

Environmental & Social Report 2014



SUMITOMO BAKELITE CO., LTD.



Expanding the Possibilities of Plastics in Order to Contribute to Establishing a Sustainable Society

*

Emphasizing environmentally and socially responsible management, Sumitomo Bakelite offers products that are safe and reliable for diverse applications in wide-ranging fields extending from telecommunications, automotive and medical to food and construction.

The history of plastics in Japan goes back more than one hundred years and today, plastics play a role in every part of our lives. But how will plastics be used in the future? Expect innovation triggered by technical progress together with the rapid evolution of sophisticated new needs in the market.

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

Editorial Policy

This report presents the Sumitomo Bakelite Group's CSR activities in fiscal 2013 clearly and succinctly to facilitate communication with all stakeholders. In 2013, we established the Corporate Communications Department within the Corporate General Affairs Division. Through enhancing two-way communication both within the company and in society at large concerning PR and IR activities as well as in matters relating to the environment and safety, we seek to cultivate fruitful relationships with all our stakeholders. The content and editorial policy of the report were determined based on a consideration of the principal issues concerning the Group and its stakeholders, in light of the views expressed by our stakeholders and the trends influencing society. Compared with the previous year's report, this report carries a stronger message with more content related to society.

Compared with the previous year's report, this report carries a stronger message with more content related to society. Page layout was revised to make the report easier on the eyes. Like the 2013 edition:

1 The report was prepared in accordance with the Sustainability Reporting Guidelines 2006 (Version 3) of the Global Reporting Initiative (GRI).

2 Using the Universal Design Font, we have endeavored to prepare a readily understandable and accessible Environmental & Social Report 2014.

3 Independent assurance is obtained and included in the report to attest to its credibility.

The indicators that are assured by a third party are marked with the $\widehat{\mathscr{O}}$ mark.

The Web edition, which contains detailed data, can be downloaded from the Sumitomo Bakelite Website (http://www.sumibe.co.jp/english/csr/report/index.html).

- Period In principle, the report covers fiscal 2013 (April 2013 through March 2014). Cases in which the coverage is different from this period are indicated.
- Published September 2014 (The fiscal 2012 Report was published in September 2013 and the fiscal 2014 Report will be published in September 2015.)
- Boundary (The names of the companies are generally stated in simplified forms by omitting "Co., Ltd.", "Inc.", etc.) In principle, this report covers Sumitomo Bakelite and its consolidated subsidiaries. Regarding environmental and occupational health and safety, the boundary is limited to the following business sites, which are mostly production site.
 [Japan]

Sumitomo Bakelite Head Office and marketing offices etc., Amagasaki Plant, Kanuma Plant, Utsunomiya Plant, Shizuoka Plant, Kobe Facility Office,

Akita Sumitomo Bakelite, S.B. Techno Plastics, Hokkai Taiyo Plastic, Yamaroku Kasei Industry, Kyushu Sumitomo Bakelite, S.B. Sheet Waterproof Systems, Tsutsunaka Kosan*1, S.B. Research Osaka Center*1, Softec*1, Thanxs Trading*1, Seibu Jushi*2

[Overseas]

Sumitomo Bakelite Singapore, Sumicarrier Singapore^{*3}, SumiDurez Singapore, SNC Industrial Laminates, Indopherin Jaya, SBP Indonesia, Sumitomo Bakelite (Suzhou), Sumitomo Bakelite (Dongguan), Sumitomo Bakelite (Shanghai), Sumitomo Bakelite Macau, Sumitomo Bakelite (Nantong), Sumitomo Bakelite (Taiwan), Durez Corporation, Durez Canada, Sumitomo Bakelite North America, Promerus, Sumitomo Bakelite Europe, Sumitomo Bakelite Europe (Barcelona), Vyncolit, Neopreg^{*2}





Corporate Message

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Shigeru Hayashi, President and Representative Director Aiming for Sustainable Growth by Addressing Social Issues



[Special Feature] Stakeholder Dialog

Tackling the Problem of Waste with Environmentally Friendly Food Packaging



[Special Feature] Supporting the Education of the Next Generation Fujieda Science Education Support Project



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- *1 These business sites are included in the compilation of energy consumption and CO₂ emissions data.
- *2 These business sites are not consolidated subsidiaries, and reporting covers only occupational health and safety.
- *3 Sumicarrier Singapore was closed in May 2013.

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.", "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. Message from the President

Aiming for Sustainable Growth by Addressing Social Issues

Sumitomo Bakelite seeks sustained growth as an excellent global company. But what is the company doing to achieve that aim? Satoko Ito, freelance presenter and guest professor at the Graduate Institute for Entrepreneurial Studies interviews Shigeru Hayashi, President and Representative Director.

Satoko Ito Freelance Presenter

While at university, she made her debut on Hiroshi Sekiguchi's "Sunday Morning" (TBS). After working as a presenter, she went to America in 2002 for a course in American Social Studies. She currently appears in television news broadcasts as a commentator. She takes an active interest in international contribution, taking part in missions to Cambodia and Nepal through JICA. In 2010, she was appointed guest professor at the Graduate Institute for Entrepreneurial Studies.

Shigeru Hayashi President and Representative Director

He joined Sumitomo Bakelite in 1970. Appointed General Manager of Curing Materials in the Molding Materials Business Marketing Division in 1991, General Manager of the Utsunomiya Plant 1992, General Manager of Molding Material at the Osaka Branch 1995, General Manager of the Molding Materials Business Marketing Division 1997, General Manager of the Functional Molding Materials Business Marketing Division 1999, Director 2000. After serving as Vice President from 2008, he was appointed President in 2010. From 2006, he has served as Chair of the CS Promotion Committee. **Ito** Plastic is a material that's essential to our way of life, and Sumitomo Bakelite produces an astonishing range of plastic products. How did you come to be involved in so many fields?

Hayashi Phenolic resins was the world's first plastic and since 1911 when Sankyo Company made a prototype product using this resin, plastics have undergone remarkable growth. The Sumitomo Bakelite Group took over operations from Sankyo, and now we supply products in a wide range of fields including engine room parts for automobiles, IT components and material such as semiconductor materials, as well as healthcare, food, and construction.

Ito Sumitomo Bakelite is truly a market-leading pioneer in plastics. How did the company perform in fiscal 2013?

Hayashi Sales and profits increased over the previous year, but we didn't reach our target figures. We haven't yet recovered to the performance levels before the financial shock of 2008.

Ito What do you think is the reason for this?

Hayashi In the last few years, we've pursued a course of business consolidation. This structural reform is not yet complete. First of all, folding up unprofitable operations and other measures reduced our overall sales. On the other hand, by concentrating on high-profit businesses and building new businesses, we've set a strong course for the future.

Expanding and Deepening Our Businesses

Ito I understand that you've established a new three-year medium term plan reflecting this situation. What do you aim to achieve?

Hayashi Until now, we've produced medium term plans every three years, but since the Lehman shock, it's been impossible to forecast the direction of the world economy, and so we've been revising our plans every year on a rolling basis. In fiscal 2014, the world economy has stabilized, including Japan, and we appear to be in a growth period, so we're going back to threeyear plans as before.

Ito What have you planned specifically? **Hayashi** The Group is involved in a variety of fields, but we aim to expand the scope of our businesses and pursue deeper penetration in each field. Our Group has three segments of which the core is high-performance plastics. First of all, to grow this into a 100 billion yen business, we bought Vaupell Holdings, an American company that is a primary supplier of aircraft interior components. Currently there are approximately 19,000 private-sector aircraft operating around the world, and twenty years on in 2033, this number is expected to increase to more than 30,000 aircraft. In future, lighter aircraft are going to be required for improved fuel efficiency. So using Vaupell's strength as a primary supplier, we'll make proposals to aircraft manufacturers, applying our phenolic resins material technology and molding and processing technology from interiors to mechanical parts, gaining a foothold in aircraft applications.

Ito Recently, I understand that you're also focusing on shale gas and oil.

Hayashi Shale gas and oil are now big businesses in America. Consequently, the Group has been reinforcing its phenolic resins production capacity for mining materials. Also, in the past, mining was carried out from strata 3,000 meters underground, but now miners are starting at around 1,000 meters to improve profitability. Naturally, the conditions such as the temperature and so on differ depending on where you dig, and so various mining materials are required. We'll develop products for all applications and supply them to American mining companies.

Ito You have competitors around the world, but where does the advantage of Sumitomo Bakelite lie?

Hayashi We have a variety of formulation technologies for phenolic resins, so we can customize our products promptly to the customer's specification, which makes us a reliable partner. In future, China and Europe will also start mining shale gas and oil, but America is expected to lead in mining technology. And so we need to strengthen our connections with American mining companies.

Ito Talking of overseas initiatives, you've just completed a new plant in China.

Hayashi Yes. In April 2014, we completed a production plant for liquid epoxy resin for automotive electrical applications, in Nantong, China. It's scheduled to start operations this fall. In addition, consumption of ham and similar

foodstuffs is increasing in China, and there's a growing need for functional packaging materials. And so we've fitted out the Nantong Plant with the latest facilities, and we'll start local production and supply of multilayered composite films and sheets for food products, using a coextrusion method that provides outstanding durability and oxygen barrier properties. The Nantong Plant is a very important center for the production and sale of high-performance plastics, and we aim to expand our profitability and production items in China.

Ito What is Sumitomo Bakelite doing in the field of IT components and material?

Hayashi About ten years ago, we started development of the $L\alpha Z^{\textcircled{B}}$ substrate material for semiconductor packages, achieving commercialization four or five years ago, and now we're working to strengthen this area. In 2013, we completed a new production line in the Utsunomiya Plant. Using its new production system, we can manufacture circuit boards that achieve one of the thinnest standard in the world. We're considering developing it into a business that can contribute to reducing the size and weight of smartphones.

Ito That's amazing technology, isn't it?

Hayashi Well, new models of leading edge smartphones are released every six months. The components inside them are also redesigned at the same time, and if your components aren't the best, they won't be used. With the completion of the new production line in the Utsunomiya Plant, we can now provide high-performance and highly fuctional products in a range that requires low prices and a stable supply to meet these requirements. I believe that we've expanded and deepened our business with this step.

Ito I understand that quality of life (QOL) products are Sumitomo Bakelite's third pillar, and the company is actively rolling out these products in overseas markets.

Hayashi That's right. QOL products are basically for the domestic market. We're working on a range of products for the medical field, which is the core of the business, but in fact, we're not seeing any growth. America is at the leading edge of medicine, and Japanese doctors go there to study medical technology. When they return to Japan, they use the devices that they became accustomed to in America, so it's difficult for Japanese manufacturers to get a foot in the door. Vaupell, which is now part of the Group, is an OEM for major medical equipment manufacturers, and we intend to use Vaupell's business sites and channels as the basis for full-scale deployment in the North American market. Another QOL product that we're marketing in the building material segment is DECOLA INNOVAIR, an extremely thin non-combustible decorative melamine sheet. It's



highly regarded by developers and general contractors.

Ito In the future, it's going to be increasingly important in product manufacturing to address safety, reliability, energy conservation and environmental issues, isn't it?

Hayashi Indeed. Safety, reliability and energy conservation are important keywords for us. We're working to make our products lighter, more energy efficient, with fewer CO₂ emissions. Providing proposals and offerings that contribute to this goal is the duty of a materials manufacturer, and I think it's central to our business development.

Creating New Business by Prioritizing Customer Satisfaction

Ito The extent to which you can address social issues seems to be the key to sustained growth in

the future.

Hayashi That's right. I think that contributing to solving social issues through our businesses will lead to sustainable growth. Also, in order for the Group to move Japanese technology forward and to provide customers with new products, we've pursued research with a focus on the seeds of potential developments that lie several years ahead. It's what you might call preemptive research. But the fruits have been disappointing.



Research and development for customers who don't exist often ends in failure. So we believe it's necessary to shift our focus to customer needs, while maintaining the seminal research, and so we've been pursuing initiatives with an emphasis on customer satisfaction. For example, we select major customers from each business line and through a process of dialog, we identify their latent needs and propose collaborative projects to meet those needs.

Ito If you want to make really useful products, the manufacturer must communicate closely with the customer, otherwise new technology goes to waste. I think that's a great perspective. Also, to make further strides in global society, personnel development, diversity and related issues are important. How is Sumitomo Bakelite addressing this? Hayashi In 2007, we began offering courses through "SB School," our own corporate training

institution. The 7th Period SB School (September 2013 to August 2014) has 137 courses, and these are being taken by a total of more than 150,000 people. We're committed to fostering world-class, global human resources who are resourceful and individualistic.

Ito The company needs to perform well despite not knowing what will happen next in emerging and developing countries. What's the key to developing people who can operate effectively under those conditions?

Hayashi We send our people overseas right away to gain experience in the field. About four years ago, we introduced a trainee system for young employees around 30 years old, starting from their third year with the company. We send them overseas for about two years as an opportunity for practical experience. In addition, we must promote diversity in our human resources to meet the requirements of the society of the future. One of Sumitomo Bakelite's executive officers is from Europe, and he plays an important role in driving the globalization of the Group.

Ito Finally, do you have a message for your stakeholders?

Hayashi In 2015, the Group will be celebrating its 60th anniversary. Furthermore, the history of plastics in Japan goes back more than one hundred years and as a pioneer of plastics, the Sumitomo Bakelite Group is marking the start of another one hundred years. We're a customerfocused company and our basic policy places first priority on customer satisfaction. As such, we seek to identify customer needs and to solve the issues customers face. I believe this will be the foundation of new business models. In addition, abiding by Sumitomo's philosophy of contributing to the progress of society and enhancement of people's welfare and livelihood through its business activities results naturally in the fulfillment of social responsibility and sustained growth. At the same time, we're also committed to fulfilling our social responsibility as a member of the chemical industry. As part of this, our management policy requires us to consider health, safety and the environment throughout the life cycle of all our products, and we voluntarily endorse and implement the Responsible Care Global Charter in pursuit of enhanced environmental safety measures.

The Sumitomo Business Philosophy and Management Policies

The Sumitomo Busines In Mar Env In Manufacturing, We Accord Top Priority to **Environmental Protection and Safety**

We have inherited Sumitomo's Business Philosophy that 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 (who acquired the title Monjuin after becoming a Buddhist priest) to instruct his family about the business wisdom he had distilled from his experience.

Sumitomo's Business Philosophy

At the beginning, it urges "Strive with all your heart, not only in business, but in all situations." This is the fundamental spirit of the Monjuin Shiigaki.

The rigorous efforts and honesty demanded by the Monjuin Shiigaki as well as other personal characterbuilding precepts continue to be the foundation of the Sumitomo Group's Business Philosophy. Sumitomo Bakelite's 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."--stems from the Sumitomo Business Philosophy that has been inherited, nurtured and applied for 400 years.

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.

Management **Policies**

1. Strengthen and expand the three core businesses—semiconductor materials, high-performance plastics, and quality of life products

- 2. Upgrade competitive power rooted in manufacturing skills
- 3. Anticipate customers' needs and provide next-generation solutions
- 4. Promote Customer Satisfaction (CS) enhancement activities and marketing that emphasize B to B

Philosophy

In all its operations, Sumitomo Bakelite and the Sumitomo Bakelite Group will endeavor to carry out its social responsibilities by meeting the highest standards of the Responsible Care concept and giving due consideration to human health and safety as well as to the protection of the environment.

Policies

In accordance with this philosophy, we will:

- 1. Evaluate the safety, health, and environmental aspects of all corporate activities, from product design through product disposal, strive to minimize the environmental impact of our corporate activities, and undertake to develop safer products and technologies;
- 2. Make sustained, groupwide efforts to promote resource and energy conservation, waste reduction and biodiversity conservation;
- 3. Perform environmental audits and safety audits as well as work to maintain and improve systems for managing environmental protection, safety promotion and disaster prevention, and worker safety and health;
- 4. Comply with all relevant laws, regulations, and agreements associated with safety, health, and the environment while autonomously establishing administrative rules designed to promote safety, health, and environmental protection;
- 5. Work to improve the safety of raw materials, products, and transportation operations and provide product safety information to employees, customers, and others;
- 6. Implement operational safety management programs to ensure the safety and health of employees and residents of local communities; and
- 7. Publicly disclose information to and promote dialog with interested parties such as employees and residents of local communities.

Corporate Policies for Safety, Health and the Environment

opics Code of Conduct for Employees

A booklet distributed to all employees offers guidance on conduct, including the dos and don'ts to be observed in particular situations.

Standards of Conduct

I We play an important, beneficial role in society, offering customers products and services that put customer satisfaction first.

2 We strive to improve the performance of the Sumitomo Bakelite Group, always taking a global perspective.

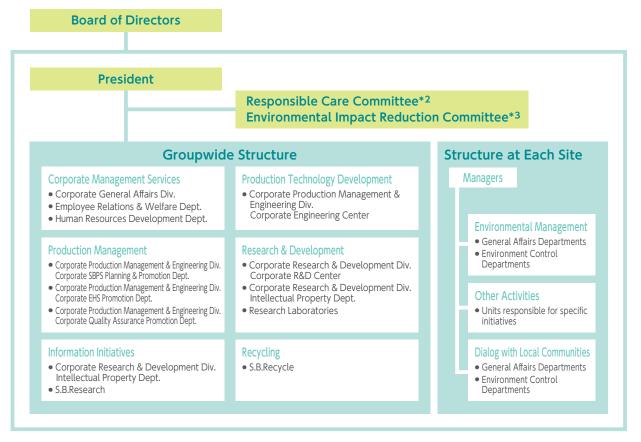
B We adhere to our corporate ethics, complying with legal requirements and our bylaws both in Japan and abroad, while engaging in fair and transparent business activities.

4 We emphasize safety while independently engaging in environmental protection activities.

I We strive to create a pleasant work environment through respect for individual personalities and human rights.

CSR Promotion System

Sumitomo Bakelite's system for promoting CSR activities centers on the Responsible Care*1 concept.



*1 "Responsible care" means that companies should work to secure the environmental, safety, and health aspects 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 Chaired by the officer who supervises 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
- *3 Chaired by the officer who supervises the Corporate Production Management & Engineering Div., this committee has two subcommittees—the Life Cycle Committee and Energy Conservation Committee. It meets once or twice each year, while each of the subcommittees meets twice each year. It has the objective of promoting environmental impact reduction with respect to the Company's products' life cycles and promoting the conservation of energy and resources with respect to the Company's production business sites.



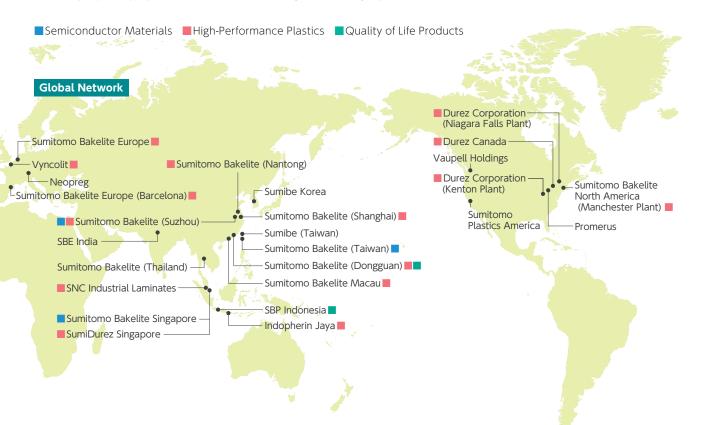
Company

Corporate Data

Name	Sumitomo Bakelite Co., Ltd.	Major Products by Division	
		Semiconductor Materials	
Head Office	2-5-8, Higashi Shinagawa, Shinagawa-ku, Tokyo	 Epoxy molding compounds for encapsulation of semiconductor devices Photosensitive coating resin for semiconductor 	
President	Shigeru Hayashi	wafers Liquid resins for semiconductor devices Substrate materials for semiconductor packages	
Established	January 25, 1932	High-Performance Plastics	
Capital (as of March 31, 2014)	¥37.1 billion	 Phenolic molding compounds Phenolic resins Precision molded products Synthetic resin adhesives 	
Number of Shareholders	19,271	 Phenolic resin copper-clad laminates Epoxy resin copper-clad laminates 	
(as of March 31, 2014)		Quality of Life Products	
Stock Listing (as of March 31, 2014)	Tokyo Stock Exchange, First Section	 Medical products Vinyl resin sheets and multilayer sheets Freshness preserving films Carrier tape materials for mounting 	
Number of Employee (as of March 31, 2014)	2,148 (non-consolidated) 5,262 (consolidated)	semiconductors Melamine decorative laminates and fireproof decorative laminates Polycarbonate resin plates	
Net Sales (as of March 31, 2014)	¥91.2 billion (non-consolidated) ¥206 billion (consolidated)	 PVC resin plates Design and contracting of waterproofing work Biotechnology related products 	

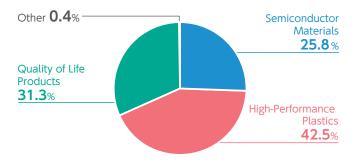
Group Companies

Our Company Group operates in 16 countries and regions including Japan.



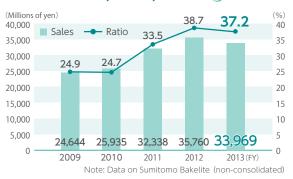
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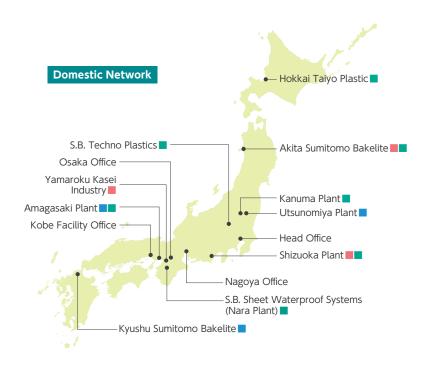
Company



Fiscal 2013 Sales Composition by Division (Consolidated)

Sales of Environmentally Friendly Products 🤣 🚽





Our Company Group's Stakeholders

Customers

The Group works 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 a CS Committee that continuously endeavors to enhance customer satisfaction.

Shareholders

The Group is committed to distributing appropriate dividends and discloses all relevant information. To attain these goals, we are striving to augment the efficiency of the Group's management systems, increase the rigor of corporate governance, and ensure the timely disclosure of relevant information.

Local Residents

Operating as a member of local communities, the Group seeks 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 plant tours and proactively participating in local events.

Government Entities

Besides maintaining rigorous compliance with relevant laws and regulations, the Group endeavors 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

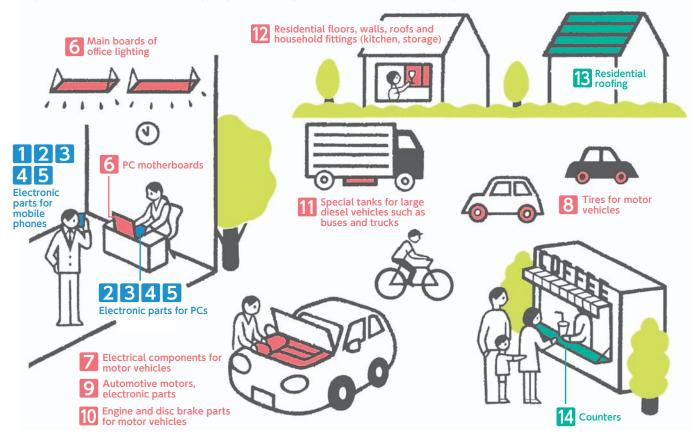
The Group engages in impartial and fair business transactions and cooperates with its business partners to realize CSR procurement objectives. Accordingly, we maintain day-to-day dialog with business partners to confirm the propriety of transactions and clarify the terms of contracts.

Employees

The Group strives 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.

Our Company Group's Products All Around

Our products are used in items of every shape and description that fulfill vital roles in everyone's life.



IT Components and Material (Semiconductor Materials)

1 Substrate Materials for Semiconductor Packages (LαZ[®]) $L\alpha Z$, a substrate material for semiconductor packages,

has a low thermal expansion coefficient and







High-Performance Plastics

Copper-Clad Laminates (SUMILITE® ELC/ALC)

This composite material and aluminum substrate with excellent heat dissipation is used in LED lighting applications, contributing to energy conservation

7 Copper-Clad Laminates (SUMILITE[®] ELC)

This laminate uses glass epoxy substrate material with outstanding heat resistance for substrates for electronic control used to reduce vehicle fuel consumption and improve passenger comfort.

B Resin for Reinforcing Tires (SUMILITERESIN® PR)

Phenolic resin is added to the rubber components required for tire stiffness, contributing to improved rolling resistance in fuel conserving tires.





B Photosensitive Coating Resin for Semiconductor Wafers (SUMIRESIN EXCEL® CRC)

This resin protects semiconductor devices from external stresses and impurities, contributing to enhancing semiconductor reliability.

4 Pastes for Die Bonding (SUMIRESIN EXCEL® CRM) Adhesives is used to bond semiconductor chips and LED chips to various types of substrate (lead frames, organic and ceramic substrates).

Cover (Carrier) Tapes (SUMILITE[®] CSL)

Used for reliable transfer and mounting of semiconductors and electronic component, playing a role in protecting components from static electricity.

Materials for Electronic Components (SUMILITERESIN® ECP)

This environmentally friendly halogen-free material is used in electronic components such as motors, coils and capacitors used for electronic control in motor vehicles.

Molding Materials for Auto Parts (SUMIKON® PM)

Phenolic resin molding material with high heat resistance and high strength is used in auxiliary engine parts and brake components, making motor vehicles lighter and more fuel efficient.

Diesel Exhaust Fluid (AdBlue[®])

This high purity urea water is used in systems for lowering nitrogen oxide from diesel exhaust (selective catalytic reduction systems), contributing to protecting the environment.

Adhesive for Plywood and Boards (Yuroid)

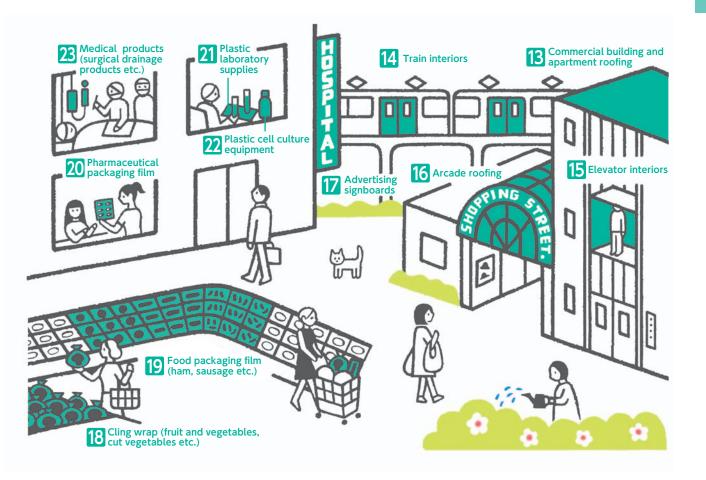
This adhesive uses low formaldehyde phenol that cures quickly at low temperature, improving the productivity of plywood manufacture and contributing to protecting the environment.











Quality of Life Products

B Waterproofing Sheets (SUNLOID[®] DN System)

PVC waterproof sheeting is used to waterproof rooftops and water tanks in general buildings, and for waterproofing rooftops and verandas in luxury prefabricated homes.

Melamine Decorative Laminates (DECOLA®)

Available in a wide range of colors and patterns, this durable material is used as attractive décor in buildings such as public, commercial and medical facilities, and vehicles such as trains.

Melamine Decorative Sheets (DECOLA INNOVAIR)

This decorative melamine laminate, just 0.2 mm thick, is the perfect material for walls and elevators in buildings, hotels, shops and hospitals, both for new construction and refurbishment

Polycarbonate Resin Plates (SUNLOID PC[®])

With excellent transparency, this sheet is used in many applications, for a natural lighting material in various types of building, as canopy, window and roofing, and also for a civil engineering material.

Acrylic Light Guide Panel (SUNLOID®LUMIKING)

This acrylic light guide sheet for signboards and lighting applications is used for sign panels, ornamentation and illumination in shops.

B Freshness Preserving Films (P-Plus®)

This cling wrap slows deterioration in quality of fruit and vegetables in transit and storage, maintaining them as fresh as possible at the point of sale.

D Multilayered Films for Food Packaging (SUMILITE® CEL)

This flexible, multilayer composite film is used for various packaging such as vacuum packs, gas packs and skin packs.



⇒See pages 14 to 17 for environmentally friendly food packaging ECOCeeel®

D PTP (push-through-pack) Materials for Pharmaceuticals (SUMILITE® VSS)

This material contributes to the safety and integrity of packaged content. Available in a wide assortment of types, it supports the sanitation, safety and quality of pharmaceutical products.

2 Biotechnology Related Products

Bio chips and beads contribute to reduced waste and running costs through downsizing and accelerating the analysis and testing of biological samples.

Laboratory Wares (SUMILON®)

SUMILON® is an essential plastic product for bioscience research. The use of simple packaging and single materials contributes to reducing environmental impact.

Medical Products (sumius[®])

The sumius $^{\ensuremath{\mathbb{R}}}$ medical equipment brand contributes to safety and reliability in healthcare, supporting everyone's health.



















Company

Special Stakeholder Dialog

Tackling the Problem of Waste with Environmentally Friendly Food Packaging

With increasing population and the rapid growth of emerging countries, waste is becoming a global social issue. Sumitomo Bakelite is working with NPO Gomi-Japan to tackle this issue through the development, production and sale of films and sheets for food packaging. Professor Masanobu Ishikawa, Director of Gomi-Japan and people from Sumitomo Bakelite got together to discuss the initiative.

Director, NPO Gomi-Japan

Kobe University Graduate School of Economics Professor

Masanobu Ishikawa

PROFILE Graduated from Faculty of Engineering, University of Tokyo in 1978. After serving as Associate Professor in the Food Engineering Department at the Tokyo University of Fisheries, he took up his present post in 2003. In 2006, he formed the NPO Gomi-Japan with the goal of reducing waste. In 2012, he was selected for the Reduce, Reuse, and Recycle Promoter's Award (Prime Minister's Award). He specializes in environmental economics and environmental systems analysis.

Films & Sheets Div. Food Packaging Sales Dept.

Director

Atsushi Tanaka

Sumitomo Bakelite

Films & Sheets Div. Food Packaging Sales Dept.

Akihiro Horikoshi



NPO Gomi-Japan Professor Ishikawa's class at Kobe University

Professor Ishikawa's students who form the core of Gomi-Japan's activities. Currently, 25 students belong to the class. They undertake a wide range of initiatives from Reduced-Packaging Shopping to Reduced-Packaging consultations and joint testing with sponsor corporations.



The conspicuous symbol used in stores to show products with reduced packaging. Gomi-Japan measures, digitizes and analyzes the weight of product packaging.

— What were the circumstances behind the formation of NPO Gomi-Japan?

Ishikawa About ten years ago, I was asked by an organization called the Zero Waste Partnership Conference if it was possible to reduce waste by labeling products with simple packaging, and so we held group interviews to investigate the question. We found that even people with no interest in environmental issues would buy products if they were marked as having simple packaging. But many companies assumed that they wouldn't sell at all. Gomi-Japan was inaugurated when we decided to conduct an experiment to demolish this assumption. Since then we've continued these activities with my students at the Kobe University Faculty of Economics.

Horikoshi This is my second year at Sumitomo Bakelite and as a matter of fact, I went to Kobe University. I took Prof. Ishikawa's course and was involved in the Gomi-Japan activities. I chose his course because I was fascinated by the environmental issues, I studied at junior and senior high school, and I was interested in Gomi-Japan's efforts to reduce the packaging involved in shopping. These activities aim to recommend products with lighter packaging, and by placing a mark on products in supermarkets and other retailers, consumers can see which products involve less packaging waste. I was sure that getting consumers to select products with an awareness of waste would lead directly to reduced waste, and so it was a meaningful initiative. It also appealed to me because I could meet all sorts of people from companies and government.

Concern for the Environment Led to Relationship with Gomi-Japan

— Cooperation with businesses is crucial to the activities of Gomi-Japan. How did the NPO become involved with Sumitomo Bakelite?

Tanaka It came about when we developed ECOCeeeL[®] (eco seal), a very thin, tough film. We were looking for ways to expand sales by focusing on the environmental benefits of the product and so we visited an exhibition held by one of our major customers. They were displaying reduced-packaging products accredited by Gomi-Japan in their environmental booth, and one of the products happened to use film made by Sumitomo Bakelite. It came as another surprise to hear from the customer that a student from Gomi-Japan was going to be joining Sumitomo Bakelite. I checked with Personnel and contacted the student immediately. I told him that we would like Professor Ishikawa to see the Amagasaki Plant, and he agreed to visit. The student was Horikoshi here, and he's served as a bridge to Gomi-Japan since he joined the company.

Ishikawa I was very surprised when I heard about Sumitomo Bakelite's request from Horikoshi. It came as a pleasant surprise to receive an inquiry from a historic company, considering how few businesses take the path of reducing packaging.

Tanaka In fact, the students from Gomi-Japan asked me if production of film at Sumitomo Bakelite would suffer as a result of their activities. I told them that there was no need to worry about that because it was our intention to contribute to society by reducing packaging waste using our new technologies. We wanted to check whether ECOCeeeL[®] which uses our new technology and our proposals for forming film packaging for meat without using a tray like the packaging used for ham are compatible with reduced-packaging products. That's why we invited Professor Ishikawa to tour the Amagasaki Plant. **Ishikawa** Yes, they are compatible. From the viewpoint of reducing excess packaging, I think film is very logical. What impressed me about the plant is the prototype line where customers can request prototype packaging. I thought it was interesting that various shapes can be made.

Tanaka The packaging is molded with heat, so we can make them any shape. Besides the typical ham and sausage, we've recently expanded use of this packaging to rolled eggs, stewed mackerel and other foodstuffs.

A New Model for Food Packaging with Thin, Strong ECOCeeeL[®]

— How has Sumitomo Bakelite packaging film evolved over time?

Tanaka In 1976, Sumitomo Bakelite was the first company in the world to develop high performance multilayered composite films and sheets. In the past, ham for example was a preserved food and as such it was sold wrapped in bamboo leaves. But using film prevents oxidation, which can further extend the shelf life of the product. Later we developed Japan's first easy-open packaging, and we have gradually reduced the thickness of packaging film. For more than 25 years, we've supplied packaging film to a company that makes a long-selling brand of ham. Film that was 120 microns thick when the ham first went on sale has been thinned down to 70 microns. Also, we've recently developed ECOCeeeL[®] using new production technology. This achieves an unprecedented level of thinness and strength, which



Reduced-Packaging School at Nada Junior High School



2013 October, Sumitomo Bakelite and Gomi-Japan held a collaborative class at Nada Junior High School on reducing packaging. The pupils thought up and presented their own ideas for environmentally friendly packaging.

enables a 20% reduction in the weight of packaging waste compared with our earlier products. This also reduces costs for food manufacturers. Since 2012, the film has been used to package block ham, seasoned pork and similar food products.

Ishikawa That's great. Through technological innovation, film is made thinner leading to reductions in CO_2 emissions. Being able to work with a leading company with technical capabilities like Sumitomo Bakelite is a major source of strength for Gomi-Japan.

Tanaka Our engagement with Gomi-Japan has also enabled us to take on new challenges. Something that left a particular impression was our collaborative lesson at Nada Junior High School. It was a program where Sumitomo Bakelite actually gave form to the students' ideas for reduced packaging. We gathered lots of specific ideas that you wouldn't have imagined coming from junior high schoolers. It was a valuable experience.

Ishikawa That's right. It's important to raise awareness among children for reducing packaging waste in future. Students from Gomi-Japan visit children's centers, elementary and junior high schools to present classes on reducing packaging waste.

Horikoshi When I was at university, I also taught classes at elementary school. Through quizzes about actually measuring packaging, shopping games and other activities, we conveyed the necessity of reducing packaging waste. We had to come up with the lesson content ourselves, which was a very valuable experience.

Market Testing Project for Implementation in 2014



Products that Use Sumitomo Bakelite

Packaging Film

Sumitomo Bakelite leads in technology development for films and sheets. In 1976, Sumitomo Bakelite was the first company in the world to develop multilayered composite film using coextrusion. Multifunctional films and sheets that can be used for various packaging is widely used for food products such as ham.

Tanaka We plan to run an experiment in cooperation with distribution companies such as food manufacturers and supermarkets that work with Gomi-Japan. This project involves packaging and selling the products of food manufacturers using ECOCeeeL® and proposing control of waste. We've asked Gomi-Japan to run a questionnaire survey to analyze the results, and we're preparing to implement the project this year.

Ishikawa This is Gomi-Japan's main project for 2014, and I expect it will have far-reaching impact. Also, this year is the final year of the United Nations ESD (Education for Sustainable Development) and the UNESCO World Conference will be held in Nagoya in November as the summation of ESD. At the Conference, we will present Gomi-Japan's Reduced-Packaging Shopping as consumer education and publicize it globally.

Tanaka Sumitomo Bakelite is also planning to participate with ECOCeeeL[®] in an event held on the occasion of the UNESCO World Conference in collaboration with Gomi-

Development of Thin, Strong Packaging Film that Contributes to Reducing Waste



Our newly developed ECOCeeeL[®] deep draw packaging film is thinner and stronger. Reducing CO₂ emissions by reducing the weight of waste. One year of sales from 2012 has reduced use of plastic by 2.7 tons.

Japan and its sponsoring companies. Also from September this year, our new plant in China which is equipped with the latest facilities is scheduled to start operations.

Ishikawa Among the newly developing countries, the problem of waste is particularly acute in China. I expect that ECOCeeeL[®] will help to reduce waste in emerging countries too.

Horikoshi When I was a student, I thought that in future I'd like to sell products with less packaging. Since I started working at Sumitomo Bakelite, I've actually been helping to reduce waste through this project and I've experienced the satisfaction of contributing solutions to a social issue. I want to keep working away at this.

Tanaka I hope to make whatever contribution I can to solving the worsening waste problems of an urbanizing world by developing and popularizing thinner, stronger packaging film. As a global plastics manufacturer, Sumitomo Bakelite will continue to address issues facing society.



A Reduced-Packaging Shopping event to promote awareness at retail outlets. Gomi-Japan emphasizes direct engagement with consumers.





ature Supporting the Education of the Next Generation

Supporting the Science Education of Children Who Will Play Active Roles in the Future

Fujieda Science Education Support Project

In recent years, international comparative studies addressing academic ability and awareness of scientific subjects have identified a drift away from science in developed countries. Japan is no exception to this trend. This raises the concern that Japan's strengths in manufacturing and innovation will be endangered.

In order to address this situation, Sumitomo Bakelite started the Fujieda Science Education Support Project in 2009, to support science teachers who are the true education professionals. We wanted show teachers directly the significance and role of science in the real world so that they can convey this to children who will be responsible for the future of Japan. We chose Fujieda where our Shizuoka Plant is located as a model city for this project. Here we introduce our main activities in fiscal 2013.

Managing Executive Officer Director, R&D Headquarters **Sumitoshi Asakuma**



Science Class Study Group

We held a science class study group at Hanashi Junior High School in Fujieda. Takushi Kamiya of the Plastic Waste Management Institute gave a lecture on recycling plastic and performed an experiment. In addition, Sumitomo Bakelite provided a large lens for a mock lesson on the refrection of light by teachers from Hanashi Junior High School, which was received with much delight.



Lecture on recycling plastic



The lenses used in the lesson (Large: Provided by Sumitomo Bakelite, Small: Magnifying glass used for reference)

Company

Science Education Workshop

— January 2014

The first workshop was held in 2009 at Sumitomo Bakelite. At that time, the workshop was targented for about ten teachers who were members of the Fujieda Science Department Supervisor's Association at the time. Thanks to the efforts of the Director of the Science Department, participation expanded to teachers other than Supervisors from the second year. Now, four years on, it has grown to include nearly all of the science teachers at the ten junior high schools in Fujieda (about 30 teachers). To mark the occasion of the fifth workshop, it was held at Sumitomo Bakelite again.

Introducing Advanced Technology

We presented a lecture on genetics with a simple experiment using DNA chips showing what you can learn about a person by examining their genes.

Lecture Content

- •Basic knowledge of genetics (including topics such as iPS cells)
- •Current genetic testing, and future expectations
- Introduction of a test method using DNA chips

Experiment Content

- •Demonstration of DNA testing for alcohol resistance using the Hibri Sensei simple genetic measurement kit
- •Demonstration of sampling and DNA chip fabrication





Top: Phenolic molding compounds manufacturing plant Middle: Phenolic resin molded product manufacturing plant Bottom: Automotive solutions gallery



Kodomo Mirai Project in Fujieda

The Shizuoka Plant participated in this event to support elementary and secondary education, as well as youngstars in Fujieda City.

We presented a chemistry experiment class in which children watched decorative beads being sprinkled on liquid epoxy resin made by Sumitomo Bakelite, which was then hardened by heating and given out as straps. While we were waiting for the resin to harden, we held a quiz and exhibition, giving the children an opportunity to think about plastics.

"Having fun learning about plastic" Exhibition Concept

- Give children who take part an enjoyable experience
- Increase their understanding of plastic through participation
- Make them fans of Sumitomo Bakelite





Executive Officer Manager, Shizuoka Plant **Goichiro Kuwaki**

Looking to the Future

These activities started almost five years ago. The various companies from Fujieda that have taken part in the program so far have suggested a wealth of new ideas, and I'm delighted to be able to work with the teachers to convey to children the fascination of science. In May, we ran the Kodomo Mirai Project in Fujieda. The booth where kids made straps using the changes heat causes in plastics was booked out for the full two days, and sadly some children weren't able to participate. Those children who did participate were able to experience the changes in materials they mixed themselves, and to enjoy manufacturing up close. I want to continue working to provide environments where children can gain direct experience of the joy of science.

Placing Prime Importance on Trust and Sureness, Committed to Contributing to the Progress of Society Through Business

Strengthening Corporate Governance

At the Company, we recognize that increasing management transparency and promoting socially beneficial corporate management are essential for sound corporate governance. Moreover, this recognition is rooted in 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." Inspired by this philosophy, we are taking steps to strengthen corporate governance.

Management System

The Board of Directors, in accordance with laws and regulations, including the Regulations of the Board of Directors, makes decisions on the execution of important operational matters and monitors the progress of each director's execution of operations based on reports on important issues concerning the performance of duties by each director. In the case of situations corresponding to potential conflicts of interest involving directors, potential conflicts of interest are required to be reported in advance to the Board of Directors so that the director in question will be

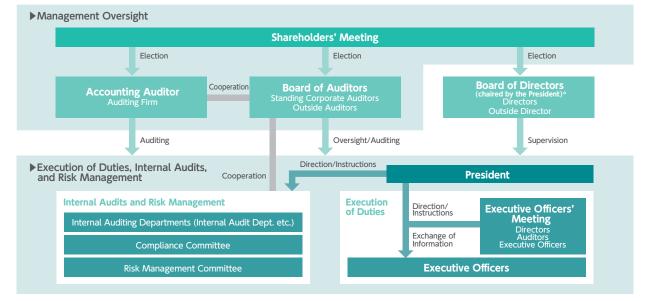
Structure of Corporate Governance (as of June 27, 2014)

excluded from participation in the decision-making process concerning the matter in question. The Board of Directors selects candidates for the position of director from among persons whose qualifications and skills are appropriate for the execution of the Group's management and fulfillment of the Group's social responsibility. Directors are appointed by resolution of the Shareholders' Meeting.

In addition, the remuneration of the directors (excluding outside directors) includes basic remuneration (monthly remuneration) and a bonus, and the total value of basic remuneration and bonuses is determined by the Board of Directors within the total amount of remuneration approved by the Shareholders' Meeting.

In addition, the Board appoints executive officers, and the executive officers are responsible for executing their assigned tasks under the direction of the president. As of June 27, 2014, the management system includes seven directors and 17 executive officers (including six who serve concurrently as directors). Of the directors, one is an outside director.

There are four corporate auditors, two of whom are outside corporate auditors.



*The President serves concurrently as Chairman of the Board of Directors, while the supervisory function of the board is guaranteed by the appointment of outside directors and other measures.

20

Internal Control

The Company has systems in place for ensuring appropriate operations in accordance with its business philosophy. In accordance with the Basic Policy on Internal Control Systems determined by the Board of Directors in May 2006, we periodically review the systems and promote various activities to enhance internal control. For details, please visit the Company's website (http://www. sumibe. co.jp/english/company/internal-control/index.html).

With respect to internal control over financial reporting, based on the Company's Basic Rules and Regulations for Internal Control over Financial Reporting, we endeavor to enhance systems for ensuring the reliability of the Group's financial reporting, appropriately operate internal control systems in terms of implementation, assessment, reporting, correction, etc., and ensure appropriate and timely disclosure of corporate information. The Comprehensive Guidelines for Internal Control in Consolidated Subsidiaries covers the items subsidiaries are required to address in establishing their internal control systems and in their subsequent ongoing implementation of control activities.

The internal control over the Group's financial reporting as of March 31, 2014, was assessed and deemed to be effective. In addition, as a result of the accounting auditor's audit, it was confirmed that the internal control report prepared by the Company's management presents fairly the result of its assessment of internal control over financial reporting

Rigorous Compliance

At the Company, we emphasize compliance because we recognize that adherence to laws and corporate ethics is integral to the conduct of business.

Compliance System

As part of the framework to ensure the appropriate conduct of business by directors and employees, the Company has established the Compliance Committee. This committee is responsible for promoting compliance through assessments of compliance levels and, as necessary, undertaking related improvements as well as education and training.

Compliance System



Code of Conduct for Employees

To familiarize employees with corporate ethics and ensure compliance, The Company has established the Standards of Conduct, a code of conduct in daily activities for all of its employees. A booklet distributed to all employees contains the Standards of Conduct, and offers guidance about their practical implementation. To raise awareness, meetings are held periodically where the Standards of Conduct are read aloud at workplaces. Our subsidiaries and affiliates, in Japan and overseas, are also implementing similar initiatives.

Articles for Emphasis in Compliance

To make compliance an integral part of daily activities throughout the Group's worldwide operations, each department decides on the key items for compliance, in light of its circumstances and roles, and prepares Articles for Emphasis in Compliance, which is displayed prominently in all workplaces. The Articles are confirmed with all employees periodically by having them read them aloud in unison. Our subsidiaries and affiliates, in Japan and overseas, also undertake similar activities.

Compliance Education Using Cartoons

Every month, the Company issues "Way to Become a Compliance Master", an internal publication that explains compliance in an easy-to-follow style using four-frame cartoons. These have been compiled into two booklets, which were distributed to employees of the Group to raise awareness of compliance.



[Profile of Mamoru-kun]

Mamoru-kun joined the company 12 years ago. He's a very active mid-level employee, and everyone relies on him. Based on his experience and the knowledge that he's absorbed from it, he's able to identify issues in the company and offer appropriate advice. He must already be a compliance master!

Corporate Governance, Compliance, and Risk Management

Whistleblower System

We have established a system that enables our company Group's employees who have discovered a compliance violation or suspect that there may have been a violation to report the matter directly to a designated contact point, on the assumption that reporting to a direct supervisor is difficult. In addition to this internal reporting system, employees with such information to disclose can elect to report externally via designated legal counsel. Employees can report anonymously, and the privacy of whistleblowers is stringently protected to ensure that they are not disadvantaged by reporting violations.

One case was reported in fiscal 2013, but it didn't involve major improprieties, and the matter was dealt with appropriately.

Flow of the Whistleblower System



Strengthening Risk Management

To prevent potential risks from materializing and to minimize losses, the Company has established the Risk Management Committee, which operates on a permanent basis and whose responsibilities are Group-wide in scope. Besides, we instituted our Basic Risk Management Regulations, which establishes the fundamental policy regarding the risk management of Sumitomo Bakelite and its Group companies. The Regulations require precise management of diverse risks and implementation of appropriate measures.

In fiscal 2013, the Risk Management Committee deliberated on risks of unfair transactions, such as formation of cartels and bribery of foreign officials, and risks of fire, explosions and other accidents and took action to eliminate these risks.

Risk Management Committee



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 Environmental and Safety Auditing Regulations, the Security Export Control Regulations and so on, the Internal Audit Dept., J-SOX Implementation Dept., Corporate EHS Promotion Dept., Corporate General Affairs & Legal Dept., and other departments involved in internal auditing audit and assess the compliance of the company, its subsidiaries and affiliated companies, both in Japan and overseas, with laws and their conformity with various standards mainly by means of site audit. Departments where issues are identified through these audits and assessments are required to submit written reports detailing action taken to resolve the issue. In fiscal 2013, there were no significant violations of laws or regulations with respect to the environment, human rights, occupational health and safety, provision and use of products and services, management of customer information and data, improper accounting, discrimination in the workplace, or improper or illegal conduct, including violation of antitrust law.

Initiatives to Protect Personal Information

We recognize that the personal information of customers, shareholders, employees, and others in our possession is important and must be protected. Therefore, we are committed to ensuring that this information is not leaked.

Communication with Employees

The Sumitomo Bakelite Labor Union represents non managerial employees of the Company. Representatives of the Union and the Company's management regularly hold labor-management meetings, and Corporate-level meetings are held twice each year. The president and other executives participate in these meetings, at which they explain the circumstances of the Company, exchange opinions with union representatives, and respond to questions. Moreover, at each of the Company's business sites in Japan, labor-management meetings are held each month for the purpose of exchanging opinions on various subjects. In addition to labor-management meetings, labormanagement conferences are held whenever major issues arise related to changes in labor conditions. Such conferences are held at the corporate or business site level depending on the nature of the issue. They provide a forum for cooperative efforts to resolve problems.

We Set Targets and Promote Activities Concerning the Environment and Society

Area of activities	Major items	items Fiscal 2013 targets Fiscal 2013 results		Fiscal 2014 plan	Achievement evaluation
Environmental Initiatives	Reduction of CO ₂ emissions	In Japan: 26% reduction	In Japan: 24% reduction	In Japan: 18% reduction	
	(compared with fiscal 2005)	Overseas: 11% reduction	Overseas: 11% reduction	Overseas: 14% reduction	0
	Reduction of material loss	In Japan: 31% reduction	In Japan: 23% reduction	In Japan: 27% reduction	
	(compared with fiscal 2005)	Overseas: 45% reduction	Overseas: 45% reduction	Overseas: 44% reduction	0
	Reduction in chemical substance emissions (Japan compared with	In Japan: 68% reduction	In Japan: 41% reduction	In Japan: 55% reduction	
Envi	fiscal 2005) (Overseas compared with fiscal 2010)	Overseas: 29% reduction	Overseas: 27% reduction	Overseas: 31% reduction	
ociety	Environmental and safety audits	In Japan: 5 Sites, 7 affiliated companies, 8 plants Overseas: 5 companies in Southeast Asia, 5 companies in	In Japan: 5 Sites, 7 affiliated companies, 8 plants Overseas: 5 companies in Southeast Asia, 5 companies in	In Japan: 5 Sites, 7 affiliated companies, 8 plants Overseas: 6 companies in East Asia, 3 companies in Europe	0
ih Sc		North America	North America	· · ·	
ips wit	Prevention of occupational accidents	Number of accidents involving time off work In Japan: 0	In Japan: 5	In Japan: 0	•
Relationships with Society		Number of accidents involving time off work Overseas: 12	Overseas: 27	Overseas: 12	
Rela	Quality audits	In Japan: 13 sites Overseas: 5 sites	In Japan: 13 sites Overseas: 5 sites	In Japan: 11 sites Overseas: 11 sites	0
	Improving Customer Satisfaction	 Continue activities to strengthen ties with customers under the leadership of the CS Promotion Committee Promote organizational CS promotion activities at sites 	 Presentations at business briefing meetings, and company-wide exhibitions, and customer relations project activities Renovation of product displays at sites and other measures to improve satisfaction with factory tours 	Continue activities to strengthen ties with customers under the leadership of the company-wide CS Promotion Committee Activities to improve customer service at sites	0
CSR procurement Establish green procurement guidelines and post them on the website		On October 1, 2013, we established the Green Procurement Guideline and posted it on the website (with an English version)	Follow up with implementation of the Green Procurement Guideline Robust implementation of the checklist when selecting manufacturers Check whether suppliers implement environmental management systems Implementation at overseas affiliated companies Management of substances that are regulated by countries and regions	0	
	Support for environmental NPOs Continue support for an NPO "Morino Chonai-Kai"(Forest Neighborhood Association)		Usage of Mori no Chonai-Kai paper amounts to about 7,000 kg (5% year-on-year decrease), contributing to thinning of 0.41 ha.	Continue support for "Morino Chonai-Kai"	0
	Support for education of the next generation Support for education of the next generation Science teachers through school- organized study groups and events (support activities)		Lecturers from the Plastic Waste Management Institute presented a lecture and scientific experiment on plastic recycling at a study meeting. We also held a lecture on the corporate science-related technology development and a factory tour at Sumitomo Bakelite	Provide advanced information about science by presenting simulations to science teachers through school-organized study groups and events (support activities)	0
	In-house human resources development Continue employee education and training at SB School		Cumulative total of about 24,087 employees participated in training programs, with a cumulative total of about 34,000 hours of education and training	Continue employee education and training at SB School	0

○: Attained goal △: Goal not attained (but improvement over the previous fiscal year) ▲: Goal not attained (deterioration from the previous fiscal year)

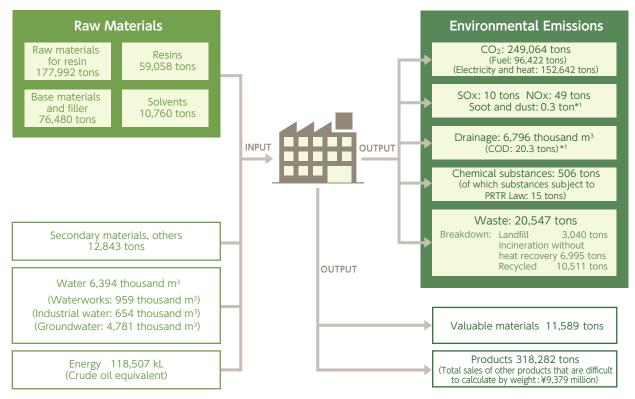
nvironment

Material Flows and Investments in Environmental Protection

Clarifying Environmental Impact of Overall Business Activities and Investments in Environmental Protection

Material Flows

The figure below shows inputs, including raw materials and energy, and outputs that are 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 saving through the more efficient use of raw materials, energy, and water.



*1 Since methods of calculating emissions of soot and dust and chemical oxygen demand (COD) differ among countries, these figures are compiled solely for business sites in Japan at present. Since fiscal 2013, uniform standards have been used for compiling chemical substance emissions in Japan and overseas. Note: For information on the coverage of the data, refer to the "Boundary" section on page 2.

Investments in Environmental Protection

Sumitomo Bakelite has compiled data annually on the amounts of investments in environmental protection of all Group companies in Japan since 2000.

The figure on the right shows the breakdown of investments in environmental protection by all Group companies in Japan in fiscal 2013. The Group is stepping up its environmental protection efforts.

Amounts of Investments in Environmental Protection	in Fiscal 2013	3

ltem	Investment amounts (millions of yen)
Emissions control	80
Energy saving	157
Waste reduction, recycling, and treatment	59
Total	296

Note: Data covers all the business sites in Japan listed on page 2.

Based on Medium- to Long-Term Reduction Targets, We Are Working to Reduce Environmental Impacts

In order to strengthen our initiatives to reduce the environmental impact of our activities, we formulated and began to implement a new medium- to long-term plan covering the period through fiscal 2020, with fiscal 2005 as the base year.

Graphs on the right show the results for fiscal 2013 and the plan for fiscal 2014.

The Group's business sites in Japan reduced their energy consumption through energy conservation measures, but CO_2 emissions increased again following fiscal 2012 due to the effects of the higher CO_2 emission coefficient of electricity.

Material loss increased slightly, but we intend to achieve further reductions by waste reduction through MFCA*.

Chemical substance emissions increased, but reductions are expected because of the introduction of facilities for reducing emissions to the atmosphere.

At Group companies overseas, CO₂ emissions and material loss increased for a while as a result of a recovery in production. However, from fiscal 2014, we will pursue reductions through active implementation of energy conservation measures and MFCA.

Chemical substance emissions were reduced significantly due to reductions in use of chemical substances. We will continue to take measures to suppress emissions.

Furthermore, since fiscal 2013, we have been using uniform standards for compiling chemical substance emissions at all business sites in Japan and overseas. Consequently, for overseas business sites, we have revised emissions for 2010 retroactively, and reviewed our target reduction rate accordingly.



1. For information on the coverage of the data, refer to the "Boundary" section on page 2.

2. For definitions and the method of calculating CO_2 emissions, material loss, and chemical substance emissions, refer to Data Section on page 50 of the Web edition.

*MFCA: Material Flow Cost Accounting. MFCA is designed to concurrently reduce environmental impact and costs. The Group uses MFCA as an analysis method.

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Environmen

Reduce Material Loss and Chemical Substance Emissions while Saving Resources and Energy

The Environmental Impact Reduction Committee

The Environmental Impact Reduction Committee has two subcommittees: The Life Cycle Subcommittee and the Energy Conservation Subcommittee.

The Life Cycle Subcommittee focused on ensuring that all R&D departments implement design for energy efficiency and life cycle assessment (LCA) from the development phase in order to realize energy-saving production from the ramp-up of production of new products. Another priority was the continuous fostering of researchers capable of LCA and design for energy efficiency. The Life Cycle Subcommittee intends to increase the scope of application of design for energy efficiency and LCA in fiscal 2014.

The Energy Conservation Subcommittee promoted horizontal deployment of a project executed in fiscal 2010 under the guidance of external consultants. In this initiative, each business site has formulated and is implementing a plan to reduce energy consumption by 10-20%. In fiscal 2013, the project was implemented for the first time at the Utsunomiya Plant. The Subcommittee continues to undertake activities towards establishing mechanisms at the Group's business sites in Japan for continuously producing ideas for energy conservation for the fiscal 2014. The Subcommittee is also working on a

Energy Usage and Energy Usage per

Production Amount Value*



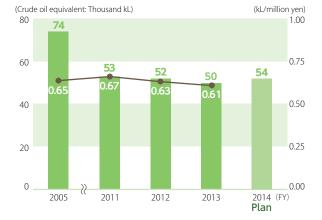
LCA education

plan to expand successful activities at Chinese affiliated companies in fiscal 2013 to other affiliated companies in China.

Material Flow Cost Accounting (MFCA)

Implementation of MFCA enables more efficient use of resources and contributes to waste reduction and energy conservation.

We introduced MFCA at production sites in Japan in fiscal 2011 and at overseas production sites in fiscal 2012 to clarify losses in various processes.



* 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) Note: Data covers all the business sites in Japan listed on page 2.

CO₂ Emissions and CO₂ Emissions per Production Amount Value*



* 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) Note: Data covers all the business sites in Japan listed on page 2.

Reduction of Emissions of Chemical Substances

Since fiscal 1996, the Group has been involved in JCIA PRTR*1 initiatives, keeping track of the release and transfer of specified substances and setting medium- to long-term targets for reducing emissions of chemical substances into the environment.

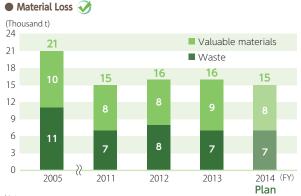
Beginning in fiscal 2010, we expanded the scope of the management target from the volume of atmospheric emissions of solvents to include emissions of applicable chemical substances into the atmosphere, hydrosphere, and soil. The emissions volume in the base year of 2005 and the recent trends are shown in the graph. In fiscal 2013, an increase in use of solvents in new businesses had a temporary impact, but reductions are expected from fiscal 2014 with the introduction of new facilities.

Emissions of substances subject to the PRTR Law^{*2} increased slightly from fiscal 2012 to 15 tons. Based on the medium- to long-term plan, we will work for further reduction to attain the goals set for fiscal 2020.

Reducing Material Loss

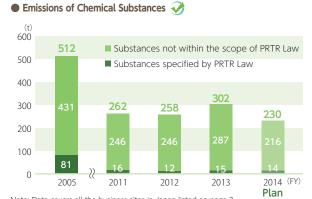
To reduce the environmental impacts of its activities and increase earnings, the Group is working to increase the efficiency of resource utilization through improvement of manufacturing process yields and recycling within processes.

Having revised the medium- to long-term plan for reducing environmental impacts in fiscal 2010, the Group expanded the scope of subject materials to include all valuable materials and set a goal for reducing material loss. The Group is implementing measures to attain zero emissions of waste in Japan by promoting recycling and reuse



Notes:

 Data covers all the business sites in Japan listed on page 2. However, the Head Office and marketing offices are excluded from compilation of data for material loss.
 Waste comprises landfill waste, externally incinerated waste, internally incinerated waste, and externally recycled waste (fees paid).

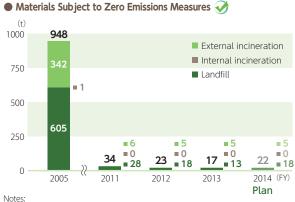


Note: Data covers all the business sites in Japan listed on page 2. * 1 Pollutant Release and Transfer Register (PRTR) is a system for measuring, compiling, and reporting data on various harmful chemical substances, including their sources, amounts released into the environment, and amounts transferred from business sites in the form of waste.

*2 The PRTR Law is an abbreviation of "The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof." The amounts of the 36 substances subject to control under the PRTR Law, which were released/transferred by the Group, are shown in the Data Section on page 60 of the Web edition. The total amount of emissions of these substances was 15 tons, and the total amount transferred was 107 tons.

instead of landfill or incineration without heat recovery. In fiscal 2012, all the Group's business sites in Japan achieved zero emissions (certified internally), and this situation is being maintained.

The graphs show the volumes of material loss and those of materials subject to zero emissions measures for the base year of fiscal 2005 and for recent years. The volumes in fiscal 2013 were almost unchanged from fiscal 2012 with slight increase. We intend to promote further reduction through analysis of losses in processes using MFCA.



Data covers all the business sites in Japan listed on page 2.

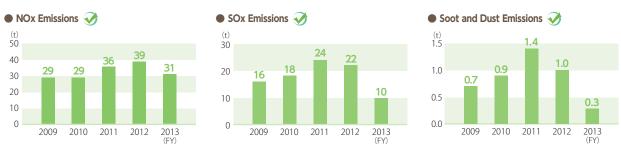
 Zero-emissions-targeted substances comprise landfill waste, internally incinerated waste, and externally incinerated waste. No waste was internally incinerated at business sites in Japan in fiscal 2013.

We Are Implementing Countermeasures to Prevent Contamination of Air, Water, and Soil

Emissions to the Atmosphere

The Group's business sites in Japan have been promoting a shift of boiler fuel from oil to city gas since fiscal 2004. Fuel conversion accelerated in fiscal 2013, and emissions of SOx

and soot and dust have been significantly reduced. NOx emissions vary somewhat depending on the conditions of combustion of city gas, but they remain at a low level.



Note: Data covers all the business sites in Japan listed on page 2.

Emissions to the Hydrosphere

Effluent from plants is categorized into industrial and household sewage and rainwater, which includes cooling water. Cyclic use of cooling water is enabling us to reduce use of water resources and the volume of wastewater.

For 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.



Notes:

1. Data covers all the business sites in Japan listed on page 2.

Chemical oxygen demand (COD) is the amount of oxygen consumed by potassium permanganate to oxidize organic compounds in water. COD is a measure of water quality.

Soil and Groundwater Contamination Countermeasures

The Group is implementing measures to purify contamination that has been detected. We are also establishing a framework for preventive measures by conducting risk assessment about possible leakage of chemical substances at the Group's business sites worldwide. In fiscal 2013 we had no major case of leakage.

 Soil and groundwater investigation results, or 	countermeasures, and monitoring results 🔦	6	Ì
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Site	Results of investigation	Countermeasures and monitoring results	
Amagasaki Plant	Lead was detected by soil content test in 2009 and 2010 (max. 550 mg/kg whereas the standard is 150mg/kg). No groundwater contamination was detected.	Heavy metals exceeding th standard values of the So Contamination Countermeasure Law were detected at the busines	
Akita Sumitomo Bakelite	Lead was detected by soil elution test in 2005 (max. 0.032 mg/L whereas the standard is 0.01 mg/L). No groundwater contamination was detected.	sites shown at left. Monitoring of the groundwater is conducted at these sites every year and it is confirmed that the standard is satisfied.	

Soil Decontamination at the Totsuka Office (Yokohama)

As a result of the investigation of soil and groundwater of the site of the Totsuka Office in Yokohama, which was closed in June 2012, soil contamination by trichloroethylene and heavy metals (fluorine, hexavalent chromium, and lead) and groundwater contamination by trichloroethylene were detected in some areas. Decontamination work was carried out in accordance with the Soil Contamination Countermeasures Law and the ordinance of Yokohama City.

Decontamination of heavy metals by excavation and removal was completed in June 2013. Decontamination of trichloroethylene was completed December 2013. We confirmed that contamination is below the standard values and reported this to Yokohama City. We will monitor the groundwater for two years.



Boring test

Sumitomo Bakelite is Creating a Biotope to Help Preserve Local Biodiversity

Sumitomo Bakelite's Approach to Biodiversity

We recognize the need for fundamental measures in our mainstay manufacturing operations to reduce the use of substances that have an adverse environmental impact. Through such initiatives, we can help conserve biodiversity. In addition, as a promotion partner of "The Declaration of Biodiversity by Nippon Keidanren," we are implementing measures to ensure that our operations are fully in accord with the letter and spirit of that declaration.

opics 2013 Shizuoka Plant Biotope Project

Based on the results of an ecosystem survey conducted in fiscal 2011, the company started to develop a biotope from fiscal 2012. In fiscal 2013, we planted native species on Irodori no Oka, developed a nesting area for kingfishers, and established deep and shallow wetlands. After about one year, the wetland is now home to various life-forms. We're looking forward to watching it develop.



Wetland Development (Stage II)

At the time of the development in fiscal 2012, the wetland had a uniform depth, and so we created deeper and shallower parts. One year after the wetland was established, rice fish and topmouth gudgeon can be observed.



Removal of Water Hyacinth (Stage II) We eliminated the invasive alien species, water hyacinth, which flourished on the surface.



Landscaping of Irodori no Oka (Stage II)

Work was carried out in fiscal 2012 to create a higher earthen mound. In fiscal 2013, we developed a nesting area for kingfishers, pathways and other features. In addition, we created seven areas planted with trees and shrubs of varying heights.



Planted with dogwood,

peach and pepperbush



A rock-built kingfisher nesting area







Planted with oleaster, deutzia and callicarpa

Environmen

Product Liability

afetv

Under Our Motto of "Being a Company that Our Customers Love and Trust," We Continually Enhance Customer Satisfaction by Sincerely Responding to Customer Requirements

The Group's Quality Assurance System

The Group has built a quality management system (QMS) that is based on ISO9001. We continue to obtain such certifications. As of April 1, 2014, we have a total of 30 certified sites.

Certification standards	Business/Products		
ISO 9001	Quality of Life Products (packaging films for food and pharmaceutical product, bio-based products, construction material, waterproofing products, waterproofing construction and others)		
	High-Performance Plastics		
	Semiconductor Materials		
ISO/TS	High-Performance Plastics		
16949	Semiconductor Materials		
ISO 13485 Medical Products			

Within a framework conducive to inter-divisional collaboration in all processes—product planning, research, design and development, preparation for production, production, sales and service, and quality assurance, the consistent quality of our products and services is maintained and steadily improved so that customers can use them with satisfaction and peace of mind.

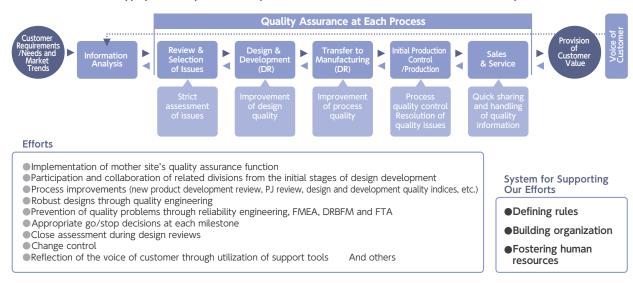
Everyone working in the Group is required to be involved in the systematic implementation of quality assurance initiatives based on QMS in accordance with the Quality Management Policy stated below.

<Basic Policy>

Truly and sincerely responding to customer requirements and changes in the social and business environments, all Sumitomo Bakelite (SB) Group employees shall promote continuous and decisive efforts to enhance quality of products and of services, which enables customers and markets to use our products with confidence as well as Customer Delight, through the mobilization of all SB's available resources. Besides, we shall carry out Manufacturing (Monozukuri) allowing the company to efficiently and rapidly achieve the planned profit.

Specific Examples of Our Efforts

The diagram below is our Future State Vision of how the Group views new-product development and productcommercialization processes. Below, a portion of these efforts will be described.



• Future State Vision of Appropriate New-product Development and Product-commercialization Processes of the Group

Taking Preventive Measures against Major Quality Problems

The Group undertakes activities to prevent the occurrence of minor claims to prevent the occurrence of major ones, to reduce complaints to improve customer satisfaction, and to share as knowledge across divisions of the phenomena, causes and countermeasures relating to claims and complaints to prevent the recurrence of similar accidents.

New-product Development and Enhancing Our Existing Quality System

There are needs to improve output quality (completeness) of product designs and process designs when developing new products and to shorten the development period without requiring work to be returned, whenever possible. These are also known as optimizing and shortening. Improving our existing quality system is very important in that respect. In order to implement these in parallel, simultaneously, we are promoting the following efforts.

OShortening New-product Development Periods and Improving Work Quality

Original plans have a tendency to be delayed when work is returned because of any number of problems at the development stage for new products. For that reason, we implement efforts to shorten the development period by solving problems that have arisen by having all related divisions collaborate from the initial stages thereby raising the completeness of the quality of the design while eliminating returns wherever possible. Furthermore, we also are proactive in the following two points to ensure that existing problems do not recur at the following development work.

i) "Feedback Review Analysis" that is implemented to extract problems through reviews of development processes over time.
ii) "Why-Why Analysis" and "In-Depth Analysis" that can be led measures of preventing recurrence and new occurrence.
"Why-Why Analysis" can be used for investigation into the root causes that lead to occurrence and out-flowing on technique and management system. And "In-Depth Analysis" can be used for investigation into the root causes that could not prevent occurrence and out-flowing on management system, organizational structure, and company culture.

Proactive Use of Various Quality Control Technologies for Company-wide Improvement Activities

We have been conducting FMEA (Failure Modes and Effects Analysis) and design reviews from the product design and process design stages, or more specifically from before the stage where quality problems can occur, securely to prevent problems by predicting potential failures or abnormalities. In addition to this, we utilize quality engineering (the Taguchi Method) in order to develop tough designs (robust designs) that are less affected by external (variations in customer usage conditions and environment conditions) and internal (deterioration of used components, wear, contamination and others) disturbances that can occur, and manufacturing variations (product and used component variations).

Developing Human Resources to Think and Act on Their Own

We arrange 32 quality training programs in SB school and carry out quality educations in order to increase our employees' awareness of quality, to prevent quality problems and to improve quality technique. In November every year, quality education via e-learning is conducted for all employees. We continue to implement practical training such as FMEA, DRBFM (Design Review Based on Failure Modes) and quality engineering, in order to prevent quality problems that have a tendency to occur at "the first time", at "change and difference from the previous time", and at "a long interval."

Furthermore, our efforts do not stop at training for resolving quality issues. We also continue to implement "Why-Why Analysis" training that can also be adopted for the various problems that can occur on a daily basis. Particularly we are conducting "Why-Why Analysis" training when we carry out quality audit for the Company and its consolidated subsidiaries in Japan and overseas in 2014.





Why-Why analysis training at overseas sites



Quality Engineering Training at Kobe Facility Office

Quality Audit

Corporate Quality Assurance Promotion Dept., periodically conducts an onsite audit with a focus on quality. This is implemented at the Group's domestic site, subsidiaries and affiliates in Japan and overseas. This is conducted to check on conditions such as improvement of levels of customer satisfaction, reduced manufacturing risks and observation of manufactured product liability. It is a company-wide enlightenment activity. This is implemented on subsidiaries and affiliates in Japan and overseas, in conjunction with the mother plant. In fiscal 2013, we extracted problems by conducting this at 13 sites domestically and 5 sites overseas (for a total of 26 operating divisions) and engaged their collaboration to promote corrections and improvements.

Plans have been drawn up for this to be conducted at 11 sites domestically and 11 sites overseas (for a total of 27 operating divisions) in fiscal 2014. Also, with the aim of ensuring smooth commercialization, a collaborative process involving all relevant personnel is being applied to identify and solve quality-related issues concerning the products of new businesses.

Making Sure Our Chemical Substance Management is Compliant Wherever We Operate Worldwide

Chemical Substance Management throughout Product Lifecycles

There is a worldwide trend toward mandatory comprehensive management of chemical substances throughout product lifecycles from development through manufacturing, usage, and disposal. We have a system in place for investigating chemical substance-related laws and

Provision of Chemical Substance Data

Safety Data Sheet (SDS)*1 indicate the properties of chemical substances and provide information on safe handling. They are essential information resources throughout the Group.

We are emphasizing improvement of SDS. In addition to chemical substances subject to regulatory control in Japan and overseas, we are taking the initiative by voluntarily broadening the scope of our disclosure. In particular, in response to the Globally Harmonized System of Classification and Labeling of Chemicals (GHS)*², we introduced MSDgen.*³ We have been preparing SDS compliant with regulations of countries in Eastern Europe and Latin America, in addition to those for the leading industrialized countries. We now provide SDS compliant with the regulations of 38 countries in the official languages of those countries. We have enhanced the content of SDS for Japan by adding information related to the revised Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substances Control Act) and regulatory information related to waste.

SDS Compliance with GHS

Region		Number of countries covered	Compliance with GHS
North America / Latin America		3 countries	Not supported because laws are being drafted
Europe	Non-EU	5 countries	Lists both EC*4 and CLP*5
	EU	19 countries	classifications
Asia and Oceania		10 countries	Supported by 5 countries
Japan		Conforms to JIS Z 7253*6	

*1 SDS (Safety Data Sheet): Formerly MSDS

*2 GHS (The Globally Harmonized System of Classification and Labeling of Chemicals)

- *3 MSDgen: System for drafting and issuing SDS in different languages. Introduced in 2008
- *4 EC: The EU's system for classifying hazardous and harmful substances based on an EC directive
- *5 CLP (Classification, Labeling and Packaging of substances and mixtures): GHS classification based on the rules relating to classification, labeling and packaging of substances and mixtures. Listing with EC is tentatively required.
- *6 JIS Z 7253: Japanese Industrial Standards. Hazard communication of chemicals based on GHS Labeling and Safety Data Sheet (SDS)

regulations in Japan and throughout the world, examining data on chemical substances from the product development phase onward, and managing chemical substances contained in products in order to minimize their environmental impacts throughout product lifecycles.

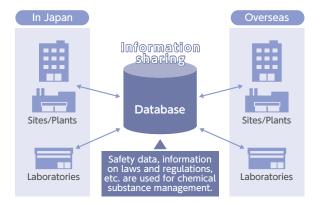
Chemical Substance Management System

Construction of a comprehensive chemical substance management system is underway to unify management of chemical substances contained in products and raw materials handled by the Group's plants and research laboratories worldwide. Fiscal 2013 is the second year of this 3-year project.

This system speeds up investigations of the safety of products and raw materials, regulatory information, etc. and automates quantitative control in response to REACH and the Chemical Substances Control Act. Introduction of this system allows us to provide accurate information in a timely manner.

We will continue enhancing this system in order to execute exemplary management of chemical substances.

Comprehensive Chemical Substance Management System



32

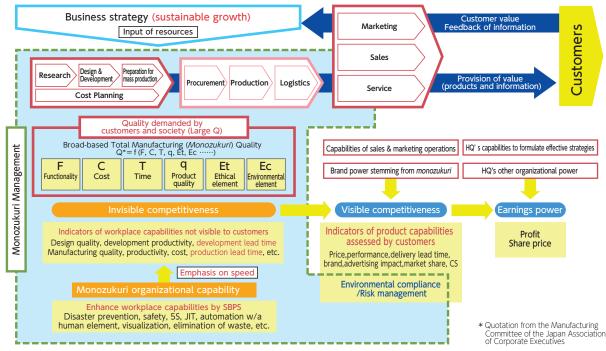
We Strive to Improve Our Manufacturing to Have Overwhelming Competitive Superiority and to Implement CS through the Collaboration of Business Divisions and Related Divisions

Efforts for Manufacturing(Monozukuri) in Fiscal 2014

We promote sustained improvement of the overall value-chain, from marketing, to development, production and sales. We believe that a person's awareness and actions are the foundations of quality manufacturing. Looking back at starting point for making improvements, we promote the inspection and improvement of the foundations according to a Japanese concept known as San-gen Shugi (literally "three actual principle" meaning the "actual" place, the "actual" part, and the "actual" situation).

Outline of Total Manufacturing Management Initiatives





Wider Use of IT in Monozukuri

We are expanding activities making full use of IT. These include improved working efficiency, visualizations and predictions of errors, and secure carrying on of technical skills, in our efforts to build highly efficient and precision production processes.

Human Resources Development

To foster talented individuals who can observe, think, decide and take action on their own for building a strong organization, we offer educational programs corresponding to positions and addressing specialized topics.



The SBPS Planning & Promotion Dept. is promoting manufacturing improvements through the San-gen Shugi principle.

Shareholders, Investors, and Business Partners

We Work to Ensure Appropriate, Proactive Information Disclosure and Compliance with Laws and Social Norms

Relationships with Shareholders and Investors

Basic Policy for Distribution of Profits

Sumitomo Bakelite is working actively to enhance its orporate value, and we regard returning a portion of profits generated by our businesses to shareholders as one of our most important management priorities. In allocating profits, we consider the balance of retained earnings that will be used for the future development of the business, such as R&D expenditures, capital investment, and M&A. We seek to pay stable dividends in line with consolidated corporate performance.

Information Disclosure

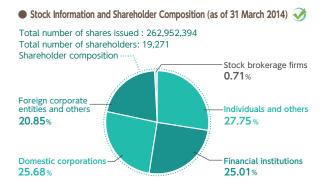
In addition to disclosure in accordance with the standards for timely disclosure of the stock exchanges where the

Company's shares are listed, we post financial results, information on general shareholders' meetings, and other information for shareholders on our website, as part of our proactive efforts to achieve appropriate and timely disclosure.



Encouraging Exercise of Voting Rights at Shareholders' Meetings

Through initiatives such as enabling shareholder voting by electronic means and posting notices of the general meeting of shareholders on our website, we are working to create an environment that makes it easier for shareholders to exercise their voting rights.



Relations with Business Partners

The Global Procurement Div. is in overall charge of the purchasing of raw materials, fuel, and equipment for use at the Company's plants and Group companies worldwide. The Company's procurement policy and the Green Procurement Guidelines established on October 1, 2013 are shown on our website, and Group companies have been instructed to establish similar policies and guidelines. In addition, our website shows information about our business continuity plan, prohibition of child labor and forced labor, and conflict minerals, issues about which customers frequently inquire. Sumitomo Bakelite's initiatives are introduced below.

Basic Approach

Sumitomo Bakelite strives 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. In principle, the Company concludes a basic contract with each business partner, which requires the contracting parties to fulfill their corporate social responsibilities (CSR). Our criteria for selecting business partners include their initiatives towards CSR and reducing their environmental impact.

Relations with Business Partners

When selecting new business partners, we apply the criteria established by the Global Procurement Div. The decision to commence transactions is made based on fair and impartial standards. We are convinced that it is important to establish a relationship of equals based on trust with every business partner and that the relationship should be beneficial to both parties.

Initiatives for Stable Procurement

The Global Procurement Div. audits material manufacturers, focusing on their ability to ensure stable supply. The audit covers the overall situation of the manufacturer, the business in question, procurement of raw materials, equipment, location, manufacturing workplace, workers, and the relationship with Sumitomo Bakelite. Audit results are judged comprehensively.

Procurement Crisis Management

The Global Procurement Div. prepares a list of locations of material manufacturers and keeps it up to date. In the event of a disaster, the division checks the status of manufacturers' factories in the affected areas and formulates countermeasures.

Occupational Health & Safety, Environmental & Safety Audits, Environmental Education, Accident Prevention

Labor and Management Work Together Giving First Priority to Safety in Business Activities

OHSAS18001 Certification

Sumitomo Bakelite started preparations to obtain OHSAS 18001 certification for the occupational health and safety management systems at plants and principal affiliated companies in Japan in 2009, and at overseas affiliated companies in 2010. By the end of March 2014, 22 business sites were certified. These comprised four business sites and three affiliated companies in Japan and 15 affiliated companies overseas.

Reducing Machinery and Equipment Risks

Beginning in 2008 at plants and subsidiaries and affiliates in Japan and in 2009 at overseas subsidiaries and affiliates, new machinery and equipment has been designed to comply with ISO 12100. We are also systematically improving existing equipment based on the results of risk assessment.

Reducing Chemical Substances Risks

Since 2012, plants in Japan and subsidiaries and affiliates worldwide have been systematically conducting risk assessment of chemical substances based on SDSs. Improvement measures are being implemented, in light of the results of risk assessment, in order to prevent exposure of employees to health hazards.

Promotion of Occupational Health and Safety Education

In parallel with measures to reduce the risks posed by machinery and equipment, we conduct risk prediction training as well as initiatives such as "pointing and calling" and other methods of confirming safety. The objectives of these activities include increasing awareness of possible dangers and eliminating risky behavior. Safety and Health Activities at opjcs Business Sites in Japan and Overseas



Sumitomo Bakelite (Suzhou) Rescue training



Sumitomo Bakelite (Taiwan) Rescue training



Yamaroku Kasei Industry Rescue training



Sumitomo Bakelite (Dongguan) First aid training for food poisoning

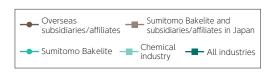
Society

Occupational Health & Safety, Environmental & Safety Audits, Environmental Education, Accident Prevention

Trends in Occupational Accidents

1 Trends of Frequency Rates* at Sumitomo Bakelite and Subsidiaries and Affiliates Worldwide

The graph shows the trend in the frequency rates. In Japan, accidents with lost work time increased in 2013, resulting in a worsened frequency rate.



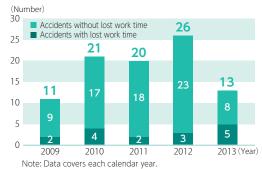
*Frequency rate = (Deaths and injuries/total working hours) x 1,000,000 Note: Data covers each calendar year.

2 Trends in Occupational Accidents at Sumitomo Bakelite and Subsidiaries and Affiliates in Japan

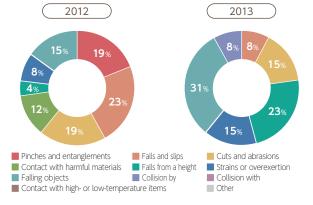
• The graph shows the number of injuries due to occupational accidents at the Company and its subsidiaries and affiliates in Japan. The number of injuries due to accidents with lost work time in 2013 was the highest in the past five years.

The graphs show the composition of occupational accidents by type for 2012 and 2013. In 2013, the majority of accidents were due to human factors, such as falling objects. We will implement measures to increase employees' safety awareness so as to reduce occupational accidents.

O Number of Injuries due to Occupational Accidents at Sumitomo Bakelite and Subsidiaries and Affiliates in Japan







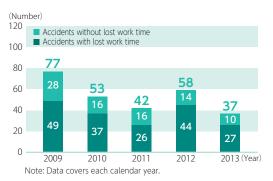
Frequency Rates at Sumitomo Bakelite and Subsidiaries and Affiliates Worldwide arphi



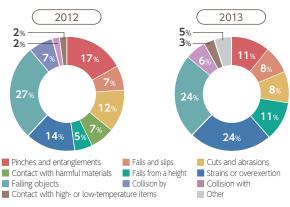
3 Trends in Occupational Accidents at Overseas Subsidiaries and Affiliates

The graph shows the number of injuries due to occupational accidents at the Company's subsidiaries and affiliates overseas. In 2013, the number is decreasing. However, one fatal accident occurred.
The graphs show the composition of occupational accidents by type for 2012 and 2013. The majority of accidents, including the fatal one, were due to human factors, such as strains and falling objects. We take the fatal accident very seriously and, with the aim of reducing occupational accidents, we have implemented measures to increase employees' safety awareness.

ONumber of Injuries due to Occupational Accidents at Overseas Subsidiaries and Affiliates







Environmental and Safety Audits

Every year we carry out environmental and safety audits at all Group companies worldwide. The audits cover preventive measures, legal compliance, energy conservation, waste management, chemical management for environmental protection, legal compliance, education and training for safety.

Japan

Held once a year in principle, audits were conducted at one office, four company plants, seven affiliated companies, and eight other plants between May and November 2013.



Amagasaki Plant

Overseas

Held biennially in principle, audits were conducted at five affiliated companies in Southeast Asia in May and July, and at five affiliated companies in North America in October 2013.



Accident Prevention

Safety is the top priority at all our business sites. Our objective is to make business sites safe and secure, and thus earn the confidence of the local community, ensure employee safety, and maintain stable supplies of products to customers. Each business site formulates action plans and continually implements education and training designed to maintain its workplace free of accidents. We prepare for accidents and conduct training in order to minimize damage.



Amagasaki Plant Participating in the North Amagasaki Volunteer Firefighting Meet (outdoor fire hydrant)



Sumitomo Bakelite (Nantong) Participating in the Development District Firefighting Meet (lifesaving)



Our laboratories and plants handle various chemical substances. We conduct periodic group education programs for employees including new recruits with the objectives of environmental protection in the vicinity of 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, environmental education by e-learning is conducted every year for all personnel in June, Environmental Protection Enhancement Month.



Education covering chemical management and GHS labeling



e-learning



Kanuma Plant Participating in the 37th Kanuma Fire Department Firefighting Competition



Shizuoka Plant Crisis management training

Valuing Relations with Our Stakeholders and Enhancing Understanding and Trust

Relations with Customers

Enhancing Customer Satisfaction (CS)

At Sumitomo Bakelite, the CS Promotion Committee comprising the President and other executives determines the company-wide basic policy on customer satisfaction. In accordance with this policy, divisions and Group companies share the voice of the customer (VOC) and work to improve business processes based on VOC. We invite customers to an annual conference where we brief them on our business and seek to identify their needs through questionnaires and other means. This helps us to cultivate mutual understanding and relationships of trust with our customers. The aim of the annual CS Conference is to enhance awareness of CS throughout the Group and to share CS initiatives. Individuals, departments, and Group companies with outstanding CS achievements are recognized and honored.

Following the 5-Point CS Declaration made in 2012, in line with prioritizing customer satisfaction, we are taking initiatives for improving CS, including revamp of the product displays at our Head Office and other business sites in fiscal 2013.

Themes that require corporate-wide measures are addressed through cross-organizational cooperation involving all the departments concerned.

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 of our communications are in compliance with applicable laws, regulations and in-house rules. Our watchwords are clarity, fairness and relevance.

Besides disclosing corporate information as mandated by law, we use diverse media including press releases, advertising in Shinkansen trains and baseball stadiums, and our website to keep stakeholders and the general public informed about our initiatives and progress.

Social Contribution

Donations

We make donations directly and through reputable organizations that benefit worthwhile causes in areas such as schools and education, social welfare, science and technology, culture and



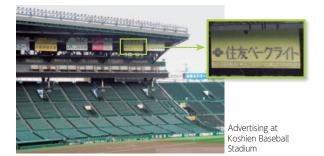
At the CS Conference





Exhibition Corner Head Office

Exhibition Corner Shizuoka Plant



the arts, regional development, and environmental protection. In fiscal 2013, we focused on supporting culture and the arts, including sponsorship of an orchestra and environmental protection funds.

Society

Topics Social Activities at Our Business Sites around the World

Plant Open Days Our plants welcome factory visits and student interns. They also hold summer festivals and other social events for employees, their families and local residents.



Local elementary school children tour the plant (Top: Shizuoka Plant, Bottom: Akita Sumitomo Bakelite)







Local residents take part in a summer festival (Shizuoka Plant)

Local high school students tour the plant (Top center: Durez Canada) Internship for university students from overseas (Bottom center: Sumitomo Bakelite (Nantong))

Environmental Protection and Beautification



Cooperating with municipal heat island countermeasures (Amagasaki Plant)

tidy up the neighborhood and protect the environment.

We participate in cleanups and beautification activities organized by local communities to

We eagerly participate in local events in order to strengthen relationships with

communities where we have a presence. By organizing volunteer programs and making

donations, we endeavor to enrich the life of local communities.





Planting trees in the grounds (Top center: Kyushu Sumitomo Bakelite, Bottom Center: SBP Indonesia)





Participating in local clean-up campaigns (Top: Kobe Facility Office, Bottom: Indopherin Jaya)

Participation in Local Events and Community Service



We provide financial and personnel support for a traditional shrine sumo event (Kyushu Sumitomo Bakelite)



Participating in local touring (Top center: Sumitomo Bakelite Europe, Bottom center: Vyncolit)



Blood donation (Top: Sumitomo Bakelite Singapore, Bottom: S.B. Sheet Waterproof Systems)

loyee

Employment, Human Rights, and Human Resources Development

We Strive to Create a Pleasant Work Environment Through Respect for Individual Personalities and Human Rights

Excerpt from Sumitomo Bakelite's 'Our Standards of Conduct'

Number of Employees of Our Company Group (Japan/Overseas: As of March 31, 2014; East Asia (Hong Kong) as of December 31 2013)

(People)

Employees in Japan and Overseas

÷ 1 /			- U		(i copic)
	Directors	Executive officers	Employees	Temporary employees **	Total
Sumitomo Bakelite	10	11	2,148	294	2,463
Subsidiaries and affiliates in Japan	26		783	146	955
Overseas subsidiaries and affiliates	29		2,276	968	3,273
Total	65	11	5,207	1,408	6,691

	Employees	by	Geographic	Area	\checkmark
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Japan	Europe	North America	East Asia	Southeast Asia	Total
3,418	340	359	1,897	677	6,691

1. The number of employees on a consolidated basis shown on page 10 of this report includes employees of Sumitomo Bakelite who serve as directors of subsidiaries and affiliates.

2. The number of directors of subsidiaries and affiliates shown above includes employees of Sumitomo Bakelite who serve as directors of domestic and overseas subsidiaries and affiliates

* Part-time and other non-regular employees

Recruitment Activities of Sumitomo Bakelite

Employees Newly Recruited Security Security

(Including new graduates and mid-career personnel)

			Fiscal 2011			Fiscal 2014 (Plan)
Newly recruited	54	42	40	37	34	35
Male	45	29	33	34	28	—
Female	9	13	7	3	6	—

Excludes personnel transferred from subsidiaries and affiliates in Japan.

2. Since employee recruitment is gender-neutral, the gender composition of the planned intake of new employees for FY2014 is unknown.



Newly hired employee training

Continuing Employment Opportunities for Personnel beyond Retirement Age

In a move that is certainly in accordance with the letter and the spirit of the Act on Stabilization of Employment of Elderly Persons, we established a system enabling personnel who have reached the mandatory retirement age of 60 years to continue working as contract employees. By facilitating post-retirement hiring, this initiative harnesses the knowledge, technical skills, and know-how that employees have accumulated in the course of their careers.

Projected 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. At the end of the fiscal 2013 covered by this report, projected benefit

Employees beyond Retirement Age	V	7	1	l	i
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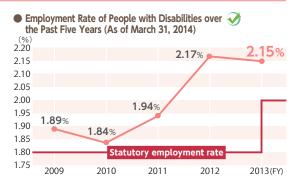
	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Number of retirement- age retirees	61	64	51	59	37
Number of post-retirement rehires	40	44	41	50	23
Rehiring ratio(%)	66 %	69 %	80 %	85 %	62 %

obligations of the Company and its subsidiaries totaled ¥28.6 billion, while pension plan assets amounted to ¥26.7 billion.

Note: For details, please access the Securities Report (Yuka Shoken Hokokusho (Japanese only)) on the Sumitomo Bakelite website.

Employment of People with Disabilities

Sumitomo Bakelite considers the employment of people with disabilities, as stipulated by law, to be an integral part of its fulfillment of corporate social responsibility. We endeavor to offer a safe and supportive environment where everyone, whether disabled or not, can fulfill their potential in the workplace. The statutory employment rate was raised to 2.0% in April, 2013. Nevertheless, we consider achieving that statutory rate to be the minimum line, and proactively continue efforts for their employment.



Initiatives to Achieve a Work/Life Balance

In 2008, Sumitomo Bakelite formed its Work/Life Balance Labor Study Group to consider the options, formulate policies and commence their implementation. The objectives are:

- ①To 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 nonwork activities, such as educational pursuits and activities related to family and community
- ②To offer a greater diversity of working styles that benefit employees who must deal with major life events, such as marriage, childbirth, and the raising of children, and thus contribute to nurturing the next generation

In fiscal 2009, the scope of the system calling for shorter working hours to allow for childcare was raised to when the child completes sixth grade of elementary school, exceeding statutory requirement. In 2011, Sumitomo Bakelite increased the number of accumulated annual paid vacation days (annual unused paid vacation days accrued) that may be carried over from 30 days to 40. In fiscal 2013, we expanded the application requirements to allow use for

participation in volunteer activities and use in half-day increments. We anticipate these efforts to contribute to advancing a better work/life balance.

Next-generation Certification Mark: "Kurumin"



• Number of Overtime Hours Worked and Vacation Days of Regular Employees Imployees

	, .				
	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Average number of overtime hours (annual basis)	107.5	158.3	142.7	112.7	139.9
Average number of vacation days used	13.0	12.8	13.6	12.8	13.3

Note: "Regular employees" means Sumitomo Bakelite personnel working in the daytime hours but managerial personnel are excluded.

Health Management

Sumitomo Bakelite strives to create high-performance workplaces conducive to the maintenance of employees' good health, both physical and mental. Our programs center on regularly scheduled health checks and health guidance based on the results. By ensuring that employees 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, we 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 fiscal 2012, we began to provide health guidance, in accordance with a scheme introduced by the government, to employees to help them avoid lifestyle diseases such as diabetes, hypertension, and dyslipidemia.

In addition, based on the awareness that the preventive efforts of each and every employee are important for health enhancement, we also emphasize employee education concerning health-related matters. With regard to mental health, recognizing the importance of early awareness, managerial personnel who are responsible for managing other employees are required to attend workshops designed to enhance their sensitivity concerning the mental health of the employees under their direction and to ensure that they deal compassionately with any problems.

We have also formulated programs to support people with mental health problems. The program is designed to help them return to work and to prevent relapse. Supervisors, HR staff, industrial physicians and health-care staff work together for this program.

Employment, Human Rights, and Human Resources Development

Labor-Management Relations

We recognize that pleasant working environments are not only intrinsically desirable but also contribute to the development of an enterprise. Moreover, good labormanagement relations and the collaboration they engender are an essential ingredient of such working environments. Accordingly, in addition to the corporate-level meetings of the Company's senior executives and representatives of the Sumitomo Bakelite Union held twice a year at the head office, each plant holds a monthly labor-management meeting. These meetings are valuable opportunities to cultivate excellent labor-management relationships by sharing views on the business environment and the Company's operations.

With a view to creating safe and comfortable workplaces, we hold an annual labor-management meeting, attended by Sumitomo Bakelite Union members in charge of occupational safety at facilities across Japan, on occupational health and safety. Through a frank exchange of opinions, management and labor deepen mutual understanding, share insights and identify priorities. To ensure that the occupational health and safety committee of each plant is fulfilling its mission, we also offer health and safety training for labor union leaders, as well as plant managers. This includes instructing them health and safety laws and regulations, and points to be checked when conducting health and safety patrols.

Further to expand improvements in customer satisfaction (CS), we have begun CS hospitality activities for all of the labor and management from 2013. Our goal is to impart upon each and every customer who visits our facilities to leave feeling happy that they came. Each of our employees strives to improve quality through participation.

These ongoing initiatives help deepen long-standing labor-management relations. The Sumitomo Bakelite Union participation ratio is 100% on a non-consolidated basis.



Human Resources Development

Sumitomo Bakelite 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." Further, we need people who will embrace the Company's mission to become an excellent global enterprise. Above all, we seek talented, energetic people eager to contribute on their own initiative to the sustainable growth of Sumitomo Bakelite's business.

Key characteristics of the personnel we seek are listed below.

- Key characteristics of the autonomously motivated personnel Sumitomo Bakelite seeks
 - People who are growth-oriented and have the drive to acquire new skills and knowledge necessary for their jobs;
- 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;
- Beople with a team-oriented approach who can combine their individual strengths with the strengths of those around them to deliver better results;
- People with outstanding skills and know-how who can produceresults through their work anywhere in the world as consummate professionals.

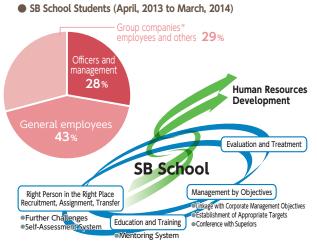
In September 2007, we opened the Sumitomo Bakelite School (SB School), which is designed to provide lifelong

education and training courses that help the Sumitomo Bakelite Group achieve sustained growth of business operations while maximizing corporate value. The SB School offers courses for all grades of employees from all departments. These include "all employee education" courses that confirm and reinforce employees' awareness of Business Philosophy as well as fundamental knowledge about such issues as enhancement of CS, compliance, human rights, occupational safety, quality, and environmental protection. The school is also planning and systematically implementing various other kinds of educational and training courses. In one year, from April 2013 through March 2014, the cumulative participation in SB School courses was about 24,000, and the number of hours of instruction was approximately 34,000. We will continue proactively to plan and execute all manner of training programs, to develop each of our employees' skills

and ability, because our employees are the most important resource in operating our business.

> Newly appointed management training





*Group companies employees and others includes temporary workers, such as part-time workers, non-regular employees and temporary staff.

Human Rights Education

We strictly prohibit discrimination and all forms of harassment, in "Our Standards of Conduct" and others, including the group companies. We enlighten our people regarding these important issues during our compliance enhancement month and through other opportunities.

Also, in Japan, every December, coinciding with Human Rights Week designated by the Japanese government, all employees of Sumitomo Bakelite and Group companies in Japan take an e-learning course on Workplace Human Rights. This course is designed to raising employee awareness of the importance of human rights in the workplace, but also touches on issues concerning discrimination and harassment in society at large. The goals of the course include ensuring every employee respects the human rights of others and fostering a predisposition among employees toward creating bright and pleasant workplaces. In fiscal 2013, a total 988 hours of human rights education was provided through e-learning.

To raise employee awareness of human rights, such issues as sexual harassment and moral harassment in the workplaces are addressed in education separated by class, such as for new employees, young employees, and junior managers. The education focuses on specific topics related to human rights that correspond to each position and require careful attention.

Human rights enlightenment class in education separated by class



Diverse Education and Training Programs at Overseas Business Sites

Our overseas business sites offer diverse education and training programs according to the needs. Objectives include preventing accidents and ensuring safety as well as enhancing employees' skills.

At Durez Corporation in the United States, a wide variety of safety training and drilling is implemented, including firstaid drills, and rescue drills in closed spaces.



First-aid drilling at the Kenton Plant



Entry drilling in closed spaces at the Niagara Falls Plant

CSR initiatives at each of Our Company Group's business sites are presented. Site Report

Kobe Facility Office



Japan

Address: 1-1-5 Murotani, Nishi-ku, Kobe-shi, Hyogo Number of employees: 100 Commencement of operations: 1991 Site total area: 16,530m²

Principal products: Development of high-performance plastics and R&D of technologies

Our office is actively engaged in reducing waste, recycling, cleaning activities, and participating in disaster prevention drills within the complex. Disabled workers are also highly active force in our company, making up approximately 8% of the entire work force. The Corporate R&D Center in Kobe aims to develop new products that have a low impact on the environment using material designs through resin composites obtained from bio-derived raw materials, numerical calculations and high-level evaluations

Address: 2100 Takayanagi, Fujieda-shi, Shizuoka Number of employees: 823 Commencement of operations: 1962

Principal products: Epoxy resin copper-clad laminates, epoxy coating powder, phenolic resins, thermoset plastic molding materials, melamine resin decorative laminates, formalin, molds and dies, substrate materials for semiconductor packages

This integrated facility for the manufacture of various thermoset plastics is pursuing initiatives to reduce the environmental burden of all its processes from product development through to manufacture of finished products. Having set a three-year plan for reducing by 50% of negative costs by MFCA, we are promoting various improvement activities, including an energy-saving project that almost achieved the targeted reduction in energy consumption. Aspiring to be an eco-friendly plant, Shizuoka Plant continues to advance in terms of resource conservation and energy saving.

Number of employees: 332 Commencement of operations: 1970

Principal products: Hard resin sheets made from polycarbonate, polystyrene, PET, ABS, PVC, etc.; waterproofing materials incorporating waterproofing processed steel products

Our plants uses electric power as its main energy source. Focusing on electric power, we have strengthened our activities for energy conservation since 2012. At present, we are quickly moving forward with plans to reduce consumption by 17.7% over four years. We also achieved a reduction of approximately 40% by setting up a waste disposal plant at the end of fiscal 2013. In fiscal 2014, we are pressing forward with our plan to halve MFC over a three-year period. All employees are engaged in this effort to reduce

Address: 20-7, Kiyohara Kogyo Danchi, Utsunomiya-shi, Tochigi Number of employees: 352 Commencement of operations: 1984

Principal products: Die-bonding paste, liquid-sealing resin for semiconductors, materials for semiconductor package substrates

Our plant actively expands and promotes initiatives to reduce impact on the environment, including resource conservation, and steps to reduce the risk of contaminating the environment, through chemical substances. We aim to earn the trust of customers and local residents by conforming to all types of laws, agreements and regulations.

📕 Amagasaki Plant





Plant

Manager Masaya Fumita

> Address: 2-3-47, Higashi-Tsukaguchi-cho, Amagasaki-shi, Hyogo Number of employees: 550 Commencement of operations: 1938 Site total area: 46.000m² Date ISO 14001 certification received: October 1998

Principal products: Co-extruded, multilayered films for food product packaging; pharmaceutical product packaging materials (materials for PTP); wrapping tape for electronic parts

By pressing forward smoothly with our activities for "ecoE~NE~2020" project in fiscal 2013, we achieved energy conservation 20% beyond that of fiscal 2010. Furthermore, through the cooperation with our headquarters, we have undertaken an effort to minimize energy consumption at our extrusion line; fiscal 2014 is our first year for verification. We have set wide-ranging material-loss reduction targets by promoting MFCA, which is being followed by all of our employees.

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





This plant produces waterproofing sheets made with synthetic resin that are used in the construction industry. Since the production processes are energy-intensive, the plant is pursuing initiatives to minimize energy consumption day in, day out. During year 2013, improvements to equipment yielded substantial reduction in energy consumption and industrial waste emissions. Moreover, based on risk assessments carried out at the plant regarding the leakage of harmful substances in the event of an emergency, we have made improvements to equipment after installation and training of personnel.

Kyushu Sumitomo Bakelite Co., Ltd.



Address: 40-1 Oaza-Kamizakai Aza-Mizumachi, Nogata-shi, Fukuoka Number of employees: 250 Commencement of operations: 1972 Site total area: 50,000m²

Date ISO 14001 certification received: December 1998

Address: 19-10 Katayama-cho, Kashiwara-shi, Osaka

Date ISO 14001 certification received: June 2005

Number of employees: 48 Commencement of operations: 1948

Principal products: Epoxy molding compounds for encapsulation of semiconductor devices, photosensitive coating resin for semiconductor wafers

The plant produces environmental friendly epoxy molding compounds and water coating resins for semiconductor devices. In fiscal 2014, together with other branches around the world, all of our employees are active in ensuring that we attain our target of halving our impact on the environment, based on our mid-term MFC reduction plan

Principal products: Phenolic molding compounds and melamine phenolic resin molding

The plant began official energy-conservation steps in fiscal 2013. We have successfully

attained constant results. Also, as VOC measures, we completed installing solvent

exhaust gas combustion unit. This equipment began operations in fiscal 2014. In fiscal 2014, our energy conservation activities were raised to another level in our effort to attain workmanship that is even more gentle on the environment.



S.B. Techno Plastics Co., Ltd.





Representative Director Masaei Yamada

Head Office Plant

Address: 300-2. Motohara Kamikawa-cho. Kodama-gun, Saitama Number of employees: 31 Commencement of operations: 1964 Site total area: 13.000m² Principal products: Plastic sheets, plastic cutting boards

valuing a relationship with local society.

Site total area: 5,411m²

materials

Kitsuregawa Plant Address: 560-1, Saotome, Sakura-shi, Tochigi Number of employees: 13 Commencement of operations: 2002 Site total area: 3.638m² Principal products: Protective helmets, floor

mats In addition to operating the used substrate recycling system from before, we dramatically expanded our "Repoly" which is reproduction of products generated out of scraps produced in the plant, which has successfully reduced our use of resources. Also, in Honjo, we proactively participate in clean-up

campaign in the Kodama Industrial Park. In Kitsuregawa, we continue a safe-house program for kids,

Akita Sumitomo Bakelite Co., Ltd.



Address: 27-4, Aza Nakashima-shita, Souzen-machi, Tsuchizakiminato, Akita-shi, Akita Number of employees: 177 Commencement of operations: 1970 Site total area: 255,568m² Date ISO 14001 certification received: January 2001 Principal products: Medical products and laboratory ware, phenolic resins, formalin and

adhesives, biotechnology related products, negative electrode materials

The plant manufactures medical products, biotechnology-related products, phenolic resins, and secondary battery negative electrode materials. In fiscal 2014, we began planned equipment investments to promote energy conservation and to reduce impact on the environment. Also, we campaign continue to deepen our connection to the region through participation in the cleanup of the Omono River, and activities such as allowing local elementary school children to come and visit our plant.

Site Report



Sumitomo Bakelite (Suzhou) Co., Ltd.

Hokkai Taiyo Plastic Co., Ltd.



Address: 2-763-7, Shinko-Chuo, Ishikari-shi, Hokkaido Number of employees: 17 Commencement of operations: 1964 Site total area: 13,650m² Date ISO 14001 certification received: April 2005 Principal products: Polyethylene pipes, polyethylene films

We produce polyethylene pipes, and film. In fiscal 2013, we successfully reduced CO_2 emissions by switching our lighting to LEDs and reducing the amount of kerosene we used for heating. Supported by our parent company, in fiscal 2014, we also moved further forward with energy conservation, to pass on lush, green earth in the north to the next generation.

Overseas: China, Macau, and Taiwan



Address: 140 Zhongxin Avenue West, Suzhou Industrial Park, Suzhou, Jiangsu, 215021, P.R. CHINA

Number of employees: 213 Commencement of operations: 1997 Site total area: 30,000m²

Date ISO 14001 certification received: November 2001 Principal products: Epoxy molding compounds for encapsulation of semiconductor devices, phenolic molding compounds

Our company manufactures sealing material for semiconductors. Because of the large amount of energy required by the manufacturing equipment, and low-temperature control, we continue to press forward with activities to conserve energy. In fiscal 2014, we introduced a highly efficient freezing system, and we are further planning to promote a switch to LEDs in the plant. Also, we strive to be a company that is trusted by the local society by being engaged in exchanges with the local population, and by participating in local civic activities.

Address: No.88 Aidu Road, China (Shanghai) Pilot Free Trade Zone, Shanghai 200131, Sumitomo Bakelite (Shanghai) Co., Ltd. P.R. CHINA

Number of employees: 230 Commencement of operations: 2000 Site total area: 8,698m²

Date ISO 14001 certification received: April 2007

Principal products: Molded components for automotive applications (plastic mechanical and structural parts)

We produce molded parts for use in automobiles, which use phenolic resins. While continually undertaking efforts for waste-reduction through greater yields, and CO_2 reduction through energy conservation, we also are trying to improve our employees' observance of laws and ordinances, of safety, and their awareness of the environment through in-house training.







President

Yoshihiko Sasaki

Sumitomo Bakelite (Dongguan)





Hiroshi Hiraoka

Address: No. 81 Tongda Road, Port Industrial Park 3, Economic Technological Development Area, Nantong Jiangsu, 226017, P.R. CHINA Number of employees: 188 Commencement of operations: 2009 Site total area: 100.000m² Date ISO 14001 certification received: May 2010 Principal products: Phenolic resins, phenolic molding compounds

Environmental rules have been further strengthened in China where the environment is ever increasingly contaminated. We are also working hard to reduce our overall annual emissions. Of particular note is an improved capacity of our deodorizing equipment which reduces the impact from gas emissions, waste water and waste materials. We are moving forward with our national staff to enable more efficient operations of active sludge, and to optimize our recycling, reusing and reworking efforts to reduce waste.

Address: No. 2 Qiao Lin Road, Ling Tou Industrial District, Qiao Tou Town, Dongguan, Guangdong, P.R. CHINA

Number of employees: 959 Commencement of operations: 1994 Site total area: 32,930m²

Date ISO 14001 certification received: September 2004

Principal products: Precision mold products, molded products for automobiles, medical products

Our company manufactures medical products, precision mold products and mold products for automobiles. We obtained OHSAS in September, 2013. In 2014, while we have further ensured a safe workplace for our workers while taking steps to protect the environment, we are also moving forward with energy conservation projects to reduce our energy consumption by as much as 20%. All of our employees undergo safety and environment training.



Sumitomo Bakelite (Taiwan) Co., Ltd.



Address: Zona Ind. do Aterro Sanitario de Seac Pai Van Lote A, junto a Estrada de Seac Pai Van, Coloane, MACAU Number of employees: 151 Commencement of operations: 2003 Site total area: 27,513m² Date ISO 14001 certification received: April 2005 Principal products: Epoxy resin copper-clad laminates

Our company has setup a plant in Macau to produce epoxy resin copper-clad laminates for expanded sales in China, Southeast Asia and in Japan. Recently, we expanded sales of energy-conservation type air-conditioning and LED lighting fixtures and others. Today, we play an important role in energy conservation in society. We have moved forward with switching our in-house lighting to LEDs for general lighting. We also switched our boiler fuel in 2014. Today, we are planning to take on reduction of SOx and NOx which are present in exhaust gases.

Address: No.1, Hwa Syi Road, Ta Fa Industries District, Ta Liao 831, Kaohsiung, TAIWAN,

Number of employees: 129 Commencement of operations: 2000 Site total area: 24,271m²

Date ISO 14001 certification received: May 2003

Principal products: Epoxy molding compounds for encapsulation of semiconductor devices

Our company manufactures and sells epoxy molding compounds for encapsulation of semiconductor devices. In this period, we started a three-year plan to halve the amount of waste generated in our manufacturing processes, in addition to continuing our activities to reduce our energy consumption. With the cooperating of our electronic materials division plants, we are further working toward our goal to become a plant that has a low impact on the environment.

Southeast Asia

SNC Industrial Laminates Sdn. Bhd.



Sumitomo Bakelite Singapore Pte. Ltd.



SumiDurez Singapore Pte. Ltd.





Address: PLO 38, Jalan Keluli Satu, Pasir Gudang, Industrial Estate, 81700 Pasir Gundang, Johor, MALAYSIA Number of employees: 160 Commencement of operations: 1992 Site total area: 60.000m²

Date ISO 14001 certification received: April 2001

Principal products: Phenolic resin copper-clad laminates, phenolic resin laminates, aluminum-based copper-clad laminates

Our company is located in Johor, Malaysia which is adjacent to Singapore. Mainly we produce copper-clad laminates. We use many different chemicals and much energy in our manufacturing processes. For that reason, we pay strict attention to water quality and in preventing environmental contamination. Furthermore, we strive to conserve energy through improved manufacturing efficiency, and to become a company that is gentle on the environment, safe and secure.

Address: 1 Senoko South Road, Singapore 758069, SINGAPORE Number of employees: 193 Commencement of operations: 1989 Site total area: 22.276m²

Date ISO 14001 certification received: July 1997

Principal products: Epoxy resin molding compounds for semiconductor packaging, semiconductor die attach paste, semiconductor-use liquid epoxy resin

Our company develops, manufactures, and sells epoxy molding compounds for encapsulation of semiconductor devices, and semiconductor die attach paste. We have switched to equipment that supports LED lamps and the like, and energy consumption from the development process for products specialized for the environment, thereby continuing our efforts for energy conservation. In the future, we will place greater emphasis on reducing MFC for which reduced waste is a main component.

Address: 9 Tanjong Penjuru Crescent Singapore 608972, SINGAPORE Number of employees: 54 Commencement of operations: 1989 Site total area: 30.000m² Date ISO 14001 certification received: September 1998 Principal products: Phenolic molding compounds

We produce phenolic molding compounds. In addition to reducing waste and preventing contamination of the atmosphere, one aspect of our efforts for energy conservation in fiscal 2013 included our proactively taking positive taken steps to reduce CO₂ emissions by suppressing power consumption by updating our aging equipment, which consumes much electric power, to highly efficient models. We want to become a plant that is gentle on the environment by continuing the same policy.

Site Report

P.T. Indopherin Jaya



Address: JL. Brantas No.1, Probolinggo, East Java, INDONESIA Number of employees: 104 Commencement of operations: 1996 Site total area: 18,000m² Date ISO 14001 certification received: January 2001 Principal products: Phenolic resins

We are improving the environment around our company, and the overall lifestyle of our employees, their families and the local society through our CSR programs. We bear the responsibility of contributing to sustainable economic growth.





Address: Kawasan Industri MM2100, JL. Irian Blok NN-1-1, Kec, Cikarang Barat, Bekasi, 17520, INDONESIA

Number of employees: 156 Commencement of operations: 1996 Site total area: 30,000m² Date ISO 14001 certification received: December 2010

Principal products: Polycarbonate resin sheets (for signage and construction applications)

Our company produces and sells polycarbonate sheets. These products, which are manufactured and sold as roofing and wall materials, are useful for plant lighting, and contribute to power-saving measures. We are working toward becoming a corporation that is gentle on the environment, according to ISO14001.

North America

Sumitomo Bakelite North America, Inc. (Manchester Plant)



Durez Corporation (Kenton Plant)





Durez Corporation (Niagara Falls Plant)





Address: 24 Mill Street, Manchester, Connecticut 06042, USA Number of employees: 62 Commencement of operations: 1920 Site total area: 14,000m² Principal products: Thermoset composites

Our plant produces specialty thermoset composites using a variety of compounding methods, thermoset resin systems, and reinforcement systems. Recently, we achieved of the first time a target of zero labor accidents for the year, within the targeted scope of OSHA (Occupational Safety and Health Act). By the end of 2014, we are working hard in safety measures so that we can obtain the two certifications of OHSAS 18001 and ISO 14001. As a measure for the environment, we are investing ourselves into reducing emissions in our processes. Also 2014, we are deepening our efforts to reduce the amount of emissions of atmosphere-contaminating substances.

Address: 13717 U.S. Route 68, South Kenton, Ohio 43326, USA Number of employees: 60 Commencement of operations: 1955 Site total area: 263,100m² Principal products: Phenolic resins

At our plant, we have taken up two projects in 2014 in order dramatically to reduce the amount of waste and treatment of waste materials. One project is a recycling system for solvent phenol. This will recycle 660 megatons of phenol that ordinarily is discarded according to our plans for 2015. The second project is to switch from 45% formaldehyde to 50% formaldehyde. Also, according to our plans for 2015, this will reduce 750 megatons of waste water that has to be treated, and reduce the amount of fuel that is consumed.

Address: 5000 Packard Road, Niagara Falls, NY 14304, USA Number of employees: 57 Commencement of operations: 1930 Site total area: 189,600m² Principal products: Phenolic resins

Our plant has almost completed procedures for gaining permission relating to Chapter 5 of the Clean Air Act. We expect to receive certification in 2014. As a part of our preparations for this, we inspected our incinerator, and found that it will operate without any problems even if the electric power supply is reduced to the ESP (electrostatic precipitator). For that reason, we expect to find that energy conservation is further advanced after the compliance tests in the fall this year. Furthermore, we have hired new engineers proactively to suppress the generation of hazardous materials from our plant and to undertake innovative recycling designs for handling waste materials.

Durez Canada Co., Ltd.





Promerus LLC



N.V. Sumitomo Bakelite Europe S.A.

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

Address: 100 Dunlop Street, Fort Erie, Ontario L2A 4H9, CANADA Number of employees: 69 Commencement of operations: 1970 Site total area: 93,000m² Principal products: Phenolic molding compounds

We are very grateful to all of our employees because they made it possible to reduce the amount of landfill waste materials 1/3 compared to last year. Also, at the latter half of 2013, we started an energy conservation countermeasure committee. With this committee, we have made efforts toward increasing our profit by reducing the amount of energy we use in 2014.

Address: 9921 Brecksville Road, Brecksville, Ohio 44141-3247, USA Number of employees: 61 Commencement of operations: 2001 acquired by Sumitomo Bakelite Site total area: 1,020m² Principal products: Functional polynorbornenes

Monthly at our research facilities, we conduct seminars and inspection for safety. We thoroughly implement surveys on hazardous substances for every newly-introduced process, in order continuously to improve EHS (environment; health, safety). Each and every employee receives training to consider the overall organization and their role. In 2013, we successfully attained zero labor accidents within the scope of OSHA (Occupational Safety and Health Act). We also have satisfied requirements for hazard communication standard of GHS-NA, and introduced new procedures to rationalize the handling of hazardous materials.

Europe

Address: Henry Fordlaan 80, B-3600 Genk, BELGIUM Number of employees: 140 Commencement of operations: 1967 Site total area: 110,000m² Date ISO 14001 certification received: January 2001 Principal products: Phenolic resins, polyester resins

The phenolic resins and polyester polyol we manufacture have wide-ranging uses, such as in the construction and automobile industries. We have invested a new building and cafeteria and locker room as a further expansion of our equipment based on our mid-term business plan. In 2013, we updated ISO 9001, ISO 14001, and OHSAS 18001 certifications. In 2014, we began working hard toward further reducing waste material and energy costs.

Address: Gran Vial, 4 Montornes del Valles (Barcelona) 08170 SPAIN Number of employees: 87 Commencement of operations: 1949 Site total area: 19,856m² Date ISO 14001 certification received: March 2005

Principal products: Phenolic resins, friction particles, adhesives

Our plant had robust manufacturing volumes in 2013, and we have been recovering well in powder resins specialized for friction-materials markets, which, above all, is our main business. Also, our plant continually strives to conserve energy. As a result, we achieved the best values for emissions rates per one-megaton of production in 2013. This is one target for our plant. In the near future, we aim to attain ISO 50001 certification which is an energy management system standard required for further improvement.

Vyncolit N.V.





Plant

Manager

Peter Arits

Site

Manager

José Miralles

Manager Gerard Wildeman

Address: Wiedauwkaai 6, B-9000 Gent, BELGIUM Number of employees: 106 Commencement of operations: 1992 Site total area: 20,506m² Date ISO 14001 certification received: 1999 Principal products: Thermoset molding materials

The core business of our company is the manufacturing of materials used in automobiles. As an effort toward reforms geared for future growth, we also have conducted surveys on other potential markets. The prospects are promising. In 2013, we achieved zero labor accidents in line with lost hours, and started up new production lines that introduce the latest technologies from various Sumitomo group plants. We are also updating our ISO 14001 certification in 2014. In order to attain major targets for CO₂ reduction, we will update energy-reduction measures every year.

Business Sites in Japan 💸

		Item	Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (Plan)	2020 (Target)
C	D₂ €	emissions	t-CO ₂	137,961	135,326	123,382	109,402	107,233	101,181	93,300	103,165	104,556	111,552	103,471
Er	erg	y usage	Crude oil equivalent (kL)	74,370	72,045	68,151	58,544	58,021	58,156	53,307	52,320	50,276	53,623	_
	ted	Landfill	ton	605	232	143	148	82	33	29	18	13	18	13
loss	generated	External intermediate processing	ton	342	53	83	52	11	6.2	5.7	5.0	4.5	4.6	3.6
	ste g(Internal intermediate processing	ton	0.5	2.2	1.2	0.9	1.0	0	0	0	0	0	0
Material	Waste	External recycling	ton	10,495	11,030	9,790	7,617	7,368	7,511	7,338	7,794	7,477	6,812	5,708
Ň	Тс	otal waste generated	ton	11,444	11,317	10,017	7,818	7,462	7,550	7,373	7,817	7,494	6,834	5,725
	Va	aluable materials	ton	9,501	9,190	9,752	8,705	8,675	9,174	7,970	7,930	8,633	8,523	7,605
Тс	otal	material loss	ton	20,945	20,507	19,769	16,523	16,137	16,724	15,343	15,748	16,127	15,357	13,330
Ch	em	ical substance emissions	ton	512	423	340	210	222	273	262	258	302	230	102

Overseas Business Sites 🔗

		Item	Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (Plan)	2020 (Target)
CC)2€	emissions	t-CO ₂	163,259	170,554	170,109	143,314	151,074	160,989	152,735	141,491	144,508	153,069	138,770
En	erg	y usage	Crude oil equivalent (kL)	82,906	84,696	84,966	72,576	72,557	78,702	76,533	71,013	68,231	72,352	_
	ated	Landfill	ton	6,586	5,608	3,864	4,132	3,189	4,050	4,093	3,138	3,027	3,100	_
SS	genera	External intermediate processing	ton	3,547	3,810	3,413	2,802	3,858	3,462	4,951	3,885	4,122	3,923	_
al lo	ste g(Internal intermediate processing	ton	8,196	7,877	6,792	5,549	4,794	6,003	5,620	3,217	2,869	3,187	_
Material loss	Wa	External recycling	ton	1,564	1,598	1,583	2,095	2,451	4,332	1,874	2,540	3,034	3,819	_
Ň	Тс	otal waste generated	ton	20,163	18,893	15,652	14,577	14,291	17,847	16,537	12,780	13,053	14,029	9,936
	Va	aluable materials	ton	8,695	10,914	11,138	8,036	3,658	4,010	4,079	3,609	2,956	2,728	6,856
То	tal	material loss	ton	28,858	29,807	26,790	22,613	17,949	21,857	20,617	16,389	16,009	16,757	16,792
Ch	em	ical substance emissions	ton	—	—	—	_	_	278	191	245	204	190	138

Note: See the description of the targeted organizations on page 2 for details on the subject of the calculations.

<Definitions/calculation method>

CO₂ emissions:

CO₂ emissions are calculated based on the energy used in all our business operations (fuels, heat, electricity, etc.). The emissions calculation method used is based on the Manual for Calculating/Reporting Greenhouse Gas Emissions (March 2009, Ministry of the Environment and Ministry of Economy, Trade and Industry), and figures shown represent the sum of emissions calculated for each energy type (tons-CO₂). The calorific value of city gas uses values from each supply company. We use the CO₂ emission coefficient (actual emissions coefficient) of electricity for individual power companies published under the Act on Promotion of Global Warming Countermeasures in calculating CO₂ emissions from our domestic sites. In calculating CO₂ emissions from our overseas sites, we use the latest available CO₂ emission coefficient of electricity for individual power companies at the start of each fiscal year. Also, in the event that the electric power company's emission coefficient is unknown, the latest coefficient at the start of the year released by the IEA (International Energy Agency) is used.

Waste generated:

Industrial waste and general waste emitted from business. Definitions are provided below for each content.

- ① Landfill: Landfill by our company or an outsourced contractor
- 2 External intermediate processing: Incineration and other treatment by an outsourced contractor (does not involve energy recovery)
- Internal intermediate processing: Internal incineration and other treatment (does not involve energy recovery)
 External recycling (paid): Recycling of resources by paying for treatment (includes 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.

Material loss:

Total amount of waste material and valuable material generated

Also, this does not target valuable sales of scrap generated by equipment disposal, repairs or demolition of buildings (demolition of our own property) or the like, resale of equipment, or waste material from construction (issued in our company manifesto).

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))

Conventionally, at our overseas sites, if there are laws or ordinances equivalent to the PRTR system in the country where it is located, targeted substances were used according to those laws and ordinances, but this was unified to the PRTR survey-target substances of the JCIA. This was revised back to fiscal 2010.

Response to Energy Saving/Global Warming Prevention Acts I wanted the second second

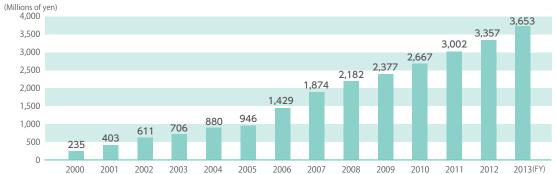
		Unit	FY2009	FY2010	FY2011	FY2012	FY2013
	CO ₂ emissions	t-CO ₂	84,469	84,035	75,883	81,541	81,471
Sumitomo Bakelite Co., Ltd	Energy usage	Crude oil equivalent (kL)	46,699	48,903	43,464	42,314	40,661
	Year-on-year ratio of the unit energy usage	%	_	96.8	101.3	92.1	96.5
	CO ₂ emissions	t-CO ₂	5,481	6,050	6,325	7,470	8,038
Kyushu Sumitomo Bakelite Co., Ltd.	Energy usage	Crude oil equivalent (kL)	3,373	3,740	3,715	3,437	3,247
	Year-on-year ratio of the unit energy usage	%	—	96.1	101.1	97.9	94.3
	CO ₂ emissions	t-CO ₂	13,003	8,583	6,183	6,776	6.429
	Energy usage	Crude oil equivalent (kL)	5,803	3,751	2,728	2,806	2,547
	Year-on-year ratio of the unit energy usage	%	—	123.2	90.4	121.8	86.1
S.B. Sheet Waterproof	CO ₂ emissions	t-CO2				3,645	4,282
	Energy usage	Crude oil equivalent (kL)				1,941	2,017
Akita Sumitomo Bakelite Co., Ltd. R. Sheet Waterproof systems Co., Ltd. Started reporting rom FY2012)	Year-on-year ratio of the unit energy usage	%				_	96.4

Distribution-Related Energy Conservation Measures Image Stress Stress

		Unit	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Transportation t	on-kilometer	Thousand t-km	30,297	41,265	33,647	32,573	37,271	33,663	29,267	29,117
CO ₂ emissions ass	ociated with energy usage	t-CO ₂	5,090	6,730	5,580	5,270	5,780	5,208	4,592	4,610
Energy usage per	Energy usage (Crude oil equivalent (kL))/ Transportation ton-kilometer	kL/thousand t-km	0.0632	0.0613	0.0624	0.0609	0.0583	0.0582	0.0590	0.0596
transportation unit	Year-on-year ratio (FY2006=100%)	%	100	97.0	98.7	96.4	92.2	92.1	93.4	94.3

Fiscal Year and Accumulated Investments for Environmental Protection Investments

	Unit	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Fiscal year	Millions of yen	235	168	208	95	174	66	483	445	308	195	290	335	355	296
Cumulative total	Millions of yen	235	403	611	706	880	946	1,429	1,874	2,182	2,377	2,667	3,002	3,357	3,653



Accumulated Investments for Environmental Protection

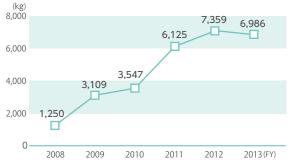
Sumitomo Bakelite Usage of Paper Products that Promote the Use of Forest Thinning Support Paper

Our company support forest thinning by using paper made with wood sourced in this way, which is promoted as Forest Thinning Support Paper by the Morino Chonai-Kai (Forest Neighborhood Association). From 2008, its use has been expanded to the Environmental & Social Report, Corporate Brochure, Internal Publications. This has

contributed to a total usage amount of approximately 28 tons, and promotion of tree thinning over 1.65 hectares.



Amount of Paper Contributing to Thinning Used by Sumitomo Bakelite



Data on Environmental Impacts by Site

- 1. The regulatory limits shown for business sites in Japan are the most stringent regulations imposed by ordinances, regional agreements, administrative guidance, and other requirements issued by governmental authorities.
- 2. In the case of overseas business sites, the applicable standards are shown, but, because laws may differ from one country to another, these figures include national and regional regulatory limits, agreement standards, autonomous control standards, reference standards, and other types of standards. In addition, at some business sites, data has been compiled for the January-to-December period of calendar 2013.

Japan

Kobe Facility Office 🤣

<Air> No relevant facilities

<Water>

ltem	Unit	Regulatory limit	Measured value
рН	-	5~9	$6.5 \sim 8.1$
BOD	mg/L	2000	35
COD	mg/L	-	-
n-hexane extract (mineral oil)	mg/L	5	Less than 1
Suspended solids	mg/L	2000	5

Shizuoka Plant 🤣

<Air>

Facility	ltem	Unit	Regulatory limit	Measured value
Cogeneration boiler	SO x	K-value	—	-
	NO x	ppm	100	50
boller	Soot and dust	g/m³N	0.05	Less than 0.022

<Water>

ltem	Unit	Regulatory limit	Measured value
рН	-	$5.8 \sim 8.6$	7.3 ~ 7.7
BOD	mg/L	15	2.1
COD	mg/L	-	4.5
n-hexane extract (mineral oil)	mg/L	3	Less than 0.5
Suspended solids	mg/L	30	8.4
Phenols	mg/L	1	Less than 0.1
Formaldehyde	mg/L	5	Less than 0.5

📕 Kanuma Plant 🥩

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Diesel generator	SO x	K-value	8.0	0.1
	NO x	ppm	950	904
60	Soot and dust	g/m³N	0.10	0.011

<Water>

ltem	Unit	Regulatory limit	Measured value
рН	—	$5.8 \sim 8.6$	6.8~7.6
BOD	mg/L	20	11.0
COD	mg/L	20	6.2
n-hexane extract (mineral oil)	mg/L	5	Less than 1
Suspended solids	mg/L	40	5.2

🗖 Utsunomiya Plant 🤣

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Drying furnace	SO x	K-value	6.0	The Equipment is not in
	NO x	ppm	-	
	Soot and dust	g/m³N	0.20	operation *

<Water>

ltem	Unit	Regulatory limit	Measured value
рН	-	$5.8 \sim 8.6$	7.5~8.0
BOD	mg/L	25	2.5
COD	mg/L	25	2.3
n-hexane extract (mineral oil)	mg/L	5	Less than 1
Suspended solids	mg/L	50	Less than 1

*Equipment that is not operating depends on the end of manufacturing and sales of adhesive tape IBF for semiconductor assembly.

📕 Amagasaki Plant 🤣

<Air>

Facility	ltem	Unit	Regulatory limit	Measured value
	SOx	K-value	3.0	Less than 0.03
Boiler	NOx	ppm	150	46.9
	Soot and dust	g/m³N	0.05	Less than 0.002

<Water>

ltem	Unit	Regulatory limit	Measured value
рН	-	$5.8 \sim 8.6$	7.4 ~ 8.0
BOD	mg/L	25	1.0
COD	mg/L	25	3.5
n-hexane extract (mineral oil)	mg/L	20	1.1
Suspended solids	mg/L	20	4.0

<Water> Released into sewers

Item	Unit	Regulatory limit	Measured value
рН	-	5.7 ~ 8.7	6.5 ~ 8.1
BOD	mg/L	300	200
n-hexane extract (mineral oil)	mg/L	30	23
Suspended solids	mg/L	300	140

- 3. The measured data are the maximum level recorded in fiscal 2013, unless otherwise indicated in the notes. Please note that, in the case of pH figures, the minimum and maximum levels are shown. In addition, when actual measurements are below the quantifiable limits, the amounts are shown as "Less than (the quantifiable limit)." When the substances in question was less than the lower detection limit, the amount is shown as "not detected"; those listed as "-" indicate no measurement.
- 4. Where"-" (a dash) is shown for the regulatory limit, the figures obtained by voluntary measurement are shown for reference.

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

<Air>

Facility	ltem	Unit	Regulatory limit	Measured value
	SO x	K-value	17.5	0.372
Boiler	NO x	ppm	180	86
	Soot and dust	g/m³N	0.30	Less than 0.01

<Water>

Item	Unit	Regulatory limit	Measured value
рН	-	$5.6 \sim 8.4$	$7.5 \sim 8.2$
BOD	mg/L	50	6
COD	mg/L	50	10
n-hexane extract (mineral oil)	mg/L	2.5	Less than 1
Suspended solids	mg/L	20	9

📕 Kyushu Sumitomo Bakelite Co., Ltd. 🤣

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Boiler	SO x	K-value	17.5	5.8
	NO x	ppm	180	66.0
	Soot and dust	g/m³N	0.30	0.0082

<Water>

Item	Unit	Regulatory limit	Measured value
рН	-	$5.8 \sim 8.6$	$7.4 \sim 7.8$
BOD	mg/L	160	12.0
COD	mg/L	80	18.0
n-hexane extract (mineral oil)	mg/L	2.5	Less than 1
Suspended solids	mg/L	100	6.0

📕 Yamaroku Kasei Industry Co., Ltd. 🤣

<Air> No relevant facilities

<Water>

Item	Unit	Regulatory limit	Measured value
рН	—	$5.8 \sim 8.6$	6.7~7.0
BOD	mg/L	25	2
COD	mg/L	25	4
n-hexane extract (mineral oil)	mg/L	4	Less than 1
Suspended solids	mg/L	90	5

S.B. Techno Plastics Co., Ltd. 🤣

<Air> No relevant facilities

<Water>

ltem	Unit	Regulatory limit	Measured value
рН	-	5~9	8.0~8.3
BOD	mg/L	600	1.3
COD	mg/L	-	2.2
n-hexane extract (mineral oil)	mg/L	5	-
Suspended solids	mg/L	600	Less than 5

🗖 Akita Sumitomo Bakelite Co., Ltd. 🤣

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Boiler	SO x	K-value	3.00	0.09
	NO x	ppm	110	33
	Soot and dust	g/m³N	0.09	Less than 0.01

<Water>

ltem	Unit	Regulatory limit	Measured value
рН	-	6.0 ~ 8.5	7.2~8.0
BOD	mg/L	30	2.4
COD	mg/L	30	5.7
n-hexane extract (mineral oil)	mg/L	_	-
Suspended solids	mg/L	40	4.0
Phenols	mg/L	0.5	Less than 0.01
Copper	mg/L	1	0.67
Cyanide	mg/L	0.1	Less than 0.01
Lead and its compounds	mg/L	0.1	Less than 0.01
Soluble manganese	mg/L	5	Less than 0.03

Hokkai Taiyo Plastic Co., Ltd. 🤣

<Air> No relevant facilities

<Water>

Item	Unit Regulatory limit		Measured value
рН	_	5.7~8.7	8.1
BOD	mg/L	300	Less than 2.0
COD	mg/L	-	2.6
n-hexane extract (mineral oil)	mg/L	Mineral oil: 5 Animal/vegetable oil: 30	Less than 2.0
Suspended solids	mg/L	300	Less than 2

Overseas: China, Macau, and Taiwan

Sumitomo Bakelite (Suzhou) Co., Ltd. 🤣

<Air> No relevant facilities

<Water>

Facility	ltem	Unit	Standards	Measured value
	рН	-	$6.0 \sim 9.0$	6.93
Outlet on	COD	mg/L	500	217
the south	BOD	mg/L	300	66.5
side	Suspended solids	mg/L	400	32
	Animal/vegetable oil	mg/L	100	3.17
	рН	-	$6.0 \sim 9.0$	6.72
Outlet on	COD	mg/L	500	71.7
the east	BOD	mg/L	300	21.3
side	Suspended solids	mg/L	400	39
	Animal/vegetable oil	mg/L	100	0.11

Note: There are no drainage-related regulatory limits for the industrial complex, but Sumitomo Bakelite (Suzhou) performs voluntary measurement for daily monitoring and management.

Sumitomo Bakelite (Shanghai) Co., Ltd. 🤣

<Air>

Facility	ltem	Unit	Standards	Measured value
	Toluene emission concentration	mg/m³N	40	Less than 0.01
Painting	Toluene emission speed	kg/h	9.0	Less than 0.00005
booths	Total non-methane hydrocarbon emission concentration	mg/m³N	120	9.75
Total non-methane hydrocarbon emission speed		kg/h	27.8	0.0487

<Water>

Item	Unit	Standards	Measured value
рН	-	6~9	7.91 ~ 7.92
COD	mg/L	500	65
BOD	mg/L	300	15.0
Suspended solids	mg/L	400	10.5
Animal/vegetable oil	mg/L	100	0.389
Ammonium nitrogen	mg/L	40	5.30

Note: There are no regulations imposed on quality by the national or local governments, nor agreements with the community. However, when Sumitomo Bakelite (Shanghai) obtained ISO certification, it received guidance that the level of water emissions would be considered appropriately managed if the levels of the six items measured were kept within its autonomous standards. Therefore, Sumitomo Bakelite (Shanghai) measures levels of the six items.

Sumitomo Bakelite (Nantong) Co., Ltd. 🤣

<Air>

Facility	ltem	Unit	Standards	Measured value
PR deodorizer	Phenols emission concentration	mg/m ³ N	100	0.020
FR DEDUDIZEI	Phenols emission speed	kg/h	0.1	0.0005
PR deodorizer	Methanol emission concentration	mg/m³N	190	42.3
FR DEDUDIZEI	Methanol emission speed	kg/h	5.1	1.060
PR deodorizer	Formaldehyde emission concentration	mg/m³N	25	2.59
FR DEDUDIZEI	Formaldehyde emission speed	kg/h	0.26	0.065
PR deodorizer	Butanol emission speed	kg/h	0.61	_ *1
PR deodorizer	MEK emission speed	kg/h	2.43	5.085* ²
PR bug filter	Particulates emission concentration	mg/m³N	120	4.60
DC504	Particulates emission speed	kg/h	3.5	0.100
PR bug filter	Particulates emission concentration	mg/m³N	120	0.70
DC503	Particulates emission speed	kg/h	3.5	0.003
	Soot and dust emission concentration	mg/m ³ N	100	3.20
PR boiler	SO ₂ emission concentration	mg/m ³ N	500	165.0
FR DOILEI	NOx emission concentration	mg/m ³ N	400	121.0
	Smoke blackness	-	1	Less than 1
P3 bug filter	Particulates emission concentration	mg/m ³ N	120	12.4
F5 Dug III.lei	Particulates emission speed	kg/h	3.5	0.030
PM	Phenols emission concentration	mg/m ³ N	100	0.440
deodorizer	Phenols emission speed	kg/h	0.1	0.002

Facility	Item	Unit	Standards	Measured value
PM deodorizer	Formaldehyde emission concentration	mg/m ³ N	25	0.041
FINI DEODOIIZEI	Formaldehyde emission speed	kg/h	0.26	0.0002
PM deodorizer	IPA emission speed	kg/h	10.32	— *3
	IPA emission concentration	mg/m ³ N	-	Less than 0.3
PM deodorizer	Ammonia emission speed	kg/h	4.9	0.002
FINI DEODOIIZEI	Ammonia emission concentration	mg/m ³ N	-	0.66
PM1 bug filter	Particulates emission concentration	mg/m ³ N	120	6.9
FINT DUB III.	Particulates emission speed	kg/h	19.6	0.06
PM2 bug filter	Particulates emission concentration	mg/m ³ N	120	5.3
FINZ DUg III.LEI	Particulates emission speed	kg/h	21.3	0.01
PM3 bug filter	Particulates emission concentration	mg/m ³ N	120	10.0
FIND DUB IIITEI	Particulates emission speed	kg/h	19.6	0.03
PM4 bug filter	Particulates emission concentration	mg/m ³ N	120	9.9
FIVI4 DUg III.lei	Particulates emission speed	kg/h	19.6	0.07
DME bug filter	Particulates emission concentration	mg/m ³ N	120	2.0
PM5 bug filter	Particulates emission speed	kg/h	21.3	0.03
DMC hug filter	Particulates emission concentration	mg/m ³ N	120	11.6
PM6 bug filter	Particulates emission speed	kg/h	19.6	0.10
DM7 bug filtor	Particulates emission concentration	mg/m ³ N	120	4.2
PM7 bug filter	Particulates emission speed	kg/h	9.3	0.04
DMQ bug filtor	Particulates emission concentration	mg/m ³ N	120	0.9
PM8 bug filter	Particulates emission speed	kg/h	9.3	0.00

<Water>

ltem	Unit	Standards	Measured value
рН	-	6~9	7.87~7.90
COD	mg/L	500	45.9
BOD	mg/L	300	2.150
Ammonium nitrogen	mg/L	—	0.420
Phenols	mg/L	2.0	0.041
Formaldehyde	mg/L	5	0.66
Phosphorus	mg/L	—	1.16
Methanol	mg/L	-	Less than 0.0073
Suspended solids	mg/L	400	27
Oil	mg/L	20	-
LAS (anion surface active agent)	mg/L	20	-

Note: There are no standard values for IPA emission concentration in the atmosphere and ammonia waste concentrations, but they are measured for reference. There are no standard values for ammoniac nitrogen, phosphorus, or methanol, but they are measured for reference by the Nantong City Environmental Monitoring Center. There were no application proposals in 2013 for new equipment introduction for petroleum or LAS, so at the judgment of the monitoring center, it was considered a normal inspection year, no measurements were made.

- *1 We explained to the monitoring center that for the time being there will be no manufacturing of products that use butanol because customers are still evaluating them. The monitoring center judged that no measures were required.
- *2 This was re-measured, but it was higher than the standard value. We are consulting with the Dept. of the Environment for modification proposals.
- *3 None, because this was below the detectable concentration limit.

Sumitomo Bakelite (Dongguan) 🔗

<Air>

Facility	ltem	Unit	Standards	Measured value
	SO ₂	mg/m³N	500*	78
		kg/h	2.1	0.13
Electric	NOx	mg/m³N	120*	58
power		kg/h	0.64	9.4×10 ⁻²
generator	Soot and dust	mg/m ³ N	120	21.2
		kg/h	2.9	3.4×10 ⁻²
	Smoke blackness	-	Class 1	Class 1
	SO ₂	mg/m³N	300*	202
Boiler	NOx	mg/m ³ N	300*	180
Bollel	Soot and dust	mg/m³N	50*	32.4
	Smoke blackness	-	Class 1	Class 1
Cafeteria	Soot	mg/m ³	2.0	1.4

<Water>

ltem	Unit	Standards	Measured value
рН	-	6~9	6.81
Suspended solids	mg/L	60*	24
COD	mg/L	90*	73
BOD	mg/L	20	17
Ammonium nitrogen	mg/L	10	1.42
Phosphate	mg/L	0.5	0.15
Animal/vegetable oil	mg/L	10	1.09

Note: Water quality measurements taken from cafeteria drain.

* Standard values for 2013 were changed from those of 2012.

Sumitomo Bakelite Macau Co., Ltd. 🤣

<Air>

Facility	Item	Unit	Standards	Measured value
	CO	mg/m ³	1000	3/1
Boiler / RTO	CO ₂	%	-	4.9/1.4
(Exhaust gas combustion	NOx	mg/m ³	400/120	430/62* ¹
unit)	SOx	mg/m ³	500	270/5
	Soot and dust	mg/m ³	100/120	8/9
RTO	TOTAL VOC	ppm	92.3	6

<Water> Regular wastewater (factory disposal)

Item	Unit	Standards	Measured value
PH	-	6~9	7.8 ~ 8
Suspended solids	mg/L	60	10
Color	TCU	-	10
COD	mg/L	150	9
BOD	mg/L	40	Less than 2
Aluminum	mg/L	10.0	0.227
Cadmium	mg/L	0.2	Less than 0.0002
Lead	mg/L	1.0	0.0020
Copper	mg/L	1.0	0.026
Chromium	mg/L	2.0	0.002
Iron	mg/L	2.0	0.99
Manganese	mg/L	2.0	0.552
Nickel	mg/L	2.0	0.004
Zinc	mg/L	5.0	0.192
Arsenic	mg/L	1.0	Less than 0.01
Selenium	mg/L	0.5	Less than 0.01
Mercury	mg/L	0.05	Less than0.0005
Hexavalent chromium	mg/L	0.1	Less than 0.02
Residual chlorine	mg/L	0.5	Less than 0.2
Total residual chlorine	mg/L	1.0	Less than 0.2
Phenols	mg/L	0.5	Less than 0.2
Total cyanide	mg/L	0.5	Less than 0.2
Sulfide	mg/L	1.0	Less than 0.1
Sulfate	mg/L	2000.0	15
Phosphorus	mg/L	10.0	Less than 0.1
Ammonia	mg/L	10.0	1.55
Total nitrogen	mg/L	15.0	2.3
Nitrate	mg/L	50.0	0.77
Detergent	mg/L	2.0	Less than 0.5
Oil and grease	mg/L	15.0	Less than 5
Sulfite	mg/L	1.0	Less than 1
α -Benzene	ug/L	2000 (The sum of	Less than 0.5
$\beta\gamma$ -Benzene	ug/L	the three items on	Less than 1
⊿ -Benzene	ug/L	the left equals HCH)	Less than 0.5
DDT	mg/L	0.2	Less than 0.002
Aldrin	ug/L	2.0	Less than 0.5

Item	Unit	Standards	Measured value
Endrin	ug/L	2.0	Less than 0.5
Dieldrin	ug/L	2.0	Less than 0.5
PCP	mg/L	1.0	Less than 0.01
Hexachlorobutadiene	mg/L	1.5	Less than 0.002
HCB	mg/L	1.0	Less than 0.004
Carbon tetrachloride	mg/L	1.5	Less than 0.005
Tetrachloroethylene	mg/L	1.5	Less than 0.005
Chloroform	mg/L	1.0	Less than 0.005
Total petroleum hydrocarbons	mg/L	1.0	Less than 0.298
Acetaldehyde	mg/L	1.0	Less than 0.002
Isodrin	ug/L	2.0	_ *2

<Water> Sewage drainage (dishwater)

ltem	Unit	Standards	Measured value
PH	-	6.0~10.0	7.0
Temperature	°C	45	28.0
Color	TCU	80.0	300.0* ³
Solid size	cm	5.0	Less than 1
Suspended solids	mg/L	1000.0	75.0
Sulfate as SO4	mg/L	100.0	19.0
BOD	mg/L	1000.0	210.0
COD	mg/L	2000.0	388.0
Total surfactants	mg/L	75.0	1.0
Arsenic	mg/L	1.0	Less than 0.01
Cadmium	mg/L	0.2	Less than 0.0002
Lead	mg/L	2.5	0.003
Copper	mg/L	5.0	0.031
Hexavalent chromium	mg/L	0.1	Less than 0.02
Chromium	mg/L	2.0	0.002
Nickel	mg/L	4.0	0.004
Mercury	mg/L	0.05	Less than 0.0005
Total cyanide	mg/L	1.0	Less than 0.01
Phenols	mg/L	10.0	Less than 0.2
Total petroleum hydrocarbons	mg/L	15.0	Less than 5
Total residual chlorine	mg/L	1.0	Less than 0.2
Oil & grease	mg/ l	100.0	16.0

*1 Exhaust from the kerosene boiler is considered to be the cause of NOx. At present, we are moving forward with switching the boiler fuel from kerosene to natural gas within the year, at the latest. We believe that this will be within standard regulations.

*2 According to an environment measurement company, if each of the three items of aldrin, endrin, and dieldrin is within regulation values, there is substantially no isodrin, so this is not measured.

*3 We have confirmed from an environment company that if the water is transparent after a sampling, there is no problem. This time, we checked contaminated water samples again after receiving a report called 300. The color was transparent, so we are watching the situation. No problems were subsequently discovered.

Sumitomo Bakelite (Taiwan) Co., Ltd. 🧭

<Air> No relevant facilities

<Water>

ltem	Unit	Standards	Measured value
рН	-	6~9	4.4~8.4*
COD	mg/L	600	2,911*
Suspended solids	mg/L	300	284

Note: Standard values are regulation values in the industrial park.

The cooling water overflow level sensor was broken, and the pump was not behaving correctly. The cause is thought to be that although the cooling water was flowing, the pH and COD values were outside of their standard values. As a countermeasure, we periodically check the sensor. We also have set an alarm that will ring whenever the sensor is triggered, and changed to add water manually.

Southeast Asia

SNC Industrial Laminates Sdn. Bhd. 🤣

<Air>

Facility	ltem	Unit	Standards	Measured value
Exhaust gas	SOx	g/m³N	0.2	0.007
combustion	NOx	g/m³N	2	Less than 0.001
unit	Soot and dust	g/m³N	0.2	0.090

<Water>

Item	Unit	Standards	Measured value
рН	_	$5.5 \sim 9.0$	6.4~8.7
Temperature	°C	40	37.3
BOD	mg /L	50	16
COD	mg /L	200	127
Suspended solids	mg /L	100	30
Phenols	mg /L	1	0.64
Mercury	mg /L	0.05	Less than 0.001
Cadmium	mg /L	0.02	0.01
Hexavalent chromium compounds	mg /L	0.05	Less than 0.01
Arsenic	mg /L	0.1	Less than 0.05
Cyanide	mg /L	0.1	Less than 0.01
Lead	mg /L	0.5	0.02
Trivalent chromium compounds	mg /L	1	0.32
Copper	mg /L	1	0.97
Soluble manganese	mg /L	1	0.68
Nickel	mg /L	1	0.20
Tin	mg /L	1	Less than 0.2
Zinc	mg /L	2	0.41
Boron	mg /L	4	0.57
Soluble iron	mg /L	5	1.77
Chlorine	mg /L	2	Less than 1
Sulfur	mg /L	0.5	Less than 0.1
Oil and grease	mg /L	10	6
Formaldehyde	mg /L	2	1.07
Selenium	mg /L	0.5	Less than 0.1
Aluminum	mg /L	15	3.5
Silver	mg /L	1	Less than 0.05
Barium	mg /L	2	0.08
Fluorides	mg /L	5	2.3
Ammonium nitrogen	mg /L	20	2.1
Color tone	ADMI	200	54

Sumitomo Bakelite Singapore Pte. Ltd. 🤣

<Air> No relevant facilities

<Water>

Item	Unit	Standards	Measured value
рН	-	6~9	7.3
Temperature	°C	45	29
BOD	mg /L	400	140
COD	mg /L	600	480
Suspended solids	mg /L	400	94
Total dissolved solids	mg /L	3,000	330
Phenols	mg /L	0.5	0.05
Chlorine	mg /L	1,000	80
Sulfate	mg /L	1,000	48
Sulfur	mg /L	1	0.02
Cyanide	mg /L	2	Less than 0.01

Item	Unit	Standards	Measured value
Linear alkyl sulfonate	mg /L	30	1.2
Oil and grease(hydrocarbon-based)	mg /L	60	Less than 1
Oil and grease(non-hydrocarbon-based)	mg /L	100	12
Caustic alkalinity	mg /L	2,000	Less than 1
Fluorides	mg /L	15	1.3
Arsenic and its compounds	mg /L	5	Less than 0.05
Barium	mg /L	10	0.05
Tin	mg /L	10	Less than 0.05
Soluble iron	mg /L	50	1.3
Beryllium	mg /L	5	Less than 0.05
Boron	mg /L	5	0.08
Soluble manganese	mg /L	10	Less than 0.05
Cadmium	mg /L	1	Less than 0.01
Chromium	mg /L	5	Less than 0.05
Copper	mg /L	5	Less than 0.05
Lead	mg /L	5	Less than 0.05
Mercury	mg /L	0.5	Less than 0.0005
Nickel	mg /L	10	Less than 0.05
Selenium	mg /L	10	Less than 0.05
Silver	mg /L	5	Less than 0.05
Zinc	mg /L	10	0.22
Total metals (toxic)	mg /L	10	0.25

Sumicarrier Singapore Pte. Ltd. 🤣

<Air> No relevant facilities <Water> No relevant facilities

SumiDurez Singapore Pte. Ltd. 🤣

<Air>

Facility	Item	Unit	Standards	Measured value
Bag filter	Soot and dust	mg/Nm ³	100	24

<Water>

ltem	Unit	Standards	Measured value
Temperature	°C	45	22.3
рН	-	6~9	6.9
BOD	mg/L	50	9.4
COD	mg/L	100	15.7
Suspended solids	mg/L	50	11.0
Sulfur	mg/L	0.2	Less than 0.1
Cyanide	mg/L	0.1	Less than 0.02
Linear alkyl sulfonate	mg/L	15	Less than 0.1
Oil and grease (hydrocarbon-based)	mg/L	10	Less than10.0
Oil and grease (non-hydrocarbon-based)	mg/L	10	Less than10.0
Arsenic and its compounds	mg/L	0.1	Less than 0.05
Barium	mg/L	2	Less than 0.01
Soluble iron	mg/L	10	0.3
Boron	mg/L	5	0.08
Soluble manganese	mg/L	5	Less than 0.05
Phenols	mg/L	0.2	0.06
Cadmium	mg/L	0.1	Less than 0.01
Chromium	mg/L	1	Less than 0.05
Copper	mg/L	0.1	Less than 0.01
Lead	mg/L	0.1	Less than 0.05
Mercury	mg/L	0.05	Less than 0.05

Company

ltem	Unit	Standards	Measured value
Nickel	mg/L	1	Less than 0.01
Selenium	mg/L	0.5	Less than 0.05
Silver	mg/L	0.1	Less than 0.01
Zinc	mg/L	1	0.1
Total metals (toxic)	mg/L	1	0.1

P.T. Indopherin Jaya 🤡

<Air> No relevant facilities

<Water>

Item	Unit	Standards	Measured value
рН	-	6~9	7.8 ~ 8.5
BOD	mg /L	100	36.3
COD	mg /L	300	93.75
Suspended solids	mg /L	100	100.7*
Total nitrogen	mg /L	30	2.57
Phenols	mg /L	1	0.08

* This was slightly higher than the standard value, but we have confirmed from the government that it is within the tolerable range.

P.T. SBP Indonesia 🤣

<Air> No relevant facilities

<Water>

Item	Unit	Standards	Measured value
рН	-	5.5~9.5	6.77~7.39
Temperature	°C	40	30.1
BOD	mg/L	200	6.21
COD	mg/L	400	17.48
Suspended solids	mg/L	400	5
Dissolved solids	mg/L	4,000	302
MBAS	mg/L	10	0.02
Oil and grease	mg/L	10	Less than 4.9
Iron	mg/L	10	0.12
Manganese	mg/L	4	0.04
Barium	mg/L	4	Less than 0.1
Copper	mg/L	4	0.0222
Zinc	mg/L	10	0.67
Hexavalent chromium	mg/L	0.2	Less than 0.005
Chromium compounds	mg/L	1	Less than 0.021
Cadmium	mg/L	0.1	0.01
Mercury	mg/L	0.004	Less than 0.0005
Lead	mg/L	0.2	0.0692
Tin	mg/L	4	Less than 0.025
Arsenic	mg/L	0.2	Less than 0.15
Selenium	mg/L	0.1	Less than 0.06
Nickel	mg/L	0.4	Less than 0.021
Cobalt	mg/L	0.8	Less than 0.030
Cyanogen	mg/L	0.1	Less than 0.010
Hydrogen sulfide	mg/L	0.1	0.011
Fluorine	mg/L	4	0.22
Chlorine	mg/L	2	Less than 0.012
Ammonium nitrogen	mg/L	2	0.20
Nitrate-nitrogen	mg/L	40	4.22
Nitrite-nitrogen	mg/L	2	0.03
Phenols	mg/L	1	Less than 0.009

Note: 1. Standard value: Regulation of the industrial park of the location 2. Waste water is treated in a reservoir at the industrial park, then discharged to the public area, so there is no external flow.

North America

Sumitomo Bakelite North America, Inc. (Manchester Plant)

<Air>

Facility	ltem	Unit	Standards	Measured value
Long fiber process (Drying process)	Acetone emissions	tons/year	40	17.5
	SOx	tons/year	0.002	0.001
	NOx	tons/year	0.38	0.130
Condor process	CO	tons/year	0.32	0.110
(Drying process)	VOC emissions	tons/year	15	4.00
	Soot and dust	tons/year	1.23	0.11
Total site	VOC emissions	tons/year	45	18.55
	HAPs	tons/year	25	0.066

<Water>

Facility	ltem	Unit	Standards	Measured value
	Chlorine	mg/L	0.029	Less than 0.01
	Copper	mg/L	0.031	Less than 0.005
NCCW	Flow	gaL/day	450,000	325,860
discharge	Lead	mg/L	0.006	Less than 0.002
(non- contact	Oil and Grease	mg/L	5	Less than 1.4
cooling	рН	-	6.0~9.0	8.08
water)	Temperature	F	Less than 85	67.7
	Suspended solids	mg/L	30	Less than 5.0
	Zinc	mg/L	0.203	0.004

Facility	ltem	Unit	Standards	Measured value
	Copper	mg/L	0.100	0.054
	Lead	mg/L	0.050	0.016
	Zinc	mg/L	0.500	0.605
	COD	mg/L	75	47
	рН	-	—	6.22~6.69
Charma	Nitrate	mg/L	1.5	0.08
Storm water	Oil and Grease	mg/L	5	52
discharge	Nitrogen	mg/L	2.5	10.7
	Phosphorus	mg/L	0.5	2.36
	Suspended solids	mg/L	100	2,000
	Aquatic toxicity - 24 hour	%	>50	98%
	Aquatic toxicity - 48 hour	%	>50	98%

Note: It is recommended that the actual measurement values are within standard values, but no treatments are required if this is exceeded.

Durez Corporation (Kenton Plant) 3

<Air>

Item	Unit	Standards	Measured value
Stack emissions (Non-Title V)	tons/year	_	Less than 50
<water></water>			

ltem	Unit	Standards	Measured value
Phenols	µg/L	20	Less than 10
рН	-	$6.5 \sim 9.0$	7.2 ~ 8.8

Item	Unit	Standards	Measured value
		12 (Winter)	0.57
Ammonia-N	mg/L	2.25 (Summer)	0.875
CBOD		38 (Winter)	9.2
CBOD	mg/L	15 (Summer)	7.45
Oil and grease	mg/L	10	Less than 5.0
Phosphorus	mg/L	-	1.1875
Dissolved solids,	mg/L	-	1,220
Suspended solids	mg/L	45	52*
Strontium	µg/L	30,000	5,550

* The SS value measured in April, 2013 was high because of a purifier charging problem. This problem was handled using a portable filter.

Durez Corporation (Niagara Falls Plant) 3

<Air> No relevant facilities

<Water>

Item	Unit	Standards	Measured value
рН	-	$5 \sim 10$	6~8*
Phenols	lbs./day	30	1.213
Flow	MM Gls/Day	0.1	0.058
Suspended solids	lbs./day	75	36.75
Soluble organic carbon	lbs./day	800	315.91
Phosphorus	lbs/day	17	0.30

* The pH of the waste water is controlled by neutralizing the pH using caustic soda to be 6 - 8.

Durez Canada Co., Ltd.

<Air>

ltem	Unit	Standards	Measured value
Phenol	kg/year	21,319	3,359
Formaldehyde	kg/year	504	62
NOx	kg/year	93,830	2,237
Ammonia	kg/year	36,881	26,139
Ethanol	kg/year	672,451	50,022

<Water>

ltem	Unit	Standards	Measured value
Chloride	mg/L	3,000	148
рН	-	6~11	8.7
Total phosphorus	mg/L	10	3.1
Sulfate	mg/L	1,500	100
BOD	mg/L	300	50
Kjeldahl nitrogen	mg/L	100	38
Suspended solids	mg/L	350	88
Phenols	mg/L	1	0.15

Promerus LLC 🤣

<Air>

Item	Unit	Standards	Measured value
VOC emissions	tons/year	1.0	0.13

<Water> No relevant facilities

Europe

N.V. Sumitomo Bakelite Europe S.A. 🤣

<Air>

Facility	ltem	Unit	Standards	Measured value
	NOx	mg/m ³ N	150	114
Boiler	SO ₂	mg/m³N	35	_ *1
	СО	mg/m ³ N	100	6

<Water>

ltem	Unit	Standards	Measured value
рН	-	6~9	6.6~8.4
COD	mg/L	136	11
Suspended solids	mg/L	1,000	4.4
TOC	mg/L	50	Less than 1
Phenols	mg/L	3	Less than0.00005
Chlorendic acid	mg/L	3	Less than 0.0001
Hexachloro- cyclopentadiene	mg/L	0.005	Less than 0.01*2
Monochloro-benzene	mg/L	5	Less than 0.001
Total nitrogen	mg/L	15	Less than 1.6
Total phosphorus	mg/L	3	0.18

*1 Using natural gas, so there are no obligations to measure SO2.

2 and name back so there are no ourgations to metabule SU2.
 *2 The detection limit is 0.01mg/L. The standard value is exceeded, but the measurement value from the Department of the Environment was under the detection limit, so it was confirmed to be problem-free.

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

<Air>

Facility	ltem	Unit	Standards	Measured value
	SOx	mg/m ³ N	4,300	Not detected
Boiler	NOx	mg/m ³ N	450	194
	CO	mg/m ³ N	100	66

<Water>

Item	Unit	Standards	Measured value
рН	-	5.5 ~ 11	6.4~8.4
COD	mg/L	2,500	1,290
Suspended solids	mg/L	1,500	1,230
Phenols	mg/L	2	Less than 0.5
Conductivity	µs/cm	13,000	6,100
Total chlorine	mg/L	3,500	1,196
Total sulfides	mg/L	1,000	872
Total phosphorus	mg/L	75	7.20

Vyncolit N.V. 🤣

<Air>

ltem	Unit	Standards	Measured value
Phenols	mg/m ³ N	20	50.0*
Ammonia	mg/m ³ N	35	45.0*
Formaldehyde	mg/m ³ N	20	2.5
Total dust	mg/m ³ N	150	4.0

<Water>

ltem	Unit	Standards	Measured value
Zinc	mg/L	1.4	0.197
Copper	mg/L	0.2	Less than 0.020
Phenol	mg/L	0.4	0.0022
Molybdene	mg/L	5	0.02
Total phosphorus	mg/L	14	Less than 0.15

* The cause was a poor-quality filter. We have assigned a vendor who will handle this with the correct specifications; monitoring continues.

Transfer and Release of Substances Subject to the PRTR Law (Fiscal 2013 Performance) 🤣

The amounts of the 36 substances subject to the PRTR Law (PRTR system*) released and transferred by our Group Companies are presented in the table below. (tons/year)

Government		Amount used		Transfer			ease
order number	Substance	(manufactured)	Into air	Into water	Into soil	As waste material	As sewage
1	Zinc compounds (water-soluble)	17.9					
18	Aniline	242.2				0.7	
31	Antimony and its compounds	68.4				2.6	
37	Bisphenol A	253.3				0.3	
51	2-ethylhexanoic acid	6.6					
53	Ethyl benzene	19.4				5.4	
57	Ethylene glycol monoethyl ether	6.6					
78	2,4-xylenol	14.3					
79	2,6-xylenol	5.9					
80	Xylene	28.7				7.3	
82	Silver and its water-soluble compounds	19.6					
86	Cresol	1,321.3				0.8	
207	2,6-ditertiary butyl-4-cresol	7.0					
213	N, N-Dimethylacetamide	2.1					
218	Dimethylamine	2.7					
232	N, N-dimethyl formamide	293.6	1.4			10.7	
239	Organic tin compounds	30.1				2.2	
258	Hexamethylenetetramine	1,000.0				22.1	
265	Tetrahydromethylphthalic anhydride	252.7				0.2	
277	Triethylamine	10.8					
296	1,2,4-trimethylbenzene	1.4					
300	Toluene	73.4	8.8			5.9	
302	Naphthalene	1.9					
309	Nickel compounds	1.1					
320	Nonylphenol	2.6					
330	Bis (1-methyl-1-phenylethyl) = peroxide	5.7					
349	Phenol	22,954.9	2.8			36.6	
352	Diallyl phthalate	3.0					
355	Bis (2-ethylhexyl) phthalate	7.0					
392	n-hexane	6.1	1.0			3.4	
401	1,2,4-benzene tricarboxylic acid	16.6				1.3	
405	Boron and its compounds	10.7				1.0	
411	Compalidation de	11,305.4	0.8			6.5	
411	Formaldehyde	(8,854.5)	0.3				
413	Phthalic anhydride	1.2				0.1	
438	Methylnaphthalene	26.6	0.1				
448	Methylenebis $(4,1$ -phenylene) = diisocyanate	16.4					

Specific Class 1 designated chemical substances

*The Pollutant Release and Transfer Register (PRTR) system

Japan's PRTR Law 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.

Environmental Protection Activities

Year	Sumitomo Bakelite Group initiatives	Societal 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 and affiliates 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
1992	• S.B. Recycle established	 United Nations Conference on Environment and Development (UNCED or Earth Summit) generates several agreements, including the "Rio Declaration on Environment and Development" and "Agenda 21"
1993	 Environment and Safety Volunteer Plan drafted Environment and safety management regulations established Environmental audits of overseas subsidiaries and affiliates commenced 	The Basic Environment Law enacted

Year	Sumitomo Bakelite Group initiatives	Societal developments
1994	 Use of certain CFCs and 1,1,1-trichloroethane ceased 	
1995	 Responsible Care Committee established The Company joined 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 acquired 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 Sumitomo Bakelite plants acquired ISO14001 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 and affiliates in Japan Tokyo Kakohin received an award for promoting a "3R" policy of reduce, reuse, and recycle Risk Management Committee established 	 Soil Contamination Countermeasures Law enacted Japan adopted COP3 Kyoto Protocol World Summit on Sustainable Development generates Johannesburg Declaration on Sustainable Development
2003	 Yamaroku Kasei Industry became certified as the Company's first zero waste emissions plant Compliance Committee established 	 Building Code revised to resolve "sick building" syndrome
2004	• Shizuoka Plant commenced operations of a cogeneration system	Air Pollution Prevention Law revised to reduce volatile organic compound (VOC) emissions
2005	 Title of annual Environmental Report changed to Environmental & Social Report to reflect broader coverage of social initiatives Sumitomo Bakelite (Taiwan) recognized as the Sumitomo Bakelite Group's first overseas zero emissions production business site 	 Kyoto Protocol went 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) came into force
2008	 Thirty of the business sites of the Sumitomo Bakelite Group in Japan and overseas had obtained ISO14001 certification (as of July) Start of soil and groundwater pollution remediation measures at a site owned by Sano Plastic following the dismantling of a factory building there (February) Signed Responsible Care Global Charter (November) 	• G8 Hokkaido Toyako Summit
2009	 Inauguration of multilingual Material Safety Data Sheet (MSDS) system Began participating as a partner in the Declaration of Biodiversity of the Japan Business Federation (Nippon Keidanren) 	 Revised Act on the Rational Use of Energy took effect 15th Conference of the Parties (COP15) held with the UN Climate Change Conference (Copenhagen Summit)
2010	 Establishment of the Environmental Impact Reduction Committee The Sumitomo Bakelite Group began leakage risk assessments at its business sites in Japan and overseas 	10th Conference of the Parties (COP10) to the Convention on Biological Diversity
2011	 Presentation to Tochigi Prefecture of the report on the remediation construction work conducted at the Sano Plastic site (July) Standards for preparation of the Environmental & Social Report were 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 started at the Shizuoka Plant Started work to excavation and removal of contaminated soil after the Totsuka Office was closed Achieved zero emissions at all domestic plants 	 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) The United Nations Conference on Sustainable Development (Rio+20) Following the accident at the Fukushima Dai- ichi Nuclear Power Plant of Tokyo Electric Power Company caused by the Great East Japan Earthquake, operation of all 54 commercial nuclear reactors in Japan was suspended. Of the 54, only two at the Oi Nuclear Power Plant of Kansai Electric Power Company have resumed operation
2013	 Reported to Yokohama City on the completion of cleaning work at the Totsuka Office. 	The 19th Conference of Parties (COP19) to the United Nations Framework Convention on Climate Change and the 9th Conference of the Parties

*Items in blue represent developments in international society.

Memberships in Leading Organizations (Qualifying Names of Groups Have Been Omitted)

Organization	Role of Sumitomo Bakelite
Keidanren (Japan Business Federation)	Participates in the Nature Protection Deliberation Council, the 1% (One Percent) Club, and other activities
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
The Japan Chemical Industry Association	Participates in the Responsible Care Committee and chemical products management committee
The Japan Plastics Industry Federation	Participates in the chemical substance management committee
Japan Plastic Sheet Association	Participates in the polyvinyl chloride sheet subcommittee, corrugated sheet subcommittee, PC sheet subcommittee, environmental committee, and Japan PCV Environmental Affairs Council as a member of environmental committees
Japan Electronics Packaging and Circuits Association	
Medical Technology Association of Japan	Participates in the raw materials committee, pharmaceutical law committee, distribution committee, microbe reduction committee, and other committees
Japan Chemical Exports and Imports Association	Participates in the chemical substance safety, environmental committee

GRI Content Index

The Environmental & Social Report 2014 corresponds to Application Level B+ of the GRI Sustainability Reporting Guidelines (G3). This self-declaration is assured by KPMG AZSA Sustainability Co., Ltd.

Re	port Application Le	evel C	C+	В	B+	А	A+
es	G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	ured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	ured	Same as requirement for Level B	sured
Standard disclosure	G3 Management Approach Disclosures	Not Required	externally ass	Management Approach Disclosures for each Indicator Category	: externally ass	Management Approach Disclosures for each Indicator Category	externally ass
Star	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social, and Environmental	Report	Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility	Report	Report on each core G3 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission	Report
				*	Sector	supplement in the final versior	า

Item	Indicator	Relevant pages
1. Strate	egy and Analysis	
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	4,5,6,7
1.2	Description of key impacts, risks, and opportunities.	4,5,6,7
2. Organ	nizational Profile	
2.1	Name of the organization.	10
2.2	Primary brands, products, and/or services	10,12,13
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	10,11
2.4	Location of organization's headquarters.	10
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	10,11
2.6	Nature of ownership and legal form.	10
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	10-13
2.8	Scale of the reporting organization, including: • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided.	10,11
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	2
2.10	Awards received in the reporting period.	Not applicable
3. Repo	rt Parameters	
Report P	rofile	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	2
3.2	Date of most recent previous report (if any).	2
3.3	Reporting cycle (annual, biennial, etc.)	2
3.4	Contact point for questions regarding the report or its contents.	Back cover
Report S	cope and Boundary	
3.5	Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report.	2
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	2

Item	Indicator	Relevant pages
3.7	State any specific limitations on the scope or boundary of the report.	Not applicable
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not applicable
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	36,50
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re- statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	25,50
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	25,50
GRI Con	tent Index	
3.12	Table identifying the location of the Standard Disclosures in the report.	62,63
Assuran	ce	
3.13	Policy and current practice with regard to seeking external assurance for the report.	64
4. Gove	rnance, Commitments, and Engagement	
Governa	ince	
	Governance structure of the organization, including	
4.1	committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	20,21
4.1	committees under the highest governance body responsible for specific tasks, such as setting strategy or	20,21 20
	committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons	
4.2	committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organizations management and the reasons for this arrangement). For organizations that have a unitary board structure, state the number of members of the highest governance body	20
4.2	committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organizations' management and the reasons for this arrangement). For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. Mechanisms for shareholders and employees to provide	20 20
4.2	committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organizations' management and the reasons for this arrangement). For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Linkage between compensation for members, and executives (including departure arrangements), and the organization's performance (including social and	20 20 20,34
4.2 4.3 4.4 4.5	committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement). For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). Processes in place for the highest governance body to	20 20 20,34 20

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Item	Indicator	Relevant pages
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	9
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	9
Commit	ments to External Initiatives	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	32
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	7
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	61
Stakeho	lder Engagement	
4.14	List of stakeholder groups engaged by the organization.	11
4.15	Basis for identification and selection of stakeholders with whom to engage.	11
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	11
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	17

Management Approach and Performance Indicators

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Econom	ic	
	Management Approach	8,34
Economi	c Performance	
● EC3	Coverage of the organization's defined benefit plan obligations.	40
● EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	38
Environr	nental	
	Management Approach	8,9,23,25,50
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• EN1	Materials used by weight or volume.	24
Energy		
○ EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	51
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• EN8	Total water withdrawal by source.	24
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• EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	29
OEN14	Strategies, current actions, and future plans for managing impacts on biodiversity	29
Emission	s, Effluents, and Waste	<u>`</u>
● EN16	Total direct and indirect greenhouse gas emissions by weight.	24,25,26, 50,51
• EN17	Other relevant indirect greenhouse gas emissions by weight.	51
⊖EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	25,26
• EN20	NO, SO, and other significant air emissions by type and weight.	28
• EN21	Total water discharge by quality and destination.	24,28
EN22	Total weight of waste by type and disposal method.	24
EN23	Total number and volume of significant spills.	28
⊖EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and IV, and percentage of transported waste shipped internationally	Not applicable
Complia	nce	
●EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	22

Item	Indicator	Relevan pages
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Employn	Total workforce by employment type, employment	
● LA1	contract, and region.	40
Labor/M	anagement Relations	
LA4	Percentage of employees covered by collective bargaining agreements.	42
Occupat	ional Health and Safety	
● LA7	Rates of injury, occupational diseases, lost days, and	36
• LA8	absenteeism, and number of work-related fatalities by region. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	41
Training	and Education	
O LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	42,43
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HR4	Total number of incidents of discrimination and actions taken.	22
Society	Management Approach	8,21
Corrupti	Management Approach	0,21
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● SO2	Percentage and total number of business units analyzed for risks related to corruption.	22,31
• SO2	for risks related to corruption. Percentage of employees trained in organization's anti-	22,31 21
● SO3	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures.	
• SO3 Anti-com	for risks related to corruption. Percentage of employees trained in organization's anti-	21
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• SO3 Anti-com	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. Inpetitive Behavior Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	21
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 SO3 Anti-com SO7 Complia SO8 Product 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. appetitive Behavior Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. nce Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach er Health and Safety	21 22 22
 SO3 Anti-com SO7 Complia SO8 Product 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. appetitive Behavior Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. nce Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach	21 22 22 8,30-32
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 SO3 Anti-com SO7 Complia SO8 Product Custome PR1 PR2 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. Ree Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach er Health and Safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. and Service Labeling Practices related to customer satisfaction, including	21 22 22 8,30-32 30-32
 SO3 Anti-corr SO7 Complia SO8 Product PR1 PR2 Product PR5 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. Ce Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach er Health and Safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. and Service Labeling Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	21 22 8,30-32 30-32 21
 SO3 Anti-corr SO7 Complia SO8 Product PR1 PR2 Product PR5 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. Detitive Behavior Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. Ce Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach er Health and Safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. and Service Labeling Practices related to customer satisfaction, including results of surveys measuring customer satisfaction, oluntary codes related to marketing communications, programs for adherence to laws, standards, and voluntary codes related to marketing communications	21 22 8,30-32 30-32 21
 SO3 Anti-com SO7 Complia SO8 Product PR1 PR2 Product PR5 Marketir PR6 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. Detitive Behavior Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. Ince Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach er Health and Safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. and Service Labeling Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. By Communications Programs for adherence to laws, standards, and	21 22 8,30-32 30-32 21 38
 SO3 Anti-corr SO7 Complia SO8 Product PR1 PR2 Product PR5 Marketir PR6 Custome 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. Ce Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach er Health and Safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. and Service Labeling Practices related to customer satisfaction, including results of surveys measuring customer satisfaction, olumnications Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. er Privacy Total number of substantiated complaints regarding	21 22 8,30-32 30-32 21 38 38
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 SO3 Anti-corr SO7 Complia SO8 Product PR1 PR2 Product PR5 Marketir PR6 Custome 	for risks related to corruption. Percentage of employees trained in organization's anti- corruption policies and procedures. Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes. Ree Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Responsibility Management Approach er Health and Safety Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. and Service Labeling Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. Re Communications Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. Protal number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	21 22 8,30-32 30-32 21 38 38

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Independent Assurance Report



Independent Assurance Report

To the President 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 ∂ for the period from April 1, 2013 to March 31, 2014 (the "Indicators") included in its Environmental & Social Report 2014 (Web edition) (the "Report") for the fiscal year ended March 31, 2014, the Company's self-declaration on the Global Reporting Initiative ("the GRI") application level (B+), and the completeness of material sustainability information in the Report.

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, which are derived, among others, from the Sustainability Reporting Guidelines version 3.0 of the GRI and Environmental Reporting Guidelines of Japan's Ministry of the Environment, for self-declaring a GRI Application Level in conformance with the application level criteria stipulated by the GRI, and for including the material sustainability information defined in the 'Sustainability Reporting Assurance and Registration Criteria' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS") in the Report.

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 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. 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.

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of 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 reviews of 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 also recalculating the Indicators.
- Visiting to the Company's overseas and domestic factories selected on the basis of a risk analysis.
- Evaluating the Company's self-declared GRI application level against the application level criteria.
- Assessing whether or not all the material sustainability information defined by J-SUS is included in the Report. Evaluating the overall statement in which the Indicators are expressed.

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; the Company's self-declaration on the GRI application level does not conform to the application level criteria; and all the material sustainability information defined by J-SUS is not included in the Report.

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 Sustanability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd. Tokyo, Japan Santambar 24, 2014



This mark indicates that the reliability of the sustainability information in this report satisfies the standards established by The Japanese Association of Assurance Organizations for Sustainability Information (J-SUS; http://www. j-sus.org/) for granting an assurance and registration mark



Site audit at overseas business office, Sumitomo Bakelite (Suzhou)



Site audit at domestic business office, S.B. Sheet Waterproof Systems (Nara Plant)

Company

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