Environmental & Social Report

2015

SUMITOMO BAKELITE CO., LTD.

1955-2015 60th

Corporate Message

Expanding the Possibilities of Plastics 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 aspect 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 2014 clearly and succinctly to facilitate communication with all stakeholders. In March 2015 the Responsible Care Committee determined the content and the editorial policy of the report based on consideration of the principal issues concerning the Company and its stakeholders, in light of the views expressed by our stakeholders and the trends influencing society.
The new features (roundtable with Nikken Sekkei and activities in the field for finding out the views of consumers) are intended to amplify the overall message of this report. Disclosure of matters related to society and the environment was increased compared with the previous year's report. Page layout was revised to make the report easier on the eyes. Like the 2014 edition:

1. The report was prepared in accordance with the Sustainability Reporting Guidelines 2006 (Version 3.1) of the Global Reporting Initiative (GRI) and corresponds to Application Level B.
2. Using the Universal Design Font, we have endeavored to prepare a readily understandable and accessible Environmental & Social Report 2015.
3. Independent assurance was obtained and included in the report to attest to its credibility.

The indicators that are assured by third party are marked with the ✔ mark.

- **Period** In principle, the report covers fiscal 2014 (April 2014 through March 2015). Cases in which the coverage is different from this period are indicated.
- **Published**
  September 2015 (The Fiscal 2014 Report was published in September 2014 and the Fiscal 2016 Report will be published in September 2016.)
- **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 Co., Ltd. and its consolidated subsidiaries. Regarding environmental and occupational health and safety, the boundary is limited to the following business sites, which are mostly production sites.

【Japan】
Sumitomo Bakelite
Head Office and marketing offices etc.*1, 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, S.B. Research Osaka Center, Softec*1, Thanxs Trading*1, Seibu Jushi*2
【Overseas】*3
Sumitomo Bakelite Singapore, 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

Contents

*1 These business sites and companies are included in the compilation of energy consumption and CO_2 emissions data.

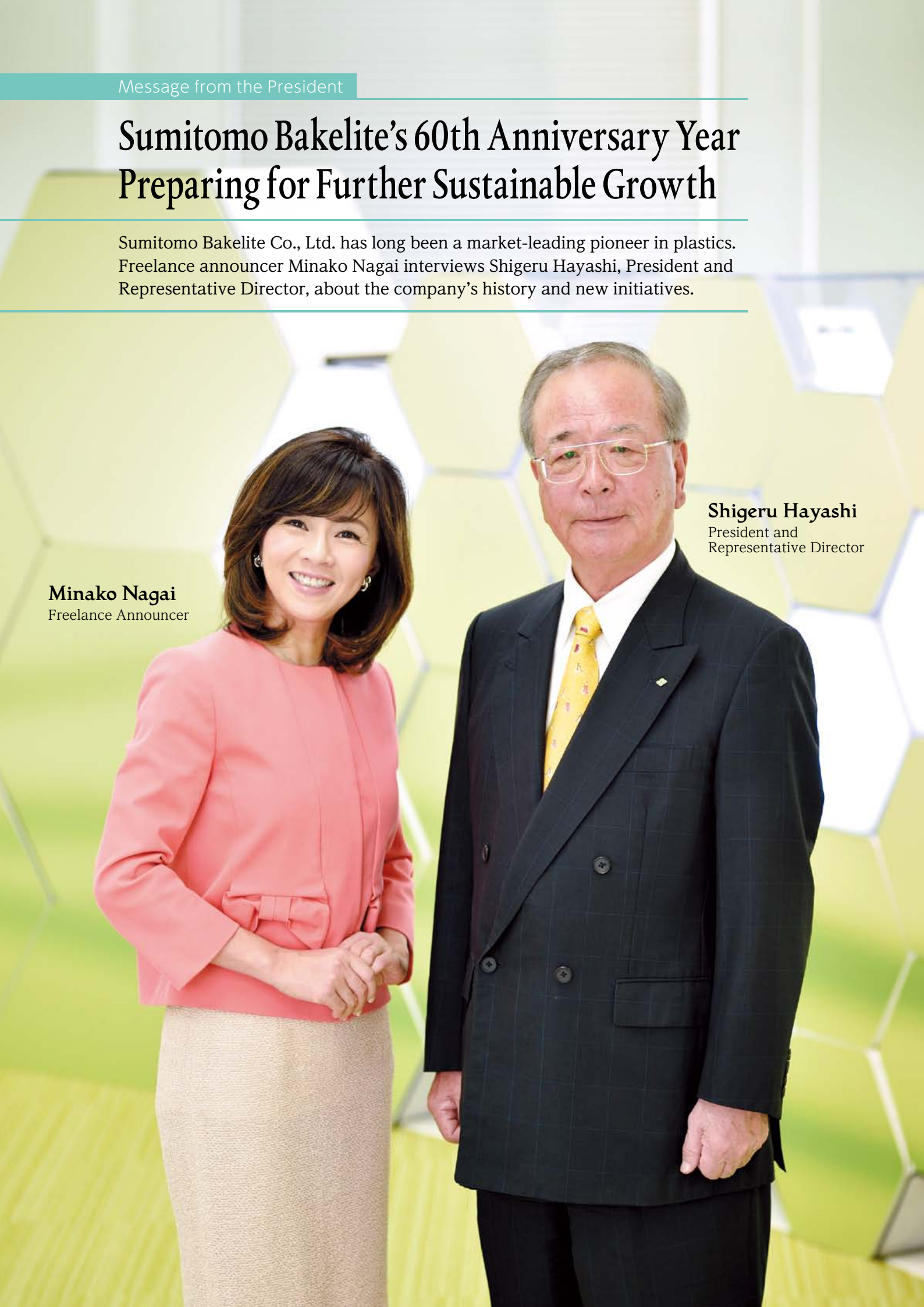
*2 These companies sites are not consolidated subsidiaries, and reporting covers only occupational health and safety.

*3 Vaupell, which the Company acquired in 2014, will be included in the compilation of data on environmental performance and occupational health and safety in fiscal 2015.

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.

Sumitomo Bakelite's 60th Anniversary Year Preparing for Further Sustainable Growth

Sumitomo Bakelite Co., Ltd. has long been a market-leading pioneer in plastics. Freelance announcer Minako Nagai interviews Shigeru Hayashi, President and Representative Director, about the company's history and new initiatives.



Minako Nagai
Freelance Announcer

Shigeru Hayashi
President and
Representative Director

Nagai: Congratulations on the 60th anniversary of the establishment of Sumitomo Bakelite Co., Ltd. First of all, what is the origin of the company's name?

Hayashi: If we look at the history of plastics, we find that in 1907 Dr. Leo Baekeland, an American of Belgian ancestry, developed the first plastic, phenolic resin, which he named Bakelite. That is the origin of the company name. In 1911, Sankyo Company, which became Nippon Bakelite Co., Ltd., the forerunner of Sumitomo Bakelite Co., Ltd. became the first company in Japan to engage in trial production of phenolic resin. Subsequently, Nippon Bakelite Co., Ltd. and Sumitomo Synthetic Resin Industries, Ltd. merged in 1955 and became Sumitomo Bakelite Co., Ltd. While it is true that this year marks the 60th anniversary of the founding of the company, I feel that it is also highly significant that more than 100 years have passed since the dawn of the plastics industry in Japan.

Nagai: Sumitomo Bakelite's leadership in the plastics market during that time must be a source of great pride.

Hayashi: Since shortly after electronic message boards were first installed in Shinkansen railcars, we have run a text advertisement that reads, "Sumitomo Bakelite—Pioneer in Plastics." We are the only company in Japan that uses the expression "pioneer in plastics," and I think that all our employees take pride in that.

Nagai: As a pioneer in plastics, Sumitomo Bakelite is continually innovating while adapting to changes in society. The company has written its history through the iteration of this process, hasn't it?

Hayashi: That's right. Take, for instance, phenolic resin, a material essential to key automobile parts for which we have accumulated technologies over many years. Each time a customer develops a new automobile part, we provide a customized material adapted to their specifications. In other words, we have developed an approach to business that encourages customers to select us as a business partner when they create products that require the use of phenolic resin. This approach involves building relationships of trust with customers through systematic collaboration in the creation of new products.

Nagai: I understand that Sumitomo Bakelite has continued to grow by meeting customers' needs as products change and evolve with the times.

Hayashi: Today, we do business globally in wide-ranging fields such as telecommunications, medical products, food, and construction, in addition to the automotive field.

Leveraging Strengths to Expand the Business Domain

Nagai: In fiscal 2014, the consumption tax was increased and rapid yen depreciation continued. How did Sumitomo Bakelite perform in that economic environment?

Hayashi: In fiscal 2014, the first year of our three-year mid-term business plan, we nearly achieved the targets in the plan of ¥210.0 billion in net sales and ¥11.0 billion in operating income. In addition, the impact of overseas business has a large and steadily growing impact on our overall performance: 55% of our sales are overseas, 45% from Japan, while 70% of profits came from overseas and 30% from the domestic market.

Nagai: I heard that efforts to increase sales in the fast-growing Chinese market contributed to performance.

Hayashi: We engage in a wide range of businesses across China. We have a semiconductor materials production base in Suzhou, and this business is contributing to sales expansion. The business of our subsidiary in Nantong, a core production site for phenolic resin products, has shifted to a growth trajectory, finally attained profitability, and is contributing to sales. Furthermore, in 2014 we expanded the Nantong plant, adding facilities for producing food packaging materials and other products. We will continue to emphasize global business development, make active investments in growth sectors of overseas markets, and expand the scale of our business.

Nagai: I think that helping address social issues in Japan and overseas through business activities is essential for Sumitomo Bakelite to achieve sustainable growth as a leading company in the global marketplace. Can you tell us about the company's initiatives in this area?

Hayashi: The Group has three business segments: high-performance plastics, semiconductor materials, and quality of life products. In high-performance plastics, the core segment, in June 2014 we acquired Vaupell Holdings, Inc. with the aim of growing it into a ¥100 billion business. Vaupell, an American company that is a top-tier supplier of aircraft interior components, is our key to entering the aerospace sector. In addition, since Vaupell also has a medical products business, a field in which we are involved, we thought that the acquisition would create tremendous synergy.

Nagai: So, it was an acquisition to add a new dimension to the company's business.

Hayashi: Aircraft manufacturers are pursuing weight reduction to increase fuel efficiency. Accordingly, we are combining the diverse materials technologies of Sumitomo Bakelite, notably technologies for metal substitutes developed for automotive applications, and the molding, coating and finishing, and assembly technologies of Vaupell. This will enable us to advance into new product areas by offering increased added value. We are making

proposals to aircraft manufacturers.

Nagai: What aircraft interior applications will you target?

Hayashi: Target applications include window units and seat area components and materials, which we have already partially implemented, as well as panel materials for sidewalls, galleys, lavatories, and other interior components and metal substitutes for overhead compartments. Eventually, we want to convert aircraft engine compartment components from metal to plastic. We have formed a project team to pursue development through cross-organizational activities for the purpose of assembling materials and processing technologies from diverse divisions within the company, not only from the high-performance plastics business divisions, and utilizing them in comprehensive Sumitomo Bakelite solutions.

Nagai: It sounds like Sumitomo Bakelite is mounting a concerted effort to open up a new business sector.

Hayashi: For the company to continue to grow, we must either grow in our current business fields by skillfully leveraging existing technologies and strengths or enter new fields. In either case, we are prepared to continually take on new challenges.

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 in 1992, General Manager of Molding Material at the Osaka Branch in 1995, General Manager of the Molding Materials Business Marketing Division in 1997, General Manager of the Functional Molding Materials Business Marketing Division in 1999, Director in 2000. After serving as Vice President from 2008, appointed President in 2010. Chair of the CS Promotion Committee since 2006.

Nagai: Smartphones and similar devices are becoming thinner and lighter. How is the semiconductor materials business developing to meet those needs?

Hayashi: Our semiconductor materials are used in various electronics products. The principal product is semiconductor encapsulating materials, an area in which we are the market-share leader. Semiconductor encapsulating materials are contributing significantly to the evolution of the semiconductor devices incorporated in smartphones and tablets, which are rapidly increasing in capacity and functionality while becoming smaller and lighter. The use of electronics in automobiles is also advancing, and we are drawing on semiconductor materials technologies cultivated over many years to commercialize materials for new automotive applications, such as materials for engine control units (ECUs) and sensors.

Nagai: Turning now to the quality of life products business, I understand that Sumitomo Bakelite has developed a new type of catheter.

Hayashi: A steering microcatheter that we succeeded in productizing was approved in November 2014 by the Ministry of Health, Labour and Welfare of Japan. Whereas with previous catheters, the catheter tip was moved by means of a guide wire, with the new catheter it is possible to freely change the direction of the tip using controls at the operator's fingertips.

Nagai: A freely movable catheter tip is a world's first, isn't it?

Hayashi: Yes, it is. The catheter is primarily used in a treatment method called embolization in which an anticancer drug or other drug or a substance that blocks the blood vessel (an embolic substance) is injected into the affected area to kill cancer cells. Since no major surgery is required and surgical time is shortened, the new catheter helps alleviate the patient burden.

Nagai: Sumitomo Bakelite's business activities extend across a remarkably wide range of fields from aircraft to blood vessels. Something I want to ask about is P-Plus freshness preserving film, a product familiar to consumers. I often see it in supermarkets these days. When vegetables are packed in bags made of P-Plus, they keep fresh longer, don't they?

Hayashi: P-Plus is used to package about 70% of the cut leaf-type vegetables sold at supermarkets and convenience stores in Japan. Although cut vegetables are prone to damage and spoiling, using P-Plus makes it possible to extend the expiration date to three days or more and prevents the release of unpleasant odors.

Nagai: When I open a bag, I smell fresh-cut vegetables. How is it that the freshness of vegetables is preserved?
Hayashi: The film is micro-perforated to control the amount of oxygen transmission. You might say that we preserve the freshness of vegetables and fruit by putting them into hibernation. We use this mechanism to set the appropriate amount of oxygen transmission for each type of produce.
Nagai: So you change the film according to the type of produce to be packaged, such as soybeans or broccoli. That's amazing!
Hayashi: Currently we sell film for approximately 70 types of produce, and large quantities are used for packaging in producing areas at the time of shipment of harvested produce. For example, although the harvest period for Dekopon citrus fruit from Kagoshima Prefecture is from January to March, and the fruit is ordinarily sold in stores until mid-May, the use of P-Plus has enabled extension of the shipping period until summertime. This makes it possible to ship fruit that commands high prices, and P-Plus has been well received by producers. To cite another example, there is demand overseas for strawberries exported from Japan. Whereas all strawberries used to be dispatched as airfreight, P-Plus has made it possible to transport them by ship, which reduces transportation costs.

Contributing to Society through Customer Value Creation

Nagai: Sumitomo Bakelite is certainly involved in a variety of businesses. Human resource development must also have an important bearing on the ability to achieve sustainable growth as a global company. What sort of personnel development programs does the company have?
Hayashi: Considering that the Group already does business in 16 countries and regions, global personnel development is essential. Mindful of the importance of giving employees opportunities to gain overseas experience, about four years ago we introduced a system to provide overseas training primarily for younger employees of around 30 years of age, who have already worked for the company for at least three years.
Nagai: How long is the training period?
Hayashi: We send employees overseas for about two years and provide opportunities to gain practical experience. In addition, we recognize the need to actively promote diversity. We intend to hire and promote people without regard to gender or nationality and to link workforce diversity to sustainable growth.
Nagai: Finally, do you have a message for stakeholders?
Hayashi: At Sumitomo Bakelite, we have always believed our mission is to commercialize products with advanced functions and contribute to the development of society through customer value creation as a pioneer in plastics. In particular, our fundamental policy is to accord the highest priority to customer satisfaction. We are convinced that it is by identifying needs through close interaction with customers, engaging in product development together with customers, and bringing delight to our customers that we are best able to grow the company while contributing to society. In addition, in our pursuit of global business development, we recognize that it is important to fulfill our social responsibility by observing the laws of the countries where we do business and deepening our understanding of their cultures, enhancing and strengthening corporate governance, and giving due consideration to health, safty and the environment as befits a chemical company. We will continue to implement Responsible Care and endorse the Responsible Care Global Charter for the voluntary initiative to continuously improve our health, safety and environmental performance.

Joined Nippon Television Network Corporation in 1988. Became a freelance announcer in 1996. Appeared in numerous television programs, including *Magical Brain Power*, *24 Hour Television*, and *The Sunday*. Completed a master's course at the Graduate School of Media and Governance, Keio University, in 2003. Appointed a part-time instructor in the Mass Communications Department, Faculty of Arts and Literature, Seijo University in 2006. Currently participates in academic conferences, forums, and symposia in her field of research.

Creating New Value for Society with Long-Life Building Materials

In its role as a building materials manufacturer, Sumitomo Bakelite continues to lead the industry by constantly thinking about what an ideal society should be like and what future direction to take.
Sumitomo Bakelite held a round-table discussion with Nikken Activity Design lab (NAD), a cross-disciplinary department of Nikken Sekkei Ltd., in search of ideas about what we can do to contribute to the environment and society.

—— What was the background to the establishment of NAD?
Yasuda: Nikken Sekkei is an architectural design office that engages in architectural design supervision and urban design as well as surveys, planning, and consulting about every aspect of architectural and urban life cycles. At the request of clients, the company found it increasingly necessary to consider what to build in the first place. This is because the times had become increasingly uncertain, and it became necessary to reconsider the movement of people and society starting from the very basics. Accordingly, the company has turned its attention to the dynamic between people and space and the activities people engage in within particular spaces and formed a team to engage in design that brings innovation to both society and the spaces we inhabit. NAD is a cross-disciplinary department within Nikken Sekkei that consists of people who specialize in different fields, and one characteristic of NAD is that at times we collaborate with outside partners. Sakamoto is mainly responsible for the design of form and expression, and I develop scenarios and stories. We work simultaneously and in parallel, engaging in activities that provide new value.

What's Important is to Create Things that People Want to Use for a Long Time

—— A major topic of today's discussion is "Sustainable

Hiraki Yasuda
Strategist
Nikken Activity Design lab (NAD)

The user's point of view is an essential perspective for creating sustainable architectural space that people want to use and cherish. It is important to break through preconceived ideas and create stories connected with things.

architecture that enriches society." What are NAD's views on the topic?

Yasuda: I think that architectural designs that make people want to take care of and use things for a long time lead to sustainable architecture. The question is how to create them. It's necessary to consider activity design that makes people want to use and cherish facilities.

Sakamoto: One important thing when considering this is to adopt the user's point of view. There are many instances where looking at things from the viewpoints of users reveals problems. To cite an example unrelated to building materials, if we go to an appliance store in search of a household appliance, we see a vast array of products on display, each with a specification table. Although the retailer thinks the specification tables contain sufficient information, in fact they are full of technical terminology that users don't understand, which prevents people from selecting products. It's important to reexamine such gaps.

Yasuda: No matter how excellent technology may be, it is meaningless if not used. The user's point of view is also important when considering things from this perspective. For instance, to create innovation by putting building materials to use in a completely new setting, it is important to break through preconceived ideas.

Kamei: Manufacturers tend to stress technological excellence when releasing new products: for instance, Sumitomo Bakelite's Decola (decorative melamine laminate). I always think that manufacturers must create products by taking the user's point of view and listening closely to the voices of the people who use them.

Yoshihara: Japanese people tend to believe that the most desirable attributes are threefold, for instance, function, quality, and design. Although we tend to think that our products must be excellent in every respect, it is important to identify what customers want the most and engage in product development that makes what is most desired a basic function and a product strength. I think that if that strength is communicated to customers, they will become emotionally attached to products and use them for a long time.

Sakamoto: To be sure, the Japanese market is crowded with products loaded with technologies that have deviation scores of 80 or so. However, I feel that for this reason manufacturers are losing distinctive core competencies. Although having high-spec products contributes to quality retention and is no bad thing, I feel that it's good to also have products that deliver outstanding value, sort of like striking out sometimes but also hitting home runs.

Yoshihara: We should probably review our product line concept. I think that if we create products with clearly defined basic functional strengths, not products having a large number of functions of secondary importance, it will be possible to combine products that have their own individual strengths. That will result in the epitome of design and lead to customer delight and the joy users feel at using products to which they feel an emotional attachment.

Hirayama: I work in store interior materials sales, and when I'm in the field I place importance on accurately communicating the strengths and weaknesses of products. I also strive not only to respond to what store designers want, but also to create and propose products that store customers will appreciate but that don't occur to designers.

Yasuda: It's important that the creators have aspirations and that users are aware of them. The dialogue with the designers who use the products and the customers of the stores they design that Ms. Hirayama just mentioned is an extremely important point. I think it becomes a source of stories connected with things. For instance, if a story that a product named Decola is necessary for a certain application emerges, that story will enhance the product image, and customers will view the product in a different light. That's important. At a time when companies are prone to compete on cost alone, I think that they must consider what sort of value they can provide.

Tatsuo Yoshihara
Managing Executive Officer
Plate-Decola & Waterproof Business Promotion Department
Sumitomo Bakelite

In Japan, there are many products that claim to be convenient or simple, and there is a tendency to scrap and build without careful consideration. In these circumstances, I hope that Sumitomo Bakelite long-life products will be beneficial in extending the life of social infrastructure.

Is the essence of material functionality properly communicated from the user's perspective?

Creating New Value through Collaboration that Transcends Boundaries

—— What sort of functionality is Sumitomo Bakelite pursuing as a building materials manufacturer from the perspective of environmental sustainability?

Yoshihara: The answer is "service life extension." For instance, Decola has such excellent functionality that it can maintain cleanliness even if it is used in a piggery, such superior shock-absorbing properties that it is used as a railcar interior material, and even antiseptic properties against food bacteria. Although Decola has a history of 60 years, from the very beginning it was created with a view to long product life. It was developed at a time of product shortages to provide a means of easily making furniture and other items that would last a long time.

In other words, the objective was long product life. We pursue long life today as an environmental measure required by society. Although times and purposes may change, the single design concept of service life extension remains constant. Furthermore, Sumitomo Bakelite also practices recycling. First of all, there is thermal recycling involving the combustion of materials and use of the resulting heat energy. Dust remaining after incineration of Decola is recycled in automobile parts, and if the parts are recovered after they have served their purpose, this contributes to material recycling. Although the usage rate decreases, with Decola the ultimate in recycling is possible. In addition, we are working to produce phenolic resin from non-edible plants and are developing a chemical recycling technology that will enable sustainable use almost indefinitely. We want to contribute to society through a combination of service life extension plus recycling.

Hikaru Kamei
Plate-Decola & Waterproof Business Promotion Department
Sumitomo Bakelite

Although when I speak with customers I tend to talk only about the company's products, I would like to gain knowledge in other fields, such as about the architectural space where Decola is used and the wallpaper that is hung there, and be able to offer proposals about various matters.

Takayuki Sakamoto
Design Architect
Nikken Activity Design lab (NAD)

Although there are high hurdles, I want to try to set aside short-term profit and efficiency considerations and have people from various areas of expertise overcome those hurdles and create new value.

Sakamoto: The recycling just discussed is yet another story. When designers hear such a story, it becomes not only a source of ideas, but also a decision-making criterion in materials selection when designing, for example, lavatories. In the product life cycle, each sheet of Decola offers not only long product life, but also the hidden potential for subsequent use in a completely different way. I feel this is a profound message that cannot be discerned from the simple specification information, "Now several millimeters thinner."

Yasuda: In a cycle of converting building materials for use in different applications rather than reusing them as building materials, considering where and how to use materials next is an extremely innovative exercise, isn't it?

Kamei: I feel that it is necessary for manufacturers not only to pursue long service life through tangible performance, but also to pursue intangibles such as ideas for value or new ways of using products of which they were previously unaware. However, there is a limit to what a single manufacturer can do to create innovation. I think that it will become necessary for specialists from various fields to come together to consider architectural space in its entirety.

Sakamoto: Collaboration is important for realizing sustainable architectural space, isn't it? One possible specific approach would be to agree on some central topic and create a forum to bring designers, manufacturers, and other involved parties together to discuss it. For instance, if the topic is "What is a multipurpose lavatory that is both user- and environmentally-friendly?," brand-new ideas can be expected by bringing people together in each related field, such as light, sound, air, odor and to consider the

topic.

Yasuda: Taking advantage of differences in point of view and expertise is likely to produce interesting results. I imagine a session in which people with very different perspectives engage in back and forth discussion. During the discussion, their points of view would constantly change, and things that were unclear at first would come into focus.

—— Finally, what are your aspirations ahead of the 2020 Tokyo Olympic Games?

Kamei: I often feel that it is difficult for a single company to accomplish something big. At such times, I want to try engaging in activities together with experts in various fields, such as NAD.

Sakamoto: The 2020 Tokyo Olympics represent an ideal venue for Japan to showcase to the world its distinctive way of creating and making things. It would be great if companies work together to achieve common objectives and impress people not only with Japan's excellence in making things, but also its cooperation. Everyone should have aspirations according to their roles or positions, rather than seeking short-term profits.

Hirayama: Although I think the Tokyo Olympics is a very important event, I haven't yet worked out in my mind what sort of Olympic host Tokyo should be. I want to consider what I should do while discussing with others the ideal Olympics.

Yasuda: I want to look beyond 2020 and consider and realize a city where people can lead truly rewarding lives. For instance, if people love not only their own homes, but the neighborhoods in which they live, they will want to improve them. If this type of virtuous cycle occurs, neighborhoods will become more and more appealing. The question then is how we should change public spaces. Our discussion today about stories connected with long product life and the connection of products with people is likely to serve as a useful reference.

Yoshihara: I have heard that building the Olympic village for the 1992 Barcelona Olympics in a slum area resulted in transformation of the area into a choice residential area after the Olympics. The Olympic Games are a historic turning point. Although the games are held over a period of about two months, the greatest benefit of the Olympics is development of social infrastructure. I would like NAD to realize a new urban plan in preparation for the 2020 Olympics and would be delighted if Sumitomo Bakelite can contribute even a little and create new value for people with long-life products such as Decola.

Sayaka Hirayama
Decola Business Division
Sumitomo Bakelite

Since I am often requested by store designers to express opinions from the point of view of a working woman, as working women are the target customers, I have made it my task to examine how to improve stores from the customer's point of view and apply the resulting knowledge in my work.

Sumitomo Bakelite Product Application Examples

Fugan, a new boat on the Fugan Suijo Line, Toyama Prefecture
Product used: Decola Vita
Application: seats

World Trade Center Building, Tokyo
Product used: Decola Innovair
Application: elevator interior repair

Special Feature

UNY, NH Foods, NPO Gomi-Japan, and Sumitomo Bakelite

The Desire to Provide Products with Minimal Packaging to Greater Numbers of Consumers

Waste is a problem that all companies and consumers must tackle in their respective roles. Sumitomo Bakelite engages in cross-functional collaboration with an NPO and other companies in an effort to resolve this issue through the development of environmentally friendly films and sheets for food packaging. In this special feature, we focus on activities at the forefront of this development effort.

Leaf Walk Inazawa, located in Inazawa City, Aichi Prefecture, is a shopping mall operated by UNY, a retail industry pioneer in environmental activities. The mall, bustling with shoppers, was the site of Leaf Eco Festa, an environmental event held on March 21st and 22nd at which NH Foods, NPO Gomi-Japan, and Sumitomo Bakelite organized the Reduced-Packaging Experiment, a collaborative initiative that takes a step toward solving the problem of packaging waste. This was the second phase of the project, which was initiated in October 2014.

Atsushi Tanaka, manager of the Food Packaging Sales Dept., Films & Sheets Division, commented on the progress of the project to date, "The results have been astonishing, and developments have exceeded our highest expectations." What was the background to this successful collaborative event?

At UNY's shopping mall, NH Foods, Gomi-Japan, and Sumitomo Bakelite collaborated in the Reduced-Packaging Experiment, a valuable opportunity to listen directly to the voice of consumers.

Atsushi Tanaka
Manager
Food Packaging Sales Dept.
Films & Sheets Division
Sumitomo Bakelite

Akihiro Horikoshi
Food Packaging Sales Dept.
Films & Sheets Division
Sumitomo Bakelite

Collaboration among Companies Leads to Adoption of an Environmentally Friendly Product

Gomi-Japan, an organization formed by Professor Masanobu Ishikawa of the Graduate School of Economics, Kobe University, is working to reduce packaging through activities conducted by students of Professor Ishikawa, including exchanges of opinions and collaborative pilot schemes with companies. Sumitomo Bakelite has participated in Gomi-Japan's activities as a sponsor corporation since 2013. Participation in these activities was the catalyst for developing ECOCeeeL®, a lightweight film that enables a 20% reduction in the weight of packaging waste compared with our earlier products, and looking for ways to increase sales by promoting its environmental

A display comparing samples of eco-friendly products

Bacon in packaging of various thicknesses, sausage in packaging of different shapes, and ham in packaging with different numbers of inner packs were displayed, and a survey was conducted to discover which products consumers would choose.

Development of a thin, strong packaging film that contributes to waste reduction

Newly developed ECOCeeeL® deep draw packaging film is thinner and stronger and reduces plastic waste and CO_2 emissions. Since its introduction in 2012, plastic waste has been reduced by 13.5 tons (as of May 2015). This initiative has been posted in the Eco-friendly Food Packaging Case Examples section of the Ministry of Agriculture, Forestry and Fisheries website. (http://www.maff.go.jp/j/shokusan/recycle/youki/)

benefits.

Development began, and in October 2014 Gomi-Japan, NH Foods, and Sumitomo Bakelite conducted the first Reduced-Packaging Experiment at Leaf Eco Expo, an event held at Leaf Walk Inazawa. The experiment involved the display of conventionally packaged roast pork and bacon from NH Foods and samples of proposed eco-friendly products packaged using ECOCeeeL® and other materials and a questionnaire survey conducted by Gomi-Japan students, who asked consumers to choose products they thought were eco-friendly and asked which products they would prefer to purchase. The survey findings showed that, for example, more than 90% of consumers who compared roast pork packaged in conventional film 220 microns thick and roast pork packaged in ECOCeeeL® 180 microns thick answered that the latter was eco-friendly and that they actually wanted to purchase the product packaged in ECOCeeeL®. As a result of these findings, NH Foods for the first time adopted ECOCeeeL® for use in packaging for best-selling items in its roast pork line.

Atsushi Tanaka says, "I think that if we had merely approached NH Foods independently as a film manufacturer, it would have taken more time to secure the adoption. Food product manufacturers tend to be reluctant to switch to thinner packaging because of apprehension about food safety. ECOCeeeL®, produced using an innovative multilayer co-extrusion technology, poses absolutely no problem with durability despite being thin. Nevertheless, it's difficult to persuade customers of this because you can't tell by appearance. The voices of consumers communicated at this event greatly assisted in securing the adoption. Moreover, it's highly significant that the adoption was for packaging for hit products. The more products with minimal packaging sold, the greater the opportunity to reduce waste."

Akihiro Horikoshi, previously a member of Gomi-Japan while a student at Kobe University, who has been assigned to the Films & Sheets Division since joining Sumitomo Bakelite three years ago, described the course of events. "When I first became involved in sales, I quickly found there are hurdles that must be overcome to persuade a customer to adopt a product, no matter how excellent that product may be. Still, I was surprised to learn how smoothly everything can go when Gomi-Japan, which serves as an intermediary with consumers, a food product manufacturer, a retailer, and Sumitomo Bakelite join forces."

Leaf Walk Inazawa

Leaf Eco Festa is held at Sunny Court on the 1st floor of the mall. Inspired by the concept of creating sustainable "eco-stores" together with customers, UNY has frequently held such environmental events since the mall opened.

The Reduced-Packaging Experiment Is an Occasion for Promoting Consumer Awareness

In the words of Atsushi Tanaka, the Reduced-Packaging Experiment "provides a valuable forum for a film manufacturer to directly hear the voice of consumers." An important outcome of the experiment was the adoption of an environmentally friendly film for use in the packaging of

hit products through collaboration among companies. At the invitation of UNY, the project members came together again for a second event.

This time, an experiment comparing NH Foods bacon, sausage, and ham was conducted. Bacon packaged in a conventional hard tray 300 microns in thickness and a soft tray 180 microns in thickness made of ECOCeeeL®, sausages in packaging of different shapes, such as drawstring bags and flat bags, and ham packaged in three packs of four slices and two packs of six slices were displayed. A survey was conducted to determine which items consumers would choose.

The Reduced-Packaging Experiment booth bustled with activity, with one shopper after another stopping to compare packaging they were seeing for the first time and complete a questionnaire conducted by Gomi-Japan students or listen to an explanation of which packaging is actually more environmentally friendly. One shopper expressed the opinion, "When I heard the explanation of the film, I learned that I can reduce the amount of waste depending on what product I choose. When I shop from now on, I want to be mindful of packaging when I choose products." Another said, "I think it's great to have events like this at the local supermarket. It gives people an opportunity to become aware of things they don't ordinarily pay attention to." The Reduced-Packaging Experiment was clearly a meaningful forum for consumers.

Contributing to the Environment by Considering Every Stage from Packing to Disposal

Atsushi Tanaka relates, "This time, one task was to determine whether consumers would choose a conventional hard tray, which has a sturdy appearance, or a soft tray made of ECOCeeeL®. The tabulated questionnaire results showed that many people chose ECOCeeeL®. We utilized the event not only to conduct a comparative experiment, but also to display new products. Since for some time UNY had been using biomass plastic to package its private-label products, Sumitomo Bakelite developed its own biomass product for this event and used it for ham packaging. According to Atsushi Tanaka, "Biomass plastic is difficult to popularize because using plant-derived raw material increases cost. Accordingly, by utilizing Sumitomo Bakelite's thin-wall technology, we lowered plant-derived raw material costs and also made it possible to further reduce waste, save resources, and reduce CO_2 emissions."

Another new product is PECOCeeeL (provisional name) trays, which can be easily reduced in size prior to disposal. Since PECOCeeeL enables a reduction of approximately 30% in the amount of waste compared with previous trays of the same thickness, it provides further impetus for the development of environmentally friendly products. Atsushi Tanaka is enthusiastic: "From now on, I want to sell packaging materials that offer the added value of environmental protection in addition to strength, tear-resistance, and cost reduction. I want to continue contributing to the environment by considering every phase from packing and protecting products to disposal. PECOCeeeL, which can be reduced in size prior to disposal, was developed in pursuit of that goal. I also want to further expand the scope of collaborative activities with UNY, NH Foods, and Gomi-Japan and create new value."

A courteous explanation by a student from Gomi-Japan

Some people say that students are approachable and easy to talk to, and at events they serve as important intermediaries who link consumers and manufacturers.

Weighing makes the difference obvious

A conventional package is on the left and a package made using ECOCeeeL® is on the right. Although they appear almost identical, weighing the products reveals how light the ECOCeeeL® package is.

comment

Masanobu Ishikawa
President NPO Gomi-Japan
Professor, Graduate School of Economics, Kobe University

The partnership of a leading company and Gomi-Japan in opening sales channels for environmentally friendly films is a completely different approach to opening up markets than anything tried before. I think it is having an impact on other film manufacturers, too. Since I want to increase the number of success stories, it's necessary to analyze why things have gone so well so far.

Voice of a Partner

National Brand Initiatives are Key to Preserving the Natural Environment for Future Generations

The desire to leave a beautiful natural environment for the children of tomorrow and a commitment to preserving the Earth in its entirety for future generations are important themes at UNY. That is why we frequently hold events to foster interest in the environment. The recent collaborative project was especially significant. The flow of activities by which a food products manufacturer and a film manufacturer join forces to reduce household waste and show consideration for the environment at every phase from raw materials procurement and manufacturing to sale by retailers and purchasing and eventual disposal by customers is truly an example of a value chain rather than a supply chain. This is something that no single company can accomplish.

Noriko Momose
Executive Officer
UNY Group Holdings Co., Ltd.

UNY believes that supermarkets are also local community centers. UNY frequently holds environmental events at Leaf Walk Inazawa and other locations.

We use a lot of biomass plastic for our private brands, and another satisfying outcome of the recent project was that Sumitomo Bakelite focused attention on a national brand and used biomass plastic for ham packaging. If distribution using biomass plastic increases because of this development, it will make possible natural resource conservation and environmental impact reduction. It would be wonderful if this circle of collaboration spread to other areas.

Voice of a Partner

Transforming Awareness of Packaging by Conveying the Voice of Consumers

I think that the most important consideration in product packaging is to guarantee food safety. In the pursuit of safety, we increased the safety factor by using thick film in pursuit of strength. However, that increases the amount of resources used and drives up cost. Wondering whether we could change that, seven years ago we began working with Gomi-Japan. As a first step, we presented within the company as objective information the fact that Sumitomo Bakelite's products were not listed on Gomi-Japan's reduced-packaging products list. We took this approach because it's difficult for the opinion of one department to transform the way people think throughout a company. Moreover, we were able to persuade people within the company thanks to involvement with Gomi-Japan of Sumitomo Bakelite, which assured safety from a technological standpoint, and the findings of the Reduced-Packaging Experiment survey. This led to the adoption of ECOCeeeL®. I want to continue this collaboration and take on the challenge of reducing the weight of packaging by altering package shape.

Norihiro Kawasaki
Manager
Corporate Social Responsibility Department
Corporate Management Division
NH Foods Ltd.

Mr. Kawasaki says, "Making thinner packaging enables Sumitomo Bakelite to reduce cost and customers to reduce waste. It's an effortless way of reducing waste."

Sumitomo's Business Philosophy and Management Policies

In Manufacturing, We Give Top Priority to Environmental Protection and Safety

Sumitomo's Business Philosophy

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.

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 character-building 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

Policy on Responsible Care Activities*

Philosophy

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

Responsible Care Policy

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

* Established in August 2015. These policies were newly established by revising the Corporate Policies for Safety and the Environment in line with the amendment of the Responsible Care Global Charter.

Topics Code of Conduct for Employees

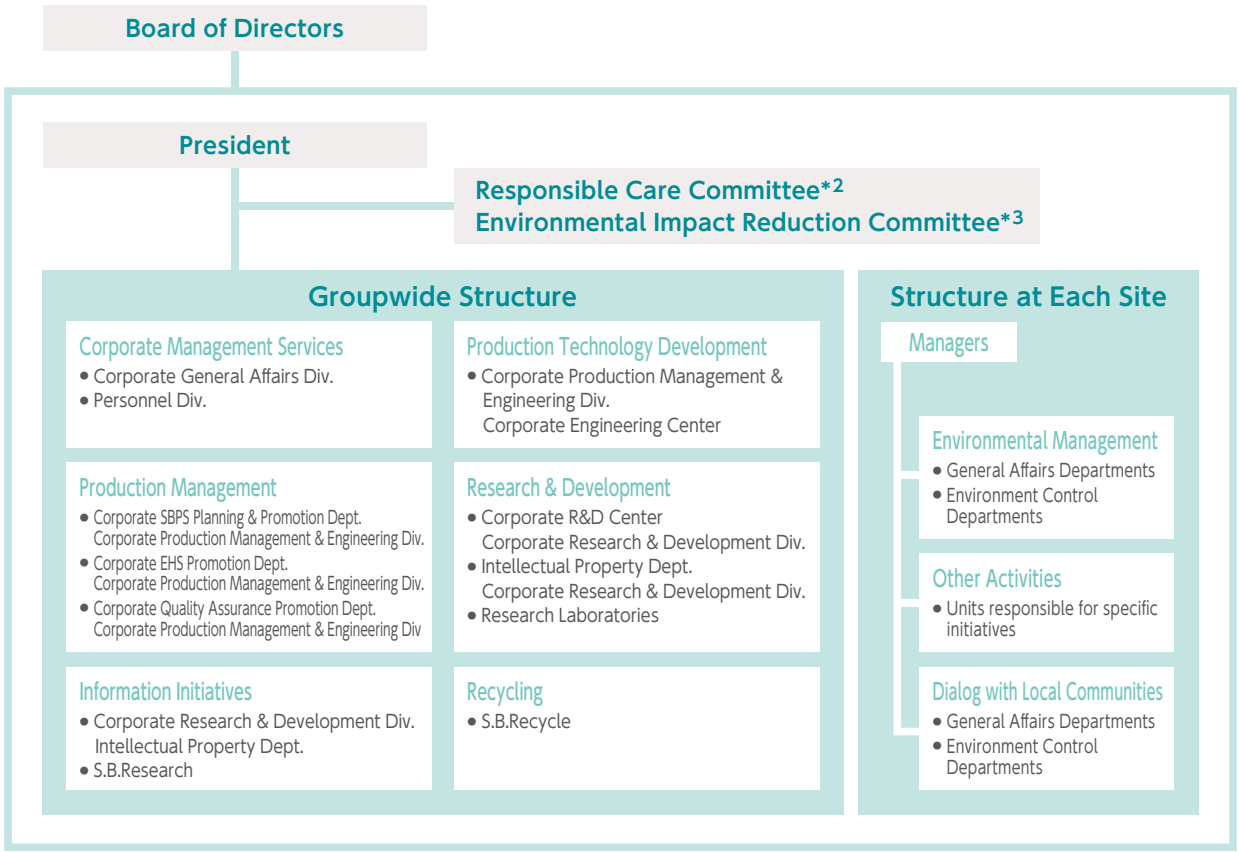
A booklet distributed to all employees offers guidance on conduct, including the dos and don'ts to be observed in particular situations.

Standards of Conduct

1. 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.
3. 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.
5. 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.

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Corporate Data

Name	Sumitomo Bakelite Co., Ltd.
Head Office	2-5-8, Higashi Shinagawa, Shinagawa-ku, Tokyo
President	Shigeru Hayashi
Established	January 25, 1932
Capital (as of March 31, 2015)	¥37.1 billion
Number of Shareholders (as of March 31, 2015)	16,276
Stock Listing (as of March 31, 2015)	Tokyo Stock Exchange, First Section
Number of Employees (as of March 31, 2015)	2,121 (non-consolidated) 6,747 (consolidated)
Net Sales (as of March 31, 2015)	¥92.2 billion (non-consolidated) ¥209.7 billion (consolidated)

Major Products by Division

Semiconductor Materials

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

High-Performance Plastics

- Phenolic molding compounds
- Phenolic resins
- Precision molded products
- Synthetic resin adhesives
- Phenolic resin copper-clad laminates
- Epoxy resin copper-clad laminates
- Aircraft interior components

Quality of Life Products

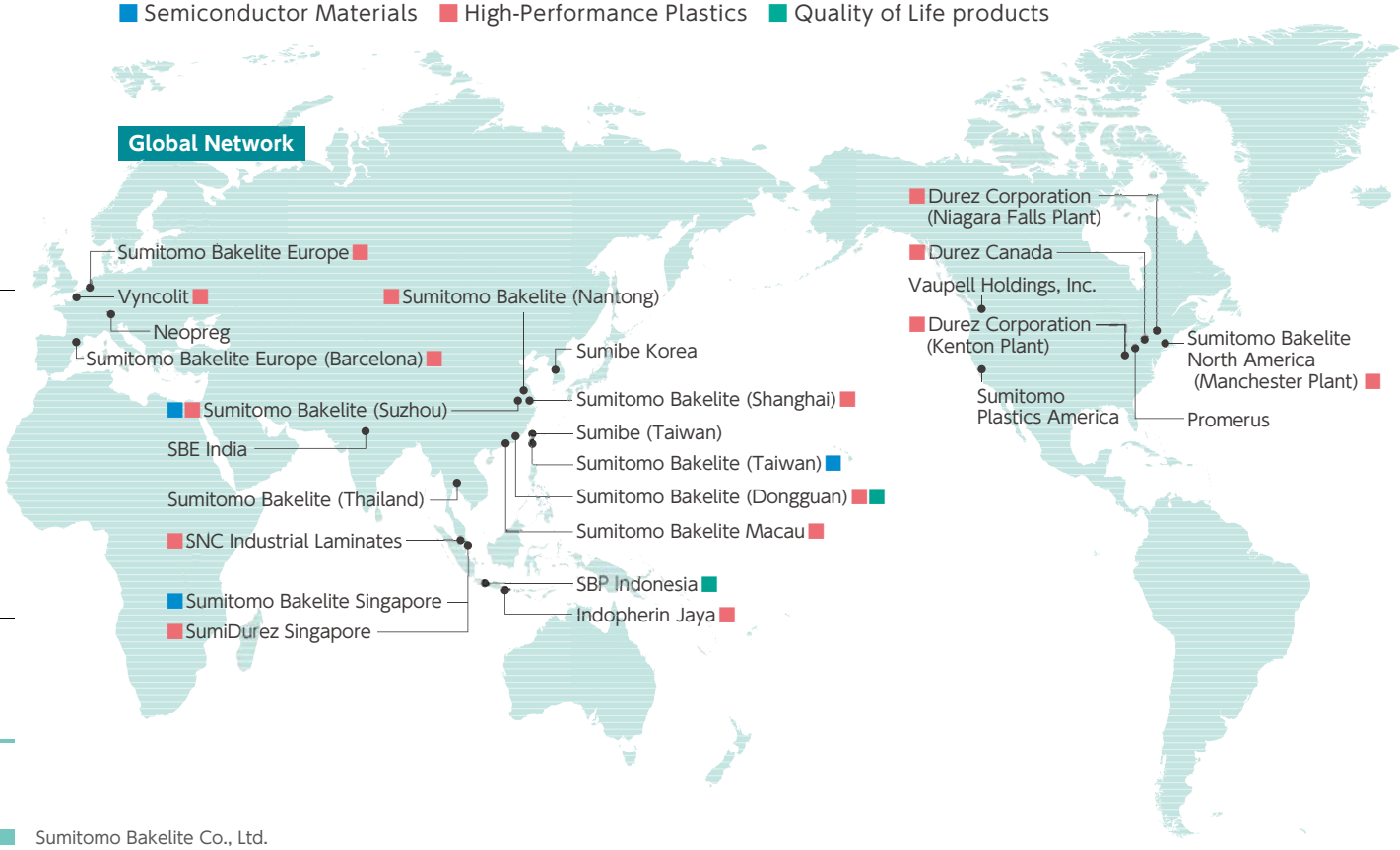
- Medical products
- Vinyl resin sheets and multilayer sheets
- Freshness preserving films
- Carrier tape materials for mounting semiconductors
- Melamine decorative laminates and fireproof decorative laminates
- Polycarbonate resin plates
- PVC resin plates
- Design and contracting of waterproofing work
- Biotechnology related products

Group Companies

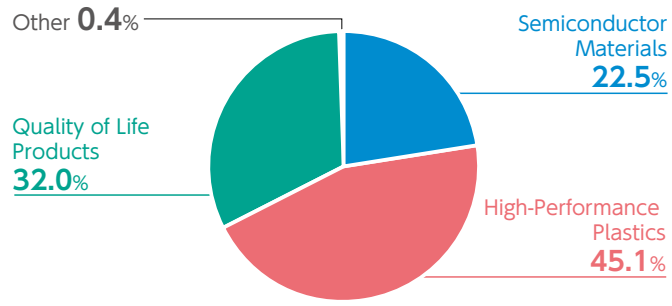
The Group operates in 16 countries and regions, including Japan.
Production sites are color-coded according to the category of products manufactured.

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

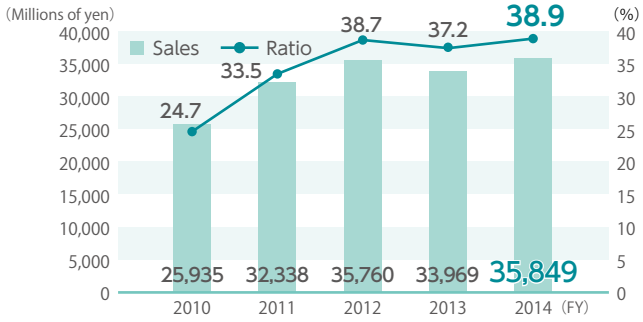
Global Network



Fiscal 2014 Sales Composition by Division (Consolidated)



Sales of Environmentally Friendly Products



Note: Data on Sumitomo Bakelite (non-consolidated)

Definition

Environmentally friendly products mean products contributing directly or indirectly to reduction of environmental impacts, including resource saving, waste reduction, prevention of environmental pollution, energy saving, and reduction of greenhouse gas emissions, at the Company, for users, or in society.

Method of certification

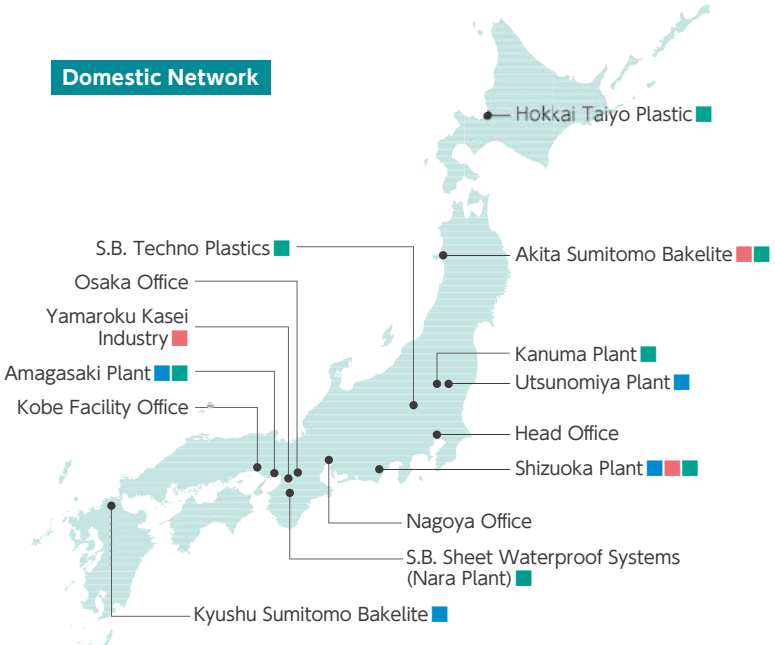
●Regarding existing products or developed or improved products contributing to reduction of environmental impacts, through discussion with divisions, an internal screening committee will review such products, and if it is considered to be appropriate, such products will be certified as environmentally friendly products.

●Regarding products whose environmental performance is to be publicized, those satisfying the following conditions will be certified as environmentally friendly products.

a) Reduction of CO_2-equivalent emissions by 10% or more

b) Reduction impact is objectively assessed by internal LCA review.

Domestic Network



Sumitomo Bakelite Group's Stakeholders

The Sumitomo Bakelite Group emphasizes relationships with stakeholders in promoting business.

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 the CS Committee that continuously endeavors to enhance customer satisfaction.

Shareholders

The Group is committed to distributing appropriate dividends and is taking steps to disclose 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 factory 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.

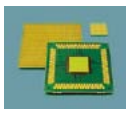
Our Company Group's Products All Around

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

IT Components and Materials (Semiconductor Materials)

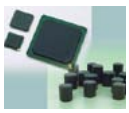
1 Substrate Materials for Semiconductor Packages (LαZ®)

LαZ, a substrate material for semiconductor packages notable for its low thermal expansion coefficient and excellent dimensional stability, provides new value for customers.



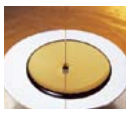
2 Molding Compounds for Encapsulation of Semiconductor Devices (SUMIKON® EME)

This epoxy molding material for semiconductor packaging protects delicate semiconductors from impact and moisture in the external environment.



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

This resin protects semiconductor devices from external stresses and impurities, thus contributing to enhancement of semiconductor reliability.

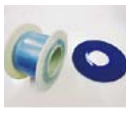


4 Pastes for Die Bonding (SUMIRESIN EXCEL® CRM)

Adhesives used to bond semiconductor chips and LED chips to various types of substrate (lead frames, organic and ceramic substrates)

5 Cover (Carrier) Tapes (SUMILITE® CSL)

Used for reliable transfer and mounting of semiconductors and electronic components, these tapes help protect components from static electricity.



High-Performance Plastics

6 Copper-Clad Laminates (SUMILITE® ELC/ALC)

This composite material and aluminum substrate with excellent heat dissipation are used in LED lighting applications, contributing to energy saving.

7 Copper-Clad Laminates (SUMILITE® ELC)

This laminate, that consists of glass epoxy materials with outstanding heat resistance, is used for substrates of electronic controls that reduce vehicle fuel consumption and improve passenger comfort.

8 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.

9 Materials for Electronic Components (SUMILITERESIN® ECP)

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

10 Molding Compounds for Auto Parts (SUMIKON® PM)

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

11 Diesel Exhaust Fluid (AdBlue®)

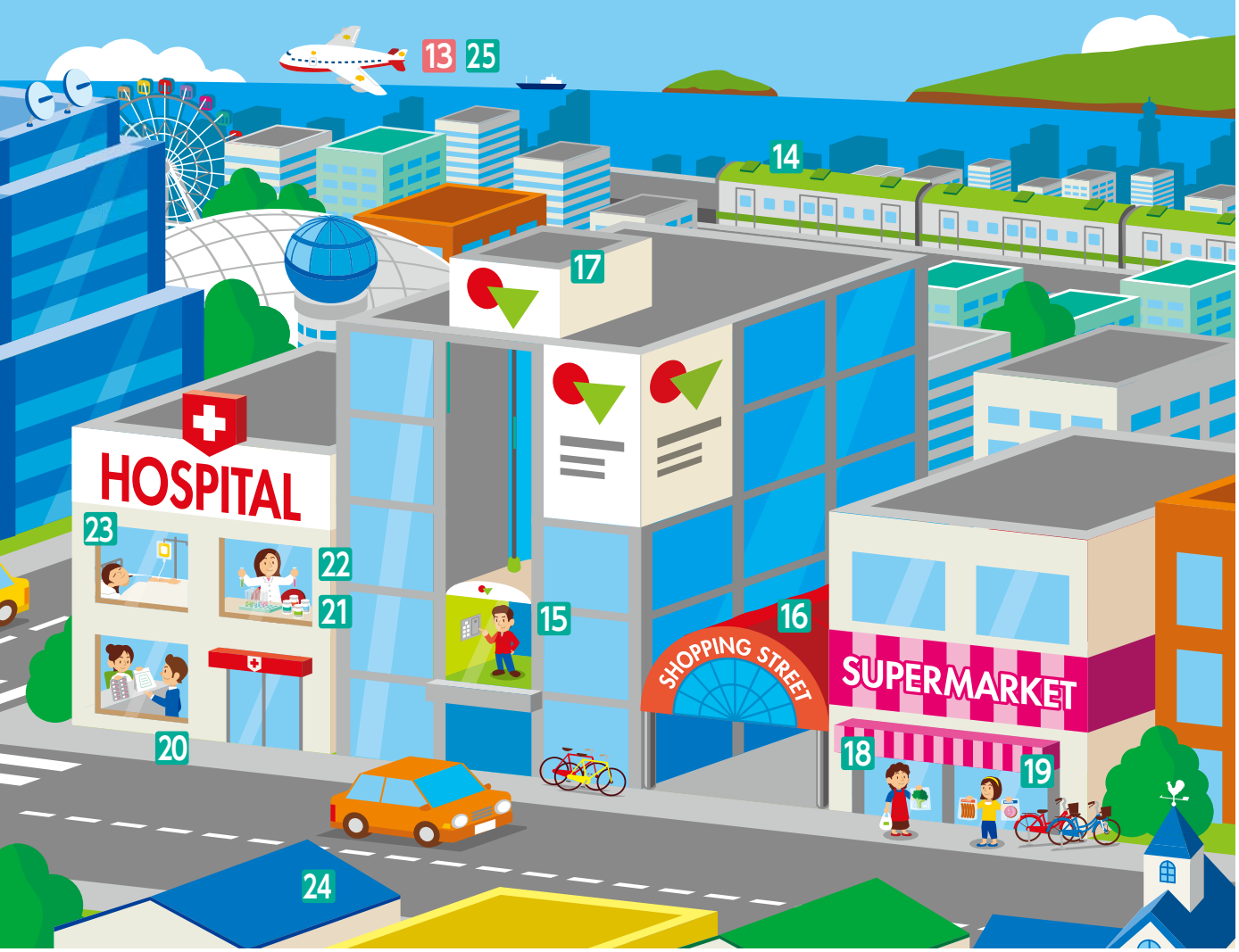
This high-purity urea water is used in systems for lowering nitrogen oxide from diesel exhaust (selective catalytic reduction systems), contributing to environmental protection.

12 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 environmental protection.

13 Aircraft Interior Components

Use of high-performance plastics for metal replacement reduces aircraft weight, improves fuel efficiency, and realizes a comfortable inflight environment for passengers.



Quality of Life Products

14 Melamine Decorative Laminates (DECOLA®)

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

15 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.

***DECOLA INNOVAIR is mentioned in the Feature on pages 8 to 11 as an example of application of the Company's products.**

16 Polycarbonate Resin Plates (SUNLOID PC®)

With excellent transparency, this sheet is ideal for many applications, as a natural lighting material in various types of buildings, for canopies, windows and roofing, and also as a civil engineering material.

17 Acrylic Light Guide Panel (SUNLOID® LUMIKING)

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

18 Freshness Preserving Films (P-Plus®)

By slowing deterioration in quality of fruit and vegetables in transit and storage, this cling wrap helps ensure maximum freshness at the point of sale. In addition to packaging for commercial use, this product is also available in the form of zipper bags for both home use and commercial use.

***In the Topics section of the Company's website, there is a monthly article featuring fresh produce that employs P-Plus packaging. (Japanese site only)**

19 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 12 to 15 for workplace activities reflecting the voice of the customer about environmentally friendly food packaging ECOCeeel®.**

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

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

21 Biotechnology Related Products

The BioChip and Beads contribute to reduce waste and cost by accelerating analysis and testing in trace quantities of biological samples.

22 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.

23 Medical Products (sumius®)

The sumius®, Sumitomo Bakelite's medical device brand, contributes to safety, peace of mind, and reliability in medical management, supporting the health of individuals.

24 Waterproofing Sheets (SUNLOID® DN System)

PVC waterproof sheeting is used to waterproof rooftops and water tanks in buildings of virtually every type, including for waterproofing rooftops and verandas of luxury prefabricated homes.

25 Thermoformable Sheets for Transportation

With many excellent features such as impact resistance and flame resistance, these materials are used in various applications, including aircraft and train interiors.

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

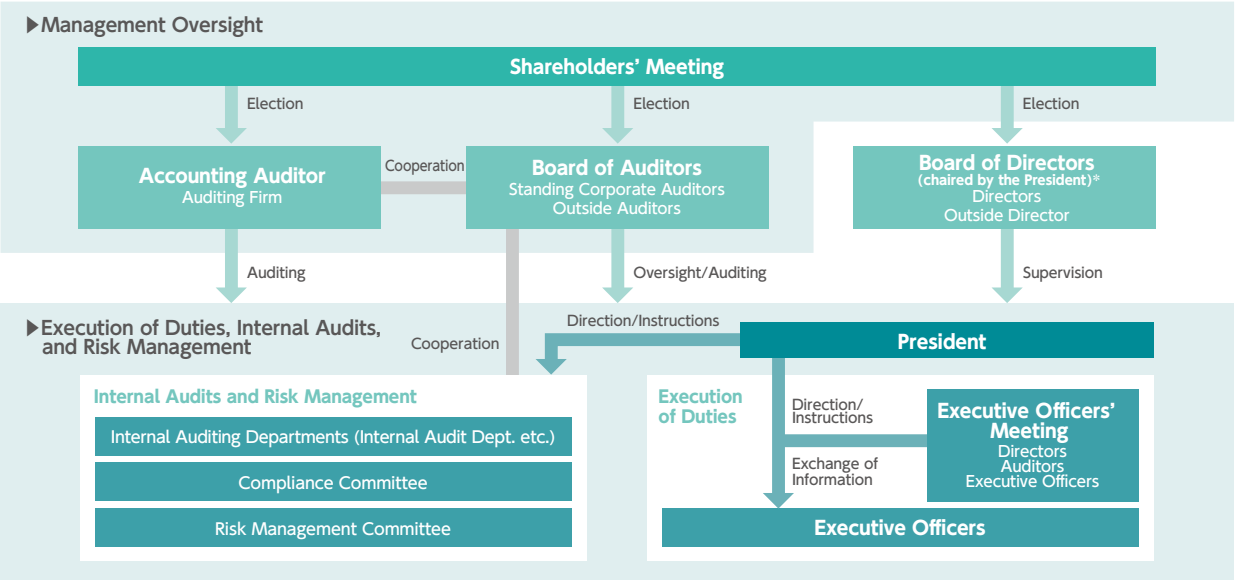
The Board of Directors, in accordance with laws and regulations, including the Regulations of the Board of Directors, makes decisions on the execution of important operational matters and monitors the progress of each director's execution of operations based on reports on important issues concerning 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 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 25, 2015, the management system includes nine directors and 17 executive officers (including seven 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.

● **Structure of Corporate Governance (as of June 25, 2015)**



*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.

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, 2015, 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.

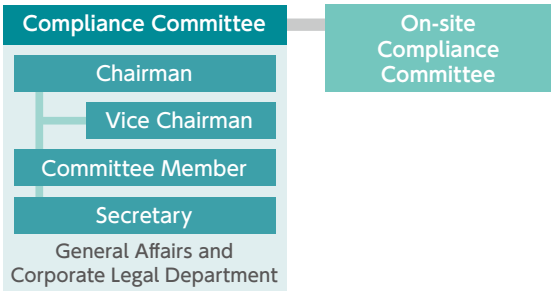
Rigorous Compliance

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.

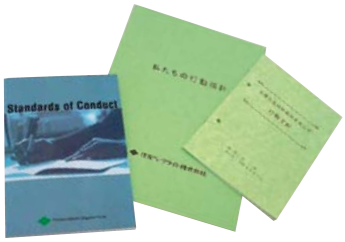
● Compliance System



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 for daily activities applicable to all 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



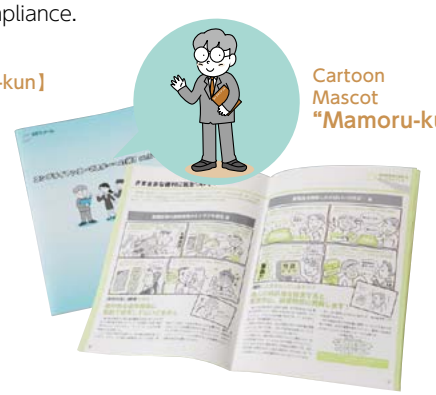
To make compliance an integral part of daily activities throughout the Group's worldwide operations, each department decides on the key items for compliance, in light of its circumstances and roles, and prepares Articles for Emphasis in Compliance, which is displayed prominently in all workplaces. The Articles are confirmed with all employees periodically by having them read 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 13 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 gained from it, he's able to identify issues in the company and offer appropriate advice. He must already be a compliance master!



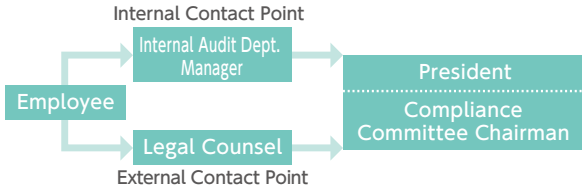
Cartoon Mascot "Mamoru-kun"

Corporate Governance, Compliance, and Risk Management

Whistleblower System

We have established a system that enables the 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 placed at a disadvantage as a consequence of reporting violations. Six cases were reported in fiscal 2014, but none of these involved major improprieties, and the matters were dealt with appropriately.

● **Flow of the Whistleblower System**



Monitoring

In accordance with the Basic Policy on Internal Control Systems, the Internal Auditing Regulations, the Basic Rules and Regulations for Internal Control over Financial Reporting, the Environmental and Safety Auditing Regulations, the Security Export Control Regulations and so on, the Internal Audit 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 issues. In fiscal 2014, 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.

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 2014, 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**

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, labor-management 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	FY2014 targets	FY2014 results	FY2015 plan	Achievement evaluation	Relevant page
Environmental initiatives	Reduction in CO_2 emissions (compared with FY2005)	In Japan: 18% reduction	In Japan: 26% reduction	In Japan: 26% reduction	○	27
		Overseas: 14% reduction	Overseas: 13% reduction	Overseas: 12% reduction	△	27
	Reduction in material loss (compared with FY2005)	In Japan: 27% reduction	In Japan: 22% reduction	In Japan: 30% reduction	▼	27
		Overseas: 44% reduction	Overseas: 42% reduction	Overseas: 46% reduction	▼	27
	Reduction in chemical substance emissions (In Japan: compared with FY2005) (Overseas: compared with FY2010)	In Japan: 55% reduction	In Japan: 54% reduction	In Japan: 63% reduction	△	27
		Overseas: 31% reduction	Overseas: 41% reduction	Overseas: 41% reduction	○	27
Initiatives for safety and reliability	Quality audits	In Japan: 15 business division Overseas: 11 business division	In Japan: 15 business division Overseas: 11 business division	In Japan: 24 business division Overseas: 14 business division	○	33
Initiatives for enhancing employee motivation	In-house human resources development	Continue employee education and training at SB School	Cumulative total of about 19,000 employees participated in training programs Cumulative total of about 33,000 hours of education and training	Continue employee education and training at SB School	○	39
Relationships with society	CSR procurement	•Follow up with implementation of the Green Procurement Guideline •Through 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	•Implementation of the checklist was thorough. •No implementation at overseas affiliated companies	•Review the procurement policy (CSR items) and incorporate EICC Code of Conduct	△	40
	Enhancement of customer satisfaction	•Continue activities to strengthen ties with customers under the leadership of the company-wide CS Promotion Committee •Activities to improve customer service at sites	•Presentations at business briefing meetings, company-wide exhibitions, redesign of the Company's website for the public, and customer relations project activities •Activities to enhance hospitality for customers during their site visits and redesign of the routes of factory tours	•Continue activities to strengthen ties with customers under the leadership of the company-wide CS Promotion Committee •Promote preparation of content that helps customers understand our products •Activities to improve hospitality for customers at sites	○	41
	Support for education of the next generation	•Provide advanced science and technology information by presenting simulations to science teachers through school-organized study groups and events (support activities)	•Held a science education workshop at Chugai Pharmaceutical Manufacturing Co., Ltd. In addition to a factory visit and a lecture, there was an opportunity for science teachers at elementary and junior high schools in Fujieda City to have discussion with participants from Fujieda City Education Committee, Fujieda City Industry Cluster Promotion Department, and local companies in diverse industries, The relationships between science teachers and companies were deepened.	•Offer science teachers opportunities to deepen relationships with local companies through school-organized study groups •Facilitate companies' provision of advanced science and technology information to science teachers through events (support activities) to support education of the next generation	○	42
	Prevention of occupational accidents	Number of lost-time accidents in Japan: 0	In Japan: 2	In Japan: 0	△	45
		Number of lost-time accidents overseas: 12	Overseas: 27	Overseas: 12	△	45
	Environmental and safety audits	In Japan: 5 sites, 7 affiliated companies, 8 plants Overseas: 6 companies in East Asia, 3 companies in Europe	In Japan: 5 sites, 7 affiliated companies, 8 plants Overseas: 6 companies in East Asia, 3 companies in Europe	In Japan: 5 sites, 7 affiliated companies, 8 plants Overseas: 5 companies in Southeast Asia, 5 companies in North America	○	46
	Support for environmental NPOs	Continue support for NPO "Morino Chonai-Kai" (Forest Neighborhood Association)	Usage of Mori no Chonai-Kai paper amounted to about 7,000 kg (2% year-on-year increase), contributing to thinning of 0.41 ha.	Continue support for "Morino Chonai-Kai" (Forest Neighborhood Association)	○	Web 55

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

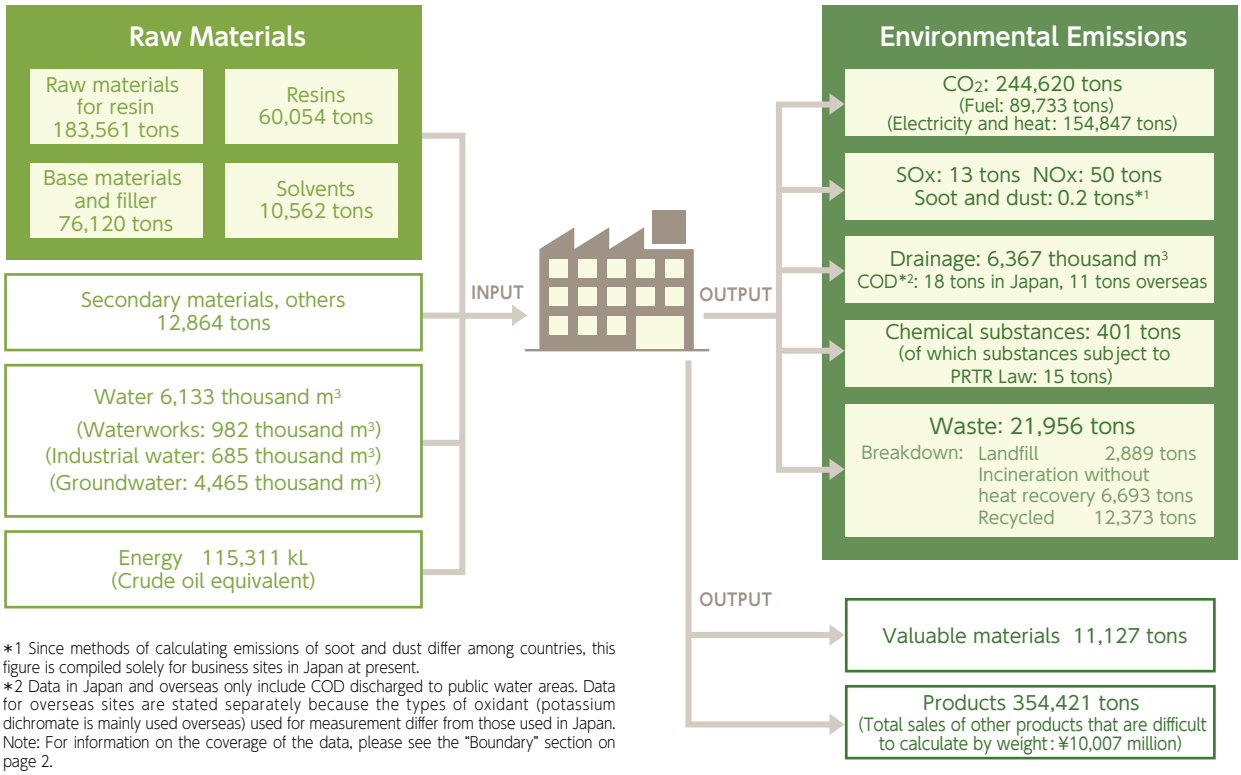
Material Flows and Investments in Environmental Protection

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. Since fiscal 2014, data on chemical oxygen demand (COD) of overseas Group companies have also been disclosed.

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 differ among countries, this figure is compiled solely for business sites in Japan at present.
∗2 Data in Japan and overseas only include COD discharged to public water areas. Data for overseas sites are stated separately because the types of oxidant (potassium dichromate is mainly used overseas) used for measurement differ from those used in Japan.
Note: For information on the coverage of the data, please see the "Boundary" section on page 2.

Investments in Environmental Protection

The Group 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 2014. The Group is stepping up its environmental conservation efforts.

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

● Amounts of Investments in Environmental Protection in Fiscal 2014

Item	Investment amounts (millions of yen)
Emissions control	106
Energy saving	238
Waste reduction, recycling, and treatment	6
Total	350

Having Set Medium- to Long-term Reduction Targets, We are Making a Concerted Effort to Reduce Environmental Impacts

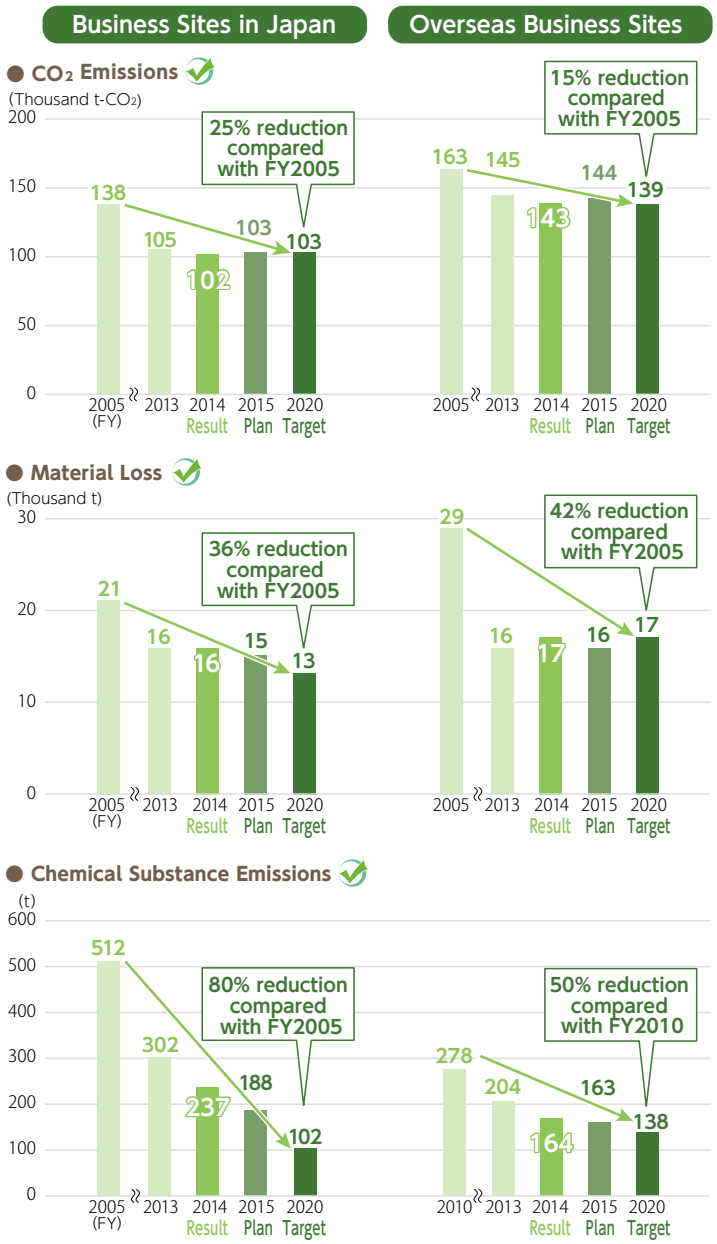
Having completed our medium- to long-term plan up to fiscal 2009, we have been implementing a new medium- to long-term plan covering the period through fiscal 2020. Since 2010 we have been participating in the Keidanren's Low Carbon Society Action Plan under the auspices of the Japan Chemical Industry Association (JCIA) and are working to reduce greenhouse gas emissions.

Graphs on the right show the results for fiscal 2014 and the plan for fiscal 2015.

CO_2 emissions from the Group's business sites in Japan decreased owing to energy conservation measures. However, in view of the higher CO_2 emission coefficient, CO_2 emissions are expected to increase in fiscal 2015. Material loss was virtually unchanged. We will promote waste reduction through MFCA*. Chemical substance emissions decreased substantially owing to the introduction of facilities and a further decrease is expected in fiscal 2015. Emissions of substances subject to the PRTR Law included in the chemical substance emissions were unchanged from fiscal 2014 at 15 tons.

At the Group's overseas sites, CO_2 emissions somewhat decreased in fiscal 2014. They are expected to slightly increase in fiscal 2015, reflecting higher production output, but energy conservation measures are expected to curb the degree of increase. Material loss slightly increased. Reduction through MFCA will be promoted as in Japan. Chemical substance emissions decreased owing to reduced use of chemical substances and the introduction of facilities.

JCIA change the chemical substances subject to survey in fiscal 2013 and the Company reflected the change in the overall results from fiscal 2014 onward. As a consequence of this change, ammonia, which is mainly emitted by overseas sites, is now outside the scope of calculation.



Notes:
1. For information on the coverage of the data, refer to the "Boundary" section on page 2.
2. For definitions and the calculation method of CO_2 emissions, material loss, and chemical substance emissions, refer to Data Section on page 54 of the Web edition.
3. Regarding 39 substances subject to the PRTR Law included in chemical substance emissions, the total amount released by the Group's sites in Japan amounted to 15 tons and the total amount transferred amounted to 117 tons. For the details of transfer and release of substances subject to the PRTR Law, refer to Data Section on page 64 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.

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

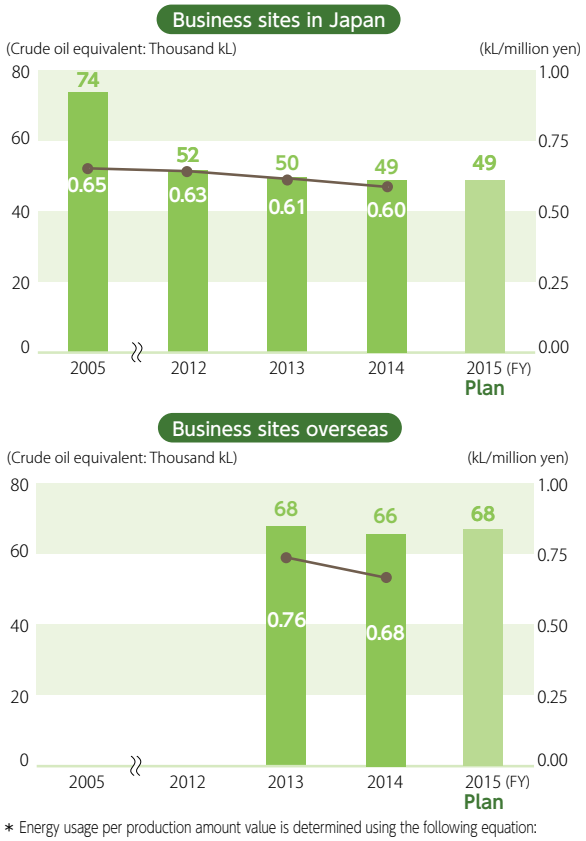
The Environmental Impact Reduction Committee

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

The Life Cycle Subcommittee continues to focus on life cycle assessment (LCA) at all R&D departments with the aim of establishing production systems with minimal environmental impacts through scientific, quantitative, and objective assessment of environmental impacts from the R&D phase onward. Another priority is the fostering of researchers and development engineers capable of performing LCA and designing energy-efficient products. In fiscal 2015, to further expand the scope of activities, the Life Cycle Subcommittee intends to introduce quantitative assessment of the environmental benefits of the Company's products, including existing products.

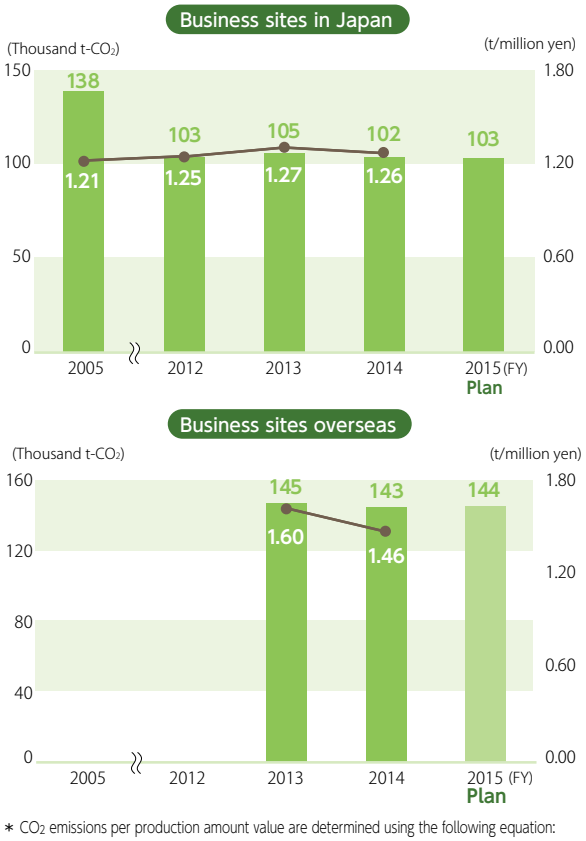
The Energy Conservation Subcommittee took best practices derived from projects executed at major plants and deployed them throughout the Group's business sites in Japan. The Subcommittee worked to inculcate a voluntary-activity-based mechanism for continuously generating and implementing ideas for energy saving at the Group's business sites in Japan. In fiscal 2014, project activities and other voluntary activities achieved energy saving of 617 kL in crude oil equivalent (1,168 t-CO_2) and 461 kL (872 t-CO_2), respectively. Overseas, we took best practices developed at affiliated companies in China and deployed them at other affiliated companies. Furthermore, through energy-saving campaigns in accordance with the Japanese government's requests in the summer and the winter, we achieved results exceeding the targets. In fiscal 2015, each site will continue to implement its plan by establishing energy consumption reduction targets. Our focus will be on creating a system for sharing examples of energy saving and technical information among business sites to improve the level of energy-saving technology throughout the Company and provision of technical support by mother plants in Japan to affiliated sites overseas.

● Energy Usage and Energy Usage per Production Amount Value*



* 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 cover all the business sites listed on page 2.

● CO_2 Emissions and CO_2 Emissions per Production Amount Value*



* CO_2 emissions per production amount value are determined using the following equation:
CO_2 emissions per production amount value = CO_2 emissions/(production amount x unit price)
Note: Data cover all the business sites listed on page 2.

Disclosure of Scope 3* Data

We used to disclose CO_2 emissions data only of Scope 1 and 2. In view of the increasing importance of grasping CO_2 emissions data throughout the supply chain, we have started calculation and disclosure of Scope 3 data concerning our supply chain.

For fiscal 2014, of the categories of Scope 3, results in the following categories are disclosed: Category 1 "Purchased goods and services," Category 3 "Fuel- and energy-related activities (not included in Scope 1 or 2)," Category 4 "Upstream transportation and distribution," Category 6 "Business travel," and Category 7 "Employee commuting." The data revealed that Category 1 "Purchased goods and services" account for a large portion of CO_2 emissions.

We intend to start calculation and disclosure of data in other categories from fiscal 2015 onward and improve accuracy of data in the categories disclosed this year as part of our efforts to reduce CO_2 emissions throughout the supply chain.

● CO_2 Emissions in Certain Categories of Scope 3* and Other Scopes(Domestic Sites)

No.	Category	Emissions (Thousand t-CO_2/year)
1	Purchased goods and services	350
3	Fuel- and energy-related activities (not included in Scope 1 or 2)	13
4	Upstream transportation and distribution	17
6	Business travel	2
7	Employee commuting	2
Scope 3 Total		384
Scope 1 (All direct emissions)		47
Scope 2 (Indirect emissions from consumption of energy)		55

*Scope 3

Whereas Scope 1 concerns direct emissions due to combustion of fuel etc. and Scope 2 concerns indirect emissions from consumption of purchased electricity, heat or steam, Scope 3 concerns other indirect emissions, both upstream and downstream, of the supply chain of the reporting entity. The international guidelines of the Greenhouse Gas (GHG) Protocol break down Scope 3 into 15 categories.

Calculation method: We calculated the amount of emissions in accordance with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.1 issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, using the emission factors stated in the separate Emissions Unit Value Database and the Carbon Footprint Communication Program Basic Database.

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

Reducing Material Loss

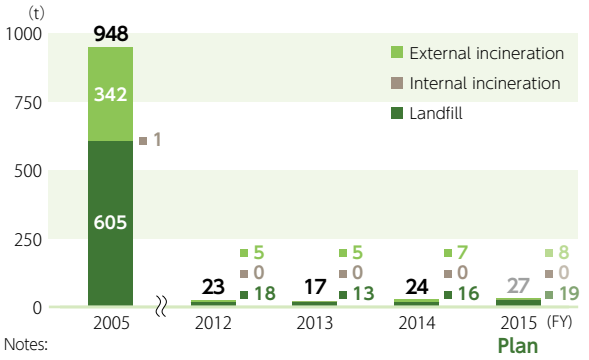
Initiatives to Reduce Material Loss

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 instead of landfill or simple incineration without heat recovery. In fiscal 2012, all the Group's business sites in Japan achieved zero emissions (certified internally) and are maintaining zero emissions.

The graphs show the volumes of materials subject to zero emissions measures for the base year of fiscal 2005 and for recent years. The volumes in fiscal 2014 slightly increased from fiscal 2013, both for external incineration and landfill. We intend to promote further reduction through analysis of losses in processes using material flow cost accounting (MFCA).

● Materials Subject to Zero Emissions Measures in Japan



Notes:

1. Data cover all the business sites in Japan listed on page 2.
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 from fiscal 2012 onward.

Material Flow Cost Accounting (MFCA)

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

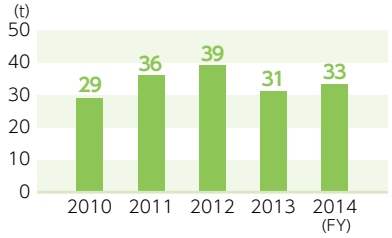
We introduced MFCA at all production sites in Japan in fiscal 2011 and started introduction of MFCA at overseas production sites in fiscal 2012 to clarify losses in various processes.

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

Emissions to the Atmosphere

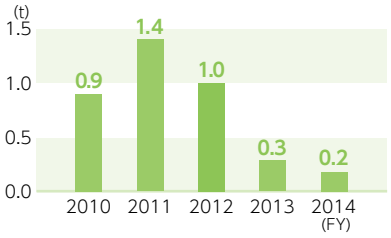
The Group's business sites in Japan have been promoting a shift of boiler fuel from oil to natural gas since fiscal 2004. Fuel conversion was almost completed in fiscal 2013. Emissions of SOx and soot and dust have been low. Emissions of NOx have also been low despite slight fluctuations depending on the conditions of combustion of city gas.

● NOx Emissions



● SOx Emissions

● Soot and Dust Emissions



Note: Data cover 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.

● Impact by COD

Notes:
1. Data cover all the business sites in Japan listed on page 2.
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 2014 we had no major case of leakage.

● Soil and groundwater investigation results, countermeasures, and monitoring results

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

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 and groundwater contamination by trichloroethylene were detected. Decontamination work in accordance with the Soil Contamination Countermeasures Act and the ordinance of Yokohama City was completed in December 2013 and we reported it to Yokohama City. Subsequent monitoring of groundwater (one year) confirmed that the contamination is below the standard values and we filed an interim report in January 2015. Upon sale of the site in March 2015, the new owner inherited the obligation from us.

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 adverse environmental impacts. 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.

Topics Shizuoka Plant Biotope Project in 2014

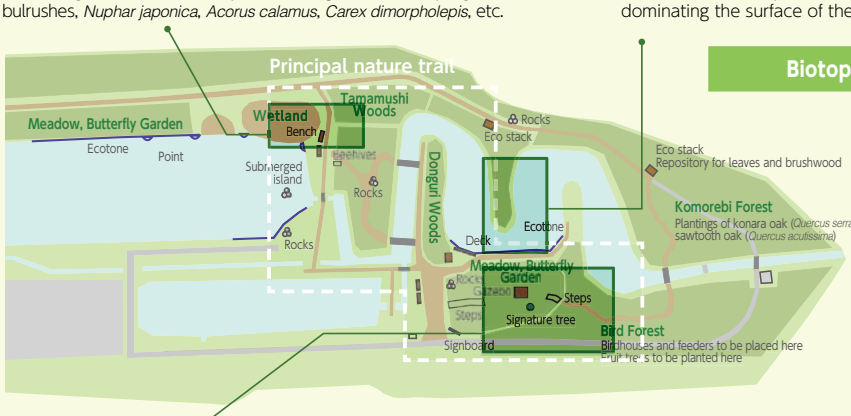
Based on the results of a biodiversity assessment conducted in fiscal 2011, we started developing a biotope at the Shizuoka Plant in fiscal 2012. The work in fiscal 2014 included improvement of Irodori no Oka and Donguri Woods and planting of wetlands, and created a submerged island in the pond to provide a habitat for aquatic creatures. Besides the construction project, we held a nature observation event for our employees and their families. It was confirmed that killifish, which is designated as a vulnerable species, and three other species of aquatic creatures inhabit the pond at this site. As for aquatic insects, the lesser emperor dragonfly and the water beetle *Eretes sticticus*, were observed. These species were not observed in fiscal 2011. We are looking forward to seeing the further development of the biotope.

Wetland Development (Stage II)

Following fiscal 2013, we planted *Ohga lotus*, weeping willows, bulrushes, *Nuphar japonica*, *Acorus calamus*, *Carex dimorpholepis*, etc.

Removal of water hyacinth (Stage II)

Beds of water hyacinth, a non-native invasive species, dominating the surface of the pond were removed.



Development of Irodori no Oka (Stage II)

We continued planting and weeding in fiscal 2014. Plants have flourished and bloomed.

Nature observation event

This event was held for employees and their families so that they could familiarize themselves with the biotope and know what to expect. The participants walked around Irodori no Oka and beside the wetland, observing the flora and fauna in the biotope.

Aquatic creatures in the wetland

Lythraceae

Golden race

Walking around Irodori no Oka

What can you see?

Product Liability

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

The Group's Quality Assurance System

The Group has established quality management systems (QMS) based on ISO 9001. The Group's 36 sites were certified as of May 1, 2015 and are maintaining their certifications.

Certification standards	Business/Products
ISO 9001	Quality of Life Products (packaging films for food and pharmaceutical products, bio-based products, construction materials, waterproofing products, waterproofing construction and others)
	High-Performance Plastics (including molded products)
	Semiconductor Materials
ISO/TS 16949	High-Performance Plastics
	Semiconductor Materials
ISO 13485	Medical Products
AS 9100C	Aircraft Components

Within a framework conducive to interdivisional collaboration in all processes—from product planning, research, design & development, and preparation for production, through production, sales & 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>

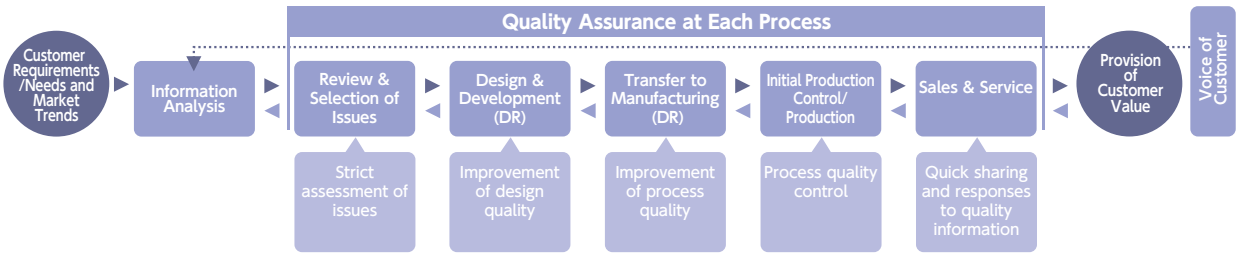
In mind with the "Customer First" and the "Quality First," all Sumitomo Bakelite (SB) Group employees shall contribute to increasing the company's revenue by creating efficient work flow for ensuring quality.

1. Quality Improvement Activities of Existing Businesses (Complaints Handling Aimed At Improving Customer Satisfaction)
2. Reducing Risks to New Businesses
3. Improvement of the Entire Total Manufacturing (Monozukuri) Process through Internal Quality Audit and Daily Inspection / Review
4. Skill Enhancement for Preventing Risks in Advance

Examples of the Group's Initiatives

The diagram below shows the Group's vision of the new product development and commercialization processes. Key aspects of the processes are presented.

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



Initiatives

- Implementation of the quality assurance function of the mother site
- Participation and collaboration of the divisions concerned from the initial stage of design and development
- Process improvement (new product development review, project review, design and development quality indices, etc.)
- Robust design through quality engineering
- Prevention of quality problems through reliability engineering, FMEA, DRBFM and FTA
- Appropriate go/stop decisions at each milestone
- Close assessment during design reviews
- Change control
- Reflection of the voice of customer through utilization of support tools etc.

Framework Supporting the Initiatives

- **Defining rules**
- **Building organizations**
- **Fostering human resources**

Quality Improvement Activities of Existing Businesses

We are conducting cross-functional activities to solve swiftly not only major quality issues but also minor ones. In fiscal 2015, in addition to these activities, we will promote initiatives to eliminate complaints that have not been resolved for a long time, to reduce complaints, and to greatly reduce the quality failure cost. In order to prevent new occurrence and recurrence of complaints and process accidents, we use Why-Why Analysis and Further Investigation and identify phenomena, causes, countermeasures, etc. concerning the problems. Such information is organized as knowledge for sharing across divisions.

We also utilize quality engineering (the Taguchi Method) in order to develop robust designs that are less affected by external (variations in customer usage conditions and environment conditions) and internal (deterioration of components through wear, contamination, etc.) factors that can occur, and manufacturing variations (product and component variations).

We use FMEA, DRBFM, and quality engineering not only for new product development but also for preventing quality problems that tend to occur in the 3H situations (Hajimete: the first time; Henkou: change and difference from the previous time; Hisashiburi: a long interval).

Reducing Risks to New Businesses

There are needs to improve output quality (completeness) of product designs and process designs when developing new products and to accelerate the development process by minimizing rework. The keywords are optimizing and shortening. Improving our existing quality system is also important. In order to achieve optimizing and shortening in parallel and simultaneously, we are promoting the following initiatives.

❶Shortening New-product Development Periods and Improving Work Quality

In new product development, initial plans tend to be delayed because of the need for rework if problems arise. Thus, we implement the plan-do-check-action (PDCA) cycle to raise the completeness of the design quality and shorten the development period through collaboration of all the departments concerned from the initial phases. Furthermore, we implement the following to ensure that the problems do not recur in subsequent development tasks.

i) Feedback Review Analysis to identify problems through reviews of development processes over time.

ii) Why-Why Analysis and Further Investigation to identify root causes of occurrence and outflowing of the problem in terms of technology and management. Why-Why Analysis and Further Investigation are also used to determine why problems were not prevented in terms of organizations, allocation of functions, systems, frameworks, and culture and to identify measures for preventing recurrence and new occurrence.

❷Proactive Use of Various Quality Control Techniques

In addition to Failure Modes and Effects Analysis (FMEA) to predict potential failures or abnormalities in product design and process design phases in order to prevent recurrence, we utilize Design Review Based on Failure Mode (DRBFM) that focuses on changes to the design and changes to conditions and the environment and thoroughly analyzes the effect of the changes before conducting design review.

Internal Quality Audit and Daily Inspection / Review

The Corporate Quality Assurance Promotion Department periodically conducts onsite quality audits of the Group's domestic sites and subsidiaries and affiliates in Japan and overseas. The objectives of quality audit are to check the statuses of enhancement of customer satisfaction, reduction of manufacturing risks, compliance concerning product liability, etc. and to correct defects and promote improvement.

Quality audits of subsidiaries and affiliates are conducted in cooperation with their mother plants. Quality audits were conducted at four sites in North America in fiscal 2014 and are scheduled at three sites in Europe in fiscal 2015.

DRBFM training at Utsunomiya Plant

Employees' awareness concerning quality enhancement is raised through quality meetings and design reviews at business units.

Why-Why analysis training at Manchester Plant

Skill Enhancement for Preventing Risks in Advance

We offer 32 quality training programs at our SB School to increase our employees' awareness of quality, to prevent quality problems, and to improve quality techniques. In November every year, quality education via e-learning is conducted for all employees.

We continue to implement practical training for effective utilization of FMEA, DRBFM, and quality engineering.

Furthermore, we continue to implement training in Why-Why Analysis that can also be used in resolving various problems that occur in the course of daily work as well as for quality problems. We conduct training in Why-Why Analysis, taking the opportunity of quality audits of subsidiaries and affiliates in Japan and overseas.

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

Chemical Substance Management throughout Product Life Cycles

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 monitoring chemical substance-related laws and 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 environmental impacts throughout product life cycles.

Provision of Chemical Substance Data

Safety Data Sheets (SDSs) 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 SDSs. 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. We were among the first to introduced MSDgen*1 in response to the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). We now provide SDSs compliant with the regulations of 38 countries in the official languages of those countries.

In 2015, we have revised the content of SDSs and labeling for the U.S., Malaysia, and the Philippines to ensure compliance with GHS.

● **SDS Compliance with GHS**

Region		Number of countries covered	Compliance with GHS
North America and Latin America		3 countries	SDSs for the U.S. are now GHS-compliant
Europe	Non-EU	5 countries	Previously, both EC*2 and CLP*3 classifications were presented but now only CLP classifications are presented.
	EU	19 countries	
Asia/Oceania		10 countries	Compliant for 6 countries
Japan			Compliant with JIS Z 7253*4

Chemical Substance Management System

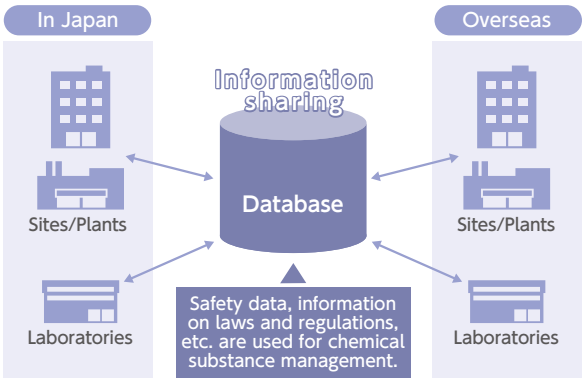
Construction of a comprehensive chemical substance management system is underway to unify management of chemical substances contained in products and raw materials handled by the Group's plants and research laboratories worldwide.

This system speeds up investigations of the safety of products and raw materials, regulatory information, etc. Introduction of this system allows us to provide accurate information in a timely manner.

We plan to deploy the system to plants that manufacture molded articles and expand application of volume tracking management to products exported to Taiwan and South Korea.

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

● **Comprehensive Chemical Substance Management System**

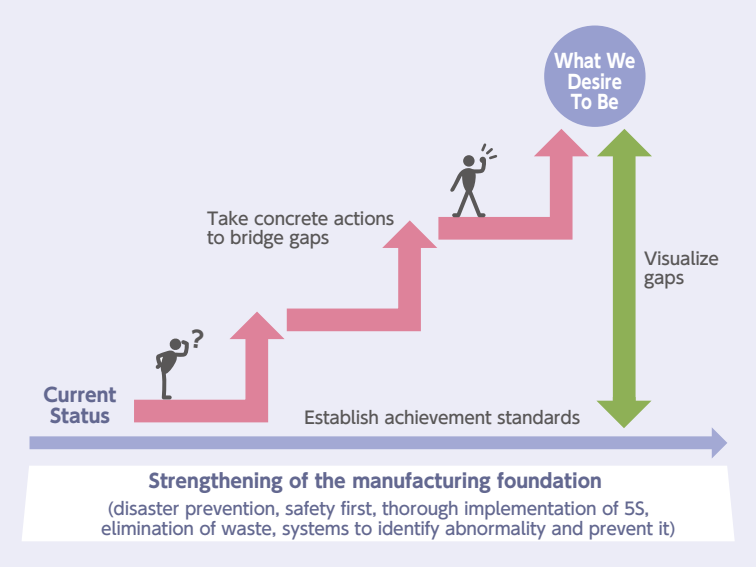


*1 MSDgen: A software introduced in 2008 that is suitable for issueing SDSs in multiple languages.
*2 EC: The EU's system for classifying hazardous and harmful substances based on an EC directive
*3 CLP: Regulation on classification, Labeling and Packaging of substances and mixture.
*4 Japanese Industrial Standards (JIS) Z 7253: "Hazard Communication of Chemicals based on GHS—Labeling and Safety Data Sheet (SDS)"

We Strive to Improve Manufacturing in pursuit of Overwhelming Competitive Superiority and to Implement CS through Collaboration among Business Units and Departments

Initiatives for Manufacturing (Monozukuri)

Our adherence to the *San-Gen Shugi* principle emphasizing *Genchi* (actual place), *Genbutsu* (actual things), and *Gennin* (actual situations) underpins improved earnings so that the Company can achieve its objectives. We also emphasize development of human resources capable of applying this principle in practice.



● SBPS (Sumitomo Bakelite Production System)

SBPS is a production control system with the object of securing profitability and assuring safety (for human / equipment / environment / quality) necessary for Sumitomo Bakelite's sustainable growth. We set concrete targets (the amount of money / the quantity / the schedule) and develop a plan to be attained by who and when, without delaying. This is exactly a day-to-day operation.

● Examples of human resources development

New employee training
(Hands-on manufacturing practice using assembly kits)

Thinking process program
(Training in creative thinking and active behavior)

Workplace leader training
(Practice of workplace improvement in a simulated workplace)

● Examples of improvement activities

Workplace improvement activities
(Inspections and proposals based on the *San-Gen Shugi* principle)

Improvement discussion meeting
(Group discussion on improvement themes)

Promoting application of IT to onsite operations
(Shift from handwritten inspection reports to entry using electronic terminals)

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 the Group

(As of March 31, 2015)

Employees in Japan and Overseas

(People)

	Directors	Executive officers	Employees	Temporary employees*	Total
Sumitomo Bakelite	8	11	2,121	298	**2,438**
Subsidiaries and affiliates in Japan	24		777	161	**962**
Overseas subsidiaries and affiliates	27		3,798	194	**4,019**
Total	59	11	6,696	653	**7,419**

*Part-time and other non-regular employees

Employees by Geographic Area

(People)

Japan	Europe	North America	East Asia	Southeast Asia	Total
3,400	349	1,238	1,763	669	**7,419**

Notes:
1. The number of employees on a consolidated basis shown on page 18 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.
3. As a result of inclusion of Vaupell within the Boundary, the number of employees of overseas subsidiaries and affiliates greatly increased.

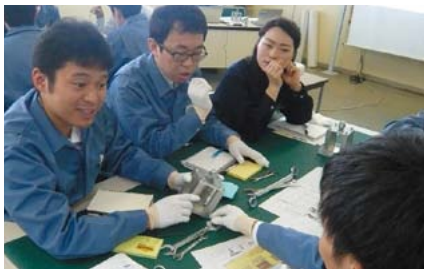
Recruitment Activities of Sumitomo Bakelite

Employees Newly Recruited

(Including new graduates and mid-career personnel) (People)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY2015 (plan)
Newly recruited	42	40	37	34	**50**	35
Male	29	33	34	28	**42**	–
Female	13	7	3	6	**8**	–

Notes:
1. 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 FY2015 is unknown.



Training of new employees

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 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.

Employees beyond Retirement Age

(People)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Number of retirement-age retirees	64	51	59	37	**34**
Number of post-retirement rehires	44	41	50	23	**27**
Rehiring ratio(%)	69 %	80 %	85 %	62 %	**79 %**

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

Projected Benefit Obligations

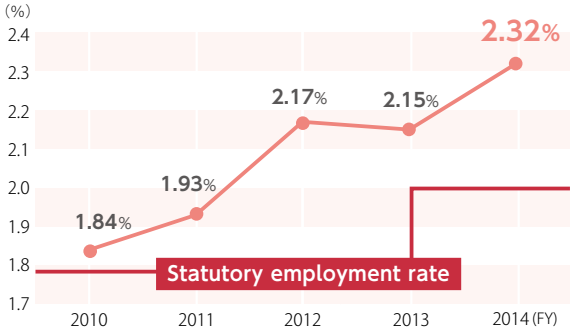
Regarding retirement benefit systems, the Company employs a defined benefit system in Japan. Overseas, some consolidated subsidiaries concurrently use defined contribution and defined benefit systems. At the end of fiscal 2014, projected benefit obligations of the Company and its subsidiaries totaled ¥33.2 billion, while pension plan assets amounted to ¥30.4 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. To provide people with disabilities with opportunities to find jobs that suit them and their work style, we accept students with disabilities for internships. We are continuing recruitment of people with disabilities.

● Employment Rate of People with Disabilities over the Past Five Years (As of March 31, 2015)



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:

(1) To promote flexible approaches to work, while also reducing overtime hours and promoting the full use of annual leave entitlements, and encourage employees to devote the additional time available to worthwhile non-work activities, such as educational pursuits and activities related to family and community

(2) To 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 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. In fiscal 2014, we increased the number of days of leave for husbands attending their wives' delivery from three days to five days.

These initiatives are expected to contribute to further promotion of work/life balance.

● Number of Overtime Hours Worked and Vacation Days of Regular Employees

	FY2010	FY2011	FY2012	FY2013	FY2014
Average number of overtime hours (annual basis)	158.3	142.7	112.7	139.9	**140.4**
Average number of vacation days used	12.8	13.6	12.8	13.3	**13.1**

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

Employment Support for Various Life Events

We are focusing on creating an environment where our employees can achieve their goals for both work and life events (such as childbirth and childcare). In fiscal 2009, the scope of the system allowing shorter working hours to facilitate childcare was extended to the child's completion of the sixth grade of elementary school. We also introduced a system concerning work locations for employees who move due to marriage etc. In addition, we introduced a system of reemployment of former employees who left the Company for reasons such as marriage and childbirth and who now wish to return to work. For 10 years after retirement, they can rejoin the workforce as a contract worker. In fiscal 2014, we extended the childcare leave period until the child reaches two years old (from one year and six months old). We are working to steadily enhance our support system.

Next-generation Certification Mark: "Kurumin"

Voice of a user of the support system

Parental leave was very helpful, thank you!

Toshiya Matsuzaki, Employee Relations & Welfare Department

Our first child was born in the spring of 2014. Since my wife wished to take care of the child at home after she was discharged from hospital, I took parental leave for about three weeks. I was not particularly good at housework, since, I am ashamed to confess, I had not done much housework previously. Still, it seemed to help, at least a little, to lighten the burden on my wife who was with our daughter all the time. Above all, it seems she felt much more relaxed just by having me at home. By helping my wife take care of our daughter and figuring out this new situation, I gradually developed the sense that we had a new family member. That everything went so well after the birth, and I could take care of our daughter, is all thanks to the parental leave system and to the understanding and cooperation of the people at my workplace, and we are very grateful for this.

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. Employees over 30 years old and employees over 40 years old are entitled to receive cancer screening (stomach and colon) and abdominal ultrasonography, respectively. 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, employees engaged in work that involves use of organic solvents and specified chemical substances receive special health checkups twice a year for early detection and prevention of health problems attributable to occupational diseases. We also provide opportunities for employees to receive health consultations at their own discretion with industrial medical staff who offer advice on physical and mental health issues. In fiscal 2012, we began offering health guidance 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 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 formulated a program to support people with mental health problems. The program is designed to help them return to work and to prevent relapses through a concerted effort of their superiors, people in charge of labor affairs, industrial physicians, and healthcare staff.

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 labor-management relations and the collaboration they engender are essential ingredients 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, major plants hold monthly labor-management meetings. 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 through labor-management collaboration, 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.

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


Labor-management meeting on occupational health and safety

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 that helps enhance customer value through its products and services, creating plastics with more sophisticated functions, and can achieve sustainable growth in the advanced chemical products sector. 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.

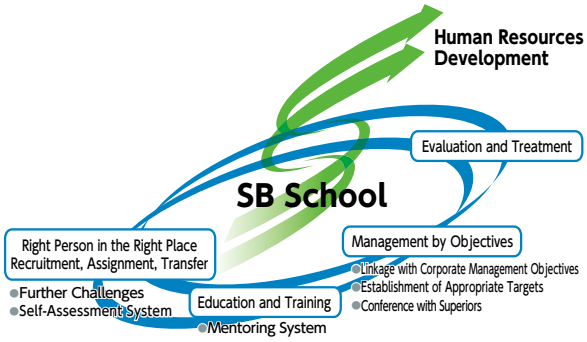
● Key characteristics of the autonomously motivated personnel Sumitomo Bakelite seeks

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

In September 2007, we opened the Sumitomo Bakelite School (SB School), which is designable to provide lifelong education and training courses that help the Sumitomo Bakelite Group achieve sustainable 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 the Company's 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 needed by employees. From April 2014 through March 2015, the cumulative participation in SB School courses was about 19,000, and the number of hours of instruction was approximately 33,000. Going forward, we will plan and implement a wide range of programs to develop the capabilities of all employees—the Company's most precious management resource.

Presentation skills training

● SB School and Human Resources Development



Human Rights Education

We strictly prohibit discrimination and all forms of harassment in "Our Standards of Conduct" etc. applied throughout the Group. 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 raise 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 2014, a total of 976 hours of human rights education was provided. Education according to positions, such as for new employees, young employees, and junior managers, also addresses specific topics related to human rights that correspond to each position and require careful attention in order to raise employee awareness of human rights.

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.

Sumitomo Bakelite (Dongguan) has been offering a Japanese language class after work since August 2013 for employees who are eager to learn Japanese in order to facilitate work through close communication with Japanese people. The company carries out evacuation drills and fire extinguishing drills periodically so that its large workforce can act appropriately in a calm manner in any eventuality.

Japanese language class at Sumitomo Bakelite (Dongguan)

Fire extinguishing drill at Sumitomo Bakelite (Dongguan)

Shareholders, Investors, and Business Partners

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

Information Disclosure

In addition to timely disclosure in accordance with the disclosure standards of the stock exchanges where the Company's shares are listed, we post financial results, information on general shareholders' meetings, and other information on our website, as part of our efforts to ensure appropriate and timely disclosure.

Business Report

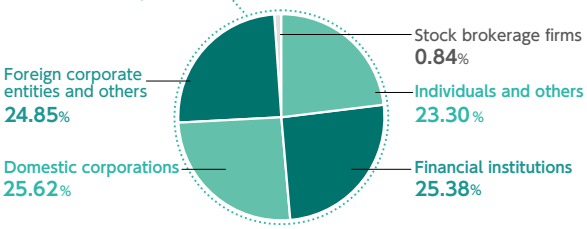
Presentation on financial results and business outlook

Encouraging Exercise of Voting Rights at Shareholders' Meetings

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

● Stock Information and Shareholder Composition (as of 31 March 2015)

Total number of shares issued : 262,952,394
Total number of shareholders: 16,276
Shareholder composition



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 the Group companies worldwide. Our procurement policy and Green Procurement Guidelines are posted on the Company's website. Currently, we are reviewing our procurement policy. The revised procurement policy will explicitly require not only the Company but also its business partners to act in accordance with the code of conduct of the Electronic Industry Citizenship Coalition (EICC) regarding prohibition of child labor and forced labor, prohibition of bribery, control of conflict minerals, etc. Our new procurement policy will be announced within fiscal 2015. Our initiatives are described 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 it operates. 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 CSR and environmental impact reduction initiatives.

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 judgment. We are convinced that it is important to establish a relationship of equals based on trust with every business partner and that the transactions should be beneficial to both parties.

Initiatives for Stable Procurement

The Global Procurement Div. audits materials 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 materials manufacturers and keeps it up to date. In the event of a disaster, the division checks the statuses of manufacturers' factories in the affected areas and formulates countermeasures.

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 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 best practices. Individuals, departments, and Group companies with outstanding CS achievements are recognized and honored.

We issued the 5-Point CS Declaration in 2012 based on the Group's emphasis on customer satisfaction. In fiscal 2015, we will vigorously implement initiatives to improve CS, including a revamping of the product displays at our Head Office and other business sites.

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

Besides the disclosure of corporate information as mandated by law, we use diverse media to keep stakeholders and the general public informed about our initiatives and progress, such as press releases, advertising at airports and stations, in Shinkansen trains, and at baseball stadiums, and our website, which was completely redesigned in March 2015.

Exhibition corner at the Head Office

Redesigned Sumitomo Bakelite website

Ticket wicket at Tennozu Isle Station of Tokyo Monorail

Departure lobby at the Haneda Airport International Terminal

Social Contribution

Donations

We make donations directly and through reputable organizations that benefit worthwhile causes in such areas as schools and education, social welfare, science and technology, culture and the arts, regional development, and environmental protection.

In fiscal 2014, we concentrated on supporting culture and the arts, including sponsorship of an orchestra, and environmental protection as a member of the Keidanren Nature Conservation Fund.

Support for Education of the Next Generation

Fujieda Science Education Support Project

In January 2015, we held the sixth Fujieda Science Education Workshop at the Fujieda plant of Chugai Pharmaceutical Manufacturing Co., Ltd.

Discussion by panelists drawn from industry, academia and government

Participants in front of Chugai Pharmaceutical Manufacturing's state-of-the-art plant

Participating companies:
Chugai Pharmaceutical Manufacturing Co., Ltd.
Meiji Co., Ltd.
Murakami Corporation
Nitivy Co., Ltd.
Mochida Pharmaceutical Co., Ltd.
Mitsui Norin Co., Ltd.
BATHCLIN Corporation
Sumitomo Bakelite Co., Ltd.

Future Activity

The Fujieda Science Education Workshop in fiscal 2015 will be held at Mitsui Norin Co., Ltd., a company famous for Nitto Kocha tea. We will explore the connections between the tea Mitsui Norin produces and the various subjects—botany, meteorology, geology and so on—that science education addresses, to trigger the interest of teachers and encourage fruitful exchanges.

Features of Fiscal 2014 Fujieda Science Education Workshop

1) The presentation focused on how the scientific method is used in drug development, production, quality control and other processes. Participants were able to enhance their understanding by visiting the state-of-the-art factory.
2) The 45 participants included elementary and junior high-school teachers, members of the Fujieda City Education Committee, Fujieda City Industry Cluster Promotion Department, and local companies in various industries. For the first time, the workshop program included opportunities for discussion. Divided into five groups, the participants discussed what they had learned about the technology applied at the factory and explored ways of using the experience of the factory tour to enrich science education. They presented their conclusions.

Results

1) The teachers were eager to investigate the links between science and pharmaceuticals in their classes. Participants from local government and the private sector commented that discussion among representatives of industry, academia and government was both stimulating and valuable, highlighting important issues.
2) The workshop gained media coverage. Shizuoka Shimbun featured an article about the workshop in its January 17, 2015 issue. The workshop was also mentioned in the newsletter of Fujieda City.

Source: Newsletter Fujieda February 5, 2015 issue provided by Fujieda City

Fujieda City's newsletter included an article titled "To Enhance Interest in Science—Fujieda Science Education Support Project." Supported by the increasing interest among people in Fujieda, the project is thriving.


藤の里 ニュース ネットワーク
Fujieda City News
Feb.
理科への関心を高めるために～理科教育支援プロジェクト～

Local Communities

Topics Social Activities of Our Business Sites around the World

Plant Open Days

Our plants welcome factory visits by local residents and student interns.

Internship for university students
(Shizuoka Plant, Japan)

Local university students visiting a plant
(Akita Sumitomo Bakelite, Japan)

Students from a nearby university on a plant tour (Sumitomo Bakelite Macau)

Students studying chemical engineering visit a plant
(Sumitomo Bakelite Europe, Barcelona, Spain)

Environmental Protection and Clean-up

We participate in cleanups and clean-up activities organized by local communities to tidy up the neighborhood and protect the environment.

Implementing municipal heat island countermeasures (Amagasaki Plant, Japan)

Participating in the riverbed cleanup campaign organized by the municipal environmental protection association (Shizuoka Plant, Japan)

Planting mangroves at Probolinggo
(Indopherin Jaya, Indonesia)

Clean-up program in a park in the Lingtou district
(Dongguan Sumitomo Bakelite, China)

Participation in Local Events and Community Service

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.

Running a booth at a summer festival at an industrial park (Kobe Plant, Japan)

Volunteering to plant tulip bulbs
(Kyushu Sumitomo Bakelite, Japan)

Participating in the government's program to dig biopori holes, which are useful for retaining water (Indopherin Jaya, Indonesia)

Inviting kids in the neighborhood for dinner at the conclusion of Ramadan
(SBP Indonesia)

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

Labor and Management Work Together, giving Top Priority to Safety in Business Activities

OHSAS 18001 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 2015, 22 business sites were certified, comprising four business sites and three affiliated companies in Japan and 15 affiliated companies overseas.

Reducing Risks of Machinery and Equipment

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

Reducing Risks of Chemical Substances

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

Promotion of Occupational Health and Safety Education

In parallel with measures to reduce the risks posed by machinery and equipment, we conduct hazard prediction training as well as initiatives, such as “pointing and calling” and proposals for near-miss accident. We are conducting occupational health and safety education at every level, including the holding of safety meetings in which all plant managers participate to share the policy on safety activities, education for new employees including simulation of hazards, and e-learning on the fundamentals of safety for mid-level employees.

Topics Safety and Health Activities at Business Sites in Japan and Overseas

Head Office: Safety conference for plant managers

Utsunomiya Plant: Commendation for zero accidents for 4 million hours

SBP Indonesia: SMK3 (study group for obtaining qualifications)

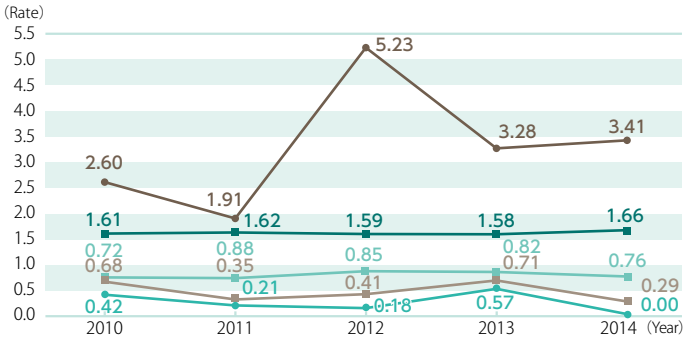
Safety experience Training for new employees

Trends in Occupational Accidents

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

The graph shows the trends of the frequency rates. In 2014, the frequency rate in Japan decreased from 2013 because of a decrease in the number of lost time accidents.

Frequency Rates at Sumitomo Bakelite and Subsidiaries and Affiliates Worldwide

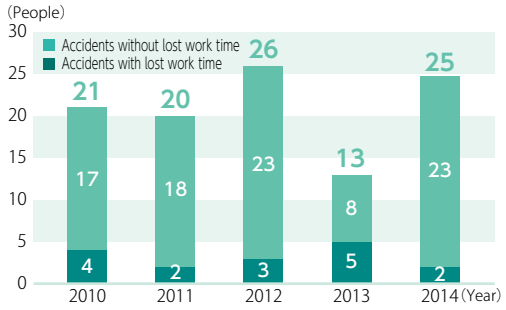


*Frequency rate = (Deaths and injuries/total working hours) x 1,000,000
Note: Data cover each calendar year.

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

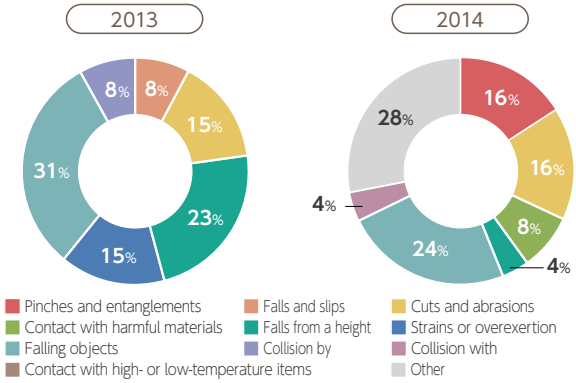
❶The graph shows the number of the injured due to occupational accidents at the Company and its subsidiaries and affiliates in Japan. The number of the injured due to lost time accidents in 2014 decreased from 2013. Utsunomiya Plant achieved 4 million hours free of accidents. One fatal accident occurred at an affiliated company in Japan.
❷The graphs show the composition of occupational accidents by type for 2013 and 2014. In 2014 most of the accidents were due to pinches and entanglements (machine factors), falling objects, or falls and slips (human factors). In addition to measures to reduce risks posed by machines and increase employees' safety awareness, we review previous accidents and the countermeasures implemented in response to them in order to implement measures to prevent recurrence in both "soft" and "hard" aspects. We strive to reduce occupational accidents through activities to discover, clarify, and eliminate potential hazards at workplaces and in work.

❶Number of the Injured due to Occupational Accidents at Sumitomo Bakelite and Subsidiaries and Affiliates in Japan



Note: Data cover each calendar year.

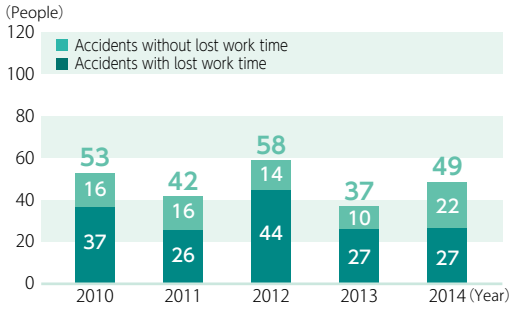
❷Composition of Occupational Accidents by Type for 2013 and 2014



3 Trends in Occupational Accidents at Overseas Subsidiaries and Affiliates

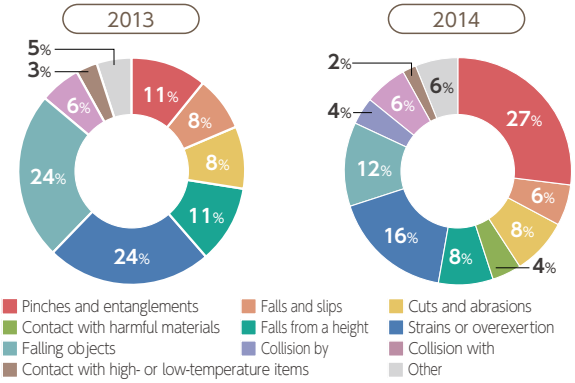
❶The graph shows the number of the injured due to occupational accidents at the Company's subsidiaries and affiliates overseas. Because of the increase in the number of accidents without lost work time, the number of the injured due to occupational accidents in 2014 was the third highest in the past five years.
❷The graphs show the composition of occupational accidents by type for 2013 and 2014. Similar to the situation in Japan, most accidents were due to structural factors concerning machines, such as pinches and entanglements, and human factors, such as overexertion and falling objects. With the aim of reducing occupational accidents, we have implemented "hard" measures to improve inherent safety of machines and "soft" measures, including safety education by using educational videos, hazard prediction training, and promotion of "pointing and calling."

❶Number of the Injured due to Occupational Accidents at Overseas Subsidiaries and Affiliates



Note: Data cover each calendar year.

❷Composition of Occupational Accidents at Overseas by Type for 2013 and 2014



Environmental & Safety Audits

Every year we carry out environmental and safety audits of business sites in Japan and subsidiaries and affiliates worldwide. For environmental protection, the audits cover preventive measures, legal compliance, energy conservation, waste management, and chemical substance management, and for health and safety and security, they cover measures, legal compliance, and education and training.

In Japan

Audits are conducted once a year, in principle. In fiscal 2014, we conducted audits of one site, four plants, and eight plants of affiliated companies during the period from May to November.

Kanuma Plant

Overseas

Audits are conducted once every two years, in principle. In fiscal 2014, we conducted audits of six affiliated companies in China and Taiwan in June and July and audits of three affiliated companies in Europe in October.

Sumitomo Bakelite Europe

Environmental Education

Our laboratories and plants handle various chemical substances. We conduct periodic group education programs for employees, including new employees, with the objective of protecting the environment 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 to group education programs, environmental education by e-learning is conducted every year for all employees in June, a month dedicated to enhancement of environmental protection. This education provides an overview of Responsible Care and various other activities we are conducting to enhance employees' understanding of the Company's environmental and safety activities.

Education on chemical substance management and GHS labelling

e-learning

Accident Prevention

Accident Prevention 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 a workplace free of accidents. To ensure preparedness, we have countermeasures in place and conduct training in order to minimize damage.

Amagasaki Plant
Participation in a firefighting skill competition

Kanuma Plant
Participation in the 38th Kanuma Fire Department Firefighting Competition

SBP Indonesia
Disaster prevention training

Shizuoka Plant
Participation in a seminar held by Shizuoka Prefecture Earthquake and Disaster Prevention Center

Site Report

CSR initiatives at each of the Group's business sites are presented.

Japan

Kobe Facility Office

Director
Hiroshi Matsuno

Address: 1-1-5 Murotani, Nishi-ku, Kobe-shi, Hyogo
Number of employees: 90
Commencement of operations: 1991
Site total area: 16,530 m²
Date ISO 14001 certification received: December 2003
Principal R&D themes: Development of high-performance plastics and R&D of technologies for bioplastics and other products

Our office is wholeheartedly engaged in reducing waste, recycling, cleanups, and disaster prevention drills within the complex. Disabled workers are also active in the company, comprising about 8% of the workforce. The Corporate R&D Center in Kobe aims to develop new products that have a low environmental impact by using bio-derived synthesized resin composites and material design based on numerical calculations and sophisticated evaluations.

Shizuoka Plant

Deputy Plant Manager
Toshihide Kanazawa

Address: 2100 Takayanagi, Fujieda-shi, Shizuoka
Number of employees: 788
Commencement of operations: 1962
Site total area: 287,000 m²
Date ISO 14001 certification received: March 1999
Principal products: Epoxy resin copper-clad laminates, epoxy resin coating powder, phenolic resins, thermoset molding compounds, melamine resin decorative laminates, formalin, molded products and dies, substrate materials for semiconductor packages

We are pursuing initiatives to reduce the environmental burden of all our processes from product development through to manufacture of finished products. The target of the three-year plan is a 50% reduction in negative costs by MFCA, and we achieved a 16% reduction in the first year. By promoting early achievement of the energy consumption reduction goals of the energy-saving project, the Shizuoka Plant is aspiring to be an eco-friendly plant.

Kanuma Plant

Plant Manager
Haruhisa Toda

Address: 7-1 Satsuki-cho, Kanuma-shi, Tochigi
Number of employees: 355
Commencement of operations: 1970
Site total area: 75,878 m²
Date ISO 14001 certification received: March 2000
Principal products: Hard resin sheets made from polycarbonate, polystyrene, PET, ABS, PVC, etc.; waterproofing materials incorporating waterproofing processed steel products

Since fiscal 2012, the Kanuma Plant has focused on reducing power consumption in accordance with its plan to cut energy consumption by 13% in three years. In fiscal 2014 full-scale use of effluent treatment equipment began, which contributed to waste reduction (1,265 tons). We are implementing a plan to reduce material flow cost by 50% in the three years to 2016. We are determined to achieve the target through involvement of everyone and teamwork.

Utsunomiya Plant

Plant Manager
Masaya Fumita

Address: 20-7, Kiyohara Kogyo Danchi, Utsunomiya-shi, Tochigi
Number of employees: 342
Commencement of operations: 1984
Site total area: 99,000 m²
Date ISO 14001 certification received: December 1997
Principal products: Paste for die bonding, liquid resins for encapsulation of semiconductors devices, substrate materials for semiconductor packages

Our initiatives to reduce environmental impacts at the Utsunomiya Plant focus on minimizing negative product costs identified by MFCA. The plant launched an energy-saving project involving horizontal deployment of best practices from across the Group. We aim to earn the trust of customers and local residents by ensuring transparency of the plant's activities.

Amagasaki Plant

Plant Manager
Hidehiro Morita

Address: 2-3-47, Higashi-Tsukaguchi-cho, Amagasaki-shi, Hyogo
Number of employees: 483
Commencement of operations: 1938
Site total area: 46,000 m²
Date ISO 14001 certification received: October 1998
Principal products: Multilayered films for food packaging, PTP materials for pharmaceuticals, cover tapes for mounting semiconductor and electronic components

We are implementing the "ecoE~NE~2020" project to reduce energy consumption. In fiscal 2014, in order to save energy, we conducted functional analysis of the PTP production line for pharmaceutical product packaging. We are working to reduce material loss in accordance with the three-year plan for halving negative product costs by MFCA. All of us at the plant are making a concerted effort to reduce our environmental impacts.

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

Plant Manager
Masamori Miura

Address: 1-2 Techno Park, Nara Kogyo Danchi, Sugawa-cho, Gojo-shi, Nara
Number of employees: 68
Commencement of operations: 1991
Site total area: 20,357 m²
Date ISO 14001 certification received: April 2000
Principal products: Waterproof sheets

This plant produces waterproofing sheets made with synthetic resin that are used for housing and building construction. We are pursuing initiatives to minimize energy consumption for each process. In 2014 the plant received a third-party review of its energy-saving performance and was rated at the highest level. In fiscal 2015 we will further promote energy-saving initiatives and environmentally friendly manufacturing in our drive to become a plant with an excellent environmental performance.

Kyushu Sumitomo Bakelite Co., Ltd.

Plant Manager
Keisuke Kurachi

Address: 40-1 Oaza-Kamizakai Aza-Mizumachi, Nogata-shi, Fukuoka
Number of employees: 280
Commencement of operations: 1972
Site total area: 50,000 m²
Date ISO 14001 certification received: December 1998
Principal products: Epoxy molding compounds for encapsulation of semiconductor devices, photosensitive coating resins for semiconductor wafers

The plant produces environmentally friendly epoxy molding compounds and wafer coating resins for semiconductor devices. In fiscal 2015, we will step up our initiatives to halve indirect and direct costs and MFC by integrating everyone's knowledge. With an emphasis on incremental improvement, we will step up initiatives to save energy and reduce environmental impacts, thus contributing to society.

Yamaroku Kasei Industry Co., Ltd.

President and Representative Director
Masaei Yamada

Address: 19-10 Katayama-cho, Kashiwara-shi, Osaka
Number of employees: 48
Commencement of operations: 1948
Site total area: 5,411 m²
Date ISO 14001 certification received: June 2005
Principal products: Phenolic molding compounds, melamine phenolic resin molding compounds

In fiscal 2014, full-scale operation of a solvent exhaust gas combustion unit started as a VOC measure. We also achieved good results with our energy-saving initiatives centering on reduced power consumption. In fiscal 2015, we will continue making an all-out effort to reduce environmental impacts. We will also be participating in the Yamato River cleanup campaign for the fourth successive year. By continuing to take part in this campaign, we intend to contribute to the local community.

S.B. Techno Plastics Co., Ltd.

President and Representative Director
Shunichi Kuribara

Head Office Plant
Address: 300-2, Motohara Kamikawa-cho, Kodama-gun, Saitama
Number of employees: 31
Commencement of operations: 1964
Site total area: 13,000 m²
Principal products:
Plastic sheets, plastic chopping boards

Kitsuregawa Plant
Address: 560-1, Saotome, Sakura-shi, Tochigi
Number of employees: 13
Commencement of operations: 2002
Site total area: 3,638 m²
Principal products:
Safety helmets, floor mats

In fiscal 2014, we launched an initiative to recycle colored offcuts accumulated in the manufacture of "Repoly" products. By converting the offcuts into pellets and using them to manufacture "Repoly" products, we substantially reduced material loss. We also cultivate relationships with the local community through participation in a cleanup campaign and a safe-house program for children.

Akita Sumitomo Bakelite Co., Ltd.

President and Representative Director
Kazuhisa Hirano

Address: 27-4, Aza Nakashima-shita, Souzen-machi, Tsuchizakiminato, Akita-shi, Akita
Number of employees: 183
Commencement of operations: 1970
Site total area: 255,568 m²
Date ISO 14001 certification received: January 2001
Principal products: Medical products and laboratory wares, phenolic resins, formalin and adhesives, negative electrode materials

The plant manufactures medical products, laboratory wares, phenolic resins, and secondary battery negative electrode materials. In fiscal 2015, we will revise the organizational structure for implementation of energy-saving measures, clarify the division of responsibilities, and increase the number of departments conducting MFCA. We organize factory tours for local residents and members of the local government as a measure to deepen relationships with the local community.

Site Report

Hokkai Taiyo Plastic Co., Ltd.

President and Representative Director
Masatoshi Yamasaki

Address: 2-763-7, Shinko-Chuo, Ishikari-shi, Hokkaido
Number of employees: 31
Commencement of operations: 1964
Site total area: 13,650 m2
Date ISO 14001 certification received: April 2005
Principal products: Polyethylene pipes, polyethylene films

We produce polyethylene pipes and films. In fiscal 2014, we worked to promote sales of industrial-use films and home-use garbage bags, and in-house production of packaging films. We increased the use of recycled materials in the manufacturing of products. Supported by our parent company, in fiscal 2015, we also made substantial progress in terms of energy conservation, aspiring to pass on a lush, green environment to the next generation.

Overseas: China, Macau, and Taiwan

Sumitomo Bakelite (Suzhou) Co., Ltd.

President
Norihisa Fujimura

Address: 140 Zhongxin Avenue West, Suzhou Industrial Park, Suzhou, Jiangsu, 215021, P.R. CHINA
Number of employees: 209
Commencement of operations: 1997
Site total area: 30,000 m2
Date ISO 14001 certification received: November 2001
Principal products: Epoxy molding compounds for encapsulation of semiconductor devices, die attach pastes

Our company manufactures sealing materials for encapsulation of semiconductors. Because of the energy-intensive nature of the manufacturing processes, including the use of low-temperature control, we continue to press forward with activities to conserve energy. As well as extending the application of the highly efficient freezing system, introduced two years ago, to the low-temperature warehouse, we will implement other measures to achieve greater energy saving. Striving to be a company trusted by the local community, we engage in exchanges with local people and eagerly participate in local civic activities.

Sumitomo Bakelite (Shanghai) Co., Ltd.

President
Masahiro Kawakami

Address: No. 88, Aidu Road, China (Shanghai) Pilot Free Trade Zone, Shanghai 200131 P.R. CHINA
Number of employees: 180
Commencement of operations: 2000
Site total area: 8,698 m2
Date ISO 14001 certification received: April 2007
Principal products: Molded products for automotive applications (plastic mechanical and structural parts)

We produce molded mechanical and structural parts made of phenolic resins for use in automobiles. With the involvement of our national staff, we are working to reduce waste by improving yields and cutting CO_2 emissions through energy saving. While ensuring compliance with laws and ordinances, all our employees will make a sincere and wholehearted effort to make sure the company earns the trust of customers and the local community.

Sumitomo Bakelite (Nantong) Co., Ltd.

President
Takashi Kobayashi

Address: No. 81, Tongda Road, Port Industrial Park 3, Economic Technological Development Area, Nantong, Jiangsu, 226017 P.R. CHINA
Number of employees: 245
Commencement of operations: 2009
Site total area: 100,000 m2
Date ISO 14001 certification received: May 2010
Principal products: Phenolic resins, phenolic molding compounds, liquid epoxy resins, co-extruded multilayered films and sheets for food packaging, carrier tapes for electronic components

In China where air pollution is a major problem, national and provincial government are implementing measures to achieve a great improvement in the environment in fiscal 2015. Ahead of these moves, we are working to reduce emissions of substances with environmental impacts. This year, plants for ECR and CEL will start full-scale operation. Taking our cue from the initiatives at the plants for PR and PM that are already in operation, we will work to reduce emissions of substances with environmental impacts from the initial phase.

Sumitomo Bakelite (Dongguan) Co., Ltd.

President
Hiroshi Hiraoka

Address: No.2 Qiao Lin Road, Ling Tou Industrial District, Qiao Tou Town, Dongguan, Guangdong, P.R. CHINA
Number of employees: 815
Commencement of operations: 1994
Site total area: 32,930 m2
Date ISO 14001 certification received: September 2004
Principal products: Precision molded products, molded products for automobiles, medical products

We manufacture medical products, precision molded products and molded products for automobiles. In fiscal 2015, we will continue our environmental protection efforts based on waste reduction by means of yield improvement and reduction of energy consumption through energy saving. We are also focusing on safety and environmental education to raise employee awareness concerning compliance, safety, and the environment.

Sumitomo Bakelite Macau Co., Ltd.

Managing Director
Kenichi Hasegawa

Address: Zona Ind. do Aterro Sanitario de Seac Pai Van Lote A, junto a Estrada de Seac, Pai Van, Coloane, MACAU
Number of employees: 156
Commencement of operations: 2003
Site total area: 27,513 m2
Date ISO 14001 certification received: April 2005
Principal products: Epoxy resin copper-clad laminates

We are the principal plant in Macau manufacturing epoxy resin copper-clad laminates, which are marketed in China, Southeast Asia, and Japan. Our recent focus is on laminates for automotive applications. Rising sales of laminates for LED lighting applications and for energy-saving air conditioners mean that we are making an increasing contribution to energy saving in society at large. Ensuring compliance with laws and regulations in Macau, we are making a concerted effort to reduce energy consumption and MFC.

Sumitomo Bakelite (Taiwan) Co., Ltd.

President
Hikaru Okubo

Address: No. 1, Hwa Syi Road, Ta Fa Industries District, Ta Liao 831, Kaohsiung, TAIWAN, R.O.C
Number of employees: 123
Commencement of operations: 1998
Site total area: 24,271 m2
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 fiscal 2014, we reduced energy used for production by 5% compared with the previous year. Our aim is to achieve a reduction of 3% or more this year. Fiscal 2015 is the second year of the three-year plan for waste reduction (halving of MFC). In cooperation with other plants in the Electronic Materials Division, we will work to achieve higher targets.

Southeast Asia

SNC Industrial Laminates Sdn. Bhd.

Managing Director
Tomoyoshi Honjoya

Address: PLO 38, Jalan Keluli Satu, Pasir Gudang Industrial Estate, 81700 Pasir Gundang, Johor, MALAYSIA
Number of employees: 151
Commencement of operations: 1992
Site total area: 60,000 m2
Date ISO 14001 certification received: April 2001
Principal products: Phenolic resin copper-clad laminates, phenolic resin laminates, aluminum-based copper-clad laminates

We mainly manufacture and sell phenolic resin copper-clad laminates. Our manufacturing processes tend to be energy intensive. In fiscal 2015, following a review of our operations by a team from Japan, we will make a concerted effort to achieve further gains in energy saving. We will execute a project to meticulously reduce energy consumption.

Sumitomo Bakelite Singapore Pte. Ltd.

Managing Director
Yukihiro Okabe

Address: 1 Senoko South Road, Singapore 758069, Singapore
Number of employees: 193
Commencement of operations: 1989
Site total area: 22,276 m2
Date ISO 14001 certification received: July 1997
Principal products: Epoxy molding compounds for encapsulation of semiconductor devices, paste for die bonding, liquid resins for encapsulation of semiconductors devices

Our company develops, manufactures, and sells environmentally conscious epoxy molding compounds, used for encapsulation of semiconductor devices, and semiconductor die attach paste. The switch to more energy-efficient equipment enabled us to achieve a great reduction in energy consumption. As well as continuing energy-saving efforts, we will place greater emphasis on reducing MFC through the reduction of waste, which is the main component of MFC.

SumiDurez Singapore Pte. Ltd.

Senior Plant Manager
Motoharu Amma

Address: 9 Tanjong Penjuru Crescent, Singapore 608972, SINGAPORE
Number of employees: 55
Commencement of operations: 1989
Site total area: 30,000 m2
Date ISO 14001 certification received: September 1998
Principal products: Phenolic molding compounds

We manufacture and sell phenolic molding compounds. As we handle powder, we seek to raise the control level of emissions of dust in the air. In fiscal 2015, we will install dust sensors at outlets of main dust collectors for early detection of abnormalities. With regard to energy saving, we intend to cut power consumption by introducing inverter control for facilities with excess capacity. We are emphasizing environmental performance throughout our production activities.

Site Report

P.T. Indopherin Jaya

Factory Director
Masaaki Fujita

Address: JL. Brantas No. 1, Probolinggo, East Java, INDONESIA
Number of employees: 114
Commencement of operations: 1996
Site total area: 18,000 m2
Date ISO 14001 certification received: January 2001
Principal products: Phenolic resins

2015 will mark the 20th anniversary of the start of operation of our company. Taking this opportunity, we will revisit the fundamentals of the operation, for example by conducting activities and employee education to achieve zero accidents, putting safety first. In terms of environmental performance, we will promote waste reduction and recycling based on the 3R concept and upgrade facilities to achieve more efficient use of energy.

P.T. SBP Indonesia

President Director
Hiromi Imaishi

Address: Kawasan Industri MM2100 Jl. Irian Blok NN 1-1, Kec, Cikarang Barat, Bekasi, 17520, INDONESIA
Number of employees: 151
Commencement of operations: 1996
Site total area: 30,000 m2
Date ISO 14001 certification received: December 2010
Principal products: Polycarbonate resin sheets (for signage and construction applications)

We manufacture and sell polycarbonate sheets. The products for construction applications, which are used for roofing and walls, are transparent and therefore contribute to energy saving. In 2014, we gained OHSAS 18001 certification and established the Energy Saving Committee. All our employees have joined forces to reduce environmental impacts.

North America

Sumitomo Bakelite North America, Inc. (Manchester Plant)

Plant Manager
Barbara Olson

Address: 24 Mill Street, Manchester, Connecticut 06042, USA
Number of employees: 64
Commencement of operations: 1920
Site total area: 14,000 m2
Date ISO 14001 certification received: November 2014
Principal products: Thermoset composites

Our plant produces specialty thermoset composites using a variety of compounding methods, thermoset resin systems, and reinforcement systems. In 2014 we achieved certification for both ISO 14001 and OHSAS 18001 standards. Our key environmental activities for 2015 include the reduction of waste (process waste and hazardous waste), elimination of the use of R12 refrigerant, and the reduction of chemical releases to the environment (air emissions). In addition, we are investigating ways of collecting energy consumption data by process area to help us gather more detailed information than we have available today, which will help drive energy conservation activities.

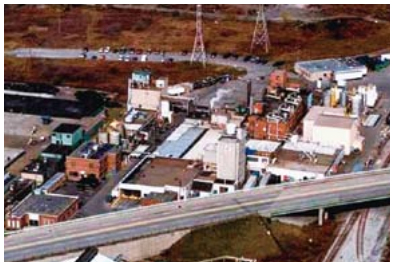
Durez Corporation (Kenton Plant)

Plant Manager
Michael Mitchell

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

In 2015 the Kenton Plant will begin operation of a solvent-based phenol recovery system, which will recover 660 MT of phenol (based on the 2015 Plan) that would otherwise require disposal. The Kenton Plant will also be converting from 45% to 50% formalin, which will reduce by 750 MT the amount of wastewater to be treated in 2015. These initiatives will also result in reduced fuel consumption.

Durez Corporation (Niagara Falls Plant)



Plant Manager
Michael Mitchell

Address: 5000 Packard Road, Niagara Falls, NY 14304, USA
Number of employees: 61
Commencement of operations: 1930
Site total area: 18,960 m2
Principal products: Phenolic resins

In 2015 the Niagara Falls Plant will focus on reduction of hazardous waste generation. This is a high-cost theme and one that we believe can be better managed as technology advances. Customers are also supporting the transition of our product mix, which involves a shift away from the solvents of most concern and toward greener products.

Durez Canada Co., Ltd.

Plant Manager **Robert Hunt**

Address: 100 Dunlop Street, Ontario L2A 4H9, CANADA
Number of employees: 70
Commencement of operations: 1970
Site total area: 93,000 m²
Principal products: Phenolic molding compounds

We launched an energy task force that is expected to achieve gains in energy conservation. The reduction in landfill continued in 2014. This attests to the employees' continued commitment to the environment. The achievement of further reductions in emissions to both the atmosphere and hydrosphere will remain a priority in 2015.

Promerus LLC

Chief Operating Officer **Andrew Bell**

Address: 9921 Brecksville Road, Brecksville, Ohio 44141-3247, USA
Number of employees: 40
Commencement of operations: 2001 acquired by Sumitomo Bakelite
Site total area: 1,020 m²
Principal products: Functional polynorbornenes

Our polynorbornene R&D and manufacturing activities are conducted to promote a safe workplace and respect the environment. HSE performance is achieved through (i) 100% compliance with OSHA and EPA regulations, (ii) ensuring that products are handled, transported, and processed in a safe and environmentally responsible manner, and (iii) striving to achieve an injury- and incident-free workplace. Recent site improvements include energy-efficient lighting of the exterior of buildings and optimizing off-hour HVAC use. Our new PNB membrane technology is targeting energy savings within the biobutanol and biophenol renewables sector.

Europe

Sumitomo Bakelite Europe N.V.

Plant Manager **Peter Arits**

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

On February 14, 2015, our plant suffered a major fire. Although there were no injuries, all operations had to cease. For all of us, it is a big challenge to minimize the business loss and resume production activities as soon as possible, while according priority to the safety of people and environmental protection. Management tools, such as ISO 9001, ISO 14001 and OHSAS 18001, are proving very helpful in enabling us to achieve these goals.

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

Site Manager **José Miralles**

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

During 2014 the Improved Safety Program yielded good results, enabling us to achieve another successive year without accidents causing absence from work. We have continued promoting energy-conservation activities, including installation of a photovoltaic facility (74.29 kWp) that meets around 2% of the plant's electric power needs. A new steam boiler entered operation last summer in order to improve safety and to consolidate the production demand of the plant.

Vyncolit N.V.

Plant Manager **Gerard Wildeman**

Address: Wiedauwkaai 6, B-9000 Gent, BELGIUM
Number of employees: 111
Commencement of operations: 1992
Site total area: 20,506 m²
Date ISO 14001 certification received: 1999
Principal products: Thermoset molding compounds

The core business of our company is the manufacturing of molding compounds used in the automotive industry. A big challenge for the future is to become a total solution provider for composite engines to automotive OEMs. Other businesses, reflecting the Change For Growth strategy, are sanitary, power tools and oil & gas. In 2014 we were very successful in resuming low levels of both waste and rejects. The recently launched global WW-PET team for "production excellence" is a valuable forum for exchanging best practices that will contribute to even greater success in the future.

◆ Trends of Environmental Performance

Business Sites in Japan

Item			Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Plan)	2020 (Target)
CO_2 emissions			t-CO_2	137,961	135,326	123,382	109,402	107,233	101,181	93,300	103,165	104,556	101,790	102,510	103,471
Energy usage			Crude oil equivalent (kL)	74,370	72,045	68,151	58,544	58,021	58,156	53,307	52,320	50,276	48,845	48,889	—
Material loss	Waste generated	Landfill	ton	605	232	143	148	82	33	29	18	13	16	19	13
		External intermediate processing	ton	342	53	83	52	11	6.2	5.7	5.0	4.5	7	8	3.6
		Internal intermediate processing	ton	0.5	2.2	1.2	0.9	1.0	0	0	0	0	0	0	0
		External recycling	ton	10,495	11,030	9,790	7,617	7,368	7,511	7,338	7,794	7,477	7,987	6,523	5,708
	Total waste generated		ton	11,444	11,317	10,017	7,818	7,462	7,550	7,373	7,817	7,494	8,010	6,550	5,725
	Valuable materials		ton	9,501	9,190	9,752	8,705	8,675	9,174	7,970	7,930	8,633	8,326	8,133	7,605
Total material loss			ton	20,945	20,507	19,769	16,523	16,137	16,724	15,343	15,748	16,127	16,337	14,683	13,330
Chemical substance emissions			ton	512	423	340	210	222	273	262	258	302	237	188	102
Emissions of substances subject to PRTR Law			ton	81	39	16	15	19	17	16	12	15	15	14	—

Overseas Business Sites

Item			Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Plan)	2020 (Target)
CO_2 emissions			t-CO_2	163,259	170,554	170,109	143,314	151,074	160,989	152,735	141,491	144,508	142,830	144,318	138,770
Energy usage			Crude oil equivalent (kL)	82,906	84,696	84,966	72,576	72,557	78,702	76,533	71,013	68,231	66,466	67,534	—
Material loss	Waste generated	Landfill	ton	6,586	5,608	3,864	4,132	3,189	4,050	4,093	3,138	3,027	2,873	2,931	—
		External intermediate processing	ton	3,547	3,810	3,413	2,802	3,858	3,462	4,951	3,885	4,122	3,580	3,097	—
		Internal intermediate processing	ton	8,196	7,877	6,792	5,549	4,794	6,003	5,620	3,217	2,869	3,105	2,793	—
		External recycling	ton	1,564	1,598	1,583	2,095	2,451	4,332	1,874	2,540	3,034	4,387	4,169	—
	Total waste generated		ton	20,163	18,893	15,652	14,577	14,291	17,847	16,537	12,780	13,053	13,945	12,989	9,936
	Valuable materials		ton	8,695	10,914	11,138	8,036	3,658	4,010	4,079	3,609	2,956	2,800	2,632	6,856
Total material loss			ton	28,858	29,807	26,790	22,613	17,949	21,857	20,617	16,389	16,009	16,746	15,621	16,792
Chemical substance emissions			ton	—	—	—	—	—	278	191	245	204	164	163	138

Note: For information on the coverage of the data, please see the "Boundary" section on page 2.

Definitions/calculation method

CO_2 emissions:

CO_2 emissions are calculated based on the energy used in all business activities (fuels, heat, electric power, 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-CO_2).
For calorific values of city gas, figures published by the respective supplier companies are used. For CO_2 emission coefficients of electricity, CO_2 emissions from business sites in Japan are calculated using CO_2 emission coefficients (actual emission coefficients) of electricity for individual power companies published under the Act on Promotion of Global Warming Countermeasures. CO_2 emissions from business sites overseas are calculated using the latest available CO_2 emission coefficients of electricity for individual power companies at the start of each fiscal year. If an electric power company's emission coefficient is unknown, the latest coefficient at the start of each fiscal year released by the International Energy Agency (IEA) is used.

Waste generated:

Total of aggregate volume of industrial and general waste from business sites. Definitions of each type of waste are as follows.
① Landfill: waste disposed of in landfills by the Company or outsourced contractors
② External intermediate processing: waste incinerated or treated by other means by outsourced contractors (without energy recovery)
③ Internal intermediate processing: waste incinerated or treated by other means in-house (without energy recovery)
④ External recycling (expenses paid): waste recycled with payment made to cover processing costs (including energy recovery)

Valuable materials:

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

Material loss:

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

Chemical substance emissions:

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

◆ Response to Energy Saving/Global Warming Prevention Acts

		Unit	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Sumitomo Bakelite	CO_2 emissions	t-CO_2	84,469	84,035	75,883	81,541	81,471	79,822
	Energy usage	Crude oil equivalent (kL)	46,699	48,903	43,464	42,314	40,661	39,747
	Year-on-year ratio of the unit energy usage	%	—	96.8	101.3	92.1	96.5	96.4
Kyushu Sumitomo Bakelite	CO_2 emissions	t-CO_2	5,481	6,050	6,325	7,470	8,038	7,835
	Energy usage	Crude oil equivalent (kL)	3,373	3,740	3,715	3,437	3,247	3,159
	Year-on-year ratio of the unit energy usage	%	—	96.1	101.1	97.9	94.3	93.3
Akita Sumitomo Bakelite	CO_2 emissions	t-CO_2	13,003	8,583	6,183	6,776	6.429	6,016
	Energy usage	Crude oil equivalent (kL)	5,803	3,751	2,728	2,806	2,547	2,393
	Year-on-year ratio of the unit energy usage	%	—	123.2	90.4	121.8	86.1	88.0
S.B. Sheet Waterproof Systems (Started reporting from FY2012)	CO_2 emissions	t-CO_2				3,645	4,282	4,098
	Energy usage	Crude oil equivalent (kL)				1,941	2,017	1,913
	Year-on-year ratio of the unit energy usage	%				—	96.4	97.8

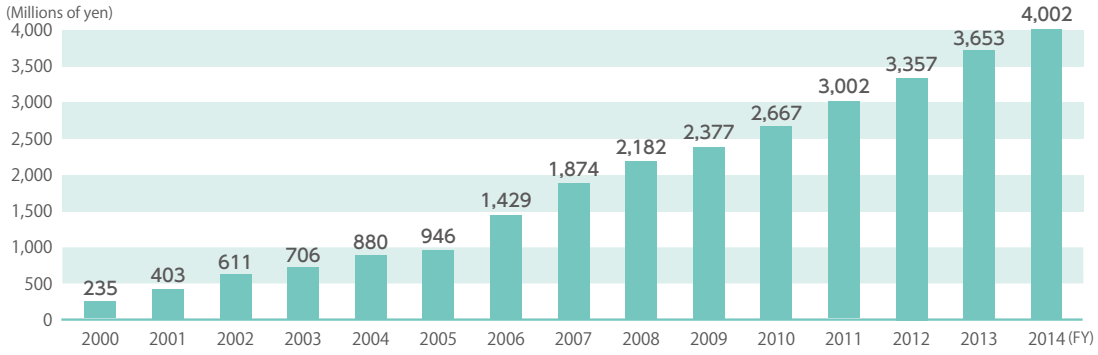
◆ Distribution-Related Energy Conservation Measures

		Unit	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Transportation ton-kilometer		Thousand t-km	30,297	41,265	33,647	32,573	37,271	33,663	29,267	29,117	29,626
CO_2 emissions associated with energy usage		t-CO_2	5,090	6,730	5,580	5,270	5,780	5,208	4,592	4,610	4,499
Energy usage per transportation unit	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	0.0571
	Year-on-year ratio (FY2006=100%)	%	100	97.0	98.7	96.4	92.2	92.1	93.4	94.3	90.3

◆ Fiscal Year and Accumulated Investments for Environmental Protection

	Unit	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Fiscal year	Millions of yen	235	168	208	95	174	66	483	445	308	195	290	335	355	296	350
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	4,002

Accumulated Investments for Environmental Protection

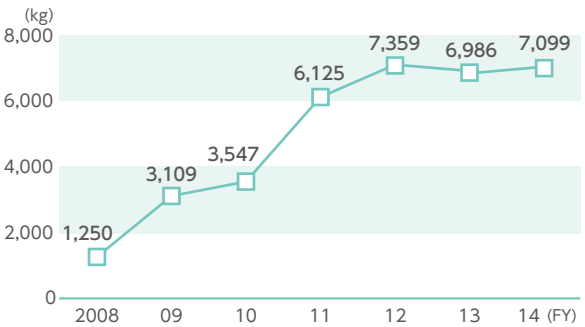


◆Sumitomo Bakelite Usage of Paper Products that Promote the Use of Forest Thinning Support Paper

Sumitomo Bakelite supports 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). Since fiscal 2008 we have expanded the use of this paper to the Environmental & Social Report, Corporate Brochure, and internal publications. The cumulative amount of this paper used by the Company is approximately 35 tons, which corresponds to the thinning of 2.04 hectares.

森の町内会
間伐に寄与する紙
www.mori-cho.org

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 have been compiled for the January-to-December period of calendar 2014.
3. The measured data are the maximum level recorded in fiscal 2014, 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 substance in question was less than the lower detection limit, the amount is shown as "not detected".
4. Where "—" (a dash) is shown for the regulatory limit, the figures obtained by voluntary measurement are shown for reference.

Japan

Kobe Facility Office

<Air> No relevant facilities

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5-9	7.4-8.0
BOD	mg/L	2000	5
COD	mg/L	-	-
n-hexane extract (mineral oil)	mg/L	5	Less than 1
Suspended solids	mg/L	2000	2

Shizuoka Plant

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Cogeneration boiler	SOx	K-value	–	–
	NOx	ppm	100	51
	Soot and dust	g/m³N	0.05	Less than 0.012.

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.8-8.6	7.3-7.8
BOD	mg/L	15	3.2
COD	mg/L	15	4.7
n-hexane extract (mineral oil)	mg/L	3	Less than 0.5
Suspended solids	mg/L	30	8.5
Phenols	mg/L	1	Less than 0.05
Formaldehyde	mg/L	5	Less than 0.1

Kanuma Plant

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Diesel generator	SOx	K-value	8.0	0.06
	NOx	ppm	950	919
	Soot and dust	g/m³N	0.10	0.018

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.8-8.6	6.8-7.5
BOD	mg/L	20	8.8
COD	mg/L	20	6.7
n-hexane extract (mineral oil)	mg/L	5	Less than 1
Suspended solids	mg/L	40	3.2

Utsunomiya Plant

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Drying furnace	SOx	K-value	6.0	Not operated
	NOx	ppm	–	
	Soot and dust	g/m³N	0.20	

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.8-8.6	7.5-7.9
BOD	mg/L	25	Less than 0.5
COD	mg/L	25	3.2
n-hexane extract (mineral oil)	mg/L	5	Less than 1
Suspended solids	mg/L	50	Less than 1

*The facility was not operated because of the cessation of production and sales of IBF adhesive tapes for semiconductor assembly.

Amagasaki Plant

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Boiler	SOx	K-value	–	–*
	NOx	ppm	150	39.3
	Soot and dust	g/m³N	0.05	Less than 0.002

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.8-8.6	7.2-8.0
BOD	mg/L	25	Less than 1.0
COD	mg/L	25	4.7
n-hexane extract (mineral oil)	mg/L	20	4.8
Suspended solids	mg/L	20	4.0

<Water> Released into sewers

Item	Unit	Regulatory limit	Measured value
pH	–	5.7-8.7	6.8-7.7
BOD	mg/L	300	300
n-hexane extract (mineral oil)	mg/L	30	14
Suspended solids	mg/L	300	130

*The Amagasaki Plant converted fuel from heavy oil to city gas and it was confirmed that the plant is not subject to control for SOx and is not required to measure it.

Japan

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

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Boiler	SOx	K-value	17.5	0.204
	NOx	ppm	180	77
	Soot and dust	g/m³N	0.30	Less than 0.01

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.6-8.4	7.7-8.4
BOD	mg/L	50	5
COD	mg/L	50	12
n-hexane extract (mineral oil)	mg/L	2.5	Less than 1
Suspended solids	mg/L	20	16

Kyushu Sumitomo Bakelite Co., Ltd.

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Boiler	SOx	K-value	17.5	8.9
	NOx	ppm	180	60
	Soot and dust	g/m³N	0.30	Less than 0.010

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.8-8.6	7.4-7.6
BOD	mg/L	160	18
COD	mg/L	80	18
n-hexane extract (mineral oil)	mg/L	2.5	Less than 1
Suspended solids	mg/L	100	5

Yamaroku Kasei Industry Co., Ltd.

<Air> No relevant facilities

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.8-8.6	6.8-7.1
BOD	mg/L	25	1
COD	mg/L	25	5
n-hexane extract (mineral oil)	mg/L	4	Less than 1
Suspended solids	mg/L	90	6

S.B. Techno Plastics Co., Ltd. Head Office Plant

<Air> No relevant facilities

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5-9	7.8-7.9
BOD	mg/L	600	3.5
COD	mg/L	–	6.9
n-hexane extract (mineral oil)	mg/L	5	Less than 2.5
Suspended solids	mg/L	600	Less than 5

Note: Wastewater is released into sewers.

S.B. Techno Plastics Co., Ltd. Kitsuregawa Plant

<Air> No relevant facilities

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.8-8.6	6.9
BOD	mg/L	25	1.9
COD	mg/L	–	–
n-hexane extract (mineral oil)	mg/L	5	Less than 0.5
Suspended solids	mg/L	50	Less than 1.0

Akita Sumitomo Bakelite Co., Ltd.

<Air>

Facility	Item	Unit	Regulatory limit	Measured value
Boiler	SOx	K-value	3.00	0.26
	NOx	ppm	110	42
	Soot and dust	g/m³N	0.09	Less than 0.01

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	6.0-8.5	7.4-7.7
BOD	mg/L	30	2.2
COD	mg/L	30	5.8
n-hexane extract (mineral oil)	mg/L	–	–
Suspended solids	mg/L	40	5.0
Phenols	mg/L	0.5	Less than 0.01
Copper	mg/L	1	Less than 0.01
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	0.04

Hokkai Taiyo Plastic Co., Ltd.

<Air> No relevant facilities

<Water>

Item	Unit	Regulatory limit	Measured value
pH	–	5.7-8.7	7.2
BOD	mg/L	300	Less than 0.5
COD	mg/L	–	2.4
n-hexane extract (mineral oil)	mg/L	Mineral oil: 5 Animal/vegetable oil: 30	Mineral oil: Less than 1 Animal/vegetable oil: Less than 1
Suspended solids	mg/L	300	2

Overseas: China, Macau, and Taiwan

Sumitomo Bakelite (Suzhou) Co., Ltd.

<Air> No relevant facilities

<Water>

Item		Unit	Standards	Measured value
Outlet on the south side	pH	—	6.0-9.0	7.05
	COD	mg/L	500	342
	BOD	mg/L	300	142
	Suspended solids	mg/L	400	36
	Animal/vegetable oil	mg/L	100	9.66
	Petroleum	mg/L	20	0.44
	Ammonium nitrogen	mg/L	45	20.0
	Total phosphorus	mg/L	8	1.78
	Dissolved oxygen	mg/L	—	1.31

Note: There are no drainage-related regulatory limits for the industrial complex, but Sumitomo Bakelite (Suzhou) performs voluntary measurement for daily monitoring and management.
The outlet on the east side no longer exists because it was buried by the authorities in 2014.

Sumitomo Bakelite (Shanghai) Co., Ltd.

<Air> No relevant facilities
Note: Sumitomo Bakelite (Shanghai) no longer has facilities subject to measurement because of cessation of the coating process in 2014.

<Water>

Item	Unit	Standards	Measured value
pH	—	6-9	7.35-7.36
COD	mg/L	500	87
BOD	mg/L	300	29.3
Suspended solids	mg/L	400	60
Animal/vegetable oil	mg/L	100	0.46
Ammonium nitrogen	mg/L	40	6.28

Note: There are no regulations imposed on quality by the national or local governments, nor agreements with the regions, nor other such circumstances. 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 the required standards. Therefore, Sumitomo Bakelite (Shanghai) measures levels of the six items.

Sumitomo Bakelite (Nantong) Co., Ltd.

<Air>

Facility	Item	Unit	Standards	Measured value
PR deodorizer	Phenols emission concentration	mg/m³N	100	Not detected
	Phenols emission speed	kg/h	0.1	0.00241
PR deodorizer	Methanol emission concentration	mg/m³N	190	Not detected
	Methanol emission speed	kg/h	5.1	0.000804
PR deodorizer	Formaldehyde emission concentration	mg/m³N	25	2.18
	Formaldehyde emission speed	kg/h	0.26	0.035
PR deodorizer	Butanol emission speed	kg/h	0.61	0.00568
PR deodorizer	MEK emission speed	kg/h	2.43	0.00483*1
PR bug filter DC504	Particulates emission concentration	mg/m³N	120	1.03
	Particulates emission speed	kg/h	3.5	0.006
PR bug filter DC503	Particulates emission concentration	mg/m³N	120	6.22
	Particulates emission speed	kg/h	3.5	0.034
PR boiler	Soot and dust emission concentration	mg/m³N	100	1.74
	SO_2 emission concentration	mg/m³N	500	44
PR boiler	NOx emission concentration	mg/m³N	400	118
	Smoke blackness	–	1	Less than 1
P3 bug filter	Particulates emission concentration	mg/m³N	120	1.71
	Particulates emission speed	kg/h	3.5	0.001
PM deodorizer	Phenols emission concentration	mg/m³N	100	Not detected
	Phenols emission speed	kg/h	0.1	0.00317
PM deodorizer	Formaldehyde emission concentration	mg/m³N	25	2.04
	Formaldehyde emission speed	kg/h	0.26	0.035
PM deodorizer	IPA emission concentration	mg/m³N	–	135*2
	IPA emission speed	kg/h	10.32	2.30
PM deodorizer	Ammonia emission concentration	mg/m³N	–	Not detected
	Ammonia emission speed	kg/h	4.9	0.00264
PM1 bug filter	Particulates emission concentration	mg/m³N	120	0.64
	Particulates emission speed	kg/h	19.6	0.005
PM2 bug filter	Particulates emission concentration	mg/m³N	120	0.47
	Particulates emission speed	kg/h	21.3	0.001
PM3 bug filter	Particulates emission concentration	mg/m³N	120	0.38
	Particulates emission speed	kg/h	19.6	0.002
PM4 bug filter	Particulates emission concentration	mg/m³N	120	0.35
	Particulates emission speed	kg/h	19.6	0.004
PM5 bug filter	Particulates emission concentration	mg/m³N	120	7.02
	Particulates emission speed	kg/h	21.3	0.051
PM6 bug filter	Particulates emission concentration	mg/m³N	120	1.28
	Particulates emission speed	kg/h	19.6	0.004
PM7 bug filter	Particulates emission concentration	mg/m³N	120	1.61
	Particulates emission speed	kg/h	9.3	0.017
PM8 bug filter	Particulates emission concentration	mg/m³N	120	0.58
	Particulates emission speed	kg/h	9.3	0.010

<Water>

Item	Unit	Standards	Measured value
pH	–	6-9	7.47-7.50
COD	mg/L	500	157
BOD	mg/L	300	4.74
Ammonium nitrogen	mg/L	–	4.01
Phenols	mg/L	2.0	0.29
Formaldehyde	mg/L	5	0.189
Phosphorus	mg/L	–	1.87
Methanol	mg/L	–	Less than 1.3
Suspended solids	mg/L	400	16
Petroleum	mg/L	20	–
LAS (anion surface active agent)	mg/L	20	–

Note: There are no standards for IPA emission concentration or ammonia emission concentration in the air, 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. Deodorization/particulates of ECR, and Cel deodorization-related environmental values will be added for measurement of environmental performance values in fiscal 2015. Since there were no application proposals in 2014 for new equipment introduction for petroleum or LAS, in accordance with the judgment of the monitoring center it was considered a normal inspection year; no measurements were performed.

*1 The measured value in fiscal 2013 exceeded the standard but the measured value decreased below the standard owing to installation of various facilities.

*2 Although there is no standard for emission concentration, Sumitomo Bakelite (Nantong) is considering installation of facilities because the concentration is high.

Sumitomo Bakelite (Dongguan) Co., Ltd.

<Air>

Facility	Item	Unit	Standards	Measured value
Electric power generator	SO_2	mg/m³N	550*1	105
		kg/h	2.6*1	0.22
	Soot and dust	mg/m³N	120*	22.2
		kg/h	3.5*1	0.05
	Smoke blackness	–	Class 1	0.5
Boiler	SO_2	mg/m³N	300	132
	NOx	mg/m³N	300	175
	Soot and dust	mg/m³N	50	27.4
	Smoke blackness	–	Class 1	0.5
Milling	Soot and dust	mg/m³N	120	23.8*2
		kg / h	0.64	0.07*2
Molding site	NMHC	mg/m³N	120	1.54*2
		kg / h	8.4	1.6×10^{-2}*2
Coating	Benzene	mg/m³N	1	0.02*2
		kg / h	0.09	1.3×10^{-4}*2
	Toluene	mg/m³N	Total concentration of toluene and xylene: 20 Toluene and xylene emission speed: 0.22	0.05*2
		kg / h		3.3×10^{-4}*2
	Xylene	mg/m³N		0.11*2
		kg / h		7.3×10^{-4}*2

Facility	Item	Unit	Standards	Measured value
Coating	Total VOC	mg/m³N	30	0.75*2
		kg / h	0.64	4.9× 10-3*2
Sterilization plant	NMHC	mg/m³N	4.0	2.58*2

<Water>

Item	Unit	Standards	Measured value
pH	–	6-9	6.35
Suspended solids	mg/L	400*1	22
COD	mg/L	500*1	71.9
BOD	mg/L	300*1	24.6
Animal/vegetable oil	mg/L	100*1	3.69

Note: The point for water quality measurement is the wastewater outlet of the cafeteria.

*1 The standards for 2014 were revised from those for 2013.

*2 Items subject to measurement were added to respond to new regulations under the Environmental Law. NOx from the electric power generator and soot from the cafeteria in <Air> and ammonium nitride and phosphate in <Water> were excluded from items subject to measurement.

Sumitomo Bakelite Macau Co., Ltd.

<Air>

Facility	Item	Unit	Standards	Measured value
Boiler / RTO (Exhaust gas combustion unit)	CO	mg/m³	1000	2/1
	CO_2	%	–	5.2/2.4
	NOx	mg/m³	400/120	370/44
	SOx	mg/m³	500	Less than 28/5
	Soot and dust	mg/m³	100/120	15/3.5
RTO	Total VOC	ppm	92.3	12

<Water> Regular wastewater (factory disposal)

Item	Unit	Standards	Measured value
PH	–	6-9	7.6-8
Suspended solids	mg/L	60	14
Color	TCU	–	35
COD	mg/L	150	Less than 50
BOD	mg/L	40	3.5
Aluminum	mg/L	10.0	0.093
Cadmium	mg/L	0.2	Less than 0.001
Lead	mg/L	1.0	Less than 0.008
Copper	mg/L	1.0	Less than 0.015
Chromium	mg/L	2.0	0.0024
Iron	mg/L	2.0	0.98
Manganese	mg/L	2.0	0.51
Nickel	mg/L	2.0	Less than 0.01
Zinc	mg/L	5.0	0.048
Arsenic	mg/L	1.0	Less than 0.025
Selenium	mg/L	0.5	Less than 0.05
Mercury	mg/L	0.05	Less than 0.03
Hexavalent chromium	mg/L	0.1	Less than 0.03
Residual chlorine	mg/L	0.5	Less than 0.1
Total residual chlorine	mg/L	1.0	Less than 0.1
Phenols	mg/L	0.5	Less than 0.1
Total cyanide	mg/L	0.5	Less than 0.05
Sulfide	mg/L	1.0	Less than 1
Sulfate	mg/L	2000.0	8.1
Phosphorus	mg/L	10.0	Less than 0.1
Ammonia	mg/L	10.0	2.4
Total nitrogen	mg/L	15.0	2.7
Nitrate	mg/L	50.0	0.44
Detergent	mg/L	2.0	Less than 2
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 the three items on the left equals HCH)	0.0
βγ-Benzene	ug/L		0.0
⊿-Benzene	ug/L		0.0
Dichlorodiphenyltrichloroethane (DDT)	mg/L	0.2	Less than 0.1
Aldrin	ug/L	2.0	Less than 2
Endrin	ug/L	2.0	Less than 2
Dieldrin	ug/L	2.0	Less than 2
Pentachlorophenol (PCP)	mg/L	1.0	Less than 0.1
Hexachlorobutadiene (HCBD)	mg/L	1.5	Less than 0.1
HCB	mg/L	1.0	Less than 0.1
Carbon tetrachloride (CBNTET)	mg/L	1.5	Less than 0.1
Tetrachloroethylene	mg/L	1.5	Less than 0.1
Chloroform	mg/L	1.0	Not detected
Total petroleum hydrocarbons	mg/L	1.0	Less than 1
Acetaldehyde	mg/L	1.0	Less than 0.1
Isodrin	ug/L	2.0	Not measured*1

<Water> Sewage drainage (dishwater)

Item	Unit	Standards	Measured value
PH	–	6.0-10.0	6.9
Temperature	℃	45	31.0
Color	TCU	80.0	28.0
Solid size	cm	5.0	Less than 1
Suspended solids	mg/L	1000.0	34.0
Sulfate as SO4	mg/L	100.0	Less than 1
BOD	mg/L	1000.0	190.0
COD	mg/L	2000.0	300.0
Total surfactants	mg/L	75.0	Less than 2
Arsenic	mg/L	1.0	Less than 0.025
Cadmium	mg/L	0.2	Less than 0.001
Lead	mg/L	2.5	Less than 0.008
Copper	mg/L	5.0	Less than 0.015
Hexavalent chromium	mg/L	0.1	Less than 0.03
Chromium	mg/L	2.0	Less than 0.002
Nickel	mg/L	4.0	Less than 0.01
Mercury	mg/L	0.05	Less than 0.03
Total cyanide	mg/L	1.0	Less than 0.05
Phenols	mg/L	10.0	Less than 0.1
Total petroleum hydrocarbons	mg/L	15.0	Less than 5
Total residual chlorine	mg/L	1.0	Less than 0.1
Oil & grease	mg/L	100.0	Less than 5

*1 According to the company that performs the measurements, if the three items (aldrin, endrin, and dieldrin) do not exceed the regulatory limit, the content of isodrin is virtually zero and, therefore, it is not measured.

Sumitomo Bakelite (Taiwan) Co., Ltd.

<Air> No relevant facilities

<Water>

Item	Unit	Standards	Measured value
pH	–	6-9	6.7-8.8
COD	mg/L	600	341
Suspended solids	mg/L	300	156

Note: The standards are the regulatory limits of the industrial complex.

Southeast Asia

SNC Industrial Laminates Sdn. Bhd.

<Air>

Facility	Item	Unit	Standards	Measured value
Exhaust gas combustion unit	SOx	g/m³N	0.05*1	0.026
	NOx	g/m³N	0.2*1	Less than 0.001
	Soot and dust	g/m³N	0.1*1	0.013

<Water>

Item	Unit	Standards	Measured value
pH	–	5.5-9.0	5.6-8.3
Temperature	℃	40	27.5
BOD	mg/L	50	14
COD	mg/L	200	110
Suspended solids	mg/L	100	24
Phenols	mg/L	1	Less than 0.1
Mercury	mg/L	0.05	Less than 0.001
Cadmium	mg/L	0.02	Less than 0.01
Hexavalent chromium compounds	mg/L	0.05	Less than 0.01
Arsenic	mg/L	0.1	Less than 0.001
Cyanide	mg/L	0.1	Less than 0.01
Lead	mg/L	0.5	Less than 0.1
Trivalent chromium compounds	mg/L	1	Less than 0.01
Copper	mg/L	1	0.18
Soluble manganese	mg/L	1	0.07
Nickel	mg/L	1	Less than 0.05
Tin	mg/L	1	Less than 0.001
Zinc	mg/L	2	0.46
Boron	mg/L	4	Less than 0.1
Soluble iron	mg/L	5	0.57
Chlorine	mg/L	2	Less than 1
Sulfur	mg/L	0.5	Less than 0.1
Oil and grease	mg/L	10	Less than 1
Formaldehyde	mg/L	2	Less than 0.1
Selenium	mg/L	0.5	Less than 0.001
Aluminum	mg/L	15	Less than 0.01
Silver	mg/L	1	Less than 0.05
Barium	mg/L	2	Less than 0.05
Fluorides	mg/L	5	1.2
Ammonium nitrogen	mg/L	20	Less than 1
Color tone	ADMI	200	20

*1 The standards were changed in March 2015.

Sumitomo Bakelite Singapore Pte. Ltd.

<Air> No relevant facilities

<Water>

Item	Unit	Standards	Measured value
pH	–	6-9	6.9
Temperature	℃	45	28
BOD	mg/L	400	140
COD	mg/L	600	380
Suspended solids	mg/L	400	68
Total dissolved solids	mg/L	3,000	220
Phenols	mg/L	0.5	0.11
Chlorine	mg/L	1,000	34
Sulfate	mg/L	1,000	26
Sulfur	mg/L	1	0.02
Cyanide	mg/L	2	0.01
Linear alkyl sulfonate	mg/L	30	Less than 1
Oil and grease (hydrocarbon-based)	mg/L	60	3.0
Oil and grease (non-hydrocarbon-based)	mg/L	100	15
Caustic alkalinity	mg/L	2,000	Less than 1
Fluorides	mg/L	15	0.9
Arsenic and its compounds	mg/L	5	Less than 0.05
Barium	mg/L	10	Less than 0.05
Tin	mg/L	10	Less than 0.05
Soluble iron	mg/L	50	0.99
Beryllium	mg/L	5	Less than 0.05
Boron	mg/L	5	Less than 0.05
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	0.15
Total metals (toxic)	mg/L	10	0.19
Dichloromethane*	mg/L	0.01	Not detected
Trichloroethylene*	mg/L	0.01	Not detected
1,1,1-trichloroethane*	mg/L	0.01	Not detected
Carbon tetrachloride*	mg/L	0.01	Not detected
1,1,2-trichloroethane*	mg/L	0.01	Not detected
Toluene*	mg/L	0.01	Not detected
Styrene*	mg/L	0.01	Not detected
Methyl tert-butyl ether*	mg/L	0.01	Not detected
Nonane*	mg/L	0.01	Not detected
Decane*	mg/L	0.01	Not detected
Tetrachloroethylene*	mg/L	0.01	Not detected
Ethylbenzene*	mg/L	0.01	Not detected
Xylene (o,m,p)*	mg/L	0.01	Not detected
Hexane*	mg/L	0.01	Not detected
Heptane*	mg/L	0.01	Not detected
Octane*	mg/L	0.01	Not detected
1,2,4-trimethylbenzene*	mg/L	0.01	Not detected
Furan*	mg/L	0.01	Not detected
Tetrahydrofuran (THF)*	mg/L	0.05	Not detected
N,N-dimethylformamide (DMF)*	mg/L	0.05	Not detected
Benzene*	mg/L	0.01	Not detected
Turpentine*	mg/L	0.01	Not detected
Polybrominated diphenyl ether*	mg/L	0.1	Not detected
Isobutyl alcohol*	mg/L	0.05	Not detected
Methyl ethyl ketone*	mg/L	0.01	Not detected
Methyl isobutyl ketone*	mg/L	0.01	Not detected
Isopropyl ether*	mg/L	0.01	Not detected
Diethyl ether*	mg/L	0.01	Not detected
Dimethyl sulfide*	mg/L	0.01	Not detected
Dimethyl sulfoxide*	mg/L	0.2	Not detected

*These substances were added to substances subject to control under Singaporean law in 2006. All these substances have been measured by a testing agency once a year since 2006 but have been omitted from disclosure.

Southeast Asia

SumiDurez Singapore Pte. Ltd.

<Air>

Facility	Item	Unit	Standards	Measured value
Bag filter	Soot and dust	mg/Nm^3	100	71

<Water>

Item	Unit	Standards	Measured value
Temperature	℃	45	20.0
pH	–	6-9	7.2
BOD	mg/L	50	10.2
COD	mg/L	100	16.8
Total suspended solids	mg/L	50	Less than 1.0
Sulfur	mg/L	0.2	Less than 0.1
Cyanide	mg/L	0.1	Less than 0.02
Linear alkyl sulfonate	mg/L	15	0.1
Oil and grease (hydrocarbon-based)	mg/L	10	Less than 10.0
Oil and grease (non-hydrocarbon -based)	mg/L	10	Less than 10.0
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	0.08
Boron	mg/L	5	0.2
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	0.05
Lead	mg/L	0.1	Less than 0.05
Mercury	mg/L	0.05	Less than 0.05
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	0.4
Total metals (toxic)	mg/L	1	0.45
Free chlorine*	mg/L	1	0.1
Phosphate (PO4)*	mg/L	5	Less than 0.1

*These substances were added in fiscal 2014.

P.T. Indopherin Jaya

<Air>

Item	Unit	Standards	Measured value
Carbon monoxide (CO)	mg/m^{3}N	100	33.4*
Nitrogen dioxide (NO2)	mg/m^{3}N	300	3.58*
Sulfur dioxide (SO2)	mg/m^{3}N	250	1.51*
Total particles	mg/m^{3}N	50	3.32*
Lead (Pb)	mg/m^{3}N	5	0.0257*
Hydrogen fluoride (HF)	mg/m^{3}N	10	2.84*
Hydrogen chloride (HCL)	mg/m^{3}N	70	3.86*
Mercury (Hg)	mg/m^{3}N	0.2	Not detected*
Cadmium (Cd)	mg/m^{3}N	0.2	Not detected*
Arsenic (As)	mg/m^{3}N	1	0.0033*
Chromium (Cr)	mg/m^{3}N	1	0.0661*
Thallium (Tl)	mg/m^{3}N	0.2	Less than 0.02*
Total hydrocarbon (HC)	mg/m^{3}N	35	Less than 0.02*
Opacity	%	10	0*

<Water>

Item	Unit	Standards	Measured value
pH	–	6-9	7.1-8.4
BOD	mg /L	100	18.00
COD	mg /L	300	61.62
Suspended solids	mg /L	100	25.5
Total nitrogen	mg /L	30	12.01
Phenols	mg /L	1	Not detected

* Indopherin Jaya has a combustion facility and these measured data were added for disclosure from fiscal 2014 onward.

P.T. SBP Indonesia

<Air> No relevant facilities

<Water>

Item	Unit	Standards	Measured value
pH	–	5.5-9.5	8.64
Temperature	℃	40	29.6
BOD	mg/L	200	19.92
COD	mg/L	400	48.28
Suspended solids	mg/L	400	6
Dissolved solids	mg/L	4,000	497
Iron	mg/L	10	0.1554
Manganese	mg/L	4	Less than 0.003
Barium	mg/L	4	1.382
Copper	mg/L	4	Less than 0.003
Zinc	mg/L	10	0.5729
Chromium compounds	mg/L	1	0.0388
Cadmium	mg/L	0.1	Less than 0.0012
Mercury	mg/L	0.004	Less than 0.0001
Lead	mg/L	0.2	0.0383
Tin	mg/L	4	Less than 0.25
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 0.004
Cobalt	mg/L	0.8	Less than 0.011
Cyanogen	mg/L	0.1	0.005
Hydrogen sulfide	mg/L	0.1	0.024
Fluorine	mg/L	4	1.25
Ammonium nitrogen	mg/L	2	0.85
Nitrate-nitrogen	mg/L	40	0.13
Nitrite-nitrogen	mg/L	2	0.009

Notes:

1. Standards are set by the industrial complex where the site is located.
2. Since water effluent is discharged into the public water system after it is processed in the regulating pond of the industrial complex, unprocessed water effluent is not discharged into the external environment.
3. MBAS, oil and grease, hexavalent chromium, chlorine, and phenols were excluded from substances subject to measurement.

North America

Sumitomo Bakelite North America, Inc. (Manchester Plant)

< Air >

Facility	Item	Unit	Standards	Measured value
Long fiber process (Drying process)	Acetone emissions	tons/year	40	16.5
Condor process (Drying process)	SOx	tons/year	0.002	0.001
	NOx	tons/year	0.38	0.154
	CO	tons/year	0.32	0.129
	VOC emissions	tons/year	15	4.54
	Soot and dust	tons/year	1.23	0.14
Site total	VOC emissions	tons/year	45	20.12
	HAPs	tons/year	25	0.090

< Water >

Facility	Item	Unit	Standards	Measured value
NCCW discharge (non-contact cooling water)	Chlorine	mg/L	0.029	Less than 0.001
	Copper	mg/L	0.031	0.006
	Flow	MM gaL/day	0.45	0.288
	Lead	mg/L	0.006	Less than 0.002
	Oil and Grease	mg/L	5	Less than 1.4
	pH	–	6.0-9.0	7.94-8.63
	Temperature	F	85	56.9-68.3
	Suspended solids	mg/L	30	Less than 5.0
	Zinc	mg/L	0.203	0.007
	Aquatic toxicity - 24 hour	%	≧ 90	100%
	Aquatic toxicity - 48 hour	%	≧ 90	100%

Facility	Item	Unit	Standards	Measured value
Storm water discharge	Zinc	mg/L	0.16	0.459
	COD	mg/L	75	43
	Oil and Grease	mg/L	5.0	Less than 1.4
	Nitrogen	mg/L	2.30	2.33
	Phosphorous	mg/L	0.40	0.34
	Suspended solids	mg/L	90	42

Notes:
1. Standards are recommended target values. Even if measured values exceed the standards, no action is required.
2. Copper, lead, pH, and nitrate from the storm water discharge are excluded from the items subject to measurement.

Durez Corporation (Kenton Plant)

< Air >

Item	Unit	Standards	Measured value
Total emissions of particulate matter	tons/year	50	32.124

Note: Particulate matter includes particles, volatile organic compounds, SO_2, NOx, and CO.

< Water >

Item	Unit	Standards	Measured value
Phenols	μg/L	20	Less than 10
pH	–	6.5-9.0	6.7-8.6
Ammonia-N	mg/L	12 (Winter)	8.58
		2.25 (Summer)	15.2*1
CBOD	mg/L	38 (Winter)	8.4
		15 (Summer)	14
Oil and grease	mg/L	10	8.3
Total phosphorus	mg/L	–	39.9
Dissolved solids	mg/L	–	1210
Suspended solids	mg/L	45	75*2
Strontium	μg/L	30,000	7,180

*1 High ammonia sample in summer (September) 2014. When the WWTP was shut down because of an abnormality, water stagnated in the carbon bed system, thus increasing the ammonia load upon startup. Corrective action was taken, including the addition of details to our operating procedures concerning detection and prevention of discharge in the event of extended shutdown situations in the future..
*2 High TSS was caused by an abnormality concerning the WWTP that resulted in a large crustation of solids on the clarifier and further stagnation of the carbon beds. A portable carbon bed unit was brought into the plant to deal with the material on the clarifier until the abnormality was resolved.

Durez Corporation (Niagara Falls Plant)

<Air> No relevant facilities

< Water >

Item	Unit	Standards	Measured value
pH	–	5-10	6-8*
Phenols	lbs./day	30	1.150
Flow	MM gaL/day	0.1	0.048
Suspended solids	lbs./day	75	15.78
Soluble organic carbon	lbs./day	800	295.29
Phosphorous	lbs./day	17	0.20

* The pH of the water is controlled by neutralizing the pH using caustic soda and controlled between 6 and 8.

Durez Canada Co., Ltd.

< Air >

Item	Unit	Standards	Measured value
Phenol	kg/year	21,319	4,029
Formaldehyde	kg/year	504	62
NOx	kg/year	93,830	2,400
Ammonia	kg/year	36,881	29,483
Ethanol	kg/year	672,451	55,060

< Water >

Item	Unit	Standards	Measured value
Chloride	mg/L	3,000	130
pH	–	6.0-11.0	8.71
Total phosphorus	mg/L	10	2.0
Sulfate	mg/L	1,500	240
BOD	mg/L	300	27
Kjeldahl nitrogen	mg/L	100	14
Suspended solids	mg/L	350	13
Phenols	mg/L	1	0.025

North America

Promerus LLC

< Air >

Item	Unit	Standards	Measured value
VOC emissions	tons/year	1.0	0.05

<Water> No relevant facilities

Europe

Sumitomo Bakelite Europe N.V.

< Air >

Facility	Item	Unit	Standards	Measured value
Boiler	NOx	mg/m³N	150	111
	SO_2	mg/m³N	35	– *1
	CO	mg/m³N	100	5

<Water>

Item	Unit	Standards	Measured value
pH	–	6-9	6.5-8.4
COD	mg/L	125*3	7
Suspended solids	mg/L	1,000	3.6
TOC	mg/L	50	2.9
Phenols	µg/L	10*3	Less than 0.049
Total nitrogen	mg/L	15	Less than 0.5
Total phosphorus	mg/L	2*3	0.12
Adsorbable organic halogen (AOX)	µg/L	200	100*2
2,3,5 trimethylphenol	µg/L	0.1	less than 0,02*2
2,4 dimethylphenol	µg/L	0.1	less than 0,0099*2
2 methylphenol	µg/L	0.1	less than 0,0099*2
3 methylphenol	µg/L	0.1	less than 0,0099*2
4 methylfenol	µg/L	0.3	less than 0,0099*2
Nonylphenol	µg/L	1.5	less than 0,099*2
Octylphenol	µg/L	0.3	less than 0,054*2
Bisphenol A	µg/L	3	less than 0,099*2
Arsenic	µg/L	50	less than 15*2
Chromium	µg/L	100	less than 10*2
Nickel	µg/L	60	15*2
Chloride	mg/L	500	190*2

*1 Because natural gas is used, there are no obligations to measure SO_2.

*2 As a result of the renewal of the use permit, some extra parameters were added, and Chlorendic acid, Hexachlorocyclopentadiene, and Monochlorobenzene were excluded from the items subject to measurement.

*3 The standards for 2014 were revised from those for 2013.

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

< Air >

Facility	Item	Unit	Standards	Measured value
Boiler	SOx	mg/m³N	4,300	Not detected
	NOx	mg/m³N	450	175
	CO	mg/m³N	100	27

<Water>

Item	Unit	Standards	Measured value
pH	–	5,5-11	6.7-8.3
COD	mg/L	2,500	2,160
Suspended solids	mg/L	1,500	190
Phenols	mg/L	2	Less than 0.5
Conductivity	µs/cm	13,000	6,500
Total chlorine	mg/L	3,500	1,398
Total sulfides	mg/L	1,000	1,018*
Total phosphorus	mg/L	75	10.20

* Total sulfides 1018 ppm (limit 1000) slightly exceeded the limit. The root cause was periodic overflow of the cooling water tower of the circuit of the kettles that have high concentration of sulfides.

Vyncolit N.V.

< Air >

Item	Unit	Standards	Measured value
Phenols	mg/m³N	20	92.0*
Ammonia	mg/m³N	35	40.0*
Formaldehyde	mg/m³N	20	7.80
Total dust	mg/m³N	150	10.0

<Water>

Item	Unit	Standards	Measured value
Zinc	mg/L	1.4	0.163
Copper	mg/L	0.2	Less than 0.020
Phenol	mg/L	0.4	0.0037
Molybdene	mg/L	5	0.022
Total phosphorus	mg/L	14	0.2

* D-line: The active carbon filter was checked and found to be saturated with dust. There is no prefilter for dust on D-, F- or G-line to protect the active carbon filter. Over the next three years, prefilters will be installed on these production lines (PLA), starting with the D-line in 2015.
A-line: During the production of resol material, the measured value for phenol extracted from the milling unit exceeded the limit. The outlet of the milling unit was changed to an active carbon filter. The problem has yet to be solved.

Transfer and Release of Substances Subject to the PRTR Law (Fiscal 2014 Performance)

The amounts of the 39 substances subject to the PRTR Law (PRTR system*) released and transferred by the Group's business sites in Japan are presented in the table below.

(tons/year)

Government order number	Substance	Amount used (manufactured)	Release			Transfer	
			Into air	Into water	Into soil	As waste material	As sewage
1	Zinc compounds (water-soluble)	16.4					
18	Aniline	200.9				0.6	
31	Antimony and its compounds	62.7				2.4	
37	Bisphenol A	281.1				0.2	
51	2-ethylhexanoic acid	6.5					
53	Ethyl benzene	24.3				6.8	
57	Ethylene glycol monoethyl ether	12.7					
71	Iron(III) chloride	5.7				5.7	
78	2, 4-xylenol	21.6					
79	2, 6-xylenol	8.8					
80	Xylene	35.2				9.1	
82	Silver and its water-soluble compounds	20.3					
86	Cresol	1,566.5				0.9	
136	Salicylaldehyde	2.0					
203	Diphenylamine	1.4					
207	2, 6-ditertiary butyl-4-cresol	6.7					
218	Dimethylamine	2.7					
232	N,N-dimethyl formamide	286.3	1.4			10.2	
239	Organic tin compounds	30.8				2.3	
258	Hexamethylenetetramine	1,095.6				24.4	
265	Tetrahydromethylphthalic anhydride	277.4				0.2	
277	Triethylamine	9.8					
296	1,2,4-trimethylbenzene	1.4					
300	Toluene	75.6	8.2			6.7	
302	Naphthalene	1.9					
309	Nickel compounds	1.0					
320	Nonylphenol	2.5					
330	Bis (1-methyl-1-phenylethyl) = peroxide	5.0					
349	Phenol	22,542.2	3.2			36.1	
352	Diallyl phthalate	5.1					
355	Bis (2-ethylhexyl) phthalate	6.3					
375	2-butenal	1.2					
392	n-hexane	4.1	1.2			1.3	
401	1,2,4-benzene tricarboxylic acid	16.8				1.3	
405	Boron and its compounds	11.3				1.2	
411	Formaldehyde	9,022.4	0.6			7.0	
		(10323.5)	0.4				
413	Phthalic anhydride	1.3				0.1	
438	Methylnaphthalene	23.7	0.1				
448	Methylenebis (4, 1-phenylene) = diisocyanate	12.5					

: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.

Memberships in Leading Organizations (Qualifying Names of Organizations 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

Environmental Protection Activities

Year	Sumitomo Bakelite Group's Initiatives	Social developments
1969	• Pollution countermeasures secretariat established	
1973	• Environmental Management Division established • Environmental auditing of domestic business sites commenced	
1974	• Environmental management departments established for all business sites	
1978	• Environmental auditing of domestic subsidiaries 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 enacted
1992	• S.B. Recycle established	• United Nations Conference on Environment and Development (UNCED or Earth Summit) results in the "Rio Declaration on Environment and Development", "Agenda 21", etc.
1993	• Environment and Safety Volunteer Plan drafted • Environment and safety management regulations established • Environmental audits of overseas subsidiaries and affiliates commenced	• The Basic Environment Law enacted
1994	• Use of certain CFCs and 1,1,1-trichloroethane ceases	
1995	• Responsible Care Committee established • The Company joins the Japan Responsible Care Council as a founding member	• Japan Responsible Care Council (JRCC) established • Law for Promotion of Sorted Collection and Recycling of Containers and Packaging enacted
1997	• Corporate Policies for Safety, Health, and the Environment revised • Utsunomiya Plant and Sumitomo Bakelite Singapore obtain ISO 14001 certification	• Kyoto Protocol adopted by the Third Conference of the Parties of the United Nations Framework Convention on Climate Change (COP3)
1998	• First Environmental Activities Report issued	
1999	• All Sumitomo Bakelite plants obtain 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 receives an award for promoting a "3R" policy of reduce, reuse, and recycle • Risk Management Committee established	• Soil Contamination Countermeasures Law enacted • Japan adopts COP3 Kyoto Protocol • World Summit on Sustainable Development adopts Johannesburg Declaration on Sustainable Development
2003	• Yamaroku Kasei Industry certified as the Company's first zero waste emissions plant • Compliance Committee established	• Building Code revised to resolve "sick building" syndrome
2004	• Shizuoka Plant commences operations of a cogeneration system	• Air Pollution Prevention Law revised to reduce volatile organic compound (VOC) emissions
2005	• Title of annual Environmental Report 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 goes into effect • Ordinance on Prevention of Health Impairment due to Asbestos
2007		• The new EU Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) comes into force
2008	• Thirty of the business sites of the Sumitomo Bakelite Group in Japan and overseas 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) • The company signs Responsible Care Global Charter (November)	• G8 Hokkaido Toyako Summit
2009	• Inauguration of multilingual Material Safety Data Sheet (MSDS) system • Begins participating as a partner in the Declaration of Biodiversity of the Japan Business Federation (Nippon Keidanren)	• Revised Act on the Rational Use of Energy takes effect • The 15th Conference of the Parties (COP15) held with the United Nations Climate Change Conference (Copenhagen Summit)
2010	• Establishment of the Environmental Impact Reduction Committee • The Sumitomo Bakelite Group begins leakage risk assessments at its business sites in Japan and overseas	• The 10th Conference of the Parties (COP10) to the Convention on Biological Diversity
2011	• Presentation to Tochigi Prefecture of the report on the remediation construction work conducted at the Sano Plastic site (July) • Standards for preparation of the Environmental & Social Report changed to conform with the GRI guidelines	• The 17th Conference of Parties (COP17) to the United Nations Framework Convention on Climate Change • The Great East Japan Earthquake
2012	• The biotope project starts at the Shizuoka Plant • Excavation and removal of contaminated soil start following the closure of the Totsuka Office • Zero emissions achieved 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 Daiichi Nuclear Power Plant of Tokyo Electric Power Company caused by the Great East Japan Earthquake, operation of all 54 commercial nuclear reactors in Japan suspended. Of the 54, only two at the Oi Nuclear Power Plant of Kansai Electric Power Company resumed operation
2013	• Completion of decontamination at the former Totsuka Plant reported to Yokohama City	• The 19th Conference of Parties (COP19) to the United Nations Framework Convention on Climate Change and the 9th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP9)
2014	• The Company signs the revised Responsible Care Global Charter (September) • Environmental rating by the Development Bank of Japan (DBJ environmental rating): Gained A (October) • Compilation of certain Scope 3 data starts at business sites in Japan	• Revision to the Responsible Care Global Charter (6th element) • The 20th Conference of Parties (COP20) to the United Nations Framework Convention on Climate Change and the 10th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP10)

*Items in blue represent developments in international society.

Signed the revised Responsible Care Global Charter (signed by the president)

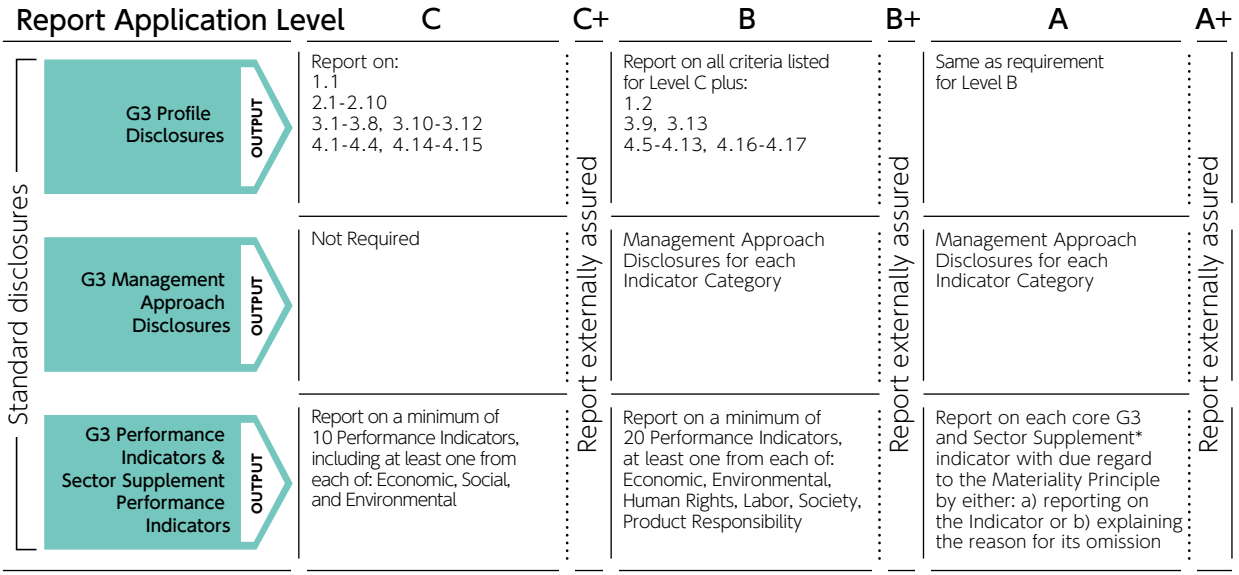
DBJ Environmental Rating Commendation Ceremony

DBJ 環境格付
2014

We received environmental rating-based loans from the Development Bank of Japan (DBJ) in September 2014. Our environmental initiatives were considered particularly advanced.

GRI Content Index

The Environmental & Social Report 2015 corresponds to Application Level B+ of the GRI Sustainability Reporting Guidelines (G3). This self-declaration is assured by KPMG AZSA Sustainability Co., Ltd.



*Sector supplement in the final version

Item	Indicator	Relevant pages
1. Strategy 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. Organizational Profile		
2.1	Name of the organization.	18
2.2	Primary brands, products, and/or services.	18,20,21
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	18,19
2.4	Location of organization's headquarters.	18
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.	18,19
2.6	Nature of ownership and legal form.	18
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	18-21
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.	18,19
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).	2,3
2.10	Awards received in the reporting period.	65
3. Report Parameters		
Report Profile		
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 Scope 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
3.7	State any specific limitations on the scope or boundary of the report.	3
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.	3
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.	45,54
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).	Not applicable
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	3
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	66,67
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report.	68
4. Governance, Commitments, and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	22,23
4.2	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).	22
4.3	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.	22
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	24,40
4.5	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).	22
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	22
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	22
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	16

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.	17
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	17
Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	34
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.	64
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	19
4.15	Basis for identification and selection of stakeholders with whom to engage.	19
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	19
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.	11,14

Management Approach and Performance Indicators

Item	Performance Indicator (● Core Index/ ○ Additional)	Relevant pages
Economic		
	Management Approach	16,40
Economic Performance		
● EC3	Coverage of the organization's defined benefit plan obligations.	36
● EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	42
Environmental		
	Management Approach	16,17,25,27,54
Materials		
● EN1	Materials used by weight or volume.	26
Energy		
○ EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	55
Water		
● EN8	Total water withdrawal by source.	26
Biodiversity		
● EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	31
○ EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	31
Emissions, Effluents, and Waste		
● EN16	Total direct and indirect greenhouse gas emissions by weight.	26,27,28,54,55
● EN17	Other relevant indirect greenhouse gas emissions by weight.	29,55
○ EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	28
● EN20	NO, SO, and other significant air emissions by type and weight.	30
● EN21	Total water discharge by quality and destination.	26,30
● EN22	Total weight of waste by type and disposal method.	26
● EN23	Total number and volume of significant spills.	30
○ EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not applicable
Compliance		
● EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	24
Transport		
○ EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	55
Labor Practices and Decent Work		
	Management Approach	16,17,25,36,44
Employment		
● LA1	Total workforce by employment type, employment contract, and region.	36
Labor/Management Relations		
● LA4	Percentage of employees covered by collective bargaining agreements.	38
Occupational Health and Safety		
● LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	45
● LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	38
Training and Education		
○ LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	38,39
Human Rights		
	Management Approach	36,39
Investment and Procurement Practices		
○ HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	39
Non-discrimination		
● HR4	Total number of incidents of discrimination and actions taken.	24
Society		
	Management Approach	16,23
Corruption		
● SO2	Percentage and total number of business units analyzed for risks related to corruption.	24
● SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	23
Anti-competitive Behavior		
○ SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	24
Compliance		
● SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	24
Product Responsibility		
	Management Approach	16,32-34
Customer Health and Safety		
● PR1	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.	32-34
○ PR2	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.	24
Product and Service Labeling		
○ PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	41
Marketing Communications		
● PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	41
Customer Privacy		
○ PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	24
Compliance		
● PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	24

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, 2014 to March 31, 2015 (the "Indicators") included in its Environmental & Social Report 2015 (Web edition) (the "Report") for the fiscal year ended March 31, 2015, 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. Our assurance procedures included:

- 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 Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 16, 2015

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 (SumiDurez Singapore)

Site audit at domestic business office (Utsunomiya Plant)

SUMITOMO BAKELITE CO., LTD.

Tennoz Parkside Building,
2-5-8, Higashi-Shinagawa, Shinagawa-ku,
Tokyo 140-0002, Japan

Contact:
Corporate Communications Department
Corporate General Affairs Division
TEL: +81-3-5462-3479
FAX: +81-3-5462-4873
URL: http://www.sumibe.co.jp/english/

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

UD FONT by MORISAWA

Issued: Sep. 2015