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The cover illustration depicts an image of the "Iko no Mori" (comfort forest), biotope of the Shizuoka Plant. In Iko no Mori, flowers and trees change with the turning of the seasons, and waterfowls such as kingfishers visit. It is a place where quiet and motion coexist, and healing scenery can be enjoyed.



Integrated Report 2021

Sumitomo Bakelite Co., Ltd.

contribute to realizing a sustainable society by expanding the possibilities of plastic.

Sumitomo Bakelite Co., Ltd. is committed to offering life-enhancing products through high performance manufacturing.

Business Philosophy (Company Policy)

The "Business Philosophy" for the Group of Sumitomo Bakelite Co., Ltd. is as follows:

● Business Philosophy (Company Policy)

Our Company places prime importance on trust and sureness, and shall commit itself to contributing to the progress of society and enhancement of people's welfare and livelihood through its business activities.

For more information, visit <https://www.sumibe.co.jp/english/company/philosophy/index.html>

Our Code of Conduct (Code of Ethics)

● Our Code of Conduct

1. We provide products and services designed from the viewpoints of social benefit as well as customer satisfaction on which we place highest priority.
2. We endeavor to improve business performance of the Group of Sumitomo Bakelite Co., Ltd. from a global perspective.
3. We observe corporate ethics, abide by all applicable laws and regulations as well as our internal rules, and, above all, value fairness and transparency in our business activities.
4. We place importance on safety, and voluntarily take actions for environmental protection.
5. We honor and respect each individual's personality and rights, and make efforts to create amicable and lively workplaces.

Our Vision

● Vision

We aim to become "a company that makes your dreams for the future a reality" by expanding the possibilities of plastic and creating value for our clients.

Sumitomo's Business Philosophy and Business Philosophy of our Company Group (Company Policy)

We have inherited Sumitomo's Business Philosophy, passed down by the Sumitomo family, which has supported the Sumitomo Group for four centuries. The origins of this philosophy are found in the Monjuin Shiigaki (the Founder's Precepts), a document written by Sumitomo family founder Masatomo Sumitomo. Approximately 400 years ago, Sumitomo (Monjuin) wrote to his family about business wisdom, urging at the beginning, "Strive with all your heart, not only in business, but in all situations."

For more information, visit <https://www.sumitomo.gr.jp/english/>

The rigorous efforts and honesty demanded by the Monjuin Shiigaki as well as other personal character-building precepts continue to form the foundation of the Sumitomo Group's Business Philosophy and make up the basis of our fundamental policy.



Monjuin Shiigaki



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Editorial Policy

Starting from last fiscal year, we have reorganized the Integrated Reports and CSR Reports we had been issuing until then, and now issue only an Integrated Report that serves as a tool for conveying our business strategy and ESG management in a cohesive manner. This will report on our policies, initiatives, data, and more, related to our Company's value creation, mid-term business targets, the performance and strategies of each of our business divisions, and sustainability.

For the editing of this report, discussions were held within the divisions in charge of preparing this report over the policy for its creation and content to be included in the 2021 edition. The editorial policy for the report was approved at a meeting of the Sustainability Promotion Committee in March 2021. This report was organized by referring to and/or conforming with various guidelines to ensure it could be easily read and understood by all stakeholders. In addition, we prepared:

- (1) A "Full Online Version" (No. of pages: 112) disclosing information in accordance with guidelines, and containing the details of our approaches to each activity, target, and result.
- (2) An "Abridged Print Version" (No. of pages: 60), which is easy to read and focuses on our actively-reports and messages that we want stakeholders to know about.

It also has been written in a simple, concise manner that is easy to understand by all.

● Guidelines referenced

- In compiling the report, we referred to the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).
- The "Full Online Version" follows the "core" option of the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines / Standards.

● Scope of third party assurance

The information marked with  for fiscal 2020 contained in the Integrated Report (Full Online Version) is assured by the third-party assessor KPMG AZSA Sustainability Co., Ltd.

Disclaimer

This report includes not only past or present facts, but also our forecasts, estimates, and plans for the future. These assumptions and judgements are based on currently available information and may be affected by various factors such as future changes in the business environment.

● Period

In principle, the report covers fiscal 2020 (April 2020 through to March 2021). Cases in which the coverage is different from this period are listed separately.

● Published

October 2021 (The Fiscal 2020 Report was published in October 2020 and the Fiscal 2022 Report will be published in October 2022)

● Boundary

(The names of the companies are generally stated in simplified forms by omitting "Co., Ltd." and "Inc.," etc.)

In principle, this report covers Sumitomo Bakelite Co., Ltd. and its consolidated subsidiaries. Regarding environmental and occupational health and safety, the coverage is limited to the following business sites, which are mostly production sites.

[Japan]

Sumitomo Bakelite Co., Ltd. Head Office and marketing offices etc.,*1 Amagasaki Plant, Kanuma Plant, Utsunomiya Plant, Shizuoka Plant, Kobe Facility Office, Akita Sumitomo Bakelite Co., Ltd., S.B. Techno Plastics Co., Ltd., Hokkai Taiyo Plastic Co., Ltd., Yamaroku Kasei Industry Co., Ltd., Kyushu Sumitomo Bakelite Co., Ltd., S.B. Sheet Waterproof Systems Co., Ltd., Tsutsunaka Kosan Co., Ltd., S.B. Research Co., Ltd. (Osaka Center), Seibu Jushi Co., Ltd., Softec Co., Ltd., SB Bioscience Co., Ltd.

[Overseas]

Sumitomo Bakelite Singapore Pte. Ltd., SumiDurez Singapore Pte. Ltd., SNC Industrial Laminates Sdn. Bhd., P.T. Indopherin Jaya, P.T. SBP Indonesia, Sumitomo Bakelite (Suzhou) Co., Ltd., Sumitomo Bakelite (Dongguan) Co., Ltd., Sumitomo Bakelite (Shanghai) Co., Ltd., Sumitomo Bakelite Macau Co., Ltd., Sumitomo Bakelite (Nantong) Co., Ltd., Sumitomo Bakelite (Taiwan) Co., Ltd., Vaupell China (Dongguan) Co., Ltd., Durez Corporation, Durez Canada Co., Ltd., Sumitomo Bakelite North America, Inc., Promerus, LLC, Sumitomo Bakelite Europe NV, Sumitomo Bakelite Europe (Barcelona) S.L.U., Vyncolit NV, Vaupell Industrial Plastics, Inc., Vaupell Molding & Tooling, Inc., Russell Plastics Technology Company, Inc.

*1 These business sites and companies are included in the compilation of energy consumption and CO₂ emissions data.

Note: The environmental and labor safety data for Kawasumi Laboratories, Inc., will be within scope from FY2021 onward.

Note: In this report, the names of Sumitomo Bakelite Co., Ltd. and its Group companies may be stated in simplified forms by omitting "Co., Ltd." and "Inc.," etc. Quantitative data presented in this report are rounded, in principle. Therefore, in certain cases, the sum of breakdowns may not equal the total.

In the functional chemical sector, Aiming to realize a sustainable society by creating value in keeping with the SDGs

As a pioneer in plastics, we create innovative products and technologies.
 "Our Company places prime importance on trust and sureness, and shall commit itself to contributing to the progress of society and enhancement of people's welfare and livelihood through its business activities."
 This is our Business Philosophy (Company Policy), deeply in keeping with the Sustainable Development Goals (SDGs), under which we advance our business operations.
 Today, the world joins in taking specific action toward solutions for a wide range of problems, from environmental issues to human rights, human health and lifestyles. Our Company, which aims to achieve top share in niche markets in the functional chemicals field, looks carefully to discover what we can change, and where we can make a contribution as we accelerate our initiatives toward the SDGs and contribute to realizing a sustainable society.

By creating innovative plastics, we contribute to the development of society and the people's livelihood.

Contribution to society

Vision

"A company that makes your dreams for the future a reality"

Steadfast Management

We take steadfast steps in managing our Group without pursuing speculative profit.

Trust and Confidence

We value trust and confidence of all concerned and endeavor to meet all the expectations given to us.

Creating Value with SDGs

We continue to create plastics that can contribute to the development of society and people's livelihood, and provide dreams for the future.

I would like to open by expressing my heartfelt sympathies to all those who have suffered from infections of COVID-19, and to everyone impacted by the spread of the viral infection. At our Group, we have been taking a variety of steps in response, including our own infection prevention measures, as well as providing products and services by which we can help prevent infections through our business operations.

More than 100 years have passed since plastics production began in Japan. During that time, many different types of plastic products have been invented or developed, and they have been continually developed and advanced as an essential materials across a wide variety of uses, including everyday items, transport equipment, medical equipment, semiconductors and the aerospace industry. As a pioneer in plastics, we have pursued the potential of plastics amid rapid social changes, expanding our business on a global scale.

We consider it our mission to create plastics with more advanced functionality, and to focus on the concept of "Customer Satisfaction (CS) First" to contribute to the development of society and the standard of living through building customer value.

President and Representative Director

Kazuhiko Fujiwara



Business performance in fiscal 2020

During fiscal 2020, the impact of the spread of COVID-19 infections resulted in major declines in sales, primarily related to automobile and aircraft interior parts applications. In terms of sales, despite these circumstances, sales of semiconductor materials increased, in addition to consolidation of Kawasumi Laboratories resulting in an increase in revenue for fiscal 2020 of 1.2% over fiscal 2019

to ¥209.0 billion. In terms of profit, demand of semiconductor materials grew active, while the automotive market recovered during the second half, in addition to which our Group made progress in reducing fixed costs from the beginning of fiscal 2020. The result was a 16.0% increase in business profit from fiscal 2019 to ¥16.6 billion.

Performance Highlights

	Fiscal 2019	Fiscal 2020	Increase/Decrease
Revenue	¥ 206.6 billion	¥ 209.0 billion	1.2%
Business profit	¥14.3 billion	¥ 16.6 billion	16.0%
Operating profit	¥ 10.3 billion	¥ 19.9 billion	93.6%
Profit attributable to owners of parent	¥ 9.0 billion	¥13.2 billion	46.9%
ROE	5.0%	7.0%	—

New Medium-term Business Plan

Basic Medium-term Policy

Aiming at "Top shares in niche markets" in the functional chemical sector as well as expanding our business in keeping with the SDGs

The impact of the spread of COVID-19 infections forced reconsideration of the Medium-term Business Targets launched in fiscal 2019. Having subsequently moved ahead with the formulation of a new plan, we announced this three-year plan, which begins with fiscal 2021, on June 24.

In this plan, we have set that our vision is to aim to become "a company that makes your dreams for

the future a reality" by expanding the possibilities of plastic, and creating value for our clients. We will now continue to advance sustainable management that leads to the future as we link the accelerating changes in society and values caused by the spread of COVID-19 to growth opportunities under our Basic Policy and Basic Strategy which follow the targets of our previous Medium-term Business Targets.

Key measures of the new Medium-term Business Plan

In addition to pursuing SDGs including carbon neutrality as key measures toward realizing our Vision and Basic Policy, we will also promote digital transformation (DX) and evolve our organizational culture.

To begin with, in our efforts on the SDGs we have specified priority SDG areas based on our Group's business fields and strengths. To our existing priority areas we have added SDG 13 "CLIMATE CHANGE", in consideration of the recent international movement toward carbon neutrality and green-growth policies. We are accelerating our efforts to contribute to priority SDG areas by setting new long-term targets for the ratio of our revenue attributable to SDG-contributing products. We also expressed our support in February 2021 for the TCFD Recommendations as a concrete measure with respect to climate change. One of our intention is that we need to make greater efforts than ever before with respect to climate change, and heightened internal momentum by expressing our proactive stance on initiatives for climate change internally and externally. Ahead of this, we addressed

the increasing severity of environmental problems by advancing activities from a long-term perspective through the formulation of "Environmental Vision for 2050 (net zero)"¹⁾ in March 2020. We intend to formulate specific action plans and build frameworks to achieve this vision for carbon neutrality by 2050. Regarding DX, we will continue to move forward with ongoing initiatives on the research front with materials informatics²⁾, as well as IoT/AI autopilot in the production field, and robotic process automation (RPA) utilization in day-to-day work tasks. Future efforts will include the deployment of DX in sales and marketing, and in the fostering of human resources development and a corporate culture that encourages progress with DX. While responding to the digital shift in society and changes in industrial structure, we will move ahead with management with an awareness of DX, and by building new business models, create competitive new products and services.

Toward evolving our organizational culture, we will further promote our cross-organizational One

Sumibe Activities, through which we continually scrutinize and adjust the value that we provide to customers in step with changes in society, and build co-creation relationships that enable us to create value together with business partners. In addition, we are advancing work-style reforms and promoting diversity to foster a culture in which each and every employee can be active and take on challenges. In order to improve the “human ability” of employees, we promote next-generation human resource development as a source of new value creation.

*1 See page 44 for details.
 *2 Initiatives to efficiently search for new materials and substances through data science technologies such as artificial intelligence (AI) and Big Data.



About TCFD

TCFD refers to the Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) in response to a G20 request, and is tasked with considering climate-related information disclosure and how financial institutions go about it.



Impacts of and responses to the COVID-19 pandemic

In February 2020, we formed the COVID-19 Emergency Task Force, and continue to implement its countermeasures from time to time as appropriate. While taking thorough-going measures to prevent infection in the workplace, we are using such work arrangements as working from home and staggered working hours. Regarding our supply chain, there has been no major impact, due to prior application of our BCP response. Moreover, in order to keep our customers informed on the very latest supply system and conditions, we gather information and report immediately, while also asking customers about their operational status to ensure that our supply chain does not get backed up.

In the business surrounding our Group, because of expansion of telecommunication services including 5G in association with the spread of remote work, there has been a major increase in demand for semiconductor materials. We are therefore working at a rapid pace to secure the supply capability it takes to respond. Moreover, since the spread of COVID-19 infections is expected to occasion major future medical- and bio-related growth, we converted Kawasumi Laboratories, with which we already had a capital and business alliance, into a wholly-owned subsidiary in October 2020. We also converted SB Bioscience, an in-vitro diagnostics business firm, into a wholly-owned subsidiary in March 2021, and have newly set up the Bio & Science Research Laboratory as we move ahead in building up our ability to respond with alacrity to market

needs. Strengthening our management foundation to adapt to change will be essential to advancing sustainable management amid major changes in industry structure, lifestyles and society. I see the current situation as an opportunity to take a fresh look at the value we provide to our customers. In each business department, we will rethink what kind of value we are to provide, to whom, in what ways, and what we need to do to accomplish this.

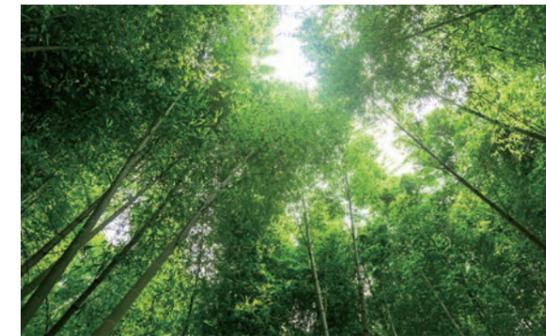


ESG initiatives

The Sustainability Promotion Committee launched in 2019 is at the forefront of the progress we are making in ESG management among all departments and employees, with a central focus on the three core principles of environment (E), society (S) and governance (G).

Our environmental considerations include our formulation of “Environmental Vision 2050 (net zero)”, which makes explicit the direction our activities will take. We are proactively pursuing the reduction of CO₂ emissions through energy conservation activities, material flow cost accounting (MFCA) activities and improvements in process efficiency, while also increasing our ratio of renewable energy. In product development, we intend to contribute to CO₂ reduction by considering such improvements as high efficiency, lightweight design, long-life, recycling and mono-material use.

We believe that we can contribute to progress toward SDGs by increasing the ratio of revenue from products that contribute to priority SDG areas. Since fiscal 2018, we have been setting and pursuing targets using the ratio of revenue from SDG-contributing products as an indicator. In fiscal 2020, our revenue from SDG-contributing products was ¥77.9 billion, for a 37.2% ratio of revenue. We were thus able to achieve our fiscal 2021 target of 30% one year early. Given these results, the Sustainability Promotion Committee on which I serve as Chairperson has decided to set a new goal of 50% or greater for our fiscal 2023 ratio of revenue from SDG-contributing products, and 70% or greater for fiscal 2030. These targets are somewhat stretched, but I intend for our whole Group to pull together in achieving them.



To stakeholders

When I assumed office as the President in 2018, I declared that our vision is to aim to become “a company that makes your dreams for the future a reality” by expanding the possibilities of plastic, and creating value for our clients. This vision is born out in the innovation created by our competitive advantage, the fundamental technologies that we have built up over many years—in other words, the material technologies for resin formulation and design as well as monomer/polymer synthesis, process design technologies, and evaluation technologies. Further, as part of the chemical industry, it is vital that we fulfill our social responsibility and we will continue to support and implement our Responsible Care Global Charter. Through these efforts, we will both create business opportunities and help solve social issues, making our contribution to sustainable development for the world. Strengthening our ESG management foundation will further heighten

From the societal perspective, we will continue to engage in ongoing activities under the Sumitomo Bakelite Co., Ltd. Production System (SBPS) in our manufacturing activities. Meanwhile, we are accelerating the digitalization of production undertaken in collaboration with NEC Corporation since last year, and moving forward we will work on implementing Smart Factory operations not just in Japan but worldwide. In order to make rational and meaningful progress in DX, we are holding internal workshops and are training our own data scientists for expertise in both IT and chemistry.

SB School, our internal educational institution, has now provided courses to a total of more than 270,000 students, contributing enormously to the human resources development of our Group. In relations with business partners, we are continuing with our preexisting policy of making customer satisfaction (CS) a top priority, as well as One Sumibe Activities based on that policy. As a result, we have made progress with the performance of products across departments as all employees engage in activities that are not bound by any given department.

We are moving to ensure diversity of work styles through work-style reforms such as working from home, expansion of eligibility for working from home and annual leaves based on hourly increments. Through active promotion of younger personnel and promotion of women’s career advancement, we are making progress with diverse, next-generation human resources development. We are also advancing personnel system reforms for members of management as part of our efforts to emphasize “human ability.” Regarding occupational health and safety, in 2019 we enacted our Safety Philosophy: Prioritizing Safety in Everything We Do and our Safety Action Guidelines, and have since implemented it Company-wide. We had no serious accidents in 2020, a year with fewer occupational accidents than any of the most recent years.

In the area of governance, we have changed to a system that ensures greater independence and diversity in our Board of Directors than in the previous year. In previous years, the Appointment and Remuneration Committee acted as an advisory body to the Board of Directors. We have since changed its status to a body that is commissioned by the Board of Directors to decide matters of compensation, now doing so independent of the Board. This system ensures its autonomy and transparency. The change is aimed at further improving our corporate governance.

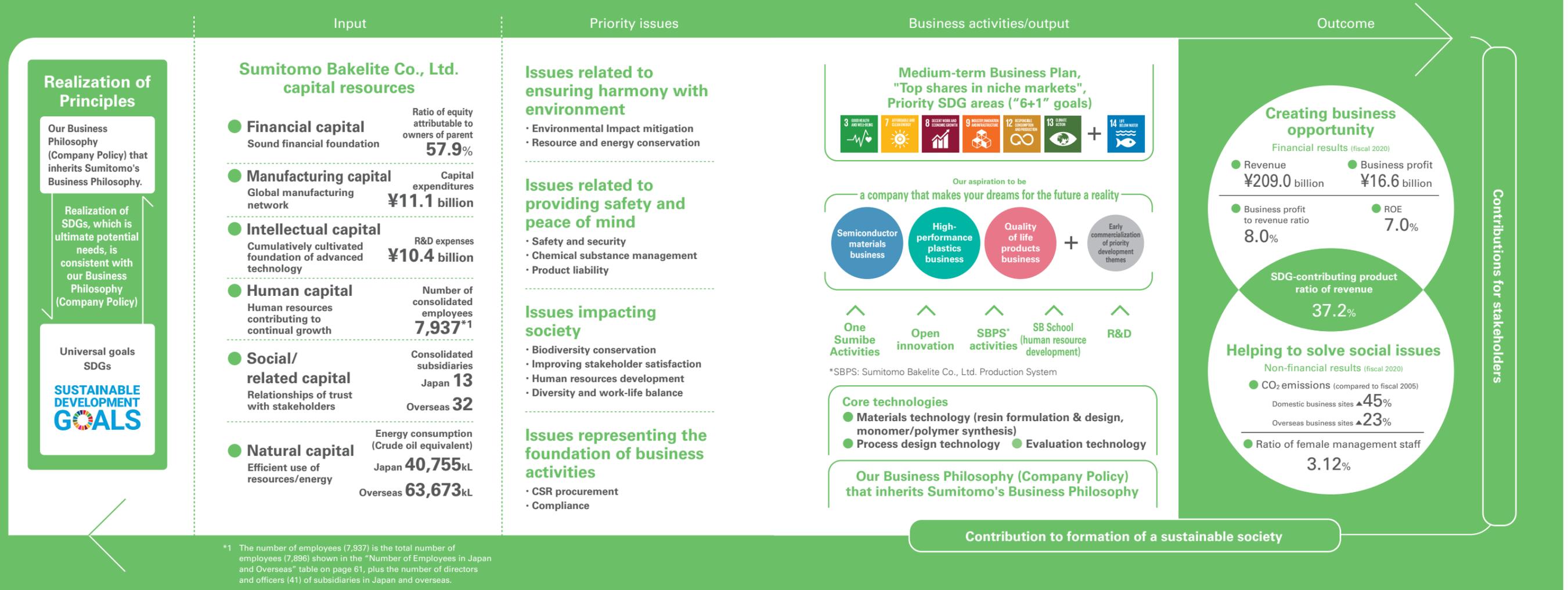
our corporate value, as we continue to be a company that makes dreams a reality for all of our stakeholders. Thank you for your continued support.



Value Creation

Our Company has always worked to expand the potential of plastics and create value, helping solve the issues confronting society in every age. We will continue to grow and evolve as the fields in which plastics are utilized expand in the future.

The value creation process



*1 The number of employees (7,937) is the total number of employees (7,896) shown in the "Number of Employees in Japan and Overseas" table on page 61, plus the number of directors and officers (41) of subsidiaries in Japan and overseas.

A history of value creation

1907-1955

A pioneer of Japanese plastic manufacturing

- 1907 Dr. Baekland developed phenolic resin, named it "Bakelite".
- 1911 Sankyo Company (currently Daiichi Sankyo Co., Ltd.) began test manufacturing of phenolic resin.
- 1932 Nippon Bakelite Co., Ltd. established to take over the phenolic resin business from Sankyo.
- 1955 Nippon Bakelite Co., Ltd. merged with Sumitomo Synthetic Resin Industries, Ltd. Resulting in the launch of Sumitomo Bakelite Co., Ltd.

1956-1988

Advancing into new fields to open a new era

- Production and sales of products in various fields began, including phenolic resin copper-clad laminate SUMILITE PLC, rigid PVC sheets SUMILITE VSS, epoxy resin molding compounds for encapsulation of semiconductors SUMIKON EME, and various kinds of medical devices.

1989-2020

Business implemented throughout the world

- Plant in Sumitomo Bakelite Singapore Pte. Ltd. completed, as a start to business deployment in countries worldwide.
- Business expansion through corporate acquisitions, accelerating entry into new domains.

2021-

Achieving top shares in niche markets in the functional chemical sector, while further expanding our scale of business

toward becoming "a company that makes your dreams for the future a reality"

Sumitomo Bakelite Co., Ltd.
President and Representative Director

Kazuhiko Fujiwara

The Mainichi Newspapers
Deputy Chief Editorial Writer

Yukiko Motomura



Pursuing the potential of plastic without taking our eyes off environmental problems

Motomura: Your Company has a long history as a “pioneer in plastics.” Tell us about the approach you take toward your current business operations.

Fujiwara: We originated as the first company in Japan to manufacture plastics, and we have conducted R&D of the diverse potential of plastics in an effort to create products with value. More than 100 years have passed since plastic manufacturing began in Japan, and it has developed into a material that is essential to every industry. Working with a material that makes such a large contribution to society is accompanied by great responsibility. In doing so, we place great importance on the precepts of our business philosophy: “Our Company places prime importance on trust and sureness, and shall commit itself to contributing to the progress of society and enhancement of people’s welfare and livelihood through its business activities.” That is, we think it is very important to continue business activities with a view to contributing, through plastics, to the development of society and abundant living for everyone.

Motomura: You handle a diverse range of products. Has this emerged in response to the needs and requirements of your customers?

Fujiwara: That’s exactly right. As a manufacturer of the functional chemical products giving plastics the necessary functionality, we have been moving forward with research and development of plastic processing technologies in consideration of our customers’ needs and requirements, and offering those products to the world. They are in widespread use, from familiar applications to those that do not meet people’s eyes, including telecommunications devices such as smartphones and PCs, household electronics, transport systems such as automobiles, railways and aircraft, as well as in the fields of food products and healthcare. As the times and technologies advance and lifestyle convenience

and values change, we place due importance on flexibility, creating new things from time to time as the need arises.

Motomura: In a word, plastics are extremely broad in scope.

Fujiwara: Yes, Ms. Motomura. Without even being aware of it, you yourself might pick up one of our products. For example, do you know of our P-Plus product used in packaging of fruits and vegetables? It is used in places such as supermarkets and convenience stores. We developed it to help fresh fruits and vegetables keep longer so they are fresh when eaten. Each package has invisible holes in it of about 100µ to preserve freshness. The number and size of the holes are varied according to how a given fruit or vegetable breathes.

Motomura: I’m surprised that it has such ingenuity designed into it. Plastic products like these are definitely essential to the abundance in our lives. At the same time, I believe plastic is associated with issues such an environmental problems.

Fujiwara: That’s exactly right, so while pursuing convenience, we also respond to the environment. A certain kind of gap does exist there, and in aiming to achieve a sustainable society, we cannot avert our eyes from the environmental problems that surround plastics. The key to a solution lies in the technological and R&D capabilities that are among our Company’s strengths. With regard to the problem of plastic waste, for instance, we are working to reduce plastic waste through daily management of the raw materials we use and the plastic products we manufacture, by advancing their recycling, and moreover by considering life cycle assessments (LCA) from the product development stage. From the standpoint of recycling, we have been moving forward with development of plastics that include biomass-derived materials to reduce environmental impact even when discarded, as well as mono-material films for packaging conducive to recycling. We have also been helping to reduce the volume of waste itself with thinner plastic films. Moreover, from a circular-economy standpoint, at our Shizuoka Plant we have established an innovative technology that can turn cured phenolic resins back into phenolic resins through a recycling system using supercritical fluid technology.



Contributing to abundant living for everyone and a sustainable society through functional plastics

Our Company is working to contribute to a sustainable society through a wide variety of functional plastic products.

We met for an interview on our Company’s efforts with Yukiko Motomura, an Editorial Board Member of The Mainichi Newspapers with deep knowledge of environmental issues who heads the news organization’s Science and Environment News Department.

Concept Story	Top Message	Value Creation	Interview with the President	Special Feature on SDGs	Outline of Medium-term Business Plan	Contents
Business Overview by Segment	ESG Initiatives	Environment	Social	Governance	Data	

Motomura: The prevailing popular tendency to simply equate plastics with environmental harm is a fact. However, if we aim for a life without plastics by, for example, switching drink containers from PET bottles to glass bottles, the added weight results in increased CO₂ emissions volume during transport. That's the other side of things of which I think it can be difficult to gain the understanding of consumers. We in the news media have our role to play, but I'm glad that a company like your Company that provides materials is getting the word out as well.

Accelerating efforts to contribute to SDGs and realize a decarbonized society

Motomura: I'd also like to ask you about SDGs. Your Company has changed its priority areas for imperative efforts from 5+1 to 6+1. Tell us about the background to the change.

Fujiwara: Until fiscal 2020, our Company had established 5+1 of the 17 SDGs as priority areas to address through our efforts. These five consisted of Goals 3 "GOOD HEALTH AND WELL-BEING", 7 "AFFORDABLE AND CLEAN ENERGY", 8 "DECENT WORK AND ECONOMIC GROWTH", 9 "INDUSTRIAL INNOVATION AND INFRASTRUCTURE", and 12 "RESPONSIBLE CONSUMPTION AND PRODUCTION", to which we added Goal 14 "LIFE BELOW WATER". In April of 2021, we added to these Goal 13 "CLIMATE ACTION" for 6+1 priority areas. In recent years, many of our customer companies have been undertaking Goal 13 "CLIMATE ACTION", and the possibility of being left behind if unable to keep up with this worldwide movement has given rise to a sense of crisis. In addition, the government has issued a declaration on its aim of achieving a decarbonized society by 2050. I thought that, as a company that

handles plastics, it is incumbent upon us to present concrete measures for what we must do toward achieving that goal, and to take action. Amid these background circumstances, we also expressed our support in February of this year for the TCFD recommendations.

Motomura: I think CO₂ reduction is an issue for every industry. I've heard that there has been a broad revision of the goals for 2030 that were established in 2018. Can you give us the details?

Fujiwara: We made the revisions in response to the government's "2050 Carbon Neutral Declaration." In addition to the energy conservation activities and process efficiency reforms that our Company has long engaged in, we have also formed an internal cross-sectional organizational body to implement phased CO₂ reductions. We determined, however, that taking on the challenge of zero emissions would require a greater acceleration of efforts than is currently underway. We therefore formulated our "Environmental Vision for 2050 (net zero)" ending in 2050. Subsequently, the government has established its goal for 2030 as a milestone. We are therefore aiming for the government's specified goal of a 46% reduction in CO₂ (compared to fiscal 2013) by 2030 as a must.

Motomura: What do you think will be the key point in reducing CO₂?

Fujiwara: I think it's electric power. In this effort, we will have to start by getting a handle on the electric power situation of each country, then increase the ratios of renewable energy. Rather than solar power alone, there are a variety of candidates for this, such as hydrogen, biomass and CO₂ adsorption technologies. I would like to scrutinize the state of advancement of each technology, then consider technological applications that are appropriate to a given region or plant. I think that crucial factors in working toward our "Environmental Vision for 2050 (net zero)" will include product development that is mindful of lifecycle CO₂ reduction, as well as cooperation with our supply chains.

President and Representative Director Kazuhiko Fujiwara

Joined the Company in 1980. Became Team Leader of the Biotechnology-related Product Development Project in 2003, Department Manager of S-Bio Development Department in 2007, General Manager of S-Bio Business Division and Executive Officer in 2009, Managing Executive Officer in 2013, Director and Managing Executive Officer in 2014, Director and Senior Managing Executive Officer in 2016, and President and Representative Director in 2018.



The Mainichi Newspapers Deputy Chief Editorial Writer Yukiko Motomura

Assigned to the Science and Environment News Department since 2001, serving in positions including Department Manager before her current position. Received the first Science Journalist Award in 2006 for her work with the news crew for the Rikei Hakusho series. Authored several books on science and technology themes, based on her knowledge cultivated through reporting and other work, including Kagaku no Mikata and Ki ni Naru Kagaku. Active in a broad range of digital and TV media in addition to newspaper work.

Improving the "human ability" of employees to become a company that makes your dreams for the future a reality

Motomura: I think that for a materials manufacturer, R&D is a lifeline. What do you focus on and put into practice in acquiring and developing human resources?

Fujiwara: Our R&D costs represent about 5% of revenue, which is a relatively high ratio for a materials manufacturer. Since human resources development is more important to a company than anything else, we tell our employees to undertake efforts without fear of failure.

Motomura: Those are promising words.

Fujiwara: Innovation will not emerge unless we take on challenges. I myself come from an R&D background, and have accomplished things after piling up many failures. As part of that message, I have designated "improving human ability" our Company's internal watchword for this year. "Human ability" is the cumulative effect obtained from multiplying motivation, capability, personality and character together. Diligent training is essential to achieving this improvement. While day-to-day OJT and self-training are a matter of course, I want for us to improve every category of our human ability so that we can be the kind of company in which employees are given many opportunities, enabling each and every one of us to speak to customers about aspirations and value.

Motomura: At the same time, it seems the impact of COVID-19 will remain with us for some time. What kind of impact have changes in work styles due to the COVID-19 pandemic had on your Company and all of its employees?

Fujiwara: In terms of our actual work, while we have switched those things that could be substituted for online, the change in environment may have caused the burden on our employees to increase. While we give the highest consideration to our employees' health and mental care, I think it is very important to flexibly maintain a comfortable work environment that is responsive to circumstances at any given time. At the same time, some work arrangements have emerged that could only be possible online. I think that these may provide opportunities to lighten the

load, depending on how they are understood. Online meetings enable us to connect worldwide locations, and the fact that we can efficiently and seamlessly connect with customers is a major factor for our Company, which emphasizes customer service.

Motomura: How about promotion of diversity?

Fujiwara: The abilities of our employees bear no relation to gender. Rather, I think it is critical that we create an environment in which each and every person can fully exercise their individuality. Our female employees do have maternity leave, however. I think we need to give some consideration to this, since we cannot allow it to pose a handicap. In fact, the number of women managers at our Company in fiscal 2020 was double that of fiscal 2014. The goal here is not merely to boost the numbers. I think it shows how we have cultivated an arena in which we maintain an environment conducive to women fully exercising their capabilities, and in which evaluations are unrelated to gender differences.

Motomura: We've come to hear the term "degrowth" lately in society. I think a corporation is something that is run on the assumption of growth. What are your thoughts on this?

Fujiwara: For a manager commissioned by shareholders to increase corporate value, degrowth is a difficult topic. At present, I have not arrived at any thought of rejecting growth. However, I do think that it is extremely crucial for us to thoroughly engage in management that avoids an obsession with profit, and is mindful of our contribution to society, of diversity and of environmental considerations, such that all of our shareholders and investors choose us.

Motomura: Through today's interview, I think I've been able to glimpse not only the role that plastics play in our lives and society, but also something of the thinking of your Company. In closing, could you tell us about the future your Company looks to amid the uncertainties that the COVID-19 pandemic has cast on times to come?

Fujiwara: It is required of any company that does business globally to look beyond mere economic value such as sales and profit, and to contribute through its business operations to the realization of a sustainable society. We aim to become "a company that makes your dreams for the future a reality" by meeting the expectations of our stakeholders, expanding the potential of plastics, and creating value for our clients. I think our mission is first to open the way to a society abounding in people with smiling faces.



Rigorous infection prevention measures were taken for the interview, including the installation of an airborne droplet transmission prevention panel and ventilation.

Special Feature on SDGs

Efforts on SDGs adopted in Sumitomo Bakelite Co., Ltd. Basic Policy

Point 01 SDGs provide a guiding light to the path our Group must take

Sumitomo Bakelite Co., Ltd. established the SDG Promotion Committee in 2018 and the Sustainability Promotion Committee in 2019, with the President serving as Chairperson, thus putting in place a framework for full-fledged efforts on SDGs. Our Company conducts efforts on SDGs under an understanding that SDG efforts, societal needs, and our Company's business objectives and Business Philosophy (Company Policy) are roughly equally interconnected. The spread of COVID-19 has brought drastic change and numerous elements of uncertainty to contemporary society, making it extremely difficult to forecast what kinds of products will gain acceptance. However, I think that SDGs represent one rallying point that indicates a way forward for our Group as a plastics manufacturer.

Director, Executive Vice President of the Company
Vice Chairperson, Sustainability Promotion Committee
Chairperson, SDG Promotion Committee
Masayuki Inagaki



Point 02 Priority areas for SDGs: from "5+1" to "6+1"

The SDGs include 17 Goals, and while the ultimate aim is to achieve all of them, there are limits to what one company can contribute through its business operations. This is why, in applying the strengths of our Group business operations to full-fledged SDG efforts, we identified five areas (SDGs 3, 7, 8, 9 and 12) as those in which we could make a contribution as a single Company, plus Goal 14, issues involving the oceans, which could be addressed by society as a whole. These were designated our "5+1" priority areas on which to focus our management resources. We subsequently came to understand, through our business activities, that Goal 13 "CLIMATE ACTION", is being pursued by many of our customers as an SDG theme. Since we believe it is crucial that we meet expectations as a manufacturer of materials that help our Group customers achieve their goals, we added this Goal to our priority areas, now "6+1." I think that the expectations on our company's products will become all the greater, particularly with respect to Goal 13.1, one of the SDG13 targets, on strengthening adaptive capacity to climatic disasters stemming from last year's efforts toward carbon neutrality.

Priority SDGs of Sumitomo Bakelite Co., Ltd.

Taking into account our Company's business domains and strengths, "six Goals + one Goal" are selected (focusing on the Goals that suit our Company to put particular effort in)



- Goal 3 GOOD HEALTH AND WELL-BEING
- Goal 7 AFFORDABLE AND CLEAN ENERGY
- Goal 8 DECENT WORK AND ECONOMIC GROWTH
- Goal 9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE
- Goal 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- Goal 13 CLIMATE ACTION
- + Goal 14 LIFE BELOW WATER

Point 03 Efforts to contribute to SDGs

As countries and companies all over the world steer a course toward achieving carbon neutrality by 2050, it is highly likely that we would be sidelined if we were to miss this departure. In taking on the challenge of achieving carbon neutrality by 2050, we are working to respond throughout all of our supply chains. In committing to an initial 46% reduction (compared to fiscal 2013), we are naturally reducing our internal energy use and considering greening action, and the effort also includes consideration of eliminating petroleum materials from our Group's products, and thoroughgoing calculation of life cycle assessments (LCA) as part of our recycling considerations. In February 2021, we agreed to the recommendations of the

Task Force on Climate-Related Financial Disclosures (TCFD). Behind the assent, there are our strengthening of efforts on climate change, and the aim of actively demonstrating this stance both internally and externally. Regarding the TCFD recommended disclosure items, we have disclosed "Environmental Vision for 2050 (net zero)" in our Integrated Report issued in 2020 as a first risk management step. In terms of disclosure item indicators and targets, we are moving forward with preparations to bring greater visibility to the degree of our contributions with respect to SDGs and climate change through a certification system begun in fiscal 2018 for the revenue ratios of SDG-contributing products.

Point 04 Taking ownership of SDGs

Although SDG efforts advance under the command of top management, it is the individual will and desire of each employee that generates the motive force to drive them forward. Through the activities of the SDG Promotion Committee, we have also grasped the fact that there are generational and individual differences in levels of awareness and understanding of the status of current issues. In order to keep the 6+1 Goals from becoming a mere abstraction, I think it is very important that we continue with internal educational activities such as study sessions, SDG poster displays, e-learning and use of the Company intranet, in order to pervasively inculcate the understand of SDG efforts as an issue for all employees. At the same time, momentum is growing toward thinking of our business operations in conjunction with SDGs. Primarily through the Sustainability Promotion Committee, our Group is implementing certification of SDG-contributing products, and the ratio of our Company's products that are

certified is increasing year by year. When we first began our SDG education, there were gaps in awareness, resulting in numerous products not being certified as contributing. But now that the key points of SDGs have been clarified, those gaps have been eliminated, so that numbers of highly accurate applications accompanied by evidence have greatly increased. There has also been an increase in cases of what we call embryonic projects, in which consultation is initiated with the SDG Promotion Committee at the idea stage, and then after several months of advising, we manage to come up with a concrete proposal for new product commercialization. We have begun to closely link the thinking on SDGs to the work of each and every employee, and as this process flow becomes the standard for our Company, it leads to the embodiment of our Business Philosophy (Company Policy), which I think is exactly the ideal.

TOPIC Sumitomo Bakelite Co., Ltd. SDG education

● Posters



Posters explaining the 17 Goals and 169 targets at a glance have been put on display in each office.

● e-learning



From the President down, e-learning is administered for all employees. It has been administered as part of environmental education in fiscal 2018 and 2019, and in fiscal 2020 it was narrowed to focus for the first time on SDGs alone. We also conduct Studies on Basic SDG Knowledge and Thinking for executive and management personnel, and this will be expanded to include all employees in the future.

● Intranet



We have included guidelines for SDGs, a list of SDG contribution certifications, as well as SDG standards and regulations as part of our internal education work.

● Internal newsletter SDG-related articles



● Mobile SDG card

A pocketbook-sized portable card enabling quick reference to the 17 Goals and 169 targets has been produced and distributed Company-wide.

● Study sessions

We invite external lecturers and hold SDG Study Sessions for Executive/Management Staff.



Point 05 SDG-contributing products responsive to social issues

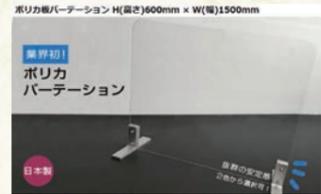
Since fiscal 2018, our Company Group has been accrediting products, technologies, and activities that contribute to the SDGs as SDG-contributing products, SDG-contributing technologies, and SDG-contributing activities. Certification is granted by the SDG Promotion Committee, subject to approval

by the Sustainability Promotion Committee, upon meeting the assessment criteria: the target must be appropriately selected, and a concrete explanation of contributions must be provided, including objective figures based on actual data or publicly disclosed information.

● Products adapted to the new normal created by the COVID-19 pandemic



Face shield-related products (materials, processed products)
SUMIFACE, Polica Ace Coat



Products related to airborne droplet transmission prevention panels (materials, processed products)
PET Ace, Polica Ace



FUJIFILM Wako Pure Chemical Corp. fully automated COVID-19 PCR test Microfluidics products used in the System μTAS g1



Process, Results and Target of SDG-Contributing Product Certification

Since fiscal 2018, our Company Group has been accrediting products, technologies, and activities that contribute to the SDGs as SDG-contributing products, SDG-contributing technologies, and SDG-contributing activities.

[Targets for SDG certification]

Items that satisfy one or more of the certification targets (1) to (8) below are eligible for accreditation.

Priority SDGs of Sumitomo Bakelite Co., Ltd

- Goal 3: Contributes to promoting good health and well-being.
- Goal 7: Contributes to improvements in energy efficiency and the realization of new energy (including energy storage).
- Goal 8: Contributes to decent work and economic growth.
- Goal 9: Contributes to the expansion of environmentally-sound technologies, and infrastructure for industries and technological innovation.
- Goal 12: Contributes to the reduction of waste (including food waste) and hazardous substances, reduction of environmental impact, and realization of recycling and resource conservation.
- Goal 13: Contributes to the measures against climate change, and things that help strengthen adaptive capacity to climatic and natural disasters.
- Goal 14: Contributes to the conservation and use of the oceans and marine resources, and to preventing and reducing marine pollution.

SDGs other than the priority goals

- Goal 17: Contributes to the achievement of one or more of the 17 SDGs apart from the abovementioned 3, 7, 8, 9, 12, 13 and 14.

[Fiscal 2020 results]

Revenue **77.9 billion**

Revenue ratio **37.2%**

[Target]

FY2023 Revenue ratio more than **50%**

[Certification process]

Items reviewed, and assessment criteria

- Concrete explanation about contributions: Presented through objective figures based on actual data or publicly disclosed information.
- SDGs that the products/technologies/activities contributes to: Selected appropriately.



Revenue of SDG-contributing products/SDG-contributing technologies (consolidated) ✓



Product certified in fiscal 2020



Epoxy resin molding compound for fixing motor magnet

Application of fastening technology using epoxy resin with greater resin strength than conventional liquid resins has made it possible to boost motor rotation speeds by 50% for greater power output and miniaturization. This helps reduce power consumption by electric vehicles and CO₂ emitted when generating electric energy.

7.3 Improve energy efficiency
9.4 Environmentally sound technologies
13.2 Climate change countermeasures



Product certified in fiscal 2020



Phenolic molding compound made using biomass-derived raw material

Crushing a biomass-derived raw material and using it effectively as a molding compound filler is an effective use of natural resources that reduces waste and contributes to carbon fixation.

12.2 Efficient use of natural resources
12.5 Reduce waste generation
13.2 Climate change countermeasures



Product certified in fiscal 2020



Cardiovascular diagnostic medical products (Rapicheck H-FABP, Triage Test)

Help save more lives and improve prognoses by enabling early treatment through early diagnosis of acute myocardial infarction, heart failure and thrombosis.

3.d Enhance early warning, mitigation and management capabilities for health risk factors



Skin-type packaging film (Oishisa Skin)

A food packaging film that blocks oxygen to suppress bacterial growth. In the case of raw meats, the current period of two days before the use-by date when tray-wrap packaging is used can be extended to 10 using skin-type packaging, thus helping reduce food loss.



12.3 Reduce food loss

Product certified in fiscal 2020



Power module encapsulation material

This material is used to protect highly heat-resistant, pressure-resistant power modules and semiconductors. This material ensures operation of power devices with highly efficient energy conversion, affording high reliability and miniaturization, thereby contributing to improved energy efficiency, expansion of environmentally sound technology, waste reduction and climate change countermeasures.



7.3 Improve energy efficiency
9.4 Environmentally sound technologies
12.5 Reduce waste
13.2 Climate change countermeasures

Product certified in fiscal 2020



Highly moisture-proof PTP (SUMILITE VSL Series, FCL Series)

Increasing the moisture-barrier characteristics of pharmaceutical product packaging helps preserve the quality of tablets longer, while eliminating the aluminum pillow outer packaging helps reduce waste.



12.5 Reduce waste



Lightweight, antibacterial, super heat-resistant cutting board (MyKitchen Karunosuke)

The material's light weight makes tasks less burdensome, prevents injuries if the cutting board is dropped, and reduces the amount of waste when it is discarded.



8.8 Promote a safe, secure work environment
12.5 Reduce waste

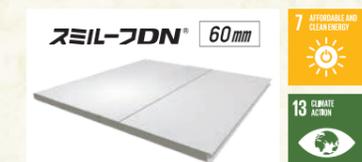


Non-combustible decorative sheeting for railway interior coverings

These sheets are used in rail car interiors. During rail car maintenance, old damaged or soiled interior materials are removed before replacements are affixed. This product, however, can be affixed on top of the previous surface, which helps reduce waste produced during the life cycle of the car.



12.5 Reduce waste



SUMIROOF DN insulated roofing unit for steel-frame roofs

This material is used in insulated roofing for steel-frame buildings. With insulating properties superior to those of conventional double-folded plate roofing, this material contributes to conservation of energy used for air conditioning, etc.



7.3 Improve energy efficiency
13.2 Climate change countermeasures

Taking drastic social and environmental change as growth opportunities, **we aim to become "a company that makes your dreams for the future a reality"** by creating value that contributes to solving social issues.

The spread of COVID-19 infections has brought about many changes in people's values and business styles. In order to contribute to solutions of changing social issues, we have formulated a new Medium-term Business Plan (2021-2023), which defines our orientation toward further growth and evolution.

Vision of the Medium-term Business Plan

Vision We aim to become **"a company that makes your dreams for the future a reality"** by expanding the possibilities of plastic and creating value for our clients.

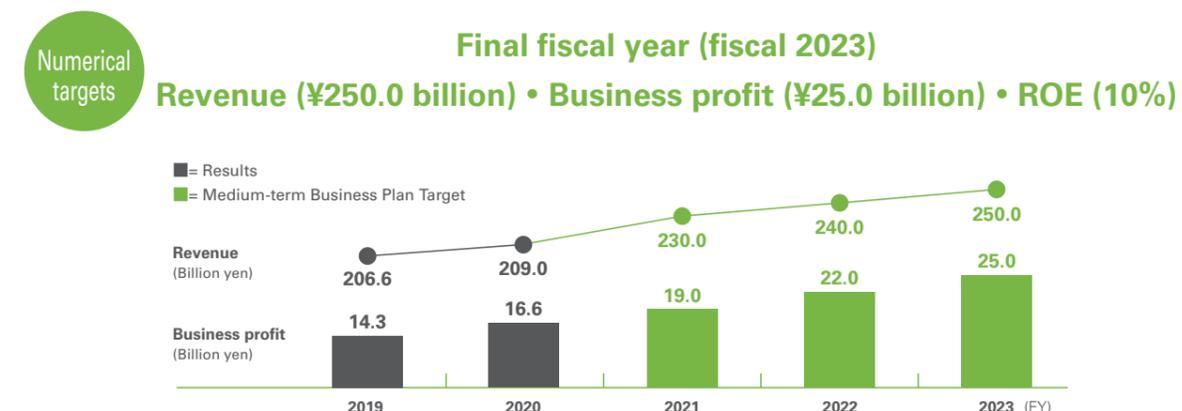
- Ideal Image**
- 01 A company that contributes to solving social issues and continuously grows and evolves
 - 02 A company that walks together with customers and other stakeholders
 - 03 A company where employees can be active

Basic Policy and Basic Strategy of the Mid-term Business Plan

Basic Policy Aiming at **"Top shares in niche markets"** in the functional chemical sector as well as expanding our business in keeping with the **SDGs**.

- Basic strategy**
- 01 Develop new products with competitive advantage, aiming at their prompt contribution
 - 02 Strengthen profitability of existing products and expand new customers, applications and regions
 - 03 Proactive strategic investment in growth areas (M&A, DX, etc.)

Medium-term Business Plan numerical targets



Key measures of the Medium-term Business Plan



Message from Finance and Accounting Officer

By maintaining a stable financial foundation, we aim at improvement of medium- to long-term corporate value which is supported by our stakeholders.



Director
Senior Managing
Executive Officer

Takashi
Nakamura

Fiscal 2020 results

Revenue	¥209.0 billion
Business profit	¥16.6 billion
Operating profit	¥19.9 billion
Profit attributable to owners of parent	¥13.2 billion
ROE	7.0 %

Review of business performance in fiscal 2020

During the first half, the impact of the spread of COVID-19 infections led inevitably to a major decline in business performance. A particularly major impact resulted from a downturn in the automotive market under overseas lockdowns and the declared state of emergency in Japan. On the other hand, demand related to staying at home helped bolster business performance in the semiconductor field. Moreover, I think that initiatives to cut fixed costs from the beginning of the fiscal year enabled us to hold the damage to business performance to a minimum.

The favorable tone was maintained in the semiconductor industry during the second half, as 5G-related investment increased and stay-at-home demand continued. In the automotive field, the second half saw a sudden recovery

in production and sales volumes, which boosted business performance. Meanwhile, in the areas of aircraft interior component applications and domestic housing & construction-related applications, sales for the full year declined greatly as the spread of COVID-19 infections continued to have an impact. Looking back on the full year, while we cut costs to cope during the first half, we subsequently managed to increase business performance during the second half by riding the wave of business performance recovery. Cutting costs was a particularly positive factor in terms of gain and loss, as it continued into the second half, enabling us to achieve profit exceeding that of the previous year. In addition, consolidation of Kawasumi Laboratories on October 7, 2020 made no small contribution to our business performance.

Initiatives of New Medium-term Business Plan

The impact of the spread of COVID-19 infections forced reconsideration of the Medium-term Business Targets launched in fiscal 2019, but as of June 24, 2021, we had formulated a new three-year plan, which begins with fiscal 2021. The impact of the spread of COVID-19 infections greatly altered international affairs and the social environment. Social issues and people's sense of values have undergone major changes amid a heightened awareness of environmental issues, changes in behavior and lifestyle, acceleration of the digital shift, and changes in supply chains. Amid these circumstances, we take social changes as growth opportunities as we advance management in adaptation to change while steering a course toward growth.

Contributing to efforts on SDGs is one of the key measures we will be pursuing over the coming three years. More of our customers have recently been engaging in production

and development activities conceptually informed by the thinking behind the SDGs, and we consider it crucial that we provide value in line with these customer needs. Since before the thinking behind the SDGs became widespread, we have pursued a corporate ideal of products that are friendly to people and the environment, and we intend to continue to act according to this thinking. Moving forward, we will continue providing products and services with high added value as we achieve top share in niche markets on a global basis and establish a presence as a company that can provide solutions trusted by the customer. We will do this by strengthening and enhancing ESG management while advancing DX and engaging in work-styles and activities adapted to the "with-COVID" concept, thus realizing further improvements in business performance through a higher level of reforms and improvements in human ability.

Outlook for business performance in fiscal 2021

Given the additional economic measures being taken in each country, and expectations of continued strong semiconductor-related demand, we anticipate an even greater upturn than in the previous fiscal year. At the same time, the road ahead remains unclear as apprehensions of a renewed epidemic due to the spread of variants of COVID-19 have yet to be dispelled. It thus appears likely that some

time will be required before economic activity returns to normal in the Japanese economy as well. Given these factors, the outlook for consolidated business performance during fiscal 2021 includes forecasts of ¥230.0 billion in revenue (up 10.0% year on year), ¥19.0 billion in business profit (up 14.2% year on year), and ¥14.5 billion in profit attributable to owners of parent (up 9.9% year on year).

Basic policy for financial strategy

For a corporate Group like us, in an industry where development periods are long and stable long-term supply is required even after a product has been completed, maintaining a stable, robust financial foundation is an extremely critical requirement in forming relationships with clients. The current spread of COVID-19 infections has brought this fact into bold relief. Maintaining our existing stable financial foundation is therefore a major premise behind our financial strategy. However, becoming exclusively engrossed with responding to contingencies could stall future growth, raising concerns of being left behind by a post-COVID rebound. For these reasons, we are carrying out strategic allocation of management resources to such initiatives as proactive investments considered effective and necessary for the expansion of promising business operations and M&A for the implementation of our business.

In addition, we believe that the following three perspectives are crucial in increasing our corporate value. From the first

perspective, profitability, our goal is a profit base in which the business profit to revenue ratio for each of our three business segments is stable at 10% or more. From the second perspective, ROE, we achieved 7.0% in fiscal 2020, up 2 percentage points from the previous fiscal year. Our target is an increase to 10% for the final fiscal year of our Medium-term Business Plan. Our third perspective is that of financial stability. We understand that cash allocation is necessary for investment and M&A in new business domains with a view to long-term growth. However, our general aim is to avoid exceeding the standards in effect at the time of our 2014 acquisition of the U.S. firm Vaupell with respect to reliance on interest-bearing debt and debt/equity ratio, even for processes involved in proactive investment. While focusing effort on immediate recovery during fiscal 2021, we will continue to work toward increasing corporate value through business structure reform and improvement initiatives while bearing these points in mind.

Message to all of our shareholders and investors

Regarding our shareholder return policy, the posture we have always taken, of effecting stable continual shareholder returns, has not changed. While our business performance during fiscal 2020 improved over the previous year, we would like to preserve a certain degree of retained earnings as a resource for strategic investment toward future growth and expansion. We therefore maintained our annual cash dividend at ¥75, the same amount as for the previous year. Our aim is to maintain 30% as the rough target for dividend payout ratio. From a medium- to long-term standpoint, strategic investment and the resulting business expansion will increase our corporate value, a result which will be returned to our shareholders. As we move forward, it is our policy to focus efforts on business performance recovery and improvement so that we can return profits to our shareholders stably and continuously. In fiscal 2021, based on the previously mentioned business performance forecast, we are planning an annual dividend distribution of ¥90, divided into an interim distribution of ¥45 and a year-end distribution of ¥45.

Continued uncertainty is forecast for the world economy in the near future. As we indicated in our Medium-term Business Plan, it will be necessary for us to continue stable business operations by building a highly resilient financial foundation while sustaining our current business

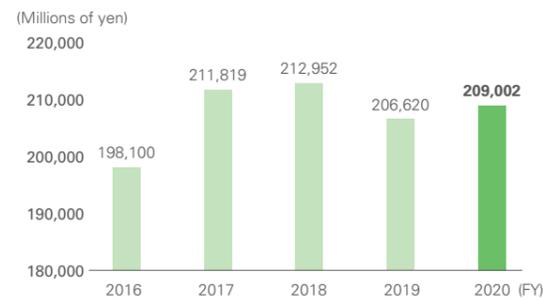
performance as a group. In the medium- to long-term, our goal is to expand and grow our business operations, and the direction that growth takes will be toward manifesting the SDGs through our Business Philosophy (Company Policy). As a company that provides materials and solutions adapted to state-of-the-art technologies and trends, we will step up the presence that we present as we move forward, continuing with initiatives that make a contribution to the world.

The period since the spread of COVID-19 began have been an extremely harsh time for us. I think that taking a variety of measures, with our employees all managing to pull together to overcome challenges, has been an extremely valuable experience. Although the road ahead remains unclear, a time of great social change can also be taken as an opportunity to move forward. While it goes without saying that we must ably meet the needs of our clients with respect to product manufacturing, I think it is very important that we offer forward-thinking solutions, not just from each business department, but by deploying operations that take full advantage of the total Group capabilities we have accumulated up to this point. I would like to ask all of our shareholders, investors and other stakeholders for their understanding of our management posture, and for their continued support.

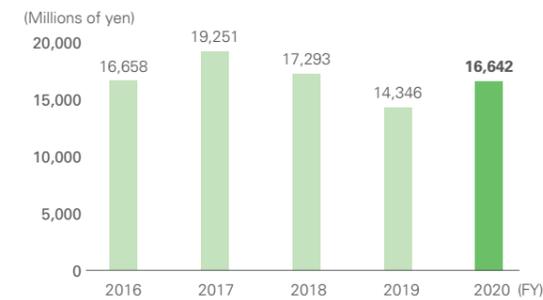
Financial and Non-financial Highlights

Financial Highlights

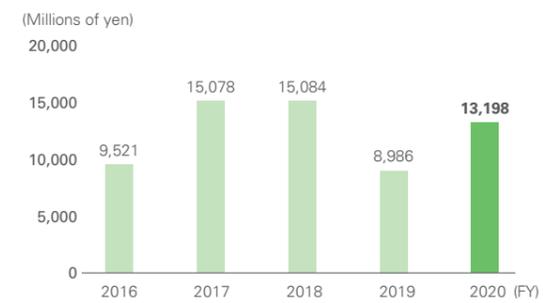
Revenue



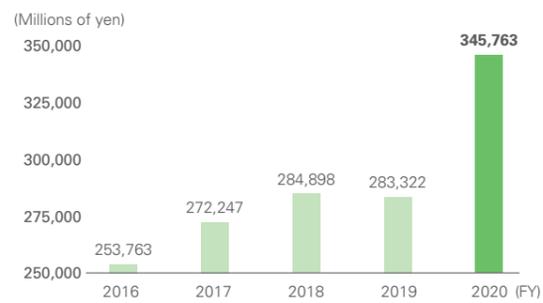
Business profit



Profit attributable to owners of parent



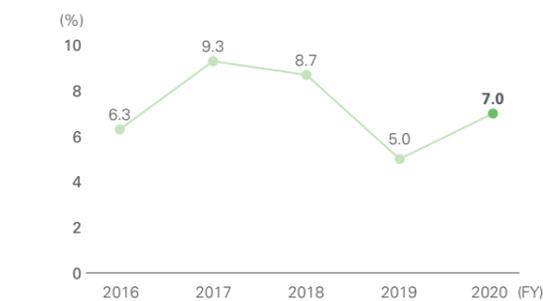
Total assets



Basic earnings per share



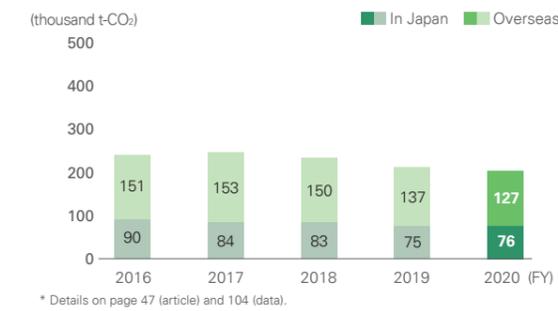
Profit to equity attributable to owners of parent ratio (ROE)



* As the share consolidation of each 5 shares of common shares into 1 share was exercised effective on October 1, 2018, basic earnings per share is calculated with the assumption that the share consolidation had been exercised at the beginning of fiscal 2017.

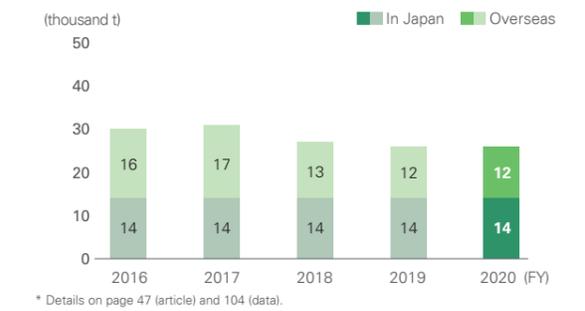
Non-financial Highlights

CO₂ emissions



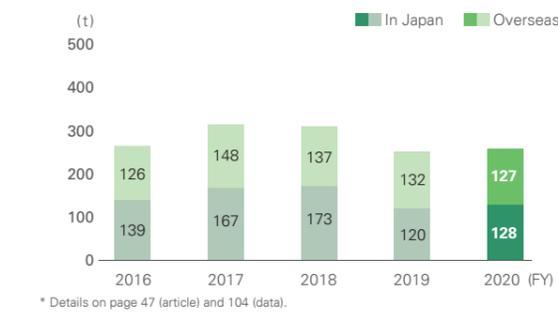
* Details on page 47 (article) and 104 (data).

Amount of material loss



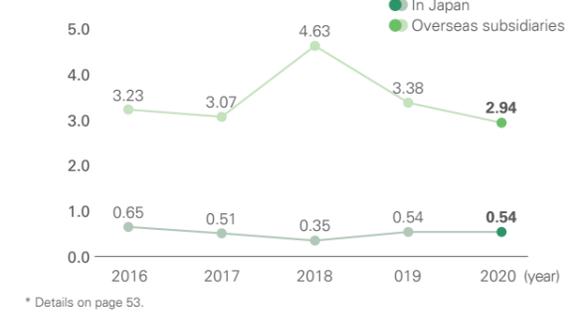
* Details on page 47 (article) and 104 (data).

Chemical substance emissions



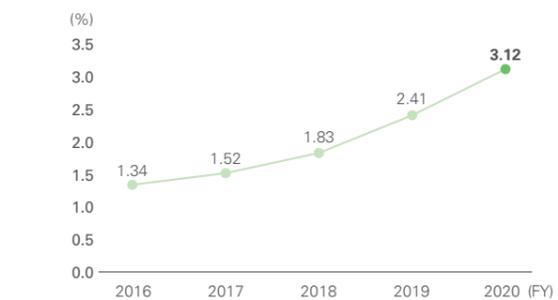
* Details on page 47 (article) and 104 (data).

Frequency rate of occupational accidents



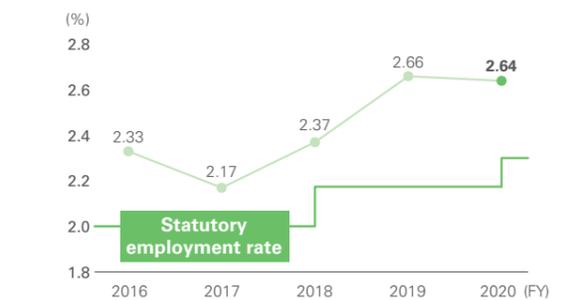
* Details on page 53.

Trends in the proportion of female management staff



* Details on page 63.

Employment rate of people with disabilities



* Details on page 63.

Business Risks

For details on risk management, see page 82.

The items listed below are among the principal risks in our business operations. This is not, however, an exhaustive list of all risks faced by our Group, since other risks exist which are difficult to foresee. In order to reduce the frequency of occurrence and the impact of these risks, we have established, maintain and operate systems for corporate governance and internal control. Moreover, each company and department in the Group ascertains and assesses the risks in its own business operations. Upon doing so, the Group establishes a Basic Policy for risk management, and performs management and practices that precisely address the range of risks associated with business operations. The future-oriented items in this text are those which have been decided by our Group as of the end of fiscal 2020.

Business risks

Risk factors	Risk content	Potential impacts	Responses
(1)Product quality	<ul style="list-style-type: none"> Large-scale product incidents Advances in science and technology Changes in customer markets Changes in methods of use 	<ul style="list-style-type: none"> Major costs due to recalls, compensation for damages Loss of community trust Occurrence of unforeseeable quality problems due to increases in quality management standards sought by customers after placement on the market 	<ul style="list-style-type: none"> Creation of a product quality management framework that is consistent from design management to manufacturing and sales, and adheres to quality manuals compliant with international quality management standards (ISO 9001, IATF-16949, AS9100, etc.) Regular verification of quality management status through on-site quality audits by qualified internal and external experts Identification of potential quality risks and mitigation response using FMEA and FTA Thorough caution during initial production control and change control Deployment throughout our principal location networks, including overseas, of the system in our domestic network by which we use AI/IoT technologies to reduce human variable factors while strengthening and expanding traceability Creation of a uniform management system for quality issues at all business sites in Japan and overseas, through which we will implement occurrence and release prevention measures, and initial responses to quality issues and prevention of the spread of any damage
(2)Disasters, accidents and pandemics	<ul style="list-style-type: none"> Earthquake Explosion, fire and leakage Storm and flood damage Pandemic 	<ul style="list-style-type: none"> Human casualties among neighbors & employees and damage to plant/equipment Product supply stoppage due to disruptions of electricity, gas, water or telecommunications services Supply chain separation due to disruption of customer, supplier, distribution functions Major costs due to compensation for damages 	<ul style="list-style-type: none"> Production of a Business Continuity Plan (BCP) for use in the event of an emergency Implementation of disaster mitigation and continuity assurance measures by securing adequate inventories, establishing redundancy with our production systems at business sites in Japan and overseas, augmenting spare parts supplies, and systematizing our restoration systems Regular verification of the appropriateness of measures, ongoing BCP revision and training Gaining the cooperation of business partners in checking upstream supply chain BCP and considering additional measures Scientific analysis and proposal of countermeasures by the Corporate Safety Center (est. 2018) toward prevention of any occurrence of explosion, fire or leakage that could be caused by our Company Introduction of a predictive management system incorporating AI technology
(3)Raw materials supply problems and price fluctuations	<ul style="list-style-type: none"> Geopolitical risk Changes in supply-demand balance Changes in economic conditions on metallic materials 	<ul style="list-style-type: none"> Delays in reflecting petroleum, naphtha or metallic materials price increases in product prices Raw materials supply disruptions, temporary restrictions and price spikes resulting from factors such as altered conditions or climate change in the country of origin Reduction in sales, impairment of profitability, or obstruction of business continuity due to the withdrawal from business by a raw materials manufacturer 	<ul style="list-style-type: none"> Risk reduction through pluralization of procurement sources, ensuring secure storage, etc., with stable procurement the foremost consideration Development of technologies to control regional variations in the composition and ingredients of raw materials derived from natural products such as plants and minerals Standardization of newly adopted raw materials at the time of utilization to ensure against future inclusion of controlled substances Application of the formula system for principal raw materials (automatically reflecting raw materials fluctuations in prices)

Risk factors	Risk content	Potential impacts	Responses
(4)Environmental impact reduction measures	<ul style="list-style-type: none"> Demands made from a health and environmental issues standpoint for additional measures such as chemical substance management and environmental impact reduction 	<ul style="list-style-type: none"> Exclusion from markets due to delay of measures responding to climate change 	<ul style="list-style-type: none"> Implementation of chemical substances management and environmental impact reduction measures based on Responsible Care activities Propose and execute strategies for establishing chemical and materials recycling technologies for raw materials and product waste Promote cross-organizational activities led by President (conversion to renewable/green energy, life cycle assessments [LCA], development of SDG-contributing products, chemical substance management) Proactive, continuous external communication of activity status and results through Integrated Reports, the Carbon Disclosure Project (CDP), etc. Proactive participation in industry projects, and programs linking industry, academia and government, as well as development of the innovative technologies needed to reduce environmental impact
(5)Responses to laws and regulations	<ul style="list-style-type: none"> Conflict with regulations in Japan and overseas affecting chemical substance management in our business activities, and with regulations on waste, CO₂, wastewater and dust emissions 	<ul style="list-style-type: none"> Occurrence of major losses due to criminal penalties, surcharges and civil litigation Loss of community trust 	<ul style="list-style-type: none"> Chemical substance management system operation/improvement Establishment/improvement of various internal regulations and procedures Implement various compliance education and internal auditing measures
(6)Information security incidents	<ul style="list-style-type: none"> Unauthorized access, cyber-attacks 	<ul style="list-style-type: none"> Principal systems failure, stoppage Confidential information leakage Loss of community trust Business operations disorder or disruption Costs such as compensation to business partners 	<ul style="list-style-type: none"> Introduction of products to protect against information security, and implementation of monitoring for cyber-attacks Implementation of information security education and cyber-attack training for Corporate Officers and employees Participation in information security-related organizations such as the Nippon CSIRT Association and the Initiative for Cyber Security Information sharing Partnership of Japan (J-CSIP) Establishment of SUMIBE-CSIRT, a cross-organizational body created for preparedness for the occurrence of information security incidents

Semiconductor Materials

Primary SDG targets



Creating a hopeful and bright future with electronics and mobility by providing material solutions.



Director Senior Managing Executive Officer
Sumitoshi Asakuma

Fiscal 2020 segment business performance

- Revenue: **¥57.266 billion** (Year on year Up 14.9%)
- Business profit: **¥9.439 billion** (Year on year Up 22.8%)

A review of fiscal 2020

Starting off with unforeseeing circumstances, we kept cost outlays to a bare minimum, while establishing a flexible production system. During the first half, demand for some of our products diminished as some customers halted operations. At the same time, however, the increase in working from home boosted demand related to personal computers, tablets and telecommunications devices. In the second half, a note of recovery in the automotive industry and the spread of 5G smartphones expanded semiconductor demand. This led to record-high sales thanks to favorable performance of our mainstay products like semiconductor encapsulation materials, wafer coating resins, paste for die bonding and substrate materials for semiconductor packages.

SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> World's top share of product lineups including semiconductor encapsulation materials Global business structure integrating with R&D, manufacturing and sale forces Advanced materials, process and evaluation technologies Relationships of trust built with stakeholders worldwide 	<p>Weaknesses</p> <ul style="list-style-type: none"> Susceptibility to market conditions High dependence on specific products
<p>Opportunities</p> <ul style="list-style-type: none"> Acceleration of vehicle electrification, EV conversion Advances in IoT and 5G Expansion of smart society (energy conservation), environmental consciousness Increased demand for telecommunications devices due to expanded telework, etc. 	<p>Threats</p> <ul style="list-style-type: none"> Future uncertainty due to U.S.-China trade friction, etc. Intensified competition for main products Rising raw material prices due to Chinese environmental regulations

Business strategy overview for fiscal 2021

- Expansion of semiconductor encapsulation materials share**
 - Further expansion from the top global share of 40%
- Expansion of mobility-related business**
 - Materials for fixing motor magnet, direct molding materials for ECU, materials for power modules, etc.
 - Newly installed European production line
 - Newly established department specializing in mobility materials
- Acquiring a position in a changing society**
 - CS strategy & forward-thinking proposals using rapid information gathering and customer response
 - Promotion of collaborative development with customers at Open Lab facilities worldwide
- Establishing a flexible production structure**
 - Always maintaining top-level quality, while also giving production the latitude necessary for a flexible production system
- Organizational reinforcement for strategic execution**
 - Building a solid production structure
 - Creating an organizational culture that heightens personal autonomy and organizational flexibility

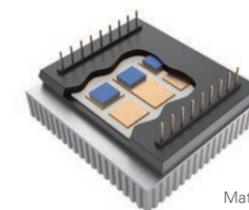
Strategic products



Materials for fixing motor magnets



Direct encapsulation materials for ECU



Materials for power modules

Applying a higher level of CS strategy to continue holding the top global market share

Our primary products in this segment, in which we have maintained the top share of the global market since the 1980s, are semiconductor encapsulation materials, which insulate and protect semiconductor devices. In addition to semiconductor encapsulating materials, we currently also offer numerous other products essential to the semiconductor manufacturing process, such as wafer coating resins, paste for die bonding and substrate materials for semiconductor packages. These are also used in numerous fields including PCs, smartphones and other telecommunications devices as well as motor vehicles, household electronics and industrial equipment. Our strength lies in our development prowess and production structure enabling us to respond rapidly to customer needs. We have established locations with structure integrating with R&D, production and sales forces in Japan (Fukuoka), China (Suzhou), Singapore, and Taiwan (Kaohsiung), all

of which have built systems for the same level of quality assurance. At each of our Asian business sites, as well as in Europe and the United States, we have established Open Lab facilities where we can engage in development together with customers. Through prototyping and evaluation with our customers, we can discover issues and take remedial steps rapidly, leading to new development projects. Making the most of our advantage in having multiple highly competitive products with high market share, we link up our operations globally while putting rapid information gathering and customer response into practice. We continue to strengthen our partnerships with supply chain players such as manufacturers of raw materials and equipment. We thus build relationships of trust by proposing solutions that anticipate customer needs so that we not only can supply materials, but also contribute to our customers' value creation starting from the development phase.

Focusing on growth in both existing and new business domains, and also working to create internal organizations for employee growth

In this segment, we identify our purpose as being a material solution provider that makes dreams for the future a reality in the field of electronics and mobility. Toward this purpose, we have set our target for 2025 as generating revenue of ¥100 billion for a 20-25% ratio of total business profit. In our existing semiconductor materials business operations, rather than merely relying on growth in the semiconductor market, we aim to advance initiatives to further expand our market share for a compound annual growth rate of 6% over the coming five years. In the mobility-related domain that includes materials for fixing motor magnets and direct encapsulation materials for ECU, which we are pursuing as a new business domain, our aim is to expand the scale of operations by 2025 to ¥12 billion. This segment involves business domains in which major

changes happen quickly. These include frequent major alterations like customer consolidation and evolutionary advances in technology so impactful that they can flip the landscape at a stroke. In order to obtain a strong position under these circumstances, it is critical to continually heighten technological capabilities in advance of the competition. The key to obtaining trust is how quickly we can grasp information and incorporate it into concrete action, and in our production plants, whether we can constantly maintain top-level quality while also giving production the latitude necessary for flexible production system. In order to accomplish these things, we are working to build systems for creating and constantly brushing up an organizational culture in which our way of working heightens personal autonomy and organizational flexibility.

TOPIC Global production system augmentation together with exploration of new-product sales channels

Together with our newly established production line in Europe, and the capacity increase in China, we are considering production line construction in the United States during fiscal 2021. Since this will be a year in which not only semiconductors but also mobility applications we have been pursuing as development projects make a contribution to sales, I think it is crucial that we solidly build up our production structure. In terms of strategy, our aim is to add to our business performance with new products that have been under development, such as encapsulation materials with improved dielectric, magnetic or thermal properties, solder-alternative high-heat conductive paste, photosensitive materials for layer redistribution, and substrate materials for next-generation packages.



Substrate materials for packages

High-performance Plastics

Primary SDG targets



Aiming to make our customers' dreams a reality by expanding the possibilities of plastic through technological innovation.

Director Managing Executive Officer
Goichiro Kuwaki



Fiscal 2020 segment business performance



A review of fiscal 2020

This has been a year in which the spread of COVID-19 infections has made market changes more prominent. Some major changes have included worldwide first-half automotive market stagnation followed by second-half recovery, U.S.-China trade friction accelerating the trend in China toward domestic production of telecommunications devices and parts, as well as expanded domestic demand, and drastically reduced aircraft demand due to restrictions on domestic and overseas travel. In particular, we worked on shrinking global fixed costs during the first half by persisting in an administrative stature appropriate to sales, and came into the second-half sales recovery with this lean framework in place, which enabled us to exceed initial business performance forecasts.

SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> Technological prowess built as a pioneer in thermoset resins A total value chain for resins, molding compounds and molded parts Global business structure with four regions responding to major markets Relationships of trust built with customers worldwide 	<p>Weaknesses</p> <ul style="list-style-type: none"> Maturity of main product markets Customer bias in aircraft business
<p>Opportunities</p> <ul style="list-style-type: none"> Acceleration of vehicle EV conversion Stronger environmental controls in locations worldwide Reduction of aircraft weight Increasing demand for flame-retardant insulation Increased demand for electronic devices due to expanded telework, etc. U.S.-China trade friction accelerating the trend in China toward domestic production and demand 	<p>Threats</p> <ul style="list-style-type: none"> Intensified competition for main products Drastic changes in petroleum prices Reduced aircraft demand due to travel restrictions

Business strategy overview for fiscal 2021

- 01. Continual adjustment of administrative stature in keeping with demand fluctuations**
 - Through capital expenditure, production consolidation and SBPS activities, advancing thorough, continual adjustments to our administrative stature by cutting fixed costs
- 02. A strong and profitable high-performance plastics business recovery resulting from innovative strategy**
 - Introducing new products that break through previous limitations
 - Building a new production process incorporating AI
 - Competitive quality and costs due to high-speed development enabled by MI
- 03. Expansion into new markets & business domains in anticipation of changes in market climate**
 - Focus on mobility, energy, aero markets
 - Accelerating offerings of environment-responsive materials
- 04. Acquisition of partners through M&A, OEM, technology tie-ups**
- 05. Deeper One Sumibe Activities and new product releases in search of three new elements: new markets, new customers and new applications**

Strategic products



Phenolic molding compound molded as brake pistons

Tire durability increased by using phenolic resin

Gear pulley made using SiON, a phenolic molding compound offering high dimensional accuracy

Thermal management materials (heat dissipation sheet)

As a true partner with performance and innovation, striving to make our customers' dreams a reality

In 2021, 110 years have passed since phenolic resins were first produced in Japan. High-performance plastics including phenolic resins are the core business of our Company, which has built up innovative new technologies in responding to the needs of the times, expanding the possibilities. Following our full-fledged advance into global business operations in the 1980s, we established our own worldwide supply network, and earned the trust of our customers in terms of QCDS*1. Today, we maintain a system that can handle our customers' business implementation worldwide, enabling us to move our business operations forward on a borderless, seamless business foundation. Our customers know us not just as a supplier, but as a partner that engages with them from the product design phase. In particular, with respect to development of the phenolic resins that are fundamental for us, we position specialists in synthetic reactions all over the

world, where they support our customers on the axis of High Performance Plastic Technology Development Laboratory within the Shizuoka Plant. In addition to our strengths in resin development, innovative technologies for fiber and organic materials that give rise to high performance characteristics have enabled us to gain the top share in numerous market sectors by producing phenolic molding compounds adapted to all kinds of molding methods used in automotive, electric and electronic products, as well as industrial machinery applications. By making it our strategy to practically apply and validate products to make our customers dreams a reality, we serve as a true partner to our customers, helping solve their issues by realizing lightweight, volume production and lower costs.

*1 An acronym for "quality, cost, delivery, safety and environment."

Revitalizing a strong high-performance plastics business to win out in harsh competition amid new changes

This is a segment that once came close to producing sales of ¥100 billion and profit of ¥10 billion, but has now declined from the worldwide economic slowdown due to the COVID-19 pandemic. While accelerating our reduction of fixed costs, we are pursuing the three strategies of introducing new products that break through previous limitations, building a new production process incorporating AI, and achieving competitive quality and costs due to high-speed development enabled by MI. The urgent task before us is to use these three strategies as a tool enabling us to make maximum use of the worldwide deployment of our production structure, thereby revitalizing our strong high-performance plastics business. In the automotive industry in particular, parts configurations are going to undergo major changes as efforts at environmentally oriented electrification are stepped up. As the needs for insulation, heat dissipation, miniaturization and lightweight design become increasingly significant, attention is being drawn to plastic products as the source of potential breakthrough solutions. Our Company must take a forward-thinking approach

to meet these expectations. In addition to the mobility market, I believe our technologies have applications in the energy and aviation markets as well. Prominent market changes have been accompanied by major changes in supply chains, such that we cannot survive unless we stay at the forefront as a solution provider able to create and impart new functions to our products to heighten their added value. We must be able to handle the process from resin development to application development at a stroke with greater speed than ever before. In order to do so, we need to reliably gain market share so that we can expand business domains from upstream to downstream, and are therefore working on partner acquisition through M&A, OEM and technology tie-ups. Moreover, responses to climate change such as carbon neutrality and working toward SDGs are essential issues. We are therefore proactively advancing these efforts through business activities with the constant acknowledgement of our stakeholders, including development and market placement of products that are environmentally responsive.

TOPIC We are introducing diverse new products while promoting One Sumibe Activities

We are focusing efforts not on the high-performance plastics business alone, but also on cross-organizational One Sumibe Activities. In development, there are three new elements we seek in partnership with other departments: new markets, new customers and new applications. In manufacturing, we make the most of our global deployment of production sites, even cooperating in starting up mass production of products for other business operations. We offer new products to meet the needs of society. These include materials with high heat dissipation materials for power modules, materials with high dimensional accuracy for automotive uses, and highly heat-resistant materials for display devices, as well as environment-responsive materials such as water-soluble resins and plant-derived modified resins.



Plant-derived phenolic resins (Lignin modified phenolic resin)

Quality of Life Products

Primary SDG targets



Contributing to abundant people's living, society and environment by providing plastics with superior functionality.

Takashi Kobayashi
Director Managing Executive Officer

Fiscal 2020 segment business performance

- Revenue: **¥78.583 billion** (Year on year Up 10.4%)
- Business profit: **¥6.613 billion** (Year on year Up 18.8%)

A review of fiscal 2020

The four businesses that combine to form this segment produced aggregate increases in both revenue and profit, although performance by business division was uneven. The films and sheets business quickly established a remote work structure, achieving increased revenue and profit without slackening its speed of sales and development. Both healthcare (medical devices and bio-related products) and industrial functional materials businesses suffered reduced revenue due to the impact of the spread of COVID-19 infections, while also maintaining profit due to cost-cutting. The waterproofing-related business saw declines in both revenue and profits due in part to reduced numbers of domestic housing starts and postponement of construction projects.

SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> High market share in each niche market Accumulated technologies for polymer design, microfabrication and assembly Polarization, optical control technology Sales activities with CS first 	<p>Weaknesses</p> <ul style="list-style-type: none"> High dependence on domestic market Maturity of the building materials market
<p>Opportunities</p> <ul style="list-style-type: none"> Aging, healthy and long-life society Advancement of medical care and expansion of minimally invasive treatments Crucial importance of early diagnosis Food safety, environmental orientation Recovery of the Chinese market from the COVID-19 pandemic 	<p>Threats</p> <ul style="list-style-type: none"> Intensified competition in markets for main products Prolonged development, approval and licensing of medical devices Shortage of experienced, skilled construction personnel Orientation toward plastic reduction in daily living Difficulty discovering new customers due to the COVID-19 pandemic

Business strategy overview for fiscal 2021

- Product development and service enhancement with the customer's intentions in mind**
 - Response to consumption trends under the COVID-19 pandemic
- Acceleration of SDG-contributing product development**
 - Business oriented toward environmental and social issues
- Globalization of the films and sheets business**
 - Expanded market share in China
- Focus on generating synergies with Kawasumi Laboratories**
 - Focus on R&D of specially controlled medical devices (Classes III & IV)
- Rapid commercialization of biotechnology-related products with high added value**
- Enhanced sales expansion through DX**

Strategic products



Aortal stent graft



In-vitro diagnostics



skin packaging



Optical-related products for mobility equipment such as automotive head-up display

While responding to changes in society and people's living, improving product development and services

Many items in this segment are related to people's daily living and health, including medical, food and home products, and are not readily impacted by external factors such as the global economy. In addition, domestic sales represent about 90% of gross sales in this segment, and the industrial sector is also broad in scope, so that from an overall perspective the impact of the spread of COVID-19 infections was not great.

At the same time, the COVID-19 pandemic provided an occasion to revise business models. This segment contains a blend of BtoB and BtoC business models. Conventionally, there were many cases in which a different strategy had

been established for each. Last fiscal year, however, the declaration of a state of emergency had the effect of disrupting the overall economy, and changes in the behavior patterns of business partners and consumers made it necessary to rethink our business strategies, even those for BtoB operations, in light of BtoC operations. Amid the major changes in society and people's living, we believe that the key to future business growth is in product development and service enhancement with the customer's intentions in mind, as well as finding an overall approach to business that is in tune with global-scale issues and social problems.

Developing future mainstay business of this segment with identifying industrial trends at recovery

As one of the future visions of this segment, we set a target of making the films and sheets business global. Given the fact that telework is expanding worldwide, the PC, server and semiconductor markets are expected to maintain their favorable tone, as 5G smartphones also achieve robust business performance. Having emerged early on from the COVID-19 pandemic, the Chinese market in particular is expected to provide opportunities for accelerated expansion in the areas of industrial and medical sheets and films by bringing to the market new products that are a good fit with local needs.

In the healthcare business as well, the synergy in our medical devices business generated by the consolidation with Kawasumi Laboratories is aimed at increasing our market presence. Moving forward, we plan to pursue R&D primarily on specially controlled medical devices (Classes

III & IV), which are less susceptible to redemption price declines. In biotechnology-related business, we have set a course for unified management of the S-BIO Business Division and the Bio & Science Research Laboratory, which were established in April 2021, with SB Bioscience. While establishing a structure for rapid commercialization of products with high added value, our objective is to expand business operations by generating demand with the momentum created by the Japanese government's medium-term plan for a bio-economy.

With no conclusion to the COVID-19 pandemic currently in sight, it appears quite likely that sales activities will be limited for some time. In particular, since the face-to-face sales work involved in discovering new customers is expected to remain in difficulty, we will focus effort on expanding sales through DX.

TOPIC Remaining strongly aware of SDGs while focusing effort on manufacturing products chosen by consumers and society

Through our films and sheets business, our aim is to expand the market for skin packaging, which contributes to reductions in food loss by prolonging the use-by dates and delicious freshness of meats. In the field of packaging materials, we are introducing new environment-responsive products by using biomass plastics, reducing waste volume, switching to mono-materials, etc. In the field of healthcare, we plan to bring to market a succession of medical devices featuring minimal invasiveness. While remaining aware of SDGs, we will continue to manufacture products that are kind to people, society and the environment.



Promoting the introduction of environment-responsive products in packaging materials for food, pharmaceutical, etc.

R&D

Concept Story	Top Message	Value Creation	Interview with the President	Special Feature on SDGs	Outline of Medium-term Business Plan	Contents
Business Overview by Segment	ESG Initiatives	Environment	Social	Governance	Data	

Intellectual Property

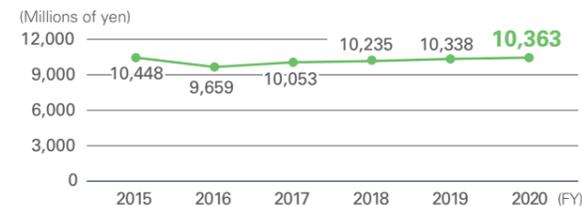
Innovation with SDGs in mind, advancing development of innovative products and technologies with strong competitive advantages

Our Group has decided to incorporate, as a component of our corporate policies, the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 to realize a sustainable world. We have clarified our priority areas for SDGs, and are advancing the necessary measures on a Company-wide scale. In terms of R&D, we are advancing the development of innovative products and technologies with strong competitive advantages through innovation that is mindful of SDGs in the three creative domains: highly integrated devices, automotive and aircraft, and healthcare. We are undertaking these efforts not just in response to clearly evident needs involved in solving social issues, but also to address potential needs.

The structure of our Group's R&D activities includes our Advanced Materials Research Laboratory responsible for medium- to long-term research of new products and the component technologies they require. It also includes several units responsible for researching commercialization of new products and responses to market requirements, as well as improvements to current products. These are the Information & Telecommunication Materials Research Laboratory, the High Performance Plastic Technology Development Laboratory, the Films & Sheets Research Laboratory, the Industrial Functional Materials Research Laboratory, and the Healthcare Research Laboratory at our subsidiary Akita Sumitomo Bakelite Co., Ltd. Other components of our Group R&D structure include a body established through the merger with Kawasumi Laboratories to advance research and development of next-generation medical devices, comprising the Circuitry with

Optical Interconnection Business Development Department, the Carbon Materials Development Project Team, and the Corporate Engineering Center that supports these units with production technology development. These are the research and development activities by which our Company responds promptly to trends in each market of its core business domains: (1) semiconductor materials, (2) high-performance plastics and (3) quality of life products. This fiscal year, our Circuitry with Optical Interconnection Business Development Department, a corporate department, developed and placed on the market a polymer waveguide component for photoelectric sensors. We also established overseas research and development sites comprising a corporate department site in the United States, information & telecommunication materials-related sites in China, Taiwan and Singapore, and high-performance plastics-related sites in the United States, Canada, Belgium, Spain, China and Indonesia. These sites will partner closely with our organizations in Japan while responding to global market needs.

R&D expenses



Bio & Science Research Laboratory established to strengthen quality of life materials development

As part of our Group's biotechnology-related business restructuring, we established our Bio & Science Research Laboratory within our Kobe Facility Office. Our objective in gathering our operations for the growing biotechnology market in this one location is to maximize synergy. This makes it possible to unify management of the antibody

science, cultivation vessel, glycan and micro-channel technologies which have been among our strengths. It will enable us to accelerate basic development of new diagnostic pharmaceuticals and unique diagnostic systems, as well as materials development in the quality of life business field (molecular, design, synthesis, etc.).

R&D responsive to social and customer needs

Developing products truly sought by customers and welcomed by society, and the technologies required to create them



Worldwide needs = ideas from ultimate potential needs



01. Verification of market growth rate x market size
02. Interviews & verification with customers in collaboration with related departments
03. Competitive advantage function = clarify appealing points of each product

Rapidly conceptualize and plan research themes, leading to commercialization

By advancing intellectual property strategy, we aim to boost business competitiveness and corporate value

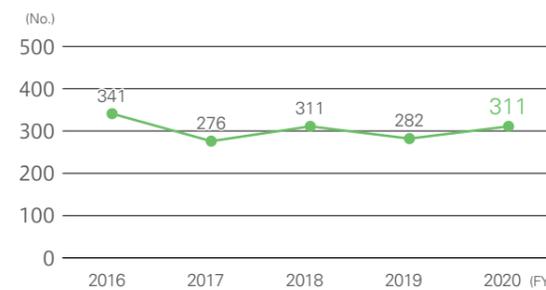
The aim of our intellectual property activities is to contribute to improving corporate value by promoting our intellectual property strategy in a cohesive manner together with our business strategy and R&D strategy. We have set forth contributing to improving our business competitiveness through the use of intellectual property (rights) as a medium-term target for achieving this.

In responding to the globalization of R&D, we are working with each of our overseas subsidiaries on arrangements to establish their regulations regarding intellectual property (regulations on employee inventions and confidential information management), as well as rules on how to handle inventions when they emerge.

Activities related to intellectual property

01. Strengthening our business competitiveness by drafting and executing intellectual property strategies for the major products from each of our business divisions
02. Strengthening our intellectual property competitiveness by drafting and executing intellectual property strategies for major themes from each research laboratory
03. Clarifying our response to intellectual property risks and reducing business risks
04. Carrying on with preventative legal approaches that support business scenarios and research scenarios and implementing proposal-based preventative legal approaches
05. Establishing an intellectual property management structure for our Company Group as a whole (particularly for overseas subsidiaries)
06. Contributing to improvement of business competitiveness through IP landscape implementation

Number of domestic patents published



Share of patents held by each business division (as of March 31, 2021)



ESG Initiatives

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Relations with Stakeholders

The stakeholders of our Group are the same as those defined in the Corporate Governance Code, complying with the Corporate Governance Code of the Tokyo Stock Exchange, as resolved by the Board of Directors. There have not been any major concerns up to this point; we value our relationship with all our stakeholders, and we promote our business while engaging with them. Those stakeholders with whom we engage are those linked to our materiality items (page 39).

Main Responsibilities

Customers	We work in good faith to live up to its responsibilities related to such issues as product quality, delivery dates, and prices as well as to quickly respond to customer needs. To achieve this, we have established the CS Committee, which continuously endeavors to enhance customer satisfaction.
Shareholders	We are committed to distributing appropriate dividends and is taking steps to disclose all relevant information. To attain these goals, we are increasing the rigor of corporate governance, and ensuring the timely disclosure of relevant information.
Local Communities	Operating as a member of local communities, we seek to contribute to the regions in which it operates while giving careful consideration to environmental protection issues. We disclose information to local residents by organizing factory tours and proactively participating in local events.
Government Entities	Besides maintaining rigorous compliance with relevant laws and regulations, we endeavor to make information publicly available and engage in two-way communication with local government entities. For this purpose, we are establishing internal mechanisms for monitoring the revision and enactment of laws.
Business Partners	We engage in impartial and fair business transactions and cooperates with our business partners to realize CSR procurement objectives. Accordingly, we maintain day-to-day dialog with business partners to confirm the propriety of transactions and clarify the terms of contracts.
Employees	We strive to create safe and pleasant working environments and provide employees with meaningful and satisfying careers. We are endeavoring to reduce workplace risks by implementing diverse risk assessments, and we are providing all employees with educational opportunities through the SB School.

Main Methods of Communication



Promoting Business That Helps Solve Social Issues

VISION

Aiming to become “a company that makes your dreams for the future a reality”

In order to fulfill our responsibility as a member of society as we meet stakeholder expectations, it is necessary that we think together as one about healthy, sustainable corporate growth and medium-term increase in corporate value. At Sumitomo Bakelite Co., Ltd., we proactively engage in management with consideration for ESG through business operations that create new advanced functions from plastics.

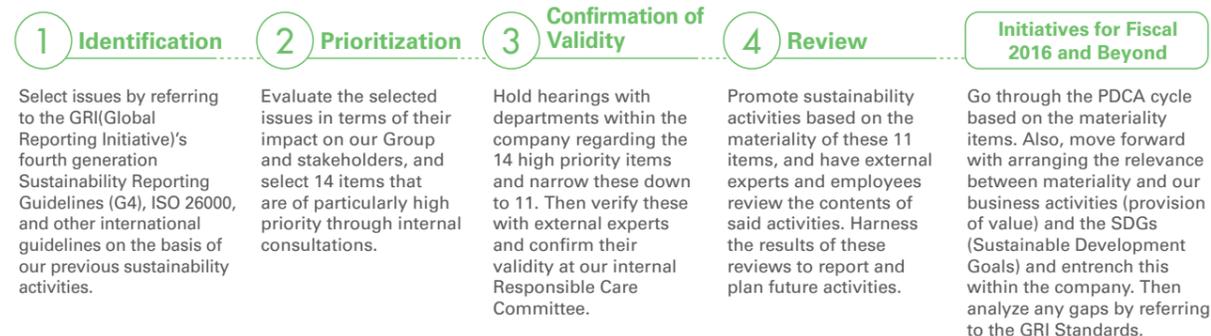
Solving social issues through business

The Basic Philosophy (Company Policy) of the Sumitomo Bakelite Co., Ltd. Group is that: “Our Company places prime importance on trust and sureness, and shall commit itself to contributing to the progress of society and enhancement of people’s welfare and livelihood through its business activities.” In keeping with this, our Group has helped solve social issues that have arisen from time to time by expanding the potential of plastics through technological innovation. Based on this thinking, we engage in ESG management in order to help solve social issues, defining our materialities as “issues related to ensuring harmony with environment,” “issues related to providing safety and peace of mind,” “issues impacting society,” and “issues representing the foundation of business activities.”



Materiality determination process

In fiscal 2015, we identified our Company’s materiality (priority items) in order to determine the social issues we should address and to carry out sustainability activities closely in tune with the needs and expectations of stakeholders in an integrated manner on a Company-wide basis. In fiscal 2016 and beyond, we have been reviewing and will continue to review the materiality we have identified, and continue to carry out activities.



Materiality

Environmental, social, governance Sumitomo Bakelite Co., Ltd. activities and aspirational state

The materiality items of our Group are as follows. We examine the activities of our business operations that involve the environment, society and governance (ESG) with reference to SDGs, and then promote those operations through which we can contribute to solving social issues, advancing initiatives toward specific materialities so as to help achieve SDGs.

Field	Materiality item	Related stakeholders	Page number	
E Environment	Issues related to ensuring harmony with environment 	Mitigate environmental impacts Resource and energy conservation	Local communities, business partners Business partners, employees	▶ Pages 44 to 51 ▶ Pages 46 to 50
	Issues related to providing safety and peace of mind 	Safety and security Chemical substance management Product liability	Local communities, governments, business partners, employees Business partners, governments, employees Customers	▶ Pages 52 to 54 ▶ Page 55 ▶ Pages 56 to 58
S Society	Issues impacting society 	Biodiversity conservation Improving stakeholder satisfaction Human resource development Diversity, work-life balance	Local communities Customers, shareholders/investors, local communities, governments, business partners, employees Employees Employees	▶ Page 72 ▶ Pages 59 to 75 ▶ Pages 65 to 68 ▶ Pages 61 to 65
	Issues representing the foundation of business activities 	CSR procurement Compliance	Business partners Employees	▶ Page 85 ▶ Pages 83 and 84
	G Governance			

* See pages 42-43 for the activity details of each materiality item.

Sustainability Promotion Structure

Sustainability promotion initiatives

Today, initiatives aimed at realizing a sustainable society are gathering speed around the world and the role of companies in these initiatives is increasing. Amidst this, the SDGs are a universal set of goals that both developing and developed countries are working to achieve. Japan, too, is advancing proactive efforts toward the SDGs. Our Group has incorporated SDGs as one component of our corporate policies. We are aware of the influences that our corporate activities have on society, and of our social responsibilities. In order to meet these responsibilities, we propose, deliberate and decide on measures that contribute to the formation of a sustainable society, including those involving SDGs. We have established our Sustainability Promotion Committee in order to execute these efforts continuously and Company-wide, and have created our Basic Policy on Sustainability Promotion, under which we have begun a variety of initiatives with partnerships throughout our whole group. In strengthening our initiatives with respect to climate change, we have formulated Environmental Vision for 2050 (net zero), adding SDG 13 on taking specific measures against climate change to our Group's priority SDGs, increasing our priority areas from "5+1" to "6+1". The committee passed a resolution of agreement with TCFD, and we have begun responding accordingly. In addition, we will further promote our carbon neutral (CN) initiatives in the future. In July 2021, we reorganized the

Environmental Impact Reduction Committee into the Carbon Neutrality Promotion Committee to strengthen and promote carbon neutrality. At the same time, the Energy Conservation Subcommittee was reorganized into the CN Technology Review Subcommittee in order to promote activities that contribute to CN and to conduct more specialized research and studies on technologies that contribute to CN. And moreover, we continue to pursue efforts with regard to corporate social responsibility (CSR) primarily through responsible care^{*1} initiatives centering on our Responsible Care Committee and Carbon Neutrality Promotion Committee. From our Corporate Management Department to our Research & Development Departments and each business site, we are engaged in a range of initiatives through Company-wide partnerships. Given the inseparable relationship between sustainability and CSR (because it is through executing our corporate activities while keeping mindful of sustainability that we fulfill our corporate social responsibilities), our Group intends to improve sustainability by undertaking various CSR activities contributing to SDGs.



Basic Philosophy for Promoting Sustainability

We solve social issues and achieve sustainable growth and value creation under a structure comprised of our Sustainability Promotion Committee (which is chaired by the President) and its subcommittees based on our Business Philosophy, which esteems the Sumitomo's Business Philosophy and sets forth our management principles.

We regularly and comprehensively verify the extent of the progress made by these committees, based on which we continuously revise the contents of our activities and actively improve upon them. We widely announce the results of our activities within the company and outside it in aiming for communication with our stakeholders.

Policy on Responsible Care Activities of the Sumitomo Bakelite Co., Ltd. Group

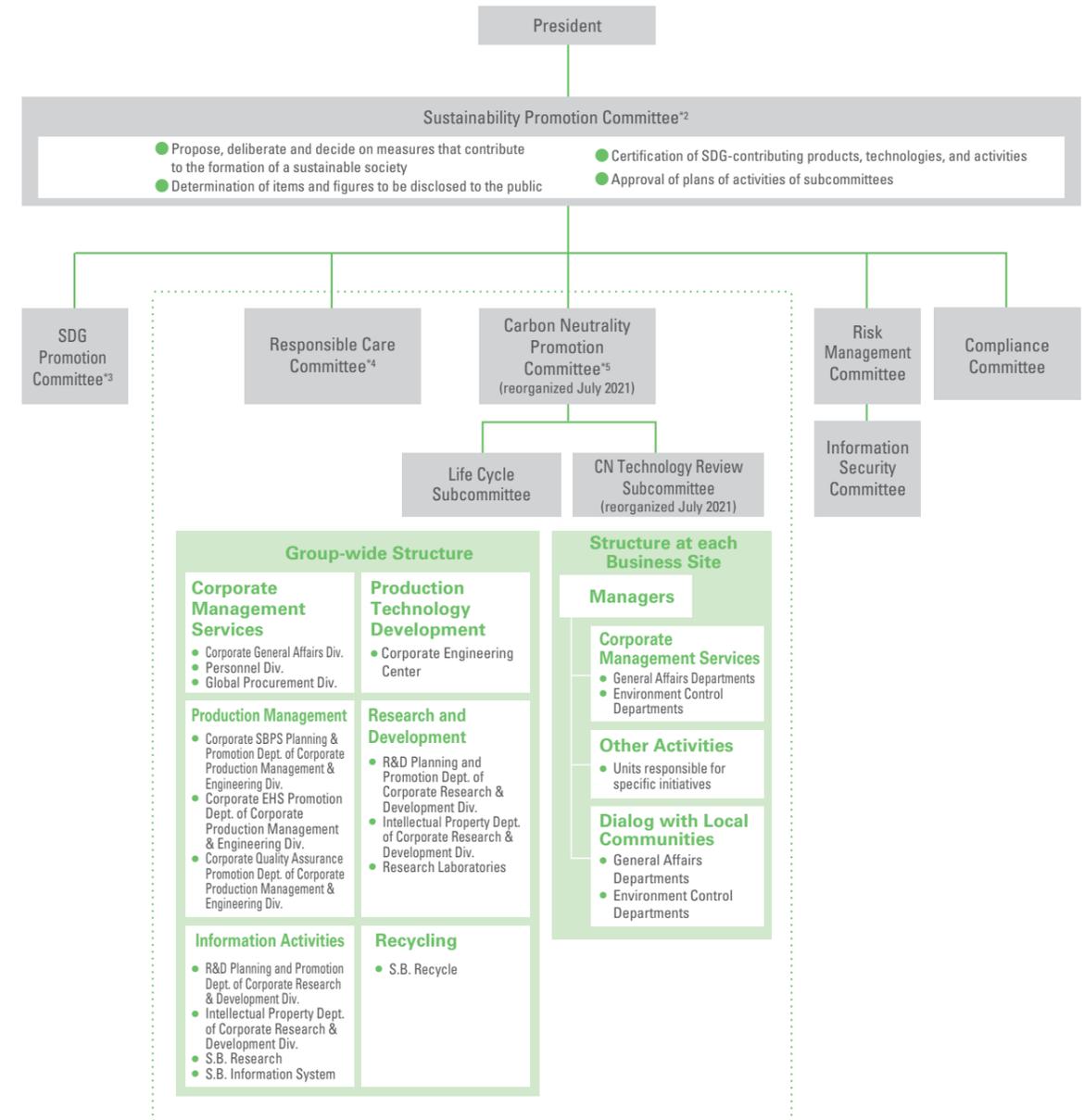


In all its operations, Sumitomo Bakelite Co., Ltd. will contribute to the sustainable development of society while promoting business activities by meeting the highest standards of the Responsible Care concept and giving due consideration to environmental preservation, human health and safety as well as product quality.



1. Evaluate the safety, health, and environmental aspects throughout the entire life cycle of a product, from product design to the procurement of raw materials through disposal, strive to minimize the environmental impact of our corporate activities, and undertake to develop safer products and technologies;
2. Make sustained, Group-wide efforts to promote resource and energy conservation, waste reduction and biodiversity conservation;
3. Perform Environmental, Safety & Health Audit and Quality Assurance Audit as well as work to maintain and improve systems for managing environmental protection, safety promotion and disaster prevention, worker safety and health, and quality management;
4. Comply with all relevant laws, regulations and agreements associated with safety, health, the environment, and chemicals while autonomously establishing administrative rules with the aim of strengthening management capacity, so as to improve environmental, health and safety conditions for society, customers, and employees;
5. Work to ensure and improve the safety of raw materials, products, transportation operations and process safety, and provide product safety information to employees, customers, and others;
6. Promote continuous improvement in security over facilities, processes and technologies, and implement operational safety management programs to ensure the safety and health of employees and residents of local communities;
7. Publicly disclose information on the environment, safety and products to and promote dialog with interested parties such as customers, employees and residents of local communities, so as to identify their needs and deepen mutual understanding and trusting relationships;
8. In order to ensure environmental conservation, human health and safety as well as product quality, provide employees with training to develop necessary human resources for that end.

Sustainability Promotion Structure



^{*1} Responsible care means that companies should work to secure the environment, safety, and health in all of their corporate activities from the development of chemical substances through production, distribution, usage, final consumption, disposal, and recycling. They should also make information publicly available on the results of their activities and implement measures to promote dialog and communication with the community (Japan Chemical Industry Association).
^{*2} The Sustainability Promotion Committee is a committee headed by the President, the committee is composed of directors and division representative and meets about once every 2-3 months.
^{*3} Chaired by the officer overseeing the Corporate Production Management & Engineering Div., the committee consists of members selected from each business division and meets once a month.
^{*4} Chaired by the officer overseeing the Corporate Production Management & Engineering Div., this committee meets twice each year. It has the objective of promoting Responsible Care activities related to the Company's business operations. It has the objective of promoting Responsible Care activities related to the Company's business operations.
^{*5} Chaired by the officer overseeing the Corporate Production Management & Engineering Div., this committee has two subcommittees—the Life Cycle Subcommittee and CN Technology Review Subcommittee. It meets once or twice each year. Its goals are to strengthen and promote our Group's carbon neutral approach.

Highlights of Fiscal 2020 Sustainability Activities

Our Company Group aims to deliver safety and peace of mind as well as achieve harmony with the environment and coexistence with society. We are working to contribute to the realization of a sustainable society by resolving various issues facing society through our businesses, including energy issues and environmental issues, linking all our activities to the SDGs. Toward that end, we carry out activities focused on social issues and businesses in need of attention in a steady manner while establishing plans and targets.

○: Target attained △: Target not attained (but improvement over the previous fiscal year) ▼: Target not attained (deterioration from the previous fiscal year)

Area of activities	Relevant SDGs	Major items	Fiscal 2020 targets	Fiscal 2020 results	Fiscal 2021 plan	Achievement evaluation	Related page
Issues related to ensuring harmony with environment							
1. Mitigate environmental impacts		Reduction in CO ₂ emissions (compared with fiscal 2005)	In Japan: 43% reduction	In Japan: 45% reduction	In Japan: 45% reduction	○	47
			Overseas: 17% reduction	Overseas: 23% reduction	Overseas: 23% reduction	○	47
		Reduction in material loss (compared with fiscal 2005)	In Japan: 34% reduction	In Japan: 34% reduction	In Japan: 38% reduction	○	47
			Overseas: 61% reduction	Overseas: 60% reduction	Overseas: 60% reduction	△	47
Reduction in chemical substance emissions (compared with fiscal 2005) (overseas: compared with fiscal 2010)	In Japan: 79% reduction	In Japan: 75% reduction	In Japan: 78% reduction	▼	47		
	Overseas: 60% reduction	Overseas: 53% reduction	Overseas: 54% reduction	▼	47		
2. Resource and energy conservation		Energy conservation activities	<ul style="list-style-type: none"> As in fiscal 2019, continue to provide technical support by establishing an energy conservation plan and raising the level of energy-saving technology by sharing information across all our business sites in Japan, and to achieve this overseas by promoting the rollout of best practices through collaboration between the mother plants in Japan and offices throughout the company 	<ul style="list-style-type: none"> In Japan, we reduced energy usage by 1,535 kL of crude oil equivalent after implementing specific proposals. Overseas, we reduced energy usage by 2,270 kL in crude oil equivalent by continuing to promote the rollout of best practices 	<ul style="list-style-type: none"> As in fiscal 2020, continue to provide technical support by establishing an energy conservation plan and raising the level of energy-saving technology by sharing information across all our business sites in Japan, and to achieve this overseas by promoting the rollout of best practices through collaboration between the mother plants in Japan and offices throughout the company 	○	45
Issues related to providing safety and peace of mind							
3. Safety and security		Prevention of industrial accidents	Major accidents: in japan: 0	Major accidents: in japan: 0	Major accidents: in japan: 0	○	53
			Major accidents: overseas: 0	Major accidents: overseas: 0	Major accidents: overseas: 0	○	54
		Security and disaster prevention	Major accidents (fires/explosions): 0	Major accidents (fires/explosions): 0	Major accidents (fires/explosions): 0	○	53
		Leakage-related incidents: 0	Leakage-related incidents: 0	Leakage-related incidents: 0	○	54	
4. Chemical substance management		Chemical substance management	<ul style="list-style-type: none"> Strengthen our management system: The new system began operation in October 2020 Promote legal & regulatory compliance in each country: K-REACH, SDS^{*1} revision, compliance with existing Taiwanese substance registration, etc 	<ul style="list-style-type: none"> Although the new system was behind schedule, it began operation in January 2021. Complied with the South Korean Occupational Safety and Health Act, SDS^{*1} revision, etc., and began in January 2021. Monitoring of overseas laws and regulations is also under way 	<ul style="list-style-type: none"> Strengthen our management system: Establishment of chemical substance qualitative & quantitative measurement function, labeling system Promote legal & regulatory compliance in each country: Information monitoring and policy formulation for countries planning to introduce new chemical substance reporting systems, including Thailand and Vietnam 	○	55
5. Product liability		'Monozukuri' Audit	<ul style="list-style-type: none"> In Japan: Carry out in six business sites under our direct control/belonging to subsidiary companies Overseas: Specify and implement priority business sites in China and Southeast Asia, as well as North America and Europe Raise the level of auditing proficiency by dividing internal auditing leader education into steps: Division auditors → education as internal auditing leaders, leaders → education for internal auditors 	<ul style="list-style-type: none"> In Japan: Carried out in six business sites under our direct control/belonging to subsidiary companies Overseas: Due to the impact of COVID-19, self-auditing carried out with eight business sites in China and Southeast Asia, as well as North America and Europe We will follow up on whether the proper daily routine activities are being maintained Place emphasis on raising the level at which we uncover genuine issues through internal auditing, we have begun carrying remote auditing trials to facilitate the implementation of division audits as needed (determining the subject business sites) 	<ul style="list-style-type: none"> In Japan: Nine business sites under our direct control/belonging to subsidiary companies Overseas: Specify and implement priority business sites in China and Southeast Asia, as well as North America and Europe We will follow up on whether the proper daily routine activities are being maintained Place emphasis on raising the level at which we uncover genuine issues through internal auditing, we have begun carrying remote auditing trials to facilitate the implementation of division audits as needed (determining the subject business sites) 	○	58
Issues Impacting Society							
6. Biodiversity conservation		Biotope	<ul style="list-style-type: none"> Continue with self-led conservation activities Continue to be open to the public and communicating externally, as well as regular meetings with schools 	<ul style="list-style-type: none"> Promote conservation through voluntary activities (maintenance by the relevant parties) and site-wide activities (beautification activities within business sites) Opening to the general public had to be halted to prevent the spread of COVID-19 infections, and visitors from the general public totaled only 33 Due to ongoing dialogue with schools, 130 schoolchildren visited on school excursions. Also, based on requests from three schools, visiting guest lessons were presented to a total of 296 schoolchildren in 10 classes 	<ul style="list-style-type: none"> Continue with self-led conservation activities Continue to be open to the public and communicating externally, as well as regular meetings with schools 	○	72
		Initiative to protect forest ecosystems	<ul style="list-style-type: none"> Continue to support forest thinning mainly in Iwate Prefecture through the use of Paper Products that Contribute to Forest Thinning (Forest Neighborhood Association) 	<ul style="list-style-type: none"> Contributed to thinning of 0.40ha of forest by using 5,976kg of paper from the Forest Neighborhood Association 	<ul style="list-style-type: none"> Continue to support forest thinning mainly in Iwate Prefecture through the use of Paper Products that Contribute to Forest Thinning (Forest Neighborhood Association) 	○	73

*1 SDS: Acronym for Safety Data Sheet. This sheet contains the safety information regarding chemical substances, and is attached with products on their delivery to other businesses.
*2 SB School is an internal educational institute for all employees, from new recruits to corporate officers.

Concept Story	Top Message	Value Creation	Interview with the President	Special Feature on SDGs	Outline of Medium-term Business Plan	Contents
Business Overview by Segment	ESG Initiatives	Environment	Social	Governance	Data	

Area of activities	Relevant SDGs	Major items	Fiscal 2020 targets	Fiscal 2020 results	Fiscal 2021 plan	Achievement evaluation	Related page		
Issues impacting society									
7. Improving stakeholder satisfaction		Improvement of customer satisfaction	<ul style="list-style-type: none"> Continue to conduct e-learning programs and to organize product study sessions. Widening targets for cross-divisional activities for a broader scope of action, improving ability to serve customers 	<ul style="list-style-type: none"> E-learning was held in Japan and overseas, as well as product study sessions and digitalization information sharing sessions for the COVID-19 pandemic, improving ability to serve customers 	<ul style="list-style-type: none"> Together with e-learning and product study sessions, continue cross-divisional activities 	○	59		
		Communicating corporate information, advertising	<ul style="list-style-type: none"> Develop and update contents for information dissemination tools through a wide range of media including external advertising, billboards, and websites Provide Company-wide support for social contribution activities 	<ul style="list-style-type: none"> Continued to provide support for the Japan Inclusive Football Federation, which the company signed a partnership agreement with 	<ul style="list-style-type: none"> Develop and update contents for information dissemination tools through a wide range of media including external advertising, billboards, and websites Provide Company-wide support for social contribution activities 	○	60 73 74		
		+	SDG-contributing product development	<ul style="list-style-type: none"> Expand the ratio of revenue from SDG-contributing product, technology sales (fiscal 2021: 30%) 	<ul style="list-style-type: none"> Expanded the ratio of revenue from SDG-contributing product, technology sales (Fiscal 2019 26.0% ⇒ Fiscal 2020 37.2%) 	<ul style="list-style-type: none"> Expand the ratio of revenue from SDG-contributing product, technology sales (Fiscal 2023 50% or greater) 	○	18 19 45	
				8. Human resource development	Internal human resource development	<ul style="list-style-type: none"> Continue to carry out employee training at SB School^{*2} Carry out education for management staff 	<ul style="list-style-type: none"> About 20,965 employees took part, representing about 30,300 hours of training 	<ul style="list-style-type: none"> Continue to carry out employee training at SB School^{*2} Continue to carry out education for management staff 	○
Women's empowerment					<ul style="list-style-type: none"> Increase the share of women hired for main career track to 20% or more 	<ul style="list-style-type: none"> Ratio of women hires: 19.35% (6 of 31 hires recruited upon graduation) Carried out unconscious bias education for newly appointed management staff 	<ul style="list-style-type: none"> Continue a ratio of female career-track recruits of 20% or greater 	○	63
9. Diversity, work-life balance					Employment of people with disabilities	<ul style="list-style-type: none"> Employment rate of people with disabilities: maintain at 2.2% level (From April 2021, the statutory employment rate is set to increase to 2.3%) 	<ul style="list-style-type: none"> Employment rate of people with disabilities: 2.64% (From March 2021, the statutory employment rate was set to increase to 2.3%) Internships accepted from schools for the deaf (2 interns from 2 schools) 	<ul style="list-style-type: none"> Employment rate of people with disabilities: maintain over 2.3% level Continue internships for people with disabilities 	○
	Work style reform	<ul style="list-style-type: none"> Discuss effective measures to reduce overtime work and disseminate them throughout the company Promote work style reforms through he adoption of working from home Follow up on resolution of long work hours through assessing overtime work 	<ul style="list-style-type: none"> A 100% rate of returning to work after taking childcare leave or nursing care leave (In fiscal 2020 people who took childcare leave: 7; people who took nursing care leave: 1) Childcare and child nursing leave established in hourly increments Formal implementation of work-from-home system at all business sites completed as of January 1, 2021 Average number of work hours: 1,801 hr. (▲40 hr. year on year) 	<ul style="list-style-type: none"> Continue to support work with both childcare and nursing care Shorten prescribed work hours for employees working during daytime hours 	○	64 65			
10. CSR procurement		Practice of CSR procurement	<ul style="list-style-type: none"> Continue implementing the Data Health Plan (preventing the worsening of illnesses) (in our Company and certain Group Companies in Japan) Achieve a 100% rate of employees receiving regular scheduled health checks 	<ul style="list-style-type: none"> Continued efforts to prevent illnesses from becoming severe Achieved a 100% rate of employees receiving regular scheduled health checks Subsidy system for outpatient smoking cessation treatment used (1 employee successfully quit smoking) 	<ul style="list-style-type: none"> Continue implementing the Data Health Plan (preventing the worsening of illnesses) (in our Company and certain Group Companies in Japan) Continue to achieve a 100% rate of employees receiving regular scheduled health checks Promote the subsidy system for outpatient smoking cessation treatment 	○	69		
			Promoting employee health	<ul style="list-style-type: none"> Confirm BCP measures with respect to suppliers in areas at high risk for typhoons and flooding. If any inadequacies emerge, meet and discuss them Prepare initiatives and plans to reduce CO₂ emissions, including our suppliers. Conduct surveys on the status of initiatives to reduce CO₂ emissions on our major overseas suppliers as well 	<ul style="list-style-type: none"> We administered a BCP survey on typhoon and flooding disaster risk among 57 of our major domestic suppliers located in areas of forecast flood hazard, and confirmed the completion of BCP measures with all of them We administered surveys on the status of initiatives to reduce CO₂ emissions among 48 of our main domestic and overseas suppliers. Four remaining companies lacked plans with CO₂ reduction targets 	<ul style="list-style-type: none"> Conduct additional surveys to determine whether BCP measures for typhoons and flooding are also effective against earthquake, fire, pandemic and other risks Continue to request that the four companies lacking CO₂ reduction target plans establish targets Continue the system to achieve green power 	○	85	
11. Compliance		Practice of compliance	<ul style="list-style-type: none"> Promote activities that raise awareness of compliance (including prevention of bribery and cartels, security export control, and protection of personal information) Overhaul and promote the use of our Internal Whistleblower System (expand the eligible users out to include stakeholders other than executive officers and employees) 	<ul style="list-style-type: none"> During Awareness Month, October 2020, we spread information on our Group's Code of Business Ethics and Conduct and Whistleblower System, and made revisions to our Articles for Emphasis in Compliance Raised awareness on a monthly basis through the internal publication of a four-panel comic Revisions were made in August 2021 to our Group's Whistleblower System. We expanded the eligible users out to include stakeholders other than executive officers and employees 	<ul style="list-style-type: none"> Establish a Bribery Compliance Program (formulation of a Group-wide bribery prevention policy, etc.) Promote compliance education activities (reporting on revisions to our Group's Code of Business Ethics and Conduct, Whistleblower System and Articles for Emphasis in Compliance, newsletter and various e-learning education opportunities) 	○	83 84		
			Practice of compliance	<ul style="list-style-type: none"> Promote activities that raise awareness of compliance (including prevention of bribery and cartels, security export control, and protection of personal information) Overhaul and promote the use of our Internal Whistleblower System (expand the eligible users out to include stakeholders other than executive officers and employees) 	<ul style="list-style-type: none"> During Awareness Month, October 2020, we spread information on our Group's Code of Business Ethics and Conduct and Whistleblower System, and made revisions to our Articles for Emphasis in Compliance Raised awareness on a monthly basis through the internal publication of a four-panel comic Revisions were made in August 2021 to our Group's Whistleblower System. We expanded the eligible users out to include stakeholders other than executive officers and employees 	<ul style="list-style-type: none"> Establish a Bribery Compliance Program (formulation of a Group-wide bribery prevention policy, etc.) Promote compliance education activities (reporting on revisions to our Group's Code of Business Ethics and Conduct, Whistleblower System and Articles for Emphasis in Compliance, newsletter and various e-learning education opportunities) 	○	83 84	

Environment

Environmental Management



Our Environmental Vision for 2050 (net zero)

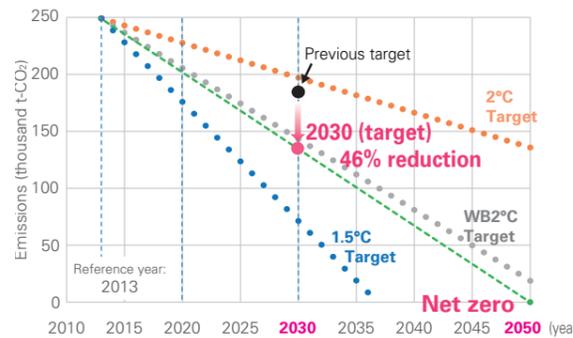
Our Group relies upon the earth's natural resources and energy in order to do business. However, doing business will generate garbage and air and water emissions. For this reason, we believe it is important for our Group to adhere to environmental laws and regulations, conduct business in an environmentally friendly manner, and engage in initiatives that reduce the environmental impact on the entire society through our products and services.

In fiscal 2018 our Group established a plan with medium- to long-term targets ending in fiscal 2030, and has been promoting activities based on this. However, considering the environmental issues that have become more severe recently, we thought it necessary to advance activities from a more long-term perspective, and have announced Environmental Vision for 2050 (net zero) which ends with 2050.

Since then, due to the government's "2050 Carbon Neutral Declaration" and subsequent presentation of its target of

reducing GHG by 46% (compared to fiscal 2013) by 2030, we performed a revision based on the new standards and set 2050 as our target for taking on the challenge of carbon neutrality, and 2030 for a 46% reduction in CO₂ emissions (compared to fiscal 2013).

Taking on the challenge of zero CO₂ emissions



Environmental Vision for 2050 (net zero)

01. Strive to achieve zero CO₂ emissions (Scope 1 and 2) by 2050.

- Reduce CO₂ emissions via energy conservation activities, MFCA activities, and improving process efficiency
- Increase the share of our energy from renewable sources by getting a grasp of the electric power conditions in each country

02. Contribute to reducing CO₂, including along supply chains.

- Develop products that factor in reducing CO₂ throughout their life cycle (Improve efficiency, reduce weight, lengthen service lives, recycle, switch to mono-material design, etc.: Use LCA)
- We will work together with our supply chain

Climate Change Project efforts: agreement to TCFD expressed

CDP (headquartered in London)^{*1} is an international NGO established in 2000 in partnership with institutional investors from around the world. It carries out projects in which it sends out questionnaires to major companies and municipal governments around the world on issues such as climate change, water security, and forests, and that seek climate change strategies and specific declarations related to emissions of greenhouse gases.

With the CDP's 2020 survey, survey activities were conducted on behalf of 515 institutional investors with net invested assets totaling 106 trillion U.S. dollars. More than 9,600 companies, accounting for over 50% of global market capitalization, disclose environmental data on their initiatives for climate change programs via the CDP.

Responding to a CDP request for responses to its Climate Change and Water Security 2021 questionnaires, our Company

received scores of A- and B-, respectively, in December 2020. Having received requests for responses in fiscal 2021 regarding climate change and water security as well, we have responded.

We also expressed our agreement in February 2021 to TCFD. Moving forward, our Group will conduct proactive information disclosure regarding risks and opportunities associated with climate change as we hold ourselves accountable to all of our stakeholders.

We will move forward with environmental information disclosure as we contribute to the response to climate change through environmental impact reduction, resource and energy conservation, chemicals management and development of products that contribute to the environment.

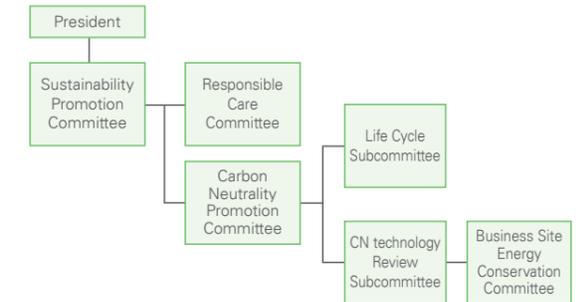
^{*1} Formerly "The Carbon Disclosure Project." "CDP" is now the official name.

Environmental Management Structure

Our Group aims to contribute to the sustainable development of society through our environmental conservation efforts as a whole group based on our Policy on Responsible Care Activities.

To actively work toward carbon neutrality, conserve biodiversity, and prevent soil and groundwater pollution, our Responsible Care Committee and Carbon Neutrality Promotion Committee take the lead in checking compliance with environmental laws and regulations as well as conducting environmental assessments throughout the entire life cycle, from R&D to raw materials procurement, production, sales and final disposal. They also promote activities that contribute to carbon neutrality and advance studies and deliberation of technologies that make a contribution. Based on the results, each workplace and work site take appropriate actions.

Environmental Management Structure



* The above system diagram is only an excerpt of our committees related to environmental management. See pages 40 and 41 for details.

Activities of the Carbon Neutrality promotion Committee

In order to further strengthen and promote future efforts toward carbon neutrality (CN), the Environmental Impact Reduction Committee was reorganized as the Carbon Neutrality Promotion Committee in July 2021. Together with this change, the Energy Conservation Subcommittee, a subordinate organization, was reorganized as the CN Technology Deliberation Subcommittee.

The Environmental Impact Reduction Committee has recapped each year's progress toward medium- to long-term environmental targets at the end of the fiscal year and then determined the targets for the following fiscal year. It has carried out its activities with the approval of the Sustainability Promotion Committee, which serves as its parent body. Moving forward, as the Carbon Neutrality Promotion Committee, it will take action toward achieving carbon neutrality together with the subordinate Life Cycle Subcommittee and CN Technology Deliberation Subcommittee.

The Life Cycle Subcommittee aims to establish production systems with minimal environmental impacts through scientific, quantitative, and objective assessments of environmental impacts, from the R&D phase onward, under the Policy on Responsible Care Activities. The subcommittee is moving forward with its activities under its set target of ensuring that 25% of its researchers are capable of performing life cycle assessments (LCA) at all research and development departments and instituting energy conservation on their own by fiscal 2022 by continuing to foster said researchers and developers. Amid the COVID-19 pandemic, all LCA-related education was conducted in online formats during fiscal 2020.

In fiscal 2021, the Life Cycle Subcommittee will work to enhance educational opportunities, horizontally deploy LCA evaluations on baseline products, and expand items on which LCA evaluations have been carried out for SDG-contributing products. Moving forward, they will make preparations to enable the speedy supply of LCA-related information on all products.

The Energy Conservation Subcommittee worked to establish, across all business sites in Japan, a mechanism for continuously soliciting and trying out ideas for saving energy through such means as voluntary implementation initiatives in business sites. In fiscal 2020, the subcommittee

successfully reduced energy consumption by as much as 1,535 kL (59,487 GJ) in crude oil equivalent, or 2,962t-CO₂, compared with fiscal 2019, primarily by reducing city gas and electricity consumption. Furthermore, the subcommittee established and successfully achieved targets by carrying out unique activities to conserve electricity in the summer and winter months. Outside of Japan, the subcommittee worked to ensure a similar level of activities as in Japan and continued to promote the roll out of activity methods and best practices.

In fiscal 2021, in line with the objectives of the CN Promotion Committee, the CN Technology Review Subcommittee will formulate and work toward the latest 2030 targets, and will continue efforts aimed at achieving energy consumption reduction plans at the workplace level. In particular, the subcommittee will focus on creating a system across business sites in Japan for sharing practices for reducing energy consumption and technical information related to energy conservation in order to improve the level of energy-saving technology throughout our Company; and having the mother plants in Japan provide technical support to their affiliated sites through a tie-up with the Company-wide Energy Conservation Secretariat.



Although group education had been carried out before, remote education was implemented due to the COVID-19 pandemic
* The photo shows a conceptual image.

Material Flows and Investments in Environmental Protection



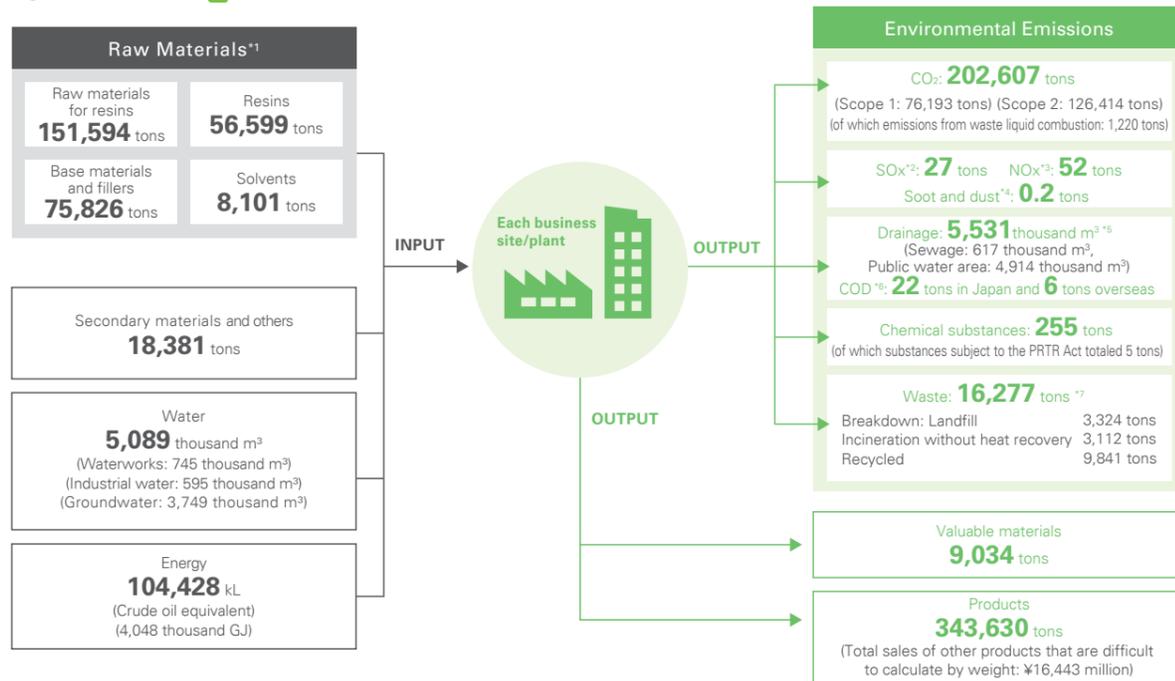
The figure below shows inputs, including raw materials and energy, and outputs including products and emissions released into the environment.

The Group is working to minimize its impact on the environment by means of waste reduction and resource savings through promoting more efficient use of raw materials, energy, and water. We have also been advancing CO₂ emissions reduction through our carbon neutral efforts.

Quantities of raw materials inputs and product sales declined further across many categories in fiscal 2020 as economic activity continued to stagnate due to the spread of COVID-19 infections ongoing from the previous year.

A recovery trend was observed during the second fiscal half, however, resulting in expectations of an increase in economic activity during fiscal 2021. Through the above-mentioned activities at our Group, we are contributing to the response to aspects of climate change such as warming by working to effect reductions in outputs that effect the environment, with respect to increases in input.

Material Flow



* 1 The ratio of renewable raw materials to total raw materials used is about 2.7% at the current point in time, but we will make efforts from the development stage onward in order to increase the ratio of renewable raw materials use.
 *2,3,4, and 6 See the glossary on page 108. SO_x, NO_x, and soot and dust are calculated using the Company's own formula based on exhaust gas readings and fuel usage amount, among other variables. Since methods of calculating emissions of soot and dust differ among countries, this figure is compiled solely for business sites in Japan at present. COD is calculated based on the measured concentration and drainage volume. Data on overseas COD covers sites that measure COD within drainage. Data for overseas sites are stated separately because the types of oxidant (potassium dichromate is mainly used overseas) used for measurement differ from those used in Japan.
 *5 Drainage volume is determined by calculating drainage into sewages based on the breakdown of total usage. Drainage into public water areas is calculated using readings from flow meters installed at business sites; while water usage volume is used for business sites without flow meters.
 *7 The volume of hazardous waste found in our total waste volume came to 5,714 t (based on the definitions used by each country). The volume of hazardous waste is not subject to assurance.
 * The volume of products shipped and value of products sold are not subject to assurance.

Investments for Environmental Protection

Our Group has compiled data annually on the amounts of investments in environmental protection of all Group companies in Japan since fiscal 2000. In fiscal 2020, a total of 240 million yen of this type of investment were made.

As part of our carbon neutral efforts, we began a full-fledged effort to adopt solar power generation in fiscal 2020, and from fiscal 2021 onward we will be phasing it in at each of our business sites. We will also consider proactive investments in CO₂ emissions reduction moving forward.

Amounts of Investments in Environmental Protection in Fiscal 2020

Category	Investment amounts (millions of yen)
Emissions control	9
Energy conservation	234
Waste reduction, recycling, and treatment	0
Total	243

* Data covers the time period and business sites in Japan listed on page 3.

Medium- to Long-term Environmental Targets and Performance



Medium- to Long-term Environmental Targets

In fiscal 2018, we established a medium- to long-term environmental plan ending in fiscal 2030, and are engaging in activities based on it, in which our CO₂ emissions met the greenhouse gas emission reduction target in the Japanese government's INDC from COP21.

However, due to the government's 2050 Carbon Neutral Declaration and presentation of its 2030 target, we performed a new revision according to the 2030 target, and reset our 2030 target policy to include a 46% reduction in CO₂ emissions (compared to fiscal 2013). We are currently deliberating the formulation of a new medium- to long-term plan that takes this policy into consideration.

(The graph below and the data detailed on page 104 show the existing medium- to long-term plan.)

In addition to the government policy noted above, deliberation of targets will include consideration of:

- Response to sustainable development needs shared by the international community with 2030 as the target year established in the SDGs.
- Response to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

In addition, we continue to undertake efforts with the Japan Business Federation (Keidanren), and through the Japan Chemical Industry Association.

We will also revise other targets upon reconsidering their appropriateness, and by restricting the volume of material loss that occurs, we will improve the efficiency of resource use, advance the effective use of raw materials, and promote the reduction of chemical substance emissions as we pursue planned efforts to reduce environmental impact.

Initiatives at Business Sites in Japan

Regarding CO₂ emissions, the effect of the spread of COVID-19 infections was felt through the first half of fiscal 2020, but a recovery in production activity and a worsening of emission coefficients of our power suppliers resulted in a

slight increase. Although even greater recovery is expected from fiscal 2021 on, we are aiming for reductions from fiscal 2020 through the adoption of carbon neutrality measures and increased efficiency.

Although the amount of material loss increased during the second half, stagnation during the first half and the discovery and reduction of waste due to MFCA¹¹ activities resulted in a decrease from fiscal 2019. In fiscal 2021, we will further advance our effective use of resources and elimination of waste.

The amount of chemical substance emissions increased from fiscal 2019 due to an increase in the amount of solvents used because of production increases at semiconductor-related departments during the second half of fiscal 2020. During fiscal 2021, we expect increased processing efficiency to enable a reduction.

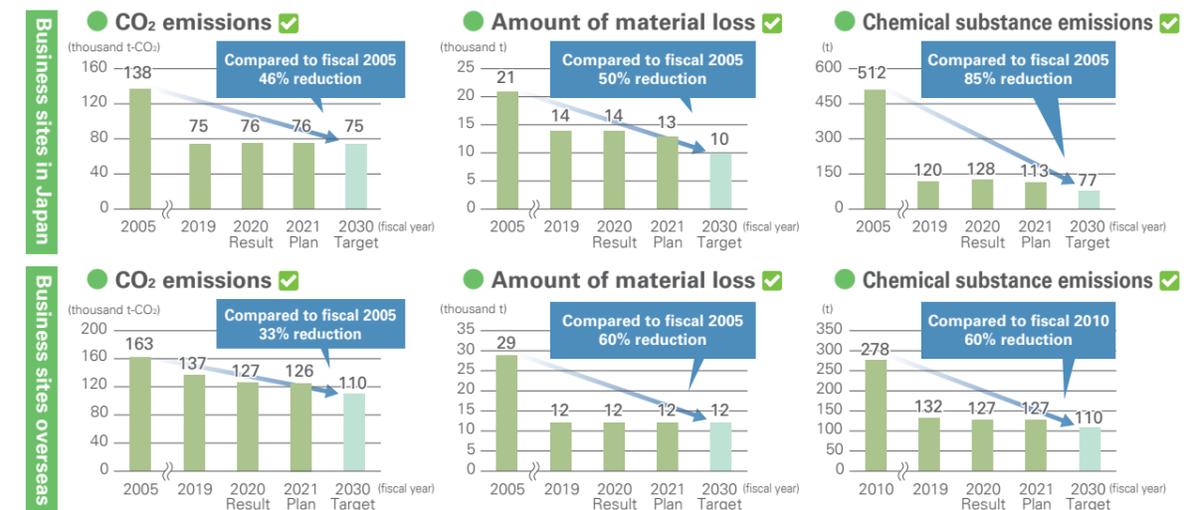
*1 See the glossary on page 108.

Initiatives at Overseas Business Sites

CO₂ emissions at overseas business sites have decreased greatly under the influence of the continued spread of COVID-19 infections. However, as energy conservation activities at each business site take effect, we aim for further reductions in CO₂ emissions together with a recovery in production during fiscal 2021.

The occurrence of material loss has undergone a similar influence, decreasing since fiscal 2019 and reaching our medium- to long-term target levels. With a recovery expected during fiscal 2021 and thereafter, however, we will make still further progress with waste reduction due to activities including MFCA.

The amount of chemical substance emissions has decreased due to the continued efficient operation of exhaust combustion equipment introduced in 2019. We will continue to move forward with reductions in consumption in fiscal 2021 and thereafter.



* See the business sites listed on page 3 regarding those included in the data.
 * For definitions and the calculation method of CO₂ emissions, material loss, and chemical substance emissions, refer to page 104.
 * The total of the 34 substances subject to the PRTR Act included in chemical substance emissions released by our Group's sites in Japan amounted to 5.1 tons and the total amount transferred amounted to 94 tons. For details of the transfer and release of substances subject to the PRTR Act, refer to the Data Section on page 106.

Environmental Performance



Reducing Energy Use and CO₂ Emissions

Although there was a reduction in production at business sites in Japan, energy conservation activities resulted in reductions in both the amount of energy consumed and in energy consumed per production amount value. The amount and per production amount value of CO₂ emissions increased slightly due to the recovery of production activity and a worsening of emission coefficients of our power suppliers. At our overseas business sites, both our energy consumption and CO₂ emissions declined from the previous year. This was affected by reduced production, but efforts for more efficient energy use reduced the per production amount value. A recovery in production is expected in 2021, but as we progress with more efficient energy use, we will maintain the reduction trend.

Energy usage per production amount value*1



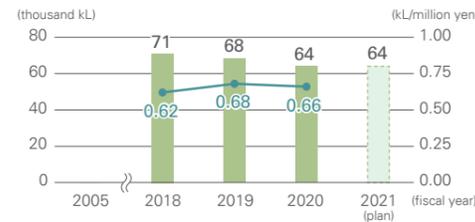
Business sites in Japan

CO₂ emissions per production amount value*2

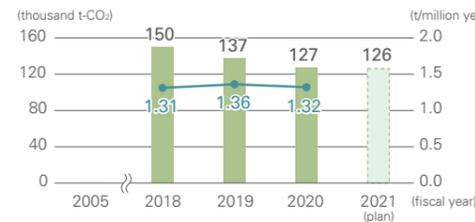


Business sites overseas

Energy usage per production amount value



CO₂ emissions per production amount value



Disclosure of Scope 3*3 Data

In 2015, our Group began calculating and disclosing Scope 3 emissions in the supply chain of business sites belonging to Group companies in Japan because of the growing importance of understanding CO₂ emissions covering the entire supply chain. In fiscal 2018, we enlarged the scope to cover overseas business sites. The scope of the said disclosures covers a total of eight categories including Category 1 "Purchased goods and services." In addition, we confirmed that three categories including Category 8 "Upstream leased assets" are not applicable. Both in Japan and overseas, Category 1 "Purchased goods and services" accounts for a large portion of CO₂ emissions. Since inputs of raw materials decreased both in Japan and overseas in fiscal 2020 due to the impact of the spread of COVID-19 infections, Category 1 emissions were greatly reduced. The amounts of reductions at overseas business sites accounted for a particularly large portion. Moving forward, we will continue to calculate and disclose data on other categories and work to increase the accuracy of the data for each category, while also promoting ongoing efforts to reduce emissions across the entire supply chain.

*3 See the glossary on page 108.

CO₂ Emissions in Certain Categories of Scope 3 and Other Scopes (In Japan and Oversea Sites)

No.	Category	Emissions (thousand t-CO ₂ / year)
1	Purchased goods and services	796
2	Capital goods	30
3	Fuel and energy-related activities not included in Scope 1&2	36
4	Upstream transportation and distribution	69
5	Waste generated in operations	9
6	Business travel	1
7	Employee commuting	3
8	Upstream leased assets	Not applicable
13	Downstream leased assets	Not applicable
14	Franchises	Not applicable
15	Investments	9
Scope 3 Total		955
Scope 1 (All direct emissions)		76
Scope 2 (Indirect emissions originating from energy)		126

* Data covers all business sites in Japan and Oversea listed on page 3.
 Calculation method:
 We calculated the amount of emissions in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 3.1 issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, using the emission coefficient stated in the basic database IDEA Ver. 2.3 Carbon Footprint Communication Program developed jointly by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry as well as the Emissions Intensity Database for Calculating Greenhouse Gas Emissions of Organizations through the Supply Chain.

*1 Energy usage per production amount value is determined using the following equation: Energy usage per production amount value = energy usage/(production amount x unit price) Energy consumption is calculated as a crude oil equivalent.
 *2 CO₂ emissions per production amount value are determined using the following equation: CO₂ emissions per production amount value = CO₂ emissions/(production amount x unit price) Also, CO₂ emissions are the sum of Scope 1 and Scope 2 emissions.
 * See the business sites listed on page 3 regarding those included in the data.

Reducing Material Loss

Our Group is working to increase the efficiency of resource utilization, because it regards the reduction of environmental impacts as an opportunity to improve profitability. Through our efforts toward material flow cost accounting (MFCA¹), we are promoting the improvement of effective use of raw materials by reducing material loss, including not only waste but also valuable resources. The Group is implementing measures to attain zero emissions of waste in Japan by promoting recycling and reuse instead of disposing of waste in landfills or treating it in simple incinerators without heat recovery in an effort to reduce the environmental impact of our waste.

The graph on right shows the volume of materials subject to zero emissions measures for the base year of fiscal 2005 and recent years. Owing to the circumstances with our treatment providers, the amount of waste we disposed of in landfills increased in fiscal 2019 due to the generation of waste that will be switched from recycling to landfill disposal. We will carry these efforts forward as the decreases from fiscal 2020 onward gradually advance. Throughout the whole group, we will continue to move forward with loss analysis using MFCA as we aim for still greater reductions.

*1 See the glossary on page 108.

Material Subject to Zero Emissions Measures in Japan



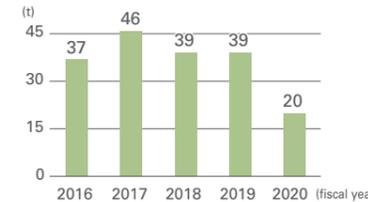
* Zero-emissions-targeted substances comprise landfill waste, internally incinerated waste, and externally incinerated waste. No waste was internally incinerated at business sites in Japan from fiscal 2012 onward.
 * Data covers all the business sites in Japan listed on page 3.

Emissions into the Atmosphere

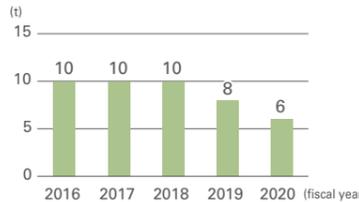
The Group's business sites in Japan have been promoting a shift of boiler fuel from heavy oil to city gas since fiscal 2004. As a result of fuel conversion completed in fiscal 2019 at our Shizuoka Plant, our overall Group SO_x² emissions were further reduced. We were able to greatly decrease emissions of NO_x³ due to a decrease in the nitrogen content of city

gas and stabilization of combustion conditions. Heavy oil is still in use at some business sites in regions where city gas supplies are unavailable, and we are working to optimize the combustion conditions and keep both emissions of SO_x and soot and dust⁴ down at low levels.

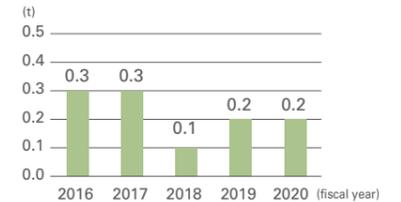
NO_x emissions



SO_x emissions



Soot and Dust emissions



* NO_x, SO_x, and soot and dust emissions data covers all the business sites in Japan listed on page 3.
 *2, 3 and 4, See the glossary on page 108.

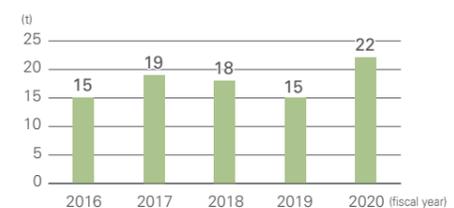
Emissions into the Hydrosphere

Effluent discharged from plants includes pollutants, which are categorized into industrial and household sewage. Treatment facilities, such as high-concentration phenol recovery equipment and activated sludge treatment equipment, and surveillance systems for constant monitoring are in place to ensure compliance with environmental standards and laws and regulations at the national and local government levels. Additionally risk assessments are conducted on leakages into rainwater that also includes cooling water to prevent sudden and unexpected increases in environmental impacts. COD⁵, which is used as a water quality indicator, temporarily rose due to problems with the activated sludge treatment equipment at the Shizuoka Plant. Although conditions were well within the limits of emission standards, measures were taken which resulted in subsequent improvement.

Emissions for the whole Company in Japan remain at low levels from a long-term perspective.

*5 See the glossary on page 108.

COD



* Data covers all business sites in Japan listed on page 3.

Conservation of Water Resources

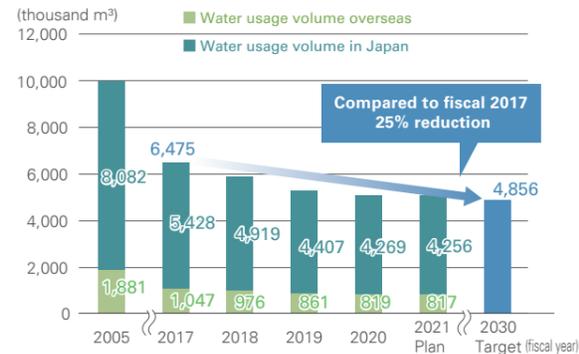
When it comes to the water used at our Group's locations, in Japan a large share of the water used comes from groundwater, while overseas a large share of this comes from waterworks. The water used in our plants in Japan accounts for 84% of the water used by the entire Group.

The Group has always worked continuously to reduce the amount of water it uses. Having begun providing responses to the CDP water program, we have now established a medium-to long-term target for water use reduction from this fiscal year onward, calling for a 25% reduction from the fiscal 2017 level by fiscal 2030.

We are engaging in activities to achieve targets at all business sites. In particular, we are eagerly promoting reductions of water usage at our Shizuoka Plant, which accounts for a large percentage of the Group's water usage in Japan, and have achieved substantial decreases in its water usage for three years in a row.

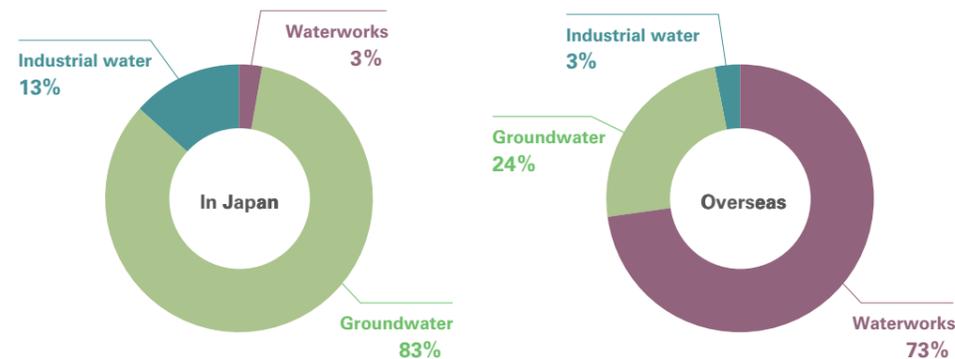
These efforts have resulted in a combined overall reduction in Japan and overseas of 50% since fiscal 2005.

Water Usage Volume



* See the business sites listed on page 3 about the boundary.

Water Usage by Source in Fiscal 2020



Assessment of Water-Related Risk in Fiscal 2020

Since fiscal 2015, we have been continuously surveying the regional watershed risk of all major plants in the Group (11 sites in Japan and 24 sites overseas). In fiscal 2020, our Group revised risk levels based on the results of a study using the WRI Aqueduct tool* in addition to independent studies performed on each business site. We compiled the results into a table that contains the risks facing each of the regions in which the Group

operates.

Although there were no major changes in the assessment for this fiscal year, our ranking worsened after last year's update due to the increasing prominence of water resource risk in the China region accompanying economic growth there. In light of these results, we will undertake more highly effective water resource conservation moving forward.

* A tool providing information on water risks developed and published by the World Resources Institute (WRI).

Assessment of Water-Related Risk in Fiscal 2020

Region		Risk level					Total
		Extremely high	High	Medium to high	Low to medium	Low	
Japan	Number of bases				7	3	10
	Water consumption (thousand m³)				3,704	552	4,256
China (and Taiwan)	Number of bases		1	4	2		7
	Water consumption (thousand m³)		51	172	56		280
Southeast Asia	Number of bases		2		1	2	5
	Water consumption (thousand m³)		44		90	24	158
North America	Number of bases			1	2	6	9
	Water consumption (thousand m³)			7	57	208	272
Europe	Number of bases			1	2		3
	Water consumption (thousand m³)			66	38		104

Soil/Underground Water Pollution Countermeasures

Response to Soil/Underground Water Pollution

Our Group carries out risk assessments relating to leakage of chemical substances at all of our business sites, and we promote both the development and implementation of preventive frameworks. At the same time, when contamination caused by past leakage accidents is confirmed, we actively undertake voluntary surveys and institute countermeasures in order to prevent the environmental impact and health damage from spreading. We did not suffer any severe leakage accidents in fiscal 2020.

Results of Soil and Groundwater Studies, Related Actions, and Monitoring Results

Site	Results of investigation	Countermeasures and monitoring results
Amagasaki Plant	Lead was detected by soil content sampling in 2009 and 2010 (max. 500 mg/kg whereas the standard is 150 mg/kg). No groundwater contamination was detected.	Heavy metals exceeding the standard values of the Soil Contamination Countermeasures Act were detected at the business sites on the left. Monitoring of the groundwater is conducted at these sites every year and their contamination levels have been confirmed to be below standard values.
Akita Sumitomo Bakelite Co., Ltd.	Lead was detected by soil elution sampling in 2005 (max. 0.032 mg/L whereas the standard is 0.01 mg/L). No groundwater contamination was detected.	The company cooperates with an ongoing monitoring survey of the groundwater quality that is regularly conducted by Osaka Prefecture, and also continues to perform independent examinations as well. The latest measurement results were 1.2 mg/L (standard value of 0.05 mg/L).
Yamaroku Kasei Industry Co., Ltd.	In January 2016, 1,4-Dioxane in excess of the standard concentrations was detected in the company's cooling water effluent, with concentrations of a similar amount confirmed in well water drawn from on the premises that had been used. In consultation with the government, the plant stopped drawing water and switched to a closed water cooling system. The company has no history of using the substance in question.	The company cooperates with an ongoing monitoring survey of the groundwater quality that is regularly conducted by Osaka Prefecture, and also continues to perform independent examinations as well. The latest measurement results were 1.2 mg/L (standard value of 0.05 mg/L).

Initiatives for resource recycling

Marine plastics

When it comes to the problem of marine plastics, we are moving ahead with activities to contribute to reducing plastic marine waste via a number of initiatives based on the Japanese government's Plastic Resource Recycling Strategy. These initiatives include managing the raw materials used and the plastic products we manufacture, promoting the recycling of the said products, and developing new products.

We are currently taking part in the Japan Initiative for Marine Environment (JaIME), which was established by major companies and industry organizations in the chemical industry, as well as the Clean Ocean Material Alliance (CLOMA), which was established by a broad range of business operators related to supply chains for plastic products, including those in the chemical industry and distribution/retail industries, with the goal of forming cross-industry partnerships. Through this, we are working to address a variety of challenges by aiming to curb plastic waste across our supply chain as a whole and promoting recycling via 3R activities for plastic products.

Recycling

Our Group promotes recycling as a means to make effective use of resources. This recycling includes the recovery and recycling of phenol from waste liquid produced by phenolic resin reactions during the product production process, fine grinding of offcuts from phenolic laminated sheets and decorative melamine resin laminate for use as a filler in phenolic resin molding compounds reuse of molded article by-products (sprues and runners) as raw material for molding materials, as well as reuse of excess sludge from activated sludge effluent treatment equipment as compost (organic fertilizer).

Renewable raw materials

Our Company has been using inedible plant-derived raw materials (Cashew nut shell oil, rosin [pine resin], wood flour, etc.) as renewable raw materials, primarily of phenolic resins and molding compounds. They account for about 2.7% of all raw materials used. In order to further increase the rate at which we use renewable raw materials in the future, we will undertake the development of phenolic resins using plant-derived lignin, as well as the use of bioplastics.

Social

Safety and Security



Occupational Health and Safety Management System

Our Group has established a Responsible Care Committee chaired by the director overseeing Company-wide safety. This committee determines health and safety activity policies along with important measures for preventing disasters and accidents, and based on these, rolls out health and safety activities across the entire Company. What is more, in October 2019 we enacted our uniform, Company-wide Safety Philosophy: "Safety is the first priority of all." and our three Safety Action Guidelines to promote the complete elimination of deaths, serious disasters and major accidents. Each of our business sites makes efforts closely in tune with the needs of individual workplaces within a Company-wide framework and under an accountability structure involving the managers of business sites. At its monthly meetings, the Health and Safety Committee inspects health and safety management activities, ensures thorough compliance with relevant laws and ordinances, and considers capital investments to realize risk reduction, among other actions. In 2009, our Group's plants and main subsidiaries in Japan began pursuing OHSAS 18001 accreditation, followed by our Group's overseas subsidiaries from 2010. Today, a total of 23 business sites have received accreditation, including five business sites and three subsidiaries in Japan and 15 subsidiaries overseas. In addition, we are making steady progress on transitioning over to ISO 45001 as a result of the repeal of OHSAS 18001 scheduled for 2021, and the transition has been completed at five business sites in Japan.

Management Structure



Machinery and Equipment Risk Reduction Activities

All new machinery and equipment installed at domestic production plants and subsidiaries from 2008 and at overseas subsidiaries from 2009, have been designed in compliance with ISO 12100. We carry out risk assessments of existing and prioritize elimination of the source of hazard and engineering

solutions as we deliberate facilities when changes occur, such as when the facilities are restructured or work procedures change, in an effort to make machinery and equipment fundamentally safer.

Risk Reduction Activities relating to Chemical Substances

In 2012, we introduced chemical substance risk assessments at plants in Japan and subsidiaries worldwide. We verify our evaluation results when changes occur, such as information on the risks and hazards posed by chemical substances and changes to work procedures. This is done in aiming

to prevent adverse health effects to employees through exposure to chemical substances, and to prevent explosion or fire incidents caused by chemical substances. We prioritize elimination of the source of hazard and engineering solutions as we deliberate these matters.

Complaints from Authorities, Local Governments and Local Communities

Our business sites in Japan along with subsidiaries worldwide comply with laws and ordinances and address prevention needs in order to preserve the environment. In fiscal 2020, we received one complaint concerning the environment (one

from Japan, zero from overseas). The complaint from a nearby resident regarding noise was addressed in the appropriate manner.

Health and Safety Education

We carry out measures to reduce the risks posed by machinery and chemical substances in order to ensure safety on sites where these are used. At the same time, we conduct hazard prediction training as well as initiatives, such as "pointing and calling" and making proposals for reducing near-miss accidents. We have introduced "Safety Gyms" at each production plant to allow employees to learn about the fundamentals of safety. They are able to improve their safety consciousness and learn hazard prediction skills and risk identification skills. Health and safety activities in which plant managers take the lead and act as role models form the basis for specialized safety education for managers, education on safety laws and regulations for mid-level employees, and hands-on education for new employees regarding hazards. We provide education for each organizational level and specialty, including education at each business site regarding risk assessment for specified dangers and hazards. In addition, we make efforts to disclose disaster and accident information, and to share

information in a timely manner through the use of our Safety Portal Site, which was set up online to be accessible by every employee. In addition, education has been implemented at all business sites using posters presenting our Safety Philosophy and Safety Action Guidelines in eight languages.



Sumitomo Bakelite (Suzhou) Co., Ltd.: education on chemical leak emergency measures

Sumidurez Singapore Pte. Ltd.: EHS GUIDE BOOK, a safety guide book distributed to employees

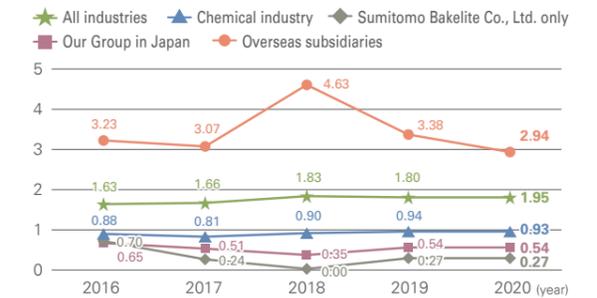
Occupational Accident Figures

Trends in the Frequency Rate of Accidents at Sumitomo Bakelite Co., Ltd. and Subsidiaries Worldwide

The graph on the right shows the overall frequency rate,*1 of occupational accidents including those occurring at subsidiaries worldwide. The graph for the number of occupational accidents in Japan resulting in lost workdays has remained flat, indicating no change in the frequency rate, while the frequency rate overseas has shown an improvement, decreasing by 25%. In 2020, there were no instances of accident or disaster that resulted in death, injuries requiring six months or more of recovery, or disability.

*1 Frequency rate = (Deaths and injuries/total working hours) x 1,000,000
Aggregate working hours (total) = 13,043,399 hr.
* Data covers each calendar year.
See the business sites listed on page 3 regarding those included in the data.

Frequency Rate of Occupational Accidents at Sumitomo Bakelite Co., Ltd. and Subsidiaries Worldwide

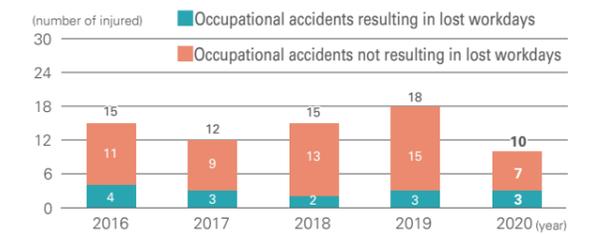


Trends in Occupational Accidents at Sumitomo Bakelite and Subsidiaries

Number of Employees Injured as a Result of Occupational Accidents

The graph on the right shows the number of employees injured as a result of occupational accidents at our company as well as subsidiaries in Japan. In 2020, occupational accidents resulting in lost workdays remained flat while those not resulting in lost workdays decreased, and the total number of injuries decreased by 44%.

Number of Employees Injured as a Result of Occupational Accidents (in Japan)

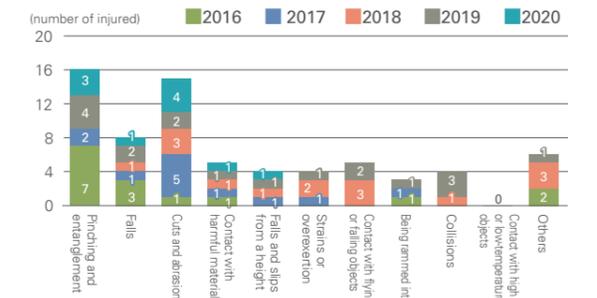


* Data covers each calendar year.
See the business sites listed on page 3 about the boundary.

Occupational Accidents by Type

Occupational accidents in Japan categorized by type are shown in the graph on the right. In 2020, accidents involving pinching and entanglement, as well as cuts and abrasions were concentrated at particular business sites. For pinching and entanglement accidents directly associated with serious accidents in particular, we revised our policies on protective safety measures for machinery with rotating parts, and communicated them Company-wide. Also in addressing accidents by type, by notifying all employees of our Safety Action Guidelines and utilizing our Safety Portal Site, we will continue with initiatives to enhance the safety awareness of workers. Moreover, in the event that a disaster or accident does occur, we will conduct a risk assessment and take corrective action based on the results of an investigation into its cause in efforts to prevent a similar disaster or accident from occurring.

Occupational Accidents by Type (in Japan)

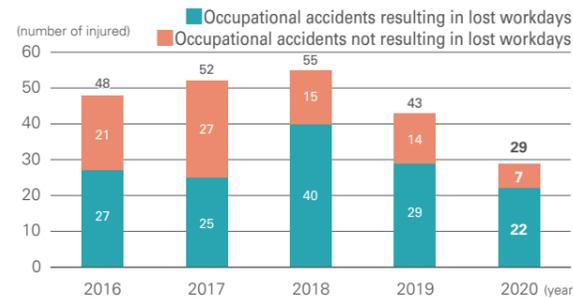


Trends in Occupational Accidents at Overseas Subsidiaries

Number of Employees Injured as a Result of Occupational Accidents

The graph below shows the number of employees injured as a result of occupational accidents at our overseas subsidiaries. In 2020, occupational accidents resulting in lost workdays decreased by 24% compared to 2019 while those not resulting in lost workdays decreased by half, and the total number of injuries decreased by 33%. Sumitomo Bakelite (Dongguan) Co., Ltd. once again went an entire year without any occupational accidents, thus bringing its total to four years and a total of 5 million consecutive hours without any occupational accidents.

Number of Employees Injured as a Result of Occupational Accidents (Overseas)



* Data covers each calendar year. See the business sites listed on page 3 about the boundary.

Occupational Accidents by Type

Occupational accidents overseas categorized by type are shown in the graph below. In 2020, as in Japan, there were numerous cases of pinching and entanglement, as well as cuts and abrasions, which accounted for 45% of the total. In addition to implementation of the Policy on Protective Safety Measures for Machinery with Rotating Parts Communicated Company-wide, we will continue the effort from last year to post educational materials in multiple languages (English, Chinese) to our Safety Portal Site, make progress in spreading awareness among all employees through the use of posters presenting our Safety Action Guidelines, and continue to raise safety levels to the same level as in Japan. Moreover, in the event that a disaster or accident does occur, we will conduct a risk assessment and take corrective action based on the results of an investigation into its cause in efforts to prevent a similar disaster or accident from occurring.

Occupational Accidents by Type (Overseas)



TOPIC Sumitomo Bakelite (Dongguan) Co., Ltd. has gone four years and 5 million total consecutive hours without an accident

On October 28, 2020, Sumitomo Bakelite (Dongguan) Co., Ltd. reached four years and a total of 5 million total consecutive hours without any occupational accidents. On account of this, Sumitomo Bakelite Co., Ltd. President Fujiwara presented the company with a certificate of commendation and an escutcheon. In order to continue with its streak of zero accidents, Sumitomo Bakelite (Dongguan) Co., Ltd. has continued to share information related to disasters that occur at other business sites while carrying out a number of initiatives together with the Environmental Health, Safety, and Disaster Prevention Committee and its employees. These initiatives include utilizing safety dojo training, spreading awareness of our Safety Philosophy and Safety Action Guidelines, and conducting hazard prediction training.



TOPIC Producing posters for Safety Philosophy and Safety Action Guidelines educational activities

In order to boost safety-consciousness among all employees, we produced posters of our Safety Philosophy and Safety Action Guidelines translated into eight languages, then distributed and put them on display at all business sites.



Accident Prevention

Accident Prevention is the top priority of all our business sites. Our projective is to make business safer and more secure, and thus earn the confidence of the local community, ensure employee safety, and maintain stable supplies of products to customers. The Disaster Prevention Committee is convened

and implements activities systematically with the aim of helping all business sites achieve an accident and disaster-free record. It also, conducts drills and puts in place accident prevention measures to minimize damage in the event that an accident does occur.



Sumitomo Bakelite Macau Co., Ltd.: Fire drill
 Sumitomo Bakelite (Dongguan) Co., Ltd.: Ethylene oxide gas leak drill
 Amagasaki Plant: Disaster prevention training (night)
 S.B. Sheet Waterproof Systems Co., Ltd.: Leakage training (tank master valve shutoff procedure)

Chemical Substance Management

Chemical Substance Management throughout Product Life Cycles

The targets for 2020 agreed upon at the WSSD^{*1} call for the worldwide and comprehensive management of chemical substances throughout the product life cycle, from development to manufacturing, use and disposal in order to minimize the significant adverse effects on human health and the environment caused by the manufacture and use of chemical substances. Since then, the laws and regulations in each country have become stricter, and our Company is taking action to comply with laws and regulations. In September 2015, the Sustainable Development Goals (SDGs) were adopted at the U.N. Summit. They comprise 17 goals and 169 targets to be achieved by 2030 to create a sustainable world. Aimed at achieving the SDGs in 2030, the governments of each country have begun taking proactive actions. The Group (each of our plants and

research institutes worldwide) is working on the SDGs through the management of chemicals carried out as part of our Responsible Care activities. In terms of its management of chemical substances, the Group has a system in place for studying and reviewing chemical substance-related laws and regulations in Japan and throughout the world from the product development phase onward. We manage the chemical substances contained in products in order to comply with the laws of the countries where we operate and to minimize environmental impacts throughout product life cycles.

*1 See the glossary on page 108.

Chemical Substance Management System

We are focussing on promoting the use of SDSs^{*2} across the Group not only for disclosing information related to chemical substances under regulatory control in Japan and overseas, but also for disclosing relevant information voluntarily so as to improve the quality of the Group's information disclosure practices. Particularly for the GHS^{*3} system, we have introduced ExESS^{*4} and offer SDS and labels that are compliant with the laws and regulations of 40 countries, including Japan, in the official languages of each country. We revised our SDS to accommodate India's GHS in 2020, and in January 2021 to accommodate the amended South Korean Occupational Safety and Health Act.^{*5}

*2-5 See the glossary on page 108.

Status of GHS implementation and countries and region in which we provide SDS

Region	2004	2006	2008	2010	2012	2014	2016	2018	2020
Europe					Compliant with new HCS ^{*7}				Compliant with Prop 65 ^{*8}
United States					Compliant with CLP ^{*6} categories				
Mexico					Compliant with NOM ^{*9}				
China						Compliant with GB/T 16483 ^{*10}			
Taiwan						Compliant with CNS15030 Z1051 ^{*11}			
South Korea								Compliant with Occupational Safety and Health Act ^{*5}	
Indonesia								Compliant with 44/M-DAG/PER/9 ^{*12}	
Malaysia						Compliant with CLASS regulation ^{*13}			
Vietnam						Compliant with TT-BCT ^{*14}			
Thailand						Compliant with DIW notification ^{*15}			
Japan									Compliant with JIS Z 7253 ^{*16}

Countries in which we provide SDS: 40 (North America/Latin America: 4 countries, Europe: 25 countries, Asia/Oceania: 10 countries, Japan)

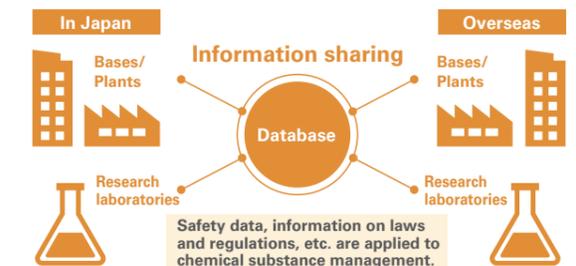
GHS introduction is complete in all of the countries and territories listed above.
 *6 to 16 See the glossary on page 108.

Chemical Substance Management System

In the interest of ensuring safety, we confirm that all of the chemical substances constituting the raw materials and products handled by the Group conform with the laws and regulations of each country. We are also making progress with the creation of a Chemical Substance Management System to centrally manage these chemical substances. Introducing this system allows us to speed up chemical substance-related investigations (inventory in each country, the safety of products and raw materials, regulatory information, etc.) and to provide accurate information. We are now rolling out the system to plants that manufacture molded articles^{*17} and expanding application of volume tracking management to products for Taiwan and South Korea, in addition to Japan's Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture and Industrial Safety and Health Act as well as Europe's REACH.^{*18} We will continue to enhance our system for managing chemical substances in order to ensure even more meticulous management of these substances.

*17 "Molded articles" here refers to all molded articles that have a defined shape with dimensions that can be measured. This applies to molded products and parts of devices, electronic components, paper, packaging materials, etc.
 *18 See the glossary on page 108.

Chemical Substance Management System



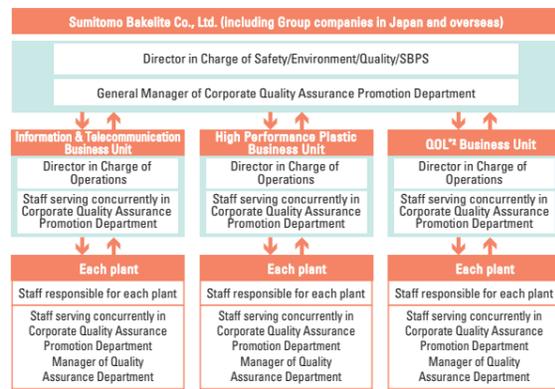
Product Liability



The Group's Basic Policy and System for Quality Assurance

Our Group has established quality management systems (QMS) based on ISO 9001 and is continuing to acquire relevant certifications (a total of 36 sites have been certified as of May 1, 2021). Recognizing the provision of products and services that customers can always feel satisfaction and peace of mind in using is an important social mission for our Company, all relevant departments collaborate on all processes—from product planning, research, design & development, preparation for production, production, sales & service, to quality assurance—with an awareness of the importance of ensuring the safety of products and create and appropriately implement and management frameworks within which to enhance and maintain product safety and quality. In order to ensure that every employee of our Group systematically implements product safety and quality assurance initiatives in accordance with QMS, we formulated our Quality Management Policy and have educated our quality management representative candidates by offering our Quality Management Representative Education Course.

Quality Management System



*2. See the glossary on page 108.

QMS Certification Received

Certification standard	Business/products
ISO 9001	Quality of life products (packaging films for food and pharmaceutical products, bio-based products, construction materials, waterproofing products, etc.)
	High-performance plastics (included molded articles)
	Semiconductor-related materials
IATF 16949	High-performance plastics (included molded articles)
	Semiconductor-related materials
	Thermoplastic sheets
ISO 13485	Medical products
ISO 15378	Packaging Materials for Pharmaceuticals
FSSC 22000	Packaging films for food
AS 9100 or JIS Q9100	Aircraft components

Fiscal 2021 quality management policy

Basic policy Placing the customer first, and quality first, thereby contributing to society in keeping with SDGs and to profit through essential improvements from process flow conducive to quality formation

One Sumibe / Zero Defect / Proactive

< Action Plan > SDGs 12. Ensure sustainable consumption and production patterns

- I. Working toward Ensuring Quality that Provides Safety and Peace of Mind (QA Department's Role and Responsibility)
- II. Quality Improvement Activities of Existing Businesses (Complaints Handling Aimed at Improving Customer Satisfaction*)
- III. Reducing Risks to New Products or New Businesses
- IV. Improvement of the Entire Total Manufacturing (Monozukuri) Process through Daily Inspection and Monozukuri Audit
- V. Training Quality Management Representative who takes on the Next Generation

*1 See the glossary on page 108.

Future State Vision of Appropriate New-Product Development and Commercialization Processes of the Group



Quality Improvement Activities for Existing Business

We are working to enhance the quality of our existing products through such efforts as ensuring rapid response to complaints, taking measures to prevent reoccurrences of problems, and rigorous 4M change control. Cross-functional responses are made to rapidly solve not only serious but also minor complaints. In order to prevent new occurrences and recurrence of issues leading to complaints and process abnormality, we use "Why-Why Analysis" and "Further

Investigation" to identify what happened, causes, and countermeasures, among other factors, concerning these issues. In fiscal 2020 we carried out checks in cooperation with the business sites to see if their structures for soundly implementing countermeasures to complaints were functioning, and were able to establish that complaints were on the decline trend. In fiscal 2021, we continue to work with the business sites to effect reductions in complaints.

Reducing Risk Relating to New Business

There is a need to improve (optimize) the output quality (degree of perfection) of product designs and process designs when developing new products and to shorten (minimize) the time required for the development process by minimizing rework. In order for our Group to meet these needs, we make efforts to continually improve and refine our quality management system.

1 Shortening New-Product Development Periods and Improving Work Quality

In new product development, initial plans are often delayed because of the tendency for a variety of problems requiring reworking to arise. To prevent this, we implement the Plan-Do-Check-Action (PDCA) cycle to increase the degree of perfection of design quality and shorten the development period through collaboration of all the divisions concerned from the initial phases. Furthermore, we implement the following to ensure that the problems do not recur in subsequent development work.

- (1) Feedback Review Analysis to identify problems through reviews of development processes over time.
- (2) Why-Why Analysis and Further Investigation to identify root causes of the occurrence and out-flowing of problems in terms of technology and management. Why-Why Analysis and Further Investigation are also used to determine why problems were not prevented in terms of organizations, allocation of functions, systems, frameworks, and culture and to identify measures for preventing recurrence and new occurrences.

2 Proactive Use of Various Quality Control Techniques

In addition to design review (DR) during each stage of product design and process design, we conduct Failure Modes and Effects Analysis (FMEA) to predict potential failures or abnormalities by analyzing health and safety risks on people including customers related to our products, along with Design Review Based on Failure Mode (DRBFM) that focuses on changes to the design and changes to conditions and the environment. In turn, we implement risk reduction measures in all processes of DR, FMEA and DRBFM as well as during technical verification at the time of using new raw materials. In addition, we use Fault Tree Analysis (FTA) that rationally analyzes accidents and defects in a hierarchical manner to discover root causes and fundamental solutions for preventing recurrence. In fiscal 2020 our quality education for young employees was conducted online due to the spread of COVID-19 infections. Education was conducted according to the curriculum, covering FTA, FMEA and statistical tools. We will continue these efforts in fiscal 2021 as we adapt to circumstances.



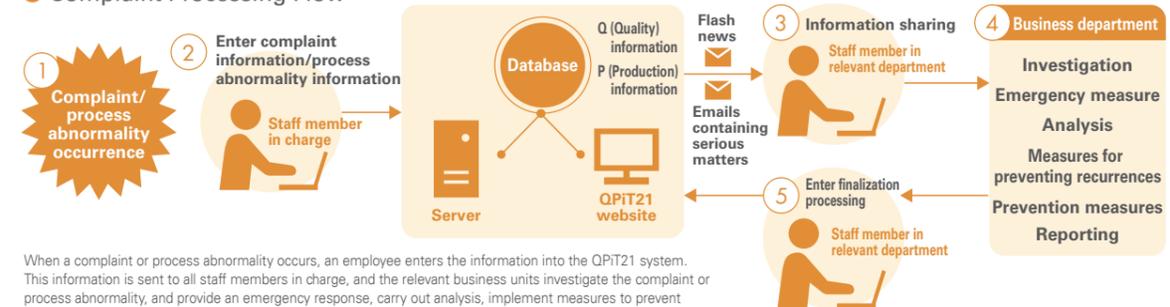
Quality education conducted online for second-year engineering employees (FTA/FMEA)

The "QPIT" System for Processing Quality-Related Complaints

We manage complaints relating to quality using the "QPIT21" system. QPIT21 (Quality & Production information Tools 21) is a system that allows the central management of quality- and production-related information, and it has been built into the Group-wide intranet. The system was introduced in order to accelerate the communication of quality- and production- related information within the Group, facilitate the sharing of information, and encourage the integration and effective utilization of information levels. With this system it is possible to respond efficiently, rapidly and appropriately to complaints.

In fiscal 2020, we introduced a system that works across business departments, issuing prediction information on worsening indicators regarding recurrences with the same customer or same product. Moving forward, we plan to further enrich the system, with preparations in fiscal 2021 to include working with each relevant business site to compile the advantages and disadvantages of introducing a new system.

Complaint Processing Flow



When a complaint or process abnormality occurs, an employee enters the information into the QPIT21 system. This information is sent to all staff members in charge, and the relevant business units investigate the complaint or process abnormality, and provide an emergency response, carry out analysis, implement measures to prevent recurrences and other similar occurrences, report back to customers, etc.

Internal Quality Auditing and Daily Inspection/Review

For the quality audit for fiscal 2020, we continued to carry out the 'Monozukuri' Audits (see below), a system launched in fiscal 2017, which is conducted jointly by the three departments of quality, EHS, and SBPS within the Corporate Production Management and Engineering Division. The Corporate Quality Assurance Promotion Department inspects and examines operations daily from customers' perspectives through support of R&D activities at research departments (participation in DR, cooperation with FMEA,

etc.) and support of production activities at each business department (Change Control, FEMA, FTA, Why-Why Analysis and Further Investigation, participation in quality meetings and DR, maintaining/managing quality information and quality data, and checking the appropriateness of complaint countermeasures, etc.). It also carries out activities to raise awareness about quality improvement.

'Monozukuri' Audits

Purpose and method of the 'Monozukuri' Audits

Conventional audits that have been conducted for quality, environment, and safety for each business site made it difficult for us to identify the root issues in each business site is faced with, due to factors such as insufficient man-hours spent on the audits, inadequate skills of the auditors, and a lack of information provided beforehand.

Furthermore, the internal audits conducted by each business site focused on the management system, and it was not possible to successfully link the activities from the extraction of essential issues to the prevention of recurrence and prevention.

Therefore, in order to resolve these problems, we built an ongoing audit system (combining 'Monozukuri' Audits and internal audits) that is able to identify the root issues in each business site, correct and improve the situation, and prevent occurrence and recurrence of issues.

- Audits will be conducted in greater detail (review of questions on check sheet) to inspect and cover audit points that could pose or predict problems in terms of quality, EHS, or production that occurred last year.**
- Business sites will be inspected jointly by the three promotion departments (quality assurance, EHS, SBPS) within the Corporate Production Management & Engineering Division ('Monozukuri' Audits).**
- Internal audits conducted by each business site will contain inspection items from 'Monozukuri' Audits to enable business sites to correct/improve issues autonomously using the PDCA cycle.**
- 'Monozukuri' Audits will inspect internal audit results, the status of corrective actions or improvements, and important matters, and also involve follow-ups, etc.**

In fiscal 2020, we established and implemented an educational plan in order to strengthen education for internal auditors by dividing into finely differentiated steps the process starting before internal auditing and proceeding beyond division audits.

Results of 'Monozukuri' Audits

Amid the COVID-19 pandemic in fiscal 2020, audits were conducted only on four directly managed business sites (Shizuoka Plant, Kanuma Plant, Amagasaki Plant, and Utsunomiya Plant) and two subsidiary companies (Kyushu Sumitomo Bakelite Co., Ltd. and Akita Sumitomo Bakelite Co., Ltd.) in Japan. Overseas audits were carried out at eight business sites in China, Southeast Asia and North America, where self-audits were administered with check sheets and subsequent follow-up on the results.

In order to strengthen our internal audits, we divided the process into steps and implemented the educational curriculum online as a way to foster internal auditor leaders. Although genuine issues are uncovered by internal audits and division audits, maintaining corrective measures is thought to have been insufficient. We therefore rolled out these activities laterally in order to reduce risk by promoting genuine improvements and maintenance activities for the items specified for each business site, and to include maintenance of the proper approach in daily routine activities. In fiscal 2021, we will follow up on whether these daily routine activities are being maintained.



A 'Monozukuri' Audit at the Shizuoka Plant



A 'Monozukuri' Audit at the Utsunomiya Plant



A 'Monozukuri' Audit at Akita Sumitomo Bakelite Co., Ltd.

Enhancing Customer Satisfaction (CS)

CS a top priority

Under our policy of making customer satisfaction (CS)^{*1} a top priority, our CS Promotion Committee deliberates and determines policies and measures. Meeting on a monthly basis, this committee has convened a total of 234 times, and its activities are firmly rooted in our Company.

Internally, we hold a CS discussion meeting annually to share CS activities and enhance awareness of CS. Each business site and business division creates their own CS Declaration comprised of five CS principles. This year, numerous special arrangements were made in our methods of communicating with customers to accommodate the circumstances of the COVID-19 pandemic, and in our CS activities in consideration of preventing the spread of infection.

Immediately following the declaration of a state of emergency, we had to postpone the conference we had been holding every year as an opportunity to explain our business operations to customers. But next fiscal year, we will be able to build on our experience with online activities to hold this conference by which we foster mutual understanding and deepen relationships of trust.

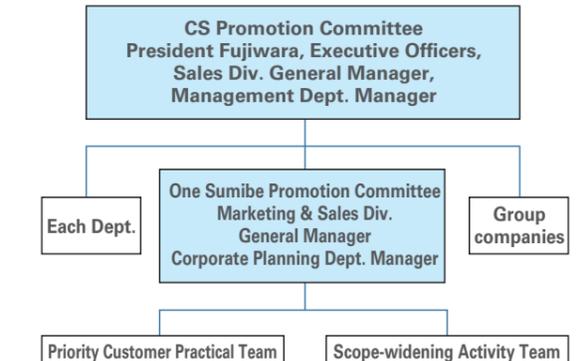
*1 See the glossary on page 108.

Promoting One Sumibe Activities

Our Group promotes "One Sumibe" as one of the key measures. These are activities through which we can provide Company-wide value and better happiness to our customers, rather than deriving from an individual department. By building strong relationships with customers, understanding their deep-seated needs and proposing solutions from the perspective of the whole Company, we aim to make ourselves useful as a problem-solving partner.

In fiscal 2020, we expanded the scope of these activities from our customers in Japan to overseas customers as well, and from priority customers to all customers. Although the activities initially centered on sales and marketing departments, the number of departments that participated in this activity has also increased, such as development themes created by the participation of research departments and support by indirect departments in digital utilization accelerated by the COVID-19. Through e-learning, we have educated all employees while continuing with Company-wide product study sessions. The four study sessions that we held were each attended by more than 100 employees. Our Medium-term Plan for "One Sumibe" activities is aimed at inculcating it as our organizational culture with the intent of activating the Group through participation by each and every one of us.

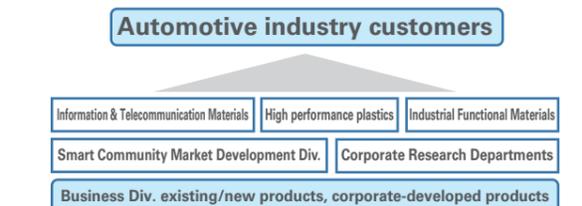
CS Promotion System and One Sumibe Activity Structure



Fiscal 2020 Activity Concept Map



Priority Customer Practical Cases (Automotive Field)



Recruiting and Employment



The Group's business activities would not be possible without its employees. Recruiting and employment is an important aspect underpinning the stable continuity of our business operations. Through new recruitment upon graduation and career recruitment, we aim to secure appropriate human resources. We carry out recruitment under a policy for the fair selection

of talent with an eye on employee diversity. The Responsible Care Committee monitors, reviews and makes changes to our recruitment practices.

* See page 41.

Utilizing QPiT Information to Enhance CS

We are utilizing various kinds of information accumulated in the QPiT, our Group's system for managing quality-related information such as complaints and customer requests, to enhance CS. There are common threads within complaints and customer requests and such information can be useful for other divisions. By analyzing the content and trends of such information and implementing measures to address the issues while building a framework to improve these and sharing these internally, a wide range of divisions can work to achieve the aim of improving CS.

In fiscal 2020 we added a mechanism whereby an alarm would sound when multiple complaints or requests related to the same customer or the same product were registered with QPiT, even when different business sites were involved. This has promoted the prompt sharing of information with the management team regarding initial responses to complaints and requests informed by an awareness of any occurrence of complaints by the same customer, even when they involve other products.

[Link](#) → Page 57 The QPiT system for processing quality-related complaints

Dissemination of Corporate Information

In order to help stakeholders gain a better understanding of the Group's diverse activities, we strive to ensure that all our communications comply with applicable laws, regulations and inhouse rules, and use honest, appropriate, and easy to understand display methods and expressions. Besides the disclosure of corporate information as mandated by law, we use diverse media to disseminate information, such as press releases, advertising in newspapers and magazines, booklets, as well as advertisements in airports, train stations, Shinkansen carriages, and baseball stadiums, signage, along with our website. We made our corporate website compatible

with smartphone viewing (Japanese, English and Chinese language versions). Amid the impact of the spread of COVID-19, we focused effort on disseminating information through video content in fiscal 2020. In addition, at our Company's exhibition booths and some of our product exhibitions, we display final products and digital signage in which our products are used as parts or materials to help customers and business partners understand our new activities better.



Shizuoka Plant: Automotive Solutions Gallery



Head Office: Display corner



Head Office: Digital signage in a display corner

Number of Group Employees and Executive Officer

Number of Employees in Japan and Overseas (as of March 31, 2021) ✓

	Directors	Executive officers	Employees	Temporary employees*1	Total
Sumitomo Bakelite Co., Ltd.	9	10	1,612	242	1,873
Subsidiaries in Japan	23	—	1,460	333	1,816
Overseas subsidiaries	18	—	4,824	236	5,078
Total	50	10	7,896	811	8,767

* The number of our Company's Corporate Officers shown is the number of Directors. The number of Executive Officers shown is the number of Executive Officers excluding Directors.
 * The numbers of Directors of subsidiaries in Japan and overseas include Directors sent from Sumitomo Bakelite Co., Ltd. This figure represents the number of standing corporate officers not serving concurrently in other positions.
 *1 Temporary employees: part-time and casual workers

Breakdown of employees by region, by age, and by gender (as of March 31, 2021)

Region	Male				Female				Total			Total ✓
	Age 29 or younger	Age 30 to 49	Age 50 or older	Subtotal ✓	Age 29 or younger	Age 30 to 49	Age 50 or older	Subtotal ✓	Age 29 or younger	Age 30 to 49	Age 50 or older	
Japan	292	1,308	932	2,532	137	271	132	540	429	1,579	1,064	3,072
East Asia	69	689	59	817	68	440	30	538	137	1,129	89	1,355
Southeast Asia	189	543	102	834	398	890	227	1,515	587	1,433	329	2,349
North America	58	203	276	537	20	106	114	240	78	309	390	777
Europe	24	162	109	295	1	31	16	48	25	193	125	343
Total	632	2,905	1,478	5,015	624	1,738	519	2,881	1,256	4,643	1,997	7,896

* Numbers for Japan are the total for our Company and its domestic subsidiaries.

Breakdown of the number of temporary employees by gender and region (as of March 31, 2021)

	Male	Female	Total
Number of temporary employees	416	395	811

	Japan	East Asia	Southeast Asia	North America	Europe	Total
Number of temporary employees	575	147	57	13	19	811

* Numbers for Japan are the total for our Company and its domestic subsidiaries.

Breakdown of the number of newly recruited employees in fiscal 2020 by gender, by age, and by region

	Male	Female	Total	Age 29 or younger	Age 30 to 49	Age 50 or older	Total
Number of persons	504	377	881	450	386	45	881
Ratio of employees as of March 31, 2021	10%	13%	11%	36%	8%	2%	11%

	Japan	East Asia	Southeast Asia	North America	Europe	Total
Number of persons	100	169	446	151	15	881
Ratio of employees as of March 31, 2021	3%	12%	19%	19%	4%	11%

* Numbers for Japan are the total for our Company and its domestic subsidiaries.

● Breakdown of employee turnover in fiscal 2020 by gender, by age, and by region

	Male	Female	Total	Age 29 or younger	Age 30 to 49	Age 50 or older	Total
Number of persons	710	540	1,250	431	597	222	1,250
Ratio of employees as of March 31, 2021	14%	19%	16%	34%	13%	11%	16%

	Japan	East Asia	Southeast Asia	North America	Europe	Total
Number of persons	116	148	572	400	14	1,250
Ratio of employees as of March 31, 2021	4%	11%	24%	51%	4%	16%

* Numbers for Japan are the total for our Company and its domestic subsidiaries.

● Company Employee Recruitment (Numbers of Newly Graduated / Career Recruits) ✓

Recruitment upon graduation	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021 (scheduled)
Number of Company employees recruited	31	20	33	37	38	47
Ratio of newly graduated recruits*	91.2%	66.7%	82.5%	90.2%	84.4%	
Male	28	14	27	31	34	—
Female	3	6	6	6	4	—

Career recruitment	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021 (scheduled)
Number of Company employees recruited	3	10	7	4	7	6
Ratio of career employee recruitment*	8.8%	33.3%	17.5%	9.8%	15.6%	
Male	3	7	6	2	7	—
Female	0	3	1	2	0	—

* Figure for Sumitomo Bakelite Co., Ltd. (non-consolidated basis).
 * The ratios of newly graduated recruits and career recruits are given as percentages of the total recruit count for the relevant fiscal year (the sum of newly graduated recruits and career employee recruits).
 * The ratio of career employee recruitment pertains to disclosure of mid-career recruitment under the Act on Comprehensive Promotion of Labor Measures.
 * Does not include persons forwarded from other companies or employees reassigned from subsidiaries or affiliates in Japan.
 * Includes temporary employees who are not post-retirement hires.
 * Since employee recruitment is gender-neutral, the gender composition of the planned intake of new employees for fiscal 2021 is unknown.

● Breakdown of the number of newly recruited employees in fiscal 2020 (by gender and by age)

	Age 29 or younger	Age 30 to 49	Age 50 or older
Number of Newly Recruited Employees in Fiscal 2020	41	4	0
Male	37	4	0
Female	4	0	0

* Figure for Sumitomo Bakelite Co., Ltd. (non-consolidated basis).
 * Counted based on the person's age when they were hired.

● Retention of newly graduated recruits (within three years of being hired) ✓

	Fiscal 2016	Fiscal 2017	Fiscal 2018
Number of men hired	21	13	21
Number of women hired	3	6	6
Number of men retained	19	11	19
Number of women retained	3	5	5
Male	90.5%	84.6%	90.5%
Female	100.0%	83.3%	83.3%
Total	91.7%	84.2%	88.9%

* The numbers in the table represent the rate among newly graduated recruits with at least a bachelor's degree.
 * For fiscal 2018, this indicates the percentage of employees hired on April 1, 2018 who were still employed with our Company on April 1, 2021.

● Employee Turnover and Turnover Rate in Fiscal 2020 (by gender and by age)

	Male	Female	Total	Age 29 or younger	Age 30 to 49	Age 50 or older	Total
Number of persons	53	13	66	12	18	36	66
Ratio of employees as of March 31, 2021	3.7%	6.4%	4.1%	9.0%	1.9%	6.8%	4.1%

* Figure for Sumitomo Bakelite Co., Ltd. (non-consolidated basis).
 * Counted based on the person's age when they left the company.

Continued employment beyond the age of retirement

Following the passing of the Act on Stabilization of Employment of Elderly Persons, we established a system to enable personnel who have reached the mandatory retirement age of 60 to continue working as contract employees. By facilitating post-retirement hiring, this initiative harnesses the knowledge, technical skills, and knowhow that employees have accumulated over the course of their careers.

● Continued employment after retirement ✓

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Number of retirement-age employees	18	18	23	17	38
Number of post-retirement rehires	16	13	20	16	34
Rehiring ratio	89%	72%	87%	94%	89%

* For the rehiring ratio, the first decimal place was rounded to the nearest whole number.

Employment of People with Disabilities

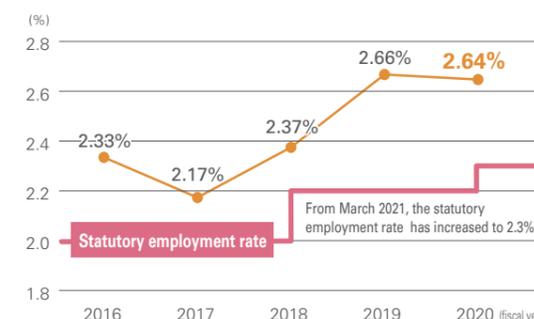
Our Company considers the employment of people with disabilities, as stipulated by law, to be an integral part of corporate social responsibility. While giving the necessary consideration to enabling those with disabilities to carry out their work, we endeavor to offer workplaces that are as safe and secure for those with disabilities as they are for others, and that allow employees to continuously hone and cultivate their skills. We are also making continuous efforts to employ new graduates with disabilities by, for example, accepting students with disabilities for internships so as to provide them with opportunities that suit their conditions and work-style needs. These initiatives are approved, monitored, reviewed and modified by our Responsible Care Committee.

Regarding Retirement Benefit Obligations

Regarding retirement benefit systems, the Company employs a defined-benefit system in Japan. Overseas, some consolidated subsidiaries concurrently use defined-contribution and defined benefit systems. The consolidated retirement benefit obligations for fiscal 2020 totaled ¥37.5 billion, ¥37.1 billion of which was for pension funds.

[Link](#) → Securities Report (Yuka Shoken Hokokusho (Japanese only))

● Employment Rate of People with Disabilities over the Past Five Years (As of March 31, 2021) ✓



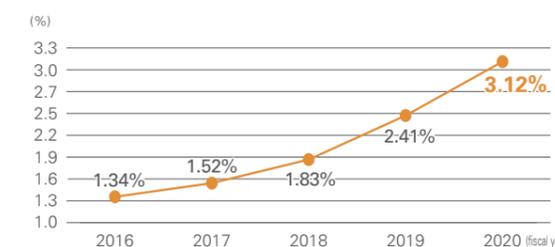
Initiatives to Promote the Advancement of Women

We acknowledge that it is important for each of our employees to be able to play active their roles and demonstrate their individuality so that we are able to respond to the diverse needs of our customers, and we promote this diversity of talent. Within this, we recognize there are issues that we must actively address concerning the promotion of female advancement, and we are working to provide gender-neutral personnel training and create workplaces in which people can play active roles regardless of their gender. These initiatives are monitored and reviewed by the Responsible Care Committee. By April 2020 we had reached more than 30 female managers, for a female management staff ratio exceeding 3%. Moreover, we formulated a new action plan in April 2020. The action plan addresses the issue of the low ratio of female career-track employees by calling for "a ratio of female career-track recruits of 20% or more each year." This target specified in the action plan is being pursued beginning in fiscal 2020.

Of newly graduated recruits in fiscal 2020, the ratio of women was 19.4% (6 women among a total of 31 newly graduated recruits).

We are also offering career education to raise awareness of diversity management in relation to management staff, and to foster awareness of career development for female employees.

● Trends in the proportion of female management staff ✓



* "Management staff" refers to Sumitomo Bakelite Co., Ltd. employees at or above the level of superintendent and engineer, excluding executive officers.
 * Includes those seconded to other companies with qualifications as managerial staff.
 * The ratios are values for the end of each fiscal year.

Work-life Balance



Our Position on Work-Life Balance

We promote the creation of workplaces that are comfortable in terms of work-life balance in keeping with these objectives:

- 1 To promote flexible approaches to work, while also reducing overtime hours and promoting the full use of annual leave entitlements, and encourage employees to devote the additional time available to worthwhile non-work activities, such as educational pursuits and activities related to family and communities.
- 2 To offer a greater diversity of working styles that benefit employees who must deal with major life events, such as marriage, childbirth, and child rearing, and thus contribute to nurturing the next generation. We are deliberating and phasing in policies that will be effective in achieving these goals.

We have been enhancing each of our leave entitlement programs, including beginning in 2018 to allow employees to apply accumulated annual paid vacation in one-day increments for infertility treatment and cancer treatment. As for annual paid vacation, we had already expanded to 40 the number of accumulated unused days of annual paid vacation that may be carried over, and this was further expanded to 60 days in January 2020. We also adopted a system for annual time off based on hourly increments in January 2020. From June 2020, eligibility for child nursing care leave was expanded from employees with children up to the third grade at elementary school to those with children up to the sixth grade, and use of accumulated annual paid vacation is also possible. Also, in January 2021, we enabled employees to acquire child nursing care leave and family care leave in hourly increments, so that these can be accrued either in ten-minute or one-day increments. We will continue to implement such initiatives as part of efforts to further promote better work-life balance.

Preparing the Workplace for the COVID-19 Pandemic

Amid the spread of COVID-19 infections, our Company is naturally providing each employee with education on preventing infection as well as putting effort into establishing an environment in which we can work with assurance even amid the COVID-19 pandemic by reducing the risk of infection for our employees and for guests who visit our Company. Beginning in March 2020, we introduced a work-from-home system at business sites with numerous commuters using public transportation. We have also expanded the number of employees eligible for our flex-time system in order to reduce infection risk through avoidance of crowding during commuting hours. The work-from-home system was introduced Company-wide from January 2021. We have distributed mobile personal computers to those using desktops and enhanced our remote access (VPN) and videoconferencing systems (e.g., Zoom), thereby creating an environment in which we can work from home regardless of the business site. We have also expanded our remote conferencing environment as a tool for communication including between employees and customers. While reducing infection risk in the future, we will promote even greater efficiency through optimum combinations of in-person and remote work. To support the child-rearing generation, we authorize the use of accumulated vacation leave during temporary closures of elementary schools and lower. In May 2020, we introduced for a limited time a special paid leave system in response to temporary school closures, resulting in a total of 86 leave days taken by 28 people Company-wide. Airborne droplet transmission prevention panels have been installed at facilities including offices, conference rooms and reception rooms at the Head Office and each business site as we take meticulous care to guard against infections and prevent their spread.

Employee Support for Various Life Events

We are focusing on creating an environment in which our employees can achieve their goals for both work and life events (such as childbirth and childcare). We are also encouraging employees to proactively utilize various programs provided by our Group to help them deal with important life events, and since the implementation of childcare leave and nursing care leave programs, the proportion of employees returning to work after taking childcare or nursing leave has been almost 100%. The number of people who took childcare leave in fiscal 2020 came to five women and two men, while one male employee took nursing care leave. We will continue to implement initiatives that exceed the specifications of legal standards in order to enhance employee support.



Programs Relating to Childbirth and Childcare

Items	Details
Childcare Leave Program	Childcare leave can be taken until children reach the age of two (until the day before a child's second birthday)
Altering work start times for workers caring for children	Employees with children in the sixth grade at elementary school or lower are able to shift their work start time in 30 minute increments up to either one hour forward or one hour back with the provision that there is no change to the length of their set work day.
Shorter working hours for childcare	Employees with children in the sixth grade at elementary school or lower may shorten their specified work hours by up to two hours on one day of their choice.
Child nursing Care leave	Employees with children in the sixth grade at elementary school or lower who have been employed at the Company for six months or more can take child nursing care leave in addition to annual paid leave or missing work due to nursing care when any of the following applies. 1. A child is injured or is infected with a contagious disease 2. A child requires a vaccination or a checkup • The number of days of child nursing care leave is up to five days per year for one child and up to 10 days per year for two or more children • Child nursing care leave can be taken in either ten-minute or one-day increments. • Wages will not be paid during leave, but annual paid leave can be used (in the case of accumulated annual paid vacation, leave may be taken in either one-day or half-day increments.)
Childbirth leave	Female employees are granted six weeks' leave prior to giving birth (14 weeks in case of multiple pregnancy) and eight weeks' leave after giving birth.
Outpatient leave	• Pregnant employees can take leave during pregnancy and after giving birth for receiving health guidance from a health professional or receiving postnatal checkups • Wages will not be paid during leave, but annual paid leave can be used
Exemption from overtime work	Eligibility: Employees with a child under the age of three who request it Details: Exempted from overtime work
Limitations on night work	Eligibility: Employees with a pre-school age child who request it Details: Cannot be ordered to work more than 24 hours of overtime per one month or over 150 hours per year
Limitations on night work	Eligibility: Employees with a pre-school age child who request it Details: Cannot be ordered to work late at night

Programs Relating to Nursing

Items	Details
Nursing leave programs	Employees are able to split leave up to three separate occasions for each situation where a family member requires care. Total period of leave: 1 year
Change of work start time	Employees are able to shift their work start time in 30 minute increments up to either one hour forward or one hour back with the provision that there is no change to the length of their set work day
Nursing leave	• Nursing leave can be taken in half day increments up to five days per year when there is one family member requiring care or up to 10 days when there are two or more family members requiring care • Wages will not be paid during leave, but annual paid leave can be used
Limitations on overtime work	Eligibility: Employees with a family member requiring care Details: Cannot be ordered to work more than 24 hours of overtime per one month or over 150 hours per year
Exemption from overtime work	Eligibility: Employees with a family member requiring care who request it Details: Exempted from overtime work
Limitations on late night work	Eligibility: Employees with a family member requiring care who request it Details: Cannot be ordered to work late at night

Number of Overtime Hours Worked and Days of Paid Leave Taken by Regular Employees

	FY2016	FY2017	FY2018	FY2019	FY2020
Average number of overtime hours (per annum)	93.6	146.6	157.7	131.0	102.8
Average number of days of paid leave used	14.3	12.1	13.4	14.4	12.6

* "Regular employees" means our Company (non-consolidated basis) personnel working during daytime hours, excluding managerial personnel.

Human Resources Development



We believe that the growth of each and every employee is a driving force behind the sustainable growth of our businesses. For this reason, we recognize that human resources development is a critical aspect of management. We have established a policy

The type of personnel we look for

Our Company seeks to hire and foster people who will share and commit to its Business Philosophy—"Our Company places prime importance on trust and sureness, and shall commit itself to contributing to the progress of society and enhancement of people's welfare and livelihood through its business activities." Furthermore, we need people who will embrace the Company's mission to become an excellent global enterprise that helps enhance customer value through its products and services, creating plastics with more sophisticated functions, and can achieve sustainable growth in the advanced chemical-products sector. Specifically we seek personnel with the four characteristics listed on the right.

Key characteristics of the autonomously motivated personnel Sumitomo Bakelite Co., Ltd. seeks

1. **People who are growth-oriented** and have the drive to acquire new skills and knowledge necessary for their jobs;
2. **People with a pro-reform stance** who are not satisfied with the status quo, but are always looking for ways to do a better job;
3. **People with a team-oriented approach** who can combine their individual strengths with the strengths of those around them to deliver better results; and
4. **People with professionalism** who possess outstanding skills and know-how and can produce results through their work anywhere in the world

Feedback from a user of our system

After using the Childcare Leave Program, I feel grateful for the Company's system and workplace understanding

After the birth of our first child on October 17, 2020, I took childcare leave from November through March of the following year. To put it honestly, I feel like this was a period in which I just got a real sense of how hard it is to care for one child.

The period in which I took childcare leave was the several months following childbirth, during which children are said to sleep for 15 hours a day or more. If our child sleeps that long, I thought, then it should be manageable even if my wife prioritizes rest immediately after childbirth. But that was wishful thinking. First of all, our child didn't get to sleep easily, and there were also heaps of things to do whether a child is asleep or awake. Any down time in which to relax my body or my mind was utterly lacking. Unfortunately, I hurt both my shoulders and my lower back once each during this period. I ended up spending each day coping frantically as I got help from lots of people, both directly and indirectly, and after all, my childcare leave period was over in a flash. I'm just supposing, but I imagine that even if I hadn't taken childcare leave, my child would have grown just as quickly. But the common understanding among my family is that my wife might not be as happy and smiling as she is. It's on this point that we were really helped by the system and by the understanding in my workplace. I have nothing but gratitude for that. When anyone around me takes childcare leave, I definitely want to support him.



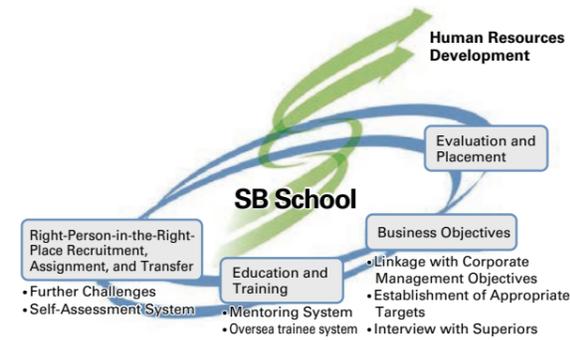
S-BIO Business Div., Sales Dept.
Hisatoshi Yoshinaga

The Group's in-house training institute, "SB School"

In September 2007, we opened the Sumitomo Bakelite Co., Ltd. School (SB School) as an in-house training institute. The aim of SB School is to provide lifelong education and training courses that help our Group achieve sustainable growth of business operations while maximizing corporate value. The school offers courses for all grades of employees from all departments. These include "all-employee education" courses that spread awareness among employees of the Company's Basic Policy as well as fundamental knowledge about such issues as enhancement of CS, compliance, human rights, occupational safety, quality, and the environment. The school also systematically plans and implements various other kinds of educational and training courses needed by employees. During fiscal 2020, many of the educational programs were changed from in-person to remote formats due to the impact of COVID-19. During the year April 2020 through March 2021, the cumulative participation in SB School courses was about 25,000 employees, and the number of hours of education provided was approximately 33,300. We will plan and implement an increasingly wide range of

programs to develop the capabilities of all employees—the Company's most precious management resource.

SB School and Human Resource Development



Education and Training Structure of SB School

	All-employee education	Training by corporate departments	Special purpose training	Education for each employee grade	Self-development support
Executive officers	Basic policies/compliance Safety Quality Environment Human rights in the workplace CS (enhancing customer satisfaction)			Education for executive officers	Self-development/English conversation training Correspondence courses
Management staff				Education for management staff	
Department managers				Education for line managers (advanced) Education for line managers (basic)	
Section chiefs				Education for newly appointed section chiefs	
Supervisors/engineers				Education for newly appointed management staff	
Leaders (team leaders)				Education for site leaders	
Sixth year				Education for mid-career employees	
Second year				Education for employees in their third year in the company	
New recruits	Follow-up education for new recruits Education for new recruits				



Education for newly appointed management staff (remote lecture by the President)



Education for newly appointed management staff (screenshot)

SB School Course Participation (fiscal 2020)

(Unit: Persons)

Type of course	Number of participants
Education for newly appointed section chiefs	33
Education for newly appointed management staff	30
Education for employees in their third year in the company	30
Follow-up education for new employees	30
Education for new employees	30
Life plan education	81
Total	234

* All programs were conducted remotely.

TOPIC Manufacturing-oriented SBPS Education

SBPS activities originally began as an offshoot of on-site kaizen (improvement) activities but are now implemented throughout the Company in order to generate the values demanded by customers and society. The activities are aimed at securing the revenue and safety (personnel, facilities, environmental, and quality) that our company requires to achieve sustainable development. The activities involve setting specific targets (financial, quantitative, and delivery), planning who needs to achieve each of these targets by when, and implementing these plans without delay, meaning the activities are just the same as the daily work tasks carried out by employees. We believe that, through the ages, technical capabilities, knowledge, experience, and tireless will that each individual has who promotes these activities will always bring about our required results. Based on this idea, we have organized education programs targeting each employee grade and level as part of the SB School system. The planning and operation of the education is in principle carried out by employees themselves. Attendees are required to submit reports, and the emphasis is placed on putting what they have learnt into practice in their own departments. Regular followups are carried out to track their progress. Our training course for foremen is one example of our employee grade-based education. We began offering courses designed to foster future workplace leaders back in 2017. Although the program had to be postponed in 2020 due to the impact of the spread of COVID-19 infections, it was scheduled to be held in 2021 with consideration given to online classes.



Training course for foremen

R&D and Tech Day Held

In November 2020 we held "R&D and Tech Day 2020" to share information about technology across the boundaries of the various departments and businesses that we operate with the aim of enhancing our overall Group-wide technological capabilities. Due to the impact of the spread of COVID-19 infections, we used a hybrid of online and in-person formats for this fiscal year's event. Held on one day during normal years, this time the event was spread out over four days, as more than 300 staff members from Japan and overseas, primarily from research departments, manufacturing-related departments, marketing, and

sales participated. Total viewership amounted to 1,200 employees. The same type of format is also planned for the 2021 event.



Presentation of the top award to the best department at R&D and Tech Day 2020

'Gemba Kaizen' Activity Presentation Meeting Held

Due to the impact of the spread of COVID-19 infections, we canceled 'Gemba Kaizen' Activity Presentation Meeting 2020, a venue for presenting successful outcomes of daily improvements at each business location. The event for fiscal 2021 was held in May using a hybrid of online and in-person formats.



Presentation of the top award to the best department at the 2021 "Gemba Kaizen" Activity Presentation Meeting

Quality Control Skill Enhancement

We offer 30 quality-training programs at our SB School to increase our employees' awareness of quality, to prevent quality problems, and to improve quality techniques. November every year is designated as "quality month," and quality education via e-learning is provided for all employees. We provide education for second-year employees in the engineering track through our Company's educational system by offering easy-to-understand lectures and practical training in areas such as the company's quality policy and approach to quality, our way of thinking about quality assurance, regulations, quality management systems, problem-solving methods (FTA, FMEA, Why-Why

Analysis, and Further Investigation), and statistical methods from the early stages of the career of employees assigned to the research and production engineering departments. Administrative employees were also included in the eligible group for receiving education in areas such as quality in general, regulations, and management systems. In fiscal 2020, we worked on enhancing the level of our quality control managers by offering our training course for quality management representatives to those selected the previous year as candidates to lead the next generation. We plan to further enhance the curriculum in fiscal 2021 for this ongoing program.

Environmental Education

Our laboratories and plants handle a wide range of chemical substances. We conduct periodic group education programs for employees, including new employees, with the objective of protecting the environment in the vicinity of our business sites and ensuring that employees work in safety. These programs are designed to enhance employees' understanding of the properties of chemical substances and the content of relevant laws and regulations, thus enabling them to handle chemical substances appropriately.

In addition to group education programs, environmental education by e-learning is conducted every year for all employees in June, a month dedicated to enhancement of environmental protection. This helps our employees learn and gain an in-depth understanding about the various activities that the company is undertaking with regard to the environment and safety, including Responsible Care.

Human Rights Education



Our Company prohibits discrimination and harassment within Our Code of Conduct and other regulations, with this including at our Group companies as well. We offer education related to our Code of Conduct when employees join the company, and promote awareness of human rights. We give consideration to and practically implement education to raise awareness of human rights that we as a company ought to address, and encourage each and every one of our employees to adopt a proper understanding when it comes to discrimination and various types of harassment out in society at large. Every year, we provide education to all of our employees via e-learning to coincide with Human Rights Week in December. This deepens employees' understanding of typical types of harassment, including power harassment, sexual harassment, and maternity harassment, which are social problems, and teaches them points to be aware of to ensure that they do not perpetrate harassment. Techniques for communication amid the rapid expansion of remote work were taken up as part of efforts to prevent harassment. It has been designed to be a specific, easy-to-understand educational program that introduces employees to case studies and contact points to consult with in the event that they are harassed.

We recognize that the problem of harassment is a risk that is always liable to occur, regardless of the size of the workplace. But we will move ahead in creating spirited workplaces where it is easy to work and in which employees respect one another's individual character and human rights.



Employees receiving computer-based human rights education
* The photo shows a conceptual image.

TOPIC My Jinken Declaration

As part of our effort to realize a society in which everyone respects each other's human rights, we became a participant in the My Jinken Declaration program in June 2021.

* The My Jinken Declaration is an initiative in which companies, organizations, and individuals declare that they will take actions to respect human rights in order to realize a society in which everyone respects human rights.



My Jinken Declaration

Health Management



Our Company strives to create workplaces conducive to the maintenance of employees' good health, both physical and mental. Our employee health management activities are primarily based on the results of regularly scheduled health checks. In particular, employees over 30 years old are entitled to receive cancer screening (stomach and colon) and those over 40 years old can receive abdominal ultrasonography as well. We also offer health guidance to employees to help prevent lifestyle diseases such as diabetes, hypertension and dyslipidemia. By ensuring that employees properly understand the results of health checks and receive timely diagnoses and guidance from in-house and external industrial physicians and other medical staff, the Company is contributing to the prevention or amelioration of lifestyle diseases.

In addition, employees engaged in work that involves use of organic solvents and specified chemical substances receive special health checkups twice a year for early detection and prevention of health problems attributable to occupational diseases. We also provide opportunities for employees to receive health consultations at their own discretion with industrial medical staff who offer advice on physical and mental health issues.

In order to promote health, we are strengthening employee education based on the understanding that it is important for individual employees to be aware of prevention. With

regard to mental health, for which detection at an early stage is deemed as important, education is provided to all employees and proves useful in the acquisition and enhancement of their knowledge. Furthermore, consultations with physicians are arranged once a year for employees who wish to undergo a stress check. The necessary measures are implemented based on the results of the examination, and efforts are made to improve the workplace environment based on the results of a group analysis. For employees suffering from mental health issues, measures are put in place in line with a support program designed to help them return to work and to prevent relapses through the concerted effort of their superiors, people in charge of labor affairs, industrial physicians, and healthcare staff.

As part of our Data Health Plan, we began an initiative to prevent the worsening of illnesses. This supports appropriate action to prevent illness and to keep illnesses that can be dealt with through health check-ups from becoming severe. Based on the opinion of a supervising industrial physician, subjects of assessment are divided into three ranks, and industrial medical staff offer advice appropriate to each rank.

Mental health education is also offered online at all business sites as a measure to promote mental health.

TOPIC Health Instruction Held Online to Raise Health Awareness

Continuing from last year, health classes were conducted in collaboration between the Company and our health insurance association as part of the Data Health Plan put forward under the guidance of the Ministry of Health, Labor and Welfare (MHLW), with the aim of improving lifestyle habits and health awareness among employees. Survey results regarding working from home have revealed that lack of exercise has become an issue. To address this, and as part of our COVID-19 countermeasures, we implemented a program in online format aimed at boosting metabolism.

Opinions on the program revealed that the ability to take on these efforts without concern about being seen by others was a significant factor in being able to take the course from home. We plan to continue working on employee health maintenance while giving thought to prevention of contagion.



Online health instruction.
* The photo shows a conceptual image.

Labor-management Relations



We recognize that pleasant and satisfying working environments contribute to the development of the company, and therefore, good labor-management relations and the collaboration they lead to are essential ingredients of such working environments. As of March 31, 2021, 100% of general employees from our Company and its domestic group companies are members of the Sumitomo Bakelite Co., Ltd. Union (hereafter, "the Union"). 53.2% of all employees are covered by the company's collective bargaining agreement.

Corporate-level meetings of the company's management and representatives of the Sumitomo Bakelite Co., Ltd. Union are held twice a year at the head office. These meetings are valuable opportunities to cultivate favorable labor-management relationships by sharing frank views on the business environment and the Company's operations. Major business sites also hold monthly labor-management meetings at which information about conditions in each department is shared.

As for health and safety, we aim for creating safe and comfortable workplaces through labor-management collaboration based on the provisions of the labor agreement. In fiscal 2020, the spread of COVID-19 necessitated a cancelation of the annual labor-management meetings on occupational health and safety which gather safety representatives from the Union across Japan. A meeting for fiscal 2021 is under deliberation. We also recognize that occupational health and safety is an important theme to monitor between labor and management. At our Company along with its subsidiaries and affiliates with a labor union in Japan, provisions on health and safety are included in the labor agreements that establishes a formal agreement between the company and its labor union.

We are also putting effort into developing good labor-management relations at our overseas business sites. As of March 31, 2021, 16 out of 27 overseas business sites have labor unions; of these, 15 have concluded labor agreements, while 7 have established arrangements on safety and health.

Relationships with Shareholders and Investors



Basic Policy on Profit Distribution

We are working actively to enhance our corporate value and regards returning a portion of profits generated by our businesses to shareholders as one of its most important management priorities. In allocating profits, we take into consideration the balance with retained earnings that will be used for the future development of the business, such as R&D expenditures, capital investment, and M&A. In doing so, our intent is to continue a

stable allocation commensurate with consolidated business results. For fiscal 2020, we allocated an annual dividend of 75 yen per share, the same amount as for the previous year, out of consideration for strategic investment for continued growth and securing capital for M&A.

Dialogue with shareholders/investors

We carry out appropriate and timely disclosure of corporate information in accordance with the disclosure standards of the Tokyo Stock Exchange and the "Information Disclosure Guidelines" in which we have set our basic approach to disclosing information to stakeholders including investors and employees simultaneously, fairly, and accurately.

We also make efforts to proactively disclose our information such as financial results, general shareholders' meeting, along with information disclosed in the manner as stated in the above paragraph, through posting them on our website.

Furthermore, for analysts and institutional investors, after announcements of quarterly financial results we host presentations on financial results and offer explanations of these results via telephone conferences, and organize individual meetings.

During fiscal 2020, in-person presentations on financial results and other face-to-face meetings were postponed out of concern for the spread of COVID-19 infections. However, through business performance presentations by using teleconferencing formats and participation in conferences held by securities companies, we provided information just as in ordinary years to analysts and institutional investors both in Japan and overseas from our President, and from the Director Overseeing Finance and Accounting. The use of teleconferencing also made it possible to hold individual meetings to exchange opinions. Moreover, through securities companies, we held small meetings on topics involving

semiconductor materials, one of our key business operations, in which numerous institutional investors participated.

Number of Institutional Investors Attending Business Performance Presentations

	1Q	2Q	3Q	4Q
Fiscal 2019	42	68	46	57
Fiscal 2020	65	57	63	72



A small meeting

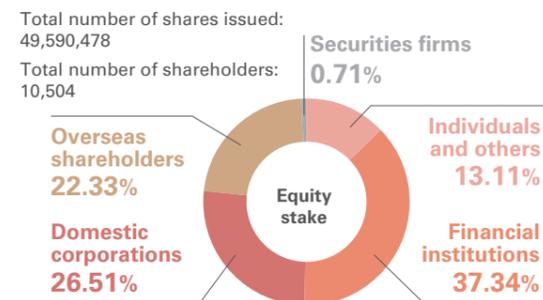


Our 130th Annual Business Report

Encouraging Exercise of Voting Rights at Shareholders' Meetings

In order to enable as many shareholders to exercise their voting rights as we can, we send out convening notices early, and post them on our website before doing so. We also enable online exercise of voting rights, as well as access to the platform run by ICJ, Inc., which is designed to enable institutional investors to exercise their voting rights electronically. In order to help overseas shareholders exercise their voting rights, we produce English-language versions of our convening notices and reference documents, and post them at our website.

Shareholder Information and Equity Stake (as of March 31, 2021)



External assessments

FTSE Blossom Japan Index

An index established by FTSE Russell, a worldwide provider of market indexes. It is composed of Japanese companies selected for superb handling of ESG. Selected from among the shares on the FTSE Japan Index, it is designed to contain a distribution of industries equal to that of the Japanese stock market. Our Company had a comprehensive evaluation (ESG score) of 3.0 as of December 2020.



S&P/JPX Carbon Efficient Index

A joint-brand index for the Tokyo Stock Exchange of S&P Dow Jones Indices LLC and our stock exchange group (JPX) selected from among TOPIX shares, it is weighted toward companies with outstanding carbon efficiency and environmental information disclosure. Our Company has received a decile class rating of 2 and an information disclosure status rating of "Disclosed."



EcoVadis Sustainability Rating 2021: Gold

EcoVadis SAS was established in 2007 as an institution that evaluates the ESG efforts of companies in order to improve the environmental and social practices of companies across their whole supply chains. Thus far, it has assessed approximately 75,000 companies in 200 industries and 160 countries in terms of their policies, measures taken and performance in the four categories of environment, labor & human rights, ethics, and sustainable resource procurement. EcoVadis confers its Gold rating only on companies performing within the top 5% of the plastic manufactures it evaluates.



CDP "Climate Change 2020"

Established to carry out activities seeking information disclosure from corporations on their greenhouse gas emissions and efforts to counter climate change, CDP has been measuring and managing the environmental impact of industry since its start in 2000. Approximately 9,600 companies have disclosed climate change information (2020 data), and CDP scores companies' environmental performance on a scale topped by the "A" rating. Our Company has received a score of A-.



CDP Water Security 2020

CDP Water Security is a program seeking disclosure of information on risks affecting water security. Companies compile their own statistics on items including the volume of water we consume, wastewater emitted and processing methods, which is useful in understanding data on water stress. Our Company has received a score of B-.



SOMPO Sustainability Index

In 2021, our Company was selected for inclusion for the second consecutive year in the SOMPO Sustainability Index, established independently by Sompo Asset Management Co., Ltd. The roughly 300 shares comprising the index are selected each year for outstanding environmental, social and governance (ESG) performance. The index is used for the SOMPO Sustainable Operation program.



Next-generation Certification Mark (Kurumin)

In December 2015, we received certification as a company that supports childrearing, and have received the Next-generation Certification Mark (Kurumin) for a second time. This is a system in which the Minister of Health, Labor and Welfare certifies business operators who formulate and implement action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and who satisfy all certification conditions.



Relations with Local Communities



Environmental Initiatives

Biodiversity Conservation Initiatives

Our Company's business activities rely on nature's bounty. Following the philosophy of our Responsible Care Activity Guideline, we recognize the importance of conserving biodiversity. As such, we are a promotion partner of "The Declaration of Biodiversity by Nippon Keidanren." Understanding the importance of biodiversity outlined in the guidelines and reflecting it in the basic management stance, and following these declarations, we are promoting environmental

impact reductions, compliance with our procurement policy, and dialogue with communities through preservation activities at biotopes set up at some of our business locations. In terms of our initiatives during the product life cycle, we develop ecofriendly products, while outside of Japan we take part in local initiatives, including those that protect rare tree species. These initiatives are approved, monitored, reviewed and modified by our Responsible Care Committee.

TOPIC The Biotope and Visiting Guest Lesson Initiative

The results of an investigation into the relationship between the business sites of our Group worldwide and protected areas where biodiversity is considered important indicated that none of our business sites were located in these areas. Although not a protected area, the results of an ecosystem survey conducted in fiscal 2011 at the site of our Shizuoka Plant located in Fujieda City, Shizuoka Prefecture, confirmed the presence of Japanese killifish, an IA-rated endangered species. After determining the strong need for preserving the biodiversity of this site, we decided to create a company biotope. The creation and maintenance of the biotope were completed in March 2017. The biotope, which occupies about 5% of the Shizuoka Plant's 287,000m² site, is habitat for a wide variety of fauna and flora, including ancient Oga lotus and jewel beetles, among others, in addition to Japanese killifish.

We continue to engage in communication with local communities, such as by spreading the word on the significance of our biotope for biodiversity to the community and supplying some of the Japanese killifish that have taken root and

multiplied within our biotope to neighboring locations. During fiscal 2020, the impact of the spread of COVID-19 infections resulted in a major year-on-year decrease in visitor numbers. In addition, under the declaration of a state of emergency, admission of school study excursions was canceled to prevent the spread of contagion. Meanwhile, elementary schools in the vicinity were already aware of the biodiversity conservation activities centering on the biotope, resulting in an increase during fiscal 2020 of requests for visiting guest lessons provided at schools. Conservation methods for Japanese killifish and our Company's SDGs efforts were presented to a total of about 300 schoolchildren at three nearby elementary schools. Children who underwent the lessons wrote compositions expressing their thoughts, and school faculty expressed their appreciation upon hearing about the actual efforts of industry with respect to SDGs. Amid ongoing concern over the spread of COVID-19 infections, ensuring that these efforts take root represents one means of deepening our ties with our local community.



Biotope general information sign



Japanese killifish (Oryzias latipes)



Oga lotus



Elementary school excursion and lesson



Elementary school visiting guest lesson



Thank-you notes from the schoolchildren

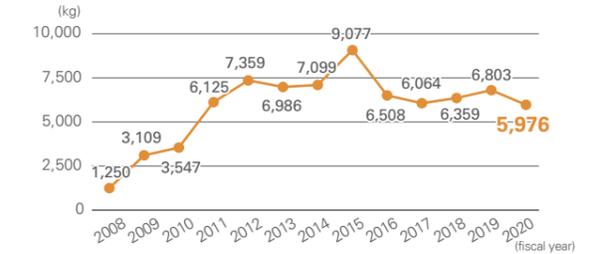
Initiative to Protect Forest Ecosystems

Our Company contributes to conservation of biodiversity by protecting forest environments through supporting forest thinning projects and afforestation activities. Our Company has supported forest thinning mainly in Iwate Prefecture since fiscal 2008 by expanding the use of Paper Products that Contribute to Forest Thinning Efforts promoted by the Morino Chonai-Kai (Forest Neighborhood Association). The cumulative amount of this paper used since fiscal 2008 is approximately 76.3 tons, which corresponds to the thinning of 5.13 hectares.

Our business site in Indonesia engages in afforestation activities for growing mangrove forests that protect various species of marine organisms, and is also carrying out a BIOPRI Hall campaign to mitigate climate change. Going forward, we will continue to conserve biodiversity tailored to the environment surrounding each of our business sites.



Amount of Paper Products that Contribute to Wood Thinning Efforts Used by our Company



Indopherin Jaya: BIOPRI Hall movement to alleviate climate change (The SI MAK NGEBOR program, run by the Probolinggo Environmental City Hall and the local community)

Environmental Conservation and Beautification Activities in the Surroundings of Plants

We are working to conserve and beautify the areas surrounding each of our production plants by cooperating with local environmental conservation activities and campaigns against illegal dumping of waste as well as cleaning and beautification events organized by local



Sumitomo Bakelite (Nantong) Co., Ltd. Amagasaki Plant
Cleaning up trash with local volunteers in a Nantong city park. Participation in Tasogare Clean Campaign, a municipally run program of litter education and clean-up

Initiatives in Society

Support for Japan Inclusive Football Federation

We concluded a partnership agreement with the Japan Inclusive Football Federation (JIFF),^{*1} as an initiative from the standpoint of respect for diversity and contributing to the realization of a society where everyone can live in harmony. Based on this agreement, we provide support for the development of inclusive soccer sports. Although Inclusive Football activities themselves were restricted during fiscal 2020 because of the COVID-19 pandemic, we continued our partnership agreement. Going forward, we will continue to support this activity that broadly seeks to build a society in which people can intermingle and coexist through soccer regardless of their

disabilities as an official partner.
^{*1}The Japan Inclusive Football Federation (JIFF) is an organization that brings together seven inclusive soccer sports associations. JIFF carries out activities under its commitment to create a vibrant society that respects each person's uniqueness through the benefits of sports and soccer regardless of disability.



JIFF logo

Official Partnership Agreement with Fujieda MYFC

Since fiscal 2018, we have been in an official partnership agreement with Fujieda MYFC, a professional soccer club in a J League J3. The team's home town is the Haibara District of Fujieda City, Shizuoka Prefecture, where our Shizuoka Plant is located. Therefore, we provide our support to the team as a partner with the goal of lending our cooperation to the Haibara District of Fujieda City in Shizuoka Prefecture, which promotes revitalization of the town through soccer, and also to contribute to the community and boost the motivation of our employees.



Fiscal 2020 Match Day



Fujieda MYFC logo

Relations with Local Residents and Participation in Local Events

We are working to enhance the welfare of local communities by proactively interacting with local residents and participating in local events to deepen our ties with them, as well as engaging in volunteer activities and making donations. We also cooperated with local government bodies and medical facilities during fiscal 2020 on suppressing the spread of COVID-19 infections.



Sumitomo Bakelite Europe(Barcelona), S.L.U

Having introduced SAP in 2019, it was then necessary to replace computers in order to ensure the program's operation, so 14 computers (including display, keyboard and mouse peripherals) were donated to the City Council of Montornès.

TOPIC Face shield donation, stockpile agreements

In order to suppress the spread of COVID-19 infections, our Company Group manufactures face shields and ensures that they can be used in regional community safety measures by donating them to local government bodies and entering into stockpile agreements.



Shizuoka Plant: Face shield donation (left), stockpile agreement (right)

TOPIC Support for medical professionals (Promerus, LLC)

As COVID-19 infections spread, hospitalizations increased in tandem with the rising infection rate. Many hospitals did not have sufficient personal protective equipment (PPE) to deal with the increase in caseload. The area of Northeastern Ohio, where Promerus, LLC is located, was no exception. A call for PPE donations was put out to the general public through the health department. With Promerus, therefore made two donations of PPE through the Summit County Public Health Department to support local medical professionals, including a total of 11,400 gloves, 36 safety goggles, 3 face shields and 1,000 shoe covers, as well as protective clothing.



Donations

Under our Company Group's business philosophy (Company Policy), we cooperate on cultural and academic activities such as symphony orchestras, environmental conservation activities such as the Keidanren Committee on Nature Conservation that works to actively protect nature and conserve biodiversity, and international events such as the International Chemistry Olympiads (Details: URL on the right) in which senior high school students compete against one another to demonstrate their chemistry capabilities. We also donate directly to specific groups across a wide range of fields including the Akita Prefecture "Corporate Version of Hometown Tax," Expo 2025 Osaka, Kansai, Japan, and the EU Japan Fest Japan Committee, in addition to schools and education, social welfare, academic promotion, R&D,

regional development, international exchange, and sports for people with disabilities. Through these donations, we are helping to create a better environment and support the development of the next generation. Looking ahead, we will continue this support to create a brighter future for all people.



[Link](#) → International Chemistry Olympiads

Initiatives Relating to Fostering the Next Generation

Support for Education of the Next Generation (Fujieda City Science Education Support Project)

We are taking the lead in providing support for the education of the next generation as part of an industry-government-academia partnership in cooperation with other companies with production plants located in and around Fujieda City, Shizuoka Prefecture, an initiative that has been ongoing since 2009.

Although implementation was postponed in FY2020 due to the impact of the spread of COVID-19 infections, events held up to this point have received high praise from local government and school officials. Future events are scheduled to include online formats.



Views from FY2019



Welcoming Next Generation Internships and Factory Visits

In order to support the growth of the next generation of students we proactively accept student interns and also welcome students to company briefings and site visit events

(factory tours) to aid their understanding of our business and the work carried out at our production plants.



Shizuoka Plant
Graduate students were accepted for internships at the Corporate Engineering Center

Amagasaki Plant
Local government council members were invited to join in a plant tour.



Governance

Corporate Governance



Basic Approach to Corporate Governance

As a pioneer in plastics, we bring “delight” to customers through the creation of new advanced functions from plastics and through the use of its products, with the goal of contributing to value creation for customers and various other stakeholders. For this reason it is important to earn the trust

of society and be needed by society, and therefore, we are establishing efficient and effective structures for achieving management that are highly compatible with society and the environment and for addressing risks facing management, including rigorous compliance.

Management System

Board of Directors

We are a company with a Board of Corporate Auditors. As of June 24, 2021, ten Directors (of which three are Outside Directors) and four Corporate Auditors (of which two are Outside Corporate Auditors) had been appointed. The Board of Directors is chaired by the Chairman and Representative Director.

At its monthly meetings, the Board of Directors renders decisions on important operational matters and receives monthly performance reports and reports on progress

regarding important operational matters from each of the Directors. The chair also holds hearings on the opinions of and reports from Corporate Auditors to ensure that thorough discussions are carried out. In the case of conflicts of interest involving any Director, potential conflicts of interest are required to be reported in advance to the Board of Directors to obtain its approval, with reports to be given on the propriety of this after the fact.

Board of Corporate Auditors

The Board of Corporate Auditors is comprised of two Standing Corporate Auditors and two Outside Corporate Auditors who serve part-time and have their independence. The activities of the Board of Corporate Auditors and the Corporate Auditors is assisted by one assistant of auditors who serves in another position concurrently and possesses the ability and experience including knowledge and experience of finance and accounting necessary to execute business duties. Board of Corporate Auditors meetings are held on a monthly basis ahead of meetings of the Board of Directors, and also on an extraordinary basis as needed. During fiscal 2020, they met 16 times for an average time of 1 hour, 10 minutes per meeting.

The Board of Corporate Auditors and KPMG AZSA LLC, which is responsible for accounting audits, consult and exchange information with one another over the annual audit plans, risk assessments, points at issue with the audits, the progress of the audits, and other such matters. In addition, Standing Corporate Auditors work to deepen reciprocal partnerships with Accounting Auditor and ensure the reliability of accounting audits through efforts like participating in audit reviews on on-site audits by Accounting Auditor and accompany to such on-site audits (performed a total of four times including online conferencing).

In further heightening the effectiveness of the Board of Directors and of auditor audits, the Board of Corporate Auditors places great importance on ties with Outside Directors. All Board of Corporate Auditors members attends the Outside Officers' Meeting noted below (which met 10 times during fiscal 2020 for an average time of 1 hour, 22 minutes per meeting), where they exchange opinions on agenda items for meetings of

the Board of Directors and share a variety of administrative information.

Standing Corporate Auditors participate in audit reviews on internal audits and accompanies to such internal audits (performed a total of 11 times including online conferencing), exchange information and opinions with one another at regular meetings (in principle to be held quarterly), and also report the circumstances of these to the Board of Corporate Auditors where appropriate. In addition, the Board of Corporate Auditors including Outside Corporate Auditors maintains close coordination with the Internal Audit Department, such as by holding sessions to exchange information with said department.

According to the audit plan, each Corporate Auditor performs audit activities through attending important internal conferences including Board of Directors meetings, meetings regularly with the President and Representative Director, and so on. Items noted during these auditing activities are to be raised as issues or recommendations to the Directors or operating departments as necessary.

According to assigned tasks for full-timers, Standing Corporate Auditors participate in important meetings and receive a circular of approval procedures for important project, while also actively attending in person at on-site audits of business sites and subsidiaries, as well as those performed by Accounting Auditors and Internal Auditing Departments. In order to deepen relationships with Corporate Auditors of subsidiaries, they also hold gatherings and exchange information about the status of audits with Corporate Auditors of subsidiaries.

Executive Officer Structure and Executive Officers' Meeting

We have adopted an Executive Officer structure, in which Executive Officers, who are appointed by the Board of Directors, are responsible for executing their assigned tasks under the direction of the President based on the policies approved by the Board of Directors. As of June 24, 2021, 18 Executive Officers (including six who serve concurrently as Directors) had been appointed.

Executive Officers' Meetings, which are comprised of Directors, Executive Officers, and Corporate Auditors, are held once a month. Here, the policies decided by the Board of

Directors and important matters are informed, performance reports are confirmed and reports on the implementation operational status are given by each Executive Officer, and reviews of and information on important matters are shared. As of June 24, 2021, all 26 of our officers, who are Directors, Corporate Auditors, and Executive Officers, included 24 men and two women, with a female board member ratio of 8%. All of our officers with the exception of one Corporate Auditor are 50 or older.

Outside Directors / Outside Corporate Auditors

Outside Director Hiroyuki Abe has expertise, considerable experience and wide range of insight as a university professor, and we anticipate that he will bring these abilities to bear in providing germane opinions and valuable advice from an objective standpoint. He also serves as a member of the Appointment and Remuneration Committee.

Outside Director Kazuo Matsuda has considerable experience and wide range of insight that he cultivated at a financial institution as well as business companies as a management executive, and we anticipate that he will bring these abilities to bear in providing germane opinions and valuable advice from an objective standpoint. He also serves as a member of the Appointment and Remuneration Committee.

Outside Director Etsuko Nagashima has an expert viewpoint as a certified public accountant and wide-ranging views related to financial matters and accounting, and we anticipate that she will bring these abilities to bear in providing germane opinions and valuable advice from an objective standpoint. She also serves as a member of the Appointment and Remuneration Committee.

Outside Corporate Auditor Kazuhiko Yamagishi has an expert viewpoint as a lawyer and wide-ranging views related to business management, and he brings these abilities to bear in auditing our Company.

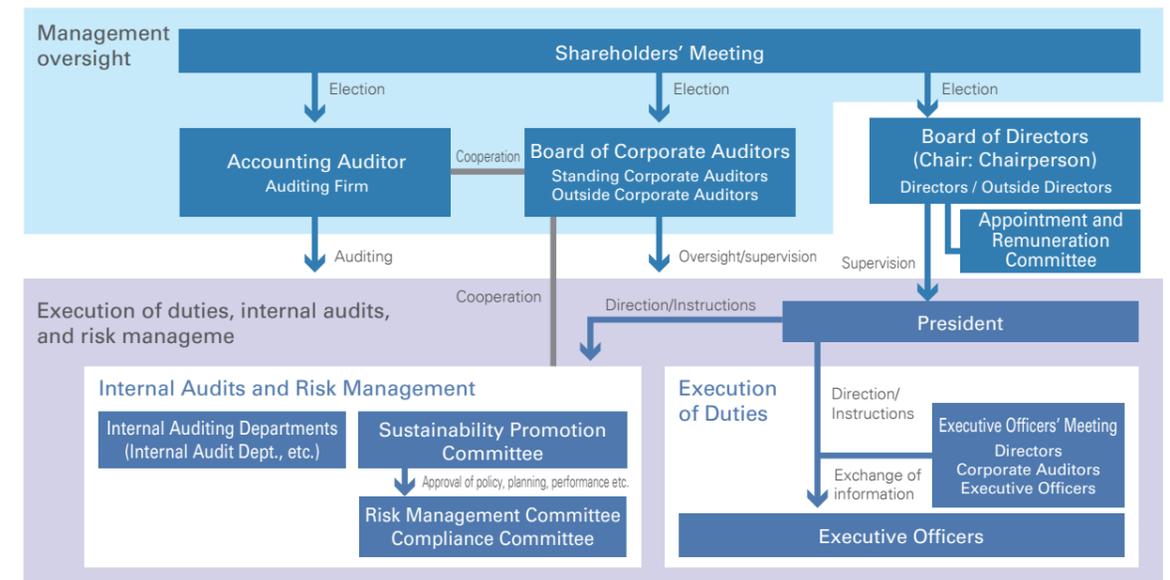
Outside Corporate Auditor Noriko Kawate has an expert viewpoint as a certified public accountant and tax accountant, as well as wide-ranging views related to financial

and accounting matters and business management, and we anticipate that she will bring these abilities to bear in auditing our Company.

We have established the Criteria for Independence of Directors and Corporate Auditors through a resolution of the Board of Directors, and has determined that the aforementioned Outside Directors and Outside Corporate Auditors are independent pursuant to said criteria. In addition, they have been submitted as independent officers as stipulated by the Tokyo Stock Exchange.

We have also established the Outside Officers' Meeting, which convenes on a monthly basis and consists of Outside Directors, Outside Corporate Auditors, the Director Overseeing the Corporate General Affairs Division, the Executive Officer in charge of the Corporate General Affairs Division, Standing Corporate Auditors, Corporate General Affairs Division, and Corporate Finance & Planning Division. At the Outside Officers' Meeting account settlement information on our Company is shared, introductions to our businesses are provided from the executive officers in charge of each segment, and advance explanations of agenda items for meetings of the Board of Directors are provided. This is done in an effort to exchange information regarding our Company's business strategy and management issues, and to share information and awareness concerning our Company between Outside Directors and Outside Corporate Auditors.

Structure of Corporate Governance (as of June 24, 2021)



Appointment and Remuneration Committee

The Appointment and Remuneration Committee has been established to take part in the appointment of Directors and decisions regarding the amount of their remuneration. It is a voluntary committee chaired by Chairperson and Representative Director Shigeru Hayashi and also consisting of President and Representative Director Kazuhiko Fujiwara and three Independent Outside Directors (this refers to Outside Directors who has been submitted to the Tokyo Stock Exchange of their position as independent officers) who constitute a majority on the committee. These are Hiroyuki

Abe, Kazuo Matsuda and Etsuko Nagashima. This Committee holds deliberations regarding Directorship appointments, including assignments to and dismissals from Directorships, elections and dismissals of Representative Directors, as well as plans for successors of the President and Representative Director. It then reports its findings to the Board of Directors based on the results of these deliberations. This Committee makes a decision regarding items (including systems and policy) concerning remuneration for Directors responding to delegation based on resolution of the Board of Directors.

Executive Remuneration

The remuneration of Directors consists of monthly base pay and a bonus. The monthly base pay is fixed based on one's job title, while the amount of the bonus is determined according to the Company's business profit during the fiscal year, in order to raise Directors' motivation to achieve the fiscal year business plan. The annual amount of the monthly base pay and bonus is determined within the total amount of remuneration approved by the Shareholders' Meeting. The individual amounts of monthly base pay paid to each position of Representative Director / Chairperson, as well as President, Senior Managing Executive Officer, Managing Executive Officer, and Executive Officer serving concurrently as Directors are set. The net amount to be paid for bonuses is calculated by multiplying a fixed multiplier against business profit, and the amount paid to each individual is calculated by multiplying a fixed multiplier determined according to the person's title. Outside Directors are paid only a fixed monthly base pay. The amounts of monthly base pay and bonuses paid to

Directors are determined by the Board of Directors as noted above, with decisions entrusted to the Appointment and Remuneration Committee regarding the distribution of amounts of monthly remuneration payments and bonus amounts, which are determined according to Directorship position. The remuneration of Corporate Auditors consists of base pay (monthly pay). The net amount and the amounts paid to each individual are determined by consultations with the Corporate Auditors within the total amount of remuneration approved by the Shareholders' Meeting. Remuneration for executive officers in fiscal 2020 comprised a total of ¥402 million (monthly base pay of ¥290 million and bonus of ¥112 million) for eight Directors (excluding Outside Directors), a total of ¥54 million (monthly base pay of ¥54 million) for two Corporate Auditors (excluding Outside Corporate Auditors), and a total of ¥49 million (monthly base pay of ¥49 million) for five Outside Officers.

Analyzing and Evaluating the Effectiveness of the Board of Directors

We conduct questionnaires regarding matters like the management of the Board of Directors on each Director and Corporate Auditor, then analyze and evaluate the effectiveness of the Board of Directors based on the results of these questionnaires. The results of the questionnaires are discussed by the Management Committee comprised of standing Directors, as well as Outside Officers' Meeting, and reviewed by the Board of Directors. A questionnaire survey was conducted from February through

August 2020 regarding the Board of Directors agenda and reporting content, including questions on improvements observed and still required, as well as other opinions and requests regarding administration. The results confirmed that efforts are being made to improve reporting content and to enrich debate while some aspects still need work. Considering the results noted above, we have determined to continue advancing efforts at further increasing the effectiveness of the Board of Directors.

Internal Control

We have systems in place for ensuring appropriate operations in accordance with our Business Philosophy (Company Policy). In accordance with our Basic Policy on Internal Control Systems drawn up by the Board of Directors in May 2006, we periodically review the systems and promote various activities to enhance internal control. With respect to internal control over financial reporting, based on our Basic Rules and Regulations for Internal Control over Financial Reporting, we endeavor to enhance systems for ensuring the reliability of our financial reporting, appropriately operate internal control systems in terms of implementation, assessment, reporting, and correction, and ensure appropriate and timely disclosure of corporate information.

The Comprehensive Guidelines for Internal Control in Consolidated Subsidiaries covers the items that subsidiaries are required to address in establishing their internal control systems and in their subsequent ongoing implementation of control activities. The internal control over our financial reporting as of March 31, 2021 was assessed and deemed to be effective by Internal Auditing Departments. In addition, as a result of the accounting auditor's audit, it was confirmed that the internal control report presents fairly the result of assessments of internal control over financial reporting.

[Link](#) Basic Policy on Internal Control Systems

Executives (as of June 24, 2021)

Directors and Corporate Auditors



Chairman, Representative Director
Shigeru Hayashi
 Apr 1970 Entered the Company
 Mar 1999 General Manager of Functional Compounds Sales Div. of the Company
 Jun 2000 Director of the Company
 Jun 2004 Managing Director, Managing Executive Officer of the Company
 Jun 2006 Director, Senior Managing Executive Officer of the Company
 Jun 2008 Representative Director, Executive Vice President of the Company
 Jun 2010 President, Representative Director of the Company
 Jun 2018 Chairman, Representative Director of the Company (to the present)
 Representative Director of Green Chemicals Co., Ltd. (to the present)



President, Representative Director
Kazuhiko Fujiwara
 Apr 1980 Entered the Company
 Jun 2009 General Manager of S-BIO Business Div. of the Company
 Executive Officer of the Company
 Apr 2013 Managing Executive Officer of the Company
 Jun 2014 Director of the Company
 Apr 2016 Senior Managing Executive Officer of the Company
 Jun 2018 President, Representative Director of the Company (to the present)



Director, Senior Managing Executive Officer
Masayuki Inagaki
General Manager of Corporate Production Management & Engineering Div.; Overseeing Corporate Research & Development Div., Advanced Materials Research Laboratory, Bio & Science Research Laboratory and Circuitry with Optical Interconnection Business Development Dept.; In charge of Corporate Engineering Center
 Apr 1982 Entered the Company
 Jun 2009 Executive Officer of the Company
 Plant Manager of Utsunomiya Plant of the Company
 Apr 2013 Managing Executive Officer of the Company
 Apr 2014 General Manager of Corporate Production Management & Engineering Div. of the Company (to the present)
 Jun 2015 Director of the Company (to the present)
 Apr 2017 Senior Managing Executive Officer of the Company
 Apr 2021 Executive Vice President of the Company (to the present)



Director, Senior Managing Executive Officer
Sumitoshi Asakuma
Overseeing Semiconductor Materials segment
 Apr 1985 Entered the Company
 Jun 2008 General Manager of Kobe Fundamental Research Laboratory of the Company
 Jun 2010 Executive Officer of the Company
 Apr 2014 Managing Executive Officer of the Company
 Jun 2015 Director of the Company (to the present)
 Apr 2018 Senior Managing Executive Officer of the Company (to the present)
 Jun 2018 Representative Director of Sumitomo Bakelite (Taiwan) Co., Ltd. (to the present)



Director, Senior Managing Executive Officer
Takashi Nakamura
Overseeing Corporate General Affairs Div., Personnel Div. and Osaka Office and Nagoya Office; In charge of Corporate Finance & Planning Div., Corporate Planning Dept., Information Systems & Data Processing Dept. and Global Procurement Div.
 Apr 1979 Entered Sumitomo Chemical Co., Ltd.
 Apr 2015 Executive Officer of the Company
 Apr 2016 Managing Executive Officer of the Company
 Jun 2018 Director of the Company (to the present)
 Apr 2020 Senior Managing Executive Officer of the Company (to the present)
 Jun 2020 Representative Director of S.B. Information System Co., Ltd. (to the present)



Director, Managing Executive Officer
Goichiro Kuwaki
Overseeing High Performance Plastics segment
 Apr 1985 Entered the Company
 Jun 2010 Plant Manager of Shizuoka Plant of the Company
 Apr 2013 Executive Officer of the Company
 Apr 2017 Managing Executive Officer of the Company (to the present)
 Jun 2018 Director of the Company (to the present)
 General Manager of High Performance Plastic Products Business Unit of the Company (to the present)



Director, Managing Executive Officer
Takashi Kobayasi
Overseeing Films & Sheets Research Laboratory, Films & Sheets Div. and Amagasaki Plant; In charge of Healthcare Products Div. and S-BIO Business Div.
 Apr 1987 Entered the Company
 Sep 2007 General Manager of Sumitomo Bakelite (Nantong) Co., Ltd.
 Apr 2013 Executive Officer of the Company
 Apr 2017 Managing Executive Officer of the Company (to the present)
 Jun 2018 Director of the Company (to the present)
 Jan 2021 Representative Director of Kawasumi Laboratories, Inc. (to the present)



Outside Director **Hiroyuki Abe**
Outside Director **Kazuo Matsuda**
Outside Director **Etsuko Nagashima**
 See page 81 for the Outside Directors' career history.



Standing Corporate Auditor
Tsuneo Terasawa
 Apr 1974 Entered the Company
 Jun 1996 Manager of Human Resources & Employee Relations Dept. of the Company
 Jun 2002 Director of the Company
 Jun 2004 Executive Officer of the Company
 Jun 2006 Managing Executive Officer of the Company
 Jun 2008 Director of the Company
 Jun 2010 Senior Managing Executive Officer of the Company
 Apr 2014 Executive Vice President of the Company
 Jun 2015 Representative Director of the Company
 Jun 2018 Standing Corporate Auditor of the Company (to the present)



Standing Corporate Auditor
Katsushige Aoki
 Apr 1986 Entered Sumitomo Chemical Co., Ltd.
 Mar 2012 General Manager of Internal Control and Audit Dept. of Sumitomo Chemical Co., Ltd.
 Jun 2019 Standing Corporate Auditor of the Company (to present)



Outside Corporate Auditor
Kazuhiko Yamagishi
 Apr 1984 Lawyer registration
 Sep 1995 New York State attorney registration
 Mar 1998 Partner of Asahi Law Offices (to the present)
 Jun 2015 Corporate Auditor of New Cosmos Electric Co., Ltd. (to the present)
 Jun 2019 Outside Corporate Auditor of the Company (to the present)



Outside Corporate Auditor
Noriko Kawate
 Apr 1999 Entered Deloitte Touche Tohmatsu LLC
 Jul 2001 Certified Public Accountant registration
 Apr 2003 Established Kawate CPA Office, Principal (to the present)
 Nov 2004 Certified Tax Accountant registration
 Feb 2008 Established CLEA Consulting Co., Ltd., Representative Director (to the present)
 May 2011 Director of Ichigo Inc. (to the present)
 Nov 2011 U.S. Certified Public Accountant registration
 Feb 2015 Partner of Cast Global Group (to the present)
 Jun 2021 Outside Corporate Auditor of the Company (to the present)

Executive Officers

Managing Executive Officers

Keisuke Kurachi **Masaya Fumita**
Atsushi Suzuki **Yoshikazu Takezaki**

Executive Officers

Seiji Suzuki **Makoto Suzuki** **Norihisa Fujimura** **Atsushi Tanaka**
Nobuyuki Sashida **Alex Geskens** **Shinichi Kajiya** **Hisao Nakanishi**



Interview with the Independent Outside Directors

Outside Director
Kazuo Matsuda



Outside Director
Hiroyuki Abe



Outside Director
Etsuko Nagashima



Advice with meaning and breadth,
based on unique knowledge and experience

—Tell us about your roles as Outside Directors.

Abe

The Company recently appointed its first female Director, bringing the number of independent external directors with differing careers to three. This environment in which three people have three views will surely work very much to the advantage of the Company. I myself have been involved in fields related to science and technology, and considering my own career, it is with stirring feelings of motivation that I look forward to working on the tasks required of me.

Matsuda

I have been involved in management as the CFO of financial institutions and of a manufacturing corporation implementing business globally. The Company's business operations and customers are diverse and multifaceted. I hope I can give advice whereby the experience I've accumulated up to now will serve as a catalyst regarding how to differentiate ourselves as a manufacturing company, and how to maximize profit.

Nagashima

As a certified public accountant, I have engaged in audit work mainly in a manufacturing company for a long time. By using my experience of that work, and also of the outside officer I undertake for other companies, I hope to be able to give meaningful directions and advice. I think what is expected of Outside Directors is that they give diverse advice from perspectives that are difficult to see from within the company.

—What are your impressions of the Board of Directors meetings?

Abe

Before the Board of Directors meeting, we attended the Outside Officers' Meeting, which was a very educational experience for me. I was able to participate in the Board of Directors meeting with an understanding of the Company's circumstances. However, the debate at the meeting was mostly constructive, with no harsh, divisive rhetoric to be seen. Management at the Company left me with an impression of administrative cohesion and health.

Matsuda

The Board of Directors meetings are places for deliberation of items that have come up through a number of processes such as the Management Meeting. However, the Board of Directors meetings tend to be little more than places for reporting. On that point, the Company's Board of Directors meetings are wonderfully administered in that all debates and agenda items raised are deliberated again by, regardless of whether internal or outside director. I have been an Outside Corporate Auditor for one year, and then an Outside Director for five years, and year by year, we have come to delve deeply into each individual matter.

Nagashima

Since the Outside Officers' Meeting includes detailed explanations of the background on the agenda items raised, I feel that this resolves questions about operations and products, and deepens our understanding. In the Board of Directors meeting as well, we can obtain sufficient explanations from the Directors in charge, and the Chairperson takes care to ensure that the Outside Directors can speak freely, so we can make statements without restraining ourselves.

—What are the issues at the Company, as seen from the outside?

Abe

"Our Company places prime importance on trust and sureness, and shall commit itself to contributing to the progress of society and enhancement of people's welfare and livelihood through its business activities." As laid out in this expression of the Company's Business Philosophy, I think this is a solid company in which corporate officers and employees all pull together as they make ongoing steady efforts. We may come across as an unassuming company at first glance, but I think there are advantages to that. So this isn't an issue, but rather something I would like for us to take advantage of in our future corporate activities.

Matsuda

In the Company's Medium-Term Business Plan, the Company raises its vision of aiming to be "a company that makes your dreams for the future a reality." But I get the feeling that for someone looking from the outside, it may be a bit difficult to see who is going to realize that vision, and how they will do so. In aiming to expand the scale of a corporation, the Company will be required to make use of basic technology, manufacturing technology, production technology and also the global management technology that binds these together. I think the issue for the Company in realizing this in the future is going to be how to make these strategies concrete.

Nagashima

Given the distinctive characteristics of the work, I get the impression that there hasn't been much of a culture enabling women to successfully apply themselves, and the ratio of women in management positions is thus quite low. I feel that one issue for the Company is that of creating an organization in which people can work without regard to gender. This fiscal year, we are adding one Outside Director, so that we will have two female members in the Board of Directors. In the future, I think it will be good for us to go full ahead in training up appropriate female members of management and Directorships.

—What are your expectations for the Company moving forward?

Abe

The environment surrounding manufacturing companies has been changing, and restructuring has been accelerating both within the company and without. Most importantly, now that the pursuit of DX is a matter of central government policy, promoting it is an urgent task for us. Also, from an external perspective, I think that M&A and other strategic investments will become necessary. I look forward to applying the advantages of the Company's customer-centric orientation to the project of boosting its presence in a changing world.

Matsuda

With its foundation in the Sumitomo Group spirit of enterprise that "places prime importance on trust and sureness," the Company has as its greatest strength the forthright, earnest business ethic of the traditional Japanese Ōmi traveling merchant, emphasizing the importance of CS, which leads to "Sampo-yoshi" ("good for the seller, good for the buyer and good for society"). This ethos comports well with the stakeholder capitalism that has been the global trend in business management in recent years. My expectation is that, based on this thinking, the Company will become a global excellent company by generating a clear qualitative strategic vision that extends 10 or 20 years into the future.

Nagashima

With awareness of SDGs increasing in recent years, it is no longer possible to conduct business without regard for environmental issues. On that point, the Company has linked its Business Philosophy itself to the spirit of SDGs. We believe that developing products based on this thinking while increasing customer satisfaction will lead to sustainable growth in corporate value. Conducting M&A in recent years has also produced brisk progress in diversifying business operations and human resources. The Company is currently putting One Sumibe Activities into practice, and by advancing these activities, I hope the Company can maximize its innate capabilities by accelerating interactions among personnel and technologies in each domain.

Career



Outside Director
Hiroyuki Abe

Oct 1977 Professor, School of Engineering, Tohoku University
Apr 1993 Dean, Undergraduate School of Engineering / Graduate School of Engineering, Tohoku University
Apr 1996 President of the Japan Society of Mechanical Engineers
Nov 1996 President of Tohoku University
Nov 2002 Professor Emeritus of Tohoku University (to the present)
Jan 2003 Member of the Council for Science and Technology
Jan 2007 Advisor at the Japan Science and Technology Agency
Jun 2007 Outside Corporate Auditor of the Company
Jun 2015 Outside Director of the Company (to the present)
May 2016 President of the Engineering Academy of Japan



Outside Director
Kazuo Matsuda

Apr 1971 Entered The Fuji Bank Limited (currently Mizuho Bank, Ltd.)
Apr 2000 Senior Managing Executive Officer of Fuji Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)
Oct 2000 Managing Executive Officer of Mizuho Securities Co., Ltd.
Jun 2009 Director, Representative Executive Vice President of NSK Ltd.
Jun 2011 Special Advisor of NSK Ltd.
Standing Corporate Auditor of NSK-Warner K.K.
Outside Audit & Supervisory Board Member of Daido Metal Co., Ltd. (to the present)
Jun 2015 Outside Corporate Auditor of the Company
Jun 2016 Outside Director of the Company (to the present)



Outside Director
Etsuko Nagashima

Oct 1978 Entered Deloitte Touche Tohmatsu LLC
Jul 1980 Entered Tsukeshiba CPA Accounting Office
Oct 1982 Certified Public Accountant registration
Jun 1988 Established Nagashima CPA Accounting Office (to the present)
Apr 2008 Representative Partner of Veritas Audit Firm
Jun 2016 Outside Director (Audit & Supervisory Board Member) of BULLDOG SAUCE CO., LTD. (to the present)
Jun 2019 Outside Corporate Auditor of the Company
Jun 2021 Outside Director of FALCO HOLDINGS Co., Ltd. (to the present)
Outside Director of the Company (to the present)

Risk Management



Risk Management Structure

Our risk management structure is described below.

Risk Management Committee

The Committee identifies major risks that could have a serious impact on our business performance, confirms the validity of response measures to major risks, and gives instructions on what additional measure should be considered to our departments in charge of an individual risk and each business division. In fiscal 2020, the Risk Management Committee convened on four occasions to set targets for measures against major risks, redeliberate methods of identifying major risks, select major risks that must be addressed in fiscal 2021, and to take up individual topics including human and technological measures against business e-mail compromise (BEC).

Departments in charge of individual risk

When it comes to risk oversight, the departments in charge

Business Continuity Plans (BCPs)

Of the foreseeable disasters and accidents that could occur, we regard earthquakes; explosions, fires, and leaks; storm and flood damage; and pandemics as major emergencies. We prepare BCPs designed to ensure the continuity of business when such emergencies occur, and share these with our clients as needed. What is more, we have also taken measures such as ensuring adequate inventories of products and raw materials, ensuring redundancy with our production systems, augmenting our supplies of spare parts, and systematizing our restoration structures. Our response to the spread of infections with COVID-19 since fiscal 2020 has included the establishment of a COVID-19 Emergency Taskforce and a countermeasures secretariat at our head office, which operate flexibly as we deliberate measures to be taken in response to the state of the contagion, such as issuing

Information Security

We retain an extensive array of personal information on customers, shareholders, employees, and others. In addition to personal information, we also retain trade secrets and other confidential information relating to our business partners. All of this information in our possession is important and must be protected. Therefore, we are committed to ensuring that this information is never leaked. We also have measures in place to address computer security incidents (cyber attacks, phishing sites, illegal access, malware infections, and others) in order to prevent information leakages and improve the security of the information systems we operate. In order to enhance our countermeasures against cyber events, in fiscal 2020 we strengthened our preparedness framework for incidents (by switching to a service provider with a rich track record of incident response performance), strengthened our system for preventing the spread of any virus infection by introducing an endpoint detection and response (EDR) product, and implemented incident response training. In addition, to improve employee awareness of information security, we sent out alerts and other information regarding newly emergent risks, and conducted information security education for all Group employees who use personal computers. We have established the Computer Security Incident Response Team of Sumitomo Bakelite Co., Ltd. (SUMIBE-CSIRT). Under both normal circumstances and when incidents arise, SUMIBE-

of an individual risk draft and promote response measures for our Group as a whole by coordinating with our various departments. These departments include the Corporate General Affairs Division, Personnel Division, Corporate Finance & Planning Division, Corporate Production Management & Engineering Division, Corporate Research & Development Division, Information Systems & Data Processing Department, Global Procurement Division, and more.

Each business division

Each business division, which includes the sales departments, plants, R&D departments, and more at our Company and our Group companies, take various different measures to properly manage risks that arise in the course of performing the duties of their sections and their company as part of their essential duties.

notices as appropriate. We also consider the operation of these two bodies in revising our Company-wide COVID-19 Infection Countermeasures Manual as needed. We also refer to this manual in our work of formulating a response framework and action plan for each of our subsidiaries in consideration of the differences in laws, regulations and industry rules for the country in which each is located. We recognize that the frequency with which disasters and incidents that we regard as major emergencies, as well as the magnitude and extent of their impacts, are changing every year as a result of advances in science and technology and the effects of climate change. As such, every year we verify the adequacy of our BCPs based on the latest information. Moving forward, we will continue to reassess our BCPs and provide training.

CSIRT works together with the Corporate General Affairs Division, Information Systems & Data Processing Department, Personnel Division, Intellectual Property Department, and other relevant departments to respond to information security incidents.

System for Addressing Information Security Incidents



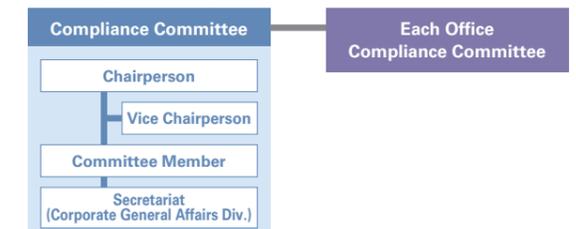
Compliance



Compliance System

We emphasize compliance because we recognize that adherence to laws and corporate ethics is integral to the conduct of business. We established the Compliance Committee to minimize the risks of compliance violations at our Group, promote the creation of structures for compliance, and to promote activities to raise awareness of compliance. In fiscal 2020 the Compliance Committee was convened three times, taking up matters such as setting goals for major risk countermeasures, revising our common Group internal control system, and checking the effectiveness of our Internal Whistleblower System and the adequacy of our response.

Compliance System



Code of Conduct for Employees

We make efforts to inform our employees of our Business Philosophy (Company Policy) in which our business principal is shown, and our Group's Code of Business Ethics and Conduct, such as by offering e-learning on a regular basis or having employees read this aloud from pamphlets in their workplace. Our Group's Code of Business Ethics and Conduct is consist of specific standards of conduct and explanations for Our Code of Conduct, which was enacted to serve as standards of conduct that our officers and employees must adhere to when carrying out their duties. The current version of our Group's Code of Business Ethics and Conduct was revamped, taking into account our measures for CS promotion, SBPS, quality control, health

and safety, as well as the latest worldwide trends in legal compliance. It has also been translated into seven languages.



Booklet: Our Group's Code of Business Ethics and Conduct

Articles for Emphasis in Compliance

Workplaces in each department apply compliance to daily operations, decide on the key items for compliance and each prepare Articles for Emphasis in Compliance. Although the Articles differ among workplaces, they are

displayed prominently and confirmed with all employees periodically by having them read aloud in unison. Our Group companies, in Japan and overseas, also undertake similar activities.

Compliance Education Using Cartoons

Every month, our internal publication contains a four-frame cartoon about compliance under the title "The Way to Become a Compliance Master." This cartoon explains compliance in an easy-to-follow style. Past cartoons have been compiled into two booklets, which were distributed to employees to raise awareness of compliance.



Mamoru-kun
He's a very active mid-level employee, and everyone relies on him. Mamoru-kun is able to offer appropriate advice throughout the company as a compliance master, which is especially appreciated given the spate of corporate scandals hitting Japan recently.

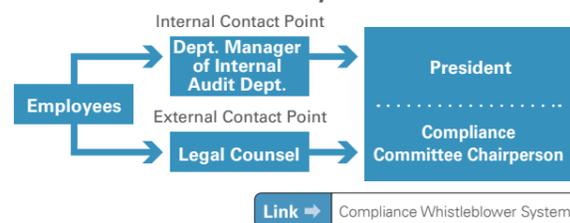
Internal Whistleblower System

We have established an internal whistleblower system (which has been designated the "Compliance Whistleblower System" at our Group). Under this system, employees can report to an internal contact point (Dept. Manager of the Internal Audit Department) or an external contact point (Legal Counsel) when they have discovered a compliance violation or suspect there may have been such a violation, in an effort to promptly detect and prevent compliance violations. The privacy of whistleblowers is rigorously protected to ensure that they are not placed at a disadvantage as a consequence of reporting violations. In fiscal 2020 there were five cases reported to the Compliance Whistleblower System. The results of our investigations revealed that there were no major violations to laws and ordinances, such as violations to laws against child labor, forced labor, accounting fraud, bribery or corruption, or antitrust laws, nor were there any cases that could have a significant negative impact on society. Both cases were dealt with appropriately.

Moreover, some of our Group companies have established their own unique internal whistleblower systems, which are distinct from our shared Compliance Whistleblower System, by taking into consideration factors such as the legal

requirements of the country in which they are located, their company size, and so forth. In fiscal 2020 there were 7 cases reported to these unique internal whistleblower systems at these group companies. The results of investigations revealed that there were no major violations to laws and ordinances, such as violations to laws against child labor, forced labor, accounting fraud, bribery or corruption, or antitrust laws, nor were there any cases that could have a significant negative impact on society. All of these cases were dealt with appropriately.

Internal Whistleblower System



Monitoring

In accordance with the Basic Policy on Internal Control Systems, the Internal Auditing Regulations, the Basic Rules and Regulations for Internal Control over Financial Reporting, the Manufacturing Auditing Regulations, the Security Trade Control Regulations and other company regulations, Internal Audit Department, Corporate EHS Promotion Department, Corporate General Affairs & Legal Department and other departments involved in internal auditing, audit and assess the compliance of our Company and our Group companies, both in Japan and overseas. This is done mainly by means of site audits, at the actual sites, and written audits, via inspections of the results of self-audits, by the departments being audited.

Audits and assessments are conducted from the standpoint of whether the operations of departments are in compliance with relevant laws and conform to various standards. Departments where issues are identified are required to submit written reports detailing actions taken to resolve the issues.

In fiscal 2020, compliance auditing and assessment was conducted from the standpoints of environment, human rights, occupational health and safety, provision and use of products and services, management of customer information and data, proper accounting, and fair trade, with no significant violations of laws or regulations.

Policies and Initiatives for the Prevention of Corruption

As laid out in our Group's Code of Business Ethics and Conduct, our Group's policy on the prevention of corruption consists of a zero-tolerance stance with regard to corrupt practices. It includes requirements on our Group-wide management staff and employees for the prevention of bribery, restrictions on the presentation and acceptance of gifts or entertainment,

avoidance of transactions with conflict of interest, and accurate recording and reporting. We do our utmost to engage in fair, transparent business activities as we comply with business ethics, domestic and foreign laws and regulations, as well as internal company rules.

Procurement Initiatives



Procurement Initiatives

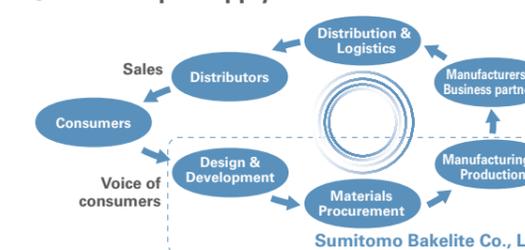
We strive to ensure compliance with the laws, regulations, and social norms of Japan and the other countries and regions in which we operate. We also require our business partners to observe these standards of fulfilling their social responsibilities given the changing social expectations placed on companies. In principle, we conclude a basic contract with each business partner in the purchase of raw materials or equipment, which requires the contracting parties to fulfill their corporate social responsibilities (CSR). Our criteria for selecting business partners include their CSR and environmental impact reduction initiatives.

The Global Procurement Division is in overall charge of the purchasing of raw materials, fuel, and equipment for use at our Company's plants and our Group Companies worldwide. Our procurement policy and Green Procurement Guidelines are posted on the Company's website. The procurement policy is now published in Japanese, English, and Chinese. Given the standards of the Responsible Business Alliance (RBA)*1 Code of Conduct (formerly the EICC Code of Conduct) and changing frameworks for general business dealings, we are working to observe this policy in our procurement activities, and we require our business partners to do the same, too.

*1 See the glossary on page 108.

[Link](#) Procurement Policy

Our Group's Supply Chain



- Action for Stable Procurement**
The Global Procurement Division takes a variety of measures, including auditing materials manufactures to ensure stable supply.
- Procurement Crisis Management**
The Global Procurement Division prepares a list of locations of materials manufacturers and keeps it up to date. In the event of a disaster, the division checks the statuses of manufacturers' factories in the affected areas and formulates countermeasures.

CSR Survey of Suppliers

In fiscal 2020, we conducted a BCP survey on typhoon and flooding disaster risk, including responses to potential social impact, to the 57 of our major domestic suppliers located in areas of forecast flood hazard. The results of the survey indicated that we had 25 suppliers that had not formulated BCPs, but through mutual conferencing on both BCP formulation and response measures, all 25 were able to complete their BCP response measures. We will conduct additional surveys in fiscal 2021 to determine whether these BCP measures are also effective against earthquake, fire, pandemic and other risks, including responses to the potential social impact.

In addition, we administered surveys on the status of initiatives to reduce CO₂ emissions among 48 of our main domestic and overseas suppliers (34 domestic, 14 overseas). The survey results showed that there were 20 suppliers without CO₂ emissions reduction goals. We requested of these suppliers that they formulate and plan CO₂ emissions targets, as a result of which only four remain without having done so. We will continue to request of these four companies that they formulate CO₂ emissions reduction target plans.

[Key CSR Survey Content]

- BCP Survey on Typhoon, Flooding Risk (57 subject companies)
Of the 57 major domestic suppliers located in areas of forecast flood hazard, 25 lacked BCP measures.
➔ Upon mutual conferencing, all 25 completed BCP measures. We will conduct additional surveys on effectiveness against earthquake, fire, pandemic and other risks.
- CO₂ emissions reduction efforts (48 domestic and overseas companies)
CO₂ reduction targets: 28 companies with, 20 without
➔ Requested CO₂ reduction target formulation, resulting in 16 companies completing target formulation and planning.

Selection of Business Partners

When selecting new business partners, the decision to commence transactions is made based on fair and impartial judgment after applying the criteria established by the Global Procurement Division. When commencing transactions, we check whether the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors applies and if it does, we commence the transaction in accordance with this law and the relevant company rules. If we find that this law applies to existing transactions, we immediately take measures to ensure the legality of these transactions under this law.

We have established company rules requiring that we check whether new raw materials comply with chemical substance controls both domestically and internationally, and new raw materials are not adopted unless they conform to these controls. Relevant departments internally work closely together to investigate and make sure that the Company does not violate chemical substance controls. We are convinced that it is important to establish a relationship of equals based on trust with every business partner and that the transactions should be beneficial to both parties.

Data

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Corporate Data

Name	Sumitomo Bakelite Co., Ltd.
Head Office	5-8 Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo 140-0002, Japan
President	Kazuhiko Fujiwara
Established	January 25, 1932
Share capital (As of March 31, 2021)	¥37.1 billion
Number of Shareholders (As of March 31, 2021)	10,504
Stock Listing (As of March 31, 2021)	Tokyo Stock Exchange, First Section
Number of Employees (As of March 31, 2021)	1,612 (non-consolidated) 7,937 (consolidated)
Net Sales / Revenue (Fiscal 2020)	¥90.0 billion (non-consolidated) ¥209.0 billion (consolidated)

Principal shareholders (as of March 31, 2021)

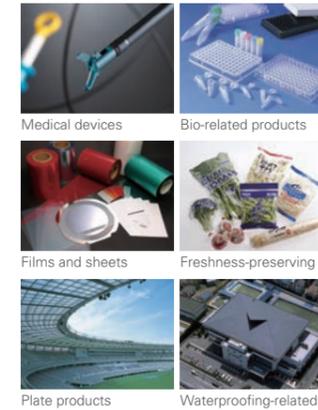
Name	Number of stocks held (thousands)	Percentage of total number of issued stocks (%)
Sumitomo Chemical Co., Ltd.	10,509	22.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,403	9.36
Custody Bank of Japan, Ltd. (Trust Account)	2,743	5.83
Custody Bank of Japan, Ltd. (Trust Account 9)	2,575	5.47
Japan Post Insurance Co., Ltd.	1,180	2.51
Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	946	2.01
Custody Bank of Japan, Ltd. (Retirement Payment Account of Sumitomo Mitsui Trust Bank)	873	1.86
Sumitomo Mitsui Banking Corporation	872	1.85
BBH FOR MATTHEWS JAPAN FUND	809	1.72
Sumitomo Life Insurance Company	523	1.11

(Notes) 1. The Company holds 2,532 thousand shares of treasury stock, which are excluded from stock held by the principal shareholders listed above.
2. Percentage of total number of issued stocks is calculated based on the total number of issued stocks less treasury stocks.

Major Products by Segment and Fiscal 2020 Revenue Composition by Segment (Consolidated)

Quality of Life Products ¥78,583 million (37.6%)

- Medical devices and drugs
- Melamine resin decorative laminates and sheets
- Vinyl resin sheets and multilayer sheets
- Freshness preserving films
- Polycarbonate resin plates
- PVC resin plates
- Design and contracting of waterproofing work
- Biotechnology related products



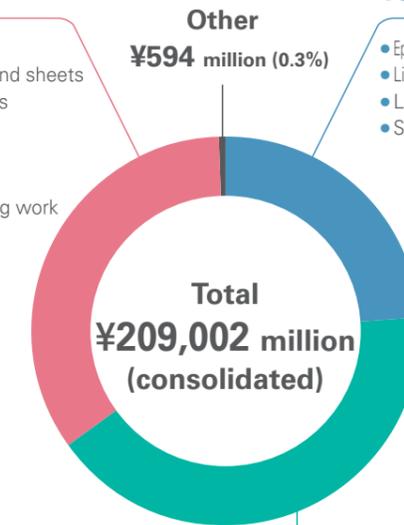
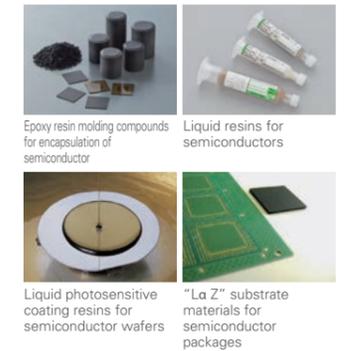
High-Performance Plastics ¥72,559 million (34.7%)

- Phenolic molding compounds
- Phenolic resins for industrial use
- Molded parts
- Synthetic resin adhesives
- Phenolic resin copper-clad laminates
- Epoxy resin copper-clad laminates
- Aircraft interior components



Semiconductor Materials ¥57,266 million (27.4%)

- Epoxy resin molding compounds for encapsulation of semiconductor devices
- Liquid photosensitive coating resins for semiconductor wafers
- Liquid resins for semiconductors
- Substrate materials for semiconductor packages

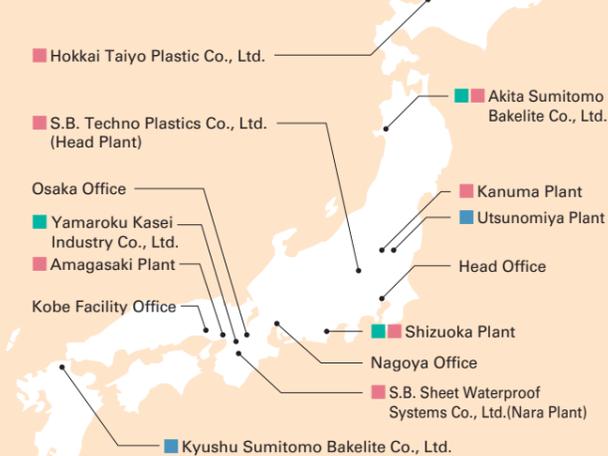


Business Location

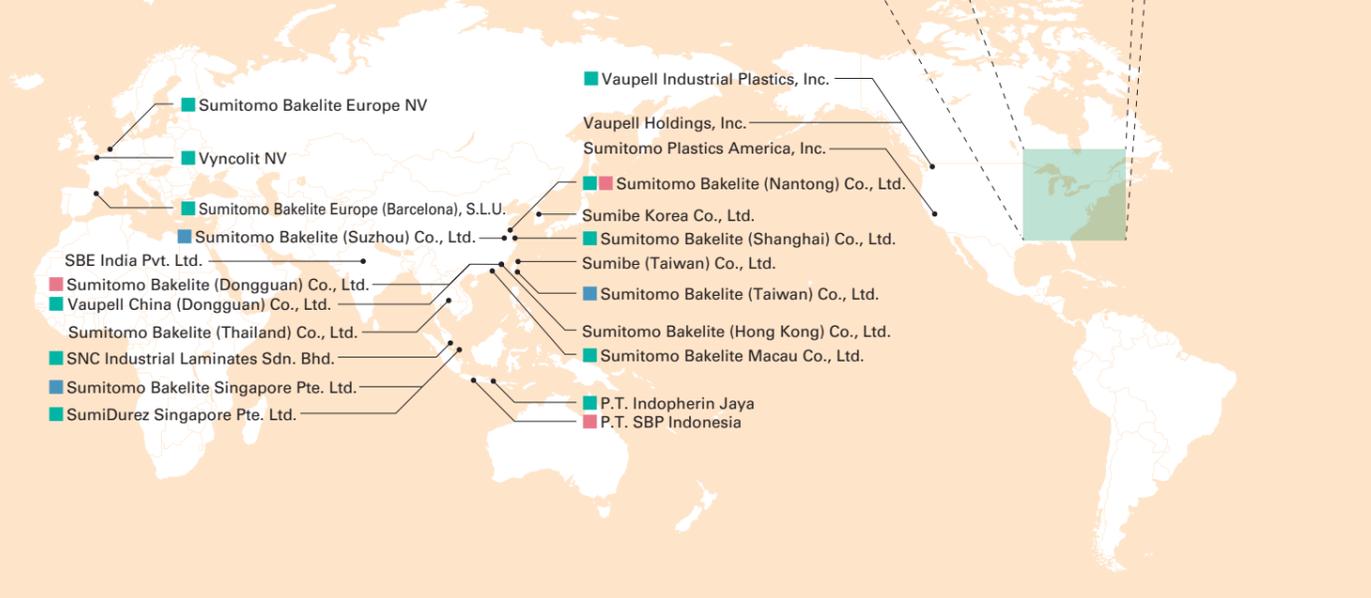
We operate in 15 countries and regions, including Japan.
Production sites are color-coded according to the category of products manufactured.

■ Semiconductor Materials ■ High-Performance Plastics ■ Quality of Life Products

Domestic Network



Global Network



Group of Sumitomo Bakelite Co., Ltd. (as of March 31, 2021)

Consolidated subsidiaries (45)

- Akita Sumitomo Bakelite Co., Ltd.
- Kyushu Sumitomo Bakelite Co., Ltd.
- S.B. Techno Plastics Co., Ltd.
- Hokkai Taiyo Plastic Co., Ltd.
- Yamaroku Kasei Industry Co., Ltd.
- S.B. Research Co., Ltd.
- S.B. Sheet Waterproof Systems Co., Ltd.
- Softec Co., Ltd.
- Seibu Jushi Co., Ltd.
- Sunbake Co., Ltd.
- Tsutsunaka Kosan Co., Ltd.
- SB Bioscience Co., Ltd.
- Kawasumi Laboratories, Inc.^{*1}
 - Kawasumi Laboratories (Thailand) Co., Ltd.^{*2}
 - Kawasumi Laboratories America, Inc.^{*2}
- Sumitomo Bakelite Singapore Pte. Ltd.
 - Sumitomo Bakelite (Suzhou) Co., Ltd.
 - Sumitomo Bakelite (Thailand) Co., Ltd.
- SumiDurez Singapore Pte. Ltd.
- SNC Industrial Laminates Sdn. Bhd.
- P.T. Indopherin Jaya
- P.T. SBP Indonesia
- Sumitomo Bakelite (Taiwan) Co., Ltd.
- Sumitomo Bakelite (Shanghai) Co., Ltd.
- Sumitomo Bakelite (Nantong) Co., Ltd.
- Sumitomo Bakelite Hong Kong Co., Ltd.
- Sumitomo Bakelite (Dongguan) Co., Ltd.
- Sumitomo Bakelite Macau Co., Ltd.

Sumitomo Bakelite North America Holding, Inc.

- Sumitomo Plastics America, Inc.
- Durez Corporation
- Durez Canada Co., Ltd.
- Promerus, LLC
- Sumitomo Bakelite North America, Inc.
 - H.I.G. Vaupell Holdings, LLC
 - Vaupell Holdings, Inc.
 - Vaupell Molding & Tooling, Inc.
 - Russell Plastics Technology Company, Inc.
 - Vaupell Industrial Plastics, Inc.
 - Vaupell Rong Feng Holdings, LLC
 - Rong Feng (H.K.) Industries Ltd.
 - Vaupell China (Dongguan) Co., Ltd.

Sumitomo Bakelite Europe NV

- Vyncolit NV
- Sumitomo Bakelite Europe (Barcelona), S.L.U.

Non-consolidated subsidiaries (9)^{*3}

- S.B. Information System Co., Ltd.
- Sumibe Service Co., Ltd.
- S.B. Recycle Co., Ltd.
- SB Holland B.V.
- Sumibe Korea Co., Ltd.
- SBE India Pvt. Ltd.
- Sumibe (Taiwan) Co., Ltd.
- Vaupell Europe GmbH
- Namsin Trading Co., Ltd.^{*4}

Affiliated companies accounted for using equity method (0)^{*5}

None

Affiliated companies not accounted for using equity method (7)

- Otomo Chemical Co., Ltd.
- Green Chemicals Co., Ltd.
- Akita EV Bus LLP
- Changchun SB (Changshu) Co., Ltd.
- Tsu-Kong Co., Ltd.
- S&G Biotech Inc.
- Fresenius-Kawasumi Co., Ltd.^{*6}

	Consolidated	Equity method	Non-consolidated	Other	Total
Japan	13	0	3	4	20
Overseas	32	0	6	3	41
Total	45	0	9	7	61

^{*1} The status of Kawasumi Laboratories, Inc., changed from that of an affiliated company accounted for using the equity method to that of a consolidated subsidiary as of the third quarter of fiscal 2020.

^{*2} Kawasumi Laboratories (Thailand) Co., Ltd., and Kawasumi Laboratories America, Inc., became consolidated subsidiaries as of the third quarter of fiscal 2020.

^{*3} The status of Rong Chang Sheng Plastics Mould (Shen Zhen) Co., Ltd., as a non-consolidated subsidiary was eliminated as of the fourth quarter of fiscal 2020 because its liquidation was completed.

^{*4} Namsin Trading Co., Ltd. became a non-consolidated subsidiary as of the third quarter of fiscal 2020.

^{*5} The status of P.T. Pamolite Adhesive Industry as an affiliated company accounted for using equity method was eliminated during the second quarter of fiscal 2020 because a portion of holdings in its shares were sold.

^{*6} Fresenius-Kawasumi Co., Ltd. became an affiliated company non accounted for using equity method as of the third quarter of fiscal 2020.

Financial Data

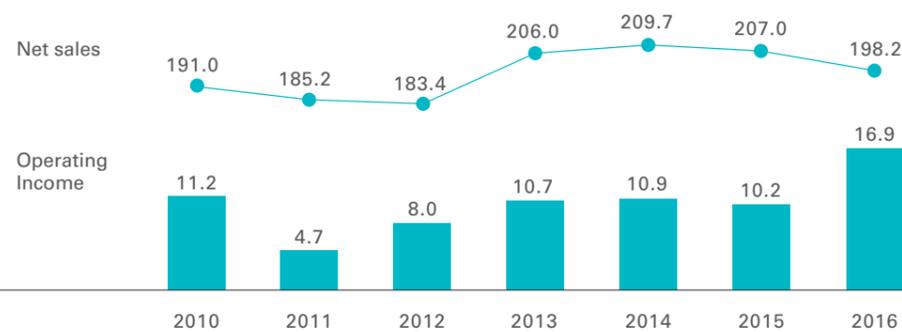
Financial Summary

Japanese GAAP (Fiscal 2010-2016)

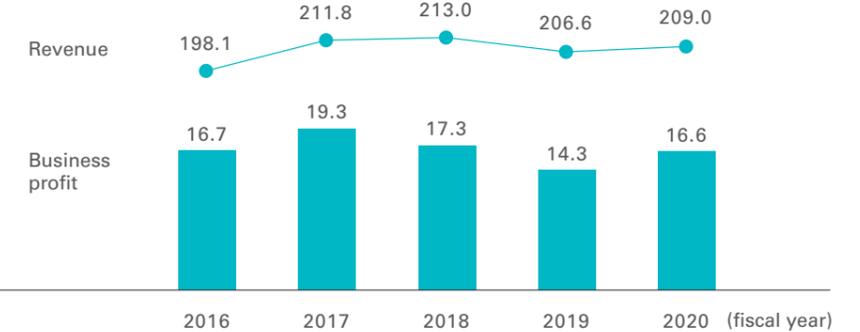
Fiscal year	(Millions of yen)						
	2010	2011	2012	2013	2014	2015	2016
Financial results							
Net sales	190,971	185,237	183,362	206,047	209,659	206,956	198,199
Operating income	11,181	4,726	7,956	10,702	10,904	10,241	16,879
Ordinary income	12,507	5,931	8,551	11,498	11,263	10,598	17,324
Income before income taxes and non-controlling interests	8,321	3,689	6,532	10,540	11,344	7,410	14,466
Profit attributable to owners of parent	5,154	2,525	3,443	6,493	7,113	3,828	10,622
Financial position							
Total assets	205,090	201,315	213,826	236,825	285,927	260,122	263,742
Equity	120,933	117,997	130,044	148,936	169,215	157,319	165,353
Interest-bearing debt	27,658	27,433	29,553	35,063	61,066	50,898	43,133
Cash flows							
Cash flows from operating activities	16,292	6,730	16,644	17,852	15,672	19,233	23,427
Cash flows from investing activities	(10,691)	(13,340)	(13,088)	(15,220)	(36,353)	(6,962)	(7,987)
Free cash flows	5,601	(6,609)	3,556	2,632	(20,681)	12,271	15,440
Cash flows from financing activities	2,151	(3,942)	(642)	2,722	23,467	(15,530)	(10,245)
Per-share data (Yen)							
Net assets per share	501.95	489.78	539.81	618.28	702.53	668.44	702.63
Earnings per share	21.39	10.48	14.29	26.96	29.53	16.01	45.14
Cash dividends per share	15.00	12.50	10.00	10.00	10.00	10.00	10.00
Financial indicators (%)							
Return on Equity (ROE)	4.2	2.1	2.8	4.7	4.5	2.3	6.6
Return on Assets (ROA)	6.1	2.9	4.1	5.1	4.3	3.9	6.6
Ratio of operating income to net sales	5.9	2.6	4.3	5.2	5.2	4.9	8.5
Equity ratio	59.0	58.6	60.8	62.9	59.2	60.5	62.7
Debt/equity ratio (D/E) (times)	22.9	23.2	22.7	23.5	36.1	32.4	26.1
Price earnings ratio (PER) (times)	23.9	41.6	27.4	14.7	18.1	27.5	14.8
Price book value ratio (PBR) (times)	1.0	0.9	0.7	0.6	0.8	0.7	1.0
Dividend payout ratio	70.1	119.3	70.0	37.1	33.9	62.5	22.2
Others							
Capital expenditure	10,656	14,565	17,588	13,263	11,812	9,697	10,341
Depreciation and amortization	11,014	10,465	10,393	10,969	9,256	10,843	10,003
Research and development expenses	12,440	13,047	12,325	11,881	10,253	10,448	9,659
Number of employees (persons)	7,724	6,997	5,215	5,262	6,747	6,358	5,958

Operating Performance (billion yen)

Japanese GAAP



International Financial Reporting Standards (IFRS)



*1 "Business profit" is calculated by deducting "cost of sales" and "selling, general and administrative expenses" from "revenue".

*2 As the share consolidation of each 5 shares of common shares into 1 share was exercised effective on October 1, 2018, "equity attributable to owners of parent per share" and "basic earnings per share" are calculated with the assumption that the share consolidation had exercised at the beginning of fiscal 2017.

"Cash dividends per share" for fiscal 2018 is calculated with taking such share consolidation into consideration.

International Financial Reporting Standards (IFRS; Fiscal 2016 to 2020)

Fiscal year	(Millions of yen)				
	2016	2017	2018	2019	2020
Financial results					
Revenue	198,100	211,819	212,952	206,620	209,002
Business profit*1	16,658	19,251	17,293	14,346	16,642
Operating profit	12,061	18,598	13,587	10,285	19,914
Profit before tax	12,715	19,495	19,548	11,499	16,139
Profit attributable to owners of parent	9,521	15,078	15,084	8,986	13,198
Financial position					
Total assets	253,763	272,247	284,898	283,322	345,763
Total equity attributable to owners of parent	154,222	168,450	178,818	177,138	200,205
Interest-bearing liabilities	40,007	43,694	45,401	48,607	76,748
Cash flows					
Cash flows from operating activities	23,538	22,054	20,191	22,206	27,405
Cash flows from investing activities	(8,098)	(11,745)	(15,616)	(10,377)	(14,993)
Free cash flows	15,440	10,310	4,575	11,829	12,412
Cash flows from financing activities	(10,245)	(2,453)	(2,224)	(4,041)	21,768
Per-share data (Yen)*2					
Equity attributable to owners of parent per share	655.32	3,579.19	3,799.77	3,764.17	4,254.48
Basic earnings per share	40.45	320.36	320.51	190.96	280.46
Cash dividends per share	10.00	12.00	75.00	75.00	75.00
Financial indicators (%)					
Profit to equity attributable to owners of parent ratio (ROE)	6.3	9.3	8.7	5.0	7.0
Profit before tax to total assets ratio (ROA)	5.0	7.4	7.0	4.0	5.1
Business profit to revenue ratio	8.4	9.1	8.1	6.9	8.0
Ratio of equity attributable to owners of parent	60.8	61.9	62.8	62.5	57.9
Debt equity ratio (D/E) (times)	28.5	26.0	25.4	27.4	38.3
Price earnings ratio (PER) (times)	16.6	14.7	12.4	12.0	16.1
Price book value ratio (PBR) (times)	1.0	1.3	1.0	0.6	1.1
Dividend payout ratio	24.7	18.7	23.4	39.3	26.7
Others					
Capital expenditures	10,426	11,024	11,346	10,773	11,138
Depreciation and amortization	9,905	9,793	10,152	11,278	12,259
Research and development expenses	9,659	10,053	10,235	10,338	10,363
Number of employees (persons)	5,958	5,708	5,898	5,969	7,937

Consolidated Statements of Financial Position

(Millions of yen)

	Previous consolidated accounting year March 31, 2020	Current consolidated accounting year March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	65,771	103,175
Trade and other receivables	44,828	52,594
Other financial assets	38	49
Inventories	36,478	39,566
Other current assets	3,417	3,764
Total current assets	150,533	199,149
Non-current assets		
Property, plant and equipment	90,388	98,507
Right-of-use assets	3,944	6,641
Goodwill	2,205	1,197
Other intangible assets	2,534	2,652
Investments accounted for using equity method	9,203	—
Other financial assets	21,264	30,600
Retirement benefit asset	1,094	4,207
Deferred tax assets	1,553	2,622
Other non-current assets	604	190
Total non-current assets	132,790	146,615
Total assets	283,322	345,763

(Millions of yen)

	Previous consolidated fiscal year March 31, 2020	Current consolidated accounting year March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	24,368	46,358
Trade and other payables	42,892	47,621
Other financial liabilities	1,013	1,615
Income taxes payable	1,710	2,878
Provisions	1,008	404
Other current liabilities	689	564
Total current liabilities	71,680	99,440
Non-current liabilities		
Borrowings	21,256	25,507
Other financial liabilities	2,026	3,529
Retirement benefit liability	2,719	4,611
Provisions	550	1,330
Deferred tax liabilities	5,726	8,682
Other non-current liabilities	212	522
Total non-current liabilities	32,489	44,182
Total liabilities	104,168	143,622
Equity		
Share capital	37,143	37,143
Capital surplus	35,359	35,137
Treasury shares	(6,780)	(6,785)
Other components of equity	449	10,658
Retained earnings	110,967	124,052
Total equity attributable to owners of parent	177,138	200,205
Non-controlling interests	2,016	1,936
Total equity	179,154	202,141
Total liabilities and equity	283,322	345,763

Consolidated Statements of Income

(Millions of yen)

	The year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	The year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Revenue	206,620	209,002
Cost of sales	(145,984)	(145,639)
Gross profit	60,636	63,363
Selling, general and administrative expenses	(46,290)	(46,721)
Business profit	14,346	16,642
Other income	352	8,308
Other expenses	(4,414)	(5,036)
Operating profit	10,285	19,914
Finance income	1,418	1,393
Finance costs	(522)	(5,132)
Share of profit (loss) of investments accounted for using equity method	318	(37)
Profit before tax	11,499	16,139
Income tax expenses	(2,530)	(2,871)
Profit	8,969	13,268
Profit attributable to:		
Owners of parent	8,986	13,198
Non-controlling interests	(17)	70
Profit	8,969	13,268
Earnings per share		
Basic earnings per share (Yen)	190.96	280.46
Diluted earnings per share (Yen)	—	—

Consolidated Statements of Comprehensive Income

(Millions of yen)

	The year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	The year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Profit	8,969	13,268
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,751)	3,531
Remeasurements of defined benefit plans	(76)	2,374
Share of other comprehensive income of investments accounted for using equity method	151	17
Total items that will not be reclassified to profit or loss	(2,676)	5,922
Items that may be reclassified to profit or loss		
Cash flow hedges	36	91
Exchange differences on translation of foreign operations	(4,123)	6,951
Share of other comprehensive income of investments accounted for using equity method	(27)	77
Total items that may be reclassified to profit or loss	(4,114)	7,120
Other comprehensive income, net of tax	(6,790)	13,042
Comprehensive income	2,180	26,310
Comprehensive income attributable to:		
Owners of parent	2,207	26,119
Non-controlling interests	(28)	191
Comprehensive income	2,180	26,310

Consolidated Statements of Changes in Equity

(Millions of yen)

The year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)											
Total equity attributable to owners of parent											
Variable items	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity					Non-controlling interests	Total equity
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations	Total		
Balance at beginning of current period	37,143	35,359	(6,775)	106,399	9,362	—	(239)	(2,431)	6,692	1,816	180,635
Profit	—	—	—	8,986	—	—	—	—	—	(17)	8,969
Other comprehensive income	—	—	—	—	(2,615)	(61)	36	(4,139)	(6,779)	(11)	(6,790)
Comprehensive income	—	—	—	8,986	(2,615)	(61)	36	(4,139)	(6,779)	(28)	2,180
Dividends from surplus	—	—	—	(3,882)	—	—	—	—	—	(125)	(4,007)
Purchase of treasury shares	—	—	(6)	—	—	—	—	—	—	—	(6)
Disposal of treasury shares	—	0	0	—	—	—	—	—	—	—	0
Change due to new consolidation of subsidiaries	—	—	—	—	—	—	—	—	—	352	352
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(535)	475	61	—	—	535	—	—
Total transactions with owners	—	0	(5)	(4,418)	475	61	—	—	535	227	(3,660)
Balance at end of current period	37,143	35,359	(6,780)	110,967	7,222	—	(203)	(6,570)	449	2,016	179,154

(Millions of yen)

For the year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)											
Total equity attributable to owners of parent											
Variable items	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity					Non-controlling interests	Total equity
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations	Total		
Balance at beginning of current period	37,143	35,359	(6,780)	110,967	7,222	—	(203)	(6,570)	449	2,016	179,154
Profit	—	—	—	13,198	—	—	—	—	—	70	13,268
Other comprehensive income	—	—	—	—	3,568	2,353	91	6,908	12,921	121	13,042
Comprehensive income	—	—	—	13,198	3,568	2,353	91	6,908	12,921	191	26,310
Dividends from surplus	—	—	—	(2,824)	—	—	—	—	—	(96)	(2,920)
Purchase of treasury shares	—	—	(5)	—	—	—	—	—	—	—	(5)
Disposal of treasury shares	—	0	0	—	—	—	—	—	—	—	0
Change due to new consolidation of subsidiaries	—	—	—	—	—	—	—	—	—	61	61
Acquisition of non-controlling interests	—	(222)	—	—	—	(1)	—	(0)	(2)	(235)	(458)
Transfer from other components of equity to retained earnings	—	—	—	2,710	(358)	(2,352)	—	—	(2,710)	—	—
Total transactions with owners	—	(222)	(5)	(113)	(358)	(2,353)	—	(0)	(2,712)	(271)	(3,323)
Balance at end of current period	37,143	35,137	(6,785)	124,052	10,431	—	(111)	338	10,658	1,936	202,141

Consolidated Statements of Cash Flows

(Millions of yen)

	The year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	The year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before tax	11,499	16,139
Depreciation and amortization	11,278	12,259
Impairment losses	2,523	3,100
Gain on bargain purchase	—	(8,101)
Interest and dividend income	(1,418)	(1,051)
Interest expenses	336	363
Loss (gain) on step acquisition	—	4,598
Decrease (increase) in trade and other receivables	2,868	(1,814)
Increase (decrease) in trade and other payables	(2,053)	695
Decrease (increase) in inventories	(1,174)	2,493
Others, net	510	573
Subtotal	24,370	29,254
Interest received	829	377
Dividends received	671	749
Interest paid	(329)	(362)
Income taxes paid	(3,336)	(2,613)
Net cash provided by (used in) operating activities	22,206	27,405
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,916)	(8,956)
Proceeds from sale of property, plant and equipment	176	308
Purchase of investment securities	(121)	(333)
Proceeds from sale of investment securities	220	348
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(5,708)
Others, net	(736)	(651)
Net cash provided by (used in) investing activities	(10,377)	(14,993)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(644)	18
Increase (decrease) in commercial papers	8,000	4,500
Proceeds from long-term borrowings	—	27,026
Repayment of long-term borrowings	(6,666)	(5,489)
Repayments of lease liabilities	(718)	(904)
Dividends paid	(3,882)	(2,824)
Dividends paid to non-controlling interests	(125)	(96)
Others, net	(5)	(464)
Net cash provided by (used in) financing activities	(4,041)	21,768
Effect of exchange rate changes on cash and cash equivalents	(1,657)	3,224
Net increase (decrease) in cash and cash equivalents	6,131	37,404
Cash and cash equivalents at beginning of period	59,640	65,771
Cash and cash equivalents at end of period	65,771	103,175

Site Report

Below you will find summary information about each business site and subsidiary company.

* Air and water quality conservation: "No problems" indicates no particular environmental impacts were detected during the period from April 2020 to March 2021 in measurements and assessments on air and water quality in the form of values exceeding the regulated threshold to be complied with (prefectural ordinances, regional agreements, our own standards, etc.). Data for certain business sites covers the period from January to December 2020.

Japan

Kobe Facility Office



General Manager
Masaya Fumita

In order for this business site to contribute to the realization of the society aspired to through the SDGs, we begin from the design phase with the undertaking of product development that is friendly to the environment and to people. We are also advancing the adoption of solar power generation, which is scheduled to contribute to the business site's energy conservation from fiscal 2021. Moving forward, we will emphasize the importance of communication with customers and the local community as we aim to be an open business site trusted by everyone.

Address	1-1-5 Murotani, Nishi-ku, Kobe-shi, Hyogo
Number of employees	64
Commencement of operations	1991
Total site area	16,530m ²
Principal R&D themes	Development of products related to biotechnology and quality of life, research and development of related new functions, composite materials and process technologies, as well as biotechnology-related product manufacturing.
Air and water quality conservation	<Air> No relevant facilities <Water> No problems

Shizuoka Plant



Plant Manager
Toshihide Kanazawa

We are pursuing initiatives to reduce the environmental burden of all our processes (energy conservation, reduction through MFCA, etc.). During fiscal 2020, we achieved our target of a 4% year-on-year reduction in energy consumed per production amount value. The biotope was open to the public for a fourth year, and although the visitor count was reduced due to the impact of the covid-19 pandemic, it was visited by 130 students of elementary schools in the vicinity, which contributed to biodiversity conservation and environmental education. During fiscal 2021, we will evolve into an environmentally-friendly plant as we promote LCA product certification of baseline products and SDG-contributing products.

Address	2100 Takayanagi, Fujieda-shi, Shizuoka
Number of employees	555
Commencement of operations	1962
Total site area	287,000m ²
Principal products	Epoxy resin copper-clad laminates, epoxy resin coating powder, phenolic resins, thermoset molding compounds, melamine resin decorative laminates, formalin, molded products, metallic molds, etc.
Air and water quality conservation	<Air> No problems <Water> No problems

Kanuma Plant



Plant Manager
Tetsufumi Ushikawa

Our plant puts out products featuring a variety of functions and designs that cater to everyday living and industrial use. Amid the COVID-19 pandemic last year, we did what we could to supply airborne droplet transmission prevention panels (PET), thereby contributing to society by helping prevent the spread of the contagion. We will engage in product development and manufacturing of SDG-contributing products as we promote LCA product certification of baseline products.

Address	7-1 Satsuki-cho, Kanuma-shi, Tochigi
Number of employees	321
Commencement of operations	1970
Total site area	75,878m ²
Principal products	Polycarbonate, polyvinyl chloride and other thermoplastic resin sheets, waterproofing components with waterproof steel plate
Air and water quality conservation	<Air> No problems <Water> No problems

Utsunomiya Plant



Plant Manager
Keisuke Kurachi

In order to realize the society that the SDGs aim to achieve, all of our employees are pursuing occupational health and safety activities and environmental impact reduction activities. Based on our Safety Philosophy: "Prioritizing Safety in Everything We Do" and our three Safety Action Guidelines, we pursue an accident- and disaster-free record and progress in environmental impact reduction through persistent ongoing activities. In doing so, we aim to be a plant that is trusted by customers and the local community by working toward carbon neutrality through thorough energy conservation and planned reduction performance based on MFCA.

Address	20-7, Kiyohara Kogyo Danchi, Utsunomiya-shi, Tochigi
Number of employees	199
Commencement of operations	1984
Total site area	99,000m ²
Principal products	Paste for die bonding Liquid resins for encapsulation of semiconductors Base material for semiconductor packages
Air and water quality conservation	<Air> No problems <Water> No problems

Amagasaki Plant



Plant Manager
Masaya Fumita

In order to help realize the society aspired to under the SDGs, everyone at our plant joins together in activities to reduce environmental impact through such means as improving resource efficiency, and by pursuing approaches and technologies to manufacturing that are mindful of energy conservation. We will emphasize the importance of communication with customers and the local community as we aim to be an open business site trusted by everyone.

Address	2-3-47, Higashi-Tsukaguchi-cho, Amagasaki-shi, Hyogo
Number of employees	428
Commencement of operations	1938
Total site area	46,000m ²
Principal products	Multilayered films for food packaging, PTP materials for pharmaceuticals, tapes for mounting electronic components
Air and water quality conservation	<Air> No problems <Water> No problems

Concept Story	Top Message	Value Creation	Interview with the President	Special Feature on SDGs	Outline of Medium-term Business Plan
Business Overview by Segment	ESG Initiatives	Environment	Social	Governance	Data



Subsidiary Companies in Japan

S.B. Sheet Waterproof Systems Co., Ltd. (Nara Plant)



Plant Manager
Masamori Miura

In order to help realize the society that the SDGs aim to achieve, our plant engages in environmental and safety activities. Regarding environmental matters, we continue to move forward with waste reduction and energy conservation across all of our processes. In the area of safety, we are undertaking improvements in our workplace environment based on our Safety Philosophy: "Prioritizing Safety in Everything We Do." Through various activities, we are aiming to be a plant that is trusted by our customers and the local community.

Address	1-2 Techno Park, Nara Kogyo Danchi, Sugawa-cho, Gojo-shi, Nara
Number of employees	45
Commencement of operations	1991
Total site area	20,357m ²
Principal products	Waterproof sheets
Air and water quality conservation	<Air> No problems <Water> No problems

Kyushu Sumitomo Bakelite Co., Ltd.



Plant Manager
Masayuki Ikeda

We produce environmentally conscious epoxy encapsulation resins, and recently we have also been producing environmentally-friendly in-vehicle products for HVs and EVs as well as wafer coating resins for memory devices. In order to help realize the society envisioned under the SDGs, we are working proactively to reduce environmental impact through such activities as energy conservation and reducing material loss. This fiscal year, we will make progress on expanding our adoption of renewable energy by installing solar energy panels.

Address	40-1 Oaza-Kamizakai, Nogata-shi, Fukuoka
Number of employees	312
Commencement of operations	1972
Total site area	50,000m ²
Principal products	Epoxy molding compounds for encapsulation of semiconductor devices, liquid photosensitive coating resins for semiconductor wafers
Air and water quality conservation	<Air> No problems <Water> No problems

Yamaroku Kasei Industry Co., Ltd



President and Representative Director
Tamotsu Ishida

While producing phenolic resin molding compounds as materials for products that meet various requirements in realizing the society envisioned under the SDGs, we continue to all pull together as we take action to reduce energy consumption and environmental impact in pursuit of our aim to be an environmentally friendly company. We also aim to put into practice our Safety Philosophy: "Safety is the first priority of all." as we diligently carry out health and safety activities to achieve a safe, secure workplace free of accidents.

Address	19-10 Katayama-cho, Kashiwara-shi, Osaka
Number of employees	50
Commencement of operations	1948
Total site area	5,411m ²
Principal products	Phenolic molding compounds, melamine phenolic resin molding compounds
Air and water quality conservation	<Air> No relevant facilities <Water> No relevant facilities

S.B. Techno Plastics Co., Ltd. (Head Plant) S.B. Techno Plastics Co., Ltd. (Kitsuregawa Plant)



President and Representative Director
Shunichi Kuribara

Address	300-2, Motohara Kamikawa-cho, Kodama-gun, Saitama
Number of employees	32
Commencement of operations	1964
Total site area	13,000m ²
Principal products	Plastic chopping boards, plastic sheets, molds made in polyethylene
Air and water quality conservation	<Air> No relevant facilities <Water> No problems

Address	560-1, Saotome, Sakurashi, Tochigi
Number of employees	11
Commencement of operations	2002
Total site area	3,638m ²
Principal products	Industrial helmets, injection molding products
Air and water quality conservation	<Air> No relevant facilities <Water> No problems

In order to help realize the society that the SDGs aim to achieve, our plant engages in many different kinds of environmental impact reduction activities. Among these is our program for recycling cutting boards, now past its 20th year, and the only program of its kind in the world. Moving forward, we will continue these efforts as we proactively participate in clean-up campaigns of the local community as part of our aim of being an environmentally friendly company.

Akita Sumitomo Bakelite Co., Ltd.



Director
Haruhisa Toda

Our Company is engaged in helping to realize the society that the SDGs aim to achieve. We are currently all working together based on our Safety Philosophy: "Safety is the first priority of all." We are considering converting to LNG and solar power in order to reduce environment impact and CO₂. We contribute to society by supplying medical equipment, devices, culture equipment and PCR test kits in the field of healthcare-related and biotechnology-related products.

Address	27-4, Aza Nakashima-shita, Souzen-machi, Tsuchizakaminato, Akita-shi, Akita
Number of employees	218
Commencement of operations	1970
Total site area	255,568m ²
Principal products	Medical products and bio-equipment, phenolic resins, formalin and adhesives
Air and water quality conservation	<Air> No problems <Water> No problems

Hokkai Taiyo Plastic Co., Ltd.



President and Representative Director
Syuichi Tsukamoto

In order to help realize the society that the SDGs aim to achieve, our plant proactively engages in many different kinds of environmental impact reduction activities. We will continue our activities to conserve energy and reduce material loss through the use of MFCA as we promote increases in social and corporate value to leave this great northern land rich in verdure to the next generation as we earnestly and passionately work to implement our business activities.

Address	2-763-7, Shinko-Chuo, Ishikari-shi, Hokkaido
Number of employees	28
Commencement of operations	1964
Total site area	13,650m ²
Principal products	Polyethylene pipes, polyethylene films
Air and water quality conservation	<Air> No relevant facilities <Water> No problems

Overseas: China, Macau and Taiwan

Sumitomo Bakelite (Suzhou) Co., Ltd.



President
Hiroshi Fujita

In 2020, we had one incident involving damage. The incident was caused when an equipment stop switch was mistakenly thrown in an attempt to shorten equipment shut-off time. We were painfully reminded that some errors can be made even by skilled operators. We subsequently analyzed the causes and established fundamental solutions. We are aiming for a goal of zero accidents in 2021, taking a hands-on approach at the site as managers and department heads work to stamp out on-site hazards.

Address	140 Zhongxin Avenue West, Suzhou Industrial Park, Suzhou, Jiangsu, 215021, P.R. China
Number of employees	227
Commencement of operations	1997
Total site area	30,000m ²
Principal products	Epoxy molding compounds for encapsulation of semiconductors, die attach pastes
Air and water quality conservation	<Air>No relevant facilities <Water>No relevant facilities

Sumitomo Bakelite (Shanghai) Co., Ltd.



President
Yasuhiro Takenaka

Our Company produces molded automotive components using phenolic resin molding compounds. We continue to move forward with promotion of waste reduction and energy conservation so that we can contribute to realizing the society aspired to under the SDGs, as well as a decarbonized society. We are also attending to preventing the spread of COVID-19 through production activities that prioritize safety.

Address	No. 88, Aidu Road, China (Shanghai) Pilot Free Trade Zone, Shanghai P.R. China
Number of employees	142
Commencement of operations	2000
Total site area	8,698m ²
Principal products	Molded products for automotive applications (plastic mechanical and structural parts)
Air and water quality conservation	<Air> No problems <Water> No problems

Sumitomo Bakelite (Nantong) Co., Ltd.



President
Norihisa Fujimura

We produce and sell the four products of phenolic resin, phenolic resin molding materials, liquid epoxy resin, and co-extruded film sheets. We are investing in plant and equipment in order to satisfy the stringent level of environmental controls in China as well as the requirements of new safety law. We aim to raise safety and environmental sensitivity among our employees, and to be a company that earns the trust of the local community.

Address	No. 81, Tongda Road, Port Industrial Park 3, Economic Technological Development Area, Nantong, Jiangsu, P.R. China
Number of employees	248
Commencement of operations	2009
Total site area	100,000m ²
Principal products	Phenolic resins, phenolic molding compounds, liquid epoxy resins, coextruded multilayered films and sheets for food packaging, tapes for electronic components
Air and water quality conservation	<Air> No problems <Water> No problems

Sumitomo Bakelite (Dongguan) Co., Ltd.



President
Fumihito Tamaoki

We manufacture medical devices. In October 2020, we achieved the record of zero injuries for four years equaling five million work hours. In 2020, we succeeded in reducing energy consumption by 6.3% from the previous year. This year, we will raise awareness of safety among our employees by thoroughly notifying them of the Guidelines for Safe Conduct enacted by our Company Group in aiming to set a new record for time spent without any injuries, while also actively carrying out energy conservation activities.

Address	No. 2 Qiao Lin Road, Ling Tou Industrial District, Qiao Tou Town, Dongguan, Guangdong, P.R. China
Number of employees	471
Commencement of operations	1994
Total site area	32,930m ²
Principal products	Medical products
Air and water quality conservation	<Air> No problems <Water> No problems

Sumitomo Bakelite Macau Co., Ltd.



Managing Director
Tomoyoshi Honjo

We produce and sell epoxy resin copper-clad laminates. We use a large boiler to handle organic solvents, and are complying with the environmental regulations of Macau, a tourist destination, to advance environmental improvement. Amid stringent waste disposal regulatory conditions, we aim to become a company that is environmentally friendly and trusted by the local community through promoting MFCA activities.

Address	Zona Ind. do Aterro Sanitario de Seac Pai Van Lote A, junto a Estrada de Seac, Pai Van, Coloane, Macau
Number of employees	143
Commencement of operations	2003
Total site area	27,513m ²
Principal products	Epoxy resin copper-clad laminates
Air and water quality conservation	<Air>No measurements possible due to the COVID-19 pandemic <Water>COD, etc., temporarily exceeded standards due to breakage of storm drain pipes caused by ground subsidence, as well as decreased precipitation which reduced water quality. Conditions were improved with pipe repairs and regular cleaning.

Sumitomo Bakelite (Taiwan) Co., Ltd.

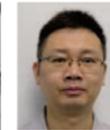


President
Mitsuaki Naramura

We develop, produce and sell epoxy molding compounds for encapsulation of semiconductors, performing all three activities as one company. The products we develop, produce and sell are halogen-free and environmentally responsive. Our environmental impact reduction activities include energy conservation and reducing material loss. Regarding safety, we achieved zero accidents last fiscal year, and are operating with safety as our top priority this fiscal year in order to continue this.

Address	No. 1, Hwa Syi Road, Ta Fa Industries District, Ta Liao 831, Kaohsiung, Taiwan, R.O.C
Number of employees	127
Commencement of operations	1998
Total site area	22,334m ²
Principal products	Epoxy molding compounds for encapsulation of semiconductor devices
Air and water quality conservation	<Air> No relevant facilities <Water> No problems

Vaupell China (Dongguan) Co., Ltd.



Plant Manager
Jake Ge

In line with overall goals of our Company Group, Vaupell China continuously improves EHS by reducing waste and contributing to saving the energy/environment. We conduct all kinds of EHS activities so as to remain a world-class in EHS.

Address	No. 2 Qiao Lin Road, Ling Tou Industrial District, Qiao Tou Town, Dongguan, Guangdong, P.R. China
Number of employees	115
Commencement of operations	2007
Total site area	Located at Sumitomo Bakelite (Dongguan) Co., Ltd.
Principal products	Aircraft components
Air and water quality conservation	<Air>No relevant facilities <Water>No relevant facilities

Overseas: Southeast Asia

SNC Industrial Laminates Sdn. Bhd.



Plant Manager
Yong Kwee

FY2020 was indeed a tough & challenging year in SNC as CCL sales continue to drop to minimum, amid of global pandemic. We were running small batch process with large facilities and regular stops & starts leading to lowest equipment effectiveness ever. Minimizing waste generation will be our priority. We are looking forward to optimize our production and put more efforts on environment impact reduction & energy conservation.

Address	PLO 38, Jalan Keluli Satu, Pasir Gudang, Industrial Estate, 81700 Pasir Gudang, Johor, MALAYSIA
Number of employees	92
Commencement of operations	1992
Total site area	60,000m ²
Principal products	Phenolic resin copper-clad laminates, phenolic resin laminates, aluminum-based copper-clad laminates
Air and water quality conservation	<Air> No problems <Water> No problems

Sumitomo Bakelite Singapore Pte. Ltd.



Managing Director
Ken Mori

We produce and sell epoxy molding compounds for encapsulation of semiconductors and paste for die bonding of semiconductors. SBS staff work diligently towards meeting all legal compliance requirements and achieving zero incidents through constant Anzen training and by inculcating the "Stop & Fix" mindset.

Address	1 Senoko South Road, Singapore 758069, SINGAPORE
Number of employees	211
Commencement of operations	1989
Total site area	22,276m ²
Principal products	Epoxy molding compounds for encapsulation of semiconductors, paste for die bonding, liquid resins for encapsulation of semiconductors
Air and water quality conservation	<Air> No problems <Water> No problems

SumiDurez Singapore Pte. Ltd.



Senior Plant Manager
Tomoyuki Saito

We manufacture and sell phenolic molding compounds. During fiscal 2020, we updated aging pump equipment and overhauled cooling line equipment to improve heat exchange efficiency in efforts that reduced our energy consumption by 5% from the previous year. Through reductions in equipment trouble, we succeeded in reducing waste by 13% year on year. We will continue with these energy conservation and waste reduction efforts as we perform environmentally friendly, trustworthy plant operation.

Address	9 Tanjong Penjuru Crescent Singapore 608972, SINGAPORE
Number of employees	57
Commencement of operations	1989
Total site area	18,000m ²
Principal products	Phenolic resin molding compounds
Air and water quality conservation	<Air> No problems <Water> No problems

P.T. Indopherin Jaya



Vice President Director
Toru Kamata

We develop, manufacture and sell phenolic resins. Amid the COVID-19 pandemic in fiscal 2020, our employees gave top priority to working on improvements to enable safe activity. While continuing with our measures against COVID-19 during fiscal 2021, we will work on development of products with concern for the environment, including odor reduction and the use of biomaterials as raw materials for phenolic resins as we aim to be a safe, secure plant that has the trust of customers and the local community.

Address	JL. Brantas No.1, Probolinggo, East Java, INDONESIA
Number of employees	122
Commencement of operations	1996
Total site area	18,000m ²
Principal products	Phenolic resins
Air and water quality conservation	<Air> No problems <Water>No relevant facilities

P.T. SBP Indonesia



President Director
Takahiro Kitakoji

We manufacture and sell polycarbonate extruded resin sheets. During fiscal 2020, we completed the conversion of our large-scale manufacturing machinery motors to inverter mechanisms and of all lighting within the plant to LEDs. Regarding waste reduction, we have cut the volume of waste emitted externally by expanding our recycling of fine offcuts generated during production. This fiscal year, we will be deliberating and adopting renewable energy sources such as solar electric power generation and solar heating as we continually strive to control CO₂.

Address	Kawasan Industri MM2100, JL. Irian Blok NN-1-1, Kec. Cikarang Barat, Bekasi, 17520, Indonesia
Number of employees	91
Commencement of operations	1996
Total site area	30,000m ²
Principal products	Polycarbonate extruded resin sheets (for signage and construction applications)
Air and water quality conservation	<Air> No relevant facilities <Water> No problems

Overseas: North America

Sumitomo Bakelite North America, Inc. (Manchester Plant)



Plant Manager
Barbara Olson

The Manchester organization's focus continues to be accident prevention, risk reduction, and continued compliance. We plan to upgrade our employee training process and we will continue our hourly employee safety incentive program to promote participation in our safety program and to reward the desired behaviors. Our key environmental improvement target for 2021 remains the reduction of landfill waste through product yield improvement activities.

Address	24 Mill Street, Manchester, Connecticut 06042, USA
Number of employees	57
Commencement of operations	1920
Total site area	14,000m ²
Principal products	Thermoset composites
Air and water quality conservation	<Air> No problems <Water> No problems

Durez Corporation (Kenton Plant)



Plant Manager
Scott Franks

We will carry on our safety efforts this year with a focus on projects and process improvements to increase the reliability of operations which will reduce serious injuries and incidents by reducing non-routine tasks. Reducing or eliminating non-routine tasks will be our highest priority this year.

Address	13717 U.S. Route 68 South Kenton, Ohio 43326, USA
Number of employees	45
Commencement of operations	1955
Total site area	263,100m ²
Principal products	Phenolic resins
Air and water quality conservation	<Air> No problems <Water> Continuing from the previous year, the capacity of cleaning equipment using biological processing remained unstable. We improved conditions mid-year by adding new equipment to check on the quality of water prior to emission. We also plan to further control increases in E. coli by adding a UV processing system.

Durez Corporation (Niagara Falls Plant)



Plant Manager
Barbara Pilmore

Safety remains a top priority for the Niagara Falls site in 2021. This year we are placing an emphasis on job observations and safety-related procedures and practices. We are implementing a project to significantly reduce our hazardous waste generation this year, which is aligned with our goal to reduce the environmental impact on our community.

Address	5000 Packard Road, Niagara Falls, NY 14304, USA
Number of employees	73
Commencement of operations	1930
Total site area	18,960m ²
Principal products	Phenolic resins
Air and water quality conservation	<Air> No relevant facilities <Water> No problems

Durez Canada Co., Ltd.



Plant Manager
Robert Hunt

Safety continues to be a main focus for the plant. We had three recordable injuries in FY2020. Safety will be a main focus in FY2021 -- safety behaviour must improve. Waste reduction remains a challenge. We have done well in the environmental area and will continue to do so.

Address	100 Dunlop Street, Fort Erie, Ontario L2A 4H9, CANADA
Number of employees	67
Commencement of operations	1970
Total site area	93,000m ²
Principal products	Phenolic resins molding compounds and Phenolic resins
Air and water quality conservation	<Air> No problems <Water> Formaldehyde exceeded state standards in rainwater waste emissions. We are currently discussing countermeasures with government environmental authorities.

Promerus, LLC



General Manager
Larry Rhodes

The transition for Promerus continued in 2020 as we moved to our new facility in Akron OH. "Cessation of Regulated Operations" was completed with the Ohio EPA for the closure of our old site. Setup of all experimental and analytical operations was completed at our new facility without incident. The COVID-19 pandemic required us to institute best practices to ensure that no community spread occurred. Promerus celebrated our fourth year without OSHA recordable injuries or illnesses.

Address	225 W. Bartges St., Akron, OH 44307, USA
Number of employees	30
Commencement of operations	2001
Total site area	3,548m ²
Principal R&D products	Functional polynorbornenes
Air and water quality conservation	<Air> No relevant facilities <Water> No relevant facilities

Vaupell Industrial Plastics, Inc.



Plant Manager
Craig Fery

At our Company, we remain committed to providing a safe working environment for all employees and remaining in compliance by meeting or exceeding all regulatory requirements. Without a lost time injury and are regularly reviewing safety practices and training in all our operations (Molding, Assembly, and Paint) in the spirit of continuous improvement. We recently passed an emissions audit in our paint facility and are installing LED lighting to reduce the energy consumption in our Everett facility.

Address	11323 Commando Rd West, Everett, Washington, 98204, USA
Number of employees	122
Commencement of operations	1947
Total site area	10,219m ²
Principal products	Aircraft components
Air and water quality conservation	<Air> No relevant facilities <Water> No relevant facilities

Vaupell Molding & Tooling, Inc. (Agawan, Massachusetts Plant)



Plant Manager
John Sulikowski

At our Plant, we remain committed to "safety first" throughout the facility. Our Plant has a very active safety committee and participates in the semi-annual Plant Manager Safety Meetings with Our Plant. Our Plant has had only one recordable incident between August 2018, and March 2021. At our Plant, we are always looking for ways to contribute to our community, and we continue to re-cycle over 80% of our plastics and cardboard.

Address	101 HP Almgreen Dr. Agawam, Massachusetts 01001, USA
Number of employees	67
Commencement of operations	2005
Total site area	9,290m ²
Principal products	Medical device parts
Air and water quality conservation	<Air> No relevant facilities <Water> No relevant facilities

Vaupell Molding & Tooling, Inc. (Constantine, Michigan Plant)



Plant Manager
Keith Bridgford

The past year with the COVID-19 problems have kept us busy maintaining a safe environment for our team members. We have implemented many safety practices and control measures; cleaning common area multiple times per day, mask wearing, temperature screening of employees, etc. We have continued working with our process scrap recycler to minimize landfill of scrap parts and runners. Our intent is to allow the recycler to 'regrind' our scrap and resell it on the secondary market.

Address	485 Florence Road Constantine, Michigan 49042, USA
Number of employees	142
Commencement of operations	1969
Total site area	7,525m ²
Principal products	Medical device parts
Air and water quality conservation	<Air> No relevant facilities <Water> No relevant facilities

Vaupell Molding & Tooling, Inc. (Hudson, New Hampshire Plant)



Plant Manager
Roger Spurrell

At our Plant, we continue to improve and implement processes to better enhance our EHS initiatives. Some activities include the removal of all unused hazardous chemicals from the facility and obsoleting of resins and two-part resin casting supplies. At our Plant, we revamped our safety committee to fill key positions such as safety committee lead. In response to the spread of COVID-19 infections, our Plant has implemented several new processes to assure the health and safety of our Facility. A facial recognition and temperature monitoring system was installed to monitor persons entering the facility. COVID-19 Safety and Hygiene procedure was released following strict CDC guidelines for the operations of our Plant. Touchless employee cleaning and sanitizing stations were installed throughout the facility to encourage increased sanitation practices. Non-recurring permit process has been started to eliminate any injuries caused by non-routine tasks.

Address	20 Executive Drive Hudson, New Hampshire 03051-4917, USA
Number of employees	42
Commencement of operations	1995
Total site area	3,500m ²
Principal products	Aircraft components
Air and water quality conservation	<Air> No relevant facilities <Water> No relevant facilities

Russell Plastics Technology Company, Inc.



Plant Manager
Richard Spero

At our Company, we promote "safety first" by being environmentally responsible for the community and employees by providing a safe and environmentally friendly workplace. We also proactively manage our processes to ensure no harm, or negative impact, to our employees or surrounding community. This year posed many challenges due to the spread of COVID-19 infections which, as a team, we were able to overcome and protect the health of our employees. As a result, Vaupell developed, executed, and enforced the Vaupell Covid Policy.

Address	521 W. Hoffman Ave Lindenhurst, New York 11757, USA
Number of employees	78
Commencement of operations	1951
Total site area	5,575m ²
Principal products	Aircraft components
Air and water quality conservation	<Air> No relevant facilities <Water> No relevant facilities

Overseas: Europe

Sumitomo Bakelite Europe NV



General Manager
Jan Schreurs

FY 2020 was fully dominated by COVID 19. The pandemic forced the organisation to adapt all procedures towards Covid-resistance. Social distancing, increased hygiene and the wear of protective materials have become a common daily practice. Only this way, safe operations could be guaranteed to supply customers with requested materials. Amongst all this, the phenol recovery unit was successfully started; this is the beginning of a broader circular program in which not only phenol will be recovered, but also waste water will be purified so it does not need to be disposed off externally but can also be reused in production. The UN SDGs are increasing their impact on business; The UN SDGs are increasing their impact on business; more and more customers are implementing this philosophy. As a consequence, the development of SDG-compliant products and the optimisation of resources (energy/ raw materials) are getting an increased attention within the company.

Address	Henry Fordlaan 80, B-3600 Genk, BELGIUM
Number of employees	134
Commencement of operations	1967
Total site area	110,000m ²
Principal products	Phenolic resin, polyester resin
Air and water quality conservation	<Air> No problems <Water> No problems

Sumitomo Bakelite Europe (Barcelona), S.L.U.



Site Manager
José Miralles

2020 has been a year of survival, where at the beginning of the year, due to the automotive crisis, a restructuring was applied to adjust the headcount, and during some months some unemployment days were applied in some departments to unify the fluctuation of the orders due to the COVID-19 crisis, which dictates to us all. Despite that there was only 1 LTA (no critical one), safety has continued being the first priority, thus we had applied some actions to reduce ergonomic risks in some lines.

Address	Gran Vial, 4 Montornes del Valles (BARCELONA) 08170, SPAIN
Number of employees	83
Commencement of operations	1949
Total site area	19,856m ²
Principal products	Phenolic resins, friction particles, adhesives
Air and water quality conservation	<Air> No problems <Water> Due to failure of a centrifuge used in biological treatment of wastewater, boron and ammonia exceeded standards, and we improved this by repairing the equipment.

Vyncolit NV



Plant Manager
Filip Verstraete

In FY2020 safety and housekeeping remained our top priorities. Unfortunately, we had 4 LTA cases, but a big focus was put on preventive and corrective actions concerning EHS-related issues. As part of innovation projects, a lot of energy was also put in upgrading the F-line to enable production of epoxy-based products, which was successful. The COVID-19 pandemic, had an impact on a shifted demand during FY2020, which required a huge flexibility on production capacity.

Address	Wiedauwkaai 6, B-9000 Gent, BELGIUM
Number of employees	135
Commencement of operations	1992
Total site area	22,683m ²
Principal products	Thermoset molding compounds
Air and water quality conservation	<Air> Filter damage and sudden drastic increase in production volume increased phenolic emissions. While replacing the filters, we will move ahead with preventive maintenance in the future. <Water> No relevant facilities

Management System Certification Status*1 ✓

Business site	Certification status		
	Quality	Environmental	Occupational Health and Safety*4,*5
Kobe Facility Office	–	ISO 14001	ISO 45001
Shizuoka Plant	ISO 9001	ISO 14001	ISO 45001
	IATF 16949 JIS Q 9100		
Kanuma Plant	ISO 9001	ISO 14001	ISO 45001
Utsunomiya Plant	ISO 9001	ISO 14001	ISO 45001
	CRM, LαZ IATF 16949		
Amagasaki Plant	Films and sheets, Cover tape ISO 9001	ISO 14001	ISO 45001
	Food safety FSSC22000		
	Primary packaging materials for medicinal products ISO 15378		
S.B. Sheet Waterproof Systems Co., Ltd.	Medical devices product warehouse ISO 13485	ISO 14001	–
	Head Office Kanuma Plant Nara Plant		
Kyushu Sumitomo Bakelite Co., Ltd.	ISO 9001 IATF 16949	ISO 14001	ISO 45001
Yamaroku Kasei Industry Co., Ltd.	ISO 9001	ISO 14001	–
Akita Sumitomo Bakelite Co., Ltd.	Medical S-BIO –	ISO 14001	ISO 45001
	Resins ISO 9001		
Hokkai Taiyo Plastic Co., Ltd.	–	ISO 14001	–
S.B. Research Co., Ltd.	ISO 9001	–	–
Sumitomo Bakelite (Suzhou) Co., Ltd.: EME, CRM	ISO 9001 IATF 16949	ISO 14001	ISO 45001
Sumitomo Bakelite (Shanghai) Co., Ltd.	ISO 9001 IATF 16949	ISO 14001	–
Sumitomo Bakelite (Nantong) Co., Ltd.	PM, PR IATF 16949	ISO 14001	–
	ECR ISO 9001		
	IATF 16949 ISO 9001		
	Films & Sheets ISO 22000 FSSC22000		
Sumitomo Bakelite (Dongguan) Co., Ltd.	ISO 13485	ISO 14001	ISO 45001
Sumitomo Bakelite Macau Co., Ltd.	ISO 9001	ISO 14001	–
Sumitomo Bakelite (Taiwan) Co., Ltd.	ISO 9001 IATF 16949	ISO 14001	ISO 45001
SNC Industrial Laminates Sdn. Bhd. (SNC)	ISO 9001 AS 9100	ISO 14001	OHSAS 18001
Sumitomo Bakelite Singapore Pte. Ltd. (SBS)	ISO 9001 IATF 16949	ISO 14001	ISO 45001
Sumidurez Singapore Pte. Ltd. (SDS)	ISO 9001 IATF 16949	ISO 14001	ISO 45001
PT. Indopherin Jaya (IPJ)	ISO 9001	ISO 14001	ISO 45001
P.T. SBP Indonesia (SBPI)	ISO 9001	ISO 14001	ISO 45001
Sumitomo Bakelite North America, Inc. (Manchester)	ISO 9001 AS 9100 IATF 16949	ISO 14001	ISO 45001
Durez Corporation (Kenton Plant)	ISO 9001	–	ISO 45001
Durez Corporation (Niagara Falls Plant)	ISO 9001 AS 9100	–	ISO 45001
Durez Canada Co., Ltd. (Fort Erie)	ISO 9001 IATF 16949*3	–	ISO 45001
Promerus, LLC	ISO 9001	–	–
Sumitomo Bakelite Europe NV (SBE)	ISO 9001	ISO 14001	ISO 45001
Sumitomo Bakelite Europe (Barcelona), S.L.U. (SBEB)	ISO 9001	ISO 14001	ISO 45001
Vyncolit NV (VNV)	ISO 9001	ISO 14001	ISO 45001
Vaupell Industrial Plastics, Inc. (Everett Plant)	ISO 9001 AS 9100	–	–
Vaupell Molding & Tooling, Inc. (Agawam Plant)	ISO 9001	–	–
	ISO 13485 AS 9100		
Vaupell Molding & Tooling, Inc. (Constantine Plant)	ISO 9001	–	–
	ISO 13485 AS 9100		
Vaupell Molding & Tooling, Inc. (Hudson Plant)	ISO 9001	–	–
	ISO 13485		
Russell Plastics Technology Company, Inc. (Lindenhurst)	ISO 9001	–	–
	AS 9100		
Vaupell China (Dongguan) Co., Ltd. (VCD)	ISO 9001	–	–
	EN 9100		

*1 We have received assurance that the certifications for the aforementioned management system at each business site are valid covering fiscal 2020 (from April 2020 to March 2021; when certification was newly acquired in April 2020 or thereafter, from the registration date to March 2021).

*2 Acquired in an integrated manner with Kanuma Plant.

*3 Included in supplementary notes for Sumitomo Bakelite North America, Inc. (Manchester).

*4 The Occupational Health and Safety Management System is an initiative undertaken voluntarily. All employees and cooperating companies are eligible to participate.

*5 Activities associated with occupational health and safety management include systems by which workers can identify and report hazards through risk prediction, as well as systems by which workers are protected from retaliatory measures, and can autonomously avoid working conditions considered likely to give rise to injury or illness.

Detailed Data Related to Sustainability

Trends in Environmental Performance

* See the business sites listed on page 3 about the boundary.

Business Sites in Japan

Item	Unit	2005	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Plan)	2030 (Target)	
CO ₂ emissions	t-CO ₂	137,961	104,556	101,790	97,238	89,667	83,986	83,077	75,169	76,004	75,764	75,037	
	Scope1 t-CO ₂	—	47,117	46,545	43,956	40,906	41,903	39,279	38,034	36,602	36,302	—	
	Scope2 t-CO ₂	—	57,439	55,245	53,282	48,761	42,083	43,798	37,135	39,402	39,462	—	
Energy consumption	Crude oil equivalent (kL)	74,370	50,276	48,845	47,199	45,115	44,051	41,999	41,814	40,755	40,916	—	
	(thousand GJ)	2,883	1,949	1,893	1,829	1,749	1,721	1,659	1,621	1,580	1,585	—	
Material loss	Landfill	ton	605	13	16	53	62	56	103	102	100	30	
	External intermediate processing	ton	342	5	7	45	56	2	6	12	12	8	
	Internal intermediate processing	ton	0.5	0	0	0	0	0	0	0	0	0	
	External recycling	ton	10,495	7,477	7,987	7,665	6,090	6,402	6,706	7,605	7,287	6,723	5,118
	Total waste generated	ton	11,444	7,494	8,010	7,762	6,207	6,459	6,767	7,720	7,402	6,831	5,150
	Valuable materials	ton	9,501	8,633	8,326	8,008	7,762	7,508	7,186	6,764	6,344	6,112	5,323
Total material loss	ton	20,945	16,127	16,337	15,770	13,970	13,967	13,953	14,483	13,746	12,943	10,473	
Chemical substance emissions	ton	512	268	202	171	139	167	173	120	128	113	77	
Emissions of substances subject to the PRTR Act	ton	81	15	15	13	8	13	11	6	5	5	—	

Overseas Business Sites

Item	Unit	2005	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Plan)	2030 (Target)	
CO ₂ emissions	t-CO ₂	163,259	144,508	142,830	151,698	151,272	152,526	149,618	137,123	126,604	126,378	109,509	
	Scope1 t-CO ₂	—	49,305	43,228	45,871	44,367	48,740	45,015	43,140	39,592	36,084	—	
	Scope2 t-CO ₂	—	95,203	99,602	105,827	106,904	103,786	93,983	87,012	90,295	—	—	
Energy consumption	Crude oil equivalent (kL)	82,906	68,231	66,466	70,874	70,710	72,111	71,045	68,374	63,673	63,742	—	
	(thousand GJ)	3,213	2,567	2,576	2,747	2,741	2,795	2,754	2,650	2,469	2,472	—	
Material loss	Landfill	ton	6,586	3,027	2,873	3,066	3,455	3,471	3,107	2,989	3,222	3,268	
	External intermediate processing	ton	3,547	4,122	3,580	3,637	3,737	3,848	3,459	3,268	3,015	2,602	
	Internal intermediate processing	ton	8,196	2,869	3,105	2,833	2,671	3,701	152	109	85	91	
	External recycling	ton	1,564	3,034	4,387	3,712	2,919	3,018	3,798	3,160	2,554	2,625	
	Total waste generated	ton	20,163	13,053	13,945	13,247	12,782	14,038	10,515	9,525	8,875	8,586	9,000
	Valuable materials	ton	8,695	2,956	2,800	4,522	3,065	3,309	2,588	2,720	2,690	2,991	2,600
Total material loss	ton	28,858	16,009	16,746	17,770	15,847	17,347	13,104	12,244	11,565	11,577	11,600	
Chemical substance emissions	ton	—	204	164	147	126	148	137	132	127	127	110	

Definitions/Calculation Method

CO₂ emissions and energy consumption (crude oil equivalent)

The calculation of CO₂ emissions and energy consumption covers energy (fuel, heat, electricity, etc.) associated with all business activities. CO₂ emissions are calculated based on the Manual for Calculating and Reporting Greenhouse Gas Emissions Ver.4.7 (Ministry of the Environment and Ministry of Economy, Trade and Industry; January 2021). For city gas and electricity, the coefficient for each business released by each company is used. Energy consumption is calculated as a crude oil equivalent based on the Act on the Rational Use of Energy.

Overseas business locations use the applicable domestic laws of each country. In the calculation of CO₂ emissions, the latest conversion coefficient at the start of the fiscal year of each Natural gas and electricity provider supplying each business site is used for city gas and electricity. In case the emissions coefficient of the electricity provider is unknown, the coefficient as of the start of each fiscal year for which data is released by the International Energy Agency is used. In addition, our Company does not emit any greenhouse gases (CH₄, N₂O, HFC, SF₆, NF₃) other than CO₂ that meet the reporting requirements of Act on Promotion of Global Warming Countermeasures.

Material loss

Total of the volume of waste generated and the volume of valuable materials. Waste generated owing to the retirement of facilities, repairs, building demolition (in-house demolition work), etc., is not included in the scope of waste, nor is dismantling scrap material of value sold, facilities resold, or construction material waste (for which a manifest is issued by the Company).

Waste generated

Total of aggregate volume of industrial and general waste from business

sites. Definitions of each type of waste are as follows.

- Landfill: waste disposed of in landfills by the Company or outsourced contractors
- External intermediate processing: waste incinerated or treated by other means by outsourced contractors (without energy recovery)
- Internal intermediate processing: waste incinerated or treated by other means in-house (without energy recovery)
- External recycling (expenses paid): waste recycled with payment made to cover processing costs (including energy recovery)

Valuable materials

The volume of valuable materials that are generated at business sites and sold and that are neither products nor raw materials.

Chemical substance emissions

Total emissions into the air, bodies of water, and the ground (aggregate volume) of chemical substances targeted by the Japan Chemical Industry Association (JCIA)'s Pollutant Release and Transfer Register (PRTR) assessments (including substances subject to the reporting requirements of "The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof" of Japan [PRTR system]). The emissions calculation method used is based on the latest Manual for Calculating PRTR Emissions (Ministry of the Environment and Ministry of Economy, Trade and Industry). JCIA changed the chemical substances subject to survey in fiscal 2013 and the Group reflected the change in the overall results from fiscal 2014 onward. Major substances that were excluded from the scope of calculation include ammonia and sulfuric acid.

Response to Act on the Rational Use of Energy/Promotion of Global Warming

Subsidiary	Item	Unit	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sumitomo Bakelite Co., Ltd.	CO ₂ emissions	t-CO ₂	81,471	79,822	76,989	70,764	66,915	66,124	60,706	60,368
	Energy consumption	Crude oil equivalent (kL)	40,661	39,747	38,600	36,567	35,974	34,609	33,717	32,754
	Year-on-year intensity of energy usage	%	96.5	96.4	100.5	100.2	91.0	94.8	93.1	96.6
	Average change in intensity over 5 years	%	96.6	96.5	96.3	98.4	96.9	96.5	84.8	93.9
Kyushu Sumitomo Bakelite Co., Ltd.	CO ₂ emissions	t-CO ₂	8,038	7,835	7,037	6,365	5,802	6,080	4,188	4,790
	Energy consumption	Crude oil equivalent (kL)	3,247	3,159	2,957	3,008	3,012	2,944	2,833	2,962
	Year-on-year intensity of energy usage	%	94.3	93.3	98.1	98.4	90.9	96.1	100.5	104.6
	Average change in intensity over 5 years	%	97.3	96.6	95.9	96.0	95.1	95.8	96.4	97.9
Akita Sumitomo Bakelite Co., Ltd.	CO ₂ emissions	t-CO ₂	6,429	6,016	5,176	5,079	4,797	4,896	4,993	5,069
	Energy consumption	Crude oil equivalent (kL)	2,547	2,393	2,070	2,095	2,018	2,055	2,081	2,118
	Year-on-year intensity of energy usage	%	86.1	88.0	98.0	95.4	93.3	94.1	101.1	100.0
	Average change in intensity over 5 years	%	104.0	95.6	97.5	91.8	93.6	95.2	96.0	97.1
S.B. Sheet Waterproof Systems Co., Ltd.	CO ₂ emissions	t-CO ₂	4,285	4,098	3,865	3,397	3,220	2,923	2,566	2,543
	Energy consumption	Crude oil equivalent (kL)	2,017	1,913	1,807	1,683	1,683	1,567	1,506	1,397
	Year-on-year intensity of energy usage	%	96.4	97.8	94.8	95.4	93.8	96.9	93.4	100.1
	Average change in intensity over 5 years	%	—	—	—	96.1	95.4	95.2	94.9	96.0

Distribution-Related Energy Conservation Measures*

Item	Unit	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Transportation ton-kilometer	thousand t-km	39,328	39,715	40,959	40,467	40,449	37,467	34,486
CO ₂ emissions	t-CO ₂	5,656	5,662	5,816	5,863	5,839	5,400	4,926
Energy consumption	Crude oil equivalent (kL)	2,128	2,135	2,195	2,214	2,205	2,041	1,862
Year-on-year intensity of energy usage	%	—	99.4	99.6	102.1	99.6	99.9	99.1
Average change in intensity over 5 years	%	—	—	—	—	100.2	100.3	100.2

* Revisions to the Act on the Rational Use of Energy create an obligation to include those consigned shipments by our subsidiaries for which "matters like the shipping method for cargo were substantively decided by our head office" in the report as shipments by secondary shippers. Therefore, while tabulating data as of fiscal 2018, prior data through fiscal 2014 was calculated in the same way.

Fiscal Year and Accumulated Investments for Environmental Protection

Item	Unit	Fiscal 2000	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Fiscal year	millions of yen	235	296	350	383	441	423	514	281	243
Cumulative total	millions of yen	235	3,652	4,002	4,385	4,826	5,249	5,763	6,043	6,286

Accumulated Investments for Environmental Protection



Transfer and Release of Substances Subject to the PRTR Act (Fiscal 2020 Performance) ✔

The amounts of the 34 substances subject to the PRTR Act (PRTR system*) released and transferred by the Group's business sites in Japan are presented in the table below.

Government order number	Substance	Amount used (manufactured)	Release			Transfer	
			Into air	Into water	Into soil	As waste material	As sewage
1	Zinc compounds (water-soluble)	17.9					
18	Aniline	92.5				0.2	
31	Antimony and its compounds	40.0				1.7	
37	Bisphenol A	211.6				0.5	
51	2-ethylhexanoic acid	1.9					
53	Ethyl benzene	20.3				3.5	
56	Ethylene oxide	0.9					
57	Ethylene glycol monoethyl ether	4.3					
78	2,4-xylene	11.3					
79	2,6-xylene	11.3					
80	Xylene	28.9				7.5	
82	Silver and its water-soluble compounds	10.5					
86	Cresol	1,750.3				1.0	
207	2,6-di-tert-butyl-4-cresol	1.9					
218	Dimethylamine	1.4					
232	N, N-dimethyl formamide	304.5	1.8			10.6	
239	Organic tin compounds	17.7				1.7	
258	Hexamethylenetetramine	839.9				17.8	
265	Tetrahydromethylphthalic anhydride	86.1					
277	Triethylamine	1.5					
296	1,2,4-trimethylbenzene	1.0					
300	Toluene	116.1	1.6			8.9	
302	Naphthalene	2.0					
309	Nickel compounds	1.4		0.2			
320	Nonylphenol	3.8				0.1	
330	Bis(1-methyl-1-phenylethyl) = peroxide	5.8					
349	Phenol	20,651.0	0.2	0.1		30.0	
352	Diallyl phthalate	6.1					
392	n-hexane	1.8					
401	1,2,4-benzene tricarboxylic acid 1,2-anhydride	8.4				0.7	
405	Boron and its compounds	5.5		0.2		0.8	
411	Formaldehyde	7,831.4 (10277.5)	0.7 0.2	0.2		4.1 5.0	
438	Methylnaphthalene	20.6	0.1				
448	Methylene bis (4, 1-phenylene) = diisocyanate	4.8					

Specific Class 1 designated chemical substances *1 See the glossary on page 108.

Memberships in Leading Organizations (Classifications of Organizations Have Been Omitted)

Organization	Role of our Company
Keidanren (Japan Business Federation)	Participates in task forces such as the Nature Protection Deliberation Council and the 1% (One Percent) Club. Participates in Committee on Population Issues, Committee on Innovation, Committee on Intellectual Property, Committee on National Resilience, Committee on Trade and Investment and Committee on Environment and Safety/Subcommittee on Environmental Risk Management.
Japan Thermosetting Plastics Industry Association	Participates in the phenol resin/amino resin extrusion materials subcommittee, laminated panel subcommittee, phenol resin subcommittee, adhesives subcommittee, melamine resin decorative panel subcommittee, electronics materials subcommittee, and environment/recycling research subcommittee.
Japan Chemical Industry Association	Serves in the General Affairs Department, Technical Affairs Committee, Environmental Safety Committee, Responsible Care Committee, Chemicals Management Committee, Council of Human Resource Fostering Program in Chemistry and SDG Subcommittee.
The Japan Plastics Industry Federation	Participates in Administration/Environment Group and the chemicals management committee.
Japan Plastic Sheet Association	Participates in Hard vinyl chloride plate Committee, Polycarbonate plate Committee and Environmental Regulation committee.
Japan Electronics Packaging and Circuits Association	
Medical Technology Association of Japan	Participates in the raw materials committee, Pharmaceutical Affairs Law committee, distribution committee, microbe reduction committee, and other committees
Japan Chemical Exports and Imports Association	Participates in the chemical substance safety, environmental committee
Japan Environmental Management Association for Industry (JEMA)	Requested dispatch of LCA education lecturer, Purchased a database for LCA, participates in LCA Japan Forum
Japan Industrial Safety & Health Association	Requested dispatch of instructors to in-house training seminars on occupational safety and health, and participated in seminars organized by the association.
Japan Association for Chemical Innovation (JACI)	Participates in the Planning & Management Council as a member on the board of directors. Participates in several committees and subcommittees, including Strategy Committee, Strategic Planning Subcommittee, and Frontier Coordination Committee, and assists in information collection and events.
Japan Initiative for Marine Environment (JaIME)	
Japan Clean Ocean Material Alliance (CLOMA)	Participation in Technology WG

Environmental Activities

Year	our Company Group's Initiatives	Social developments
1969	● Pollution countermeasures secretariat established	
1973	● Environmental Management Division established ● Environmental auditing of domestic business sites commenced	
1974	● Environmental management departments established for all business sites	
1978	● Environmental auditing of domestic subsidiaries commenced	
1987		● Montreal Protocol on Substances that Deplete the Ozone Layer adopted
1990	● Environmental Issue Action Committee established. Appointment of director in charge	
1991	● Recycling Technology Action Office established	● Law Promoting the Use of Recycled Resources enacted
1992	● S.B. Recycle established	● United Nations Conference on Environment and Development (UNCED or Earth Summit) results in the "Rio Declaration on Environment and Development", "Agenda 21" etc.
1993	● Environment and Safety Voluntary Plan drafted ● Environment and safety management regulations established ● Environmental audits of overseas subsidiaries commenced	● The Basic Environment Law enacted
1994	● Use of certain CFCs and 1,1,1-trichloroethane ceases	
1995	● Responsible Care Committee established ● The Company joins the Japan Responsible Care Council as a founding member	● Japan Responsible Care Council (JRCC) established ● Law for Promotion of Sorted Collection and Recycling of Containers and Packaging enacted
1997	● Corporate Policies for Safety, Health, and the Environment revised ● Utsunomiya Plant and Sumitomo Bakelite Singapore Pte. Ltd. obtain ISO 14001 certification	● Kyoto Protocol adopted by the Third Conference of the Parties of the United Nations Framework Convention on Climate Change (COP3)
1998	● First Environmental Activities Report issued	
1999	● All our Company Group plants obtain ISO 14001 certification	● Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management enacted ● Law Concerning Special Measures against Dioxins enacted
2000	● Environmental accounting implemented	● Basic Law for Establishing the Recycling-Based Society enacted
2001	● Environmental Report issued (independent reviews conducted)	● Law Concerning Special Measures against PCB Waste enacted
2002	● Scope of Environmental Report expanded to include subsidiaries in Japan ● Tokyo Kakohin receives an award for promoting a "3R" policy of reduce, reuse, and recycle ● Risk Management Committee established	● Soil Contamination Countermeasures Act enacted ● Japan adopts COP3 Kyoto Protocol ● World Summit on Sustainable Development adopts Johannesburg Declaration on Sustainable Development
2003	● Yamaroku Kasei Industry certified as the Company's first zero waste emissions plant ● Compliance Committee established	● Building Code revised to resolve "sick building" syndrome
2004	● Shizuoka Plant commences operations of a cogeneration system	● Air Pollution Prevention Law revised to reduce volatile organic compound (VOC) emissions
2005	● Title of annual Environmental Report reissued as Environmental & Social Report to reflect broader coverage of social initiatives ● Sumitomo Bakelite (Taiwan) Co., Ltd. recognized as our Company Group's first overseas zero emissions production business site	● Kyoto Protocol goes into effect ● Ordinance on Prevention of Health Impairment due to Asbestos
2007		● The new EU Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) comes into force
2008	● Thirty of the business sites of our Company Group in Japan and overseas obtained ISO 14001 certification ● Start of soil and groundwater pollution remediation measures at a site owned by Sano Plastic following the dismantling of a factory building there ● The company signs Responsible Care Global Charter ● Start of mechanical equipment risk assessment	● G8 Hokkaido Toyako Summit
2009	● Inauguration of multilingual Material Safety Data Sheet (MSDS) system ● Begins participating as a partner in the Declaration of Biodiversity of the Japan Business Federation (Nippon Keidanren)	● Revised Act on the Rational Use of Energy takes effect ● The 15th Conference of the Parties (COP15) held with the United Nations Climate Change Conference
2010	● Establishment of the Environmental Impact Reduction Committee ● Our Company Group begins leakage risk assessments at its business sites in Japan and overseas	● The 10th Conference of the Parties (COP10) to the Convention on Biological Diversity
2011	● Presentation to Tochigi Prefectural Government of the report on the remediation construction work conducted at the Sano Plastic site ● Standards for preparation of the Environmental & Social Report changed to conform with the GRI guidelines	● The 17th Conference of Parties (COP17) to the United Nations Framework Convention on Climate Change ● The Great East Japan Earthquake
2012	● The biotope project starts at the Shizuoka Plant ● Work to excavate and remove contaminated soil and to purify contaminated groundwater in the premises of the Totsuka Office after its closure ● Zero emissions achieved at all domestic plants ● Start of chemical materials risk assessment	● The 18th Conference of Parties (COP18) to the United Nations Framework Convention on Climate Change and the 8th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP8) ● Following the accident at the Fukushima Daiichi Nuclear Power Plant of Tokyo Electric Power Company caused by the Great East Japan Earthquake, operation of all 54 commercial nuclear reactors in Japan suspended. Of the 54, only two at the Oi Nuclear Power Plant of Kansai Electric Power Company resumed operation
2013	● Completion of decontamination at the former Totsuka Plant reported to Yokohama City	● The 19th Conference of Parties (COP19) to the United Nations Framework Convention on Climate Change and the 9th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP9)
2014	● The Company signs the revised Responsible Care Global Charter ● Environmental rating by the Development Bank of Japan (DBJ environmental rating): Gained A ● Compilation of certain Scope 3 data starts at business sites in Japan ● Start of risk assessment for fire by explosion	● Revision to the Responsible Care Global Charter (6th element) ● Revision to the Industrial Safety and Health Act starts requiring businesses to perform risk assessments of chemical substances
2015	● Revised the Company's Environment and Safety management guidelines, and established a new Responsible Care Activity Guideline in accordance to the Responsible Care Global Charter revised in 2014. ● Began to understand regional watershed risk of all major plants in the Group	● ISO 14001 Revised ● Implementation of the amended Law Concerning the Discharge and Control of Fluorocarbons ● Revision to the Water Pollution Control Act (revised wastewater standards) ● Revision to the Soil Contamination Countermeasures Act (amended specified toxic substances)
2016	● Changed the name of the Environment and Social Report to the CSR Report and prepared it in compliance with the GRI Guidelines (Ver. 4)	● Revisions to Japan's Industrial Safety and Health Law (concerning chemical substance risk assessment) take effect ● Revisions made to Japan's Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes (requiring systematic disposal prior to treatment expiration)
2017	● Opened the biotope at Shizuoka Plant to the general public	
2018	● CSR Report 2018: Prepared report based on the report preparation standards compliance with the "Core" option of the GRI Guideline/Standard ● Established the SDG Promotion and Preparation Project Team, presented in specific detail the areas of SDGs that the Company will focus on, and promoted the necessary measures on a Company-wide scale.	● Ocean Plastics Charter announced at the G7 Summit (not signed by Japan and the United States) ● Climate Change Adaptation Act enacted (Alongside with "alleviation," which mainly aims to reduce the emission of greenhouse gases, this act provides for a certain degree of "adaptation" to climate change)
2019	● Sustainability Promotion Committee launched, committee related to promoting sustainability activities organized, and the position and roles of each committee clarified ● Responded to the CDP climate change program	● Clean Ocean Material Alliance (CLOMA) launched to promote initiatives to resolve the problem of marine plastics
2020	● Environmental Vision for 2050 (net zero) Declaration ● Additional responses for CDP Water Security	● 2050 Carbon Neutral Declaration (Japan)

*Blue text indicates global events.

Glossary

<Glossary of Environmental Terms>

■ CDP (pages 27-44-50-71-107)

A project that promotes the disclosure of information related to the environment, such as global warming measures and support for water strategies and forests by corporations, with the approval of institutional investors (preceded by the Carbon Disclosure Project). It is currently one of the sets of data that is most frequently used in the world as a reference for ESG investment.

■ COD (pages 46-49-98)

Chemical oxygen demand (COD) is a measure used in water quality analysis, indicating the amount of oxygen consumed by potassium permanganate to oxidize organic compounds in water. Overseas, potassium dichromate is often used as an oxidizing agent, and results are different, so we compiled separately in Japan and overseas.

■ MFCA (pages 9-44-47-49-96-97-98)

Acronym for Material Flow Cost Accounting, an environmental management and accounting tool for companies to improve cost efficiency and reduce environmental impact at the same time. Our Group utilizes this method as an analysis tool.

■ NOx (pages 46-49-110)

Nitrogen Oxide

■ **Pollutant Release and Transfer Register (PRTR) system (pages 104-106)**
Japan's PRTR Act requires companies using harmful chemical substances to gather data on the amount of harmful chemical substances released into the environment and other data as a means of promoting autonomous efforts by those companies to improve their management of such substances and preventing the pollution of the environment by such substances.

<Glossary of Chemical Substance Terms>

■ 44/M-DAG/PER/9 (pages 55)

Rules on Indonesia's chemical substance regulation.

■ CLASS Regulations (page 55)

The Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013. Malaysia's GHS regulation.

■ CLP (page 55)

Regulation on the classification, labelling and packaging of chemical products based on GHS with the purpose of mainly communicating hazards in the EU.

■ CNS15030 Z1051 (page 55)

National standard for classification and labelling of chemicals in Taiwan.

■ DIW notification (page 55)

Notification of the Department of Industrial Works of Thailand.

■ GB/T 16483 (page 55)

China's state standard for SDS (Safety Data Sheet for chemicals).

■ GHS (page 55)

Acronym for the Globally Harmonized System of Classification and Labelling of Chemicals.

■ HCS (page 55)

Acronym for Hazard Communication Standard. Regulation on workplaces handling dangerous and hazardous chemical substances in the United States.

■ JIS Z 7253 (page 55)

Integrated version of JIS Z7250 and Z7251 for consistency with GHS.

<Glossary of Sustainability Terms, Others>

■ CS (pages 6-9-15-28-29-32-37-56-59-60-66-81-83-110)

Acronym for customer satisfaction.

■ CSR (pages 3-10-37-39-40-43-85-107-109-110)

Acronym for Corporate Social Responsibility. CSR collectively refers to activities carried out within the scope of a company's operations not only geared toward generating profits, but also for fulfilling a company's responsibilities to society and growing together with society while emphasizing the correlation with all stakeholders.

■ ESG (pages 3-9-22-36-38-39-71)

Acronym that stands for environment, social, and governance; used as an indicator to determine whether a company can grow sustainably.

■ GRI (pages 3-38-86-107-109-110)

Acronym for Global Reporting Initiative, an international NGO. The organization publishes the GRI Sustainability Reporting Guideline.

■ ISO26000 (page 38)

International standard developed in October 2010 to help organizations address social responsibility issues. This is the first international standard created through a multi-stakeholder process, which involved experts representing a multitude of sectors in the deliberation.

■ QOL (page 56)

Acronym for quality of life. A concept of satisfaction in all aspects of life, which includes not only material wealth possession but also emotional fulfillment, and self-actualization.

■ SOx (pages 46-49-110)

Sulfur Oxide

■ Carbon Neutral (pages 7-14-16-17-21-31-40-41-44-45-46-47-96-107)

The 2050 Carbon Neutral initiative showcased by the government is an application of the carbon neutral concept to policy. According to the declaration, the aim is to zero out overall greenhouse gas emissions by 2050, resulting in carbon neutrality by that year and the realization of a decarbonized society.

To zero out overall means that the total of emitted volume minus volumes absorbed and eliminated is to be brought to zero.

■ Scope 3 (pages 48-107-110)

Whereas Scope 1 concerns direct emissions due to combustion of fuel etc. and Scope 2 concerns indirect emissions from consumption of purchased electricity or heat, Scope 3 concerns other indirect emissions, both upstream and downstream, of the supply chain of the reporting entity. The international guidelines of the Greenhouse Gas (GHG) Protocol break down Scope 3 into 15 categories.

■ Soot and dust (pages 46-49)

Solid particulate matter found in smoke including dust and cinders.

■ ExESS (page 55)

A system for producing and issuing SDS multilingually. Introduced in 2020.

■ NOM (page 55)

Official Mexican Standards prepared by the General Directorate of Standards. They contain the absolute minimum requirements that must be met for preventing workplace dangers.

■ Prop 65 (page 55)

An abbreviation for Proposition 65, a California law, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986.

■ SDS (pages 42-55)

Acronym for Safety Data Sheet. This sheet contains the safety information regarding chemical substances, and is attached with products on their delivery to other businesses.

■ TT-BCT (page 55)

Circular notice on regulation for classification and labelling of chemical substances of Vietnam.

■ WSSD (page 55)

Acronym for World Summit on Sustainable Development.

■ European REACH (page 55)

European Union regulation to protect the health of people and the environment during the handling of chemical substances.

■ Occupational Safety and Health Act (pages 42-55)

The Occupational Safety and Health Act for Chemical substance of South Korea.

■ RBA Scope of Activity (page 85)

The Electronic Industry Citizenship Coalition (EICC) Code of Conduct establishes standards to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

■ Stakeholders (pages 3-9-10-11-15-20-22-23-28-31-36-37-38-39-40-43-44-60-76-81-109)

Persons and organizations concerned. People who have an interest in any decisions made or activities conducted by an organization.

■ Materiality (pages 37-38-39)

In the context of CSR, "materiality" refers to significant items that need to be worked on. Materiality items are selected in terms of how they reflect significant effects that an organization has on the economy, environment, and society, and how they have an actual impact on evaluations and decisions made by stakeholders.

■ Responsible Care (pages 9-27-38-40-41-45-52-55-61-63-65-68-72-106-107)

Activity that assures environmental safety and health in all stages of a chemical material's existence from development to manufacturing, distribution, utilization, final consumption, disposal, and recycling; publishes process results; and promotes dialogue and communication with the public. (Japan Chemical Industry Association)

Concept Story	Top Message	Value Creation	Interview with the President	Special Feature on SDGs	Outline of Medium-term Business Plan	Contents
Business Overview by Segment	ESG Initiatives	Environment	Social	Governance	Data	

GRI Standards Comparison Table

This report is compliant with the Core of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards.

General Disclosures

GRI Standard - General Disclosures		Page number (title)
1. Organizational profile		
102-1	Name of the organization	P87: Corporate Data Website: Overview https://www.sumibe.co.jp/english/company/outline/index.html
102-2	Activities, brands, products, and services	P28-33: Business Overview by Segment P87: Corporate Data / Major Products by Division 130th Securities Report P6-7/147: Business Description Website: Products https://www.sumibe.co.jp/english/product/index.html
102-3	Location of headquarters	P87: Corporate Data Website: Overview https://www.sumibe.co.jp/english/company/outline/index.html
102-4	Location of operations	P88: Group Companies P89: Sumitomo Bakelite Group P96-102: Site Report 130th Annual Securities Report P9-10/147: Group companies Website: Group Companies (Overseas) https://www.sumibe.co.jp/english/company/overseas/index.html
102-5	Ownership and legal form	P87: Corporate Data P76: Corporate Governance
102-6	Markets served	P88: Group Companies 130th Securities Report P6-7/147: Business Description
102-7	Scale of the organization	P61: Number of Group Employees and Executive Officer P87: Corporate Data P88-89: Group Companies P90-91: Financial Data 130th Securities Report P2-3/147: Overview of Company P4/147: Management indicators, etc., of submitting company P11/147: Employees P27-28/147: Major plants (numbers of employees at each of the plants and companies shown at right) P32-33/147: Major Shareholders Website: Overview https://www.sumibe.co.jp/english/company/outline/index.html
102-8	Information on employees and other workers	P61: Breakdown of employees by region, by age, and by gender 130th Securities Report P27-28/147: Main Facilities (Number of Employees at Each Plant and Company at Right)
102-9	Supply chain	P85: Procurement Initiatives> Basic Approach
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary Principle or approach	P82: Risk Management P44-45: Environmental Management P57: Reducing Risk Relating to New Business
102-12	External initiatives	P107: Environmental Protection Activities
102-13	Membership of associations	P106: Memberships in Leading Organizations
2. Strategy		
102-14	Statement from senior decisionmaker	P6-9: Message from the President
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	P6-9: Message from the President P2: The Sumitomo Business Philosophy and the Basic Policy of the Sumitomo Bakelite Group, and Sustainability Promotion Structure P83: Code of Conduct for Employees P85: Procurement Initiatives> Basic Approach P56: Basic Quality Management Policy for Fiscal 2021 P70: Basic Policy on Profit Distribution Website: Guiding Principles https://www.sumibe.co.jp/english/company/philosophy/index.html Website: Material Procurement>Procurement https://www.sumibe.co.jp/english/company/purchasing/index.html

GRI Standard - General Disclosures		Page number (title)
4. Governance		
102-18	Governance structure	P40-41: Sustainability Promotion Structure P76-78: Corporate Governance P44-45: Environmental Management 130th Securities Report P37-42/147: Corporate Governance
5. Stakeholder engagement		
102-40	Stakeholders stakeholder groups	P37: Relationship with Stakeholders
102-41	Collective bargaining agreements	P69: Labor-Management Relations 130th Securities Report P11/147: Labor Unions
102-42	Identifying and selecting stakeholders	P38-39: Promoting Business That Helps Solve Social Issues P37: Relationships with Stakeholders
102-43	Approach to stakeholder engagement	P37: Relationships with Stakeholders
102-44	Key topics and concerns raised	P37: Relationships with Stakeholders P38-39: Promotion of business operations that help solve social issues
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	P3: Boundary P89: Consolidated subsidiaries (42 companies) 130th Securities Report P9-10/147: Affiliated Companies
102-46	Defining report content and topic Boundaries	P3: Editorial Policy P38-39: Promoting Business That Helps Solve Social Issues P109: Basis to disclose topics identified as material
102-47	List of material topics	P38-39: Promoting Business That Helps Solve Social Issues P109: Basis to disclose topics identified as material
102-48	Restatements of information	P3: Boundary
102-49	Changes in reporting	None
102-50	Reporting period	P3: Subject period
102-51	Date of most recent report	P3: Published
102-52	Reporting cycle	P3: Published
102-53	Contact points for questions regarding the report	Back cover: Inquiries
102-54	Claims of presorting in accordance with the GRI Standards	P3: Editorial Policy P109-110: GRI Standards Comparison Table
102-55	GRI content index	P3: Editorial Policy P109-110: GRI Standards Comparison Table P111: Independent Assurance Report
102-56	External assurance	P3: Editorial Policy P111: Independent Assurance Report

Basis of to disclose topics identified as material

Identified materiality items	Related GRI Standard Aspects
● Mitigate environmental impacts	Materials/Emissions/Effluents and Waste
● Resource and energy conservation	Energy
● Safety and security	Environment-Overall/Occupational Health and Safety
● Chemical substances	Occupational Health and Safety
● Product liability	Customer Health and Safety
● Biodiversity Conservation	Biodiversity Conservation
● Improving stakeholder satisfaction	Customer Health and Safety
● Human resources development	Training and Education/Employment
● Diversity and work-life balance	Diversity and Equal Opportunity
● CSR procurement	Supplier social assessment
● Compliance	Socioeconomic compliance/ Environmental Compliance

Topics determined to be material

GRI Standard – Specific Disclosures		Page number (title)
GRI 300 Series (Environmental Standards)		
GRI 301 Materials		
103-1	Explanation of reporting the material topic and its Boundary	P47: Medium- to Long-term Environmental Targets and Results P49: Reducing Material Loss
103-2	The management approach and its components	P47: Medium- to Long-term Environmental Targets and Results P49: Reducing Material Loss
103-3	Evaluation of the management approach	P47: Medium- to Long-term Environmental Targets and Results P49: Reducing Material Loss
301-1	Materials used by weight or volume	P46: Material Flows and Investments in Environmental Protection
GRI 302 Energy		
103-1	Explanation of reporting the material topic and its Boundary	P44-45: Environmental Management P46: Material Flows and Investments in Environmental Protection
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P44-45: Environmental Management
103-3	Evaluation of the management approach	P44-45: Environmental Management
302-3	Energy intensity	P48: Environmental Performance P104: Definitions/Calculation Method
302-4	Reduction of energy consumption	P44-45: Environmental Management P104: Definitions/Calculation Method
GRI 304 Biodiversity		
103-1	Explanation of reporting the material topic and its Boundary	P72: Biodiversity Conservation Initiatives
103-2	The management approach and its components	P72: Biodiversity Conservation Initiatives
103-3	Evaluation of the management approach	P72: Biodiversity Conservation Initiatives
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P72: Biotope Initiatives and visiting guest lessons
GRI 305 Emissions		
103-1	Explanation of reporting the material topic and its Boundary	P44-45: Environmental Management P46: Material Flows and Investments in Environmental Protection
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P44-45: Environmental Management
103-3	Evaluation of the management approach	P44-45: Environmental Management
305-1	Direct GHG emissions (Scope 1)	P3: Editorial Policy P46: Material Flows and Investments in Environmental Protection P104: Trends in Environmental Performance P104: Definitions/Calculation Method • Offsetting not used until fiscal 2020.
305-3	Other indirect GHG emissions (Scope 3)	P48: Environmental Performance
305-4	GHG emissions intensity	P48: Environmental Performance
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	P46: Material Flows P49: Release into the atmosphere
GRI 306 Effluents and Waste		
103-1	Explanation of reporting the material topic and its Boundary	P44-45: Environmental Management
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P44-45: Environmental Management
103-3	Evaluation of the management approach	P45: Activities of the Carbon Neutrality Promotion Committee
306-2	Waste by type and disposal method	P46: Material Flows and Investments in Environmental Protection P104: Trends in Environmental Performance
306-3	Significant spills	P51: Soil/Underground Water Pollution Countermeasures(None)
GRI 307 Environmental Compliance		
103-1	Explanation of reporting the material topic and its Boundary	P83-84: Compliance P44-45: Environmental Management
103-2	The management approach and its components	P83-84: Compliance P44-45: Environmental Management
103-3	Evaluation of the management approach	P83-84: Compliance P44-45: Environmental Management
307-1	Non-compliance with environmental laws and regulations	P84: Monitoring
GRI 308 Supplier Environmental Assessment		
103-1	Explanation of reporting the material topic and its Boundary	P85: Procurement Initiatives
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P85: Procurement Initiatives
103-3	Evaluation of the management approach	P85: Procurement Initiatives
308-2	Negative environmental impacts in the supply chain and actions taken	P85: CSR Survey of Suppliers

GRI Standard – Specific Disclosures		Page number (title)
GRI 400 Series (Social Standards)		
GRI 401 Employment		
103-1	Explanation of reporting the material topic and its Boundary	P61: Recruiting and Employment P65: Human Resources Development
103-2	The management approach and its components	P61: Recruiting and Employment (The items for which policies are to be set are stated.)
103-3	Evaluation of the management approach	P61: Recruiting and Employment
401-1	New employee hires and employee turnover	P61: Number of Group Employees and Executive Officers
GRI 403 Occupational Health and Safety		
103-1	Explanation of reporting the material topic and its Boundary	P52: Safety and Security
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P52: Safety and Security
103-3	Evaluation of the management approach	P52: Safety and Security P42-43: Highlights of Fiscal 2020 Sustainability Activities P52: Machinery and Equipment Risk Reduction Activities, Risk Reduction Activities relating to Chemical Substances
403-1	Occupational Health and Safety Management System	P103: Management System Certification Status table
403-2	Hazard specification, risk assessment, accident investigation	P52: Occupational Health and Safety Management System P52: Mechanical equipment risk reduction activities, chemical substances risk reduction activities P53: Occupational accident figures P103: Management Certification System certification status table
403-3	Occupational health services	P69: Health management
403-4	Worker participation and communication regarding occupational health and safety	P52: Occupational Health and Safety Management System P69: Labor relations
403-5	Worker training regarding occupational health and safety	P53: Health and Safety Education
403-6	Health promotion among workers	P69: Health management (TOPIC)
403-7	Prevention/mitigation of direct impact on occupational health and safety from business relations	P57: Product Liability
403-9	Occupation-related injury	P52: Mechanical equipment risk reduction activities P52: Chemical substance risk reduction activities P53-54: Occupational Accident Figures <Reason for omission> While we have obtained some information related to disasters and accidents among cooperating companies and non-employees, we have not been able to compile it. We will consider possible disclosure of the relevant information presumably in one to two years.
GRI 404 Training and Education		
103-1	Explanation of reporting the material topic and its Boundary	P65: Human Resources Development
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P65: Human Resources Development P66: The Group's in-house training institute, "SB School"
103-3	Evaluation of the management approach	P65: Human Resources Development
404-2	Programs for upgrading employee skills and transition assistance programs	P66: The Group's in-house training institute, "SB School"
GRI 405 Diversity and Equal Opportunity		
103-1	Explanation of reporting the material topic and its Boundary	P63: Employment of People with Disabilities P63: Initiatives to Promote the Advancement of Women P64: Work-Life Balance
103-2	The management approach and its components	P63: Employment of People with Disabilities P63: Initiatives to Promote the Advancement of Women P64: Work-Life Balance
103-3	Evaluation of the management approach	P63: Employment of People with Disabilities P63: Initiatives to Promote the Advancement of Women P64: Work-Life Balance
405-1	Diversity of governance bodies and employees	P76: Management System P61: Number of Group Employees and Executive Officers P63: Employment of People with Disabilities P63: Initiatives to Promote the Advancement of Women
GRI 414 Supplier Social Assessment		
103-1	Explanation of reporting the material topic and its Boundary	P85: Procurement Initiatives
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P85: Procurement Initiatives
103-3	Evaluation of the management approach	P85: Procurement Initiatives
414-2	Negative social impacts in the supply chain and actions taken	P85: CSR Survey of Suppliers

GRI 416 Customer Health and Safety		
103-1	Explanation of reporting the material topic and its Boundary	P56: The Group's Basic Policy and System for Quality Assurance
103-2	The management approach and its components	P56: The Group's Basic Policy and System for Quality Assurance
103-3	Evaluation of the management approach	P56: The Group's Basic Policy and System for Quality Assurance
416-1	Assessment of the health and safety impacts of product and service categories	P55: Chemical Substance Management P56-58: Product Liability
GRI 419 Socioeconomic Compliance		
103-1	Explanation of reporting the material topic and its Boundary	P83: Compliance
103-2	The management approach and its components	P42-43: Highlights of Fiscal 2020 Sustainability Activities P83: Compliance
103-3	Evaluation of the management approach	P84: Whistleblower System P84: Monitoring
419-1	Non-compliance with laws and regulations in the social and economic area	P84: Monitoring

On-site audit by KPMG AZSA Sustainability Co., Ltd.



Utsunomiya Plant



Independent Assurance Report

To the President and Representative Director of Sumitomo Bakelite Co., Ltd.

We were engaged by Sumitomo Bakelite Co., Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators and environmental accounting indicators marked with ☑ (the "Indicators") for the period from April 1, 2020 to March 31, 2021 included in its Integrated Report 2021 (the "Report") for the fiscal year ended March 31, 2021, and the Company's self-declaration that the Report is prepared in accordance with the Global Sustainability Standards Board's GRI Sustainability Reporting Standards 2016 ("GRI Standards") at a core level.

The Company's Responsibility
The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, and for self-declaring that the Report is prepared in accordance with the criteria stipulated in the GRI Standards.

Our Responsibility
Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's Utsunomiya Plant selected on the basis of a risk analysis.
- Evaluating the Company's self-declaration that the Report is prepared in accordance with the GRI Standards at a core level against the criteria stipulated in the GRI Standards.
- Evaluating the overall presentation of the Indicators.

Conclusion
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report, and the Company's self-declaration that the Report is prepared in accordance with the GRI Standards at a core level does not conform to the criteria stipulated in the GRI Standards.

Our Independence and Quality Control
We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
October 21, 2021