the importance of responsible care activities.

Moreover, we were able to contribute to not only increase of energy efficiency and reduction of cost but also reduction of waste by reviewing manufacturing processes and addressing environment issues based on useful productive ideas and improvement actions.

We will continue our effort to build a comfortable working place and create a manufacturing site contributing to neighboring communities while placing emphasis on communication and sharing knowledge in order to attain higher levels of targets.

Performance Data at Chiba Works		
Energy (as crude oil)		1,930kl/y
Air	CO ₂	4,350t/y
	SO _x	- t/y
	NO _x	0.2t/y
Effluent	Volume of effluent	400×1,000m ³ /y
	COD	0.4t/y
Waste material	Quantity	214t/y
	Recycle ratio	17%
	Landfill	0t/y
PRTR (Volume of exhaust to air)		7.8t/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: Super Absorbent Polymers



Wong Chee Seng
General Manager, Sumitomo Seika Singapore Works

Results of activities in 2013

We received from SCIS (Singapore Chemical Industry Council) the achievement prize in three codes (community awareness and emergency response code, employee health and safety code, and process safety code) with their high evaluation of our efforts for responsible care activities. We will continue our efforts to ensure safety, health, conservation of environment, high product quality and customer satisfaction.

Performance Data at Sumitomo Seika Singapore Works		
Energy (as crude oil)		33,500kl/y
Air	CO ₂	43,900t/y
	SO _x	- t/y
	NO _x	- t/y
Effluent	Volume of effluent	142×1,000m ³ /y
	COD	116t/y
Waste material	Quantity	958t/y
	Recycle ratio	- %
	Landfill	939t/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: 31
- Production Items: High-Purity Ammonia



Shen Ching Te
General Manager, Sumisei Taiwan Technology Works

Results of activities in 2013

As we experienced an accident with lost working days in 2011, we have taken actions since 2012 to ensure that workers wear protective equipment, receive training on basic principles, SOP and emergency drills and keep their workplace in order, neat, tidy and clean under 5S initiatives.

Moreover, after “the RC audit and quality audit in 2013”, we enhanced safety consciousness and improved basic skills by reviewing our risk assessment and starting pointing and calling practices.

Celebrating 1,000 consecutive days of zero-accident and zero-injury in July 2014 as a pass point, we will continue our safe and stable plant operations.



Safety training

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: 27
- Production Items: High-Purity Ammonia, etc.



Ilsung Cheong
General Manager, Sumisei Chemical Works

Results of activities in 2013

We mainly worked on “an early start-up of Jangan Plant and contribution to profit” and “establishment of a company-wide management system including that of Jangan (ISO9001, ISO14001, etc.)”, and we acquired an additional certification of ISO9001 on NO at Jangan Plant in April and newly acquired a certification of ISO14001 in August.

Additionally, we kept our efforts to improve skills of operators in both plants, including early acquirement and improvement of various gas analysis techniques and operation techniques at Jangan Plant, while we promoted further improvement in unit cost at Paju plant.

We had, however, unfortunate results in terms of safety and environment like a leakage trouble in June one accident with lost working days and accidents without lost working days in January 2014. We will encourage all employees to reinforce their sensitivity to possible accidents and enhance the total safety consciousness in the company.

We will further strengthen safety with emphasis on 1) implementation of appropriate facility maintenance plan, and 2) review of plant safety management system in 2014.



Safety training

07 Sumisei Technology (Yangzhou) Co.,Ltd.

(Policy) Under a basic policy of “Safety comes first”, we will operate with basic principles of “zero-accident and zero-injury”, “customer-focused services” and “prosperity with society” and contribute to progress of society and formation of sustainable society.

- Location: No.9 Venture Road, Qingshan Town, Yizheng City, Jiangsu Province, China
- Number of employees: 25
- Production Items: High-Purity Ammonia



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

Results of activities in 2013

We were able to establish a foundation to find at an early stage troubles in facilities as well as to ensure safe and stable operations through the second phase reconstruction project and reinforcement of maintenance systems. We achieved “zero-accident and zero-injury” while updating SOPs, providing training and organizing a committee supervising safe operations at manufacturing sites along with acquisition of ISO9001 certification in 2013. In terms of quality, we provided training occasionally to employees with an aim to reduce complaints of quality and to enhance employees’ mind for quality, and we endeavored to supply quality products stably, bearing the importance of “customer-focused services” in our mind.



Safety training

We will aim to become a company which achieves “prosperity with society” by reducing the volume of waste which gives load to the environment through further improvement of manufacturing conditions, securing safety of raw materials, products and by-products and preventing health hazards to all the people concerned including employees, logistics workers and customers.

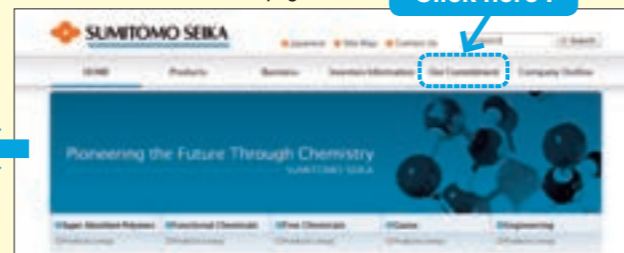
Our CSR Report web page

This year's CSR Report and back numbers are also available on our website.

Page of CSR Report



Sumitomo Seika website front page



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



Corporate Social Responsibility Report 2014 Independent Verification Report

July 28, 2014

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 2014” (hereinafter “the Report”) that was prepared by Sumitomo Seika Chemicals Company, Limited (the Company):

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

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

■ Verification procedure

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

■ Opinions

- 1) The rationality of collection, compilation and calculation methods of performance indices (numerical values) and accuracy of the values
 - Rational methods were employed at the corporate head office and Befu Works to collect, compile and calculate numerical values.
 - As far as we audited, the performance numerical values were accurately collected, compiled and calculated.
- 2) The accuracy of information other than numerical values presented in the Report
 - We confirmed that the information presented in the Report was accurate. Although we made a few comments about the appropriateness of some expressions and the readability of some sentences at the draft stage, reasonable corrections have been incorporated in the final Report.
- 3) The details of the Company's Responsible Care activities
 - We give high marks to the fact that quality activities have been incorporated into the responsible care activities and a high level of quality control is being performed, including frequently performing quality audits in the Works and conducting “why-why analysis” for quality abnormalities. Going forward, we hope the sharing of information concerning quality and safety will be further promoted.
 - We evaluate highly the fact that Befu Works, including subcontractors, achieved Zero-accidents with lost workdays and without lost workdays in fiscal 2013. Also, we rate highly the efforts to use the “Guideline for the Prevention of Chemical Plant Accidents” published by the Japan Chemical Industry Association even when it does not match the actual operations at the Works by rearranging the check items and studying how to incorporate the guideline into the company's own “Plant Safety Checklist.”
 - Befu Works communicates well with the local community. In particular, we think including the local community in the emergency drills is an excellent initiative. If the emergency drills include members of Befu Works leading the evacuation of local community members, it will be a very forward-thinking example. We look forward to the further evolution of this initiative.
- 4) The characteristics of the Report
 - The on-going improvements have definitely been made to the Report, including improvements to the flow chart for waste disposal and inclusion of two years of the environmental accounting.
 - The CSR-related items are arranged in a well-balanced manner and are easy to understand. We hope that further efforts to convey messages to the reader, such as inclusion of a special feature, will be made in the future.