



If you have questions, please contact:

 **SUMITOMO SEIKA CHEMICALS CO.,LTD.**

General Affairs and Personnel Office

The Sumitomo Building 4-5-33 Kitahama, Chuo-ku, Osaka 541-0041

Phone: 06-6220-8508 Fax: 06-6220-8541

<https://www.sumitomoseika.co.jp/en/>

CORPORATE SOCIAL RESPONSIBILITY REPORT 2021



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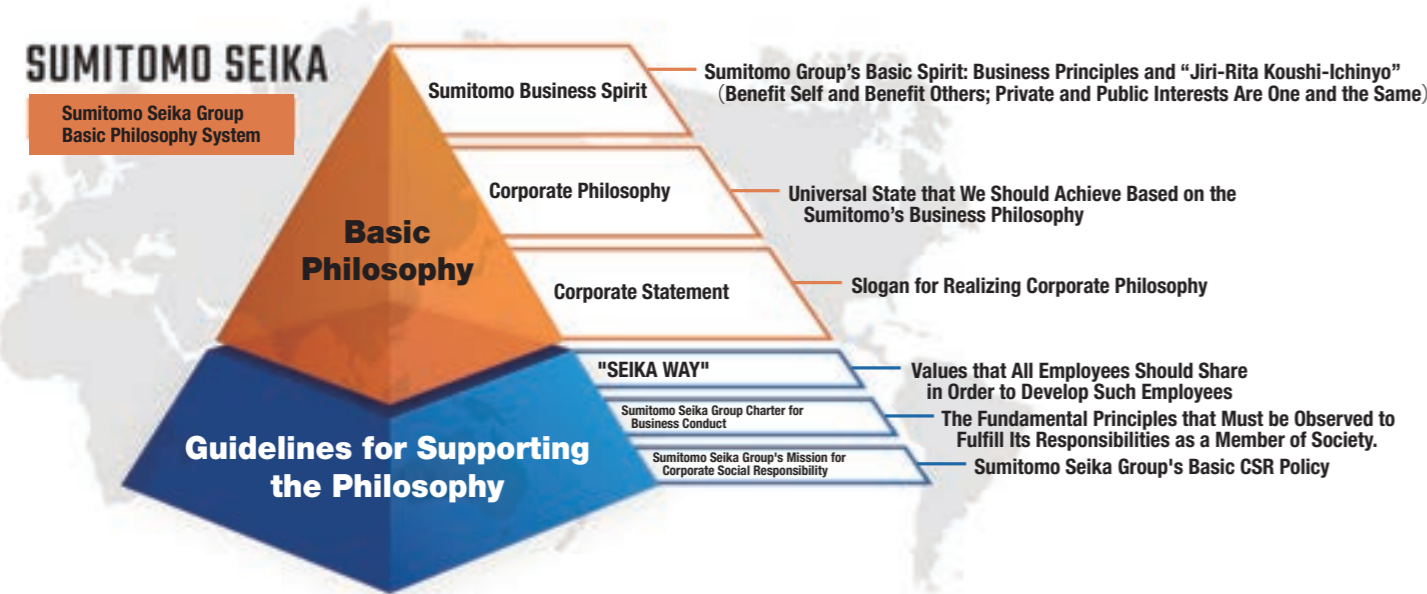


Our Mission - The Sumitomo Seika Group's Basic Philosophies -

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

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

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



Sumitomo Business Spirit

➤ See page 34 for Sumitomo Business Spirit.

1. Business Principles

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

2. "Jiri-Rita Koushi-Ichinyo"- Benefit Self and Benefit Others; Private and Public Interests Are One and the Same

Corporate Philosophy

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

Corporate Statement



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

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About This Corporate Social Responsibility Report

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

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

This report has been prepared in line with "Environment Report Guideline 2018" and "Environment Accounting Guideline 2005" of Japan's Ministry of Environment, and the descriptions of this report have undergone independent third-party verification by Japan Chemical Industry Association.

Coverage of This Report

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

Period : From April 1, 2020 to March 31, 2021

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

Publication : Sept. 2021

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



“We will continue SDGs through the

contributing to achieving the Sumitomo Seika Group’s business activities.”

Message from the PRESIDENT

OGAWA Ikuzo, President
Sumitomo Seika Chemicals Company, Limited

In delivering this year's report, I would like to share with you, in the first place, some of my fundamental thoughts toward promoting CSR activities.

Although signs of the COVID-19 pandemic containment are not visible yet, all of the Sumitomo Seika Group companies are conducting business activities continuously and steadily while protecting the health of regional community members as well as of our own employees at each of our domestic and overseas business locations, through taking various preventive measures against the COVID-19. Over the past couple of years, inflicted by the terrible misfortune of the COVID-19 pandemic, the world has been forced to change in every aspect of activities, with people on the globe facing tremendous hardships. Looking back on the current hardships, however, we realize that although the situation of the hardships was aggravated by the pandemic, their root causes had been with us already in various quarters before the pandemic broke out, such as the world's fragile hygiene management, health or medical systems and vulnerable international supply chains. Moving forward, we must bear in mind clearly that there could occur at any time anything unexperienced before that could bring about painful hardships to many of us. With such a sense of crisis, we would like to renew our determination to try to perceive any small changes taking place around us in society and respond to them properly in a

timely manner.

Our corporate philosophy states “Following the Sumitomo Business Spirit, the Sumitomo Seika Group will contribute to the advancement of society by developing world class creative technologies in the field of chemistry and, based thereon, supplying unique, high quality products to people around the world.” Guided by this philosophy, the Sumitomo Seika Group is working on the challenges contained in the common global agenda of the Sustainable Development Goals (the SDGs.) In this report, we have indicated the SDGs icons to which our specific initiatives described in relevant pages of the report correspond. In the current fiscal year, we are formulating a set of Material Issues based on our high priorities in management to clearly define management commitment to each of the initiatives, from concrete goal setting to achievement evaluation, so that every employee can tackle their initiatives with a firmer commitment and a clearer sense of responsibility.

Many countries and regions in the world, including Japan, have declared their commitment to achieving carbon neutrality by 2050, and various undertakings and activities are accelerating globally. As far as the Sumitomo Seika Group is concerned, a dedicated committee set up to take charge of

relevant activities across the Group is leading the Group companies in carrying out a variety of activities, including compiling data on greenhouse gases (GHG) emissions through our business activities, formulating a plan for reducing our GHG emissions and materializing concrete measures for cutting down on GHG across our entire supply chain. In addition, we are strengthening our efforts to develop products and technologies that will contribute to reduction in GHG emissions throughout society by capitalizing on a reservoir of technology assets we own.

We hope you will find the report useful in understanding our CSR initiatives policy and examples of our latest efforts, and we will welcome any comments or opinions from you for our further enhanced CSR activities. From next year onwards, in place of this current report, we are planning to issue a more comprehensive report to help our stakeholders better understand a story behind our Group's incessant efforts toward creating new value for society. The report will take an overview of, among others, our corporate philosophy, Material Issues to work on, business strategies, business performance, and ESG (Environment, Society, and Governance) initiatives. We will greatly appreciate your unchanged support and cooperation.

September 2021

The Sumitomo Seika Group is Committed to the Following CSR Activities.

Social Contribution Through Business Activities

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

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

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

Ensuring Safe and Stable Operation

Securing safety and maintaining stable operations are the core of our business, and it is our social responsibility to put safety first in all processes related to our business and to ensure a stable supply of products. Accordingly, we have been making steady and unabated efforts to ensure safety, constantly bearing in mind the importance of “preparing against the unexpected” and adhering to our basic management policy of “prioritizing safety over everything else”. For example, we have been conducting company-wide accident response drills in order to further heighten employee consciousness regarding risk/crisis management. Making the most of lessons learned from our past accidents and experiences from the drills, we will continue to expend efforts on employee education and trainings so that the level of our safety management will be further raised.

Protecting the Global Environment

To protect the global environment, our Group has been taking a variety of initiatives such as promoting energy saving, reducing wastes and emissions of PRTR substances and VOC, and striving to achieve the “zero” occurrence of major problems associated with the environment.

We will stand firm in our commitment to taking unabated actions also on other environmental issues to help protect the environment.

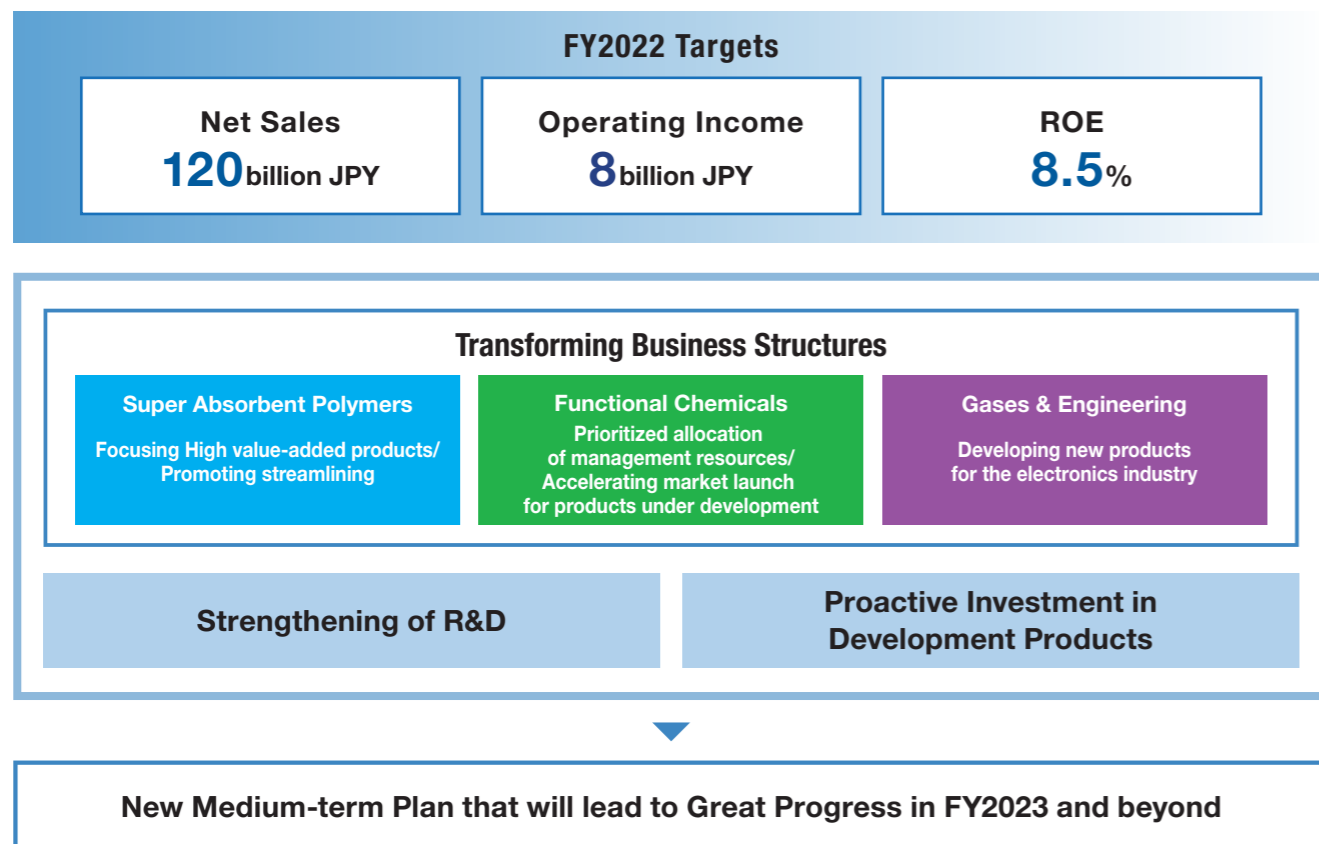
We recognize that attaining carbon neutrality is an important issue that should be addressed worldwide. Toward the government’s policy of virtually zero CO₂ emissions in 2050, we have set up the cross-sectional preparatory committee. Going forward, we will set specific tasks to work on, reduce greenhouse gases such as CO₂ emitted by our business activities, and reduce greenhouse gas emissions across the entire supply chain, aiming to realize a carbon-neutral society through company-wide efforts.

Fulfilling Corporate Social Responsibility

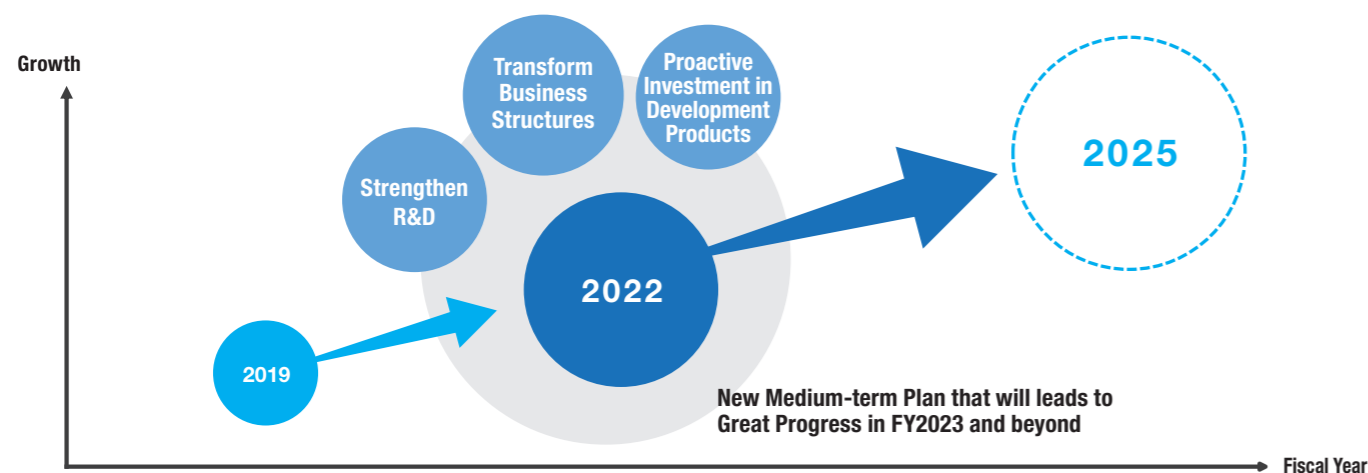
To fulfill our corporate social responsibility, we highly respect the spirit of Responsible Care and endeavor to ensure not only legal but also ethical compliance. Furthermore, we will further increase our corporate value through unwavering efforts, which include enhancing internal control systems, maintaining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

Corporate Business Plan for FY2020 to FY2022

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



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



FY2025 Targets

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

Sumitomo Seika Group's Mission for CSR

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

Sumitomo Seika Group's Mission for CSR

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

Sumitomo Seika Group's Fundamental Policies for CSR Activities

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

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



CSR Committee

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

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



CSR Activity

Changing Our Consciousness and Practicing for Achieving SDGs

CSR Activity Target in FY2020

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

Activity Results in Fiscal 2020—SDG-related Education (E-Learning) Provided for All Employees

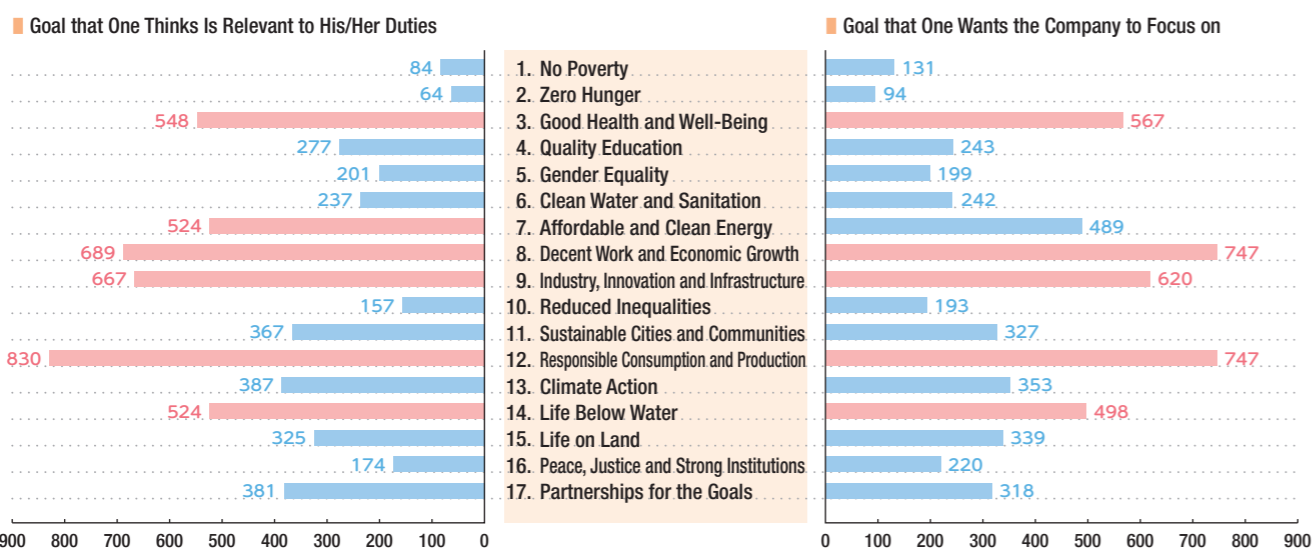
As we work on SDG activities company-wide, we implemented an e-learning course for all employees as basic education so all employees would have the same level of knowledge (in June 2020). After the course, we conducted a questionnaire survey and some of the survey results are shown below.

Examples of Survey Questions

Q1: Among the 17 Sustainable Development Goals (SDGs), which do you think are relevant to your business?

Q2: Among the 17 Sustainable Development Goals (SDGs), which do you want the Company to focus on?

As a result, among the 17 goals, those relevant to one’s duties and those that employees want the Company to focus on showed similar tendencies. For both questions, “8. Decent Work and Economic Growth,” “9. Industry, Innovation and Infrastructure,” and “12. Responsible Consumption and Production” were selected as the top three answers. These items are also our mission as a chemical manufacturer, and we will draw on these points when identifying the materiality (priority issues) of the Group.



Policy and Promotion System for Responsible Care Activities

We are committed to implementing Responsible Care activities, voluntary initiatives to encourage dialogue with society. The activities are focused on “environment, safety, and health,” adding “quality” as a fourth keyword.

Policy

In order to realize the corporate philosophy of contributing to the advancement of society by developing world-class creative technologies in the field of chemistry and, based thereon, supplying unique, high quality products to people around the world, the Company and the Group are pursuing RC activities based on the concept and approach of “Responsible Care (RC).”

“Responsible Care” refers to voluntary activities by companies dealing with chemical substances aimed at preserving “environment, safety, and health” in all processes from development to disposal/recycling of chemical substances, via manufacturing, distribution, use, and final consumption. Considering the significance of quality issues, with a focus on four keywords (environment, safety, health, and quality), these chemical companies disclose their activity results and maintain dialogue and communication with society at large. At Sumitomo Seika, we have formulated the “Corporate Policy on Safety, Environment and Quality,” and each department of the Group companies has set specific goals and are carrying out operations in line with the spirit of Responsible Care to realize our corporate philosophy.

In addition, we have signed the “Responsible Care Global Charter,” which was revised in 2014, and declared at home and abroad that we would conduct business activities in line with the spirit of Responsible Care.

Promotion System

We have set up the RC Committee to supervise activities related to the environment and safety, thereby revitalizing the activities. The Committee for the Promotion of RC Activities, a subordinate organization of the RC Committee, oversees more specific activities, such as progress management of RC activities. This system encourages bilateral discussion between management and employees across the Company, leading to prompt and steady RC activity implementation.

Specific Activities

The Committee for the Promotion of RC Activities has set action items for the Company’s voluntary social contribution from the aspects of the environment and society. These action items are incorporated into targets to be achieved by each department in the areas that form the basis of RC activities (7 pillars): Environmental Protection, Security and Disaster Prevention, Occupational Safety and Health, Chemicals/Product Safety, Logistics Safety, Quality, and Communication (publication of performance reports and dialogue with society). We are continuing with RC activities while running the PDCA cycle of Plan-Do-Check-Action every year, and the activity status is evaluated by the Committee for the Promotion of RC Activities. Regarding Environmental Protection, Security and Disaster Prevention, Occupational Safety and Health, Chemicals/Product Safety, etc., since there are items that require objective field validation and evaluation, in principle once a year, we carry out RC audits of our manufacturing sites in Japan and those of our overseas consolidated subsidiaries. In fiscal 2020, we conducted audits using a checklist instead of field validation and audit due to the coronavirus pandemic. We will continue to explore the possibility of remote auditing in consideration of the circumstances.

Additionally, we have acquired ISO9001 (Quality), ISO14001 (Environment), and OSHMS (Occupational Safety and Health Management System) certifications and have received examinations from certification bodies for certification renewal and maintenance. We therefore regard improvement items pointed out from a third-party perspective as improvement items in promoting RC activities.



Corporate Policy on Safety, Environment and Quality



The Responsible Care Global Charter

Responsible Care Activities and Achievements



Report on our RC targets and achievements.

FY2020

| Area | Target | Target Achievement Level | Rating |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Compliance with Law | (1) "Zero" legal violations (2) Compliance with in-house regulations and rules | (1) "Zero" legal violations (2) All employees were instructed to always observe established rules and documents containing rules and regulations were reviewed. | ○ |
| Occupational Safety | "Zero" accidents involving/not involving lost workdays, "zero" traffic accidents (company at fault) | Accidents involving lost workdays: 0, Accidents not involving lost workdays: 0 Two accidents not involving lost workdays, however, occurred at our group and partner companies. Traffic accidents (company at fault): 12 cases | × |
| Health | Reduction in the number of absentees due to illness/non-occupational injury, and establishment of a safe and healthy working environment | Worked to reduce overtime hours, encouraged employees to take paid holidays, and improved mental healthcare programs and physical checkups | ○ |
| Disaster Prevention | (1)"Zero" major accidents (2)Strengthening of responses in the event of accidents | (1) Major accidents: 0 (2) Implemented various trainings. | ○ |
| Chemicals Safety | Promotion of proper control of chemicals | With an enhanced information collection method, we are providing information to respective divisions and overseas offices, and discussing how to deal with issues. We appropriately and accurately comply with the chemical legislation enforced in Japan and various countries in Asia and Europe. | ○ |
| Logistics Safety | "Zero" major accidents in logistics | Major accidents in logistics : 0 | ○ |
| Environment | "Zero" major environment-related issues (1) Unit energy consumption in production and logistics 1% reduction year-on-year (2) Unit waste generation: Maintain 0.039 t/t (Production volume basis of representative products) (FY 2015 results) Final landfill disposal: 1% or less of all waste generated | Major environment-related issues: 0 (1) Unit energy consumption in production: 0.340, 4.0% reduction year-on-year Unit energy consumption in logistics: 5.55, 2.4% increase year-on-year (2) Unit waste generation: 0.041 t/t Final landfill disposal: 30 t/year (0.3% of total wastes generated) | ○ |
| Quality | (1) Continue with "Zero" major claim. (2) Reduce the number of quality troubles caused by the Company. Number of company-wide quality troubles: 55 or less Number of human-caused quality troubles: 10 or less (3) Cost of loss: 15 million yen or less | (1) Major claims: 0 (2) Reduction in the number of quality troubles caused by the Company Company-wide quality troubles: 70 Human-caused quality troubles: 17 (3) (Cost of loss: 16.9 million yen) The data is current as of the end of July, and there are some fluctuations in the final figures. | × |
| Approach to Sumitomo Seika Group | Reinforcement and operational support for the safety/environmental management, chemical safety and quality assurance system of the Sumitomo Seika Group companies (overseas) | News regarding accidents, trouble reports, and monthly quality reports are distributed. RC audits and quality audits of overseas offices have been postponed due to the pandemic. | ○ |
| Disclosure of Information and Social Contribution | Communication through disclosure of RC information to stakeholders, and contributions to the local community | Although face-to-face activities could not be carried out to prevent infection with the coronavirus, information was provided through CSR reports and other means. | △ |

○ : Target Achieved △ : Almost Achieved × : Target Unachieved

FY2021

| Area | Target |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General (Matters Common to Each Item) | <ul style="list-style-type: none"> ● Reinvigorating voluntary efforts ● Voluntary efforts based on the premise of compliance with rules ● Necessary and appropriate updates while maintaining continuity |
| Disaster Prevention (Prevention of Equipment-related Accidents) | <ul style="list-style-type: none"> ● Compliance with laws and standards, zero accidents or disasters ● Compliance with equipment design standards and related laws and regulations ● Improvement of the security management level ● Identification of hazard sources and reduction of risks ● Preparation for natural disasters ● Promotion of equipment management (maintenance in a planned manner) |
| Occupational Safety and Health (Protect the Safety and Health of Employees) | <ul style="list-style-type: none"> ● Development of systems and measures related to safety and health, prevention of occupational accidents, mental health measures that lead to health and productivity management (accident prevention and health maintenance) ● Occupational safety and health management using the occupational safety management system ● Implementation of KY (kiken yochi, or risk prediction) and risk assessment ● Prevention of accidents involving lost workdays (zero occupational accidents caused by violation of rules) ● Strict construction management ● Creation of a safe and comfortable working environment ● Occupational safety and health training |
| Environmental Protection | <ul style="list-style-type: none"> ● Atmospheric environment conservation, water and marine environment conservation, soil environment conservation, global warming prevention (efforts to achieve government goals: response on the basis of our office areas and on a global basis) ● Development of environmentally friendly products ● Environmental accident prevention (during manufacturing/use by customers) ● Reduction of emissions of harmful substances ● Reduction of unit energy consumption ● Promotion of purchase of environmentally friendly products ● Environmental measures assuming final use and disposal after consumption |
| Chemicals Safety | <ul style="list-style-type: none"> ● Management of chemical substances contained in products, compliance with domestic and foreign regulations, hazard assessment and reduction of impact on the human body and living environment ● Discontinuation of use and minimization of emissions of harmful substances ● Information provision to downstream users ● Safety evaluation of raw materials, intermediates and products ● Collection and dissemination of information on domestic and overseas regulations |
| Logistics Safety | <ul style="list-style-type: none"> ● Realization of sustainable logistics by preventing logistics accidents and promoting white logistics ● Prevention of logistics accidents by continuing support for education and training for logistics contractors ● Implementation of training assuming accidents during transportation and joint training ● Promotion of safety measures for cargo handling work ● Review of long-distance transportation ● Thorough management in extreme weather events, etc. |
| Quality | <ul style="list-style-type: none"> ● Priority quality targets ● Eradication of critical quality complaints: continuation of zero complaints ● Reduction of the number of quality problems: 55 cases or less ● Reduction of quality problems involving human factors: 10 cases or less ● Reduction of losses incurred: 15 million yen or less |
| Relationship with Society | <ul style="list-style-type: none"> ● Provision of legally required information, information disclosure to stakeholders, information sharing regarding RC activities within the Sumitomo Seika Group ● Strengthening of mutual trust with stakeholders through accurate information disclosure ● Increase of corporate value through community-based activities |

Environmental Protection

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

FY2020 Environmental Load

| | |
|----------------------------------------------------|-------------------------------------------------|
| Energy Consumption (Crude Oil Equivalent) | 80,475 kl |
| Amount of Water Used (Except for Cooling Seawater) | 5,025×1,000m ³ |
| Amount of Raw Materials Used | 242,000t and 2,387×1,000Nm ³ (Gases) |

INPUT

Business Activity of Sumitomo Seika

Plan

Development

Manufacture
Amount of Production 237,000 t/year (Equivalent Production Volume)

Sale

OUTPUT

| | | |
|-----|-------------------|-----------|
| Air | CO ₂ * | 211,213 t |
| | SO _x | 1.0 t |
| | NO _x | 56.6 t |
| | Soot Dust | 0.5 t |
| | PRTR Substances | 38.7 t |
| | VOC | 259 t |

| | | |
|-------|------------------|----------------------------|
| Water | Effluent | 4,481×1,000 m ³ |
| | COD | 43.4 t |
| | Total Nitrogen | 11.1 t |
| | Total Phosphorus | 1.01 t |

| | | |
|------------------|-------------------------------|-----------|
| Industrial Waste | Unit Waste Generation | 0.041 t/t |
| | Waste Disposal by Contractors | 6,389 t |
| | Recycling Rate | 71 % |
| | Landfill Disposal | 30 t |

*Only CO₂ includes discharge amount from head offices.

Environmental Trouble Prevention

We conduct our business activities with the goal of achieving “zero” major environment-related problems* every year. In fiscal year 2020, we achieved the target of “zero” problems.

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

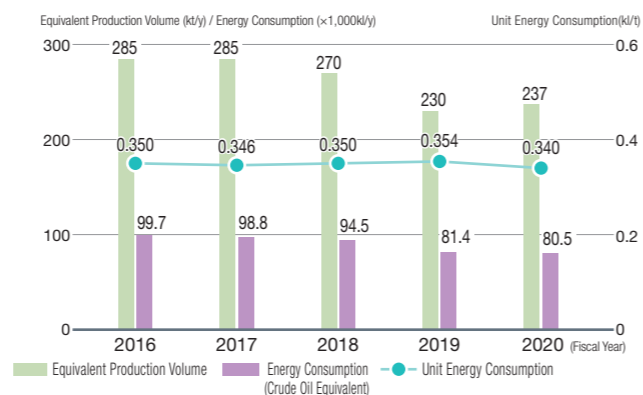
*This refers to accidents that could result in serious environmental problems in manufacturing processes, etc. Such accidents can be categorized as follows:

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

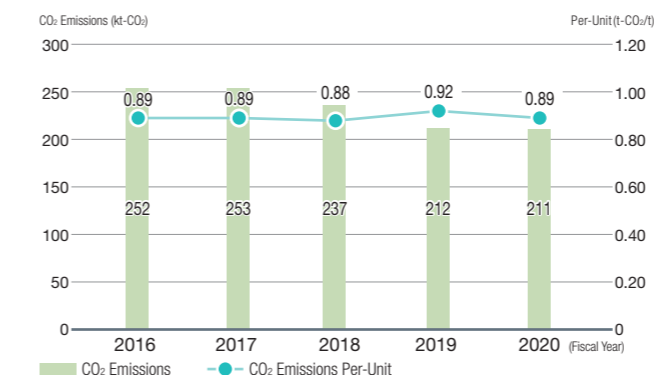
The Fight Against Climate Change and Efforts for Energy Conservation

We strive to protect the environment by identifying and managing CO₂ emissions and energy consumption on a “per-unit” production basis of our principal products. In fiscal 2020, unit energy consumption decreased by 4.0% year-on-year through various measures, against an original target of a 1% reduction on a year-on-year basis.

Trend of Eenergy Consumption



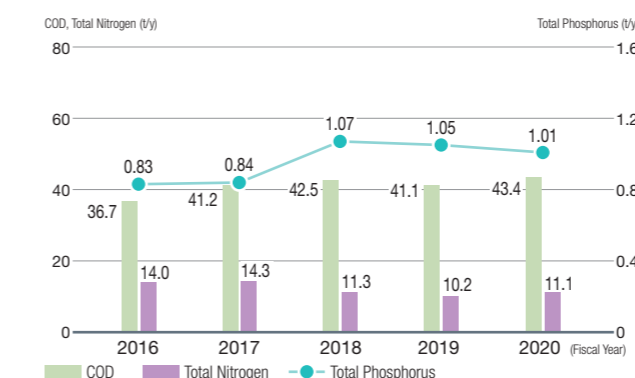
Trend of CO₂ Emissions



Water Quality Management

We regularly make efforts to reduce the release of water pollutants and to properly manage such substances using activated sludge treatment and other processes. As a result, in fiscal year 2020, we achieved the almost same level as the previous year.

Trend of Water Contamination Load



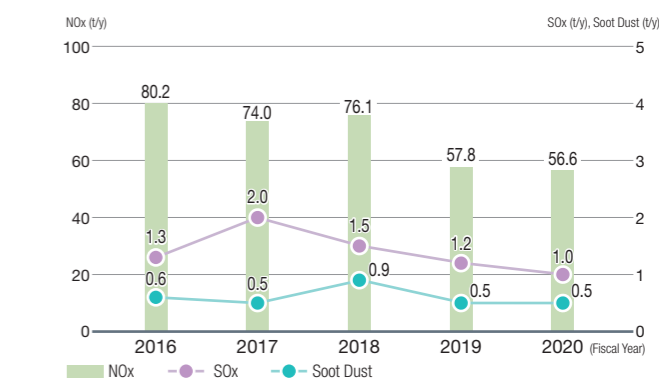
Prevention of Air Pollution

We are committed to properly managing and reducing emissions of SO_x, NO_x, soot dust, PRTR (Law concerning Pollutant Release and Transfer Register)-regulated substances, and volatile organic compounds (VOCs). In fiscal 2020, while there was a decrease in SO_x emissions, NO_x and soot dust emissions remained unchanged. The emissions of PRTR-regulated substances increased compared to the previous year, although we made efforts

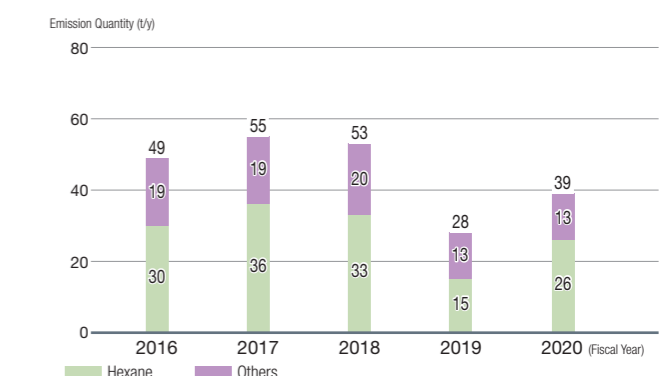


to reduce them. In addition, emissions of VOCs increased compared to the previous year due mainly to an increase in capacity utilization.

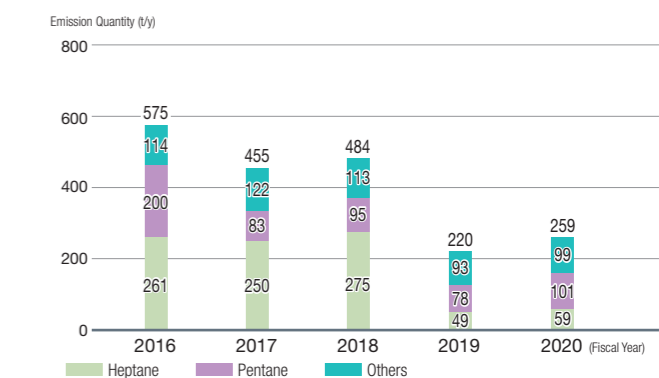
Trend of Emission of NO_x, SO_x, and Soot Dust



Trend of Emission of PRTR Substances



Trend of VOC Substances Emission



Environmental Protection

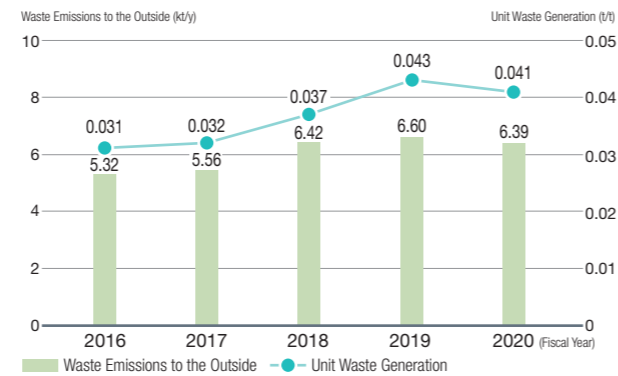


Waste Reduction

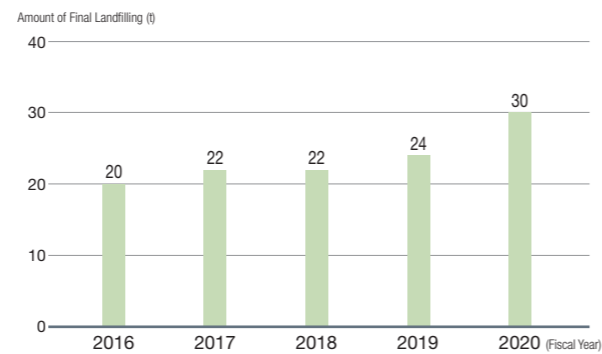
We strictly observe the Waste Management and Public Cleansing Act when discharging waste in regard to waste segregation, manifest management, and request of appropriate treatment for industrial waste treatment companies.

In fiscal 2020, unit waste generation was 0.041 t/t, and final landfill disposal was 30 t, or 0.3% of all waste generated, against the target of 1% or less of all waste generated.

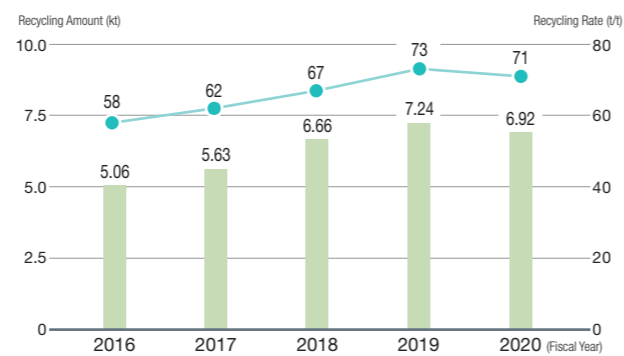
Waste Emissions to the Outside / Unit Waste Generation



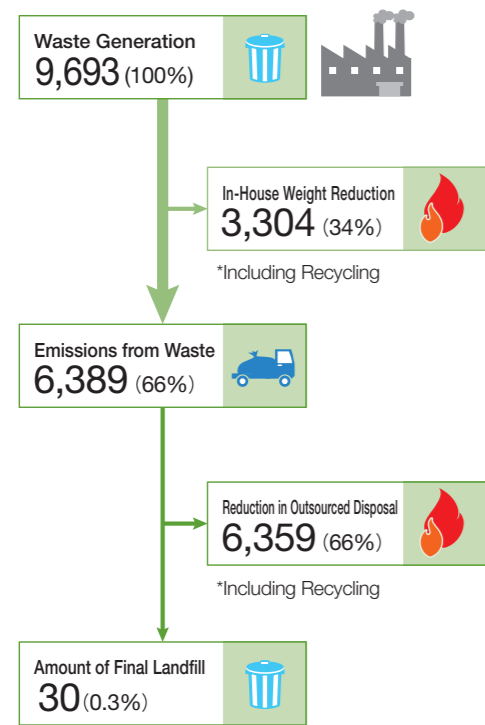
Amount of Final Landfilling



Recycling Amount and Recycling Rate



Waste Disposal



* Amount of final landfill includes residues remaining after outsourced disposal and recycling.

Environment Accounting and Economic Results

(Millions of Yen)

| Classification of Environmental Cost | FY2018 | | FY2019 | | FY2020 | |
|-----------------------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
| | Amount of Investment | Amount of Expenses | Amount of Investment | Amount of Expenses | Amount of Investment | Amount of Expenses |
| Business Area Costs | | | | | | |
| Pollution Prevention Costs | 4 | 280 | 70 | 258 | 10 | 264 |
| Global Environmental Protection Costs (Global Warming, Energy Saving) | 34 | 1,878 | 23 | 1,797 | 19 | 1,642 |
| Resource Recycling Costs | 0 | 284 | 0 | 328 | 9 | 309 |
| Upstream / Downstream Costs | 1 | 11 | 0 | 11 | 0 | 11 |
| Administrative Costs | 26 | 172 | 13 | 161 | 12 | 159 |
| R&D Costs | 153 | 325 | 15 | 168 | 41 | 253 |
| Social Activity Costs | 0 | 2 | 0 | 1 | 0 | 2 |
| Environmental Remediation Costs | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 218 | 2,952 | 121 | 2,724 | 91 | 2,640 |
| Economic Results | 472 | | 443 | | 656 | |

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

Performance Data of Works (FY2020)

| | Befu Works | Himeji Works | Chiba Works |
|-----------------------|--------------------|---------------------------------|-------------------------------|
| Energy (As Crude Oil) | 12,900kl/y | 65,600kl/y | 1,890kl/y |
| Air | CO ₂ | 74,500t/y | 127,000t/y |
| | SO _x | 1.0t/y | — |
| | NO _x | 6.2t/y | 50.2t/y |
| | PRTR Substances | 2.8t/y | 32.9t/y |
| Effluent | Volume of Effluent | 2,110 × 1,000 m ³ /y | 260 × 1,000 m ³ /y |
| | COD | 26.8t/y | 16.3t/y |
| Waste Material | Quantity | 6,450t/y | 3,110t/y |
| | Recycle Ratio | 57% | 100% |
| | Final Landfilling | 22.1t/y | 7.5t/y |

Growing Together with the Community



Communication with the Community

At each business site, we are engaged in information disclosure activities and communications with local communities with a view to form and develop good relations with them. In fiscal 2020, some events were canceled or postponed amid the impact of the coronavirus pandemic. In this section, we introduce some events held every year and those that were held in a way different from usual, using web conference systems, etc.

Participation in Public Events

Although events were canceled in fiscal 2020, every year we participate in the Chemical Day Children's Chemistry Experiment Show (Experimental theme: Let's make a jellylike aromatic agent) sponsored by the Japan Chemical Industry Association, a Fun Chemistry Class (lecture on environmental issues such as segregation and recycling of garbage through the production of food samples) in Harima Town, Hyogo Prefecture, and the Himeji Environmental Festival sponsored by Himeji City, Hyogo. We hope that these activities will give children an opportunity to see chemistry as interesting and think about environmental issues.

Community Beautification and Cleanup

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



Community Beautification and Cleanup (Example of Chiba Works)

Community Outreach

We could not do this in fiscal 2020, but we invite residents of our host communities to join disaster prevention drill tours as part of our efforts in information disclosure and good communications with local communities to outline our initiatives and to hear their opinions and proposals. The playground is open to neighboring residents and is used for traffic safety classes and various other activities.



Traffic Safety Class at a Nearby Nursery School (Himeji Works)

Providing Opportunities for Internship Programs

In fiscal 2020, we held an online internship program for university and graduate students, with a large number of participants. Every year, at our works we accept junior and senior high school students for "internship" programs and "Try-Yaru-Week," Hyogo prefecture's work experience program, to give them opportunities to explore possible majors, view different occupations, experience different ways of life, and so on, but these events were canceled.



Sample Image (Online Internship)

Blood Donation

We host a blood drive for the Red Cross Blood Center at our sites. In fiscal 2020, about 100 employees in total participated at Befu Works and Osaka Office. In recognition of our cooperation in blood donation activities spanning the past 40 years in the Osaka Office, a letter of appreciation was received from the Japanese Red Cross Society. We will continue these activities in the future.



Letter of Appreciation Given by the Japanese Red Cross Society (Osaka Office)

Occupational Safety and Health, Security and Disaster Prevention



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

Occupational Safety and Health

We have set our target of achieving "zero" accidents involving and not involving lost workdays and "zero" traffic accidents (where the Company is at fault). In fiscal 2020, we achieved zero accidents involving and not involving lost workdays, but two accidents not involving lost workdays occurred at our group and partner companies. We will strive to achieve "zero" accidents by familiarizing each of our employees with the SEIKA basic safety rules, "take a breath before starting work and be sure to bring each other's attention to any unsafe behavior," and with the awareness of "strict observance of predetermined rules."

Security and Disaster Prevention

We also set our target of achieving "zero" major accidents* every year. Since the reporting of one major accident in fiscal 2013, there have been no such accidents. As a precaution against accidents, each workplace follows standard operating procedures (SOPs) and keeps manuals updated, conducts periodic inspections and daily checks of facilities, and conducts risk assessments. Through improving unsafe areas and correcting unsafe behavior, we are working to prevent accidents from occurring. We also regularly carry out emergency drills in cooperation with local fire departments in order to prepare against disasters and accidents such as earthquakes, fires, and leaks. Additionally, we are establishing a Business Continuity Plan (BCP) as part of our efforts to minimize adverse effects on

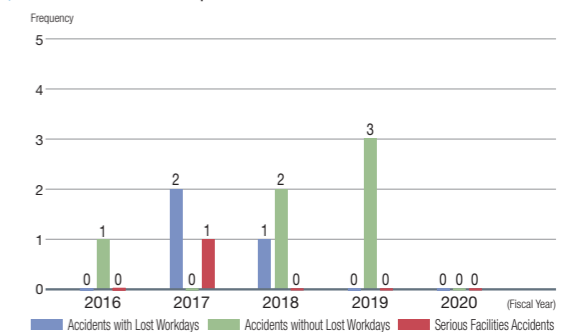
critical business operations and to ensure business continuity and rapid recovery in the event of an emergency such as a disaster or accident. We will continue to provide training with practical content so we can acquire necessary knowledge and skills, and improve our crisis response capabilities.

*This refers to accidents resulting in serious safety (security/disaster prevention) issues in manufacturing processes, etc. Such accidents can be categorized as follows:
 1) Those that required provision of services by public disaster prevention agencies.
 2) Those that incurred punishment under applicable disaster prevention regulations.
 3) Those that resulted in reports to relevant organizations pursuant to applicable disaster prevention regulations but did not incur administrative penalties.



Comprehensive Disaster Drill (Example of Chiba Works)

The Number of Occupational Accidents and Serious Facilities Accidents



Field Interview

Be Prepared at All Times! Disaster Drill During the Pandemic

Fine Gases Section, Befu Works
 Mr. KONISHI Yoshiyuki



This year we conducted a disaster drill amid the coronavirus pandemic, with infection control measures taken: wearing masks and protective clothing, maintaining social distancing, and skipping practice of cardiopulmonary resuscitation. Under such circumstances, however, mainly because of our efforts in daily training, we were able to smoothly play the roles given in using a fire hydrant and handling leakage. Firefighters of the Kakogawa City Higashi Fire Department could not join the drill due to a call for service, so unfortunately we could not see the



Comprehensive Disaster Drill (Befu Works)

rescue with a ladder truck and the operation of the fire hydrant in person. In recent years, disasters such as typhoons and torrential rain have frequently hit Japan, causing enormous damage to a variety of locations. Natural disasters cannot be stopped by human strength. The damage caused by a disaster, however, can be mitigated through routine preparations. It is important to always think about "what one can do and what we can do together" and prepare for emergencies. We will apply what we learned in this disaster drill to our future activities and work on daily training, to respond quickly in the event of an emergency.

Growing Together with Customers and Suppliers



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

Cooperation with Suppliers

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

Basic Principles of Purchasing

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

TOPICS

Awarded Successful Case in All Japan Logistics Improvement Case Study 2020

In July 2020, Sumitomo Seika applied for the All Japan Logistics Improvement Case Study 2020 (sponsored by the Japan Institute of Logistics Systems and the Japan Logistics Research Society), in the category of "Cases of cost reduction realized by improving the ratio of shipment from in-factory warehouse" concerning logistics management such as transportation, delivery, and inventory management. We were selected as a Successful Case among a large number of applications. This convention is held for the purpose of presenting excellent logistics improvement cases and sharing information and know-how for solving problems among participating companies in order to further enhance "on-site capabilities" in logistics (the convention was canceled in 2020 to prevent the spread of coronavirus). Our case received positive evaluation in the following points regarding the storage and shipment of resin products that use both our in-factory warehouse and an external commercial warehouse: improved ratio of in-factory warehouse shipment through a framework of review and

adjustment of production and packaging plans, a gradual first-in first-out (FIFO) operation, and visualization of goals and results based on a management table. Additionally, we were able to successfully reduce distribution costs by improving the loading efficiency from in-factory warehouse to an external commercial warehouse. We think this will not only help us achieve rationalization by improving the flow of goods and



Trophy from the All Japan Logistics Improvement Case Study

Logistics Safety /Chemicals Safety

We are positively engaged in various activities to ensure safety not only in manufacturing process but also in physical distribution. We also supply customers with safety data of our products in order to promote safe and proper handling of chemical products.

Logistics Safety Assurance

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

Chemicals Safety

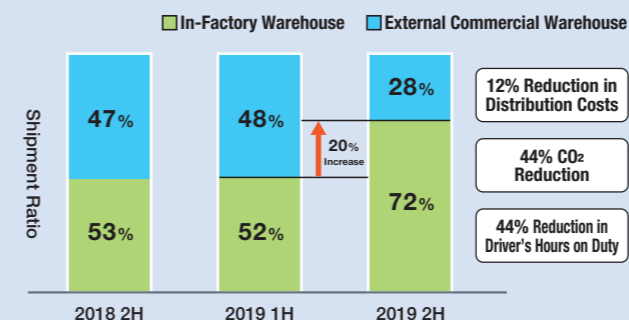
Amid the wide use of chemicals in the world, laws and regulations are becoming increasingly strict internationally for proper management of chemicals contained in products and the like. We thoroughly comply with Japanese and overseas laws and regulations. In addition to that, to ensure safe handling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



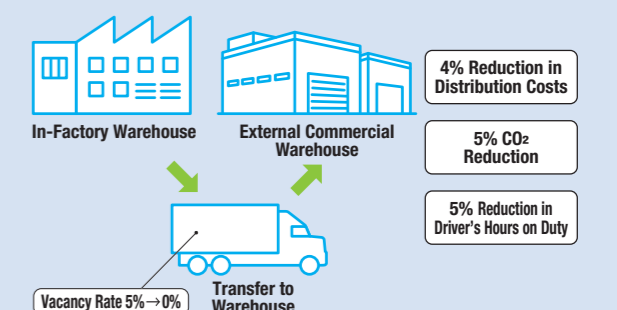
information, but also secure stable allocation of trucks amid driver shortages and reduce environmental load by optimizing the number and size of trucks used for warehouse-to-warehouse transportation from the aspect of logistics environment. In terms of in-house human resources development, we expect that visualization of results will

increase motivation of individuals in charge. We will continue to work with customers and logistics companies to further cost reductions and tackle various issues, such as reduction of environmental load, toward realization of sustainable logistics.

Improvement of Ratio of Shipment From in-Factory Warehouse



Improvement of Warehouse-to-Warehouse Loading Efficiency





Quality Assurance (QA)

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

Catchphrase in Quality Assurance Activities

Achieve Customer Satisfaction, Company Satisfaction and Social Satisfaction in Quality Assurance Activities.

Company-Wide Quality Assurance System

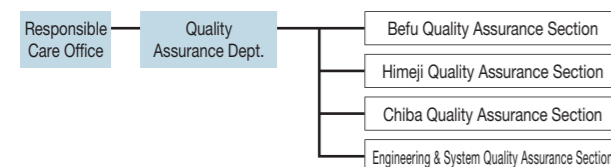
Aiming to improve customer satisfaction, we are committed to providing “products and services that are safe in use” by consistently practicing quality assurance activities from the customer’s perspective through our company-wide quality management system.

We will also promote quality activities to achieve “customer satisfaction, our satisfaction, and social satisfaction” based on quality assurance in a broad sense.

Quality Assurance Structure

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

Quality Assurance Organization



Quality Assurance Activity

Every month the QA Department holds a QA Department Liaison Meeting, at which the systematic implementation of QA activities is coordinated and discussed and subsequently communicated to our sites in other regions of Japan.

At the Monthly Quality Review Meeting, our response to quality problems actually reported (complaints, claims and internal non-conformance) are discussed, recurrence prevention measures are validated, and this information is shared with our sites in other regions. The results are further compiled in the Monthly Quality Report, which is shared by the board, department and section managers, as well as overseas sites as part of our initiatives to enhance quality assurance by promoting dissemination of quality awareness throughout the Company.

At works in each region, we hold a Monthly Quality Meeting to report and discuss the occurrence of problems and how to deal with them, and share the results of the discussions to prevent

the occurrence of the same problems.

Furthermore, as preventive measures, we are working to reduce quality problems by anticipating hidden risks through quality risk assessment.



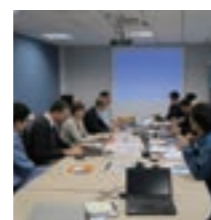
Quality Meeting

Quality Audit

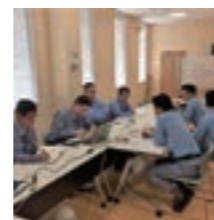
The QA Department carries out plant quality audits and QC patrols at every Works in Japan to maintain and improve our quality assurance system.

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

In QC patrols, we inspect workplaces with a focus on 4S (sort, set in order, shine, and standardize) and visual management (displays and signs), or manufacturing divisions and QA divisions work together to identify quality-related risks on-site, hammer out problems, and implement improvement measures.



Overseas Plant Audit



Domestic Plant Audit



QC Patrols

Global Promotion of Quality Assurance

With our overseas sites, a Global Quality Liaison Meeting is held semiannually to exchange information, provide guidance, and discuss issues related to quality and product safety activities. We also hold periodical overseas plant audits focused on QMS implementation status and the progress of initiatives to prevent quality problems as part of joint quality activities with each worksite.

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.

Our Human Resources Development Policy

We have defined “ideal employees” as those who strive to realize our desired corporate image and are always conscious of and live up to “SEIKA WAY” which is values that all employees should share. To develop such employees, we are preparing the environment and implementing a variety of measures related to human resources development in accordance with our human resources development policy.

Guided by this policy, we are developing an environment and implementing various measures for human resource development. Stratified training programs, technology/skill transfer training, globalization support education and many other educational programs are provided.

Enhancement of Remote Education and E-Learning

In fiscal 2020, various training courses were implemented remotely as a preventive measure against the spread of coronavirus. We are creating an environment and expanding educational tools to maintain opportunities for training and growth. E-learning programs have been introduced for employees to acquire knowledge regarding information security, legal affairs, promotion of SDGs, and other themes at a convenient time and place.

Chemicals Safety Education

As a chemical manufacturer, we are required to promote responsive care activities proactively to keep up with globalization and fulfill our social responsibilities. To that end, all employees should understand the risks of handling chemicals. In fiscal 2020, we provided extensive chemicals safety education to employees working at our works, labs, the head office, and to new employees. We will continue to provide education and contribute to the sustainable development of companies and society.

Promoting Health and Productivity Management

Basic Policies for Health and Productivity Management and Major Initiatives

We declared that we would proactively address health and productivity management as one of our priority issues. Based on this policy, we are taking a variety of measures to maintain and improve health.

[Basic Policy for Health and Productivity Management]

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

Major initiatives include 100% implementation of regular/follow-up medical checkups for all employees(target), no smoking during working hours, and vaccinations at worksites to prevent influenza. Also, an incentive system that awards points in proportion to level of health improvement is incorporated into management.

As for our employees’ families, we arranged and subsidized the expenses for mobile health checkups on a bus, instead of a health fair that had been canceled due to the pandemic.

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

Certified as a Company With Excellent Health Management 2021 (Large Enterprise Category)

In March 2021, we applied to the “Company with Excellent Health Management 2021 (Large enterprise category)” program that is jointly certified by the Ministry of Economy, Trade and Industry and the Japan Health Council, and received the certification following the previous year.

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



Logo Mark for Certification as “Company with Excellent Health Management 2021”



A Walking Campaign

With the aim of promoting health and accelerating internal exchange by keeping daily exercise a habit, we carried out a walking campaign, composed of individual and group competitions. A total of 108 employees participated in the group competition under an entry system and participated in exciting games. The average number of employee steps, which had been decreasing due to voluntary restraint from going out and working from home amid the pandemic, increased by more than 10%, and positive effects continued even after the campaign ended. We will continue to carry out similar campaigns in the future to raise and enhance health awareness.

Promotion of Work-Life Balance (WLB)

Work-Life Balance Promotion Committee

We have established the Work-Life Balance Promotion Committee to help our employees find their work more rewarding and their life more fulfilling. Through the work of the committee, issues have been identified and various measures have been discussed on reducing actual working hours, promoting diversity, incorporating flexible workstyles, and other areas aiming at further WLB promotion.

Realization of Flexible Workstyles

In order to create an environment where employees with various work patterns can work flexibly, we have introduced a by-the-hour annual paid leave system and a by-the-hour childcare and nursing care leave system. Along with these, to encourage employees to proactively utilize flextime, we have organized the system and kept everyone informed. We will move forward with the creation of an efficient working environment and productivity improvement while harmonizing life and work

according to diversifying lifestyles.

Work Uniform (of Maternity Specifications)

For safety management, employees working at each Works are obliged to wear work uniform while working at our works. In recent years, with an increase in the number of female employees who may be awaiting the birth of a child, many voices were raised inside the Company that it was difficult to wear a work uniform because it did not fit properly as the due date approached. In response to these opinions, based on examination by the Work-Life Balance Promotion Committee, we made a work uniform based on maternity specifications to improve the working environment for female employees who are about to give birth. The specifications of the maternity work uniform are significantly different from those of regular work uniforms. The jacket is three-dimensional and does not feel tight, and the waist incorporates a rubber material so it can be adjusted as the mothers-to-be start to show. The new uniform is well received for improved wear comfort for female employees who are about to give birth. We will continue to work on improving the working environment for our diverse employees.

Harassment Education

With the enforcement of the revised Comprehensive Labor Policy Promotion Act (commonly known as the Power Harassment Prevention Act), from June 2020 it has become mandatory to take necessary measures for employment management to prevent power harassment in the workplace. In response to this, we provided appropriate harassment education to the personnel in charge of the harassment consultation desk, managers and supervisors, and general employees, respectively. We will continue to provide education and strive to prevent harassment.

Growing Together with Shareholders and Investors

We disclose necessary company information accurately and in a timely manner to our shareholders, 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 "TD net" (Timely Disclosure network) provided by Tokyo Stock Exchange and through mass media (press clubs and others).

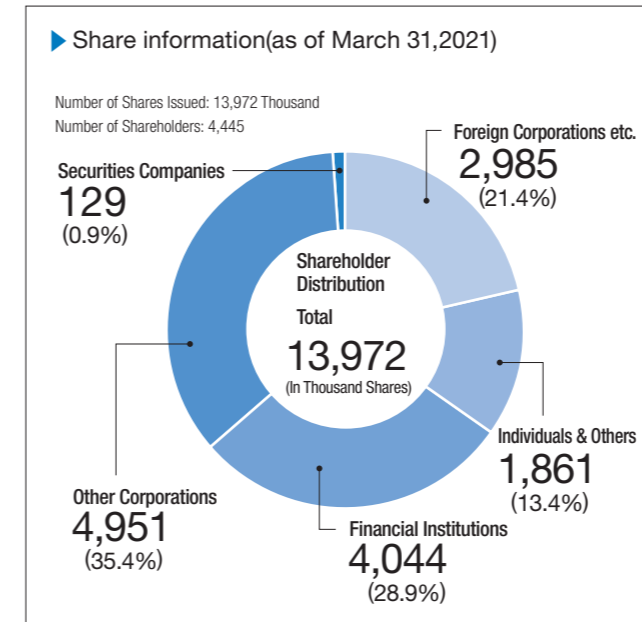
Investors Information Website

On our website, IR information such as financial results, earnings forecasts, and information from shareholders meetings is published. In November 2020, we renewed the configuration and design of the website overall to make it easier for all users to search for and read information.



Investors Information Website

We will continue to provide useful information and enrich the content.



TOPICS

Action Plan for Future Generation Development Support and Promotion of Women's Participation

In order to create an employment environment in which our diverse human resources can fully demonstrate their individuality and abilities while living a healthy and prosperous life and maintaining a good work-life balance, we have formulated a three-year action plan from April 1, 2021 to March 31, 2024, as follows. We will pursue the plan in cooperation with the Work-Life Balance Promotion Committee to achieve these goals.



In addition to internships, young employees will play a central role in exhibiting at various events for the purpose of nurturing future scientists.

- Goal 1 Reduce overtime hours by 10% year-on-year.
- Goal 2 Increase the rate of male employees taking childcare leave to 13% or more.
- Goal 3 Increase the percentage of women among the all-new employees to 30% or more.
- Goal 4 Increase the percentage of women in managerial positions to 5% or more.
- Goal 5 Promote stable employment and independent living for young people through internships.

The action plan is disclosed on the Work-Family Life Balance Support Square, a web page by the Ministry of Health, Labor and Welfare <https://ryouritsu.mhlw.go.jp/hiroba/index.php>

Communication with Shareholders and Investors

Shareholders Meeting

We position the shareholders meeting as an important opportunity to provide shareholders with appropriate and accurate information and to hear their opinions. With a focus on easy-to-understand business reports, we have adopted a system that allows exercising electronic voting rights. Regarding the shareholders meeting of fiscal 2020, taking into consideration the safety and convenience of shareholders, we have introduced a "hybrid virtual shareholders meeting," which is streamed live on the internet to allow shareholders who are not able to attend in person to watch the progress of the proceedings on the day of the shareholders meeting.

Dividend Policy

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

Investors Meeting

Meetings are held periodically (twice a year) with analysts, institutional investors and others to explain our financial results and earnings outlook, and answer various questions from our investors. We have been sharing video and audio of the meetings after they ended on our website.

Measures to Prevent Insider Trading

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

Governance, Risk & Compliance

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

Corporate Governance

Basic Position on Corporate Governance

We are working to strengthen corporate governance based on the following basic concept.

- ① We ensure that our shareholders are provided with all of the information that they need to properly exercise their rights and with opportunities to exercise such rights, and that all shareholders are treated equally.
- ② We foster a corporate culture that respects the interests of our stakeholders, including shareholders, customers, employees, and local communities, and proactively cooperate with them.
- ③ We establish and implement a code of conduct that our officers and employees must abide by and appropriately manage an internal control system.
- ④ We promote appropriate and adequate information disclosure through such means as publishing financial information in English and providing information via the website in a timely manner, thereby ensuring management transparency.
- ⑤ Given its fiduciary responsibilities and accountability to shareholders, the Board of Directors presents the management policies and corporate strategies of Sumitomo Seika Group and makes timely and bold decisions in order to promote sustainable growth and improve the Group's medium- to long-term corporate value.
- ⑥ We engage in constructive dialogue with shareholders toward achievement of sustainable growth and increased medium to long-term corporate value, and we clearly explain our management strategies and plans in an easily understandable manner through such dialogue.

Corporate Governance Structure

Our corporate governance structure is as shown in the chart on the right. In order to further strengthen the auditing and supervisory functions of the Board of Directors and further enhance corporate governance, and improve the fairness, transparency and efficiency of management by swift decision-making and business execution through delegation of authority, as an institutional design, the Company takes the form of a company with the audit and supervisory committee.

The Nomination and Compensation Committee (composed of the president, director in charge of personnel, and three independent external directors) is an advisory body for the nomination and compensation of directors and executives (excluding directors who are Audit and Supervisory Committee members).

The Management Meeting is where executive officers supervising each business discuss important matters in management of the Group.

At the Executive Committee, members of the Board of Directors communicate meeting content to executive officers for liaison, coordination, and sharing information. Executive officers report their business operations and exchange opinions.

The Internal Control Committee is composed of executive officers supervising each business, and at the management level builds, operates, and supervises a specific system related to risk management. Director (Full-time Audit and Supervisory Committee Member) also attends the meetings of the Management Meeting, the Executive Committee, and the Internal Control Committee to check the status of business execution from the standpoint of a non-executive director.

The Internal Audit Department audits business execution.

Risk and Compliance

Daily Risk Measures

The Risk & Compliance Committee has been established to prevent the realization of risks. The committee implements decisions made by the Internal Control Committee, which consists of senior executives, and at the field level carries out and supervises risk measures based on the decisions. The results and issues identified by implementing these measures at the field level are fed back to the Internal Control Committee. The issues are shared and examined at the management level, and then measures obtained there are implemented in the field. By running this cycle (PDCA cycle), we are striving to make risk measures more effective. We consider compliance violations as a risk and are taking similar measures against them.

Emergency Response

In preparation for emergencies, a system has been put in place to define response procedures in advance, limit the extent of damage, stabilize the situation and restore operations as quickly as possible. Emergencies are any unexpected event, such as incidents, accidents, natural disasters, or other situations that can cause death or injury, or threaten the Company's financial standing or public image. We also carry out training for factory accidents and are striving to become familiar with specific disaster response procedures.

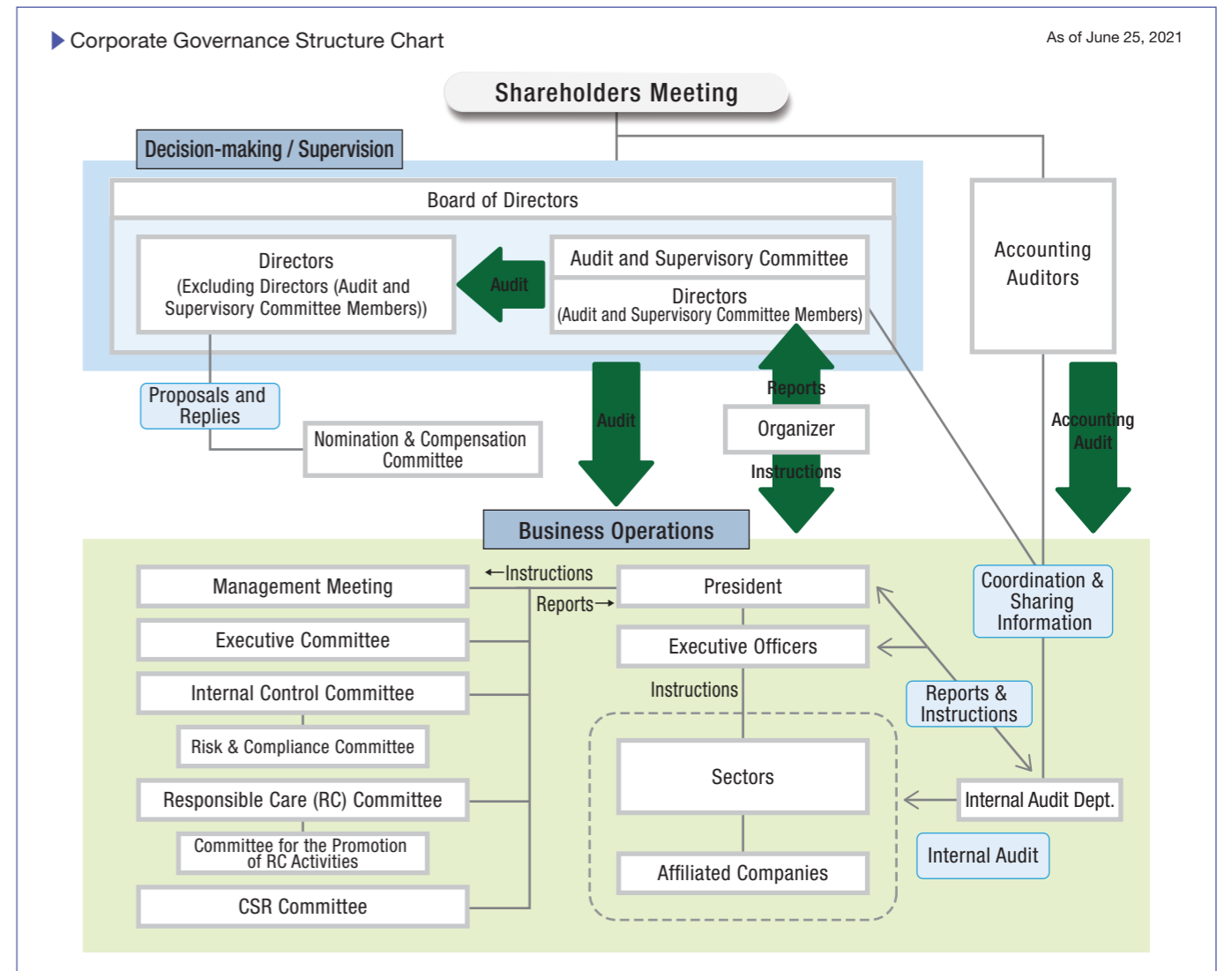
System for Compliance Violation

We have a whistleblower system for reporting compliance violations and evidence of possible compliance violations via a

website, e-mail, and ordinary mail. A Help Desk has been set up inside and outside the Company (law firm). In addition to our employees, the system can also be used from outside the company, by individuals such as former employees and business partners, and accepts reports from a wider range of individuals. Furthermore, we ensure protection of the whistleblower's identity, as well as prohibition of any disadvantageous treatment of the whistleblower.

Compliance Education

We also provide various educational opportunities, such as stratified group training programs for new employees, leaders/chiefs, and newly appointed managers, and theme-based on-the-job training, thereby seeking to improve compliance.



Company Profile & Financial Results (FY2020)

Company Profile

Established : July 20, 1944 Capital : 9,698 million yen Number of Employees : 1,358 as consolidated as of March 31, 2021

Consolidated Financial Results for Fiscal 2020

During the twelve months ended March 31, 2021 (fiscal 2020), the world economy, including Japan, continued to be in a severe situation with economic activities substantially reduced owing to the impact of the unabated global coronavirus pandemic.

Under the circumstances, the Sumitomo Seika Group's financial results for fiscal year 2020 were as follows:

Net sales posted 103.254 billion yen, a 3.6% increase compared with the previous fiscal year;

Operating income was 10.101 billion yen, a 29.9% increase from the previous fiscal year;

Ordinary income recorded 10.375 billion yen, a 51.1% increase from the previous fiscal year;

Net income attributable to owners of the parent came to 7.119 billion yen, a 66.1% increase from the previous fiscal year, mainly reflecting the impairment loss of 0.703 billion yen recorded for certain R&D assets by taking their future operating plans into consideration;

Net income per share was 516.20 yen and return on equity (ROE) was 10.4%.



Sumitomo Seika's Proprietary Technology to Add "Uruoi" to People's Lives

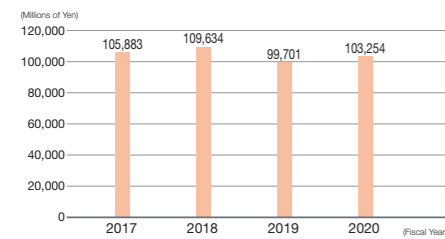
Super Absorbent Polymers

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

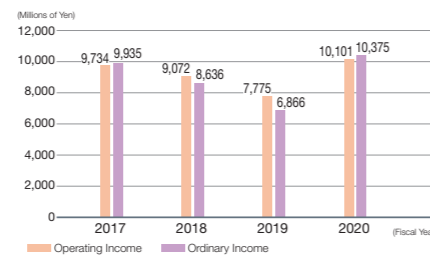


Financial Indicators

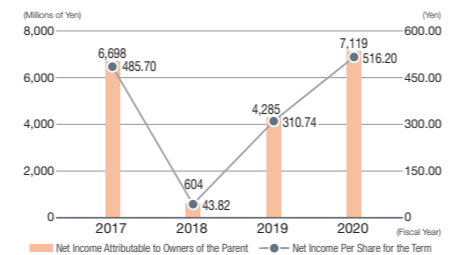
Net Sales



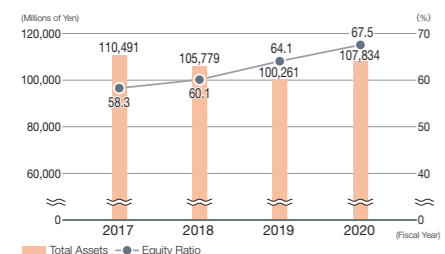
Operating Income / Ordinary Income



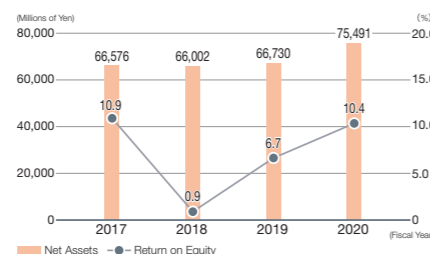
Net Income Attributable to Owners of the Parent/Net Income Per Share for the Term



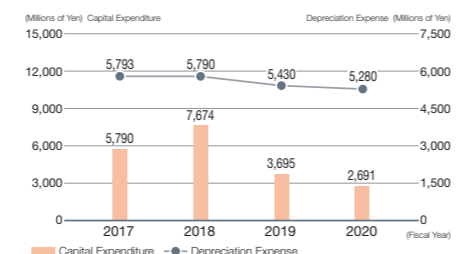
Total Assets / Equity Ratio



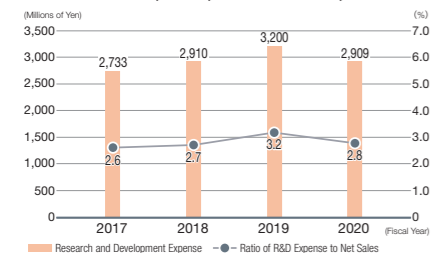
Net Assets / Return on Equity



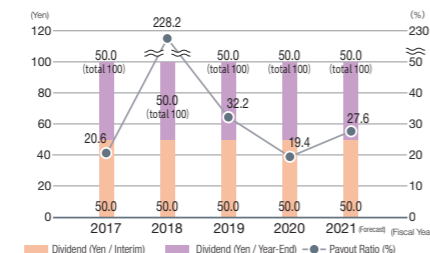
Capital Expenditure / Depreciation Expense



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



Dividend Trends



For more detailed financial information, please refer to Financial Results and other documents posted on our website.

<https://www.sumitomoseika.co.jp/en/ir/>

Social Contribution Through Our Business

-Introduction of Product-
AQUA KEEP



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

Voice of Employee

Planning and Coordination Office,
Super Absorbent Polymers Division

Ms. YAMAMOTO Maaya

Identifying customer and market needs in Japan and abroad to feed them back to our business activities



My tasks include product-related business planning and market research. I collect and analyze useful information for business operations through market analysis and information exchange with a wide variety of domestic and overseas companies, providing it to management and team members. Even amid the pandemic, I value each opportunity to talk directly with overseas business partners over the phone and through web conferences. My job is particularly interesting when I am able to identify market trends through such communications and propose action that connects to the next step, taking into consideration the state of the Company. As I do my job, I can experience firsthand the growing environmental awareness in the business environment surrounding super absorbent polymers,

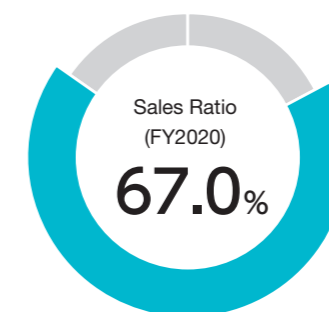
including hygiene materials for disposable diapers. Our company is also working to reduce our environmental load through product development and improvement. We will continue to carry out necessary studies while looking at a wide range of possibilities. In 2020, the coronavirus pandemic put us into an unpredictable climate. Despite that, thanks to information gathering beforehand and joint efforts by manufacturing and sales divisions in full utilization of domestic and overseas sites, we were successful in an uninterrupted supply of our products, including sanitary materials, which are indispensable for our lives, and materials for infrastructure development. We will keep working hard to provide products that everyone can use with peace of mind.

Business Performance of Super Absorbent Polymers

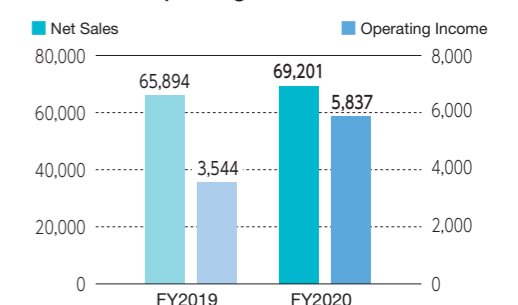
Net sales increased by 5.0% from the previous fiscal year to 69.201 billion yen, and operating income also increased by 64.7% to 5.837 billion yen. The increase in net sales was attributable to a rise in sales volume that resulted mainly from Chinese customers having expanded their move to prioritize procurement of raw materials for sanitary products. The operating income increase was due to a fall in raw material prices as well as a rise in sales volume.

Main Products

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



Net Sales / Operating Income (Millions of Yen)



Sumitomo Seika's Functional Chemicals Deliver "URUOI" to Customers Around the World

Functional Chemicals

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



Chemically Based Gas Product Supplier

Gases & Engineering

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



Social Contribution Through Our Business

-Introduction of Product -
HEC



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

Voice of Employee

Polymer Synthesis Group,
Material Development Laboratory

Mr. MIZUHASHI Toshinari

Aiming to commercialize development of products that contribute to society



I am responsible for research and development of fine particle materials, and promoting our theme through the examination of manufacturing methods and evaluation of acquired products. Fine particle materials are used for purposes such as paints, inks, and various coatings, and different functions are required for different applications. Since a wide range of knowledge is required to develop new products, I am trying to improve my knowledge every day by referring to literature, etc. Especially in recent years, many environmental

problems (global warming and marine debris) are becoming more and more prominent, and enterprises, countries, and regions have started business activities toward achieving the SDGs. As I myself have been conducting studies related to environmental improvement using fine particle materials, and I find it very rewarding to be involved in the development of such products. I will continue to work on research and development aiming to contribute to society through products I am in charge of developing.

Social Contribution Through Our Business

-Introduction of Product -
Semiconductor Gases



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

Voice of Employee

Fine Gases Section
Befu Works

Mr. MATSUURA Yuki

Working on product manufacturing with safety first



I belong to the Fine Gases Section, Befu Works, and am primarily involved in the manufacturing of semiconductor gases. My main responsibilities include adjusting production according to orders from users, monitoring equipment, filling containers, and making preparation work for shipment. Although the pandemic has dramatically changed the working environment, in our section we have been coping with this situation by flexibly changing our workstyle. For example, we have reviewed our rules for social distancing to keep up with changes in coexistence with the coronavirus. Amid such a drastic change

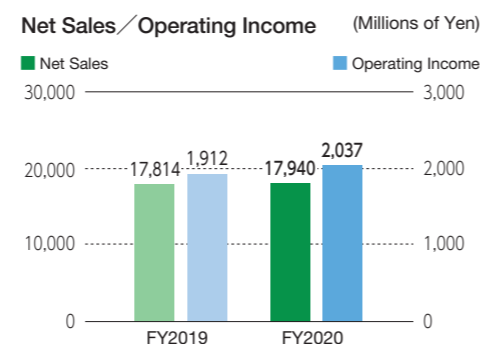
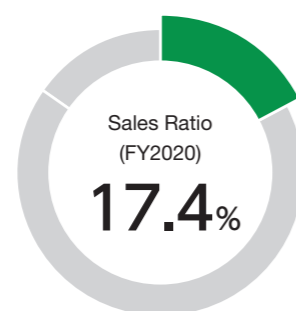
in the work environment, based on our policy of "prioritizing safety over everything else," we are conducting steady and safe operations incorporating danger prediction and risk assessment activities, while adhering to our safety rules: "Take a breath before starting work," and "Be sure to bring each other's attention to any unsafe behavior." Semiconductor gases are used in many electronic devices such as smartphones and PCs, and it is very rewarding to be involved in manufacture of products that are indispensable for us to lead a civilized, modern life. I will work hard, assuming responsibility for a continuous and stable supply.

Business Performance of Functional Chemicals

Net sales increased by 0.7% from the previous fiscal year to 17,940 billion yen, and operating income also increased by 6.5% to 2,037 billion yen. This was attributable primarily to an increase in sales volume of latex products and pharmaceutical intermediates.

Main Products

Water-Soluble Polymers, Synthetic Rubber, Latex, Emulsion, Powdered / Ultra-Fine Powdered Polyethylene, Pharmaceuticals-Related Products, Various Additives, Etc.

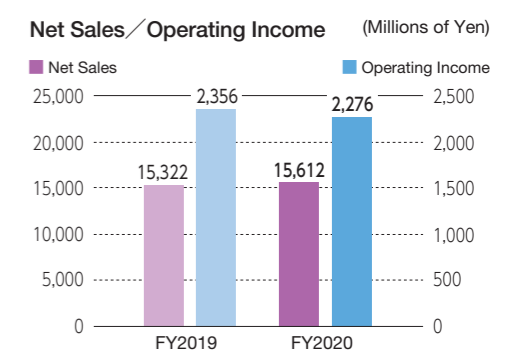
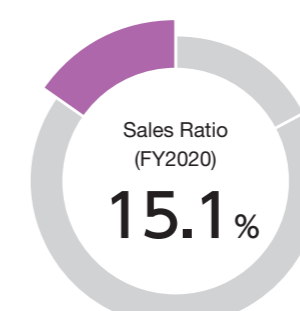


Business Performance of Gases & Engineering

Net sales grew by 1.9% over the previous fiscal year to 15,612 billion yen, while operating income decreased by 3.4% to 2,276 billion yen. The net sales increase was attributable to a rise in sales volume of electronics gases, etc., while the operating income decline was owing mainly to a decrease in demand for gases for food additives from restaurants that kept their operation reduced as a result of the ever spreading coronavirus infections.

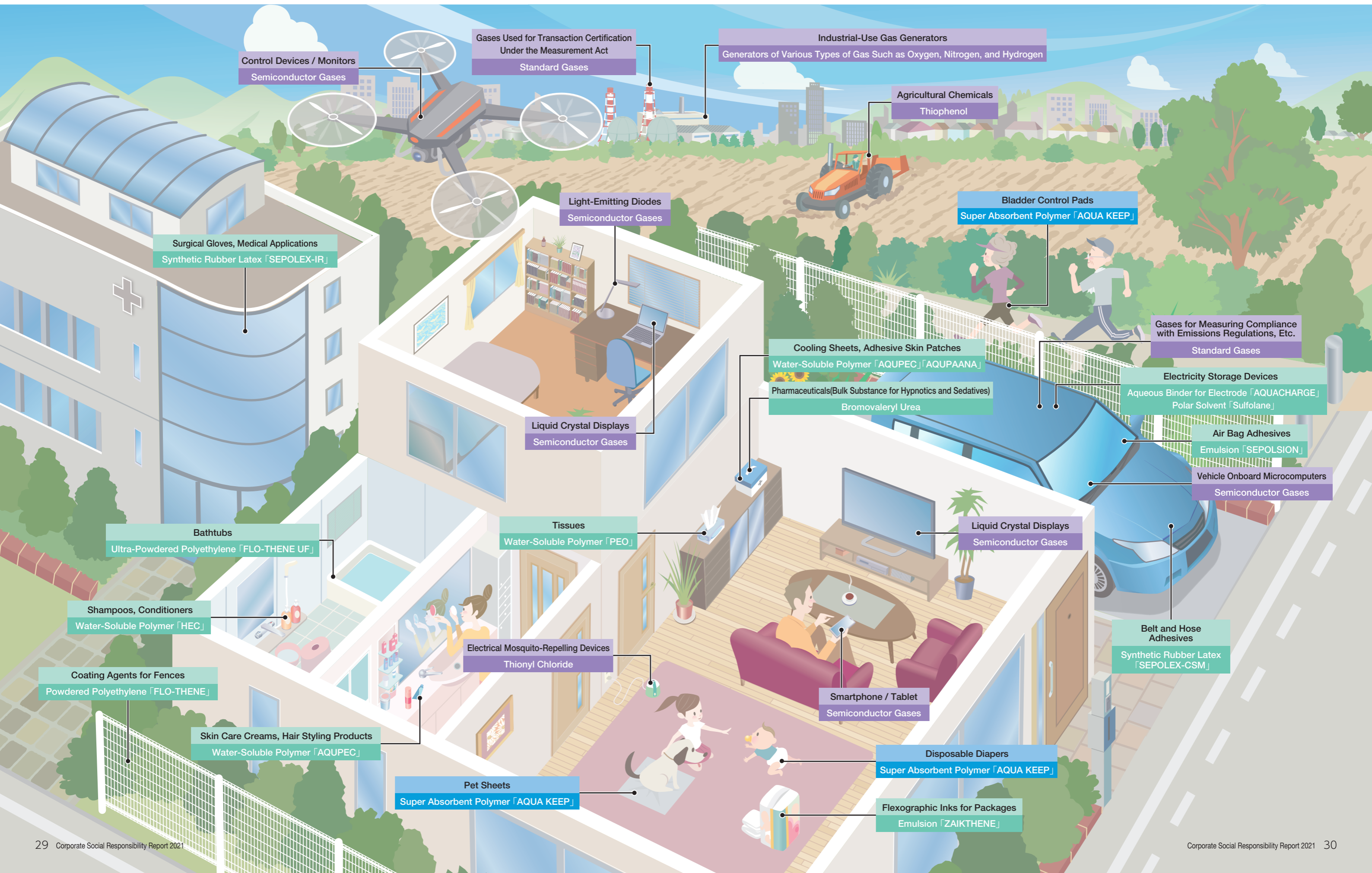
Main Products

Semiconductor Gases, Standard Gases, Industrial Chemicals, Chemical Gases, PSA Gas Generators, Etc.



Sumitomo Seika in Daily Life

■ Super Absorbent Polymers
 ■ Functional Chemicals
 ■ Gases and Engineering



Control Devices / Monitors
Semiconductor Gases

Gases Used for Transaction Certification
Under the Measurement Act
Standard Gases

Industrial-Use Gas Generators
Generators of Various Types of Gas Such as Oxygen, Nitrogen, and Hydrogen

Agricultural Chemicals
Thiophenol

Surgical Gloves, Medical Applications
Synthetic Rubber Latex 「SEPOLEX-IR」

Light-Emitting Diodes
Semiconductor Gases

Bladder Control Pads
Super Absorbent Polymer 「AQUA KEEP」

Gases for Measuring Compliance
with Emissions Regulations, Etc.
Standard Gases

Cooling Sheets, Adhesive Skin Patches
Water-Soluble Polymer 「AQUPEC」 「AQUAANA」
Pharmaceuticals (Bulk Substance for Hypnotics and Sedatives)
Bromovaleryl Urea

Electricity Storage Devices
Aqueous Binder for Electrode 「AQUACHARGE」
Polar Solvent 「Sulfolane」

Liquid Crystal Displays
Semiconductor Gases

Air Bag Adhesives
Emulsion 「SEPOLSION」
Vehicle Onboard Microcomputers
Semiconductor Gases

Bathtubs
Ultra-Powdered Polyethylene 「FLO-THENE UF」

Tissues
Water-Soluble Polymer 「PEO」

Liquid Crystal Displays
Semiconductor Gases

Shampoos, Conditioners
Water-Soluble Polymer 「HEC」

Electrical Mosquito-Repelling Devices
Thionyl Chloride

Smartphone / Tablet
Semiconductor Gases

Belt and Hose
Adhesives
Synthetic Rubber Latex
「SEPOLEX-CSM」

Coating Agents for Fences
Powdered Polyethylene 「FLO-THENE」

Skin Care Creams, Hair Styling Products
Water-Soluble Polymer 「AQUPEC」

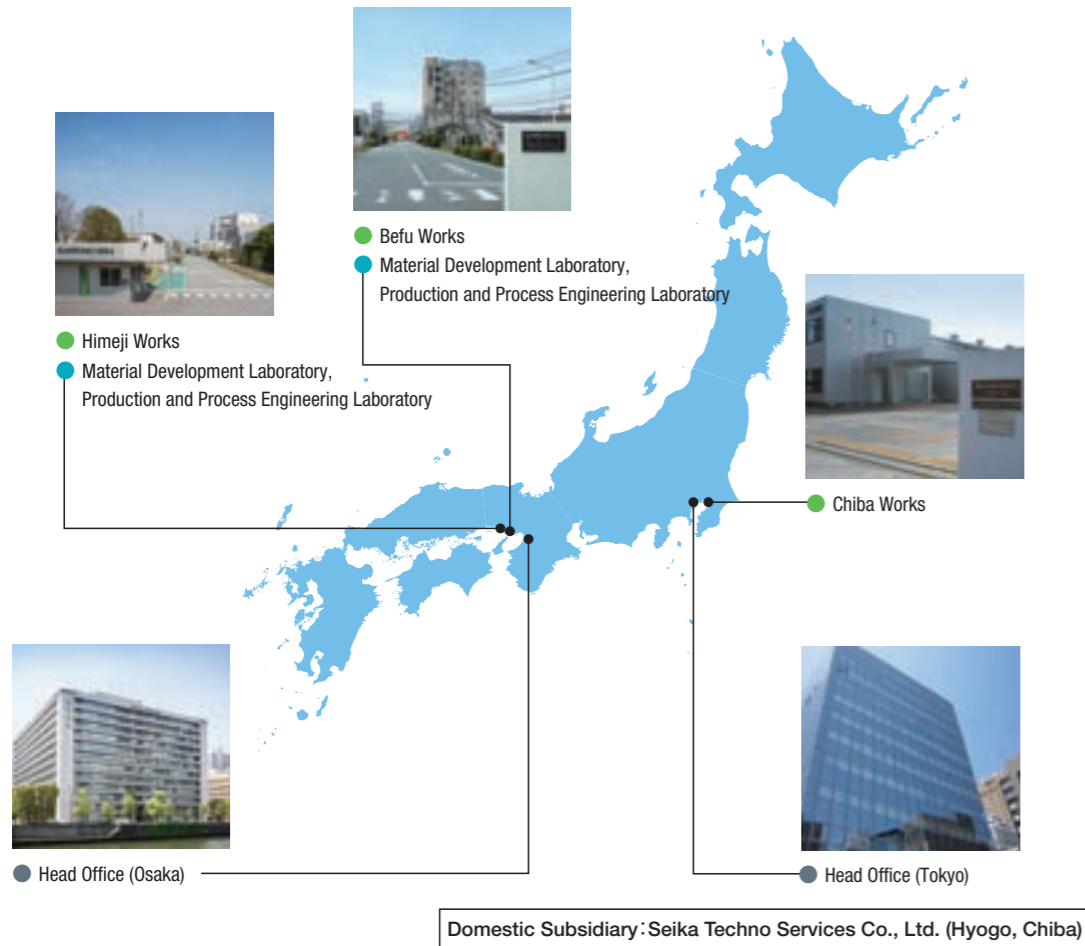
Pet Sheets
Super Absorbent Polymer 「AQUA KEEP」

Disposable Diapers
Super Absorbent Polymer 「AQUA KEEP」

Flexographic Inks for Packages
Emulsion 「ZAIKTHENE」

Group Network

Locations in Japan



Business Locations Overseas



TOPICS

Measures Against the Coronavirus Taken by the Group

Recognizing that our products are materials that support the foundation of people's lives, the Company has been working to prevent the spread of infection by implementing various measures at each site so production will not be discontinued even in an unlikely event.

In Singapore Office, we have adopted a procedure for entering the office building and each tenant office using a QR code in order to identify contacts when a confirmed case is reported, which is an initiative implemented by buildings for rent.

<Examples of Major Initiatives>

- Health monitoring before going to work, and wearing a mask
- Recommendation of staggered commuting, teleworking, and remote (TV/Web) meetings
- Installation of acrylic boards and alcohol-based sanitizers
- Periodic ventilation and disinfection of offices, etc.
- Staggered eating
- Introduction of thermographic cameras



Overseas Example : Sumitomo Seika Asia Pacific Pte. Ltd.



Domestic Example (Cafeteria at Himeji Works)

Locations in Japan

Head Offices : Osaka, Tokyo
Sales Offices : Osaka, Tokyo

Works : Befu Works, Himeji Works, Chiba Works

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

Consolidated Subsidiaries

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

*Sumisei International Trade (Shanghai) Co., Ltd. was established in March 2021.



Sumitomo Seika Chemicals Company, Limited.
Corporate Social Responsibility Report 2021
Statement of Opinion Regarding the Third-Party Verification

August 6, 2021

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

■ Purpose of the Verification

In this Responsible Care Verification Report, the Responsible Care Verification Center aims to express the opinions of chemical industry experts concerning the following items presented in the "Sumitomo Seika Chemicals Company, Limited. CSR Report 2021" (hereinafter the "Report") prepared by Sumitomo Seika Chemicals Company, Limited.

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

■ Verification Procedure

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

■ Opinions

- 1) Rationale of the calculation and compilation methods for the performance indices (numerical data) and the accuracy of the numerical data
 - Rational methods have been employed at the corporate head office and Befu Works to calculate and compile the numerical data.
 - To the extent surveyed, the numerical data were accurately calculated and compiled.
- 2) Accuracy of the information presented in the Report other than the numerical data
 - We confirmed that the information presented in the Report is accurate. Although we made several comments about the appropriateness of some expressions and the understandability of some sentences at the draft stage, these were all corrected in the current Report, and we have found no items that currently require correction.
- 3) Details of the Responsible Care (RC) activities
 - We highly acknowledge the fact that there have been "zero" major accidents for seven years since FY2014 as the result of steady activities such as regular onsite training and improvement to the work methods and unsafe locations following the implementation of risk assessments.
 - We acknowledge that from among the business activities, the company has selected several themes and is contributing to the achievement of the SDGs.
 - Supply water-absorbing resin for hygienic materials and social infrastructure development
 ⇒3. Good Health and Well-Being, 8. Decent Work and Economic Growth

- Supply coating resin for metal fences
 ⇒11. Sustainable Cities and Communities
- Supply gas recovery and purification systems for recovering greenhouse gases
 ⇒13. Climate Action, 9. Industry, Innovation and Infrastructure

- We acknowledge that concerning the issue of becoming carbon neutral, a preparatory committee made up of the general managers from each department has been established.
- We acknowledge that the revision to the production and packaging plan, employment of a gradual first in, first out system and visualization of the targets and performance through the implementation of a management table have contributed to lowering the use of external warehouses and reducing logistics costs.
- We highly acknowledge that sources of danger were actively identified at the Befu Works and planned responses are being implemented.
 (Identified 2,043 sources of danger, and responses have been implemented for 81%)

4) Characteristics of the Report

- The interview style article that introduces the products in the main businesses and conveys the high motivation of the employees working in those businesses was interesting. (p26-p28)

Satoshi Ozaki

OZAKI Satoshi
 Chief Director, Responsible Care Verification Center
 Japan Chemical Industry Association

Sumitomo Business Spirit



1. Business Principles

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

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

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

2. "Jiri-Rita Koushi-Ichinyo"- Benefit Self and Benefit Others; Private and Public Interests Are One and the Same

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