

Integrated Report 2015



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Issued in October 2015



 **SUMITOMO RIKO Company Limited**



Creation of New Values through Polymer Materials Technology.



Sumitomo Riko's future developing area based on polymer materials technology



Editorial Policy

This report is an integrated report that presents not only financial information, such as financial results, but also non-financial information, including business strategy and CSR information. We hope this report will help a wide range of stakeholders deepen their understanding of the Sumitomo Riko Group's management and corporate activities.

In the editing of this report, we referred to the International Integrated Reporting Framework ver. 1.0 issued by the International Integrated Reporting Council (IIRC) in December 2013.

Period covered in the Report


From April 1, 2014 to March 31, 2015 (fiscal 2014).
This Report also refers to certain activities that are being undertaken in fiscal 2015 or were carried out in previous years.

Boundary of the Report

This Report covers Sumitomo Riko and its Group companies.
In this Report, "Sumitomo Riko" and the "Sumitomo Riko Group" are defined as follows.
"Sumitomo Riko" and "the Company": Sumitomo Riko Company Limited
"Sumitomo Riko Group" and the "Group": Sumitomo Riko and Group

companies. The term "Group companies" alone does not include Sumitomo Riko. Group companies may be described as associated companies, subsidiaries or affiliated companies.

Reliability and Assurance of the Report

KPMG AZSA Sustainability Co., Ltd. provides assurance on the performance indicators marked with , attesting to the accuracy and completeness of the information disclosed. Furthermore a review of the Sumitomo Riko Group's initiatives and disclosure status by an independent, third-party expert is presented in this Report to enhance its reliability.

Disclosure Based on the Materiality Principle

In preparing this report, information is disclosed by internally discussing and identifying material aspects to be reported. The process for identifying material aspects is indicated below.

Step 1 Select matters to be evaluated

Select matters to be evaluated by referring to GRI Sustainability Reporting Guideline (G4) and other published guidelines.

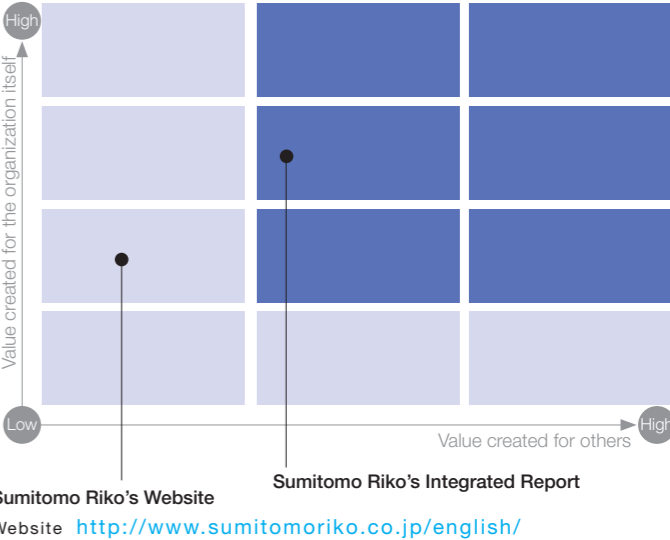
Step 2 Evaluate materiality

Evaluate materiality from two perspectives—value created for the organization itself and value created for others—as required by the IIRC Integrated Reporting Framework.

Step 3 Determine matters to be included in the report

Determine matters to be included in the report based on the results of materiality evaluation.

Materiality Matrix



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Cautionary statement with regard to forward-looking statements
Forward-looking statements such as sales and profits described in this report other than statements of historical or current facts are based on the Sumitomo Riko Group's assumption and judgment on the basis of information that is currently available with regard to economic situation including forecast of the industry trends of the Sumitomo Riko Group's each business, fluctuation in exchange rate, and other factors that affect the group's financial performance. These forward-looking statements contain known or unknown risks and uncertainty.
Therefore, please be aware that actual sales and profits may vary materially from those described in this report. The Sumitomo Riko Group does not intend or assume any obligation to update and officially announce these forward-looking statements after the release of this report.

A Message from the Chairperson & CEO



True to the Sumitomo Spirit,
we are accelerating reforms based on
our new Group management structure to
become a “Global Excellent Manufacturing Company.”

Y. Nishimura

Representative Director
Chairperson of the Board & CEO

The Sumitomo Spirit

The Sumitomo Spirit has been refined through the generation for 400 years based on the Founder's Precepts “Monjuin Shiigaki,” which Masatomo Sumitomo, the founder of the Sumitomo family, wrote and handed on to describe how a merchant should conduct business. The basic points of the Sumitomo Spirit have been passed on in the form of the two articles of the Business Principles as management guidelines of Sumitomo companies.

Business Principles

Quoted from the Sumitomo Goshi Kaisha Administrative Regulations formulated in 1928

Article 1.

Sumitomo shall achieve prosperity based on a solid foundation by placing prime importance on integrity and sound management in the conduct of its business.

Article 2.

Sumitomo's business interests must always be in harmony with the public interest. Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

Sumitomo Riko Group Management Philosophy

In light of the Sumitomo Spirit, all of us at the Sumitomo Riko Group will:

1. We will provide superior products and services to meet customer needs based on technological innovation.
2. We will place top priority on safety and work to ensure the safety of people and society.
3. We will strive to protect the global environment and to contribute to creating better communities.
4. We will maintain a high standard of corporate ethics and observe all laws and regulations to earn public trust and confidence worldwide.
5. We will foster an invigorating corporate culture that respects our employees' diversity, personal qualities, and individuality.

Reinforced Group management based on new structure

I was appointed Chairperson of the Board & CEO on June 18, 2015, and Mr. Tetsu Matsui was named President & COO on the same day. These moves were part of the establishment of a new managerial structure aimed at reinforcing the management of the Sumitomo Riko Group so that we can grow as a truly global enterprise. My responsibility is to oversee the overall management of the Sumitomo Riko Group, while President Matsui is charged with leading the executive team responsible for operational execution.

Since I was appointed President in 2009, we have focused on developing a management platform with advanced functionality to enable internal reforms that will lay the foundation for the growth of the Sumitomo Riko Group as a truly global enterprise: a concept that we refer to as a “Global Excellent Manufacturing Company.” The new management structure is now in place. Mr. Matsui, who led the core automotive anti-vibration rubber business for many years, possesses excellent international business acumen. I am confident that the Sumitomo Riko Group will continue to go from strength to strength under his leadership.

Drive to become a “Global Excellent Manufacturing Company” inspired by the Sumitomo Spirit

We changed the name of the company to Sumitomo Riko Company Limited in October 2014. In the medium-term business plan Vision 2015 (“2015V”), we defined our vision for the Sumitomo Riko Group in 2020 in terms of the two goals of becoming 1) an enterprise that will continue to offer “delight” to customers around the world based on world-class

No.1 technology, and 2) an enterprise that focuses on continually creating new value for the security, safety and comfort of people. The renaming of the company was in line with this strategy, with the adoption of the “Sumitomo” brand signifying our determination to realize this business vision.

The Sumitomo Spirit that underpins the management philosophy of the Sumitomo Riko Group places the main emphasis on trust and integrity. The Sumitomo Spirit inspires our drive to realize our vision of becoming a “Global Excellent Manufacturing Company” that supplies high-quality products to customers worldwide. We do business in accordance with the Sumitomo Riko Group Management Philosophy, which cites Safety, the Environment and Compliance (S. E. C) as the three factors underpinning both our fundamental stance as a manufacturer and our business operations.

Working within this new management structure, we will continue to focus the collective efforts of the Sumitomo Riko Group on becoming a “Global Excellent Manufacturing Company” through faithful adherence to the Sumitomo Spirit.

Restructuring of operations acquired in 2013 to strengthen earnings base

The global economic picture was mixed in fiscal 2014. While the U.S. economy maintained a steady expansion and there were signs of recovery in Europe, South America experienced a downturn in economic activity. In Asia, the situation remained unclear, as the slowing of China's economy contrasted with signs of recovery in countries such as Thailand and Indonesia. The modest recovery of the Japanese economy continued, supported by depreciation of the yen, rising share prices and an upward trend in wages led by large companies. However, stagnation was seen in some parts owing to the consumption

Preparing for future growth in ‘finishing’ year of 2015V plan

tax hike, and there was little evidence of a sustained general upturn in economic prospects.

Amid these external conditions, we focused in fiscal 2014 on equipping the Sumitomo Riko Group with the systems it requires to flourish as a “global mega-supplier” satisfying the requirements of customers worldwide, while also building a presence in new markets and sectors. Extending the fiscal 2013 “Global Cost Innovation” (GCI) program aimed at creating a business base with strong earnings capabilities, we also continued to promote cost-reduction initiatives based on the revision of our raw materials procurement and production systems.

To improve our global competitiveness, we reformed operational structures at Anvis and initiated measures to reinforce operations at Dytech in response to deteriorating market conditions across Europe and South America. With the aim of generating synergies as quickly as possible, we continue to focus on rationalizing operations within the subsidiaries that we acquired in 2013.

Consolidated sales increased 8.6% on a year-on-year basis in fiscal 2014 to ¥400.9 billion, reflecting growth in our automotive products business in the U.S. and China plus the boost from a weaker yen. Operating income declined 22.7% to ¥10.5 billion, however, owing to a slower-than-anticipated recovery in profits at subsidiaries caused by the deterioration in market conditions in Europe and South America. We also booked extraordinary losses due to business structure improvement expenses at Anvis and amortization of goodwill at Dytech. These factors resulted in a consolidated net loss of ¥4.4 billion.

Promotion of global management and creation of intra-Group synergies

As we enter fiscal 2015, the prospects for the global economy are unclear. Political and economic structures are exhibiting signs of increasing instability, as exemplified by the Greek debt crisis. In addition to the downside risks to U.S. economic growth associated with an anticipated raising of U.S. policy interest rates, growth is also expected to slow in emerging countries. Under these conditions, we must focus on promoting global management of the Sumitomo Riko Group to help strengthen the consolidated earnings base, while also seeking to create intra-Group synergies.

In the Automotive Products Business, we established a new production site for anti-vibration rubber products in April 2015 in Yamagata Prefecture to reinforce our ability to supply automakers with bases in northeastern Japan. This move also involved bringing some of our overseas capacity back to Japan as part of our efforts to optimize our global supply capabilities. Overseas, we plan to pursue higher earnings at Anvis after the restructuring undertaken in 2014, while continuing to focus on reinforcing the management set-up at Dytech. These moves are designed to improve the profitability of our operations across Europe and South America.

In the General Industrial Products Business, we plan to position the production base at TRI Kyoto as the mother factory for industrial hoses while working to globalize this business and improve its earnings power. In addition, we plan to boost production capacity in Thailand for precision components for office equipment, which is the leading product of the IT and Electronic Industries, as we target markets in China and Southeast Asia. We are looking to expand our global sales of General Industrial Products as well, based on utilizing the Group network spanning Anvis and Dytech.

In terms of new business development initiatives in fiscal 2015 aimed at laying the foundation for future sales expansion, we will address the global market for flexographic printing products in partnership with a major printing provider. In the health and nursing care field, we also plan to upgrade our lineup of products based on Smart Rubber (SR) sensor technology.

With regard to corporate functions, we have decided to establish our new Global Headquarters in Nagoya, Aichi Prefecture, as part of efforts to strengthen the management of the Group’s global operations. We plan to transfer functions to the site in January 2016. Providing integrated management control of Group operations around the world, the new Global Headquarters promises to help Sumitomo Riko evolve into a truly global enterprise.

In a move aimed at improving efficiency and reinforcing our consolidated management structure, we adopted International Financial Reporting Standards (IFRS) from the first quarter of fiscal 2015 throughout the Sumitomo Riko Group.

Under IFRS, the initial consolidated guidance for fiscal 2015 is for revenue of ¥420.0 billion and operating income of ¥16.0 billion.

Strengthening the Board of Directors and other corporate governance functions

Moves to strengthen corporate governance are accelerating in Japan following the formulation of the Corporate Governance Code. At Sumitomo Riko, as part of our efforts to continually strengthen and upgrade the operation of the Board of Directors and other corporate governance functions, we have introduced an Executive Officer system and have also appointed Outside Directors since 2011. The outside appointees for fiscal 2015 include two Outside Directors and three Outside Audit & Supervisory Board Members, all of whom bring great knowledge and experience to these positions. Outside Directors/Audit & Supervisory Board Members are fully briefed in advance on the relevant business matters so that they can contribute to a genuine and lively debate about issues at the Board meeting. In addition, as an aspect of upgrading governance functions, we are working to ensure the appropriate and timely disclosure to shareholders and other stakeholders of not only financial data, but also non-financial information relating to business strategy and other issues. We also seek to engage stakeholders in constructive dialogue.

Appropriate risk management is an issue that cannot be overlooked in terms of strengthening governance. It is assuming greater importance for the Group as our business environment becomes more global and as we expand into new business fields, which necessarily diversifies our operational risk profile. We have established the Risk Management Committee to oversee proper risk management within Sumitomo Riko on a cross-functional basis. The committee checks that our assumption of risk is on a sound footing by conducting regular risk audits and other measures. It also oversees the progress of measures taken by business divisions to address any adverse risks that become apparent. We also have systems in place for effective crisis management at the corporate level.

Practicing CSR management

CSR management is another essential element in realizing our vision of Sumitomo Riko in 2020.

The Sumitomo Spirit and Sumitomo Riko Group Management Philosophy provide the foundation for our practice of CSR management. Based on these concepts, we have formulated the Sumitomo Riko Group Action Charter. We have defined CSR materiality for promoting CSR management as Safety, Environment, Compliance (S. E. C), Quality, and Contribution to society. The President chairs the CSR Committee that is charged with promoting CSR management across the Group. With the overall aim of raising corporate value, the titled Executive Officers and other senior managers serving on this committee are closely involved in our continuous efforts to ensure that CSR management informs every aspect of our business.

We became a signatory to the United Nations Global Compact (UNGC) in 2014 when we changed the name of the company to Sumitomo Riko. Since fiscal 2015, we have

begun making an active contribution to UNGC-related work in Japan by participating in a working group for Global Compact Network Japan. As our business becomes increasingly global, we are determined to fulfill our responsibilities as a UNGC signatory so that we can aspire to earn the trust of local communities around the world and develop our business as a responsible global corporate citizen.

To become a “Global Excellent Manufacturing Company”

We have designated fiscal 2015 as the ‘finishing’ year of the 2015V plan. It is an opportunity for us to prepare the Sumitomo Riko Group to take the next major steps in its development. We are committed to becoming a “Global Excellent Manufacturing Company.” Our drive to become a world-class manufacturer will remain rooted in the Sumitomo Spirit, which demands that we accord prime importance to integrity and sound management in business conduct, and that we refrain from imprudently pursuing easy gains. We will continue to make steady progress in undertaking initiatives related to safety, the environment and compliance. In closing, we ask all of our stakeholders for their continued support and understanding.

▼ **United Nations Global Compact**
The United Nations Global Compact (UNGC) is a global initiative and a framework for businesses to realize sustainable growth. Companies and organizations that sign the UNGC are expected to support and implement its ten principles, which cover areas such as respect for human rights, the rejection of unfair labor practices, pro-environmental actions, and efforts to fight corruption.



A Message from the President

Sumitomo Riko Group's Global Strategy



Contributing to society as a manufacturer based on advanced technology

Having been appointed to the post of President & COO on June 18, 2015, as the successor to Mr. Yoshiaki Nishimura, I am acutely aware of the weight of my responsibilities in leading Sumitomo Riko as we transform ourselves into a "Global Excellent Manufacturing Company." I will do my utmost to meet the expectations of all our stakeholders.

We are continuing to develop bases around the world, and I see my role as ensuring that the Sumitomo Riko Group becomes a truly

global enterprise. As an engineer with experience of working overseas, I believe that, as well as promoting R&D and expanding the business, we must build a corporate culture that transcends national and cultural boundaries to focus on facilitating good communication. We must also actively try to embrace diversity. I am confident that the strength of Sumitomo Riko lies in the excellence of our technology, and that our mission is to contribute to society as a manufacturer based on advanced technology.

Expanding the business based on core competencies in polymer materials technology and comprehensive evaluation technology

Our core competencies at Sumitomo Riko are in polymer materials technology, whose main elements are compounding, synthesis and chemical reforming, and in comprehensive evaluation technology for thorough analysis and testing of products. We have developed new products, markets and sectors using these core competencies. The company's origins lie in industrial materials and we have subsequently expanded into the automotive and IT sectors, but the same core competencies have supported our growth within each of these three sectors and remain the pillars of our business. Under the 2015V medium-term business plan, we are targeting the Group's expansion into the six fields of automotive; ICT (information and communication technology); infrastructure; dwelling environment; medical, nursing care and health; and resources, environment and energy. Currently, we are at the stage of selecting the specific areas where we want to focus our resources.

The Sumitomo Riko Group has accumulated advanced materials technology and cultivated a manufacturing culture that seeks to anticipate the needs of customers. We also possess a steadily

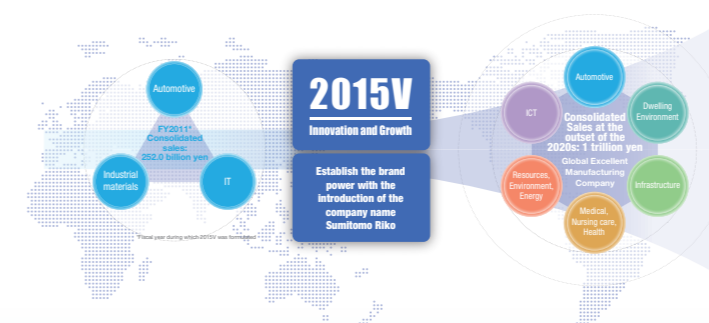
expanding international network that can supply high-quality products globally. By leveraging these strengths, we aim to become a "global mega-supplier" securing leading shares across a range of markets.

Developing into a global mega-supplier using the opportunity created by supply chain transformation

With the Japanese economy projected to offer relatively modest growth opportunities over the medium to long term, expansion of overseas sales via the development of global operations is a critical issue for the Sumitomo Riko Group as it seeks to achieve sustained growth.

Within our mainstay Automotive Products Business, our core strategy is to develop into a global mega-supplier capable of maintaining steady supplies of components to production bases in every region of the world. In recent years, automakers have promoted modularization of parts and increased use of common components across platforms in an attempt to cut production costs while speeding up vehicle assembly. This is resulting in a structural shift within the automotive parts industry, with the emergence of a small number of mega-suppliers capable of supplying components

A Mid-Term Business Plan "2015 V"



In 2020, the economies of emerging-market countries are expected to continue growing while, concurrently, the intensifying competition for natural resources and energy coupled with global environmental issues is expected to lead to accelerating technological innovation in the environmental and energy fields. In Japan, meanwhile, declining birth rates and population aging will spur development of technologies to support people across the domain of medicine, nursing care, and health.

Anticipating this business environment in 2020, 2015V plan defined six fields as growth markets: automotive; ICT (information and communication technology); infrastructure; dwelling environment; medical, nursing care and health; and resources, environment and energy. Our vision for 2020 is to be an enterprise that will continue to offer "delights" to customers around the world while ceaselessly creating new value for the "security, safety and comfort" of people worldwide.

To realize the vision for 2020, the Sumitomo Riko Group defined eight components of the business foundation underpinning growth and set 43 priority themes for the purpose of establishing the business foundation. The change of the company name is intended to help establish the company's brand power. We are vigorously investing management resources, including through global recruitment.



A Message from the President

Sumitomo Riko Group's Global Strategy

on a global scale. We see this transformation of the supply chain as a business opportunity for the Sumitomo Riko Group. Our aim is to expand our business by developing into one of these global mega-supplier vendors.

Our acquisitions of Anvis and Dytech in fiscal 2013 helped us establish product development and supply infrastructure in each of the world's five key regions (Japan; China and South Korea; the rest of Asia; Europe and Africa; and the Americas). We can now respond quickly to customers' technical requirements and supply products on a global basis. Going forward, we plan to utilize the sales networks of Anvis and Dytech to expand our business with U.S. and European automakers so that we can build our position as a global mega-supplier.

One of the risks associated with increased modularization and usage of common parts is that any vehicle safety recalls can have a major impact owing to their global scale. This means that quality assurance is becoming more important than ever. To date, we have based the Sumitomo Riko Group's quality assurance structures on ISO/TS16949, which is the international standard for automotive components. In 2011, we started to introduce quality assurance structures for each manufacturing site as a way of reinforcing our internal quality systems.

Accelerating the overseas expansion of the General Industrial Products Business

The General Industrial Products Business has been largely focused on the Japanese market, but we are now accelerating efforts to expand operations into overseas markets.

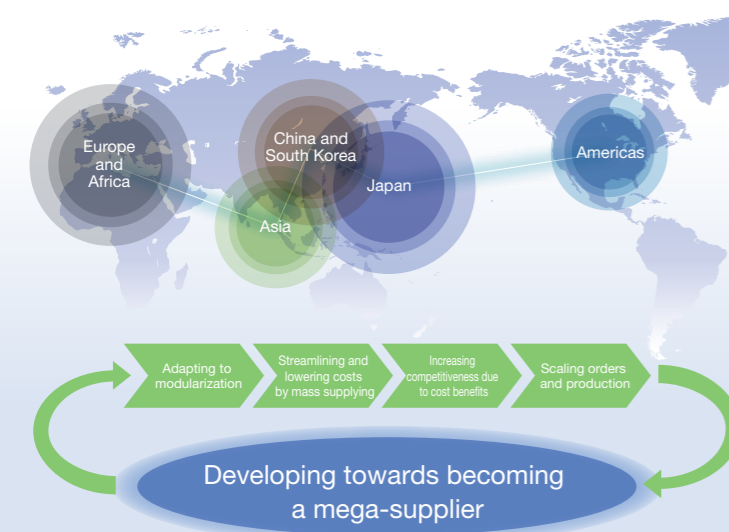
In the Chemical and Plastic Products Business, which mainly supplies components used in office equipment, we established the first overseas base for these operations in Thailand and started production there in fiscal 2013. Going forward, we are targeting demand from manufacturers of printers and copiers in fast-growing markets such as China and Southeast Asia.

In the Industrial Hose Business, the base that we established in China in 2004 has achieved success in expanding sales to local construction machinery manufacturers. Today we have established a solid platform for this business in China. We set up another manufacturing base for industrial hoses in India in 2012, and began assembly of hoses in 2013 at a joint venture established in Russia. Looking ahead, we plan to build this business globally by developing more markets for these products in Europe and South America in collaboration with Dytech.

In the Industrial Products and Materials Business, we are promoting production and sales globally for components used in

Sumitomo Riko Group's Mega-supplier Strategy

R&D and supply system covering five key regions to become a mega-supplier



Expecting wide-ranging effects, including shorter development lead times, lower costs, and lighter weight, automotive manufacturers have been promoting the use of common parts and modular design by reviewing the basic structure of vehicles. Modular design involves the production of modules consisting of discrete functional elements, including peripheral components. As modular design leads to an increase in the number of parts delivered to customers, sophisticated design & development and manufacturing capabilities are essential. Worldwide, the tendency of order-placement to gravitate to major suppliers capable of stable supply of consistently high-quality products is becoming more pronounced. Consequently, the automotive parts market is increasingly dominated by a handful of mega-suppliers that supply parts worldwide. Grasping this trend in a timely manner, the Sumitomo Riko Group has established a R&D and supply system covering five key regions (Japan; China and South Korea; elsewhere in Asia; Europe and Africa; and the Americas) to position itself as a global mega-supplier.

high-speed rolling stock as the number of high-speed rail projects increases worldwide. We are using the Anvis network to market these products, focusing on the sale in Europe of high-performance components made by Sumitomo Riko Group companies. Elsewhere within these operations, we are preparing to launch the production of anti-vibration rubber in China and developing the Group's commercial operations in North America.

Global Headquarters established to reinforce management framework for domestic and overseas bases

In these various ways, we are actively promoting the global development of the Sumitomo Riko Group. Yet this process is more advanced than that of a Japanese company venturing overseas. Our goal is to transform our company into a truly global enterprise that is well-adapted to foreign culture and systems and can flourish throughout the world. In January 2016, we will establish the new Global Headquarters in Nagoya, Aichi Prefecture, to strengthen our management and control structures for a group with numerous bases worldwide.

Global operations help to make a company more competitive, but at the same time they also magnify a range of risks. From the new Global Headquarters, we will oversee the operations of the Group's expanding network of companies, while also seeking to promote operational efficiency and more sophisticated management functions. Our global workforce is increasingly diverse, with 80% of Sumitomo Riko Group employees working in regions other than Japan. As a result, it is essential that we have proper diversity management so that we can navigate national and cultural differences appropriately. We plan to establish a diversity management framework as part of the global human resources management system at the Global Headquarters so that we can recruit, retain and develop the right people for a global enterprise.

Aiming to become a truly global enterprise

We have designated fiscal 2015 as the 'finishing' year of the 2015V plan, one in which we will actively target the development of the Sumitomo Riko Group as a truly global enterprise. As COO, I am confident that we can take the next steps on this path by leveraging our long-cultivated core competencies in polymer materials technology and comprehensive evaluation technology to grow our operations and target global mega-supplier status, and by promoting other measures such as the establishment of the Global Headquarters. We remain committed to harnessing the resources of the entire Group to reach new heights in trying to meet the expectations of all our stakeholders. In these endeavors, I ask for your continued support and understanding.

Tetsu Matsui

Representative Director
President & COO

Sumitomo Riko Group's Business Transition

Transition of Business Development and the Business Model

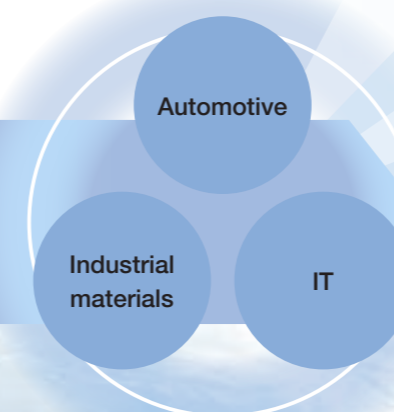
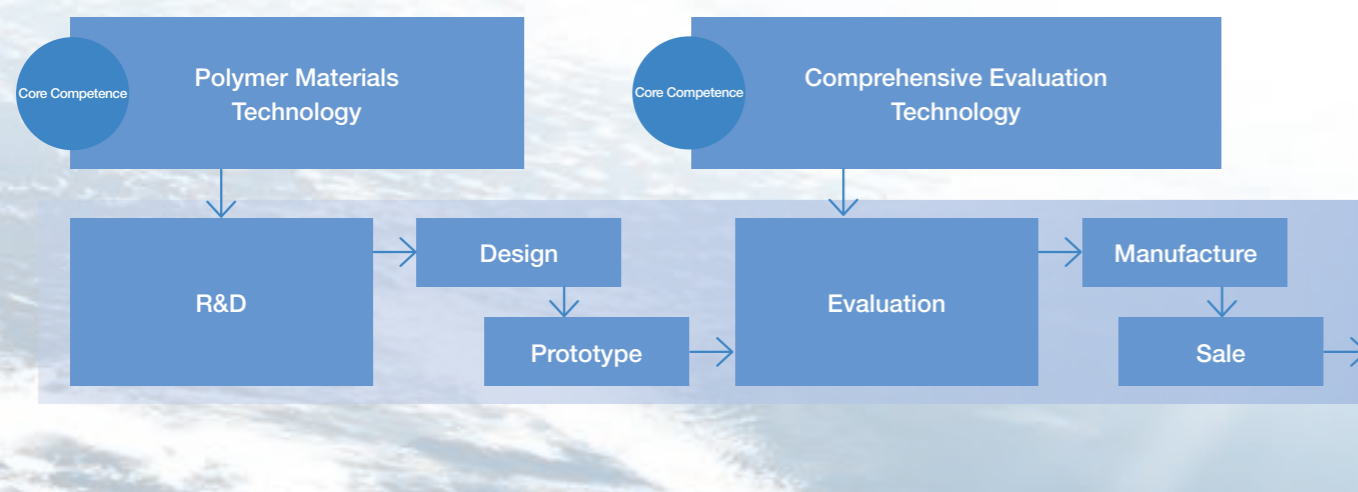
Transition of Business Development



Global Excellent Manufacturing Company

An enterprise that will continue to offer “delight” to customers around the world and create new value for the “security, safety and comfort” of people

Business Model



Shift of emphasis from cultivating new fields to selection and concentration within prioritized fields as an aspiring global mega-supplier



An enterprise that will continue to offer “delight” to customers around the world and create new value for the “security, safety and comfort” of people.

This vision articulates what we aspire to be in 2020. Excited by the prospect of becoming a “Global Excellent Manufacturing Company,” we are advancing toward our long-cherished goal.

To create a framework for achievement of the vision for

2020, the Sumitomo Riko Group used backcasting to identify the actions to be taken by 2015, incorporating them in Vision 2015 (2015V), a mid-term business plan. All of us at Sumitomo Riko Group are making a concerted effort to accomplish the goals of 2015V.

In the First Phase, beginning with the foundation of the business, and the Second Phase, signaling the start of our overseas development, we concentrated on honing our core competencies in polymer materials technology and comprehensive

evaluation technology. Leveraging these strengths, we established industrial materials, followed by automotive, and IT as the three business pillars. In the Third Phase, we embarked on vigorous global business development, involving acquisitions of companies in Europe and South America, while also changing our corporate name to reflect the new orientation. Setting targets for six fields (automotive; ICT; infrastructure; dwelling environment; medical, nursing care and health; resources, environment and energy), defined as growth markets in 2015V, we

advanced into markets and fields that were new for us while also expanding the existing business.

Inspired by the Sumitomo Spirit, “the importance of working proactively, pursuing profit by quickly and appropriately responding to changes in society and not being content with the status quo,” we are systematically transforming ourselves, through rigorous selection of businesses and relentless focus on them, into a global mega-supplier—a “Global Excellent Manufacturing Company”.

Sumitomo Riko's Core Competencies

Sumitomo Riko has cultivated polymer materials technology and comprehensive evaluation technology as core competencies underpinning its businesses. In its drive to become a "Global Excellent Manufacturing Company" ceaselessly creating new value, Sumitomo Riko is refining these technologies.



Machining and Processes

For creating products with the functions customers desire using polymer materials technology, machining and processes technology enabling unique, innovative manufacturing that is second to none, is indispensable. Sumitomo Riko has accumulated a wealth of expertise in this technology. Deploying eminently practicable, high-performance manufacturing processes worldwide, we help customers fulfill their ambitions.

Product Design

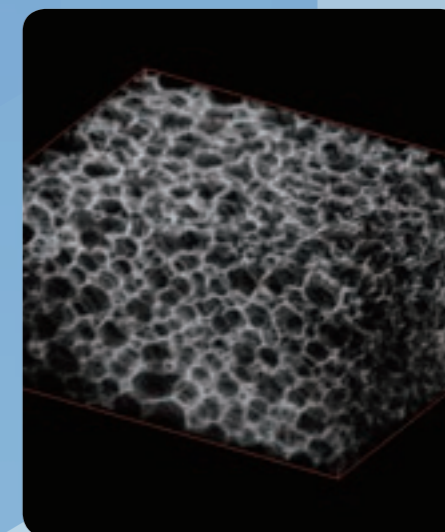
Product design is critically important to ensure products effectively perform functions satisfying customer requirements, including safety, security, and comfort.

We propose products noted for high reliability, long life and environmental performance in such vital areas as vibration control to absorb vibration and noise in various conditions, fluid control to transport fluid without leakage or deterioration, thermal control for heat storage and dissipation, and electrical control to endow flexible materials with conductive and electrostatic properties.

Polymer Materials Technology

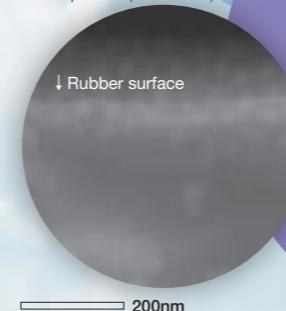
Polymer materials technology is like a culmination of series of processes involving excellent ingredients and techniques: seasoning the functions, producing materials with just the right recipe, and adjusting the flavor before serving them to customers. Leveraging our expertise in compounding, synthesis and chemical reforming, we have enhanced our capabilities in developing high-performance materials to the point where polymer materials technology has become a Sumitomo Riko core competency.

To meet increasingly sophisticated performance requirements, we integrate materials technology with "machining and processes technology" as well as analysis and "comprehensive evaluation technology" to create innovative materials distinguished by their advanced functionality that transcend conventional expectations. Polymer materials technology is a vital element of Sumitomo Riko's manufacturing prowess.



Nanomatrix
Nano is a unit prefix that means one billionth.

SEM image of rubber cross-section
(White portions are slip components.)



Materials require various functions depending on usage conditions, purposes and product design. For example, it is difficult to achieve both flexibility and slipperiness using a single material. Employing compounding technology and machining and processes technology, we solve the problem by blending slip components in rubber in order to exist molecules on the surface that realize innovative properties.

In the evaluation of automotive components, incorporating them in an actual car will reveal characteristics that cannot be predicted based on evaluation of the components alone. Advanced evaluation technology, such as vibration simulation of various road surface conditions, helps generate new design concepts and products meeting, or exceeding, customer expectations.



8-axis vibration generator

Comprehensive Evaluation Technology

We deploy comprehensive evaluation technology to meticulously analyze materials, products, and systems from multiple perspectives.

Simulating the conditions of use of final products, this technology evaluates whether components manufactured by Sumitomo Riko can provide functions satisfying customer requirements.

Drawing on its expertise, Sumitomo Riko simulates the usage environment, such as high temperature and high humidity, including drastic changes in environmental parameters. Evaluation of product properties and durability in the simulated environment reveals their weaknesses, strengths and potential. To enhance product performance, we derive the optimum solution through not only evaluation of structural design but also molecular-level analysis of polymer materials. This sophisticated approach leads to proposal-driven manufacturing that anticipates the needs of customers around the world.

Indispensable for ensuring performance and other attributes satisfying customer requirements, comprehensive evaluation technology is a Sumitomo Riko core competency supporting manufacturing.

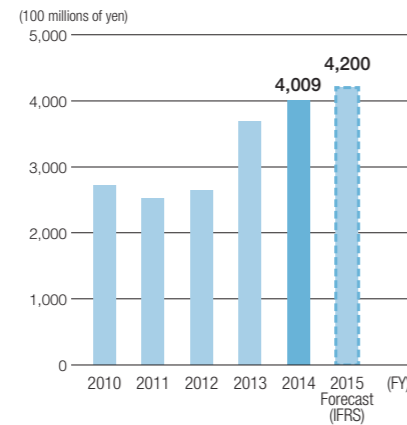
Evaluation in an anechoic chamber



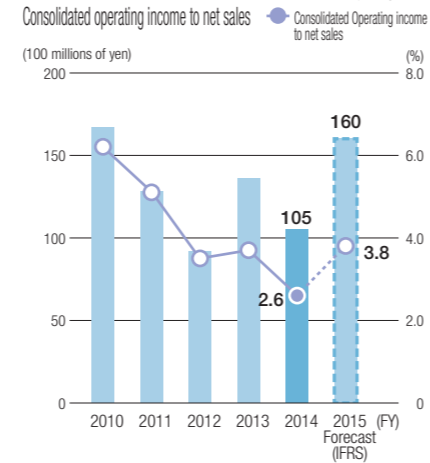
Financial and Non-Financial Highlights

Financial Capital

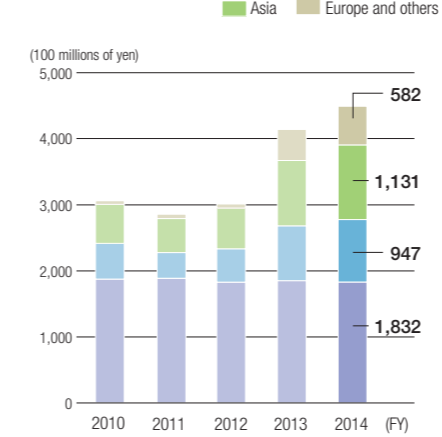
Consolidated sales



Consolidated operating income



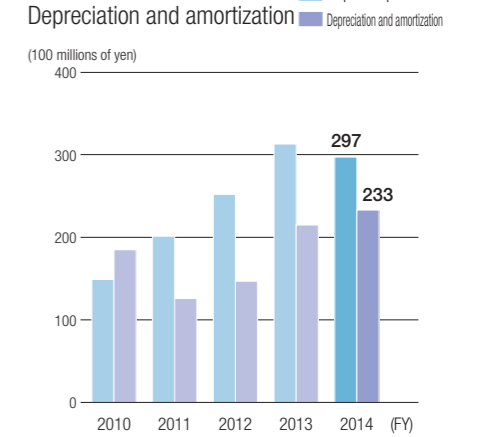
Sales by geographical segment



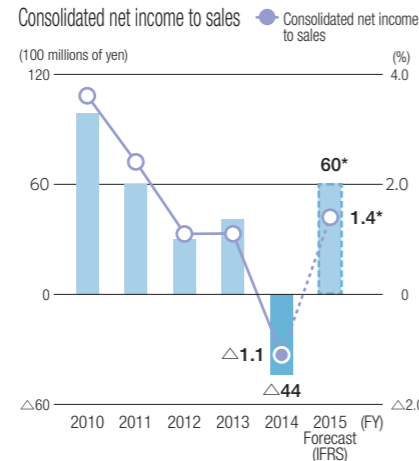
*Before intersegment elimination

Manufactured Capital

Capital expenditure

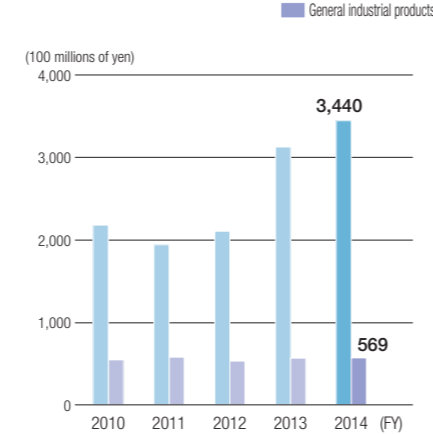


Consolidated net income

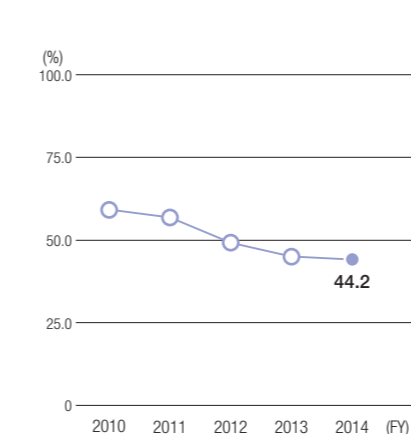


*Fiscal 2015 forecast: profit attributable to owners of the parent company and its ratio to sales

Sales by business segment

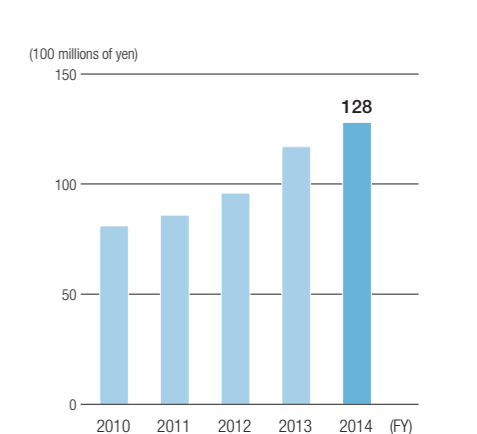


Shareholders' equity ratio

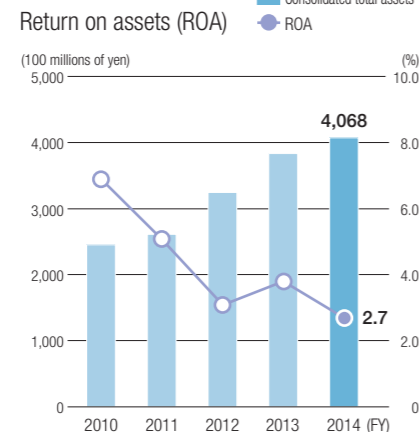


Intellectual Capital

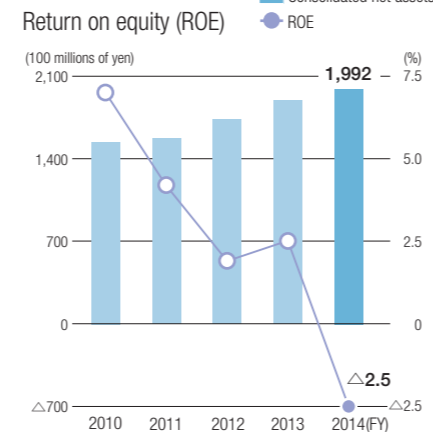
R&D expenses



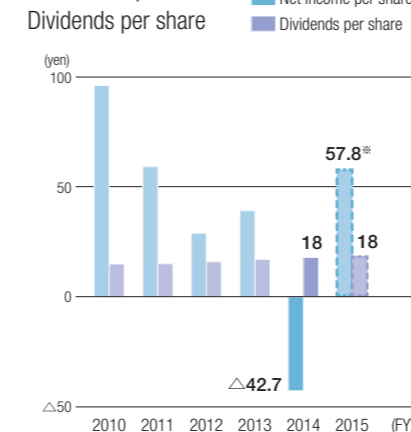
Consolidated total assets



Consolidated net assets

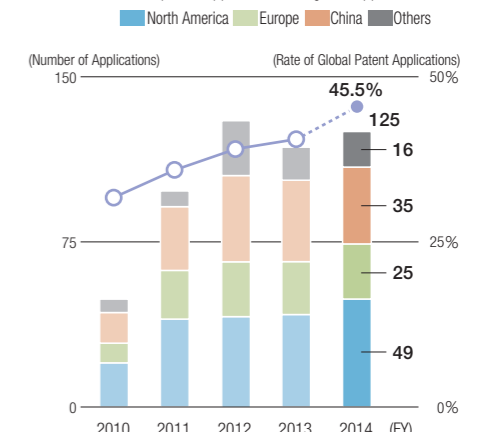


Net income per share



*Fiscal 2015 forecast: profit attributable to owners of the parent company per share (basic)

Number of overseas patent applications and global application ratio

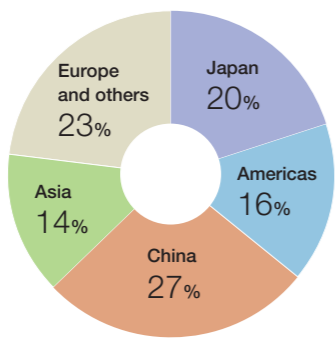


*The global application is the ratio of the number of patent applications filed overseas to the number of patent applications filed in Japan. Figures for fiscal 2014 are forecasts figures since the number of overseas patent applications does not become clear until one year after applications are filed in Japan.

*Financial indicators used are based on Japanese GAAP until FY2014.

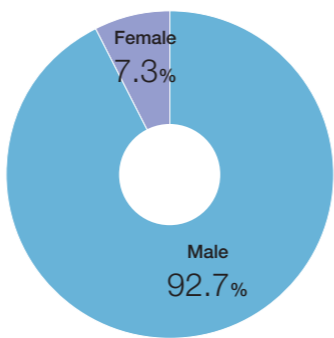
Human Capital

Composition of employees by region



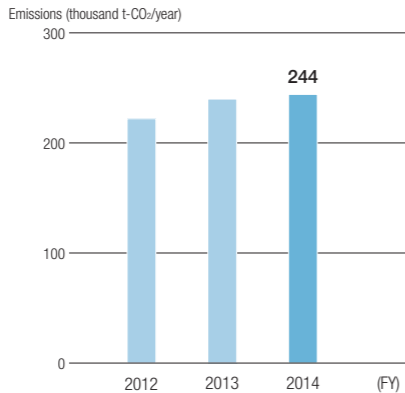
Number of employees: 23,568 persons

Percentage of male and female managerial personnel who are General Managers or have higher positions

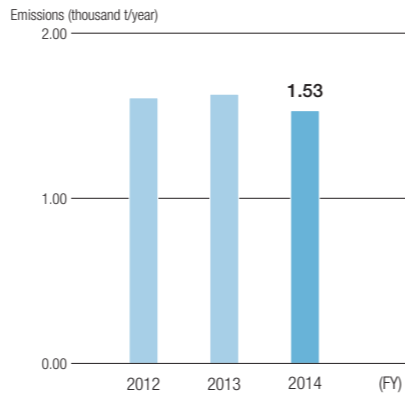


Natural Capital

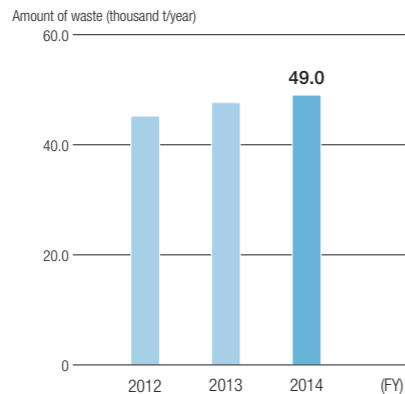
CO₂ emissions



VOC emissions



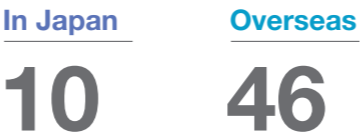
Amount of waste



*Indicators for natural capital are for the total of Sumitomo Riko and its principal production bases (5 companies in Japan, 11 companies overseas).

Social and Relationship Capital

Number of supplier awards received (fiscal 2014)



Honing core competencies in polymer materials technology and comprehensive evaluation technology, the Sumitomo Riko Group is now developing a business model to meet its needs as an aspiring global mega-supplier. The Group's products underpin contemporary lifestyles. They work behind the scenes, reflecting our prominence in the automotive, IT and industrial materials fields. The Sumitomo Riko Group is accelerating efforts to achieve its vision for 2020: to become an enterprise that will continue to offer "delight" to customers around the world based on world-class No.1 technology, and that will continue to create new value for the "security, safety and comfort" of people.

SumitomoRiko's Businesses

Introduction of Products

Automotive Products	P18
General Industrial Products	P20
New Product Topics	P22
Global Business Development	P24

Business Overview

Automotive Products	P26
General Industrial Products	P28
New Businesses and R&D	P30
Quality and Product Safety	P32
Intellectual Property Management	P34

*Photography by courtesy of:
Nagoya City Science Museum
Model cityscape of Nagoya, 3rd floor,
Science and Technology Building

Technologies Ensuring Safety, Comfort, and Environmental Friendliness of Automobiles

Automobiles are a ubiquitous means of transport.

The Sumitomo Riko Group's automotive products help automobiles ensure the safety and comfort of drivers and passengers.

By adopting advanced environmental technologies, these automotive products also help protect the global environment.

Automotive Hoses Automotive Hose Business P27

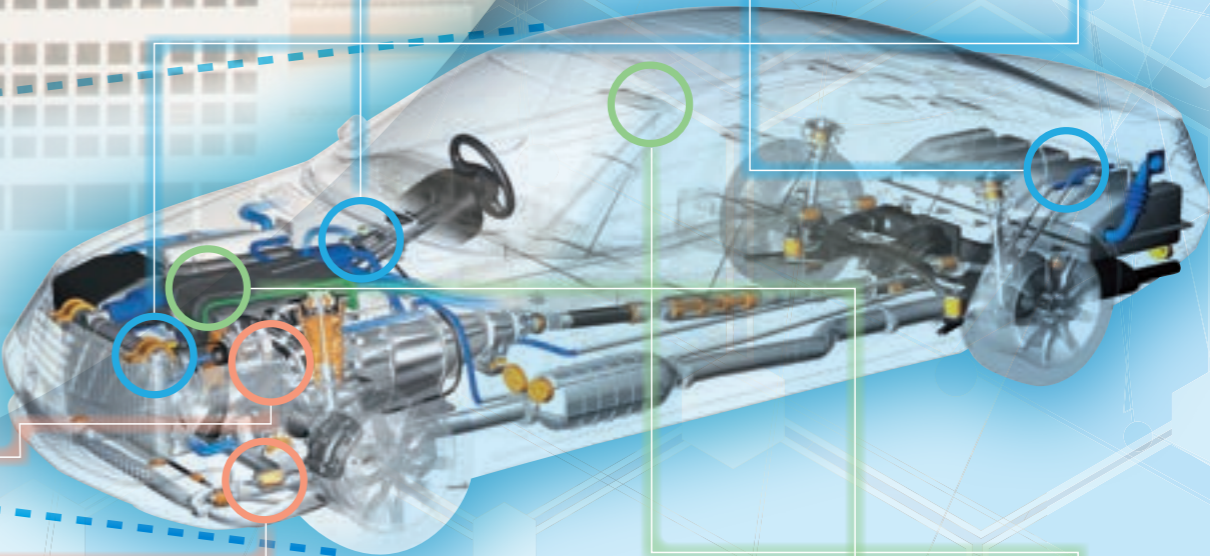
Modern vehicles require many hoses inside the body for them to function appropriately. Sumitomo Riko's lightweight automotive hoses offer excellent performance in terms of heat resistance and vibration and shock absorbance. They are widely used in various locations in a vehicle, connected to the engine, the fuel tank, and so on. Fuel hoses are made of low-permeation gasoline materials developed by advanced compounding technology to cope with stricter environmental regulations. Dytech's signature modular technology has been introduced throughout the Sumitomo Riko Group after its acquisition, resulting in a richer and broader product line-up.



Fuel Hoses

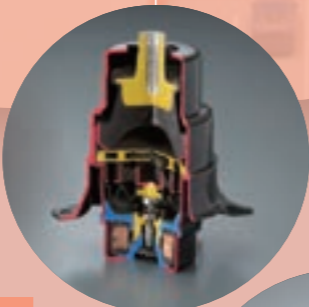


Air Conditioning Hoses



Anti-Vibration Rubber Automotive Anti-Vibration Business P26

Vibration and noise caused by the engine and road surface prevent a comfortable ride. Sumitomo Riko's anti-vibration rubber products made of highly durable rubber materials developed using polymer materials technology absorb vibration from the engine and suspension, helping achieve greater comfort.



E-ACM



Suspension parts

FOCUS

Electrical Active Control Mount (E-ACM)

A corollary of the trend toward engine downsizing to reduce fuel consumption is the pursuit of greater power with less displacement, which, in turn, leads to increased vibration. Sumitomo Riko's E-ACM executes real-time control of the engine's built-in actuator to minimize vibrations transmitted to the vehicle body, thus enhancing vibration-reduction performance compared with what is attainable using conventional anti-vibration rubber. Progress in engine downsizing is fueling demand for E-ACM across the automotive industry.

Sound Controlling Insulation Products and Interior Equipment Polyurethane Products Business P26

Fuel combustion in the engine causes loud noise during driving. Sumitomo Riko's sound controlling/insulation products reduce noise from the engine etc. to keep the car interior quiet. Use of polyurethane materials with excellent heat-resistant and soundproofing properties realizes outstanding noise control in a high-temperature engine compartment. Sumitomo Riko's interior equipment includes headrests and armrests with superb shock-absorbing performance as well as comfortable touch and feel.



Engine Covers



Headrests

Introduction of Products **General Industrial Products**Supporting Contemporary Lifestyles from
Micron-level to Social Infrastructure

The Sumitomo Riko Group's general industrial products are applied in equipment used in various scenes in everyday life, ranging from components for office automation equipment requiring micron-level control to hoses dozens of meters in length for construction and civil engineering.

*Photography by courtesy of:
Nagoya City Science Museum
Model cityscape of Nagoya, 3rd floor,
Science and Technology Building

Industrial Products and Materials Business P29**High-pressure hoses**

Utilizing technologies for rubber and metal fittings, Sumitomo Riko offers hoses that meet the special needs of machinery used in construction and civil engineering. Reinforced with multiple layers of rubber and wire, our high-pressure hoses for excavators and other construction equipment are resistant to high pressure, yet flexible. Use of specially compounded rubber ensures weather resistance and long durability.



High-pressure hoses

**Seismic Dampers**

Sumitomo Riko applies polymer materials technology to devices for the dwelling environment. Dampers for residential applications, marketed under the TRC Damper™ brand, reduce vibration and deformation of buildings in the event of earthquakes. Our unique viscoelastic rubber developed using sophisticated compounding technology instantly transforms seismic energy into thermal energy to protect buildings from damage.

TRC Dampers™
(for wooden detached houses)**Anti-vibration Rubber for Railroads**

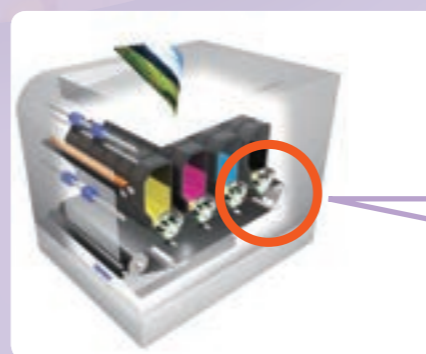
Sumitomo Riko's rubber materials can be applied to infrastructure requiring long life and high durability. Anti-vibration rubber installed on railroad trucks reduces vibration from the track. These highly durable, heat-resistant anti-vibration rubber products perform well in severe environments subject to repeated vibration. The spread of high-speed train services is spurring demand for these high-performance products in Japan and overseas.

Anti-vibration Rubber for
Railroads**IT and Electronics Industries Business** P28**Components for Office Automation Equipment**

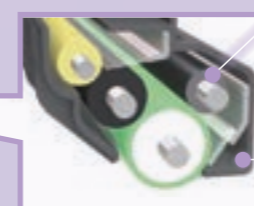
Printers and copiers are the high-tech workhorses of contemporary offices. By exploiting innovative compounding technology, combining heterogeneous materials, and high-precision machining, Sumitomo Riko develops functional parts that greatly enhance the performance of office automation equipment. We were the first in the world to commercialize charging rolls for which technology that makes rubber and resins conductive was applied.

**Sumitomo Riko's Strengths: High-precision Die Molding Technology and System Evaluation and Analysis Technology**

- High-precision die molding technology allows molding on a micron scale. In addition to our unique die design technology, materials compounding technology and manufacturing techniques realize dimensional precision of soft rubber parts comparable to that of metal parts. System evaluation and analysis technology is a facet of our core competency, comprehensive evaluation technology. Evaluation of systems involved in the imaging process of transferring images to paper and the paper feed process, in addition to evaluation of functions of standalone components, and analysis based on our capabilities cultivated over the years enable us to make proposals that lead to enhancement of performance of office automation equipment to meet customer requirements.



Printers / Copiers



Toner cartridge



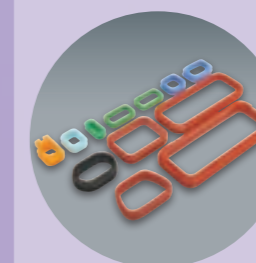
Charging Rolls



Cleaning Blades

Connector Seals

Wire harnesses are bundles of cables transmitting electricity and signals in vehicles, and are spread throughout the vehicle. Connector seals waterproof connectors connecting wire harnesses with various types of equipment. Precision metal molding and liquid silicone molding technologies eliminate burrs and losses. A production system incorporating in-line cameras for inspection assures quality of all products.



Connector Seals

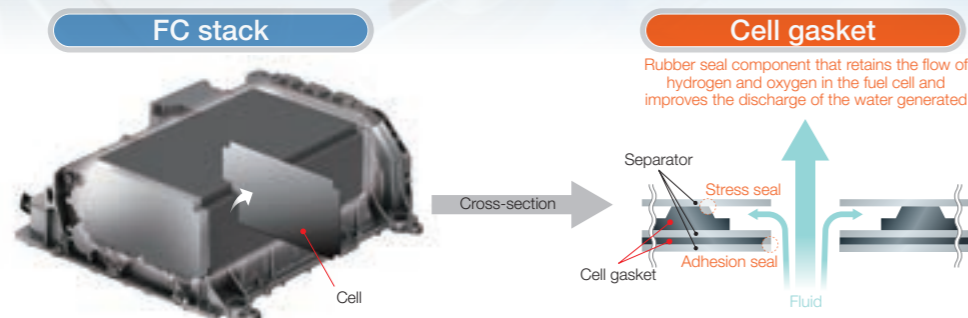
New Product Topics

Cell Gasket, a Rubber Seal Component, Mounted on the Fuel Cell Vehicle “MIRAI”

Sumitomo Riko developed a “cell gasket,” a new rubber seal component used for fuel cell (FC) stacks mounted in fuel cell vehicles (FCV). The product is used in the MIRAI FCV, which Toyota Motor Corporation released in December 2014. FCVs, the ultimate eco-cars, use hydrogen as an energy source and emit only water during driving. The Sumitomo Riko Group will contribute to the realization of a hydrogen-based society.



The newly developed cell gasket is a seal component that retains the flow of hydrogen and oxygen in the fuel cell and improves the discharge of the water generated. With the development of the cell using this new gasket, high performance and reduction in size and weight of FC stacks were achieved.



Sumitomo Riko started developing products for FCs in the early years of this century. In 2008, the company began joint development of the “seal component” with Toyota Motor Corporation, which is the origin of the new “cell gasket.” The gasket is made of general-purpose rubber but has self-adhesiveness. Use of the gasket enabled integrated processing of various power generation components in the process of

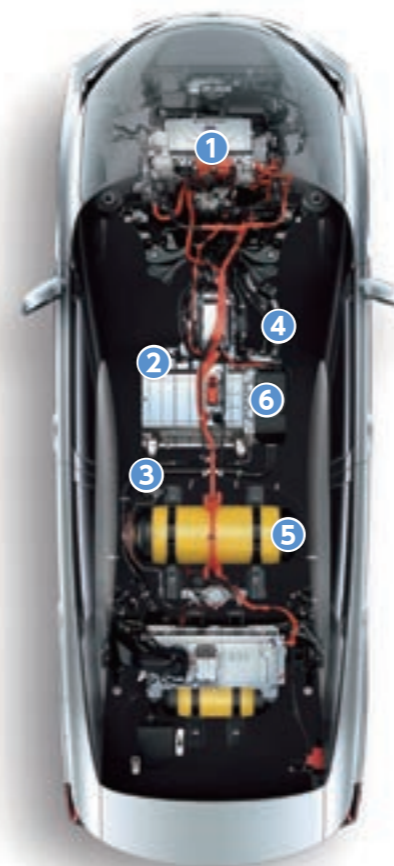
making fuel cells, which facilitates the production of a cell that allows stable power generation. An FC stack consisting of 370 cells serves as the MIRAI’s power source.

In April 2015, we established Sumiriko FC Seal, Ltd., which brings together all the functions necessary for producing FC stacks, to respond to growing demand.

* The images of the FC stack and vehicles presented here are used under the exclusive permission of Toyota Motor Corporation.

Sumitomo Riko Group’s products mounted on the MIRAI

Besides the cell gasket for FC stacks, a number of key components manufactured by the Sumitomo Riko Group are mounted on the MIRAI. Capitalizing on our core competencies in “polymer materials technology” and “comprehensive evaluation technology”, these products support the performance of the MIRAI.



Anti-Vibration Rubber

Minimizes vibration from the road surfaces and motors to enhance in-vehicle comfort while contributing to stable driving.

1 Motor mount

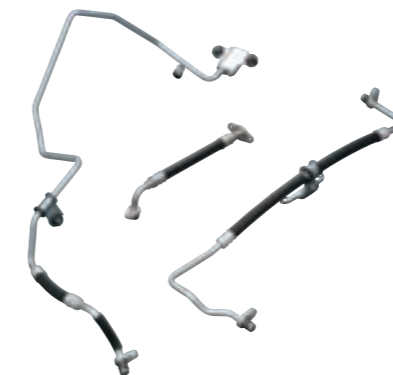
This rubber component is attached to the housing of a motor. By supporting the motor, it enhances riding quality during driving and dampens vibrations of the motor.

2 Stack mount

This rubber component, installed at a joint between the FC stack case and the vehicle body, helps reduce not only the vibrations that propagate to the FC stack but also the vibrations of the vehicle itself.



Examples of anti-vibration rubber products



Examples of hoses

Hoses

Supply the hydrogen and oxygen required for power generation to the FC stack

3 Hydrogen hose

This high-sealing-performance hose supplies hydrogen from the hydrogen tank to the FC stack.

4 Air hose

This hose supplies compressed air to the FC stack. The attachment of the sound-insulating urethane cover makes air supply quiet.

Urethane parts

Parts made of Sumitomo Riko’s original urethane foam material enhance the safety and comfort of vehicles.

5 Hydrogen tank pad

Made of a special impact-absorbing material, this pad protects the hydrogen tank against external impacts.

6 Sound-insulating cover

The cover suppresses sound from the auxiliary equipment of the FC stack.



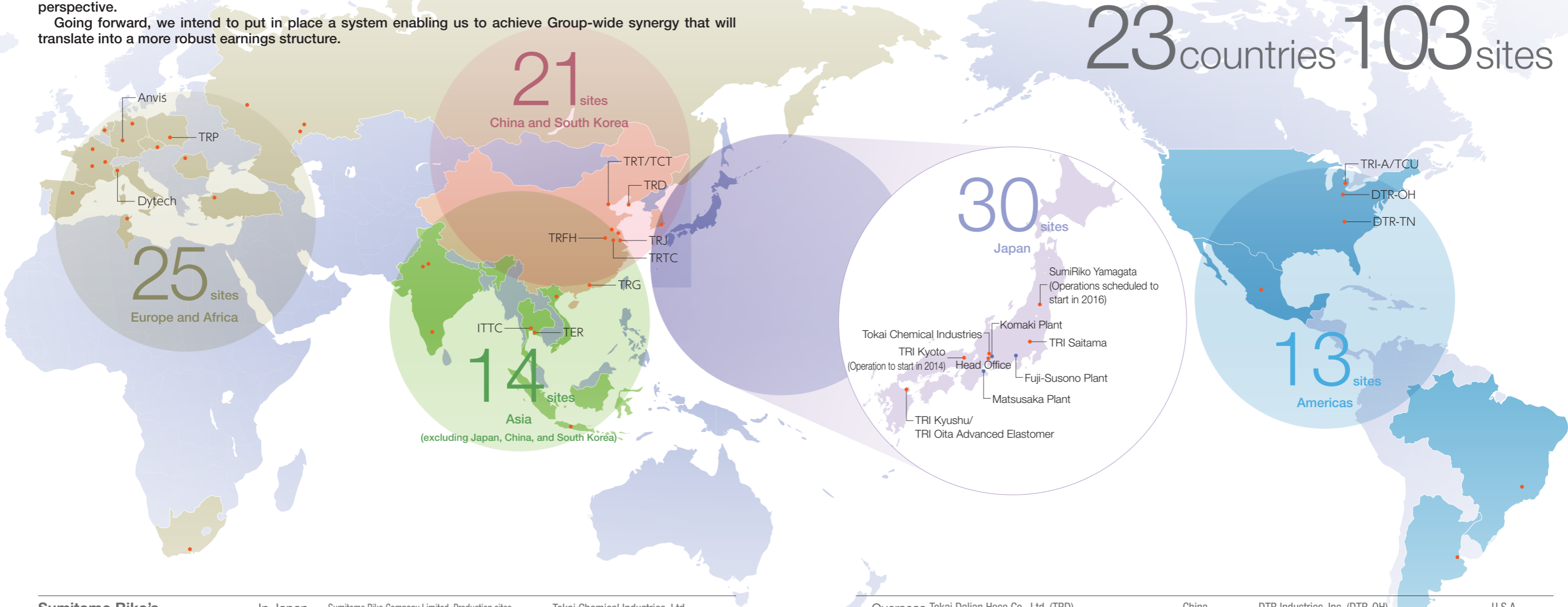
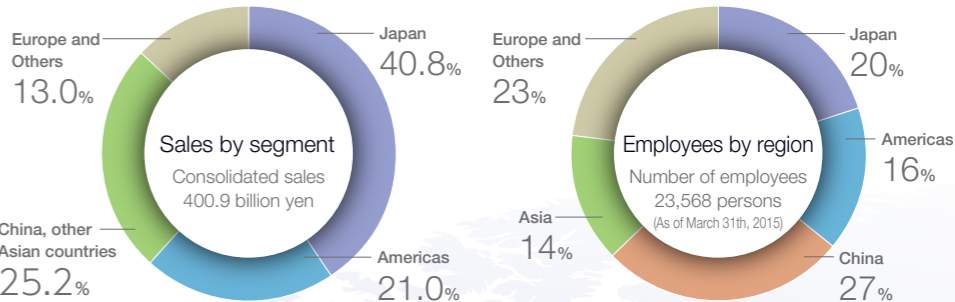
Hydrogen tank pad

Global Business Development

To achieve the goals of 2015V and the vision for 2020, the Sumitomo Riko Group is proactively developing business globally.

In automotive products, we have established a product development and supply system covering five key regions (Japan; China and South Korea; elsewhere in Asia; Europe and Africa; and the Americas) around the world. This enables us to cultivate non-Japanese automotive manufacturers as new customers and expand sales to them as well as to Japanese automotive manufacturers. In general industrial products, we are also vigorously promoting overseas business development, sharpening our focus on growth markets from a global perspective.

Going forward, we intend to put in place a system enabling us to achieve Group-wide synergy that will translate into a more robust earnings structure.



Sumitomo Riko's production sites and principal Group companies

In Japan	Sumitomo Riko Company Limited	Production sites
	Komaki Plant	
	Matsusaka Plant	
	Fuji-Susono Plant	

Tokai Chemical Industries, Ltd.
TRI Saitama, Ltd.
TRI Oita Advanced Elastomer, Ltd.
TRI Kyushu, Ltd.
TRI Metex, Ltd.*
TRI Hose Sales, Ltd.*
TRI Logitech, Ltd.*
(*Located in the Komaki region)

Overseas	Tokai Dalian Hose Co., Ltd. (TRD)	China
	Tokai Rubber (Tianjin) Co., Ltd. (TRT)	China
	Tokai Rubber (Jiaxing) Co., Ltd. (TRJ)	China
	Tokai Rubber (Guangzhou) Co., Ltd. (TRG)	China
	TRFH Co., Ltd. (TRFH)	China
	Tokai Chemical (Tianjin) Auto Parts Co., Ltd. (TCT)	China
	Tokai Rubber Technical Center (China) Co., Ltd. (TRTC)	China
	Tokai Eastern Rubber (Thailand) Ltd. (TER)	Thailand
	Inoac Tokai (Thailand) Co., Ltd. (ITTC)	Thailand

DTR Industries, Inc. (DTR-OH)	U.S.A.
DTR Tennessee, Inc. (DTR-TN)	U.S.A.
TRI America, Inc. (TRI-A)	U.S.A.
TRI Technical Center USA, Inc. (TCU)	U.S.A.
Dytech-Dynamic Fluid Technologies S.p.A. (Dytech)	Italy
Anvis Group GmbH (Anvis)	Germany
TRI (Poland) Sp. z o. o. (TRP)	Poland

*In line with the change of the company name to Sumitomo Riko, names of certain Group companies will be changed from fiscal 2015 onward.

* As of June 30, 2015

Automotive Products

In the Automotive Products segment, the Sumitomo Riko Group handles anti-vibration rubber products, for which the Group has a leading share in the global market, automotive hoses and interior equipment and sound controlling/insulation products that contribute to a comfortable ride and safety. In pursuit of growth opportunities, we are accelerating development of highly functional products, ensuring compliance with environmental regulations, and enhancing competitiveness in the global market

Automotive Anti-Vibration Business

Business Overview

The principal products of the Automotive Anti-Vibration Business are automotive anti-vibration rubber products. Leveraging our strong relationships with automotive manufacturers and a robust organizational structure covering sales & marketing, design, manufacturing, and quality assurance, we are able to offer high-quality products backed by comprehensive service.

As a result of the acquisition of Anvis and vigorous overseas business development, a global system for product development and supply is now in place. We now have the top share of the global market for automotive anti-vibration rubber products.

Sales for fiscal 2014 increased approximately 13% from fiscal 2013 owing to buoyant automotive production in North America despite adverse factors, namely, minimal growth in the Japanese market and markets elsewhere in Asia, sluggishness of the Russian market and other European markets, and a sharp decline in the South American market.

Future Outlook

Worldwide automotive production volume is expected to exceed 100 million vehicles in 2020 owing to growth in emerging markets, such as China, India, and the ASEAN countries. Viewing demand expansion in emerging markets as a growth opportunity, we are executing vigorous initiatives to expand sales overseas.

From a technological perspective, environmentally friendly cars are expected to become the driving force of the market in view of rising environmental consciousness worldwide. To meet market needs, the Automotive Anti-Vibration Business will accelerate development of differentiated products for environmentally friendly engines and highly functional products, such as highly durable rubber materials that enable reduction of weight and size.

The Automotive Anti-Vibration Business is exposed to the risk of a possible economic slowdown affecting major markets, which would reduce demand and cause automotive production volumes to fall short of the current forecasts. Mindful of this risk, we closely monitor economic trends.

In view of these factors, to achieve synergy with Anvis, which we acquired in 2013, we are promoting integration of materials procurement, design, and production technologies. In addition, through the Global Cost Innovation (GCI) initiatives, we aim to establish innovative manufacturing methods and apply them globally so as to increase earnings.

For fiscal 2015, the Automotive Anti-Vibration Business forecasts a 6% increase in sales compared with fiscal 2014.

Polyurethane Products Business

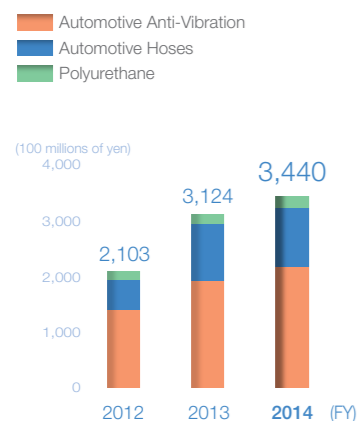
The principal products of the Polyurethane Products Business are automotive interior equipment and sound controlling/insulation products. The Polyurethane Products Business Headquarters was established in June 2015, separate from the Automotive Anti-Vibration and Polyurethane Products Business Headquarters, in view of the expansion of the business. The Polyurethane Products Business is currently concentrating on expanding sales to local customers in China. Possible risks include an increase in accounts receivable and delay in collection due to an increased proportion of sales in China.

In these circumstances, Sumitomo Riko, Toyota Boshoku Corporation, which acquired an equity stake in Tokai Chemical Industries, Ltd. in fiscal 2012, and Tokai Chemical Industries, Ltd. are jointly developing new interior equipment. In regard to sound controlling/insulation products, viewing deterioration of engine noise brought about by engine downsizing and response to CO₂ emissions regulations as a business opportunity, we are working to win orders and expand sales globally.

We are developing new products with high added value in compliance with safety and collision regulations and products with enhanced look and feel for improved in-vehicle comfort. In regard to sound controlling/insulation products, we are accelerating development of magnetic induction foaming (MIF™) urethane with sound absorption and heat radiation properties, which will contribute to quietness of environmentally friendly vehicles, such as electric vehicles (EVs) and hybrid electric vehicles (HEVs).

For fiscal 2015, the Polyurethane Products Business forecasts a 2% increase in sales compared with fiscal 2014.

Sales of Automotive Products



Automotive Hose Business

Business Overview

The principal products of the Automotive Hose Business are fuel hoses and water hoses for automotive applications, leveraging our strengths in sophisticated rubber and resin material compounding technology.

We have the top market share for automotive hoses in Japan, having transactions with all automotive manufacturers in the country. As a result of the acquisition of Dytech, we have joined the top-tier suppliers of automotive hoses in the global market as well.

Sales in fiscal 2014 were 4% higher than in fiscal 2013 thanks to robust demand for cars in North America and China, despite the negative impacts of decreased demand in Japan in reaction to the last-minute surge in demand before the consumption tax increase and lower demand in South America in line with the slowdown of its economies.

Future Outlook

Worldwide automotive sales volume is expected to exceed 100 million vehicles in 2020 owing to the expansion of demand in China and other emerging-market countries in Asia and continuing demand growth in North and Central American markets, as well as the economic recovery in Europe and South America. Non-Japanese automotive manufacturers are expected to outperform Japanese automotive manufacturers in terms of growth.

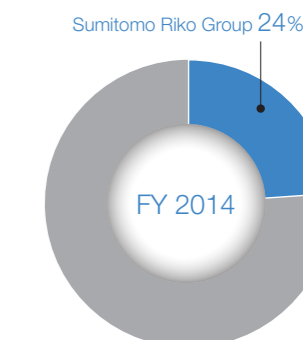
We view expansion of emerging markets and North and Central American markets as a growth opportunity for cultivating business with non-Japanese automotive manufacturers and increasing sales. Meanwhile, we will closely monitor the trend of crude oil prices, change in tax regimes in emerging-market countries, and other economic trends.

Responding to the growth of the global market, taking full advantage of the synergy with Dytech, in terms of technology, production sites, and sales channels, we are developing products meeting the needs of both Japanese and non-Japanese automotive manufacturers and promoting establishment of a global supply system with local production for local consumption. By pursuing economies of scale in materials procurement and promoting localization of materials and products, we are reducing costs while enhancing competitiveness in the global marketplace with the aim of becoming a global mega-supplier.

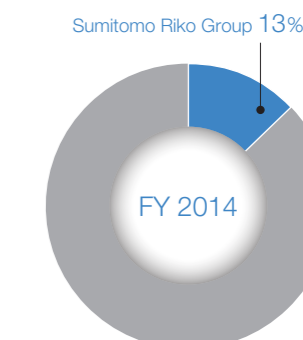
For many years, Sumitomo Riko has been developing green technologies. By applying our original technologies in emerging-market countries and Europe, where regulations are becoming increasingly strict, we intend to capture a higher market share.

The Automotive Hose Business expects to record a 1% increase in sales in fiscal 2015, as growth is forecast in China, elsewhere in Asia, and the North American market.

Automotive Anti-Vibration Business
Global Market Share (Estimate by Sumitomo Riko)



Automotive Hose Business
Global Market Share (Estimate by Sumitomo Riko)



TOPICS

New Plant Completed at TCT in Tianjin, China

In the Polyurethane Products Business, construction of the second plant was completed at Tokai Chemical (TIANJIN) Auto Parts Co., Ltd. (TCT) in Tianjin, China, and production began there in fiscal 2014. With the expanded production capacity, TCT is well prepared to meet the growing needs in the China market.

Strengthening the business foundation, we intend to secure a position as a global mega-supplier.

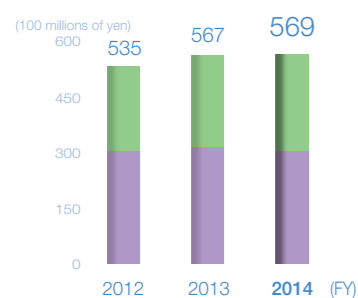


General Industrial Products

In the General Industrial Products segment, the Sumitomo Riko Group offers a wide range of products, including components for office automation equipment requiring micron-level control, hoses dozens of meters in length for construction and civil engineering, anti-vibration rubber for railroad trucks, and dampers used in earthquake countermeasures. We are promoting overseas business development centering on emerging-market countries in the pursuit of vigorous business expansion.

Sales of General Industrial Products

■ IT and Electronics Industries Business
■ Industrial Products and Materials Business and other businesses



IT and Electronics Industries Business

Business Overview

The IT and Electronics Industries Business consists of the Chemical and Plastic Products Business Unit offering highly functional components for office automation equipment, such as printers and copiers, and also handles sealing materials used for automotive wire harnesses and precision anti-vibration rubber products used for onboard audio equipment. Our global market share is particularly high for charging rolls, which we were the first company in the world to commercialize, developer rollers, and cleaning blades. We exploit innovative compounding technology, combining heterogeneous materials, and high-precision technology to offer highly functional components meeting sophisticated needs.

Sales of the IT and Electronics Industries Business in fiscal 2014 decreased about 3% from fiscal 2013 as office equipment manufacturers experienced temporary lull in sales.

Future Outlook

Chemical and Plastic Products Business

There is a growth opportunity as the office automation equipment market is expected to remain robust on a unit basis, centering on emerging markets. On the other hand, there are risk factors as economic trends and technical trends, such as increased product durability, may have an adverse impact on demand for office automation equipment and consumables. To deal with the risks, we promote development of highly durable and highly functional products on a continuous basis to increase our market share.

The Chemical and Plastic Products Business opened Tokai Rubber Chemical and Plastic Products (Thailand) Ltd. (TCP), its first overseas site, in fiscal 2013. This manufacturing and sales subsidiary in Thailand began delivery to customers' production sites in China and Southeast Asia in fiscal 2014. Having established a product supply system attuned to customers' strategies, we are stepping up cultivation of business in emerging markets.

Sealants / Precision Anti-Vibration Rubber Products Business

The increase in demand for wire harness seals is expected to outpace the increase in the number of automobiles, as ICT becomes ever more pervasive in cars, such as in the form of driving support systems, and owing to environmental trends (hybrid technology, idle reduction functions, etc.).

In response to the needs of customers developing business overseas, TRI Saitama, Ltd. opened production sites in Thailand and China where customers have manufacturing operations and started efficient production of precision anti-vibration rubber products and wire harness seals, the businesses acquired in 2014. Taking advantage of the overseas sites, we will cultivate non-Japanese manufacturers as new customers. Precision molding of silicone rubber and the technology for combining rubber with resin will be used to widen the range of products to achieve differentiation and to expand the business by entering peripheral fields.

The IT and Electronics Industries Business forecasts an 11% increase in sales in fiscal 2015, due to the impact of business development centering on emerging-market countries.

Industrial Products and Materials Business

Business Overview

The Industrial Products and Materials Business Headquarters consists of the Industrial Hose Business, handling high-pressure hoses and feeder hoses, and the Industrial Products and Materials Business, handling anti-vibration rubber products for railroad trucks and seismic / environmental countermeasure devices for residential and other buildings, as well as bridges. Product categories in which we are an especially powerful contender include high-pressure hoses, backed by a comprehensive production and delivery system covering Japan and overseas markets, and anti-vibration rubber products for railroad trucks for which we have the top share in the Japanese market.

Although sales of anti-vibration rubber products for railroad trucks were brisk, demand for high-pressure hoses was sluggish reflecting lackluster infrastructure investment in emerging-market countries. As a result, sales in fiscal 2014 was a modest 2% increase compared with fiscal 2013.

Future Outlook

Industrial Hose Business

The Industrial Hose Business is operating in a promising environment. In Japan, large-scale infrastructure projects have started, such as those for the Tokyo Olympics and the Linear Chuo Shinkansen (maglev train) line, and increase in exports is expected backed by the weakening yen. Overseas, the tempo of investment in infrastructure is expected to increase in emerging-market countries in line with economic growth. Thus, demand is expected to expand worldwide.

A risk factor is the sluggish China market, which may cause a decrease in sales and a decline in the capacity utilization rate at production sites in China. In light of this, we are working to augment global supply capacity and strengthen sales to non-Japanese customers. In October 2014, TRI Kyoto, Ltd. started operation as the global mother plant, and manufacturing of hoses in India and assembly in Russia started. Overseas, we released the ADVANSTAR series of industrial hoses that are compliant with global standards. Having established Sumiriko Industrial Products Shanghai Co., Ltd. (SRK-IPS) in Shanghai, China, and promoting collaboration with Dytech, we are accelerating cultivation of the global market in terms of both manufacturing and sales.

Industrial Products and Materials Business

Demand for new railroad trucks in Japan centers on replacement of old cars and no significant increase is expected. On the other hand, growth is expected overseas, because of ongoing investment in high-speed railways and subways in China, improvement of urban traffic networks in emerging-market countries, and the need for high-speed railways in developed countries. New housing starts have been flat but construction of apartments is expected to increase as ownership of apartments is beneficial in terms of reducing inheritance taxes and the market for refurbishment of homes is expected to expand.

A risk factor is the possible impact of mounting concern about the construction industry in view of the falsification of quality data for seismic rubber products for buildings by a competitor. It is to be hoped that confidence in devices for earthquake countermeasures will recover.

In these circumstances, in the railroad field, we will promote overseas business development, including production of anti-vibration rubber products in China at KTS High-Tech Rubber Co., Ltd. (KTS), a joint venture in China, creation of synergy with Anvis in sales promotion in Europe, and consideration concerning the possible start of business in North America. In the housing and construction field, we will continue development and sales of seismic dampers for office buildings, major house manufacturers and builders.

Responding to the increasing demand for infrastructure in Japan and overseas, Industrial Products and Material Business is strengthening the fundamentals of their operations and forecasts 5% increase in sale for fiscal 2015.



Overseas Development of the Chemical and Plastic Products Business

For Sumitomo Riko, capturing greater market share in Asia, a region where demand is growing rapidly, is a strategic priority. TCP, the first overseas production site of the Chemical and Plastic Products Business, began operation in fiscal 2013 and started supplying customers' manufacturing operations in China and Southeast Asia in fiscal 2014, as scheduled. For the Sealants / Precision Anti-Vibration Rubber Products Business, TRI Saitama (Thailand) Ltd. (TST), a new production site in Thailand, started operation in fiscal 2014, complementing Tokai Rubber (Dongguan) Co., Ltd. (TRDG).

In their efforts to develop business across Asia, both the Chemical and Plastic Products Business and the Sealants / Precision Anti-Vibration Rubber Products Business make full use of Tokai Rubber Industries (H.K.) Ltd. (TRHK) as their sales base in the region.



Strengthening Competitiveness of the Industrial Hose Business

Anticipating growth of the Japanese market for industrial hoses in line with rising investment in infrastructure in Japan, and for the purpose of strengthening competitiveness in the global market, Sumitomo Riko is consolidating production sites for industrial hoses in Japan, concentrating manufacturing at TRI Kyoto, a new company in Ayabe City, Kyoto Prefecture. TRI Kyoto has established the world's longest hose production line, which employs novel production methods, and is supplying low-cost, high-quality products in Japan and overseas. Positioning TRI Kyoto as the mother plant, we aim at global business development. With the establishment of SRK-IPS, a sales subsidiary in Shanghai, China, we are promoting sales to non-Japanese customers overseas, coinciding with the release of the ADVANSTAR series of products compliant with global standards.

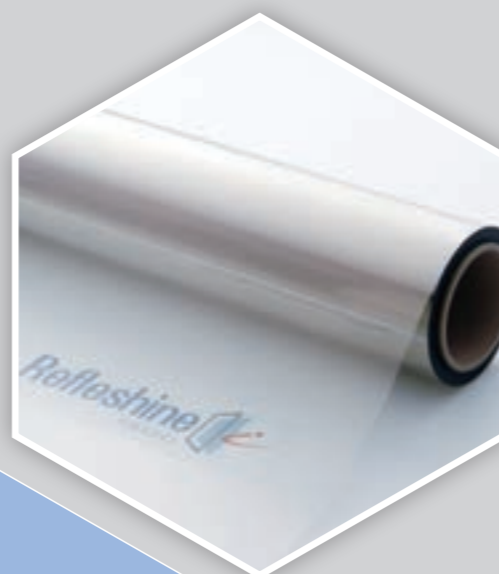
New Businesses and R&D

The Material Technology Research and Development Laboratories, responsible for advances in Sumitomo Riko's core technologies, and the New Business Research and Development Laboratories are collaborating on the timely development of new technologies and products capable of creating new businesses.

Refle-shine Functional Film Business

Refleshine™

Refleshine™ is a highly transparent window film that not only blocks the heat of sunlight in summer but also has a heat insulation function to prevent outflow of indoor heat in winter, keeping the indoor temperature at a comfortable level. This environmentally friendly, highly functional product contributes to energy saving and reduction of CO₂ emissions.



Flexographics Business

AquaGreen™

AquaGreen™ is a water-developable flexo printing plate used in flexographic printing. Characteristics include high-resolution image reproduction thanks to flat top dots realized by polymer materials technology and solvent-free, reduced platemaking time. We also offer a plate-making system that does not involve the discharge of any effluent.



Health and Nursing Care Products Business

SR Soft Vision™

SR Soft Vision™ is a body pressure detection sensor that employs the Smart Rubber (SR) Sensor technology. Whereas the previous model only supported PC connection, the Wi-Fi version released in 2014 offers wireless connection with a smartphone or a tablet. Enhanced portability allows wider use of this product in the healthcare, nursing, and rehabilitation fields.



New Businesses

Refle-shine Functional Film Business

The principal product of the Refle-shine Functional Film Business is the "Refleshine TW32", a highly transparent reflecting and insulating film. When adhered to the indoor sides of windows, this window film improves the indoor environment and contributes to energy saving throughout the year. The "Refleshine TW32" is the first product of its kind in the industry. Deploying polymer materials technology, which is one of Sumitomo Riko's core competencies, and adhesion technology, excellent transparency, and insulation performance are achieved as well as a high durability. Amid growing awareness of the importance of power saving, Refleshine TW32 is increasingly used at schools, and medical and nursing care facilities as well as at offices, stores, and in trains. We aim to expand sales of this product through collaboration with building materials sales companies, facilities management companies, and railway companies, etc.

Flexographics Business

The Flexographics Business developed "AquaGreen™", water-developable flexo plate, which uses water instead of solvents, in the plate-making process of flexographic printing, thereby reducing environmental impacts. The conventional method of making flexo printing plates involves organic solvents (solvent-developable plates) whose environmental impacts are high. Consequently, there is a growing demand for a solvent-free method (water-developable plates) from an environmental perspective. As well as promoting sales of flexo plates in Japan, we are promoting sales overseas in collaboration with a major provider of printing services. We have also entered the environmental solutions business by commercializing a system that recycles developing solution to eliminate effluent.

Health and Nursing Care Products Business

The Health and Nursing Care Products Business Unit was established in October 2014, separate from the Research and Development Headquarters. This new organization offers products equipped with the Smart Rubber (SR) sensor technology in the medical, nursing care, and health field. The Sumitomo Riko branded product SR Soft Vision™ is a device enabling the use of pressure visualization technology in the healthcare, which sounds simple but was previously unavailable, and helps enhance the quality of life (QOL) of people receiving nursing care and patients. As well as publicizing SR Soft Vision™ at academic conferences and trade shows and through trials, we are conducting activities to identify needs in the field and reflect them in new development. In fiscal 2015, the SR Soft Vision™ series will be enhanced by the introduction of models of different sizes for further sales expansion.

Research and Development Headquarters

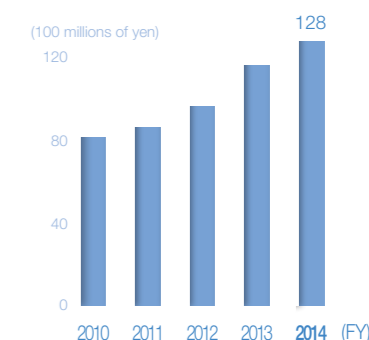
The Research and Development Headquarters consists of the Material Technology Research and Development Laboratories responsible for advancing polymer materials technology, which is one of Sumitomo Riko's core competencies, and the New Business Research and Development Laboratories whose mission is development of new products and businesses for the future.

Centering on "material technology", the Material Technology Research and Development Laboratories are developing "molecular design, synthesis and compounding, analysis, simulation and processing technologies" to meet increasingly sophisticated customer needs. Our R&D network has globe reach in line with the ongoing globalization of our businesses. We assign our researchers to R&D bases in Europe and North America and support production startups at the Group's manufacturing sites worldwide.

The New Business Research and Development Laboratories develop products focusing on "Smart Rubber (SR)" that offers both the flexibility of rubber and conductivity.

Their objective is to create diverse new products and new businesses by promoting development of not only "material technology" but also "systematization" and "processing technologies."

R&D expenses



Flexo Printing

This is relief printing using flexible, elastic plates, which is the mainstream method of printing in Europe and America. An engraved roll (anilox roll) made of fine mesh metal is used to transfer ink to a flexo plate. Use of water-based ink and UV ink makes flexo printing environmentally friendly. As its image quality has improved (improvement of dot-gain quality), in recent years, use of flexo printing for printing on flexible packaging has begun in Japan as well.



Development of a Walking Assist Suit

We have developed a walking assist suit to help those whose ability to walk has deteriorated. The built-in sensors detect the wearer's walking actions, and the motors support the movement of the legs. At present, Sumitomo Riko, in collaboration with Kyushu University, is evaluating benefits of the walking assist suit through trials in readiness for commercialization. As the flexible and lightweight walking assist suit can be worn beneath clothing if so desired, the applications envisaged go beyond assisting rehabilitation at hospitals and nursing care facilities to include everyday use.

Intellectual Property Management

The Sumitomo Riko Group places emphasis on respecting intellectual property. By managing all intellectual property information under a unified system and tracking the state of utilization, we can reinforce activities related to intellectual property on a global basis.

Our Policy on Protection of Intellectual Property Rights

The Sumitomo Riko Group's Action Guidelines specify the principles to be adhered to as a corporate citizen concerning intellectual property. In new product development, we conduct thorough prior art searches to safeguard the intellectual property of others. We investigate the possibilities of infringement of the rights of others prior to starting mass production and take necessary action if there are any concerns. We also act promptly and decisively to deal with those who infringe our rights.

Sumitomo Riko Group's Intellectual Property Management

In response to the globalization of the Sumitomo Riko Group's development sites, the Intellectual Property Department at Headquarters executes integrated management of all sites' intellectual property information and identifies the usage status. We are strengthening intellectual property initiatives worldwide.

Establishment of the Patent Portfolio

The Sumitomo Riko Group clarifies the strengths and weaknesses of its technologies by benchmarking intellectual property information according to development phases. Considering possibilities for patent applications from various aspects, including materials, structure, manufacturing method, system, and evaluation, we file patent applications systematically to enhance the competitive advantage of our businesses.

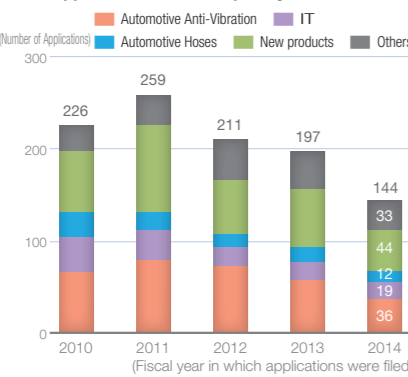
Open/Closed Strategy

Depending on the circumstances, we adopt an open strategy allowing others to use our intellectual property or a closed strategy to keep intellectual property confidential as internal know-how. If it is difficult for third parties to ascertain the material composition or the manufacturing method from the finished product, our policy is to keep such intellectual property in house by registering it as know-how without filing patent applications. We retain and manage such confidential information appropriately.

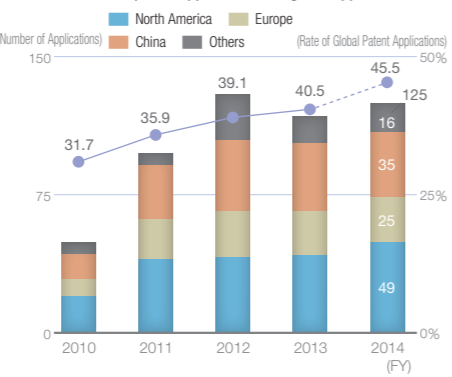
Cultivating IP-oriented Corporate Culture

We conduct group education and training, including workshops, regularly to help laboratories and business units organize their achievements, either by filing patent applications or registering internal know-how. Sumitomo Riko's Employee Invention Regulations encourage employees to be creative. To incentivize employees, inventors are financially rewarded and excellent intellectual property initiatives are commended.

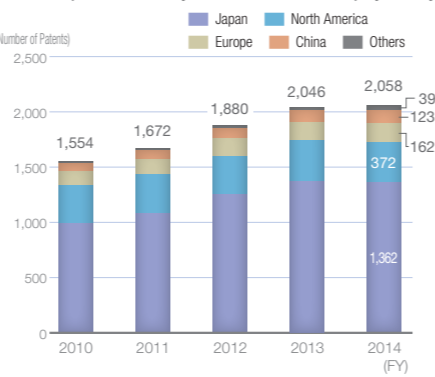
Patent applications filed in Japan by each business



Number of overseas patent applications and global application ratio

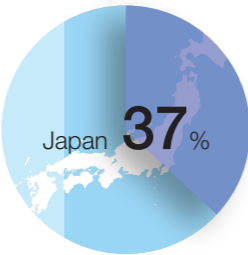
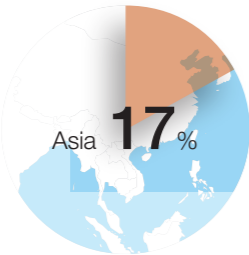
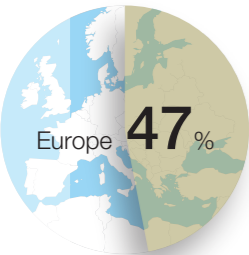


Number of patents owned by the Sumitomo Riko Group by country



*The global application is the ratio of the number of patent applications filed overseas to the number of patent applications filed in Japan. Figures for fiscal 2014 are forecasts figures since the number of overseas patent applications does not become clear until one year after applications are filed in Japan.

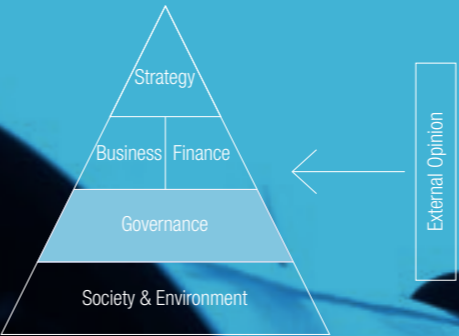
Patent coverage of sales by region



***Patent coverage of sales by region" refers to the percentage of patented product sales out of total sales

Integrated Report 2015

Governance



The Sumitomo Riko Group is transitioning to global business development involving vigorous entry to new business fields. To anchor the Group's sound growth, we are enhancing corporate governance by strengthening the functions of the Board of Directors, including proactive assignment of Outside Directors / Audit & Supervisory Board Members. We are also promoting timely disclosure and constructive dialogues with stakeholders to ensure transparency and fairness of decision-making. The Sumitomo Riko Group is endeavoring to equip itself with a corporate governance structure conducive to enhancement of corporate value, as befits an enterprise aspiring to be a "Global Excellent Manufacturing Company".

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Directors, Audit & Supervisory Board Members, and Executive Officers

Representative Directors



Chairperson of the Board & CEO
Yoshiaki Nishimura
(Born on March 13, 1948)

1972	Joined Sumitomo Electric Industries, Ltd. (SEI)	2008	Representative Director (current), Executive Vice President of the Company
1995	General Manager of Accounting Department of SEI	2009	President & Chief Executive Officer, of the Company
2001	Director, General Manager of Human Resources Department of SEI	2015	Chairperson of the Board & Chief Executive Officer (current), Chairperson of Group Governance Committee of the Company (current)
2003	Managing Director of SEI		
2007	Representative Director, Senior Managing Director of SEI		



President & COO
Tetsu Matsui
(Born on June 20, 1954)

1979	Joined the Company	2005	Executive Officer of the Company
1999	General Manager of Engineering Department No. 2, Anti-Vibration Products Engineering Headquarters, Automotive Engineering Business Unit of the Company	2007	President of DTR Tennessee, Inc.
2001	General Manager of Automotive Anti-Vibration Products Engineering Headquarters, Automotive Anti-Vibration Products Business Unit of the Company	2009	Managing Executive Officer of the Company
2004	Director, General Manager of Automotive Anti-Vibration Products Business Unit of the Company	2011	President of TRI USA, Inc. (currently TRI America, Inc.)
		2013	Senior Managing Executive Officer of the Company (current)
		2014	President of Automotive Products Global Sales Headquarters (current), Director of the Company
		2015	Representative Director, President & Chief Operating Officer (current), Chairperson of CSR Committee of the Company (current)



Executive Vice President
Toshihiko Ozaki
(Born on February 12, 1952)

1975	Joined Sumitomo Electric Industries, Ltd. (SEI)	2006	Managing Executive Officer of the Company
1999	General Manager of Tokyo Finance Department of SEI	2008	Senior Managing Executive Officer, Chairperson of Risk Management Committee of the Company (current)
2001	General Manager of Finance and Accounting Department of the Company	2012	Executive Vice President (current), Chairperson of Compliance Committee of the Company (current)
2003	Director of the Company	2014	Representative Director of the Company (current)
2005	Executive Officer, General Manager of Corporate Planning Office of the Company		



Executive Vice President
Mitsuru Watanabe
(Born on December 21, 1951)

1977	Joined the Company	2012	Senior Managing Executive Officer, President of Automotive Anti-Vibration and Polyurethane Products Business Headquarters of the Company
1996	General Manager of Engineering Department No. 2, Engineering Headquarters, Automotive Anti-Vibration Products Business Unit of the Company	2014	Representative Director (current), Executive Vice President (current), and Chairperson of Disaster Countermeasures Committee of the Company (current)
2001	Deputy General Manager of Automotive Hose Engineering Headquarters, Automotive Hose Business Unit of the Company	2015	President of Automotive Anti-Vibration Business Headquarters (current), President of Polyurethane Products Business Headquarters (current), General Manager of Research and Development Headquarters (current)
2006	Executive Officer of the Company		
2007	General Manager of Automotive Anti-Vibration Products Business Unit of the Company		
2009	Director of the Company, Managing Executive Officer of the Company		

Directors



Senior Managing Executive Officer
Takehiro Ohashi
(Born on September 16, 1955)

1986	Joined the Company
1999	General Manager of Production Engineering Department, Production Headquarters, Chemical and Plastic Products Business Unit of the Company
2003	General Manager of Production Headquarters, Chemical and Plastic Products Business Unit of the Company
2007	President of Tokai Rubber (Tianjin) Co., Ltd.
2009	Executive Officer of the Company
2010	General Manager of Chemical and Plastic Products Business Unit of the Company
2012	Managing Executive Officer, President of IT and Electronics Industries Business Headquarters (current)
2014	Director (current) and Chairperson of Supply Chain Committee of the Company (current)
2015	Senior Managing Executive Officer of the Company (current)



Managing Executive Officer
Rikizo Tatsuta
(Born on March 27, 1956)

1979	Joined the Company
1999	General Manager of Industrial Hose Engineering Department, Industrial Products and Materials Business Unit of the Company
2000	General Manager of Industrial Hose Department, Industrial Products and Materials Business Unit of the Company
2004	President of TRFH Co., Ltd.
2008	Executive Officer, General Manager of Industrial Hose Business Unit of the Company
2012	Managing Executive Officer (current), General Manager of Industrial Products and Materials Business Headquarters of the Company (current)
2013	General Manager of Manufacturing and Production Engineering Headquarters of the Company
2014	Director of the Company (current)

Outside Directors



Masaaki Iritani
(Born on January 4, 1950)

1976	Registered as Attorney (Iritani Law Firm) (current)
2006	Outside Audit and Supervisory Board Member of the Company
2008	President of Aichi Bar Association
2011	Outside Director of the Company (current)



Managing Executive Officer
Katsunori Kanaoka
(Born on January 31, 1958)

1980	Joined the Company
1999	General Manager of Automotive Products Sales Department No. 1, Automotive Products Sales Headquarters of the Company
2005	Executive Officer of the Company
2006	President of Automotive Products Sales Headquarters of the Company
2010	Managing Executive Officer of the Company (current)
2012	President of Automotive Hose Business Headquarters of the Company (current)
2013	Director of the Company (current)



Managing Executive Officer
Hirohisa Maeda
(Born on January 14, 1958)

1981	Joined Sumitomo Electric Industries, Ltd. (SEI)
2007	General Manager of Finance Department of SEI
2010	General Manager of Accounting Department, Executive Officer of the Company
2013	Managing Executive Officer (current)
2015	Director of the Company (current)



Shigeru Hanagata
(Born on October 31, 1950)

1973	Joined Mitsui & Co., Ltd.
1989	President of Mitsui Machinery Sales (U.K.) Ltd.
1996	President of Subaru Italia S.p.A.
1999	General Manager of Headquarters Automobile Division No. 2, Mitsui & Co., Ltd.
2004	Deputy General Manager of Headquarters Machinery Business Unit of Mitsui & Co., Ltd.
2006	Executive Officer of Mitsui & Co., Ltd.
2007	General Manager of Automobile Business Unit of Mitsui & Co., Ltd.
2009	Managing Executive Officer, General Manager of Chubu Office of Mitsui & Co., Ltd.
2014	Outside Director of the Company (current)

Directors, Audit & Supervisory Board Members, and Executive Officers

Audit & Supervisory Board Members



Shigehiro Okada
(Born on September 6, 1947)

1970 Joined the Company

1996 General Manager of Manufacturing Headquarters, Automotive Anti-Vibration Products Business Unit of the Company

2000 Director of the Company

2001 President and Director of DTR Industries, Inc.

2003 Managing Director of the Company

2005 Managing Executive Officer of the Company

2006 Senior Managing Executive Officer of the Company

2011 Full-time Executive Consultant of the Company

2012 Audit & Supervisory Board Member of the Company (current)



Kazuo Kondo
(Born on September 1, 1949)

1972 Joined the Company

1994 General Manager of Cost Management Department of the Company

1997 General Manager of Finance and Accounting Department of the Company

2001 General Manager of Human Resources Department of the Company

2003 Director of the Company

2005 Executive Officer of the Company

2008 Managing Executive Officer of the Company

2009 Director of the Company

2010 Audit & Supervisory Board Member of the Company (current)

Outside Audit & Supervisory Board Members



Toshihide Kimura
(Born on December 20, 1945)

1970 Joined Sumitomo Electric Industries, Ltd. (SEI)

1996 General Manager, Flexible Printed Circuits Division of SEI

1999 Director of SEI

2001 Director, Manager of SEI

2002 Managing Director of SEI

2003 General Manager of Electronics Business Unit of SEI

2005 General Manager of Research and Development Unit of SEI, Representative Director, Senior Managing Director of SEI

2007 General Manager of Manufacturing Management & Engineering Unit of SEI

2010 Outside Audit & Supervisory Board Member of the Company (current)



Koichi Masuda
(Born on January 23, 1944)

1969 Registered as a Certified Public Accountant

1992 Senior partner at Asahi Shinwa Audit Firm (currently KPMG AZSA LLC)

2007 Chairman and President of The Japanese Institute of Certified Public Accountants

2012 Outside Audit & Supervisory Board Member of the Company (current)



Hiroshi Nagayasu
(Born on December 20, 1947)

1974 Registered as Attorney (current), Joined Anderson Mori & Rabinowitz (currently Anderson Mori & Tomotsune)

1984 Partner of Anderson Mori & Rabinowitz

1994 Established the Tozai Sogo Law Office (current)

2014 Outside Audit & Supervisory Board Member of the Company (current)

Executive Officers



Senior Managing Executive Officer and Managing Executive Officers (* indicates Senior Managing Executive Officer)

(From the left) Tsukasa Oshima, Tsutomu Matsuoka, Hajime Naito, Yoji Suzuki*, Masahiko Hanazaki, Takanobu Nanno



Executive Officers

(Back row, from the left) Isao Mizukami, Jun Takagai, Akihiro Shibahara, Hideyoshi Yasuda, Katsuhisa Yano, Shinichi Waku, Koji Senda
(Front row, from the left) Hirokazu Kitamura, Yukinori Nakayama, Giuliano Zucco, Takahisa Kato, Olaf Hahn, Charles Randall Rumbley

Corporate Governance

Basic Approach

Strengthening governance centering on enhancement of the Board's functions

The Sumitomo Spirit, the guiding principle of management at Sumitomo Riko, emphasizes the need to engage wholeheartedly and sincerely not only in business, but in everything. In corporate governance, Sumitomo Riko aspires to a take balanced, sound management approach by sincerely working to fulfill its responsibilities to all stakeholders while pursuing profit.

In the automotive products field, Sumitomo Riko is expanding its businesses through M&A in order to reach new regions and customers, and in the general industrial products field, we are more actively entering businesses in new fields. To support calculated risk-taking in the current period of business transformation, the third phase of the Company's development, we will work to strengthen the governance function, focusing on enhancement of Board of Directors functions.

In addition, we engage in timely and appropriate disclosure of financial information, and non-financial information on matters such as business strategies and issues, to our shareholders and other stakeholders who share growth opportunities and risks with the Company. We are also putting in place a framework for top management to participate in constructive dialogue with shareholders.

Although Sumitomo Riko engages in business decision-making independently from the parent company, Sumitomo Electric Industries, Ltd., having a parent company with numerous overseas business sites and a diverse customer base enables us to receive support for overseas business and new business development. In corporate governance, we will take care to maintain a sound relationship with our parent company in order to advance the common interests of shareholders.

Corporate Governance Structure

Adoption of a company with an Audit & Supervisory Board governance structure

Sumitomo Riko has adopted a company with an Audit & Supervisory Board governance structure and ensures the legality and propriety of business execution through supervision by the Board of Directors and monitoring by the Audit & Supervisory Board. The Board of Directors consists of eight Executive Directors and two Outside Directors, and the Audit & Supervisory Board consists of two Senior Audit & Supervisory Board members and three Outside Audit & Supervisory Board members. The Company determines the number of directors in accordance with the management challenges we face at the time within a range that enables effective supervision of business execution through substantive discussion.

The Company introduced the Executive Officer system in 2005 and the Business Unit Headquarters system in 2012. It delegates wide-ranging authority over investment and personnel matters to the Presidents of the Business Unit Headquarters. Certain routine business matters are referred to Board of Managing Officers' Meetings for deliberation by the Representative Directors and titled Executive Officers. In principle, the Board of Directors fully deliberates matters of

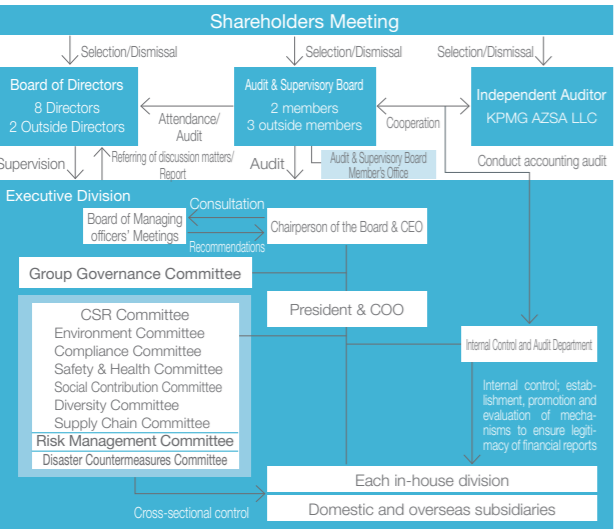
important business execution following discussion at the Board of Managing Officers' Meetings. This framework enables both expeditious business execution and effective supervision by the Board of Directors.

The Company has appointed KPMG AZSA LLC, which has an auditing system suited to global business operations, as the accounting auditor.

Operation of the Board of Directors

The Board of Directors holds regular meetings 13 times a year (monthly meetings and a meeting for accounts settlement) and extraordinary meetings as necessary. Attendance at Board of Directors meetings in fiscal 2014 was 100% for Directors and Audit & Supervisory Board members.

The Company implements various measures to ensure substantive deliberation at Board of Directors meetings, mainly involving support for Outside Directors/Audit & Supervisory Board Members. Matters referred to the Board of Directors are discussed beforehand at the Board of Managing Officers' Meetings attended by the Directors and Senior Audit & Supervisory Board members including other members. In principle, the Outside Directors/Audit & Supervisory Board Members receive explanations of agenda items by the day before the Board of Directors meetings by means of documents sent in advance. The Company arranges opportunities for continuous explanation to the Outside Directors/Audit & Supervisory Board Members of particularly important management issues.



As of 18th June 2015

Performance of duties by Audit & Supervisory Board members

The Audit & Supervisory Board meets 12 times a year prior to the Board of Directors meetings to discuss matters including the audit plan and results. The Company has implemented the following measures based on the Basic Policy on Development of Internal Control Systems decided by the Board of Directors with respect to the system for ensuring that audits by Audit & Supervisory Board members are effectively conducted.

The Company has set up the Audit & Supervisory Board Members' Office, which is independent from the executive divisions, and full-time staff members assist with the duties of the Audit & Supervisory Board members. In addition, the Audit & Supervisory Board members regularly exchange opinions with the representative directors and from time to time exchange information with the accounting auditor. Furthermore, Senior Audit & Supervisory Board members attend Board of Managing Officers' Meetings, CSR Committee meetings, and other important meetings and periodically directly interview the heads of divisions about the state of business.

Election and Remuneration of Directors

Determination of Director candidates, taking into account career, achievements, knowledge, and other factors

Election Criteria for Executive Officers

Candidates for Directors, Audit & Supervisory Board members and Executive Officers are determined by the Board of Directors, comprehensively taking into account their career, achievements, and knowledge and, in the case of Outside Directors/Audit & Supervisory Board Members, circumstances such as independence and possible conflicts of interest.

By appointing the Presidents of the Business Unit Headquarters as Directors, in principle, the Company endeavors to ensure that business execution always reflects awareness of the relationship between management of the Group as a whole and the businesses under the Directors' jurisdiction and awareness of the confidence of shareholders.

Sumitomo Riko selects as candidates for Outside Director/Audit & Supervisory Board Members experienced business executives with excellent achievements or accomplished experts in the fields of corporate legal affairs or accounting. The Company selected as the current Outside Directors/Audit & Supervisory Board Members practitioners and experts with knowledge in these fields in order to appropriately respond to management issues accompanying the Company's global development and new business development.

To adroitly support global business development, Sumitomo Riko is proceeding with diversification of its management team with respect to nationality, gender, and other attributes and currently employs three non-Japanese nationals as Executive Officers. We are also actively recruiting women as candidates for top management positions and laying the foundation for promotion of women to executive officer positions.



Outside Director
Shigeru Hanagata

Sumitomo Riko is currently taking on new challenges in the third phase of its development. The Company is conducting mergers and acquisitions and setting up business sites around the world to become a "Global Excellent Manufacturing Company" while actively pursuing entry into new fields by leveraging the technologies it has cultivated.

During the past year, I have deepened my understanding of the Company's businesses through discussions at Board of Directors meetings. I consider my role as an Outside Director is to help the Company accomplish its objectives while confirming that due consideration is being given to all stakeholders.

For instance, at a time of increased exposure to a variety of risks in overseas business site development, it is necessary to maintain a medium- to long-term perspective and reliably generate earnings while ensuring that safety and quality are maintained. On that basis, the aim of overseas business site development should be to become autonomous by practicing management characterized by collaboration with the head office and effectively functioning governance and to fulfill their social responsibility through contributions to the local community.

I would like to visit local worksites and engage in dialogue with a variety of people so that I can ask questions and offer advice about how to appropriately allocate limited enterprise resources in order of priority by applying multifaceted thinking and pursuing total optimization.

I will strive to support the Company's endeavors and contribute to the enhancement of corporate value by offering candid advice informed by my experience.

Corporate Governance

Remuneration for Directors and Audit & Supervisory Board Members

At Sumitomo Riko, remuneration for Executive Directors consists of monthly remuneration and bonuses, and remuneration for Outside Directors / Audit & Supervisory Board members consists solely of monthly remuneration. Monthly remuneration is determined each year within the limits approved by a resolution of the General Meeting of Shareholders (350 million yen for Directors and 100 million yen for Audit & Supervisory Board members per business year). Bonuses for Directors are paid as incentives for Executive Directors to improve the Company's business performance. The amount of bonus is calculated for each individual taking into consideration performance, and bonuses are paid by a separate resolution of the General Meeting of Shareholders.

To enhance objectivity in determining remuneration for Directors, Sumitomo Riko has in place the Remuneration Advisory Committee, consisting of one Representative Director and two Outside Directors, as an advisory body to the Board of Directors.

In light of business performance, no proposal for payment of bonuses for Directors for fiscal 2014 was submitted to the Ordinary General Meeting of Shareholders.

Remuneration for Directors and Audit & Supervisory Board Members paid for fiscal 2014

Category	Number of Directors/ Audit & Supervisory Board Members	Total amount of remuneration (millions of yen)
Directors (excluding Outside Directors)	9	314
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	49
Outside Directors/Audit & Supervisory Board Members	6	52

The Internal Control System

Basic Approach and Status

Establishment of Group regulations covering the entire Sumitomo Riko Group

Sumitomo Riko is developing internal control systems based on the "Basic Policy on Development of Internal Control Systems" determined by the Board of Directors in 2007 in order to ensure the effectiveness, efficiency, and legality of operations and the reliability of financial reporting. The Board of Directors reviews the implementation status of this basic policy in March of each year and revises it as necessary.

In April 2015, Sumitomo Riko established Group Regulations covering the entire Sumitomo Riko Group as the foundation for internal controls to ensure the appropriateness of the Group's operations and increase operating efficiency. In the Group Regulations, we have stipulated standards for systems relating to the environment and safety at the Company's subsidiaries, criteria for business execution requiring head office approval and required reporting items in reports to the head office, and criteria for the development of necessary organizational systems in accordance with factors such as scale and type of business. These regulations take precedence over the internal regulations of subsidiaries. In subsidiary management, the business unit headquarters, manufacturing support divisions, and corporate staff divisions manage matters under their respective control, and the Group Governance Committee, chaired by the CEO, controls overall management of these matters in accordance with Group Governance Regulations.

The Internal Control and Audit Department promotes the development of and assesses internal controls relating to financial reporting.

The role of Outside Directors/Audit & Supervisory Board Members is to monitor and supervise the executive activities of management on behalf of shareholders and all other stakeholders. Although 2015 has been called year one of the era of corporate governance in Japan, Sumitomo Riko is already actively enhancing and strengthening its governance structure by, for example, promptly increasing the number of Outside Directors last year.

Since becoming an Outside Audit & Supervisory Board member three years ago, I have endeavored to ascertain the actual state of management by, for instance, accompanying Senior Audit & Supervisory Board members on audits of business sites in Japan and overseas (including recently acquired overseas subsidiaries) and conducting on-site inspections. In addition, I inquire about the results obtained in the field by Senior Audit & Supervisory Board members at Audit & Supervisory Board meetings and deliberations at the Board of Managing Officers' Meetings and exchange opinions about these matters and actively express opinions at meetings of the Board of Directors. In recent years, the Company has vigorously engaged in M&A activities in pursuit of strategic global business development. Consequently, development of governance systems, including internal controls, for a rapidly expanding network of business sites is an urgent necessity, and securing human resources is a key task.

For the past few years, I have had the opportunity to be involved as an Outside Audit & Supervisory Board Member at a company with board with three committee structure that enjoys a good reputation for its governance system and a company with an Audit & Supervisory Board that works actively to strengthen its governance structure. I would like to contribute to enhancement of Sumitomo Riko's corporate value by applying this knowledge and more than forty years of experience as a certified public accountant.



Outside Audit & Supervisory Board Member
Koichi Masuda

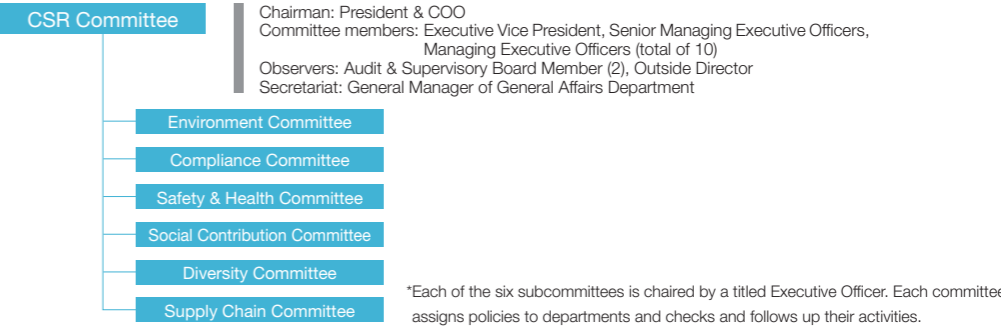
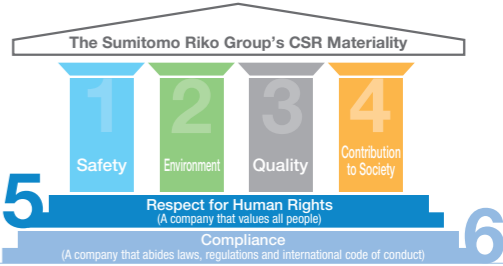
CSR Management Structure

Basic Approach to CSR Management and Promotion Structure

CSR management at the heart of our consistent creation of value

In our efforts to realize the Vision of the Sumitomo Riko Group in 2020, we position CSR management at the heart of our consistent creation of value. In promoting CSR management we base our actions on CSR materiality. The CSR Committee chaired by the President, with titled Executive Officers as committee members, is spearheading CSR.

Corresponding to the elements of CSR materiality, the CSR Committee has six subcommittees, which are the Environment Committee, the Compliance Committee, the Safety & Health Committee, the Social Contributions Committee, the Diversity Committee, and the Supply Chain Committee. Besides the CSR Committee approves the action policies of its six subcommittees, checks and follows up the progress of activities, reviews the CSR Committee's mission and identifies issues. The Company Wide Quality Improvement Committee supervises quality. (Please refer to Page 32.)



Sumitomo Riko Group's Stakeholders

Stakeholders defined in light of CSR materiality

In light of CSR materiality, the Sumitomo Riko Group has defined its stakeholders as listed below. Following discussion, taking into consideration CSR issues at Sumitomo Riko classified according to the Sumitomo Riko Group Action Charter, the CSR Committee approved the definition. We have referred to ISO 26000, the Charter of Corporate Behavior of the Japan Business Federation (KEIDANREN), and the GRI Guidelines.

Stakeholders	Our commitment
Shareholders and Investors	Striving to realize sound and transparent management for sustainable growth
Customers	Providing value that meets the expectations of our customers and consumers
Suppliers and Other Trade Partners	Treasuring partnership and practicing socially responsible purchasing
Employees	Respecting employees' diversity, human rights and providing workplaces in which they can take pride in places of their personal development
Local Communities	Contributing to solve society's challenges as a corporate citizen
Global Environment	Striving to minimize adverse impacts on the global environment

Corporate Governance

Risk Management

Basic Approach to Risk Management

Identify risks throughout the Group to minimize their impact

In line with globalization of the business environment and expansion of the scope of business owing to entry to new business fields, Sumitomo Riko is exposed to diverse business risks and such risks require sophisticated management. In these circumstances, we have systems for collecting information from internal departments and Group companies in place in order to identify risks throughout the Group. We strive to minimize the impact of risks on business operations by identifying risks to be managed and ways of handling such risks based on the risk analysis and assessment.

Risk Management Structure

Risk Management Committee implements PDCA cycle of risk management

Risk Management Committee

For implementation of risk management, Sumitomo Riko has established the Risk Management Committee chaired by the Vice President and the Risk Management Office, an organization dedicated to risk management, which serves as the secretariat of the Risk Management Committee. The Risk Management Committee supervises and promotes the Company's risk management in accordance with the Basic Regulations on Risk Management, including periodic surveys of potential risks.

Framework of risk management

In order to deal with all the potential risks to which the Company is exposed, Sumitomo Riko has identified 13 risk categories, which are classified into 55 subcategories. Having assessed these risks based on the "probability of an event taking place" and the "impact of an event", we have created a risk map to visualize the degree of impact on business operations. We also review whether responsible departments are implementing effective risk management.

Global risk survey

We now operate in 23 countries at 103 sites. To manage country-specific risks, we conduct surveys of potential risks of our Group companies in Japan and abroad and check their implementation of countermeasures. In this survey, we assess risks identified by each site and the site's response to such risks in an effort to strengthen global risk management. We are also working to establish a system for implementing a PDCA cycle for continuous improvement of risk management throughout the Sumitomo Riko Group.

Risk management cycle



Initiatives to Address Major Risks

Identification of significant risks and prioritized response

In the management of global business operations, each year Sumitomo Riko conducts a global risk survey, identifies significant risks on the basis of the survey results, and prioritizes them for action. In this section, we discuss some of these risks and countermeasures.

Business Continuity Risk

Sumitomo Riko has formulated a business continuity plan (BCP) for the purpose of rapidly restoring normal business activities in the event of an earthquake or other large-scale disaster. In fiscal 2014, we introduced the BCP at all branches and offices in Japan, completing BCP development at all domestic business sites. We have already undergone a third-party BCP assessment by Development Bank of Japan Inc. and now aim to further upgrade the BCP by having the internal Disaster Countermeasures Committee confirm its effectiveness, assess linkage among individual BCPs, and conduct drills. We also pay close attention to infectious diseases around the world and have previously issued alerts to all business sites concerning Ebola hemorrhagic fever, avian influenza, and dengue fever. In particular, we have completed formulation of action plans concerning avian influenza at our business sites in China.

Risk of Information Leakage (Information Security)

Sumitomo Riko has formulated the Basic Regulations on Information Management and related standards and established and implemented a basic policy for information security. We conduct an information security questionnaire survey of the managers of all the company's departments and heads of domestic and overseas Group companies to confirm the status of information security program development. We initiated this survey within Sumitomo Riko in 2011 and are currently expanding its scope to domestic and overseas Group companies. Information security is being progressively strengthened from year to year, and we will work to improve information management at Group companies in Japan and overseas and strive to raise the level of the Group's global information management by continuing to conduct the survey.

Risks Associated with New Business Development

Sumitomo Riko is actively strengthening existing businesses and developing new businesses in accordance with the mid-term business plan. Since the business risks associated with new businesses differ from those of existing businesses, we reflect the opinions of outside experts, as necessary, at each phase of business development and make prudent decisions based on ample investigation. To deal with business risks in the "medical, nursing care and health" field in particular, we have made the Health and Nursing Care Products Business Unit, which was previously within the Research and Development Headquarters, an independent organization and changed to an organizational structure that enables integrated management of each business process from development to sales and quality assurance.

Litigation and Regulatory Risks

In the conduct of business, the Sumitomo Riko Group may be subject to claims for compensation for damage and the imposition of fines or other penalties or restrictions on the conduct of business as a result of litigation or other legal proceedings. The Company is developing a structure to prevent these legal risks from materializing or to appropriately deal with any risks that do materialize. We have established the International Legal Department as a dedicated organization to handle international affairs, introduced rules to determine matters within the scope of compliance by Group companies, and are further strengthening Group governance, including risk management.

Corporate Governance

Compliance

Basic Approach

Aspiring to be a company that earns trust and confidence through corporate ethics and compliance

In keeping with the Sumitomo Spirit which demands that “we accord prime importance to integrity and sound management in business conduct, and that we refrain from imprudently pursuing easy gains”, Sumitomo Riko has made maintaining a high standard of corporate ethics and observing all laws and regulations to earn public trust and confidence worldwide part of its management philosophy and the basis of business operations.

Compliance Structure

Establishment of the Compliance Committee to control the design and operation of the compliance structure

Sumitomo Riko is developing its compliance structure in accordance with the Basic Policy on Development of Internal Control Systems as described below.

The Company has set up the Compliance Committee as an organization to control the development and operation of the Sumitomo Riko Group’s compliance structure. The Committee chairperson is appointed by the Board of Directors and reports to the Board on the status of the Committee’s activities. The Committee meets periodically, and the Audit & Supervisory Board members and Outside Directors can attend Committee meetings and express opinions. An attorney and officers and employees with expert knowledge of corporate legal affairs are assigned to the Committee’s secretariat.

The Company has set up an internal compliance hotline operated by the Compliance Committee with internal and external points of contact for reporting compliance issues. We are currently setting up, step by step, a point of contact for the Committee to receive compliance-related reports from subsidiaries and plan to start operation of a hotline covering all business sites worldwide by 2017. Subsidiaries of a certain size will set up their own compliance hotlines. In hotline operation, all possible measures are taken to protect persons who report concerns.

Operation of the Compliance Structure

Identification and assessment of compliance risks and risk response

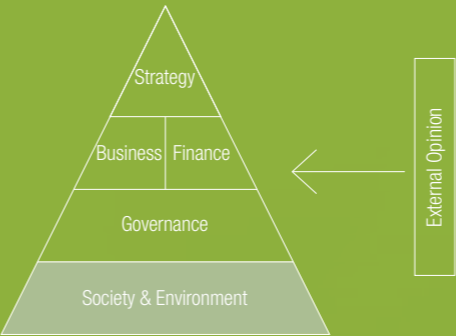
The Compliance Committee periodically identifies and assesses compliance risks confronting the Company and systematically responds to them. The Committee periodically provides compliance education based on its action guidelines and risk assessment. In fiscal 2014, the Committee began compliance training for sales personnel worldwide for the purpose of preventing violations of antitrust laws and anti-bribery laws.

Monitoring

Quarterly surveys of all departments and subsidiaries

When a compliance issue in the Company is discovered, it must be “promptly reported to the Compliance Committee”. Beginning in fiscal 2015, this policy will be implemented at subsidiaries in accordance with Group regulations. To supplement this reporting, the Committee conducts quarterly written surveys of each department and subsidiary to prevent any failure to detect compliance issues groupwide. Beginning in fiscal 2015, the executive officer in charge of legal affairs will personally interview the managers of all business sites worldwide concerning the state of compliance preparedness.

Integrated Report 2015



At the heart of the Sumitomo Riko Group’s concerted efforts to fulfill its corporate social responsibility (CSR) is the “Sumitomo Spirit” that accords the highest priority to integrity. Adhering to two fundamental principles—respect for human rights and compliance, the Group is addressing four elements of CSR materiality—safety, environment, quality, and contribution to society. Underlining our commitment to CSR, Sumitomo Riko is a signatory to the United Nations Global Compact. Through the fulfillment of CSR in the global arena, we aspire to be a “Global Excellent Manufacturing Company” working to realize a sustainable society.

Society & Environment

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Society

Procurement

Approach to Procurement

Compliance with laws and regulations, respect for environmental protection and human rights, and ensuring employee safety

Sumitomo Riko's procurement activities are governed by the "Basic Policy on Transactions and the Code of Conduct", which were established in May 2006. We issued the "CSR Guidelines for Sumitomo Riko Group Suppliers" in November 2011. In October 2014, taking the opportunity of the change of the company name to Sumitomo Riko Company Limited, we issued a revised edition of the "CSR Guidelines for Sumitomo Riko Group Suppliers". The revisions reflect responses to conflict minerals and anti-corruption measures and the actions required of a signatory to the United Nations Global Compact.

The guidelines summarize what we expect of our suppliers in terms of respect for human rights and ensuring employee safety, as well as technological capabilities, compliance with laws and regulations, and environmental protection. We request our suppliers to inform the point of contact for compliance-related matters if they detect any inappropriate behavior in our procurement activities.

We are requesting our suppliers to request their suppliers also to adhere to our approach and guidelines concerning procurement.

Establishment of the Supply Chain Committee

Supply Chain Committee to respond to diversification of procurement activities

In July 2014, in order to respond to diversification of procurement activities in line with the Group's globalization, Sumitomo Riko established the Supply Chain Committee as a sub-committee of the CSR Committee. This structure allows us to share our activities concerning the environment, compliance, risk management, and other CSR-related themes not only within the Group but also with suppliers worldwide in an effort to fulfill CSR globally.

Environmentally Conscious Procurement

Green Procurement Standard to reflect changes in environmental regulations worldwide

Our Green Procurement Standard clarifies "prohibited substances" and "substances for which monitoring is required" as defined by law as well as additional substances in those categories specified by our customers. Having revised the Green Procurement Standard several times to further reduce the use of environmentally hazardous substances, we published the fifth edition in November 2013. In response to the enforcement of the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) EU Regulations, we have required our suppliers to observe the REACH Regulations since January 2008. We also hold briefings for suppliers of materials and components. At Sumitomo Riko, we will continue to review our Green Procurement Standard to reflect changes in environmental regulations in Europe and around the world, while promoting a shared understanding with suppliers.



▲ The "CSR Guidelines for Sumitomo Riko Group Suppliers" is available in Japanese, English, and Chinese.

Stance on Conflict Minerals

Periodic survey covering the Group and suppliers

In 2012, Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act came into force with the aim of stopping armed groups engaged in abuse of human rights in the Democratic Republic of Congo (DRC) and adjacent countries from funding through the sale of certain minerals. Section 1502 requires companies that are publicly listed in the U.S. to report any usage of such "conflict minerals" (gold, tantalum, tin and/or tungsten) to the U.S. Securities and Exchange Commission. We conducted a survey to ascertain usage of such minerals by our Group companies and our suppliers. The survey indicated that a number of tin, tantalum, and tungsten compounds are used in our production processes, but that none of these materials was sourced from the DRC. We continue to conduct a periodic survey in cooperation with suppliers and report the results to customers in a conscientious manner.

Group-Wide Education on Procurement-Related Compliance

Conducting Group-wide education periodically

Sumitomo Riko holds an in-house seminar on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontractor Act) in February every year. In fiscal 2014, many participants, not only from procurement departments but also from other relevant departments and Group companies, attended the seminar at the head office. The seminar provided an overview of the Subcontractor Act, covering potential pitfalls that one should be aware of when placing purchase orders, and also included a Q&A session from practical perspectives. In addition to this in-house seminar, staff of procurement departments regularly participate in the seminar on the Subcontractor Act organized by the Small and Medium Enterprise Agency of Japan. Having participated in this seminar, they then provide briefings on the Subcontractor Act at meetings of departments or sections upon request while also responding to inquiries about practical matters. In this way, they share their knowledge with others throughout the Company.

In March 2015, the Sumitomo Riko Group's procurement rules were established in Japanese, English, and Chinese. Furthermore, we have established a framework for conducting Group-wide education on procurement, also covering subsidiaries and affiliates overseas, through collaboration between the Compliance Committee and the Supply Chain Committee.

Disaster Prevention Measures

Establishing a platform for swift information gathering and dissemination in the event of disaster

Sumitomo Riko compiled key information on all its suppliers worldwide in 2014 as a platform for swift information gathering and dissemination in the event of a major earthquake or other eventuality. We distribute a check sheet to our suppliers in Japan, which is designed to help them enhance their organizational preparedness with respect to earthquakes and other disasters. Based on the lessons learned from the Great East Japan Earthquake, we have formulated a business continuity plan (BCP) covering the actions to be taken immediately after the occurrence of a disaster, including the securing of lines of communication. In cooperation with our suppliers, we conduct a periodic survey of the statuses concerning implementation of their BCPs worldwide, and reflect the findings in our disaster prevention measures.

Creating Systems for the Future

Flexible systems to fulfill our responsibility of ensuring product supply to customers

Sumitomo Riko will cooperate with suppliers around the world to establish a global procurement structure to maintain fair relationships with suppliers based on CSR. We are creating flexible systems to fulfill our responsibility of ensuring supply of products to our customers in the event of a disaster.

Society

Human Resources and Diversity

Approach to Human Resources Development

HR development—the driving force of enterprise growth and development

The Sumitomo Riko Group currently operates across 23 countries. We believe human resources development is the driving force of growth and development of an enterprise and essential for business success. In order to enable employees from diverse backgrounds to display their full potential regardless of their nationality, age, gender, or other attributes, and to achieve prosperity of the Sumitomo Riko Group as a whole, we are establishing diversity management systems throughout the Group worldwide based on our human resources policy emphasizing respect of diversity, the right person in the right job, and human resources development.

Regarding employment of people with disabilities, we established “TRI Joyful”, a special subsidiary, in 2013 and are expanding employment of people with disabilities. Whereas employees with disabilities accounted for 1.90% of the Company’s workforce in fiscal 2013, the ratio was 2.19% in fiscal 2014, satisfying the statutory rate of 2.0%.

Establishment of the Diversity Committee and Diversity Promotion Activities

Diversity Committee aims for leadership in corporate diversity

Sumitomo Riko inaugurated the Diversity Committee in April 2015 with the aim of “Fostering an invigorating corporate culture that respects our employees’ diversity, personal qualities, and individuality,” an ideal articulated in the Group Management Philosophy.

As part of our action plan for 2015, we will conduct activities to raise diversity awareness among management personnel, promote the taking of paid holidays, foster a climate in which female employees can bring their capabilities into full play and experience peace of mind through regular meetings of the “AZALEA” women’s subcommittee, and develop infrastructure for recruiting non-Japanese nationals with the aim of being recognized within and beyond the Group as a corporate leader in diversity in 2020.

Work/Life Balance

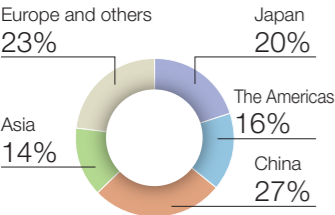
Creating a workplace environment that helps employees achieve a work/life balance

We are promoting initiatives to enable employees to achieve a work/life balance so that they can lead healthy, fulfilling lives as active citizens.

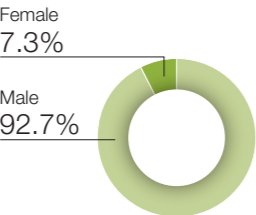
In particular, we are endeavoring to create a working environment that accords appropriate consideration to childcare and care of the elderly and infirm, thus encouraging employees to pursue their careers while also shouldering such responsibilities. For childcare, Sumitomo Riko has introduced “Parental Leave” whereby an additional five days of paid leave is granted to parents of children younger than one year old so that they can be actively involved in child rearing. We have an onsite daycare center called Sumitomo Riko Family Support, nicknamed “Koala Pokke” (at the Head Office/Komaki Plant). Our programs to support care of the elderly and infirm include family care leave and options to work for shorter hours. These benefits support employees in ways that go beyond regulatory requirements.

Moreover, employees are entitled to take “Birthday Leave”, “Refresh Leave” whereby an employee can take leave up to five consecutive days in their 10th, 20th, and 30th year with Sumitomo Riko, and “Volunteering Leave” and “Long-term Volunteering Leave” for those participating in voluntary activities. These programs are designed to help employees achieve a work/life balance.

Composition of the workforce by region



Composition of male and female personnel with managerial positions



Change in the percentage of employees with disabilities

FY	2010	2011	2012	2013	2014
Percentage of employees with disabilities	1.69%	1.74%	1.75%	1.90%	2.19%

Note:“Change in the percentage of employees with disabilities” and “Number of users of our support programs for childrearing and family care” show data of Sumitomo Riko. However, the number of on-site daycare centers includes those of Group companies.

Activities Pertaining to Human Rights

Respect for the characters and personalities of employees under the Group Action Charter

The Sumitomo Riko Group Action Charter stipulates: “We shall make no unjustified discrimination in employment and treatment of persons” in order to “Respect the diversity, characters and personalities of employees.”

To respect the characters and personalities of employees in accordance with the Group Action Charter, we engage in initiatives to prevent harassment and other human rights violations and activities to prevent discrimination in recruitment. To prevent various forms of harassment, we conduct a rigorous internal education program and have clearly stipulated in the rules of employment provisions for dealing with harassment. In addition to our internal and external compliance consultation hotlines, we have set up a dedicated hotline within the Human Resources Department. We place a fair recruitment and human rights awareness promoter in charge of the recruitment process and engage in fair and appropriate recruitment. In addition, in accordance with local laws, at overseas Group companies, we rigorously work to prevent human rights violations and prohibit the use of child labor and forced labor.

Good Labor-Management Relations

Further strengthen labor-management relations

In 1987, Sumitomo Riko announced the “labor-management declaration,” in which mutual trust and co-operation between employees and management are emphasized, with the ultimate goal of maintaining the prosperity of the Company and attaining a stable, improved quality of life for employees, as a result of the Company’s growth. In the spirit of this declaration, the Labor-Management Committee, covering issues such as working hours, wages, health & safety and welfare, is improving various systems. In the case that restructuring, reorientation or any other substantial initiative is contemplated with respect to the business, management provides a thorough explanation to the labor union and engages in frank discussion with the labor union to achieve a consensus. We aim to further strengthen labor-management relations.

Human Resources Development Program

Systematically offer education and training to all Sumitomo Riko employees

Based on the conviction that “human resources development is at the heart of every successful business strategy”, Sumitomo Riko offers a range of education and training programs for all employees, including those designed to improve skills and develop logical thinking. The programs comprise basic and periodic training, position-specific training, and needs-based training and are systematically offered to all Sumitomo Riko employees.

In 2013 we launched the “Management Cram School” to foster executives and “Basic Education for All Employees”, which promotes sharing of the principles of Sumitomo Riko throughout the workforce. Our objective is to foster employees capable of swiftly responding to change in the business environment.

Unuma Sangakukan Training Center

In March 2013, we opened a training center for the Group’s employees in Kakamigahara, Gifu Prefecture. To inculcate the corporate philosophy and support the cultivation of a corporate culture conducive to the generation of new ideas, the center is developing people who will execute our future business strategy and who can work effectively in a global business environment.

Situated amid picturesque scenery overlooking the Inuyama Castle, which is a National Treasure, and the Kiso River, the center is used for various purposes. In addition to the training of employees from Japan and overseas Group companies, it is also used as a venue for meetings for the presentation of achievements and teleconferencing.

TOPICS

Global Management Meeting

The Sumitomo Riko Group began holding a “Global Management Meeting (GMM)” in fiscal 2014. At this meeting, heads of business sites of the Sumitomo Riko Group in Japan and overseas gather to share management policies and business strategies.

GMM is held at Unuma Sangakukan Training Center. Over 100 executives of the Sumitomo Riko Group companies from Japan and overseas meet for two days to share business strategies of the Group as a whole and business headquarters and management policies of business sites. It is also a valuable opportunity for managers of sites, who rarely meet in the normal course of business, to cultivate fruitful relationships attuned to the Group’s ongoing globalization and to strengthen solidarity of the Sumitomo Riko Group as it seeks to become a “Global Excellent Manufacturing Company”.



Society

Training Programs for Manufacturing Personnel

Multifaceted training programs to cultivate manufacturing personnel

Foreman Training

Launched in 1976, the Foreman Training has underpinned Sumitomo Riko's improvements at workplaces. Trainees selected from various workplaces tackle issues arising in the workplace, focusing on achieving improvements within three months. Management, non-managerial personnel at workplaces, and the trainees work together, involving all the departments concerned, to achieve results rapidly. This process not only stimulates the progress of trainees but also leads to the enhancement of overall workplace capabilities. Activities of Group companies in Japan have become vitalized, and with no interruption since its launch, Foreman Training will celebrate its 40th anniversary in February 2016.

MONOZUKURI Cram School

We opened MONOZUKURI Cram School in 2009 to offer the Group's employees engaged in manufacturing opportunities to acquire fundamental knowledge and skills. Education combining lectures and hands-on practice is offered in five fields: safety, basics, quality control (QC), total productive maintenance (TPM), and industrial engineering (IE). MONOZUKURI Cram School fosters human resources with useful on-site problem-solving skills. It began offering education on occupational health and safety in 2014. Overseas, "MONOZUKURI Succession ASEAN Center", which opened in 2012 at TER in Thailand, is actively engaged in improvement activities and briefings. In 2013, "MONOZUKURI Succession China Center" opened at TRTC where IE and QC seminars, core programs of MONOZUKURI Succession Centers, are held. So far 107 employees have participated in these seminars. In 2014, MONOZUKURI Succession China Center began offering the KKP program (see below).

KKP Program for Strengthening the Foundation of Manufacturing

We launched the KKP program in 2013 for managerial personnel at workplaces (managers of manufacturing sections and supervisors) and core workers (career-track employees) involved in manufacturing. The training involves inspecting a mockup workplace based on the Group's common criteria for manufacturing workplaces, identifying its strengths and weaknesses, and making improvements. The objective is to strengthen the capabilities of personnel at workplaces to perform workplace diagnostics, analyze and identify their own strengths and weaknesses, and achieve improvements.

Karakuri Team Komaki Base

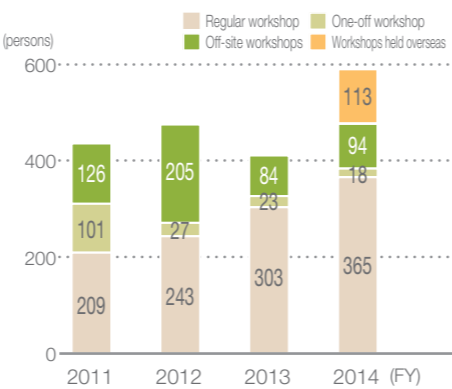
The Karakuri Team Komaki Base, a site for practicing *karakuri kaizen* whose motto is "Show wisdom without spending money," opened in May 2015. *Karakuri kaizen* is practiced by automakers and other companies as an initiative to achieve production efficiency at low cost by taking advantage of workplace originality and ingenuity. Since awareness of the importance of continuous improvement can be greatly increased when workers improve their own processes through contrivances of their own invention, we aim to spread *karakuri kaizen* to business sites in Japan and overseas starting from the Komaki Base. For that purpose, we will provide vigorous support for the Karakuri Team.

Number of participants in human resources development programs

Program name	Number of participants
Needs-based training	191
Position-specific training	690
Basic and periodic training	134
Basic education for all employees	2,500
total	3,515

* Training for which the Human Resources Development Department is responsible

Number of participants in MONOZUKURI cram school



Safety and Health

Safety and Health Policy Eliminate occupational accidents based on the Safety Policy and the 10 Safety Principles

Having established the Safety Policy in April 2013, the Sumitomo Riko Group accords the top priority to safety. At the same time, based on this policy, we established the 10 Safety Principles and are striving to eliminate occupational accidents and create a comfortable, human-centric workplace.

Safety philosophy

Safety is our top priority for happiness of all employees and prosperity of the company. We confirm the safety before starting operations of the day.

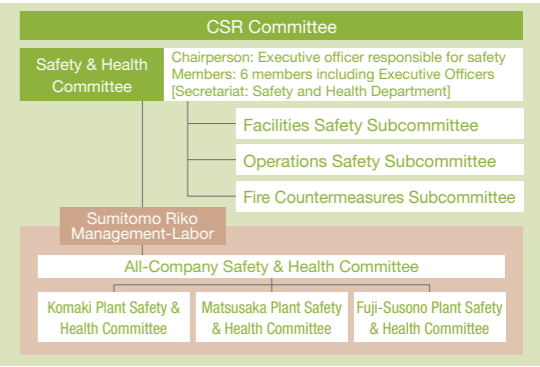
10 principles of safety

- 1 Always keep in mind that safety is our top priority.
- 2 Have conviction that all kinds of injuries and industrial diseases are preventable.
- 3 It is the responsibility of the company and individuals to establish, sustain, and improve the safe condition.
- 4 The management has the direct responsibility to prevent injuries and industrial diseases.
- 5 It is the basic responsibility of individuals in the society to follow the rules.
- 6 Sufficient education and training must be provided to all employees to ensure safe operations.
- 7 Safety and health audit in which all employees take part must be conducted to establish PDCA of the safety and health control system.
- 8 Report and investigate all accidents as well as unsafe actions and conditions leading to accidents.
- 9 All defects on safety and health must be remediated immediately.
- 10 Cooperation and participation of all employees are inevitable to attain our zero-accident goal.

Safety and Health Organizational Structure

Activities Spearheaded by the Safety & Health Committee

In the Sumitomo Riko Group, the Safety & Health Committee, a subcommittee of the CSR Committee, prepares Group safety and health policies. The Committee's task forces engage in activities designed to eliminate accidents, focusing mainly on the pursuit of root causes of accidents that have occurred in the Group and prevention of similar accidents. The All-Company Safety & Health Committee, which draws its members from the Company and the labor union, engages in activities to create pleasant workplaces where Sumitomo Riko employees can work in safety and with peace of mind.



Safety and Health Activities in Fiscal 2014

Collective safety activities of the Sumitomo Riko Group

In fiscal 2014, the Sumitomo Riko Group positioned activities to reestablish the safety and health culture as a priority action item with a view to global implementation. Specifically, we engaged in 1) initiatives to reestablish the global safety and health culture, 2) construction of a global safety management structure, and 3) initiatives to foster safety-aware people. We promoted safety activities throughout the Group. Key initiatives in fiscal 2014 were as follows.

Action Points	1	2	3	4	5	6	7	8
	A safety declaration centered on the business headquarters	Management-initiated patrol participation and holding of safety dialogues	Inculcation of safety principles and fundamentals	Clear identification of safety managers and personnel at business units and business sites	Development of business unit safety and health management systems (establishment of systems centered on the business headquarters)	Preparation and implementation of illustrated work safety standards and lists of do's and don'ts (quality improvement)	Preparation of global facilities safety standards (global implementation)	Provision of full-participation basic education for all employees (on safety, the environment, and compliance)

Society

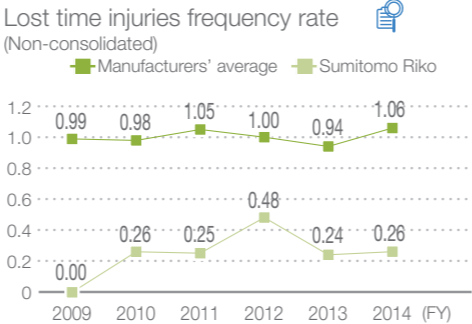
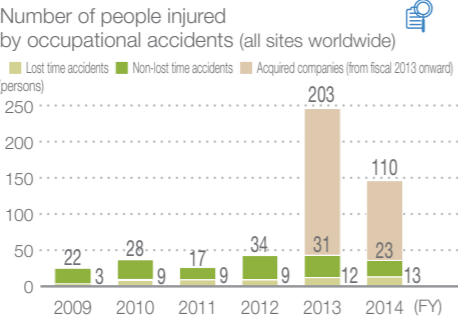
Occurrence of Occupational Accidents

Reducing the Number of Persons Injured in Occupational Accidents

In fiscal 2014, we positioned global implementation of “initiatives to reestablish our safety and health culture”, which has been ongoing since fiscal 2012, as our objective. Setting three priority action items—1) demonstration of felt leadership by management, 2) periodic safety dialogues, and 3) broadening the base of safety initiatives, we have engaged in activities to raise employee safety awareness and worked to prevent occupational accidents caused by unsafe behavior.

The number of persons injured in occupational accidents at Sumitomo Riko and domestic and overseas Group companies in fiscal 2014 was 36 at existing Group companies and 146 when companies that newly joined the Group in 2013 through mergers and acquisitions are included.

The number of persons injured in occupational accidents has decreased from the fiscal 2013 level. As groupwide initiatives to eliminate occupational accidents in fiscal 2015, we will clearly identify level-specific and job-specific safety activities to ensure participation by all employees, create a system capable of inculcating safety culture in all employees, introduce reassessment of facilities design, and engage in qualitative improvement of safety regulations by such means as standardization of why-why analysis.



Awareness Activities and Safety Activities Case Examples

Demonstration of Felt Leadership

Felt Leadership: Managers, administrators, and supervisors serve as models for employees and raise overall safety awareness by setting an example.

Executives and managers regularly visit plants for safety dialogues (communication) with workers and engage in activities to raise worker safety awareness. Executives and managers are expected to continue to demonstrate felt leadership and will strive to raise safety awareness among workers.



Anvis Receives the ILO “Systematic Safety” Seal of Approval

Anvis, a Sumitomo Riko Group company acquired in 2013, was certified for “systematic safety” in occupational safety and health management by the Professional Association of Raw Materials and Chemical Industry (BG RCI) of Germany and received a seal of approval from the International Labour Organization (ILO).

Anvis engages in daily safety management with the objective of “Cultivating an organization where risks to employees are systematically detected and eliminated so that accidents cannot happen in the first place. This doesn’t apply just to the company’s headquarters in Germany, but to all sites worldwide.”

The audit carried out by the “BG RCI” included examination of details such as the classification of hazards in operational processes and corresponding protective measures and the conduct of regular inspections to ensure compliance with occupational health and safety measures.

DTR-TN Receives an Award from the State of Tennessee

In July 2014, DTR Tennessee (DTR-TN) received the Commissioner’s Award of Excellence for Workplace Safety from the Tennessee Department of Labor & Workforce Development in recognition of its performance in working 1,000,000 hours without a lost time injury. The Company has received the award for six consecutive years since 2009.

This award is conferred on elite organizations in the top 1% of manufacturers and other companies that are members of the Voluntary Protection Program (VPP) in Tennessee in recognition of daily safety activities. DTR-TN will continue to diligently engage in safety activities to qualify for the award each year.

Corporate Citizenship

Approach to Corporate Citizenship Activities

Cultivate harmonious relationships with communities through corporate citizenship activities beneficial to society

To provide a basis for the fulfillment of our responsibility as a corporate citizen determined to earn the trust of communities and society at large, the Sumitomo Riko Group established the corporate citizenship policy in 2006. It states: “We recognize that the Sumitomo Riko Group is an integral part of the communities where it operates and, as a good corporate citizen, should cultivate harmonious relationships with communities through corporate citizenship activities that benefit society.”

The Sumitomo Riko Group positions value-creating social contribution as an activity that helps meet society’s challenges and aims to create value through corporate citizenship activities addressing social issues, leading to the enhancement of corporate value. Moreover, we are active in the following five priority fields: 1) contribution to the welfare of people with disabilities, 2) contribution through culture and the arts, 3) contribution to the sound development of young people, 4) contribution to creating a safe and secure society, 5) contribution to the promotion of coexistence with the natural environment.

Corporate Citizenship Promotion Structure

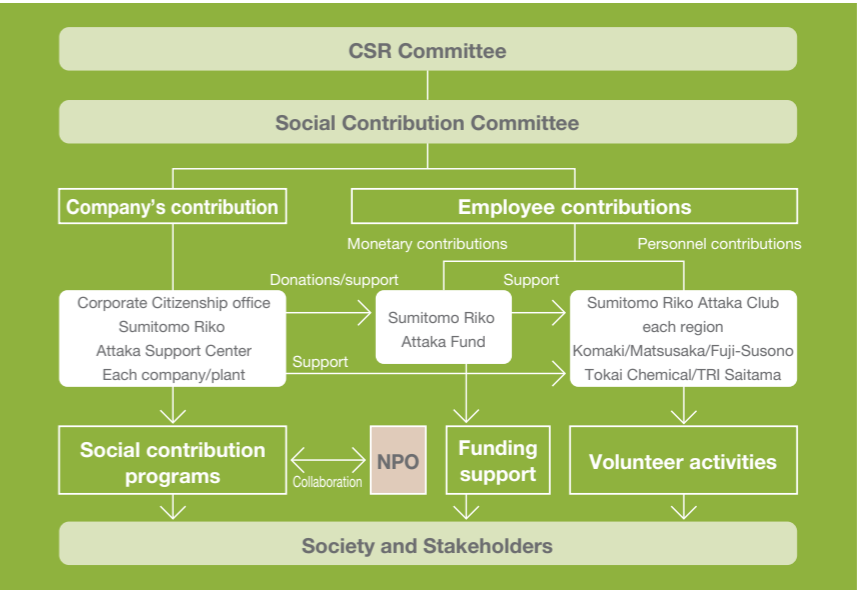
Social Contributions Committee leads corporate and employee contributions to society

In accordance with the corporate citizenship policy and the framework, the Social Contributions Committee, which is one of the six subcommittees under the CSR Committee established in 2005, ensures that corporate citizenship activities are systematically implemented based on discussion. At Sumitomo Riko, we classify corporate citizenship activities into “employees’ contributions” and “corporate contributions”. Employees can contribute through voluntary activities and monetary contributions. For voluntary activities, the “Sumitomo Riko Attaka Club” was set up, an organization supporting employees’ voluntary activities. For monetary contributions, the “Sumitomo Riko Attaka Fund” was established through which employees can make donations by automatic deduction from their salary each month. The Sumitomo Riko Attaka Fund became a general incorporated foundation under Japanese law in 2014. In regard to corporate contributions, we are implementing various corporate citizenship programs that are considered and established by the Social Contributions Committee and for which the Corporate Citizenship Office serves as the secretariat.

Corporate Citizenship Program Assessment System

Applying a PDCA cycle to corporate citizenship activities

Sumitomo Riko has introduced an assessment system whereby the Social Contributions Committee assesses the Company’s corporate citizenship programs every year. Programs are revised or terminated based on the assessment and new programs are introduced. Assessment of corporate citizenship programs using uniform criteria clarifies the results of the programs. This approach allows us to apply a PDCA (plan-do-check-act) cycle to corporate citizenship activities. We are shifting the weight of our corporate citizenship activities from monetary contributions to a participatory and collaborative approach.



Society



The Sumitomo Riko Pro Bono Program

Since 2014, Sumitomo Riko has conducted the “Sumitomo Riko Pro Bono program”. The term “pro bono” refers to voluntary work by professionals who contribute to society by utilizing their expertise. Sumitomo Riko started the program in cooperation with Chubu Pro Bono Center, a non-profit organization (NPO). Employees who participate in the program provide consulting services to non-profit organizations in Aichi Prefecture, where Sumitomo Riko’s head office is located, after receiving training from instructors active on the frontlines of their fields in the private sector, public administration, universities, and NPOs.

In the first pro bono project, for approximately six months participants provided consulting services concerning a “medical wig commercialization strategy” to the NPO Japan Welfare Beauty & Barber Training Association. The project produced positive results for the NPO, which expressed gratitude to the volunteers for their assistance in preparing a strategic commercialization plan. For their part, the volunteers remarked that they were able to gain experience unavailable in the ordinary course of business, and that they were able to gain new perspectives.

Sumitomo Riko intends to continue the pro bono program as an activity enabling employees to contribute to society by making their expertise available for worthwhile causes.



Sumitomo Riko Student Essay Award

Sumitomo Riko held “the Sumitomo Riko Student Essay Award Contest - An Ideal Company to Work For!” for university, graduate school, and international students in 2015 to commemorate the change of the company name.

The essay topic was, “The Future of Gender Equality.” The contestants considered gender equality from the perspective of key concepts such as “diversity,” “work-life balance,” and “inclusion” and submitted essays describing their visions of a society in which men and women are able to work and achieve fulfillment in a spirit of true equality.

We invited Ms. Mariko Kawaguchi of the Daiwa Institute of Research to chair a review committee, and votes cast by Sumitomo Riko employees were part of the judging process for the essays. “In Search of a Gender-Equal Society that Forms Equal Worker Partnerships,” by Ms. Mikiko Fukuya’s team of Hosei University, was selected as the winner of the grand prize, which included an award of one million yen. An award ceremony was held in Nagoya along with a commemorative symposium on the topic of “gender equality” where the contest judges engaged in lively discussion.

Sumitomo Riko will continue to promote gender equality and work-life balance from a variety of perspectives.



Environment

Environmental Management

Approach to the Environment

Making a concerted effort to protect the environment based on an environmental management system

The Sumitomo Riko Group recognizes that the environment is a theme with universal appeal resonating in the hearts and minds of people throughout the world, and moreover, that a commitment to resolving environmental issues is a prerequisite for a company’s sustainable development. Based on an environmental management system aligned with the Sumitomo Riko Group’s environmental policy goals, the Group is making a concerted effort to protect the environment and contribute to the resolution of environmental issues within the promotional framework described below.

Environmental Policy

Basic Policy

Sumitomo Riko intends to do business always with natural environment preservation in mind sticking to social expectation and rules, and carry out all the activities from product development, design, procurement, sales to waste disposal under the principles of “MOTTAINAI” and “OMOIYARI.” Sumitomo Riko also aims to formulate sustainable society contributing to global environment preservation under the spirit of social contribution.

Action Guideline

- 1 Make the environmental preservation deep rooted activities in corporate culture and encourage all employees to participate.
- 2 Encourage the entire Sumitomo Riko group to be involved in the preservation activities.
- 3 Develop Sumitomo Riko’s own improvement plan besides complying with environment related regulations imposed by national and municipal governments to lower environmental load.
- 4 Establish target and goals for environmental protection and carry them out systematically and continuously.
- 5 Make efforts to develop products and a production system with low environmental loads and push forward with more active environmental protection activities.
- 6 Disclose environment related information and promote opinion exchange in local community and society.

Environmental Management Structure

Establishment of Environmental Management Systems (ISO 14001 Certification)

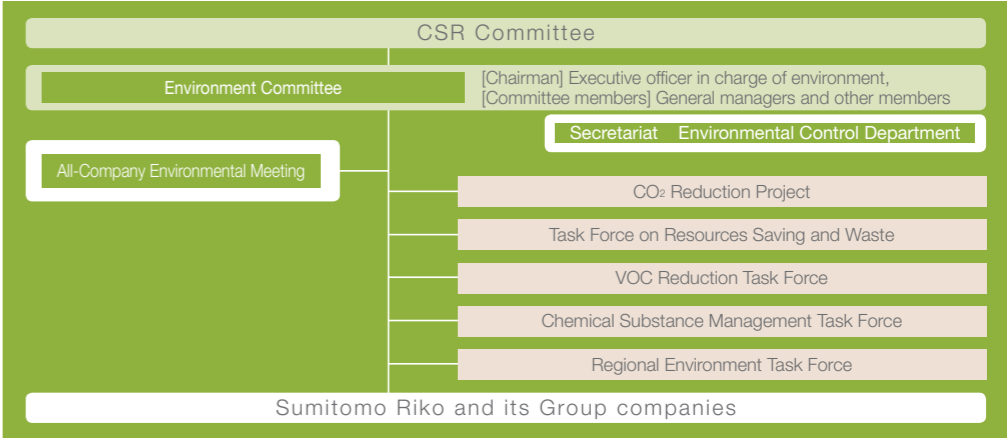
Strengthening the environmental management structure throughout the Sumitomo Riko Group

In the period from 1999 to 2002, each of our four plants of Sumitomo Riko, including the former Okayama Plant, obtained ISO14001 certification. In September 2007 we gained integrated certification covering our entire operations (Registration number: JQA-EM0408). Major Sumitomo Riko Group companies are ISO14001 certified: 10 companies in Japan and 15 overseas companies.

Environment Management Structure

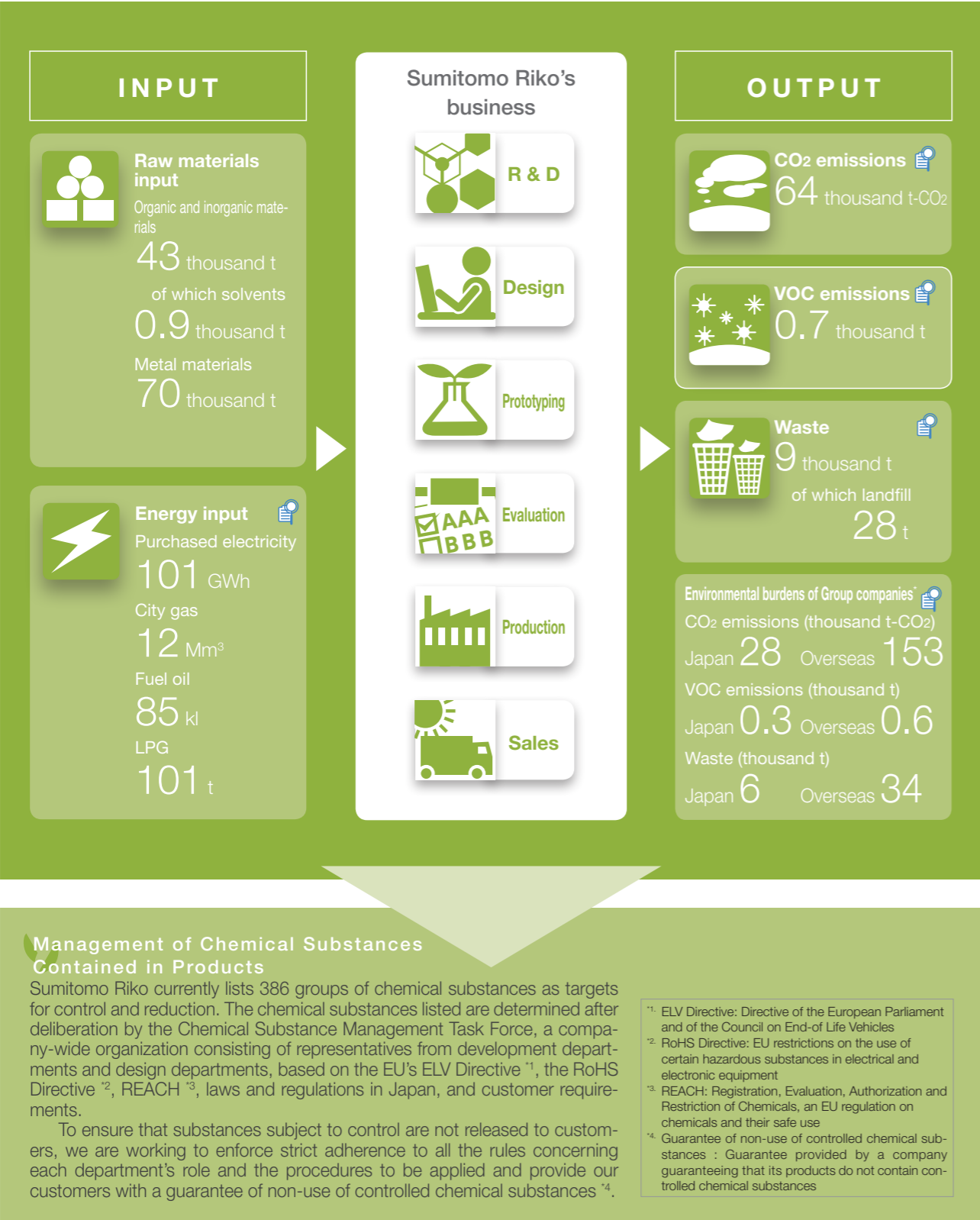
At the Sumitomo Riko Group, the Environment Committee, a subcommittee under the CSR Committee, determines the policy and objectives of the Sumitomo Riko Group’s environmental initiatives and the Environmental Meeting ensures implementation. At the Environmental Meeting held in fiscal 2014, the five major manufacturing subsidiaries made presentations on their environmental protection activities. Presentations were made at the meeting on topics including reduction in environmental burdens (energy saving and resource saving) and environmental risks. It was a valuable opportunity for Sumitomo Riko and its Group companies to share environmental information and helped facilitate horizontal deployment of best practices.

Starting from fiscal 2015, Environmental Management Promotion Officers of Business Headquarters have been appointed. Business units pursue themes on reduction of environmental burdens (CO₂ emissions, VOC, waste) to achieve further progress. The Green Procurement Task Force was renamed the Chemical Substance Management Task Force in fiscal 2015. The Task Force will propose information sharing between Sumitomo Riko and its Group companies and improvement of systems to strengthen management structures for design, quality assurance, etc.



Environment

Overview of Sumitomo Riko's Environmental Impacts



* Data of principal production sites comprising 5 companies in Japan (TRI Metex, Tokai Chemical Industries, TRI Saitama, TRI Oita AE, and TRI Kyushu.) and 11 companies overseas (DTR-OH and DTR-TN in the U.S., TRP in Poland, TRD, TRT, TRM, TRJ, TRG, TRFH, and TRHK/TRDG in China, and TER in Thailand). If Anvis and Dytech, and their subsidiaries are included, CO₂ emissions and waste at overseas sites would be 190 thousand t-CO₂ and 40 thousand tons, respectively. This emission volume accounts for 94% of sales at the production sites of the Sumitomo Riko Group.

Mitigation of Global Warming

Initiatives to Reduce CO₂ Emissions

Formulate a CO₂ emissions reduction plan and monitor progress

Under the leadership of the CO₂ Reduction Project, each business unit formulated a CO₂ emissions reduction plan and monitored progress toward achievement of the target. Enhanced efficiency of air conditioning of factories, consolidation of air-conditioned testing rooms, and reduced power consumption of spot air conditioning at factories in the summer had a significant positive impact on CO₂ emissions reduction. In addition, a decrease in production also contributed to lower CO₂ emissions. As a result, Sumitomo Riko's CO₂ emissions in fiscal 2014 were 7% lower than in fiscal 2013. CO₂ emission intensity in fiscal 2014 decreased 6% from fiscal 2013 owing to reduced CO₂ emissions. However, CO₂ emissions of the Sumitomo Riko Group in fiscal 2014 were 2% higher than in fiscal 2013 as a result of an increase in production overseas where CO₂ emission coefficients for electricity are high.

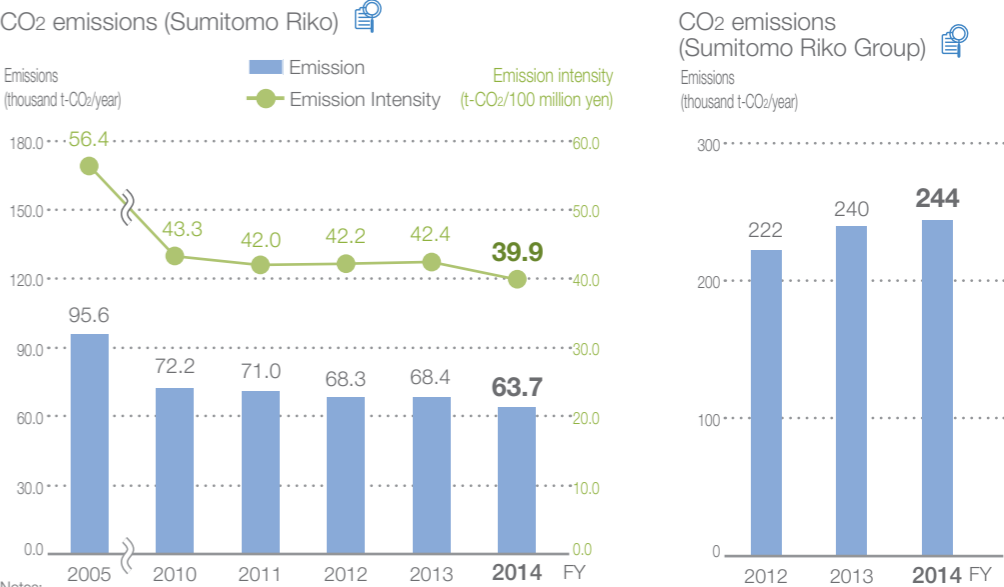
Issues from Now On and Responses

Reduce CO₂ emissions through energy-saving activities and development of innovative production technologies

The CO₂ Reduction Project and Environmental Management Promotion Officers of Business Headquarters will lead our CO₂ emissions reduction initiatives in fiscal 2015. Our CO₂ emissions reduction measures are summarized below. The progress of implementation of the reduction plan of each business unit is monitored at periodic meetings to promote reduction initiatives.

- 1 Energy-saving activities: Each organization makes efforts to detect any energy-saving potential and implement corresponding measures.
- 2 Development of innovative production technologies: We aim to reduce CO₂ emissions through the development of innovative technologies for production processes.

In fiscal 2015, Sumitomo Riko continues to pursue these two approaches. We also use "energy visualization techniques" to pinpoint opportunities for additional CO₂ emission reductions. Regarding cases in which initiatives achieved significant CO₂ emissions reduction, Environmental Management Promotion Officers of Business Headquarters will take the lead in applying them to other sites where such measures are expected to be effective, thereby enhancing CO₂ emissions reduction initiatives throughout the Sumitomo Riko Group.



Notes:
1. The denominator of the emission intensity is sales.
2. For Japan, the CO₂ emission coefficients indicated below are used, which are in the "Guide for establishing anti-global warming measures" published in 2004 by Aichi Prefecture.
(Electricity: 0.378t-CO₂/MWh A-type fuel oil: 2.71t-CO₂/kl City gas: 2.11t-CO₂/thousand m³N LPG: 3.00t-CO₂/t)
3. The same CO₂ emission coefficients are used for all years.
4. Since fiscal 2014, for CO₂ emission coefficients for electricity overseas, coefficients by country for 2011 indicated in "CO₂ Emissions From Fuel Combustion Highlights 2013" published by the International Energy Agency (IEA) are used. In line with this change, figures for previous years were restated retrospectively.
5. CO₂ emissions of the Sumitomo Riko Group: Total of CO₂ emissions of Sumitomo Riko and of principal production sites (5 companies in Japan and 11 companies overseas. See page 58.)

Environment

VOC Reduction

VOC Reduction
Initiatives

Initiatives resulted in 6% reduction in VOC

The VOC Reduction Task Force is taking the lead in our VOC reduction efforts, monitoring the progress of the implementation of the VOC reduction plan formulated by each business unit. In particular, as a result of the shift to water-based paints, loss reduction of bonding treatment equipment, implementation of measures to prevent volatilization, and the shift to non-volatile adhesives, Sumitomo Riko's VOC emissions in fiscal 2014 were 18% lower than in fiscal 2013. Our VOC emission intensity in fiscal 2014 was also 18% lower than in fiscal 2013. VOC emissions of the Sumitomo Riko Group in fiscal 2014 were 6% lower than in fiscal 2013 because of the VOC reduction at Sumitomo Riko. Overseas, regulations on VOC emissions are becoming stricter. We are introducing VOC treatment equipment in order to ensure legal compliance.

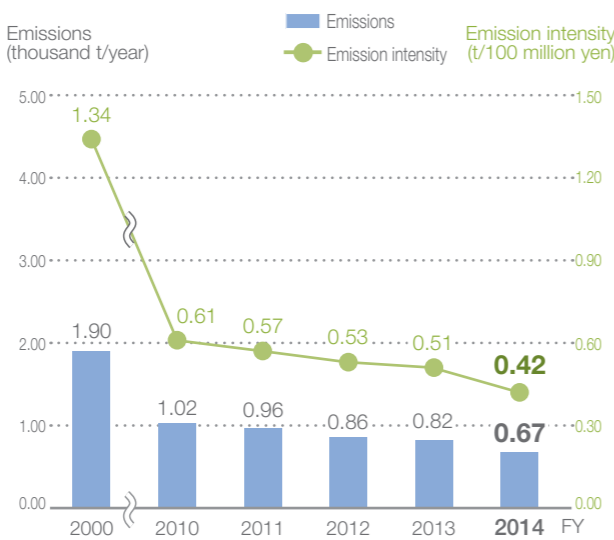
Issues from Now On
and Responses

Greater VOC reduction by switching solvents and other measures

The VOC Reduction Task Force and Environmental Management Promotion Officers of Business Headquarters will lead our VOC emissions reduction initiatives in fiscal 2015. With regard to the switch to non-volatile adhesives, we will apply non-volatile adhesives, starting with products for which customers' approvals are secured based on their reliability evaluation. Moreover, each business unit is promoting improvement of manufacturing processes, implementation of measures to prevent volatilization and use of water-based paints. We are also promoting development of products that can be manufactured without using adhesives to replace the current products that require adhesives, thus stepping up VOC reduction efforts. Environmental Management Promotion Officers of Business Headquarters will take the lead in applying these improvement measures to Group companies that manufacture similar products so as to reduce both consumption and emissions of VOCs throughout the Group.

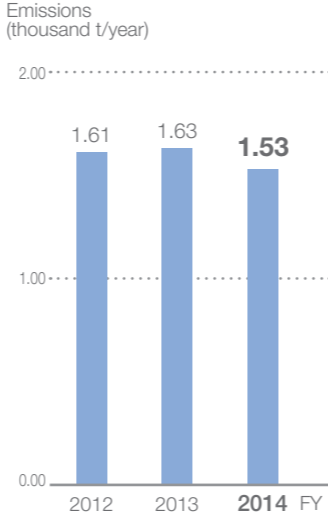
VOC
Volatile Organic
Compounds

VOC emissions (Sumitomo Riko)



Notes:
1. The denominator of the emission intensity is sales.
2. The amount of VOC emissions was calculated based on the "Voluntary Action Plan for Reducing VOC Emissions" formulated by the Japan Rubber Manufacturers Association.
3. VOC emissions of the Sumitomo Riko Group: Total of VOC emissions of Sumitomo Riko and of principal production sites (5 companies in Japan and 11 companies overseas. See page 58.)

VOC emissions (Sumitomo Riko Group)



Waste Reduction

Waste Reduction
Initiatives

Continue implementation of measures for effluent and business units' measures to reduce defects and improve yields

The amount of waste discharged by Sumitomo Riko in fiscal 2014 decreased 16% compared with fiscal 2013 and the waste intensity in fiscal 2014 was 15% lower than in fiscal 2013. Waste reduction was attributable to the reduced volume of sludge achieved by reducing consumption of cleaning agents for products and coagulant for affluent treatment and to reduced volume of effluent through concentration. In addition, each business unit implemented measures to reduce defects and improve yields, thereby reducing waste. We promoted recycling of waste discharged and reduced waste disposed of by landfill, both as an absolute amount and as a percentage of total waste. As a result, we have been maintaining zero emissions of waste since fiscal 2005. On the other hand, the volume of waste discharged by the Sumitomo Riko Group increased 3% in fiscal 2014 compared with fiscal 2013 as a result of higher defect rates and losses in new production as production overseas increased.

Issues from Now On
and Responses

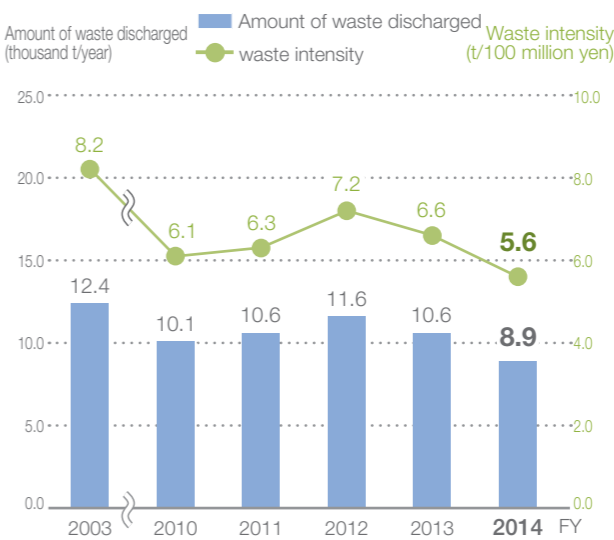
Individual Group companies to strengthen waste reduction initiatives

The Task Force on Resources Saving and Waste and Environmental Management Promotion Officers of Business Headquarters will spearhead our waste reduction initiatives in fiscal 2015. While maintaining the effluent reduction effect of the effluent concentration treatment achieved in fiscal 2014, we will reinforce the ongoing measures for defect reduction and yield improvement implemented by the business units. We are also promoting material recycling and thermal recycling of waste discharged to reduce waste disposed of by landfill, both as an absolute amount and as a percentage of total waste, so that we can maintain zero emissions of waste, which we have been doing since 2005. Environmental Management Promotion Officers of Business Headquarters will take the lead in applying best practices with significant defect reduction and yield improvement impacts to relevant sites with the aim of stepping up waste reduction initiatives throughout the Group.

zero emission

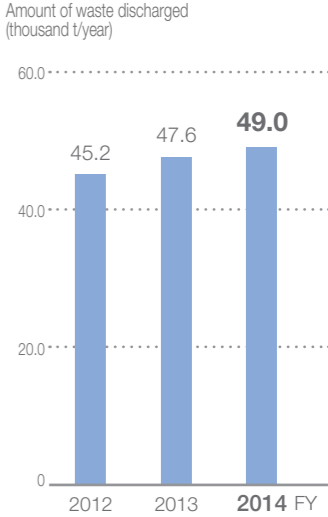
The amount of landfill waste is 1% or less of the total amount of waste discharged.

Amount of waste (Sumitomo Riko)



Notes:
1. The denominator of the waste intensity is sales.
2. The amount of waste includes the amount of substances containing valuable resources.
3. Amount of waste discharged by the Sumitomo Riko Group: Total of the amount of waste discharged by Sumitomo Riko and by principal production sites (5 companies in Japan and 11 companies overseas. See page 58.)
4. The amount of waste discharged by the Sumitomo Riko Group is restated retrospectively for higher accuracy.

Amount of waste (Sumitomo Riko Group)





The Sumitomo Riko Group believes that the development of society is a prerequisite for the development of the Group. Through dialogues with stakeholders and other initiatives, we welcome views and suggestions of stakeholders and third-party experts. Identifying how the Group can maximize its contribution to the progress and vitality of communities around the world, we will cultivate relationships of trust with society. We regard this as the pathway to become the “Global Excellent Manufacturing Company” that we aspire to be.

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Factory Dialogue	P66

Views of Stakeholders

Views of Stakeholders

Dialogue with the Third-Party



Mariko Kawaguchi
Chief Researcher
Research Division
Daiwa Institute of Research Ltd.



Yoshiaki Nishimura
Representative Director
Chairperson of the Board & CEO

From Social Responsibility to a Source of Earning Power.

Considering “quality” of profit

Nishimura: This is Sumitomo Riko’s second integrated report. Although our intention in publishing an integrated report was to place emphasis on our management policy, business model, and other non-financial information, it can also help shape new thinking among young employees and others in the company.

Kawaguchi: Although non-financial information, including information about corporate social responsibility (CSR), doesn’t appear to be directly connected with current sales or profits, it’s a factor that contributes to earnings over the long run.

Nishimura: Until now, I paid little attention to ESG* in management. Although I was aware of socially responsible investment (SRI), your report on SRI made me recognize anew that ESG investment is a step beyond SRI. When considering ESG, the question of how to establish key performance indicators (KPI) is important. Although we have quantified our environmental

activities using environmental accounting, it seems to me that from now on it will be necessary to use indicators that enable management of overall activities using ESG. By the way, return on equity (ROE) is an indicator that is frequently referred to these days, isn’t it?

Kawaguchi: ROE is a shareholder-oriented indicator. But a management policy of earning profits only for the shareholders is tantamount to coercing employees and other stakeholders, and it eventually has negative repercussions for the shareholders themselves. As the expression “going concern” suggests, companies have a responsibility to remain in business. I think we should understand the meaning of the term “profit” in the context of earning profits while achieving sustained growth and maintaining appropriate stakeholder relationships in order to benefit society.

Nishimura: To be sure, in management we must pay due consideration to all stakeholders. ESG is a guiding principle for that, and the ideal is to increase ROE while attaining a balance between shareholder interests and the interests of stakeholders as a whole.

ESG: ESG (environment, society, governance) are areas in which companies are required to show consideration and responsibility when engaging in business activities. ESG is attracting attention as an evaluation criterion when measuring the investment value of companies.

Ito Review: The Ito Review was compiled as part of a project of the Ministry of Economy, Trade and Industry chaired by Professor Kunio Ito of Hitotsubashi University. The aim of the project was penetration of “Japanese-style ROE management” as a guideline to lead to sustainable growth through a favorable relationship, not confrontation, between companies and investors. It places emphasis on non-financial information and promote management from a long-term perspective enabled through innovation.

Dialogue with
the Third-Party

Mariko Kawaguchi × Yoshiaki Nishimura

We want to approach new investor classes.



Japanese Version of the Stewardship Code: “The Principles for Responsible Institutional Investors” provide a code for a wide range of institutional investors to appropriately discharge their stewardship responsibilities with the aim of promoting sustainable growth of investee companies through constructive dialogue with them and for realizing transparency in activities.

GPIF: The Government Pension Investor Fund, the world’s largest pension fund, invests public pensions in Japan. In November 2014, GPIF reviewed its investment policy and announced that it would increase the proportion of stocks in its portfolio.

Kawaguchi: Although some companies buy back their own shares to increase ROE, I think that they should focus on increasing net income, the numerator of the ROE equation. Although capital efficiency is also important, I think that focusing attention solely on reducing shareholders’ equity, the denominator, goes against the original intention. The intent of the Ito Review*, which came up with a target ROE level of 8%, was that there must be collaboration between the industrial and financial communities for Japanese companies to achieve long-term value creation. The review also mentions expectations for integrated reports that include non-financial information as a means of achieving this. From now on, the number of investors who make investment decisions from a multifaceted perspective that includes management philosophy, long-term strategy, leadership, and ESG factors is likely to increase.

Nishimura: KPIs that take into account that perspective will become necessary, won’t they?

Understanding the trend toward ESG

Nishimura: Sumitomo Riko has articulated a long-term vision for growth through selection and concentration on the basis of our expertise in polymer materials technology in six growth markets: automotive; information and communication technology (ICT); infrastructure; dwelling environment; medical, nursing care and health; and resources, environment, and energy. However, even though we explain our long-term vision at results briefings and other venues, the interest of analysts tends to focus on short-term business results. Since business performance in fiscal 2014 was rather poor, we had no choice but to focus tightly on an explanation of the business results and countermeasures.

Kawaguchi: Since the number of analysts who specialize in ESG has been increasing recently, why not hold IR meetings focused on ESG? For instance, you might have a dialogue with ESG analysts about the social value of, and growth scenarios for, the “medical, nursing care” and health business or the “resources, environment, and energy” business.

Nishimura: I see. We definitely want to approach new investor classes. I’ve heard that nearly half the investment funds in the UK are ESG-related funds.

Kawaguchi: The UK is a nation built on finance, and you can sense its strong desire to

lead the world of finance. To the British, ESG investment is one form of 21st century financial innovation.

Nishimura: Will the behavior of institutional investors in Japan change with the introduction of the Japanese Version of the Stewardship Code*?

Kawaguchi: By June 11 of this year, 191 institutional investors had signed the code. The GPIF*, one of those investors, has stated in regard to its medium-term objective that it will “Consider taking into account ESG, a non-financial element.” I think this movement will gain impetus.

Nishimura: Sumitomo Riko is currently at the stage of considering the “2020 Group Vision.” I think that we must incorporate the ESG concept into our next management plan with a view to realizing high-quality sales and profit that will lead to enhancement of corporate value.

Kawaguchi: The ESG concept may be better suited to new business areas with clear social aspects. The combination of conductivity and the supple texture characteristic of rubber realized with Smart Rubber, introduced in last year’s report, left quite an impression on me. I sensed the potential for creating products that will find acceptance among seniors and children.

Nishimura: Smart Rubber is conductive rubber that defies the conventional wisdom. It’s a material that we expect to see appearing in motion sensors and various other applications. We want to create and nurture a number of products beneficial to society.

Looking ahead to a new era

Kawaguchi: In business development, it’s also necessary to pay attention to risks. Overseas expansion is a key challenge in the automotive products business and other fields, and doing business overseas entails human rights risk and water risk. The situation is so serious that there have even been cases of companies being forced to relocate plants built in China because of severe water shortages.

Nishimura: Since the number of business sites we have in emerging countries has increased, we need to pay greater attention to such risks.

Kawaguchi: It’s important to consider the positive aspects of such risks as an opportunity even while minimizing them. There have recently been calls to build national resilience, and “resilience”* and “ethical”* have emerged as key concepts.

Nishimura: From the perspective of resilience, I think that preparation for a possible major disaster is necessary. We make dampers for large structures and for wooden houses. Although it might be a stretch to call it an ethical product, one environmentally friendly product we offer is “Refleshine™” heat insulation window film.

Kawaguchi: Both are examples of products that can make valuable contributions to the sustainability of society.

Nishimura: In addition, we are proceeding with development of an active mattress, walking assist suit, and other nursing care products made using Smart Rubber, the material you mentioned. We are also working on prototypes of a bedsores prevention mattress for guide dogs.

Kawaguchi: For sustainability, it’s important to make social contributions integral to the actual business, isn’t it? The case of a certain real estate developer provides an example. The developer has a popular social contribution initiative to encourage volunteer activities by employees, which invites employees those likes countryside life, to the activity of cultivating abandoned rice paddies and fields in Yamanashi Prefecture to grow rice and vegetables. Then the company proposed the activity as a service for the residents of condominiums it has developed, and it has become a highly popular service. I think there might be an opportunity for the developer to sell high-rise condominiums that come with fields in the countryside. This is an example of a social contribution activity contributing to a company’s business.

Nishimura: This example shows that CSR and ESG also serve to uncover latent demand among stakeholders.

Kawaguchi: Something that begins as a way of contributing to society can become a business somewhere along the way.

Nishimura: We have a social contribution activity we call the “Beauty Caravan” in which we collaborate with a university and an NPO to



help bring some joy to the lives of elderly people living in nursing homes by offering them an opportunity to pamper and beautify themselves. It has been confirmed that beauty treatment has a beneficial effect in patients with Alzheimer’s disease, and we are trying to find a way of achieving linkage with the nursing care and health business.

Kawaguchi: CSR also involves meeting stakeholder needs that don’t constitute a viable business opportunity. Beauty Caravan may be a case of bearing the cost of meeting needs as a social contribution cost until those needs reach a certain scale, after which they are developed as a business.

Nishimura: That’s another role of CSR, isn’t it?

Kawaguchi: An increasing number of young people today attach greater importance to social contribution than personal advancement at work and place importance on ethical considerations when buying things. Isn’t it necessary for companies to prepare now for a future in which these people play a leading role?

Nishimura: In our core automotive products business, procurement positions are increasingly held by younger people. One approach might be to ensure that people understand that superiority in environmental and social responsibility is a form of value and give us credit for this.

Kawaguchi: Recently I have come to think that CSR is a coefficient of business strategy. I mean that if a company’s business is multiplied by a high coefficient, corporate value itself increases. In business development in the ICT field, this equation is likely to become increasingly evident.

Nishimura: So, formulating a solid business strategy and integrating CSR activities and ESG factors into management contributes to sales and profit. These days CSR should be considered a source of a company’s “earning power,” not a cost. Thank you for your thoughts today.



CSR is a coefficient of business strategy.

Resilience: The use of a term employed in psychology and other contexts to express the ability to recover from difficulties has recently been expanded to economics and accident prevention. In Japan, the term “national resilience” is used to express the notion of adapting to difficulties through “strength” and “flexibility.”

Ethical: Recently the work “ethical” is used to refer to the consumption activity of choosing products beneficial to the environment or society. The concept includes eco-friendly products, fair trade products, and local production for local consumption.

Factory Dialogue

Factory Dialogue in Bungotakada

Cultivating Relationships with Stakeholders

The Sumitomo Riko Group is promoting CSR activities in order to contribute to society through corporate activities geared to the sustainable development of communities and people around the world. Recognizing that collaboration with the local communities where our sites are located is essential for promoting CSR activities, we held dialogues with stakeholders at our plants.

The latest dialogue with stakeholders was held at TRI Oita AE in Bungotakada City, Oita Prefecture. As two of our other major production sites are also located in Bungotakada, it is particularly significant to hold a dialogue there. With a view to cultivating good relationships with the people of Bungotakada City, the local government, and civic groups through “face-to-face”, two-way communication and to develop as a company rooted in the community and indispensable for the community, we held the “Factory Dialogue in Bungotakada”.

Participants

【Facilitator】	
Mr. Itsuro Miura	Director, Oita Foundation for Cooperative Society
【Stakeholders】	
Mr. Masahiko Okada	Associate Professor, Center for Research and Development of Higher Education and University Extension, Oita University
Ms. Yumi Ogawa	General Manager, NPO Anju Maman
Mr. Yoshio Sato	Managing Director, Bungotakada City Council of Social Welfare
Mr. Hirofumi Nagamatsu	Mayor of Bungotakada City
Mr. Yoji Noda	President, Bungotakada Chamber of Commerce and Industry

At the Factory Dialogue, opinions from various standpoints of the local community, academia, and the local government were accumulated. In the dialogue we also received specific proposals and suggestions for greater collaboration with a view to securing a successful future for Bungotakada City. Participants from the Sumitomo Riko Group were Executive Vice President and Representative Director Ozaki, Director and Managing Executive Officer Ohashi, Managing Executive Officer Hisaoka, who represented Sumitomo Riko, and executives of TRI Oita AE, TRI Kyushu, and Tokai Chemical Kyushu.

In their own words

- Relationships with the Sumitomo Riko Group so far
- ▶ I hope the Sumitomo Riko Group will continue to be part of Bungotakada City. People from the Sumitomo Riko Group are actively participating in the local festival and I appreciate their close collaboration with the local residents.
 - ▶ The Sumitomo Riko Group is making a great contribution to the increase in the population of Bungotakada City by offering employment opportunities.
 - ▶ The hotel occupancy rate in Bungotakada City is increasing. This is not only due to



tourists but also likely because people from the Sumitomo Riko Group come here on business trips. As it has a positive impact on the local economy, I hope they will continue to select accommodation in Bungotakada City.

- ▶ Employees of the Sumitomo Riko Group use childcare support facilities in Bungotakada City. These facilities are venues where local residents make connections and I hope they will continue to use them.

Expectations of the Sumitomo Riko Group's contribution to the community

- ▶ Bungotakada City offers many civil society activities that make the most of the beautiful natural surroundings. I hope the Sumitomo Riko Group will take advantage of the countryside for training and other purposes.
- ▶ In addition to events, such as the Rapeseed Flower Festa, the Nagasakibana Resort Camping Site is promoting business capitalizing on local specialties. There may be possibilities for utilizing the Sumitomo Riko Group's expertise in addition to participation in events.
- ▶ Is it possible for the Sumitomo Riko Group to offer internships for university students from the local community? I would like the Sumitomo Riko Group to make the fullest possible use of local human resources.
- ▶ At TRI Kyushu work sharing is available for female employees returning to work after childcare leave. I hope employees will make greater use of the childcare support facilities in the city to promote work sharing.
- ▶ Besides childcare, Bungotakada City is also emphasizing support of care of the aged and infirm. I hope more people from the Sumitomo Riko Group will make Bungotakada City their hometown.

To promote creation of a sustainable community through “collaboration”

Through the factory dialogue, we received positive opinions on the desirability of deepening the ties between the Sumitomo Riko Group and the local community. By creating a working environment conducive to greater participation by local people, such as opportunities for student internships and work sharing, the Sumitomo Riko Group will be able to cultivate fruitful relationships with the local community. The dialogue was a great success in that, thanks to the participants' constructive inputs, it helped illuminate a path to the future based on specific collaborative initiatives.

*Position titles are as of the date on which the dialogue was held.

Integrated Report 2015



The Sumitomo Riko Group adopted International Financial Reporting Standards (IFRS) for financial reporting for fiscal 2015 and began disclosure based on IFRS from the first quarter of fiscal 2015. Application of IFRS enhances international comparability of financial statements and improves convenience for investors and other users of financial information. In this section, consolidated balance sheets and consolidated statements of income in conformity with Japanese Generally Accepted Accounting Principles (Japanese GAAP) and those after adoption of IFRS are both presented.

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Consolidated Balance Sheets (Consolidated Statements of Financial Position)

SUMITOMO RIKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2015 and 2014

Consolidated Balance Sheets [Japanese GAAP]

Millions of yen

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
Assets		
Current assets		
Cash and time deposits	41,083	42,518
Notes and accounts receivable - trade	80,866	88,376
Securities	—	5,000
Merchandise and finished goods	10,801	12,335
Work in process	9,931	10,731
Raw materials and supplies	17,125	19,337
Notes and accounts receivable - other	7,581	7,738
Deferred tax assets	4,076	3,914
Other	8,736	8,704
Allowance for doubtful accounts	(1,037)	(703)
Total current assets	179,162	197,950
Non-current assets		
Property, plant and equipment		
Buildings and structures	99,225	109,115
Accumulated depreciation	(49,804)	(53,995)
Buildings and structures, net	49,421	55,120
Machinery, equipment and automobiles	221,707	241,673
Accumulated depreciation	(163,448)	(175,696)
Machinery, equipment and automobiles, net	58,259	65,977
Tools, furniture and fixtures	61,994	68,473
Accumulated depreciation	(50,357)	(54,906)
Tools, furniture and fixtures, net	11,637	13,567
Land	15,044	15,545
Lease assets	2,982	943
Accumulated depreciation	(921)	(444)
Lease assets, net	2,061	499
Construction in progress	8,119	8,767
Total property, plant and equipment	144,541	159,475
Intangible assets		
Goodwill	20,319	12,200
Other	14,007	14,190
Total intangible assets	34,326	26,390
Investments and other assets		
Investment securities	13,803	7,378
Deferred tax assets	2,013	3,130
Asset for retirement benefits	7,817	11,102
Other	1,385	1,400
Allowance for doubtful accounts	(42)	(48)
Total investments and other assets	24,976	22,962
Total non-current assets	203,843	208,827
Total assets	383,005	406,777

Consolidated Statements of Financial Position [IFRS]

Millions of yen

	Date of Transition to IFRS As of April 1, 2014	FY2014 As of March 31, 2015
Assets		
Current assets		
Cash and cash equivalents	24,726	38,307
Trade and other receivables	84,300	91,204
Inventories	42,743	47,034
Income taxes receivable	332	407
Other financial assets	3,844	1,407
Other current assets	8,727	8,581
Total current assets	164,672	186,940
Non-current assets		
Property, plant and equipment	141,282	154,799
Goodwill	7,024	5,659
Intangible assets	18,071	19,488
Investments accounted for using the equity method	2,238	3,580
Deferred tax assets	3,335	3,378
Retirement benefit assets	7,817	11,102
Other financial assets	18,292	10,807
Other non-current assets	2,898	3,688
Total non-current assets	200,957	212,501
Total assets	365,629	399,441

Consolidated Balance Sheets [Japanese GAAP]

Millions of yen

	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,245	57,814
Short-term bank loans	24,559	11,993
Notes and accounts payable - other	15,630	15,708
Income taxes payable	3,310	3,423
Provision for business structure improvement	—	2,525
Other provisions	1,585	1,012
Other	10,142	11,336
Total current liabilities	108,471	103,811
Long-term liabilities		
Bonds payable	35,000	35,000
Long-term debt	30,444	49,723
Deferred tax liabilities	10,315	9,292
Provisions	2,086	2,220
Liability for retirement benefits	6,943	6,957
Other	739	549
Total long-term liabilities	85,527	103,741
Total liabilities	193,998	207,552
Net assets		
Shareholders' equity		
Common stock	12,145	12,145
Capital surplus	10,867	10,867
Retained earnings	139,852	133,333
Treasury stock	(297)	(299)
Total shareholders' equity	162,567	156,046
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	2,369	664
Deferred gain (loss) on hedges	72	—
Foreign currency translation adjustments	6,644	20,403
Accumulated adjustments for retirement benefits	578	2,575
Total accumulated other comprehensive income	9,663	23,642
Minority interests	16,777	19,537
Total net assets	189,007	199,225
Total liabilities and net assets	383,005	406,777

Consolidated Statements of Financial Position [IFRS]

Millions of yen

	Date of Transition to IFRS As of April 1, 2014	FY2014 As of March 31, 2015
Liabilities		
Current liabilities		
Trade and other payables	70,486	74,279
Bonds and borrowings	12,301	5,554
Income taxes payable	3,213	3,181
Provisions	1,438	2,881
Other financial liabilities	1,605	1,669
Other current liabilities	10,173	10,823
Total current liabilities	99,216	98,387
Non-current liabilities		
Bonds and borrowings	64,411	84,596
Deferred tax liabilities	12,184	9,913
Retirement benefit liabilities	7,346	7,372
Provisions	1,765	1,577
Other financial liabilities	597	682
Other non-current liabilities	2,909	2,569
Total non-current liabilities	89,212	106,709
Total liabilities	188,428	205,096
Equity		
Capital stock	12,145	12,145
Capital surplus	10,867	10,756
Retained earnings	131,119	135,929
Treasury stock	(266)	(267)
Other components of equity	6,567	16,198
Total equity attributable to owners of the parent	160,432	174,761
Non-controlling interests	16,769	19,584
Total equity	177,201	194,345
Total equity and liabilities	365,629	399,441

*These statements are presented based on Japanese GAAP and IFRS.
For the reconciliation table from Japanese GAAP to IFRS, please refer to the "financial report for the first quarter of fiscal 2015."

Consolidated Statements of Income

SUMITOMO RIKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2015 and 2014

Consolidated Statements of Income [Japanese GAAP]			Millions of yen
	FY2013 From April 1, 2013 to March 31, 2014	FY2014 From April 1, 2014 to March 31, 2015	
Net sales	369,093	400,930	
Cost of sales	310,621	338,484	
Gross profit	58,472	62,446	
Selling, general and administrative expenses	44,895	51,954	
Operating income	13,577	10,492	
Other income			
Interest income	381	264	
Dividend income	192	248	
Gain on sales of property, plant and equipment	391	185	
Equity in earnings of affiliates	393	313	
Other	1,250	1,109	
Total other income	2,607	2,119	
Other expenses			
Interest expense	2,426	2,061	
Impairment loss	139	151	
Loss on disposal of property, plant and equipment	343	310	
Foreign currency exchange losses	763	409	
Other	1,472	1,272	
Total other expenses	5,143	4,203	
Ordinary income	11,041	8,408	
Extraordinary income			
Gain on sales of investment securities	—	5,491	
Gain on step acquisitions	1,016	—	
Gain on change in equity interests	4	—	
Amortization of actuarial differences on return of retirement benefits trust	1,488	—	
Total extraordinary income	2,508	5,491	
Extraordinary losses			
Impairment loss	815	846	
Business structure improvement expenses	632	3,538	
Amortization of goodwill	—	5,804	
Expense for change of the Company's name	—	439	
Total extraordinary losses	1,447	10,627	
Income before income taxes and minority interests	12,102	3,272	
Income taxes - current	6,404	8,120	
Income taxes - deferred	(331)	(2,277)	
Total income taxes	6,073	5,843	
Income (loss) before minority interests	6,029	(2,571)	
Minority interests	1,953	1,858	
Net income (loss)	4,076	(4,429)	

Consolidated Statements of Income [IFRS]		Millions of yen
	FY2014 From April 1, 2014 to March 31, 2015	
Net sales	401,016	
Cost of sales	(338,032)	
Gross profit	62,984	
Selling, general and administrative expenses	(49,024)	
Equity in earnings of affiliates	307	
Other income	1,210	
Other expenses	(7,297)	
Operating profit	8,180	
Financial income	520	
Financial expenses	(2,248)	
Profit before income taxes	6,452	
Income tax expense	(3,562)	
Profit for the year	2,890	
Profit attributable to:		
Owners of the parent company	1,141	
Non-controlling interests	1,749	
Profit for the year	2,890	

*These statements are presented based on Japanese GAAP and IFRS.
For the reconciliation table from Japanese GAAP to IFRS, please refer to the "financial report for the first quarter of fiscal 2015."

Consolidated Statements of Cash Flows

SUMITOMO RIKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2015 and 2014

Consolidated Statements of Cash Flows [Japanese GAAP]			Millions of yen
	FY2013 From April 1, 2013 to March 31, 2014	FY2014 From April 1, 2014 to March 31, 2015	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	12,102	3,272	
Depreciation and amortization	21,468	23,301	
Amortization of goodwill	1,698	7,949	
Impairment loss on fixed assets	954	997	
Loss on disposal of property, plant and equipment	343	310	
Loss (gain) on sales of investment securities	—	(5,491)	
Loss (gain) on step acquisitions	(1,016)	—	
Increase (decrease) in liability for retirement benefits	314	(13)	
Increase (decrease) in provision for business structure improvement	—	2,419	
Increase (decrease) in other provision	(469)	(859)	
Interest and dividend income	(573)	(512)	
Equity in losses (earnings) of affiliates	(393)	(313)	
Interest expense	2,426	2,061	
Decrease (increase) in notes and accounts receivable - trade	(1,680)	(2,486)	
Decrease (increase) in inventories	(796)	(2,069)	
Increase (decrease) in notes and accounts payable - trade	(4,944)	1,502	
Other, net	(4,288)	(1,094)	
Subtotal	25,146	28,974	
Interest and dividends received	489	537	
Payments for interest	(1,993)	(1,902)	
Payments for income taxes	(5,886)	(8,062)	
Net cash provided by operating activities	17,756	19,547	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for purchases of property, plant and equipment	(31,560)	(30,027)	
Proceeds from sales of property, plant and equipment	931	1,294	
Payment for purchases of investment securities	(890)	(820)	
Proceeds from sales of investment securities	—	10,311	
Net decrease (increase) in short-term loans receivable	(1,969)	2,001	
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(16,497)	—	
Proceeds from investments in subsidiaries resulting in change in scope of consolidation	593	—	
Purchase of loans receivable related to acquisition	(1,533)	—	
Other, net	(797)	57	
Net cash used in investing activities	(51,722)	(17,184)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	3,590	(11,545)	
Proceeds from long-term debt	29,480	21,102	
Repayment of long-term debt	(5,751)	(3,432)	
Redemption of bonds	(10,000)	—	
Cash dividends paid	(1,661)	(1,869)	
Cash dividends paid to minority shareholders	(1,685)	(1,045)	
Other, net	(415)	(519)	
Net cash provided by financing activities	13,558	2,692	
Effect of exchange rate changes on cash and cash equivalents	1,041	2,857	
Net increase (decrease) in cash and cash equivalents	(19,367)	7,912	
Cash and cash equivalents at beginning of year	58,005	39,479	
Cash and cash equivalents of newly consolidated subsidiaries	841	127	
Cash and cash equivalents at end of year	39,479	47,518	

Consolidated Ten-Year Summary

SUMITOMO RIKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES

[Japanese GAAP]

KPI			Unit	2005	2006	2007
Results of Operations						
Net sales			Millions of yen	252,489	280,302	311,995
Operating income			Millions of yen	19,665	23,096	24,704
Ordinary income			Millions of yen	19,452	22,843	24,171
Net income (loss)			Millions of yen	11,481	13,907	14,241
Operating income to net sales			—	7.8%	8.2%	7.9%
Ordinary income to net sales			—	7.7%	8.1%	7.7%
Net income to net sales			—	4.5%	5.0%	4.6%
Results by business segment	Automotive Products	Net sales	Millions of yen	199,706	225,687	251,257
		Operating income	Millions of yen	18,152	20,209	20,422
	General Industrial Products	Net sales	Millions of yen	52,783	54,615	60,738
		Operating income	Millions of yen	1,513	2,887	4,282
Results by geographical segment before intersegment elimination	Japan	Net sales	Millions of yen	191,340	209,149	229,300
		Operating income	Millions of yen	12,851	14,908	14,694
	Americas	Net sales	Millions of yen	58,540	62,437	65,566
		Operating income	Millions of yen	4,167	3,989	3,558
	Asia	Net sales	Millions of yen	17,285	27,464	38,777
		Operating income	Millions of yen	1,480	2,894	5,250
	Europe and others	Net sales	Millions of yen	9,867	12,234	13,940
		Operating income	Millions of yen	1,183	1,369	1,353
Financial Position						
Net assets			Millions of yen	123,241	142,839	155,501
Total assets			Millions of yen	212,481	235,671	254,263
Cash Flows						
Cash flows from operating activities			Millions of yen	26,589	26,724	31,367
Cash flows from investing activities			Millions of yen	(21,254)	(20,698)	(27,312)
Cash flows from financing activities			Millions of yen	(5,253)	(693)	(2,343)
Other Data						
Capital expenditure (based on purchase of property, plant and equipment)			Millions of yen	20,055	21,011	28,487
Depreciation and amortization			Millions of yen	15,267	16,255	19,151
R&D expenses			Millions of yen	7,155	7,511	7,909
Per Share Data						
Net assets per share			Yen	1,186	1,313	1,418
Net income (loss) per share			Yen	110	134	137
Dividends per share			Yen	14	18	18
Stock and dividend data						
Consolidated payout ratio			—	12.7%	13.4%	13.1%
Dividend on equity			—	1.3%	1.4%	1.3%
Number of outstanding shares (excluding treasury stock)			Thousand shares	103,845	103,843	103,838
Other key performance indicators						
Return on assets (ROA)*1			—	9.7%	10.3%	10.1%
Return on equity (ROE)*2			—	9.9%	10.7%	10.0%
Shareholders' equity ratio			—	58.0%	57.9%	57.9%
D/E ratio			—	0.13	0.12	0.11
Asset turnover			—	1.2	1.3	1.3
Number of employees			Persons	9,664	10,609	11,836

Note: *1 Operating income to total asset
*2 Net income to shareholders' equity

(FY)						
2008	2009	2010	2011	2012	2013	2014
274,392	234,131	272,488	252,008	263,725	369,093	400,930
6,079	10,799	16,796	12,815	9,204	13,577	10,492
5,376	9,314	15,983	13,041	9,226	11,041	8,408
1,141	3,579	9,940	6,089	3,003	4,076	(4,429)
2.2%	4.6%	6.2%	5.1%	3.5%	3.7%	2.6%
2.0%	4.0%	5.9%	5.2%	3.5%	3.0%	2.1%
0.4%	1.5%	3.6%	2.4%	1.1%	1.1%	(1.1%)
219,056	185,540	217,524	193,728	210,267	312,439	344,023
4,828	9,568	13,440	9,056	7,080	9,642	7,924
55,336	48,591	54,964	58,280	53,458	56,654	56,907
1,251	1,231	3,356	3,759	2,124	3,935	2,568
193,779	174,666	187,477	188,697	183,131	185,156	183,205
(564)	3,887	5,356	5,883	440	4,943	2,390
54,248	38,640	53,953	39,102	50,451	83,029	94,650
1,251	1,793	3,418	1,954	3,933	4,543	5,069
42,383	41,119	59,857	52,192	61,690	98,762	113,105
4,757	5,210	8,236	4,832	4,902	9,095	9,874
13,217	6,520	5,365	5,517	5,529	46,977	58,230
608	(142)	(152)	91	1	(1,804)	(3,293)
141,175	147,249	154,219	156,932	172,918	189,007	199,225
218,965	238,951	244,638	260,600	324,134	383,005	406,777
22,704	34,543	27,997	12,421	19,692	17,756	19,547
(29,765)	(11,528)	(13,899)	(23,771)	(36,814)	(51,722)	(17,184)
10,662	(6,622)	(4,433)	1,883	24,557	13,558	2,692
27,437	10,277	14,938	20,191	25,295	31,334	29,699
20,774	19,638	18,543	12,621	14,672	21,468	23,301
8,371	7,617	8,182	8,660	9,698	11,673	12,821
1,291	1,338	1,395	1,428	1,540	1,659	1,731
11	34	96	59	29	39	(43)
14	13	15	15	16	17	18
127.4%	37.7%	15.7%	25.6%	55.3%	43.3%	—
1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
103,837	103,836	103,836	103,835	103,808	103,806	103,803
2.6%	4.7%	6.9%	5.1%	3.1%	3.8%	2.7%
0.8%	2.6%	7.0%	4.2%	1.9%	2.5%	(2.5%)
61.2%	58.2%	59.2%	56.9%	49.3%	45.0%	44.2%
0.20	0.17	0.14	0.17	0.41	0.52	0.54
1.2	1.0	1.1	1.0	0.9	1.0	1.0
12,533	12,910	13,549	13,894	18,035	22,546	23,568

Company Profile and Corporate History

Company Profile

Company Name	Sumitomo Riko Company Limited
Location	1, Higashi 3-chome, Komaki, Aichi 485-8550, Japan
Consolidated annual sales	400.9 billion yen (FY2014)
Paid-in capital	12,145 million yen
Employees on a consolidated basis	23,568 persons (as of March 31, 2015)
Products	Automotive Products Business: Anti-vibration rubber products, hoses, interior products, soundproofing products. General Industrial Products Business: Precision resin blades and rolls; anti-vibration rubber for railroad trucks, housing, bridges, and electronic equipment; high-pressure hoses and feeder hoses; and rubber sealants, etc.
Stock listing	Tokyo Stock Exchange and Nagoya Stock Exchange (First Section) Securities code: 5191
Largest shareholder	Sumitomo Electric Industries, Ltd. (Percentage of voting share owned: 49.53% as of end of March 2015)
Associated companies	80 consolidated subsidiaries, 8 equity method affiliates

Corporate History

1929	Established in Yokkaichi City, Mie Prefecture, as Showa Kogyo Co., Ltd.
1930	Company name changed to Kabata Chotai (Belt) Co., Ltd. Started manufacturing belts for belt conveyors
1933	Started manufacturing V-shaped belts
1937	Joined the Sumitomo Group. Company name changed to Tokai Rubber Industries, Ltd. (using the kanji for “Rubber” in the Japanese name)
1943	Matsusaka Factory (current Matsusaka Plant) started operation
1949	Company stock listed on the Nagoya Stock Exchange
1954	Started the automotive anti-vibration rubber products business
1960	Komaki Factory (current Komaki Plant) started operation
1961	Company name changed to Tokai Rubber Industries, Ltd. (Changed Kanji for Rubber to Katakana, different Japanese character)
1962	Started manufacturing of urethane products
1964	Moved the head office from Yokkaichi City to Komaki City, Aichi Prefecture
1971	Started manufacturing of large-diameter high-pressure hoses for industrial applications
1976	Started Foreman Training as an initiative to develop human resources through improvement activities at workplaces



Factory in Yokkaichi



Relocated to Komaki



Present Head Office/Komaki Plant

1984	Started the office equipment precision components business
1986	Opened the Technical Center at the head office
1988	Established DTR Industries Inc. (DTR-OH), the Company's first overseas production base in the U.S.
1990	Fuji-Susono Factory (current Fuji-Susono Plant) started operation
1994	Company stock listed on the Second Section of the Tokyo Stock Exchange
1995	Established subsidiaries in Thailand and China, the Company's first bases in Asia
1996	Promoted to the first sections of the Tokyo and Nagoya Stock Exchanges
1999	Established a subsidiary in Poland, the Company's first base in Europe
2001	Developed a vibration control device for the housing market
2002	TRI Technical Center USA, Inc. (TCU), the first development center overseas, established
2008	Construction of “Technopia”, an R&D laboratory, completed (Komaki City, Aichi Prefecture)
2010	Started sales of “Refleshine™” highly transparent window film for energy saving
2013	Acquired Dytech-Dynamic Fluid Technologies S.p.A., an Italian automotive hose manufacturer, Anvis Group GmbH, a German automotive anti-vibration rubber manufacturer, Produflex Minas Industria de Borrachas Ltda. (current Tokai do Brasil Industria de Borrachas Ltda.), a Brazilian automotive rubber parts manufacturer, and made them into consolidated subsidiaries. Acquired majority ownership of Inoac Tokai (Thailand) Co., Ltd. and made it into a consolidated subsidiary TRI Kyoto, Ltd. established, as the mother plant for industrial hoses (Ayabe City, Kyoto Prefecture)
2014	Full-scale entry to the flexo printing business Company name changed to “Sumitomo Riko Company Limited” Health and Nursing Care Products Business Unit established; full-scale entry to the medical, nursing care and health field Started mass production of cell gasket seal components made of “rubber for fuel cell stacks” mounted on fuel cell vehicles (FCVs)
2015	Sumiriko FC Seal, Ltd. established to manufacture cell gaskets (Komaki City, Aichi Prefecture) SumiRiko Yamagata Company Limited established as the first production base for automotive anti-vibration rubber products in the Tohoku region (Yonezawa City, Yamagata Prefecture)
2016	Global Headquarters to be established in Nagoya City, Aichi Prefecture



Technical Center



DTR



Technology laboratory “Technopia”



TRI Kyoto, Ltd.

Stock Information

Shares

(As of March 31, 2015)

Total number of authorized shares	400,000,000 shares
Total number of outstanding shares	104,042,806 shares
Total number of shareholders	5,917 persons

Major Shareholders (Top 10 shareholders)

(As of March 31, 2015)

Shareholder name	Number of shares held (thousand)	Shareholding ratio (%)
Sumitomo Electric Industries, Ltd.	51,534	49.53
Maruyasu Industries Co., Ltd.	10,901	10.48
Fukoku Bussan Co., Ltd.	2,719	2.61
NORTHERN TRUST CO. (AVFC) RE NV101	2,308	2.22
Tokai Rubber Kyoei Shareholding Association	1,814	1.74
Sumitomo Riko Employee Stock Ownership Association	1,598	1.54
Japan Trustee Services Bank, Ltd. (trust account)	1,589	1.53
The Master Trust Bank of Japan, Ltd. (trust account)	1,186	1.14
STATE STREET BANK AND TRUST COMPANY 505223	763	0.73
STATE STREET BANK AND TRUST COMPANY 505019	690	0.66

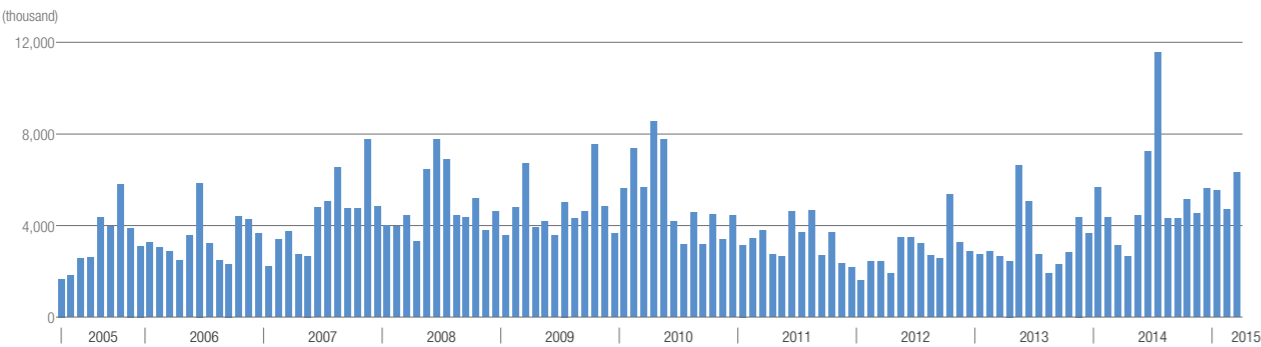
Share Price Trend (from Apr. 2005 to Mar. 2015, Tokyo Stock Exchange)

(As of March 31, 2015)

Share price (month-end)



Volume (month)



Independent Assurance Report



Independent Assurance Report

To the President and COO/Chairperson, CSR Committee of Sumitomo Riko Company Limited

We were engaged by Sumitomo Riko Company Limited (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with "E" for the period from April 1, 2014 to March 31, 2015 (the "Indicators") included in its Integrated Report 2015 (the "Report") for the fiscal year ended March 31, 2015.

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 Company's website, which are derived, among others, from the Environmental Reporting Guidelines of Japan's Ministry of the Environment.

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 the Japanese Association of Assurance Organizations for Sustainability Information. 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 subsidiary selected on the basis of a risk analysis.
- 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.

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.
Osaka, Japan
October 9, 2015