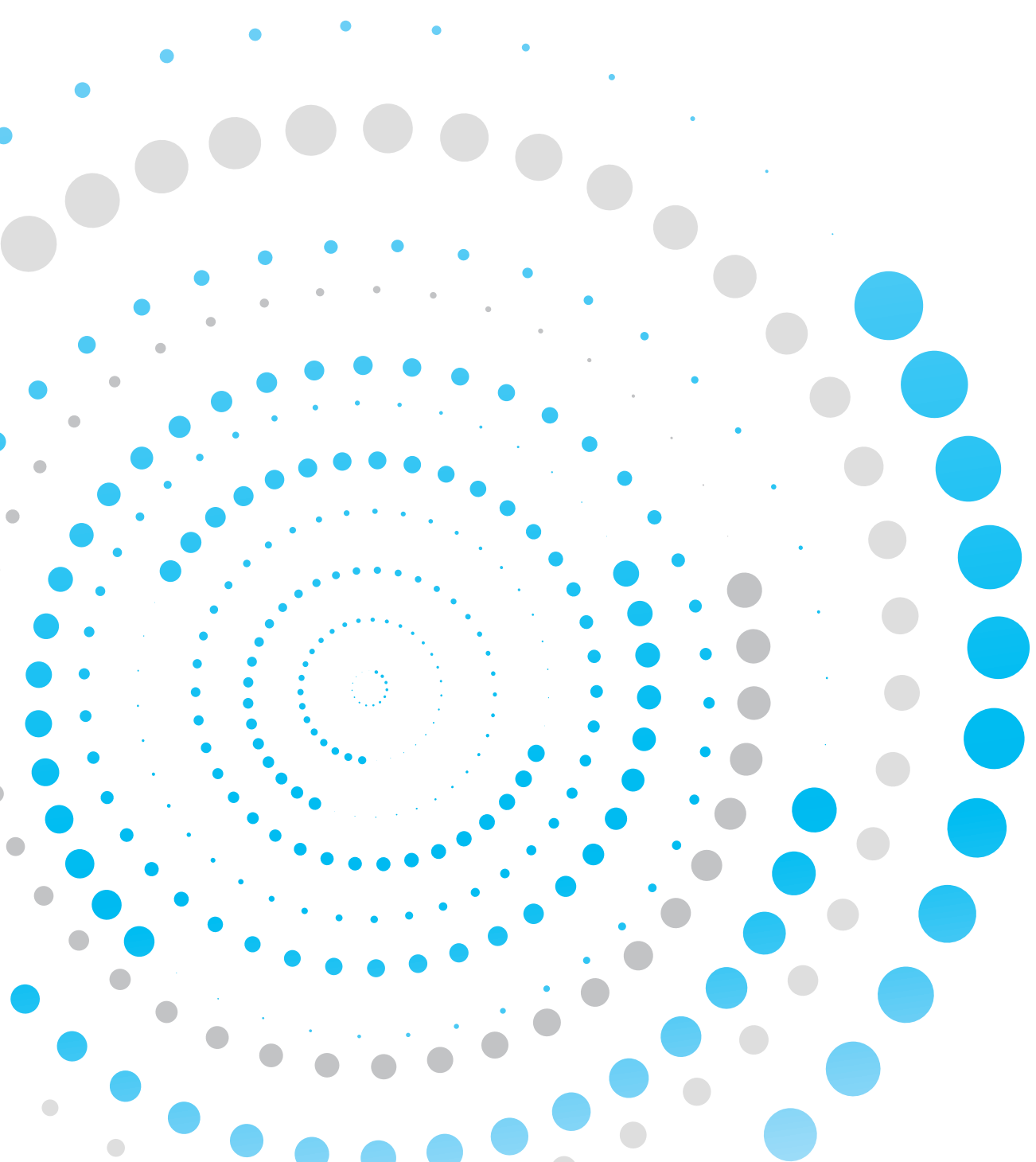


SUMCO

CSR Report 2020



Editorial Policy

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Editorial Policy

The objective of this report is to convey the SUMCO Group's stance on CSR and report its activities to stakeholders in order to enhance their understanding and earn their support. This report has been prepared with reference to portions of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, Standards.

Period Covered

January 2019 to December 2019

Data for periods outside the above are noted as such.

Organizations Covered

SUMCO Corporation and its Group companies.

"SUMCO" and "the Company" as used in this report refers to SUMCO Corporation.

The Financial Highlights cover SUMCO Corporation and its consolidated subsidiaries. Other performance data outside the above scope are noted as such.

Publication

June 2020

Note Regarding Forward-Looking Statements

Projections, predictions, prospects, and other forward-looking statements contained in this report are made by the Company based on the information available at the time of the release of the statements and therefore are subject to risks and uncertainties. Due to various factors, actual results may vary significantly from results anticipated in the forward-looking statements.

Top Message



CEO & Chairman of the Board
Mayuki Hashimoto

SUMCO Vision

- 1 World's Best in Technology
- 2 Deficit-Resistant Even during Economic Downturns
- 3 Empower Employee Awareness of Profit
- 4 Competitiveness in Overseas Markets

Currently, many people around the world, such as medical professionals and workers engaged in supply of daily necessities and logistics, keep making all-out efforts day and night to prevent the spread of COVID-19. SUMCO wishes to express our great respect and gratitude to all of those people for the efforts, and sincerely prays for the early recovery of the infected people and the end of the infection as soon as possible.

SUMCO Group has activated our BCP (Business Continuity Plan), and we are implementing all measures considered to be effective, including wearing masks and hand sanitization, full teleworking of head office operations and large-scale meetings, restriction of business trips, and refraining from nonessential and non-urgent outings.

Semiconductors are widely used in a large variety of electronic apparatus, including communication equipment essential for telework and web conferences, medical equipment related to human life and transport equipment that requires high level of safety. As a company that plays a part in the semiconductor supply chain, SUMCO is fully committed to fulfilling its responsibility for supplying silicon wafers so that we can contribute to the fight against COVID-19.

Aspiring to Serve as a Good Corporate Citizen

Semiconductor devices are used in every facet of our lives, from information terminal devices such as smartphones and personal computers, communications equipment and data centers that process and store large volumes of information, home appliances including televisions and air conditioners, through to automobiles, trains and other vehicles. Providing the technological base for such devices, silicon wafers can also be considered critically important as a key material in maintaining today's standard of living. At the SUMCO Group, under our philosophy to contribute to the development of industry as well as to the

improvement of people's quality of life through the supply of silicon wafers, we strive to be a good corporate citizen and engage in CSR activities in accordance with the SUMCO CSR Policy.

Corporate Governance

The SUMCO Group endeavors to maintain fairness, efficiency and transparency in its management by further enhancing its corporate governance.

In March 2020, SUMCO increased an Independent Outside Director, thereby adopting Board of Directors structure made up of five directors who are not Audit and Supervisory Committee Members (one of whom is an Independent Outside Director) and six directors who are Audit and Supervisory Committee Members (four of whom are Independent Outside Directors). We believe this structure will further enhance our corporate governance and audit structure.

As Independent Outside Directors, SUMCO has appointed a person with expert knowledge of human resource development and organizational operation as well as experience in corporate management, an attorney, a management consultant who is a certified public accountant, a person with experience in the public sector as well as corporate management, and an expert in the field of metallic materials research. Bringing in a great breadth of knowledge and insight derived from the diversity of their backgrounds, the Board of Directors engages in lively discussion to contribute to the sustained growth of the Company as well as the enhancement of corporate value over the medium-to-long-term.

Compliance

SUMCO has established and implement the SUMCO Charter, a code of conduct that all officers and employees must comply with.

The SUMCO Charter broadly covers various social norms that ought to be followed by companies, such as fair business activities and blocking relationships with anti-social forces, as well as compliance with laws and regulations.

Similar charters have been established by all companies in the SUMCO Group. Our Group-wide efforts will continue to ensure that our corporate activities are sound and in accordance with social norms.

Risk Management

The SUMCO Group has a global market share of approximately 30%. Since the Group supplies high-quality silicon wafers to major semiconductor manufacturers around the world, we see the stable supply of our products as our most critical management challenge and an important social responsibility.

In addition to managing risks to ensure stable supply, SUMCO takes steps to maintain and improve its business continuity plans across the entire supply chain.

Environmental Conservation Efforts

The production of silicon wafers requires a great deal of electricity, water and chemical substances. For this reason, the SUMCO Group has established environmental targets, and strives to reduce its use of each of these as well as the amount of industrial waste generated.

We also ensure the thorough management and handling of harmful chemical substances and waste, and make every effort to minimize the environmental risks resulting from our business activities.

Health and Productivity Management

Based on a commitment to give top priority to the safety and health of our employees, we view their health as a critical management resource and have reinforced measures for health and productivity management since 2017.

In March 2020, continuing from last year, SUMCO and six SUMCO Group companies were certified under the large enterprise category of the 2020 Certified Health & Productivity Management Outstanding Organization Recognition Program (White 500).

The SUMCO Group aspires to promote various CSR activities while endeavoring to fulfill its social responsibilities to the stakeholders who support us by actively reflecting their views and wishes, which are grasped through various types of dialog with stakeholders, in our management activities.

Relationships with Stakeholders

SUMCO endeavors to fulfill its responsibilities to stakeholders, who support our business activities.



SUMCO Vision

SUMCO Strives to be an Excellent Company through the Combined Power of All its Employees

1. World's Best in Technology

SUMCO's technological capabilities and abilities to ensure stable supply of products has earned high praise from customers, and has been officially recognized by many semiconductor manufacturers with excellent supplier awards.

In December 2019, we received the Excellent Performance Award for the sixth consecutive year from Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC), the world's largest foundry. We also received the Preferred Quality Supplier (PQS) Award from Intel Corporation, the world's top semiconductor manufacturer.

Using this recognition as springboard to an even higher level of success, we will continue to promote collaboration with our customers based on long-term commitment and mutual trust and to improve our technical capability.



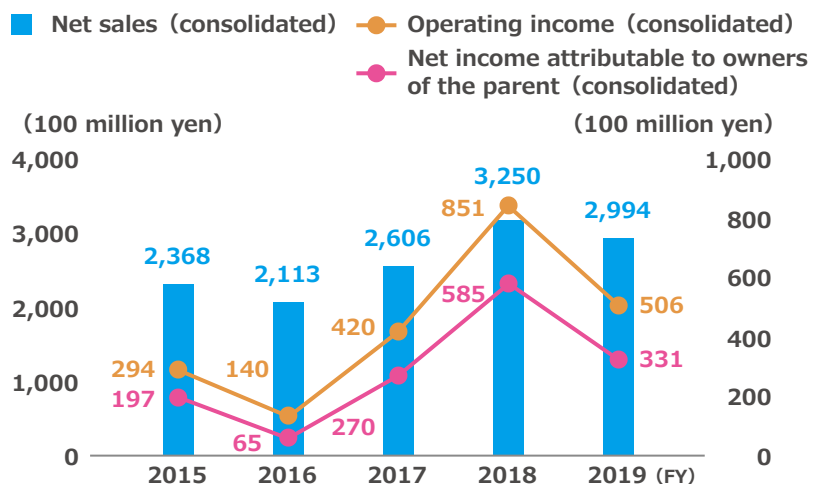
Excellent Performance Award from TSMC

2. Deficit-Resistant Even during Economic Downturns

The silicon wafer market is characterized by major short-term changes in its business environment. The SUMCO Group has been working to achieve a revenue structure that avoids deficits even during economic downturns, and we are striving to improve our earnings.

Through continuous efforts in cost reduction, quality improvement and product differentiation from competitors, we will further strive to establish a corporate structure to ensure higher earnings.

Net sales/Operating income/Net income attributable to owners of the parent



3. Empower Employee Awareness of Profit

Rather than the chairman, president or executives, it is the employees that actually manufactures and sells our silicon wafers. All employees of the SUMCO Group share the SUMCO Vision, maintain an awareness of profit and cost, and work to identify and solve issues. To cultivate this awareness among employees, CEO & Chairman of the Board, Vice Chairman and COO & President visit each plant frequently to hold management briefings in order to share the management issues facing the Group in the current business environment change.



Business conditions briefing
(by Michiharu Takii, Vice Chairman)

We also recognize that without high levels of employee motivation, we will be unable to realize the SUMCO Vision of becoming "World's Best in Technology" and "Deficit-Resistant Even during Economic Downturns." The SUMCO Group works to boost employee motivation by establishing a variety of award systems to appropriately recognize and reward employees' efforts and achievements. Moreover, with the aim of cultivating a workplace in which all employees can work comfortably, SUMCO has been pursuing initiatives to help employees strike a balance between work and child-rearing. As part of these efforts, SUMCO has established various work styles allowing employees to utilize flexible working hours to reflect their childcare responsibilities, and has set up an in-house nursery school at the Kyushu Factory (Imari), our largest manufacturing site.

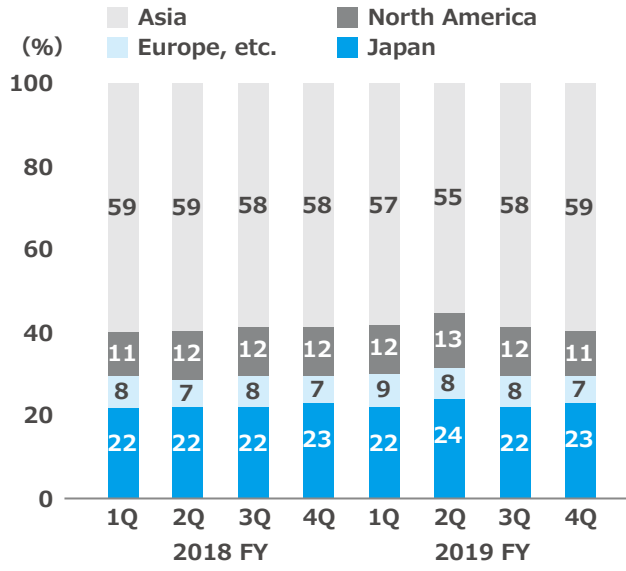


Employees of SUMCO Phoenix Corporation

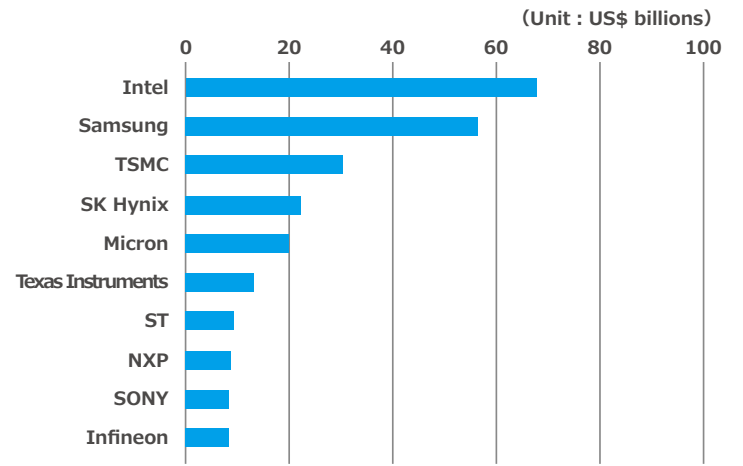
4. Competitiveness in Overseas Markets

In addition to Japan, the SUMCO Group has plants in the United States, Taiwan and Indonesia, as well as a network of sales offices in various parts of the world, allowing us to supply silicon wafers to semiconductor manufacturers around the world. Nearly 80% of our sales come from the overseas market and we are proud to count all of the top 10 global companies in semiconductor sales among the customers of the SUMCO Group. The solid and longstanding relationships of trust developed with these customers represent a significant advantage to the SUMCO Group, and to further reinforce this advantage, we actively cultivate talented global human resources regardless of nationality.

Sales composition by region



Global top 10 companies in semiconductor sales (2019)



* Excludes Fabless, includes Foundry

Created by SUMCO based on various sources and databases

The SUMCO Group's Business Activities and the Sustainable Development Goals (SDGs)

Silicon wafer products from SUMCO are not seen first-hand in everyday life, but they are essential to the manufacturing of the semiconductor devices equipped in all manner of electronic products that enrich our lives.

To fulfill our responsibilities as one of the companies supporting social infrastructure, SUMCO utilizes the SDGs as indicators of the medium-to-long-term demands of the international community and makes every effort to realize a sustainable society.

Main Goals of the SDGs and SUMCO's Initiatives

SUSTAINABLE DEVELOPMENT GOALS



Contributing to the SDGs through our products



Contributing to the digital infrastructure supporting our daily lives

Silicon wafers that serve as the basic materials for semiconductor devices used in a wide range of areas including communications equipment, automobiles, digital appliances, medical equipment and urban infrastructure

Creating innovation

Silicon wafers that support the miniaturization of semiconductors to usher in an era of industrial and technical innovation, and the utilization of big data, through IoT, AI and robots



Contributing to reduce traffic accidents

Silicon wafers for the automotive semiconductor devices supporting driver assistance systems such as self-driving and automatic braking

Contributing to make cities secure and safe

Silicon wafers for security cameras, communication network tools utilized in smart grid system and various IoT tools



Contributing to improved energy efficiency

Silicon wafers for power-saving devices

Contributing to curb greenhouse gas emissions

Silicon wafers for IGBTs which are utilized for electric vehicles (EV) and hybrid vehicles (HV, PHV)

Contributing to the SDGs through business processes



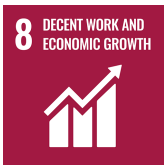
Promoting eco-friendly corporate activities

- ▶ Initiatives to combat global warming
- ▶ Initiatives to reduce waste
- ▶ Effective utilization of water resources
- ▶ Participation in local cleaning activities and environmental conservation initiatives
- ▶ Publication of an environmental report on the company website



Supporting the success of women in the workplace

- ▶ Establishing an in-house nursery school and improving the childcare allowance scheme, etc.
- ▶ Prohibiting discrimination on the basis of gender and clearly stating it in the SUMCO Charter



Promoting a safe and secure working environment

- ▶ Utilizing and developing a diverse range of human resources
- ▶ Initiatives aimed at safety, health and hygiene



Promoting compliance and fair business activities

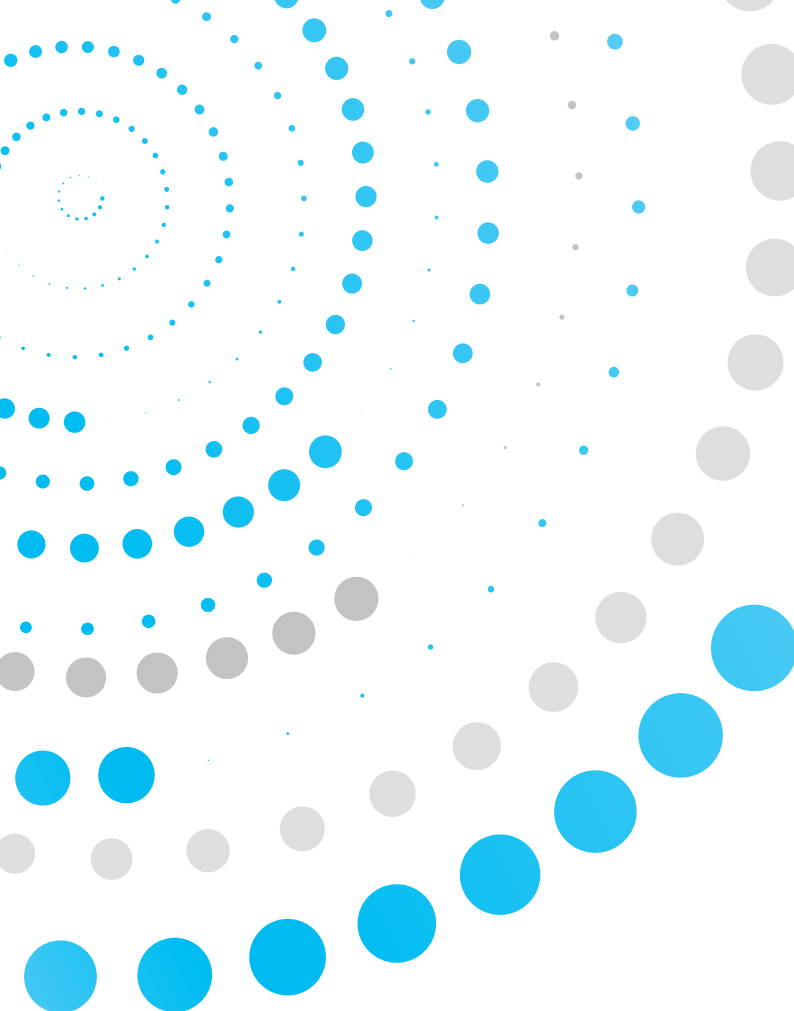
- ▶ Initiatives to prevent bribery and other forms of corruption
- ▶ Implementing CSR procurement based on CSR Procurement Policy in the supply chain

About the SDGs

SDGs, or the Sustainable Development Goals, refer to the goals laid out in "Agenda 2030", which was adopted at the "United Nations Sustainable Development Summit" in September 2015. The SDGs comprise 17 goals and 169 targets to be achieved by the year 2030.

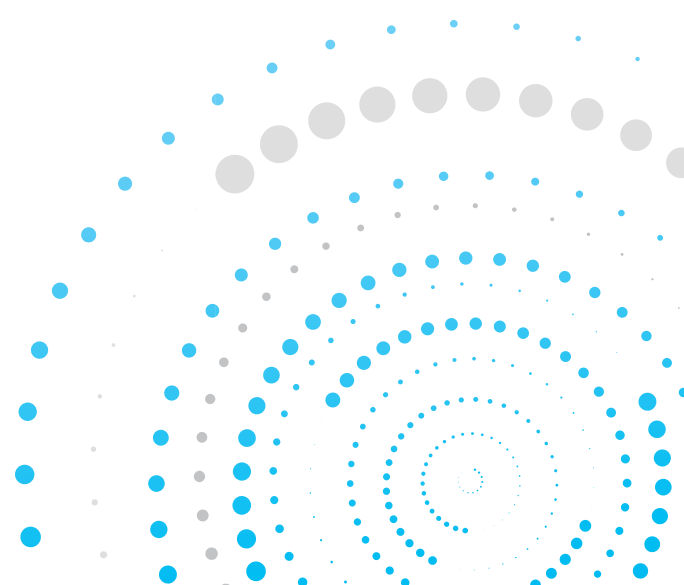
The goals and targets of the SDGs comprehensively deal with the various issues faced in the areas of the economy, industry and society. As the central figures of economic activities, companies are expected to play a key role as one of the main parties responsible for achieving the SDGs.

* To learn more about the SDGs, check the appropriate sections on the United Nations website, starting with the "[Sustainable Development Goals Knowledge Platform](#)".



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Corporate Governance

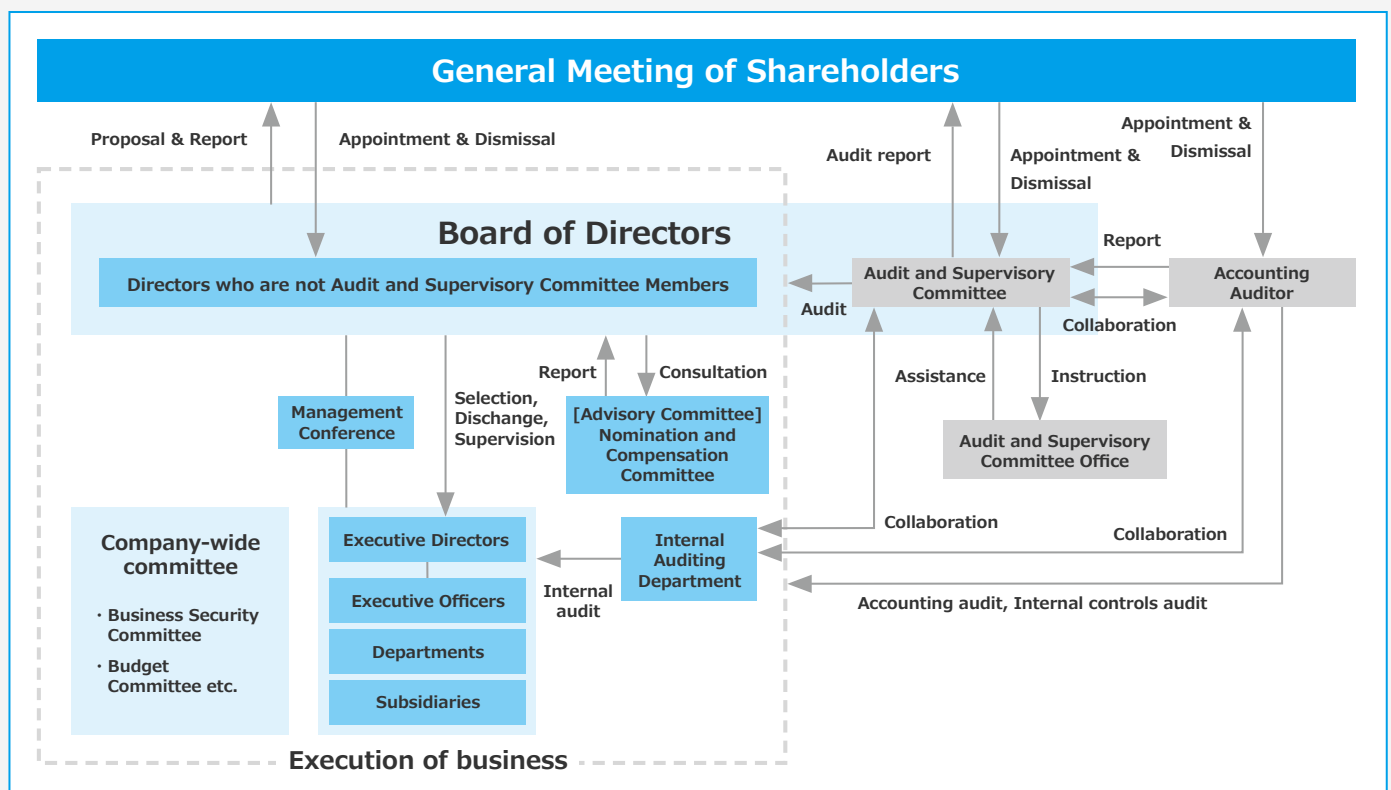
Why SUMCO Tackles Corporate Governance

SUMCO recognizes that it is a critical management challenge to fulfill its mandate from shareholders by achieving sustainable growth and improving corporate value in the medium-to-long-term, while building and maintaining positive relationships with other stakeholders. Based on this recognition, SUMCO pursues a range of measures related to corporate governance, such as reinforcing the auditing and supervisory functions of the Board of Directors, ensuring efficiency in how directors execute their duties and improving internal controls within the SUMCO Group, in order to achieve swift management decision-making and to ensure transparency and fairness in the execution of business.

Basic Stance on Corporate Governance Structure

SUMCO is organized as a company with an Audit and Supervisory Committee. By adopting this system, the effectiveness of supervision and auditing has been enhanced through audits conducted by Directors who are Audit and Supervisory Committee Members and have voting rights at Board of Directors meetings. In addition, the effectiveness of internal controls has been enhanced through audits conducted in cooperation with the Internal Audit Department.

Corporate Governance Structure



Board of Directors

SUMCO's Board of Directors comprises internal directors with a proven record of performance in their respective areas of responsibility and outstanding management abilities, along with Outside Directors with expert knowledge and extensive experience, based on the basic stance of the Company to ensure an overall balance and diversity in knowledge, experience and capabilities of the directors. The Board of Directors comprises five directors (except for directors who are Audit & Supervisory Committee Members; one of whom is an Independent Outside Director) and six directors who are members of the Audit & Supervisory Committee (four of whom are Independent Outside Directors).

In accordance with legal statutes, the Articles of Incorporation and the Rules of the Board of Directors, the Board of Directors makes decisions on management strategy, management plans, and other such important matters relating to business. It receives reports from every Director on the status of the execution of duties and it exercises supervision of compliance, internal controls, risk management, and important business execution at affiliated companies. With the participation of Independent Outside Directors, the Board of Directors also engages in the free exchange of opinions regarding the appropriate evaluation of company performance and related matters, and reflects that evaluation in the personnel administration of senior management members.

It is also our basic company policy that matters relating to financial results and so on, matters relating to management plans, and the execution of other such important operations should be decided after adequate discussion by the Board of Directors, including the Independent Outside Directors. For this reason, the Articles of Incorporation do not stipulate that decisions on the execution of important business can be delegated to each Director.

The effectiveness of the Board of Directors is evaluated each year in order to continually enhance the effectiveness of corporate governance.

In fiscal year 2019, the Board of Directors met 16 times to discuss important matters concerning management, address issues identified in the Board of Directors effectiveness evaluation conducted in the previous fiscal year, and discuss the compensation policy and method for determining compensation of Directors (except for Directors who are Members of the Audit & Supervisory Committee) and the amount of compensation for individuals.

Directors

As of March 26, 2020

Representative Director ^(*1) Chairman of the Board	Mayuki Hashimoto
Representative Director ^(*1)	Michiharu Takii
Representative Director ^(*1)	Hisashi Furuya

Representative Director ^(*1)	Kazuo Hiramoto
Director ^(*2)	Akane Kato
Director, Full-time Audit and Supervisory Committee member	Hiroshi Yoshikawa
Director, Full-time Audit and Supervisory Committee member	Atsuro Fujii
Director ^(*2) , Audit and Supervisory Committee member	Hitoshi Tanaka
Director ^(*2) , Audit and Supervisory Committee member	Masahiro Mitomi
Director ^(*2) , Audit and Supervisory Committee member	Shinichiro Ota
Director ^(*2) , Audit and Supervisory Committee member	Akio Fuwa

(*1) Representative Director

(*2) Independent Outside Director

Independent Outside Directors

SUMCO has appointed five Independent Outside Directors. One is a person with expert knowledge of human resource development and organizational operation as well as experience in corporate management; one is an attorney; one is a certified public accountant and management consultant who has considerable knowledge and experience in finance and accounting; one is a person with wide experience and knowledge cultivated through experience in the public sector as well as many years of experience in corporate management; and one is a person with knowledge as an expert in the field of metallic materials research and experience cultivated through years of working as a university professor. Each Outside director satisfies SUMCO's "Criteria of Independence" established in accordance with Tokyo Stock Exchange standards on the independence of independent directors, and has been verified to be free of potential conflicts of interest with general shareholders.

In an effort to ensure the sustained growth of the SUMCO Group and increase its corporate value over the medium-to-long-term, the Independent Outside Directors provide advice on important matters related to management based on their own individual knowledge and take the perspective of minority shareholders

and other stakeholders in supervising management. They participate in the appointment of candidates for Director and other important decision-making by the Board of Directors, and supervise business execution by the Board of Directors, senior management and others as well as conflicts of interest between the Company and senior management and others.

Audit and Supervisory Committee

The Company's Audit and Supervisory Committee is made up of six directors who are Audit and Supervisory Committee Members (four, a majority, of whom are Independent Outside Directors). In order to ensure the effectiveness of Audit and Supervisory Committee activities, permanent Audit and Supervisory Committee Members are put in place by mutual voting among Audit and Supervisory Committee Members. In addition, it is the Company's basic policy to take steps to ensure that at least one Audit and Supervisory Committee Member has considerable knowledge and experience pertaining to finance and accounting. Currently, this is Mr. Masahiro Mitomi, who is also a certified public accountant. Additionally, the Company has established the Audit and Supervisory Committee Office and assigns staff to support the activities of the Committee and facilitate the smooth performance of its audit and supervisory functions.

The Audit and Supervisory Committee exercises its statutory right of investigation and audits the Directors' execution of their duties from the viewpoints of appropriateness and conformance with laws and regulations and the Articles of Incorporation by inspecting and confirming the status of compliance with laws and regulations, Articles of Incorporation, and so on, and by monitoring and otherwise supervising the development of and operational status of the system of internal controls, including the internal control of financial reporting.

Nomination and Remuneration Committee

In an effort to further enhance its corporate governance, SUMCO has established a Nomination and Compensation Committee composed of two Representative Directors (Directors Mayuki Hashimoto and Michiharu Takii) and two Independent Outside Directors (Directors Hitoshi Tanaka and Masahiro Mitomi) to serve as a discretionary advisory body for the Board of Directors. The Nomination and Compensation Committee receives requests from the Board of Directors for advice on the process for selection of candidate directors of the Company, their qualifications, the reasons for their designation as candidates, the structure of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers, and related matters. The committee deliberates on the appropriateness and other aspects of the matter referred and, also taking evaluations of the Company's performance into account, delivers its advice. The Board of Directors, receiving the findings of the Nomination and Compensation Committee, designates candidate Directors, and decides on the remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and related matters.

The Nomination and Compensation Committee convened twice in fiscal year 2019, with full attendance each time. The main activities undertaken by the Nomination and Compensation Committee are as follows:

- Deliberation over the selection of candidate Directors and personnel matters concerning Executive Officers
- Deliberation over the systems for compensation of Directors (excluding directors who are Audit and Supervisory Committee Members) and Executive Officers
- Deliberation concerning the individual compensation amounts of Directors (excluding Directors who are Audit and Supervisory Committee Members)

Board of Directors/Audit & Supervisory Committee Meetings in Fiscal Year 2019

Board of Directors

Name	Times Attended/ Times Held	Attendance
Mayuki Hashimoto	16/16	100%
Michiharu Takii	16/16	100%
Hisashi Furuya	15/16	94%
Kazuo Hiramoto	16/16	100%
Hiroshi Yoshikawa	16/16	100%
Hitoshi Tanaka ^(*1)	16/16	100%
Masahiro Mitomi ^(*1)	16/16	100%
Shinichiro Ota ^(*1)	16/16	100%
Akio Fuwa ^(*1)	16/16	100%
Fumio Inoue ^(*2)	3/3	100%
Toshihiro Awa ^(*2)	3/3	100%
Hisashi Katahama ^(*2)	3/3	100%

Audit & Supervisory Committee

Name	Times Attended/ Times Held	Attendance
Hiroshi Yoshikawa	13/13	100%
Hitoshi Tanaka ^(*1)	13/13	100%
Masahiro Mitomi ^(*1)	13/13	100%
Shinichiro Ota ^(*1)	13/13	100%
Akio Fuwa ^(*1)	13/13	100%
Hisashi Katahama ^(*2)	3/3	100%

(*1) Independent Outside Director

(*2) Retired from the position of Director as of March 28, 2019

Executive Remuneration

Matters regarding policy regarding amounts of remuneration and other payments to officers and determination of calculation method

Details of the Remuneration Policy

The Company employs a system where the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) are determined with a view to encouraging them to contribute to the improvement of business results and the enhancement of corporate value. Remuneration for the Directors are within the total amount determined by resolution of the General Meeting of Shareholders, and comprises a fixed remuneration level based on their office and rank, and a factor linked to the Company's most recent business results. The Company regularly reviews the remuneration level to reflect the long-term performance. The Company has not adopted a system of using its stock as a payment of remuneration for Directors, but pursues management that seeks to urge the Directors to contribute to the improvement of business results and enhancement of the corporate value over the medium- to long-term by encouraging the acquisition and holding of the Company's stocks through the Officers Shareholding Association.

SUMCO has judged that it is appropriate to use the semi-annual net-income attributable to owners of the parent as an index for remuneration linked to the Company's business results and finalizes the amount in accordance with the calculation method and taking into account the individual assessment.

The results of the index pertaining to results-linked remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) for fiscal year 2019 are 22,979 million yen in total for the first and second quarters and 10,133 million yen for the third and fourth quarters.

The Directors who are Audit and Supervisory Committee Members receive only a fixed remuneration from the perspective of ensuring the appropriate conduct of their duties such as auditing and the supervision of the execution of business operations. The remuneration is determined through deliberations of the Audit and Supervisory Committee Members within the total amount determined by resolution of the General Meeting of Shareholders, and takes into account the role and duties of each such director and whether he or she is a full-time or part-time member.

Remuneration Determination Process

The amounts of remuneration and other payments to Directors (excluding Directors who are Audit and Supervisory Committee Members) and their calculation methods are discussed by the Nomination and Compensation Committee comprising two representative directors and two independent outside directors and finalized with the resolution by the Board of Directors. The Nomination and Compensation Committee, in response to the consultations by the Board of Directors, discusses the appropriateness of the compensation structure, etc. of the Company's directors and submits a report to the Board of Directors also taking into consideration an evaluation of the Company's business results. Upon receiving the report from the Nomination and Compensation Committee, the Board of Directors determines remuneration and other payments to Directors (excluding Directors who are Audit and Supervisory Committee Members). In fiscal year 2019, the Board of Directors meeting held on April 23, 2019, after discussions and considerations by the Nomination and Compensation Committee in accordance with the above procedures, resolved on the policy and determination method of remuneration and other payments to directors as recommended by the Nomination and Compensation Committee, and the Board of Directors meetings held on June 28 and December 24 approved the individual amounts taking into consideration the semi-annual business results.

Amount of remuneration in the recent fiscal year (disclosure by officer category)

Remuneration for Directors for fiscal year 2019

Officer category	Number of officers	Total amount of remuneration and other payments by type (thousands of yen)		Total amount of remuneration and other payments (thousands of yen)
		Basic remuneration	Results-linked remuneration	
Directors (excluding Directors who are Audit and Supervisory Committee Members)	6	253,634	73,800	327,434
Directors who are Audit and Supervisory Committee Members (of which, Outside Directors)	6 (4)	72,780 (38,400)	- (-)	72,780 (38,400)
Total (of which, Outside Directors)	12 (4)	326,414 (38,400)	73,800 (-)	400,214 (38,400)

(Notes)

1. The upper limit of the total remuneration for all directors (excluding Directors who are Audit and Supervisory Committee Members) is 460 million yen annually (excluding employee salary) pursuant to the resolution at the 17th Ordinary General Meeting of Shareholders held on March 29, 2016.
2. We have received an opinion from the Audit and Supervisory Committee that the remuneration and other payments to Directors (excluding Directors who are Audit and Supervisory Committee Members) are appropriate in terms of the basic policy on the remuneration system, specific calculation method, etc., and that its decision process is appropriate as well, as the remuneration and other payments have been determined at a meeting of the Board of Directors after being deliberated by the Nomination and Compensation Committee which includes independent outside directors who are Audit and Supervisory Committee Members as its members.
3. The upper limit of the total remuneration for all Directors who are Audit and Supervisory Committee Members is 110 million yen annually pursuant to the resolution at the 17th Ordinary General Meeting of Shareholders held on March 29, 2016.
4. As of the end of fiscal year 2019, there were four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members) and five (5) Directors who are Audit and Supervisory Committee Members.

Why SUMCO Addresses Compliance

The SUMCO Group recognizes that properly complying with laws, ordinances and expected social norms are critical to the Company fulfilling its social responsibility and essential to the continuous enhancement of the Company's corporate value. Based on this belief, SUMCO strives to promote compliance activities.

SUMCO Charter of Corporate Conduct

For the Group's further growth while fulfilling its social responsibility, the SUMCO Group has instituted the SUMCO Charter of Corporate Conduct to define the norms that the Group's employees should uphold, not only in terms of compliance with laws and ordinances, but also more broadly in terms of CSR in general. The SUMCO Charter of Corporate Conduct is positioned as the highest level of SUMCO regulations, and is placed above the various in-house regulations and compliance programs found within the Group.

The SUMCO Group aims to make the SUMCO Charter of Corporate Conduct understood throughout the Group by preparing it in languages understandable to employees at Group companies overseas, keeping it available on the corporate intranet at all times, and providing education on the SUMCO Charter of Corporate Conduct to all employees on a regular basis.

In accordance with the SUMCO Charter of Corporate Conduct, the Company appoints a Chief Compliance Officer to embody the highest level of responsibility for compliance. The Chief Compliance Officer monitors the status of compliance with the SUMCO Charter of Corporate Conduct by means of compliance supervisors in each department and Group company, regularly reports findings to the Board of Directors, and undergoes review by the Board.

In order to further ensure compliance with laws and ordinances, the Legal Oversight Regulations appoint departments with primary responsibility for continually overseeing those laws and ordinances that are related to the execution of the departments' business. Each responsible department continuously monitors the enactment, amendment and abolishment of relevant laws and ordinances, while the auditing department confirms the status of legal compliance through internal audits.

In the event a problem related to compliance is discovered, the departments involved act in cooperation and under the supervision of the Chief Compliance Officer to immediately investigate the cause of the problem and prevent its recurrence.

SUMCO CSR Policy

1. Supported by its cutting edge technology, SUMCO shall steadily provide products and services with excellent quality, ability and safety, shall win customers' satisfaction and trust, and shall contribute to the sustainable development of society.

2. SUMCO shall produce legitimate profits, grow corporate value, proceed with timely and appropriate disclosure to the public, and aim at returns to its shareholders and investors.
3. SUMCO shall comply with laws and regulations, international rules, and social norms, shall implement risk management, and shall maintain business continuity.
4. SUMCO shall choose its suppliers by fair and rational standards, establish mutual confidence, and prosper together.
5. SUMCO shall manage environmental activities, make use of resources and energy efficiently, and control emission.
6. SUMCO shall maintain safe, healthy, comfortable and appropriate workplaces for everybody working in SUMCO, shall have a high regard for human rights, ability and personality, and shall realize fair and diverse ways of working.
7. SUMCO shall respect various cultures and histories, and shall interact with society and local communities.

Fair Business Activities / Anti-Corruption

SUMCO is committed to promoting fair business activities and preventing bribery and other forms of corruption, and the SUMCO Charter of Corporate Conduct clearly provides for legal compliance, prohibition of unfair competition and improper transactions, comprehensive anti-corruption measures such as prohibiting any wrongful provision of profits to public servants and other officials, and prevention of insider trading.

To promote fair business practice and prevent corruption in particular, the Regulations on Handling the Grant of Benefits prohibit (1) unlawful political contributions and donations; (2) entertainment or gifts in connection with the duties of public servants; (3) financial benefits in connection with the exercise of shareholders' rights; (4) excessive entertainment, gifts or other such benefits that exceed commonly accepted bounds in society; and any unlawful benefits as well as the entire range of transactions that are recognized as wrongful or improper in light of what is commonly accepted in society. The Regulations also define standards for making donations, providing sponsorship, paying entertainment expenses, giving celebratory or condolence gifts, paying membership dues to external organizations, and outsourcing operations and ensure the implementation of them under an appropriate approval process. SUMCO also requires employees to avoid these behaviors when engaging brokers and other agents.

SUMCO keeps the Regulations on Handling the Grant of Benefits available at all times on the corporate intranet in order to make it widely known. We also provide training on the SUMCO Charter of Corporate Conduct to thoroughly familiarize all officers and employees with it, and the status of compliance with these provisions is regularly reported to the Chief Compliance Officer.

During the 2019 fiscal year, the SUMCO Group has not paid any fines or made any facilitation payments stemming from political contributions or corruption, nor has the Group been penalized in any way relating to corruption.

Internal Reporting System

SUMCO has introduced an internal reporting hotline which is available to all employees for reporting any act in violation of the SUMCO Charter of Corporate Conduct, including conduct in violation of laws and ordinances, human rights infringements and harassment, comprehensive corruptive act such as bribery and unfair competition, and improper transactions. In addition to an in-house contact point for internal reports, an external contact point (an attorney) has also been provided so that employees can make reports with peace of mind. Anonymous reports are accepted and all disadvantageous treatment including retaliation against employees who make reports is strictly forbidden.

The Company makes every effort to fully disseminate information about the internal reporting system to employees. Information on how to use the hotline and about contact points for consultation are posted at all times on the corporate intranet, and these matters are also explained during training on the SUMCO Charter of Corporate Conduct which is conducted regularly for all employees.

Export Control

To ensure thorough export control aimed at maintaining international peace and security, SUMCO has clearly laid out compliance with export control rules in the SUMCO Charter of Corporate Conduct. The Company has established an appropriate export control system in accordance with the Security Export Control Rules where it ensures that exports are only executed after the reviews and examinations of all the requirements to be met, and implemented measures including regular training on export control for employees.

Renouncing Relationships with Antisocial Forces

The SUMCO Charter of Corporate Conduct declares that the Company denounces any kind of relationship with antisocial forces and rejects unreasonable requests or demands from such forces. This is thoroughly disseminated among all executives and employees of the Company through education and training.

Initiatives on Intellectual Property

As its basic policy, the SUMCO Group attaches importance to intellectual property and utilizes it as a strategic tool for the Group's business, while at the same time respecting the intellectual property rights of third parties. Based on this policy, we have set forth rules on how we obtain, maintain and utilize intellectual property and prevent infringements in the SUMCO Charter of Corporate Conduct and Intellectual Property Regulations, and provide regular education on intellectual property matters to

employees. We also actively and continually pursue efforts to facilitate the effective utilization of intellectual property, including an inventor commendation scheme designed to encourage invention and improve the quality of patent applications. Obtained intellectual property rights are also reviewed periodically to eliminate obsolete intellectual property so as to keep costs at a reasonable level.

Key Elements of the SUMCO Charter of Corporate Conduct

Based on SUMCO CSR Policy, the SUMCO Charter of Corporate Conduct broadly defines the norms that the Company's employees should uphold in terms of CSR in general.

- Compliance with laws and ordinances, international rules and social norms
In addition to complying with relevant laws and ordinances in Japan and overseas, the Charter holds SUMCO and its employees to more stringent standards with respect to anti-corruption, promotion of fair business activities and suchlike. During training on the Charter, we also cover international CSR requirements such as the RBA (Responsible Business Alliance) Code of Conduct and require employees to understand thoroughly.
- Respecting human rights and maintaining safe, comfortable and appropriate workplace environments
To cultivate a comfortable and appropriate workplace by advancing safety and health and respect the human rights in accordance with local labor standards, abilities and individuality of all employees, we strictly prohibit discrimination on the basis of unreasonable factors including nationality, race, age, gender and religion and strictly prohibit various forms of harassment.
- Information management and intellectual property protection
In light of the fact that information and intellectual property rights represent the source of corporate competitiveness, the Charter specifies proper information storage and management as well as prevention of leakage, and also establishes provisions concerning the utilization of intellectual property rights while prohibiting conduct that infringes upon the intellectual property rights of others.
- Protecting the environment
The Charter also sets forth provisions on how SUMCO should comply with environmental laws and ordinances while making every effort to reduce waste and pollutants, and also requires employees to understand this policy and act with an awareness of environmental conservation on a daily basis.
- Improving quality
To improve customer satisfaction and mitigate the risks inherent in product liability, the Charter requires diligent efforts to maintain and improve the quality of our products and services.

Conflict Minerals

We understand that none of tantalum, tin, gold or tungsten is necessary to the functionality or production of a product manufactured by us, and that thus our product is not subject to the Conflict Mineral regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act of the United States of America established in 2010.

Risk Management

Why SUMCO Addresses Risk Management

The Silicon wafer business is a critical industry that supports our IT-oriented society, and the SUMCO Group is responsible for the stable supply of silicon wafers to semiconductor device manufacturers around the world. For this reason, the SUMCO Group regards business continuity as a key management concern.

The Business Security Committee (BSC), which is an organization responsible for company-wide risk management, identifies, analyzes and assesses risks, implements countermeasures and promotes risk management activities including the formulation of business continuity plans (BCP), with the aim of predicting risks in advance, preventing them from being realized and minimizing damages when a risk is realized.

Risk Management Basic Policy

SUMCO has set forth basic matters pertaining to risk management in the Basic Rules on Risk Management, under which we undertake risk management activities.

Our basic approach to responding to risks involves the following two points.

1. Prioritize the handling of risks by likelihood of occurrence and severity of impact to ensure optimum allocation of management resources and maximize the effectiveness of measures.
2. Minimize damage and loss by preventing the suspension or discontinuation of business activities to ensure business continuity in the event of an accident or other emergency situation.

SUMCO's Risk Management Framework

1. Risk Assumptions and Identifying Risk

SUMCO analyzes risks that could impact business continuity for SUMCO's departments, plants, offices, and SUMCO Group companies, identifies the level of impact for each risk, and assigns priority to each risk in accordance with the Basic Rules on Risk Management mentioned above. Risks which pose a major threat to business continuity are defined in the Basic Rules on Risk Management.

When taking on a new business as well, we use a same process to analyze business risk and assign priority.

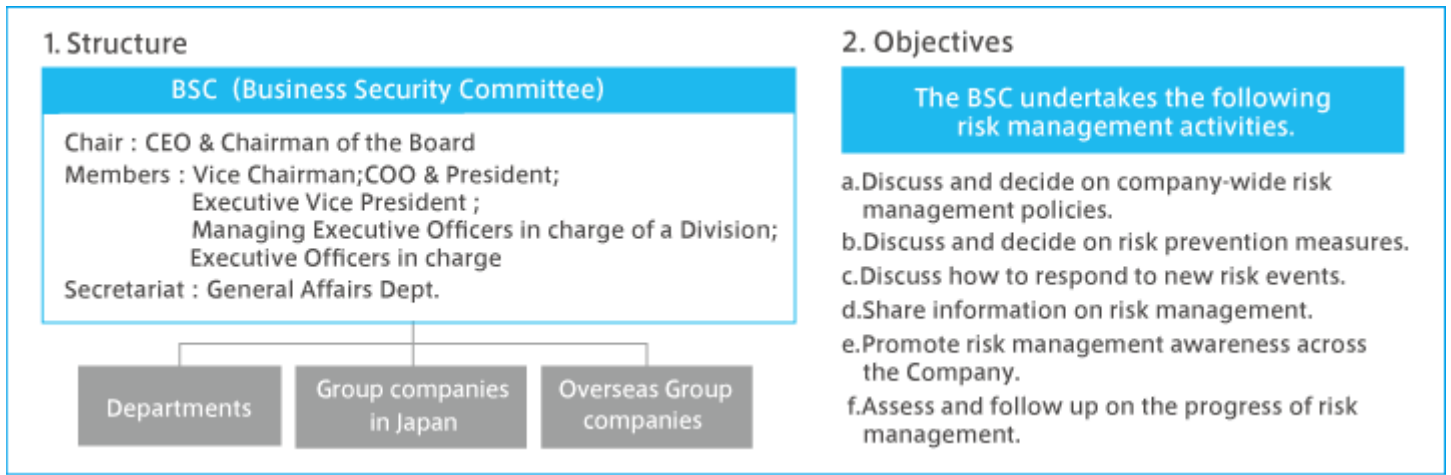
Major Risks Recognized in the Basic Rules on Risk Management

1. Risks Related to General Management
Examples: Contractual disputes, investment in new businesses
2. Risks Related to Accidents and Disasters
Examples: Earthquakes, wind and flood damage, water and electric power service interruptions
3. Risks Related to Discontinuation of Business
Examples: Fire, equipment accidents, production impediments, disruptions to raw material procurement
4. Risks Related to Compliance
Examples: Antitrust violations, violations of laws related to corruption and anti-corruption, violations of employment and labor standards-related laws and ordinances, violations of environmental regulations
5. Risks Related to Information
Examples: Leaking of trade secrets, network shutdowns
6. Risks Related to Intellectual Property
Examples: Infringing upon intellectual property rights or suffering infringement
7. Risks Related to Human Resources, Employment, and Human Rights
Examples: Labor issues, human rights violations, harassment, occurrence of scandals, crimes and other incidents
8. Risks Related to Taxation and Accounting
Examples: Funding impediments, rapid exchange rate fluctuations
9. Risks Related to Products and Services
Examples: Quality issues, complaints
10. Risks Related to Safety and Health
Examples: Industrial accidents, outbreak of infectious disease
11. Risks Related to the Environment
Examples: Pollution, environmental accidents
12. Risks Related to Credit
Example: Bankruptcy of a customer

2. Determining Policy with regards to Risk Countermeasures and Reporting the Status of Such Countermeasures

Responsibility for each risk is allocated between departments according to the priority established in (1) above, and the policy on risk countermeasures is determined via discussion within a company-wide committee known as the BSC (Business Security Committee). The BSC meets every year, with not only the Chairman/CEO and other senior management in attendance, but also responsible members of each department, factory, plant and group companies worldwide. It decides company-wide policy regarding risk management, deliberates and determines risk prevention measures, discusses responses on cross-department risks and new risk phenomenon and exchanges a broad range of information about risk management in general.

BSC's Structure and Objectives



3. Response to Each Risk

Each department, factory, plant, and SUMCO Group company responds to risk in accordance with the policy confirmed by the BSC, creates a business continuity plan (BCP; described later) and other necessary frameworks, and implements training and other regimens designed to improve response in emergency situations. In this way, we strive to prevent risks from manifesting, minimize damage and strengthen business continuity. The status of risk countermeasures is reported to the BSC mentioned above each year and reviewed by the senior management.

Ensuring Business Continuity

Our Basic Rules on Risk Management define business continuity as an important management issue, and we have been working to develop and improve our BCP (business continuity plan) to ensure business continuity.

The details of the BCP, and its state of improvements, the results of trainings and drills, and other matters are reported on the BSC, and the BSC verifies the effectiveness of the BCP, and determines policies on future action to be taken. Each department and group company improves the BCP further according to the policies.

In fiscal year 2019, we conducted BCP drills to ensure process of Emergency Response Team establishment at Kyushu Factory, operation transfer from head office and initial responses on the assumption of a large-scale earthquake beneath Tokyo Metropolitan area which leads the disfunction of Tokyo Head Office.

In addition, we also conducted integrated emergency response drills at each plant. The drills included activities such as evacuation, firefighting, reporting, rescue, emergency relief and transportation, and continuous improvements are made by identifying issues and reviewing procedures and other details after conducting the drills.



Integrated Emergency Response Drill



Integrated Emergency Response Drill

Improvement in Emergency Response Capability

The SUMCO Group has established a manual to enable speedy response, ensure employee safety, protect company assets and restart business operations as soon as possible in the event of a large-scale earthquake or other disaster/accident. The manual sets out items concerning the preparation of stockpiles for disaster prevention, the initial response to be taken at each site after a disaster has struck, as well as the establishment and roles of an Emergency Response Team in the event of an emergency. Additionally, we regularly conduct initial firefighting drills such as the handling of fire extinguishers and fire hydrants, and training on the employment of lifesaving measures such as CPR and AED usage, in order to reduce damage in the event of a disaster. We also conduct exercises such as carrying drills using cloth stretchers to simulate an evacuation by stairs to further enhance employees' ability to respond in an emergency. Additionally, at our Kyushu Factory we periodically conduct joint response drills with suppliers that deliver chemicals to our sites so that all involved can take safe and smooth action in the event of a leakage of chemicals during delivery.



First Aid Drill



Lifesaving Training

Information Management

The Company understands the importance of information in business operations and clearly stipulates the appropriate use and management of trade secrets and all other information in the SUMCO Charter of Corporate Conduct. We have also established the Rules on Information Management along with related regulations, guidelines and other materials. We make every effort to appropriately manage and prevent leaks of trade secrets and confidential information received from customers, suppliers and other parties by conducting regular information management training for employees on these rules.

In an effort to prevent computer system-related leaks and stop information from leaking outside the Company, the SUMCO also implements a range of measures to address various risks, such as external attacks on our computer systems via the internet, the unauthorized use of computer systems and viruses that target computer systems.

Additionally, SUMCO has established the Rules on Personal Information Management in accordance with the Act on the Protection of Personal Information to ensure that personal information is managed appropriately.

Safety Confirmation System

The SUMCO Group has introduced a "Safety Confirmation System" which enables quick conformation of the safety status of employees working in Japan. We think the system also helps speed up post-disaster recovery efforts.

Computer System-related Disaster Countermeasures

The Company has ensured redundancy for mission-critical and peripheral systems used on a company-wide basis, establishes equivalent backup servers and performs data synchronization in order to continue business operation even in the event that a server installation location is damaged by a large-scale disaster such as a major earthquake.



Environmental

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Environmental Management

Why SUMCO Addresses Environmental Issues

From energy-saving initiatives to curbing greenhouse gas emissions and reducing waste, lowering the environmental load by the business activities of companies is a pressing task to ensure that the global environment is maintained and protected.

To ensure that the irreplaceable global environment is passed on to future generations, the SUMCO Group has established an environmental management system. We have obtained ISO14001 certification for all of our plants, and pursue initiatives aimed at protecting the environment.

SUMCO Environmental Policies

1. Basic Environmental Philosophy

As a manufacturer of high-quality silicon wafers for semiconductors and of quartz crucibles, SUMCO has established the following action guidelines and is committed to self-initiated and sustained environmental conservation activities to pass on the Earth's irreplaceable environment to future generations.

2. Environmental Action Guidelines

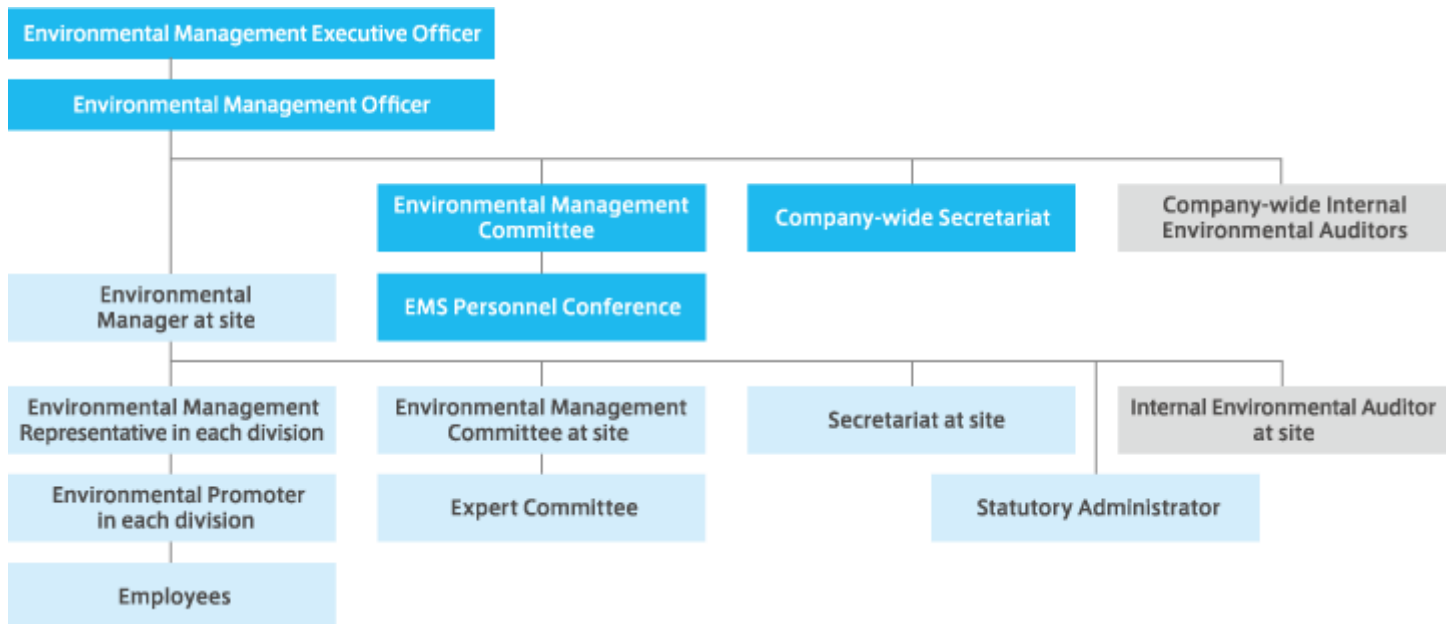
1. Through our business activities, we shall pursue activities with an emphasis on the following points.
 - (1) We shall act to conserve electricity and other energies consumed by our business activities, thereby curbing emissions of greenhouse gases.
 - (2) We shall strive to reduce waste and increase recycling and reuse rates.
 - (3) We shall strive to reduce and recycle water used in our business activities.
 - (4) We shall strive to reduce chemical substances used in our business activities.
 - (5) We shall thoroughly manage the harmful chemical substances and waste, thereby reducing the risks to the environment.
2. We shall abide by environment-related laws and regulations, bylaws, and other agreed requirements.
3. We shall strive to prevent environmental pollution in our entire business activities and undertake efforts to protect the global environment and coexist in harmony with local communities.
4. We shall promote green procurement with our suppliers, thereby reducing environmental load.
5. We shall define environmental objectives, and by periodically reviewing these objectives, shall promote continuous improvement of our environmental management system.

January 1, 2020

Environmental Management Structure

The SUMCO Group has established the Environmental Management Structure in which the Environmental Management Executive Officer, a member of the Board of Directors, appoints the Environmental Management Officer and the Environmental Managers at site, and defines their roles, responsibilities and authorities. Thoroughness of instructions and information sharing are ensured at meetings of the company-wide Environmental Management Committee and the Environmental Management Committee at each site, both of which are convened periodically. SUMCO's Environmental Management Executive Officer holds chief responsibility for issues related to climate change and has chief authority regarding those issues. The Environmental Management Executive Officer convenes meetings of the Environmental Management Committee and monitors SUMCO's efforts to address climate change.

Environmental Management Structure



Environmental Objectives

The SUMCO Group sets environmental objectives for each of its operating bases based on its Environmental Policies and the results of environmental load assessments that are conducted periodically. We implement initiatives to reduce environmental load and improve the environment in accordance with these objectives, such as reducing CO₂ emissions, the usage of chemical substances, the generation of industrial waste and water consumption. The results of these initiatives are reported at Environmental Management Committee meetings and reflected in plans for the next year. The previous year's performance serves as the base value for these environmental objectives. Further, we verify our performance every six months and review the objectives as necessary.

2019-2022 Environmental Objectives and 2019 Results

	BM	2019		2020	2021	2022
		Objectives	Results	Objectives	Objectives	Objectives
Reduction of CO ₂ emissions Scope1+2	Previous year's results	0.8%	0.9%	1.2%	1.2%	1.2%
Reduction of chemical substance use		0.6%	1.5%	1.8%	1.8%	1.8%
Reduction of industrial waste		1.6%	2.7%	2.2%	2.2%	2.2%
Reduction of water consumption		0.5%	0.6%	0.4%	0.4%	0.4%

* BM = Bench Mark

Reduction Objectives for Each Base of Operations (9 Manufacturing Bases in Japan)

Site	BM	2019							
		Reduction of CO ₂ emissions		Reduction of chemical substance use		Reduction of industrial waste		Reduction of water consumption	
		Objectives	Results	Objectives	Results	Objectives	Results	Objectives	Results
Kyushu Factory (Nagahama, Imari)	Previous year's results	0.7%	0.8%	1.0%	3.1%	1.3%	4.8%	0.3%	0.3%
Kyushu Factory (Kubara, Imari)		1.0%	1.0%	0.6%	0.8%	0.3%	0.4%	0.4%	0.7%
Kyushu Factory (Saga)		0.5%	0.6%	0.2%	0.2%	0.3%	0.3%	2.3%	2.3%
Yonezawa Plant		0.8%	0.9%	1.4%	1.5%	7.3%	0.3%	2.0%	1.2%
Chitose Plant		0.1%	0.1%	0.0%	0.0%	1.8%	1.8%	0.7%	0.7%
JSQ Division		1.1%	1.8%	0.3%	0.3%	0.1%	7.9%	0.8%	0.8%
SUMCO Technology Corp. Noda Plant		1.1%	0.8%	0.4%	5.5%	1.0%	1.1%	0.0%	0.0%
SUMCO TECHXIV Corp. Nagasaki Plant		0.8%	1.0%	0.1%	0.1%	3.9%	3.9%	0.2%	0.2%
SUMCO TECHXIV Corp. Miyazaki Plant		1.3%	1.4%	0.5%	0.5%	0.1%	0.1%	0.3%	0.3%
Total		0.8%	0.9%	0.6%	1.5%	1.6%	2.7%	0.5%	0.6%

■ As our efforts for reduction in CO₂ emissions, we have reduced electricity usage by upgrading to high-efficiency coolers at the Yonezawa Plant and Miyazaki Plant and by replacing the lighting equipment at

each plant with LED equivalents, among other initiatives.

- As our efforts for reduction in use of chemical substances, we have improved wastewater treatment methods and reduced the amount of chemicals we use at each of our plants. Additionally, with regard to dewatered sludge, which accounts for a large portion of the Group’s discharge of industrial waste, we have curbed the generation of sludge by reducing the amount of chemicals introduced in wastewater treatment, and implemented thorough operational management of dehydrator equipment to lower the water content of the dewatered sludge. This has allowed us to lower overall discharge amounts.
- As our efforts for reduction in industrial waste discharge, we have taken various measures such as lowering moisture content in sludge produced by the Kyushu Factory (Saga) and the Noda Plant, and selling acid waste liquid from the Yonezawa Plant to recycling companies.
- As our efforts for reduction in industrial water usage, we have reduced backup water stored by making changes to the water treatment chemicals used for air conditioning cooling towers at each plant, and by strengthening the management of water quality.

Long-term Goal for Reduction in Greenhouse Gas Emissions

Set in 2019

Objectives year	in 2030
Long-term Goal	CO ₂ emission per unit (Scope1+2) 14.9% reduction from 2014 (1.0% reduction every year)

Environmental Risk Management

The SUMCO Group identifies environmental risks in the Basic Rules on Risk Management, including risk related to climate. Identified risks are incorporated into an initiative plan for environmental risks such as environmental pollution and extreme weather due to global warmings under the BSC and environmental management system. Then, the achievements are reported to the Environmental Management Executive Officer as well as BSC and reviewed by top management.

Environmental Education

Education and Training Targeted at Suppliers to Increase Understanding of the Environmental Policies and Prevent Environmental Accidents

The SUMCO Group provides environmental education to supplier of chemicals and other products and to industrial waste treatment firms covering SUMCO's Environmental Policies, prevention of environmental accidents and compliance with laws and ordinances.

Contents of Education

1. Requests for vehicle inspections to prevent fuel, oil and other substances from leaking
2. The importance of SUMCO personnel being present at the time of delivery or collection, and request that their instructions be followed
3. Request for inspection of industrial waste collection vehicles, particularly to prevent leakage or dripping of sludge, liquid waste, etc.
4. Introduction to actual environmental accidents that occurred at the Company in the past



Suppliers receiving environmental education on the prevention of environmental accidents

Environmental Audits

Through the SUMCO Group, internal environmental audits are conducted by internal auditors, while environmental management system audits are implemented by an outside review organization.

Internal Environmental Audit

Internal environmental audits are annually conducted by internal auditors for all organizations in the SUMCO Group subject to the Company's environmental management system. The results are reported to the environmental management executive officer and reflected in the following year's activities to enable continuous improvement of the environmental management system.

Environmental Management System Audit

The SUMCO Group is subject to regular audits conducted every year and a renewal audit conducted every three years by an external independent auditor.

Compliance with Environmental Legislation

The SUMCO Group identifies the requirements of laws, regulations and agreements and verifies compliance.

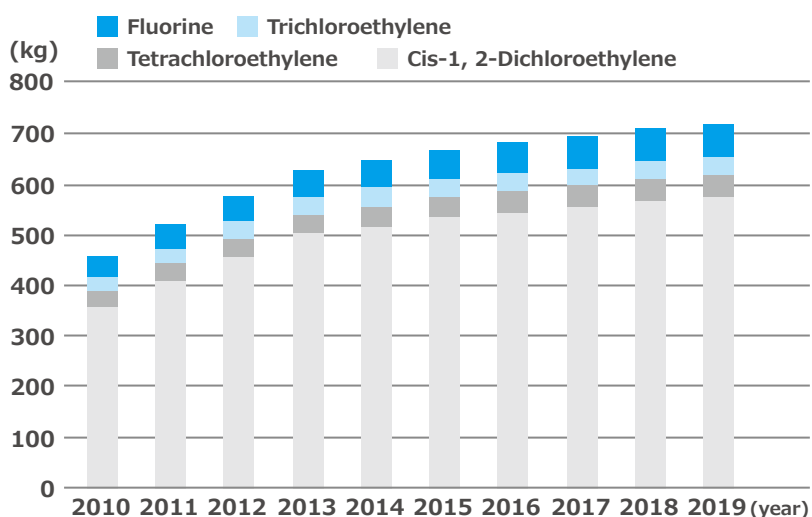
We also ensure compliance with overseas chemical substance regulations, namely the Restriction on Hazardous Substances (RoHS) Directive and Regulation on Registration, Evaluation, Authorization and Restriction of Chemical Substances (REACH).

Progress of Soil and Groundwater Contamination Countermeasures

In a voluntary survey implemented at the Noda site in 2005, it was found that amounts of volatile organic compounds (VOC) and fluorine exceeded the soil and groundwater environmental standard values. We have been pursuing countermeasures in consultation with relevant parties. At present, we are working to prevent the spread of and recover contaminated substances by using a pumping well set up near the boundary of the plant grounds.

In fiscal year 2019, there were no new incidents related to industrial water/wastewater across the SUMCO Group.

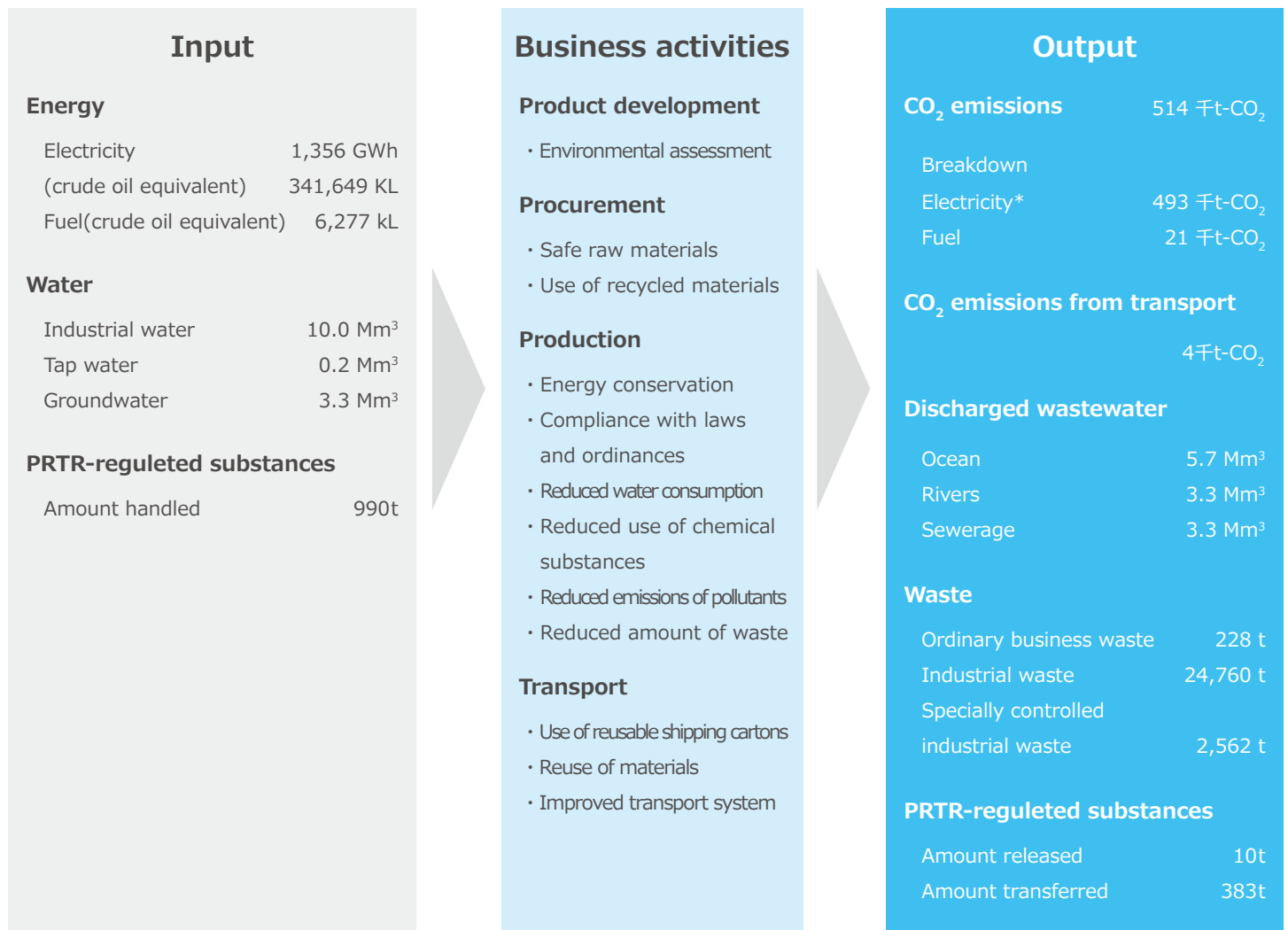
Accumulated Amount of Contaminated Substances Recovered Annually from Groundwater at the Noda Plant



Environmental Load of Business Activities

The depletion of energy resources, global warming, threats to biodiversity and other environmental problems are having an increasingly serious impact on the global environment. The SUMCO Group identifies forms of energy such as electric power, chemical substances, waste products and wastewater as significant environmental aspects in its production activities and pursues initiatives to make environmental considerations and reduce the environmental load across all of its business activities.

Business Activities and Environmental Load in 2019 (SUMCO Group [Japan])



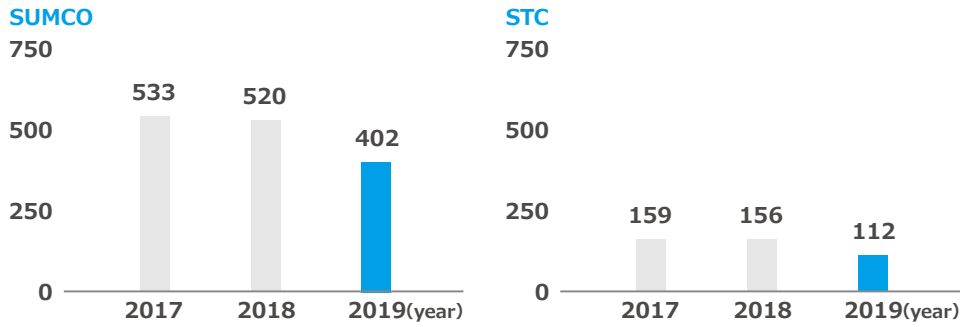
* CO₂ emissions from electricity are calculated using the CO₂ emission coefficient of each electric power supplier.

List of Boundaries

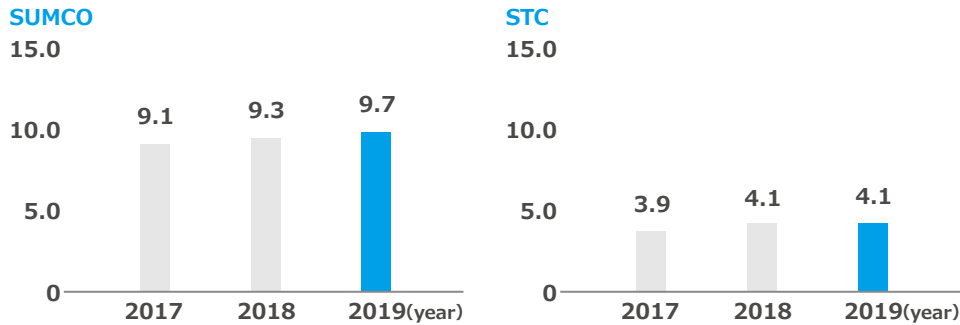
Site		Energy usage	CO ₂ emissions stemming from energy usage	Water used/waste-water	Industrial waste generated	VOC emissions	PRTR emissions	Atmospheric pollutant emissions	Abbreviation
Includes SUMCO Group companies in Japan	Kyushu Factory (Nagahama, Imari)	○	○	○	○	○	○	○	SUMCO
	Kyushu Factory (Kubara, Imari)	○	○	○	○	○	○	○	
	Kyushu Factory (Saga)	○	○	○	○	○	○	○	
	Yonezawa Plant	○	○	○	○	—	○	—	
	Chitose Plant	○	○	○	○	○	○	—	
	JSQ Division	○	○	○	○	—	○	○	
	SUMCO TECHXIV Corp. Nagasaki Plant	○	○	○	○	○	○	○	STC
	SUMCO TECHXIV Corp. Miyazaki Plant	○	○	○	○	○	○	○	
	SUMCO Technology Corp. Noda Plant	○	○	○	○	○	—	○	○
SUMCO Group Companies Overseas	SUMCO Phoenix Corporation	○	○	○	○	—	—	○	SPX
	PT. SUMCO Indonesia	○	○	○	○	—	—	—	SPTI
	FORMOSA SUMCO TECHNOLOGY CORPORATION	○	○	○	○	○	○	○	FST

Environmental Load (Japan)

CO₂ emissions (Japan) (thousand tons per year)



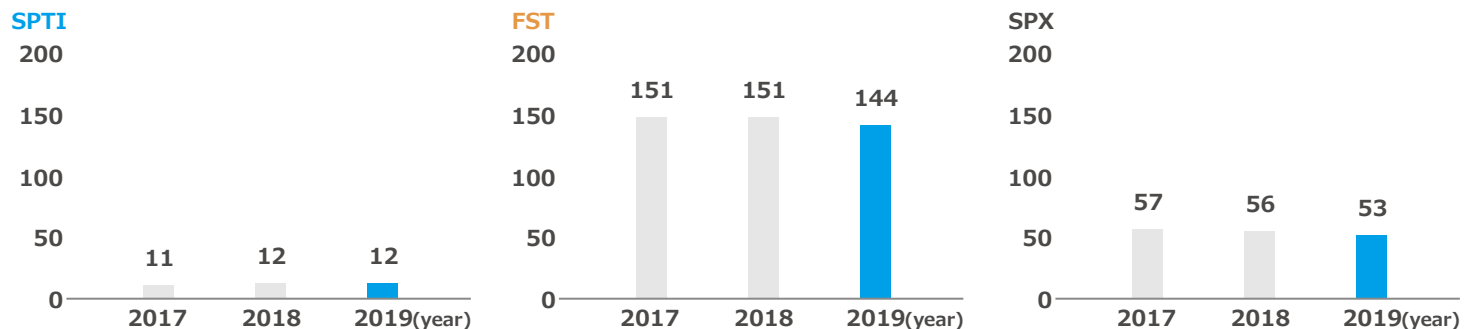
Water consumption (Japan) (million m³ per year)



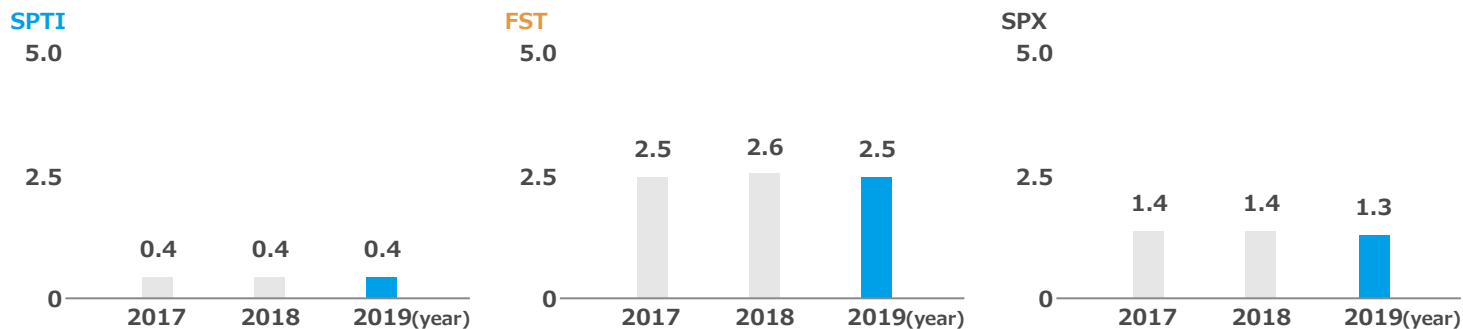
Environmental Load (Overseas)



CO₂ emissions (overseas) (thousand tons per year)



Water consumption (overseas) (million m³ per year)



* CO₂ emissions of the overseas subsidiaries are calculated using the emission coefficient of each country based on the Greenhouse Gas Protocol Initiative.

Environmental Data (SUMCO Group)

Greenhouse Gas Emissions Data

(In thousands t-CO₂ per year)

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
Scope 1 (direct)	21	21	23	24	24
Scope 2 (indirect)	990	913	894	877	702
Scope 3 (other indirect)	5	4	4	4	5
Scope 1&2	1,011	934	917	901	726
Scope 1, 2&3	1,015	938	921	905	731

* Only "Category 9: Transport, Delivery (Downstream)" was factored into the Scope 3 calculations

Greenhouse Gas Emissions Data (by Company)

(In thousands t-CO₂ per year)

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
SUMCO	599	553	538	525	407
STC	195	169	159	156	112
FST	151	147	152	152	144
SPX	56	55	57	56	53
SPTI	14	14	15	16	15
Total	1,015	938	921	905	731

Breakdown of Greenhouse Gas Data (Scope 1)

(In thousands t-CO₂ per year)

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
CO ₂	21	21	23	24	24
CH ₄	—	—	—	—	—
N ₂ O	—	—	—	—	—
HFC	0.19	0.19	0.19	0.19	0.19
PFC	—	—	—	—	—
SP ₆	—	—	—	—	—
Other	—	—	—	—	—

Energy Consumption

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
Electricity usage (GWh)	1,687	1,698	1,735	1,793	1,707
Electricity (converted to petroleum) (kL)	423,325	427,396	436,979	451,403	429,838
Fuel (converted to petroleum) (kL)	5,934	5,860	6,061	6,233	6,278

Water Supplied

(Mm³ per year)

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
Surface water (rivers, wetland, natural lakes)	12.7	12.2	12.6	13.2	13.5
Water underground (well water)	3.2	3.3	3.5	3.4	3.3
Quarry water	—	—	—	—	—
Potable water	1.1	1.1	1.3	1.3	1.2
External drainage water	—	—	—	—	—
Rainwater	—	—	—	—	—
Seawater	—	—	—	—	—

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
Total	17.0	16.6	17.4	17.9	18.0

Water Supplied (by Company)

(Mm³ per year)

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
SUMCO	9.0	9.0	9.2	9.4	9.7
STC	4.1	3.8	3.9	4.1	4.1
FST	2.4	2.3	2.5	2.6	2.5
SPX	1.2	1.2	1.4	1.4	1.3
SPTI	0.3	0.3	0.4	0.4	0.4
Total	17.0	16.6	17.4	17.9	18.0

Drainage Water

(Mm³ per year)

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
Total water drained into the ocean	7.2	7.1	7.3	7.7	7.8
Total water drained to surface water sources	—	—	—	—	—
Total water drained to underground sources/ well water sources	—	—	—	—	—
Total water drained outside of plants	4.7	4.3	4.8	5.0	5.2
Other drainage water	3.2	3.2	3.4	3.3	3.3
Total drainage water	15.1	14.6	15.5	16.0	16.3

Drainage Water (by Company)(Mm³ per year)

	5 years prior (2015)	4 years prior (2016)	3 years prior (2017)	2 years prior (2018)	Last year (2019)
SUMCO	7.9	8.0	8.1	8.3	8.4
STC	3.6	3.3	3.4	3.7	3.8
FST	2.0	1.9	2.0	2.1	2.1
SPX	1.3	1.2	1.6	1.5	1.6
SPTI	0.3	0.2	0.4	0.4	0.4
Total	15.1	14.6	15.5	16.0	16.3

Combating Global Warming

To help prevent global warming, the SUMCO Group identifies both external and internal challenges to preventing climate change based on the Company's business goals/Environmental Policies and the needs and expectations of related stakeholders. In this way, the Group determines risks and opportunities related to these external/internal issues and needs/expectations.

Based on these, we resolve and implement year-long initiatives targeting climate change issues that take into account the risks and opportunities for each department, report the results to the environmental management executive officer, evaluate and analyze the results at meetings of the Environmental Management Committee, and as necessary, revise these risks and opportunities.

To look at a specific example: For the production of silicon wafer, the SUMCO Group makes every effort to streamline production and promote rationalization in order to reduce electric power consumption. When it comes time to update production and utility facilities, we replace them with energy-saving and high-efficiency alternatives. In offices, lighting is turned off during lunchtime and other breaks, and air conditioners are set at a reasonable temperature to save energy.

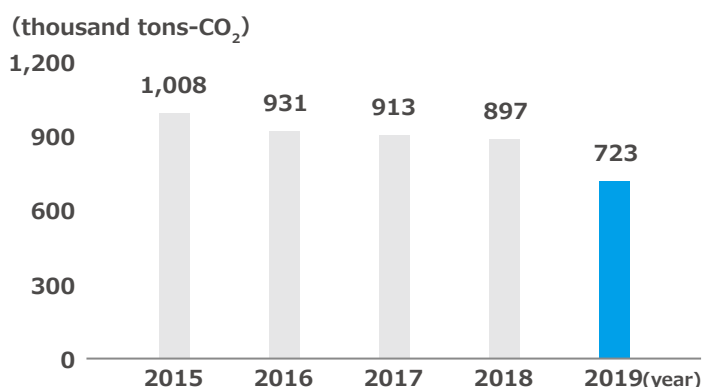
In Japan, the SUMCO Group takes part in the following initiatives addressing the issues of climate change.

(1) We are part of an industry group (for Japanese electrical and electronics industries) involved in activities supporting the Keidanren's "Commitment to a Low Carbon Society," an initiative that lists, publishes and implements activities entities themselves can proactively take on to help create a global low carbon society.

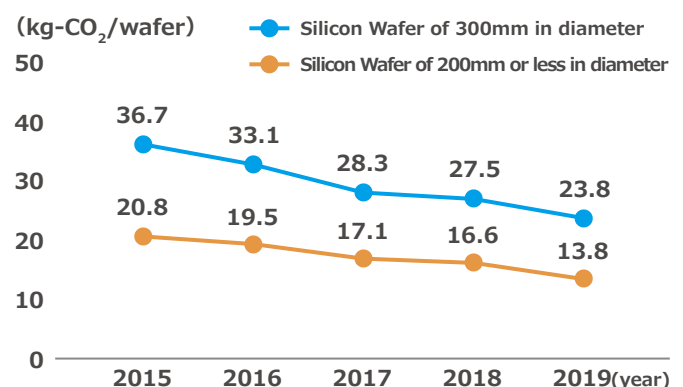
(2) We have registered with the Environmental Reporting Platform Development Pilot Project of the Ministry of the Environment. This undertaking encourages the disclosure of environmental information and dialog among parties including companies and investors. It is contributing toward the creation of a sustainable society by helping to ensure that companies actively engaged in environmental activities are properly recognized for their efforts and gain investor funding support as a result.

In 2018, major investment in CO₂ reduction totaled 476 million yen.

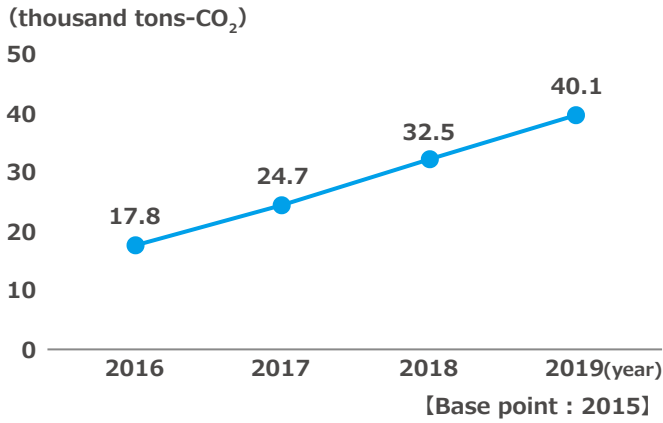
CO₂ Emissions (SUMCO Group)



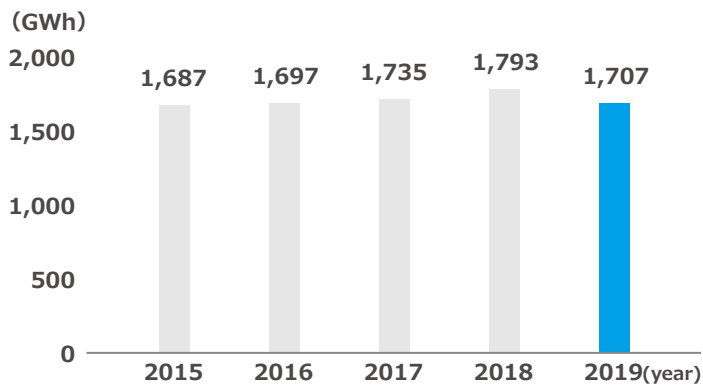
CO₂ Emissions per Silicon Wafer (sales)



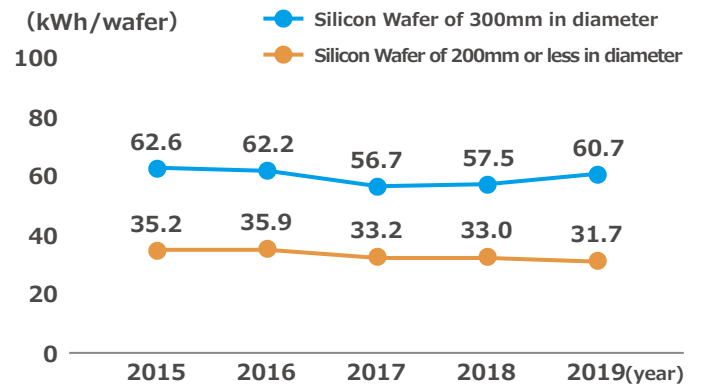
Cumulative Reduction of CO₂ Emissions (SUMCO Group)



Electric Power Consumption (SUMCO Group)



Electric Power Consumption per Silicon Wafer (sales)



Investment in Clean Technologies

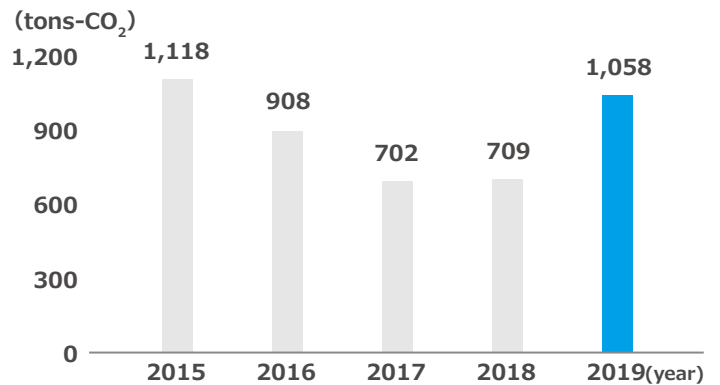
We have installed 2.3MW of solar power generation equipment at our Kyushu Factory (Kubara, Imari), and we use and sell renewable energy. Upon replacing production or utility equipment, we also adopt energy-saving or high-efficiency equipment and aim to curtail energy consumption through LED lighting.

CO₂ Reduction through Modal Shift to Ship Transport in the Field of Logistics

SUMCO used to rely solely on airfreight for the transportation of silicon wafers to overseas markets. However, to reduce both CO₂ emissions and transportation costs, we have been promoting a modal shift to ship transport for some of our products since 2009, taking into account factors affected by longer transportation lead time and changes in the transportation environment. We conduct tests before switching to ship

transport to confirm that the quality of products is not affected, as well as consulting with customers.

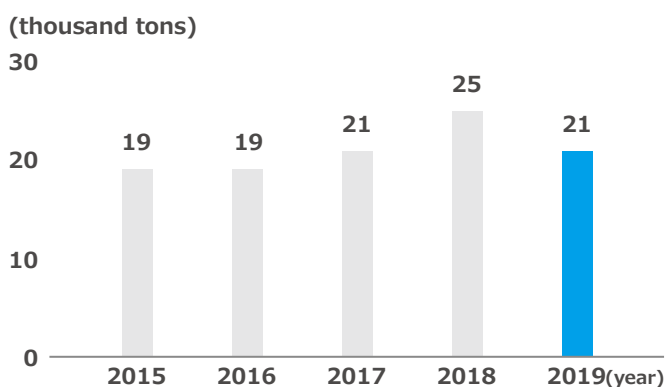
CO₂ Reduction through Modal Shift to Ship Transport



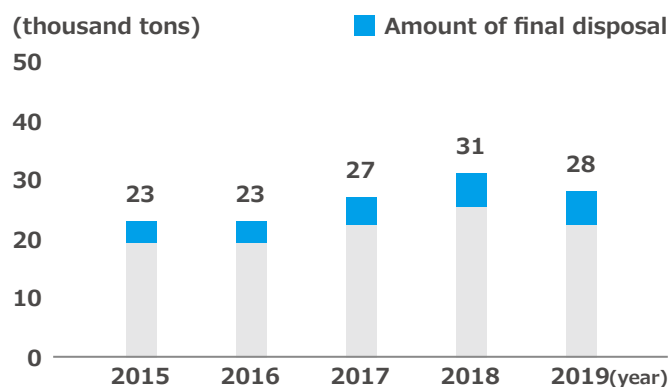
Reduction of Waste

In Japan, the SUMCO Group is working to reduce the amount of waste generated as part of environmental conservation efforts. In particular, to deal with the large volume of sludge generated at our plants, the SUMCO Group is making efforts to optimize the quantity of chemicals injected for wastewater treatment, and to deal with waste oil, waste acid, waste alkali, waste plastics and other waste, we are focusing on promoting their recycling and conversion into valuable resources.

Amount of Recycle (SUMCO Group [Japan])



Amount of Disposal (SUMCO Group [Japan])



(Note) * The previous year's figures for total amount of recycling have been corrected.

Waste Reduction through the Adoption of Reusable Containers

We are replacing the containers used to ship 300-mm diameter silicon wafers with reusable alternatives as one of the initiatives to reduce post-shipment waste.

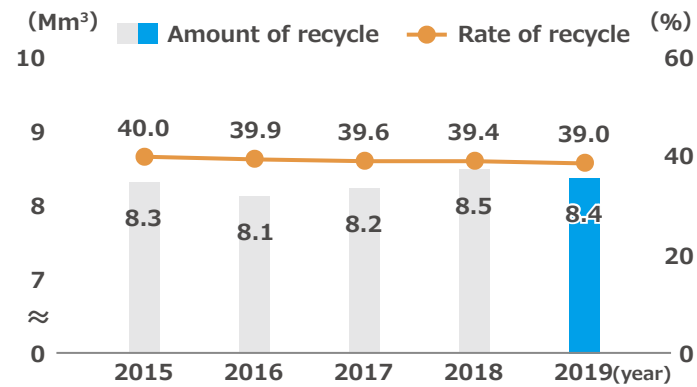
The percentage of reusable containers used for shipment in 2019 was 63.2%.

Before introducing reusable containers, we conduct tests to ensure that the quality of the products is not affected.

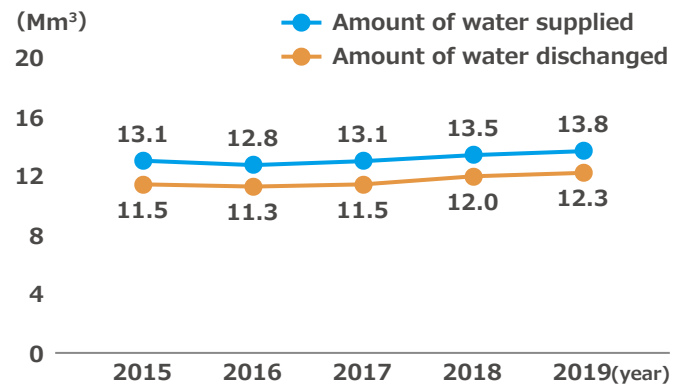
Effective Use of Water Resources

The SUMCO Group recognizes that water is an important resource playing a vital role in manufacturing silicon wafers. We have set environmental objectives related to reducing water used by our businesses, and we are working to use water resources effectively at all of our manufacturing bases. At our plants in Japan, we utilize the reject water generated in the water purification process as cooling water for utility facilities and dilution water for wastewater treatment chemicals. We are also working to conserve as much water as possible for recycling, such as collecting the rinse water used to clean silicon wafers. The SUMCO Group's water recycling rate hovers at around 40% and was 39.0% in 2019.

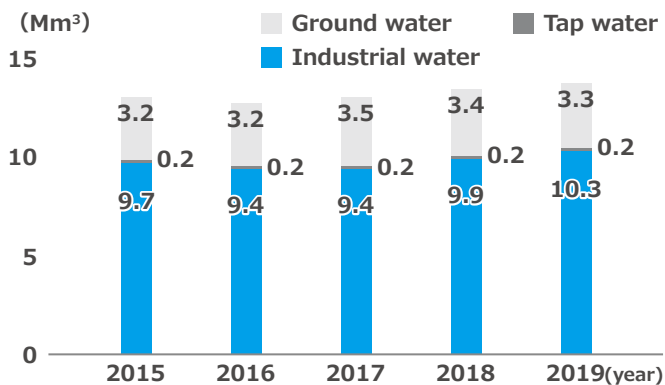
Amount of Water Recycled and Recycling Rate (SUMCO Group [Japan])



Amount of Water Supplied and Discharged (SUMCO Group [Japan])



Amount of Water Consumption by Water Source (SUMCO Group [Japan])



Water-stressed Areas

The SUMCO Group investigates water stress using the AQUEDUCT tools provided by the WRI*¹. The following shows the results of the 2019 investigation.

	Operating Base	Water stress* ²
Includes SUMCO Group companies in Japan	Kyushu Factory (Nagahama, Imari)	2
	Kyushu Factory (Kubara, Imari)	2
	Kyushu Factory (Saga)	2
	Yonezawa Plant	1
	Chitose Plant	1
	JSQ Division	1
	SUMCO TECHXIV Corp. Nagasaki Plant	2
	SUMCO TECHXIV Corp. Miyazaki Plant	1
	SUMCO Technology Corp. Noda Plant	2
SUMCO Group Companies Overseas	SUMCO Phoenix Corporation	3
	PT. SUMCO Indonesia	3
	FORMOSA SUMCO TECHNOLOGY CORPORATION	4

*1 WRI: The World Resources Institute. A U.S. policy center.

*2 Water stress: Evaluated on a scale of 1-5. The higher the number, the more water-stressed the area is.

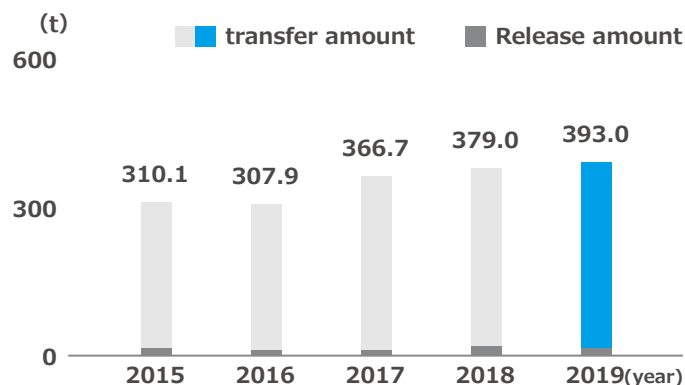
Chemical Substance Management

The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register / PRTR Law) requires businesses to report the amounts of any designated chemical substances released into the environment or transferred.

There are 12 substances subject to reporting under the PRTR Law. The majority of these are substances contained in cleaning agents and fuels.

With regard to the substances subject to reporting under the PRTR Law, the SUMCO Group measures the amounts of such substances transferred or released into the environment based on a stringent management system and issues reports without omission.

Amount of PRTR-Regulated Substances Released and Transferred (SUMCO Group [Japan])



* The figure for each year shows the amount of released or transferred substances during the preceding year from April through March.

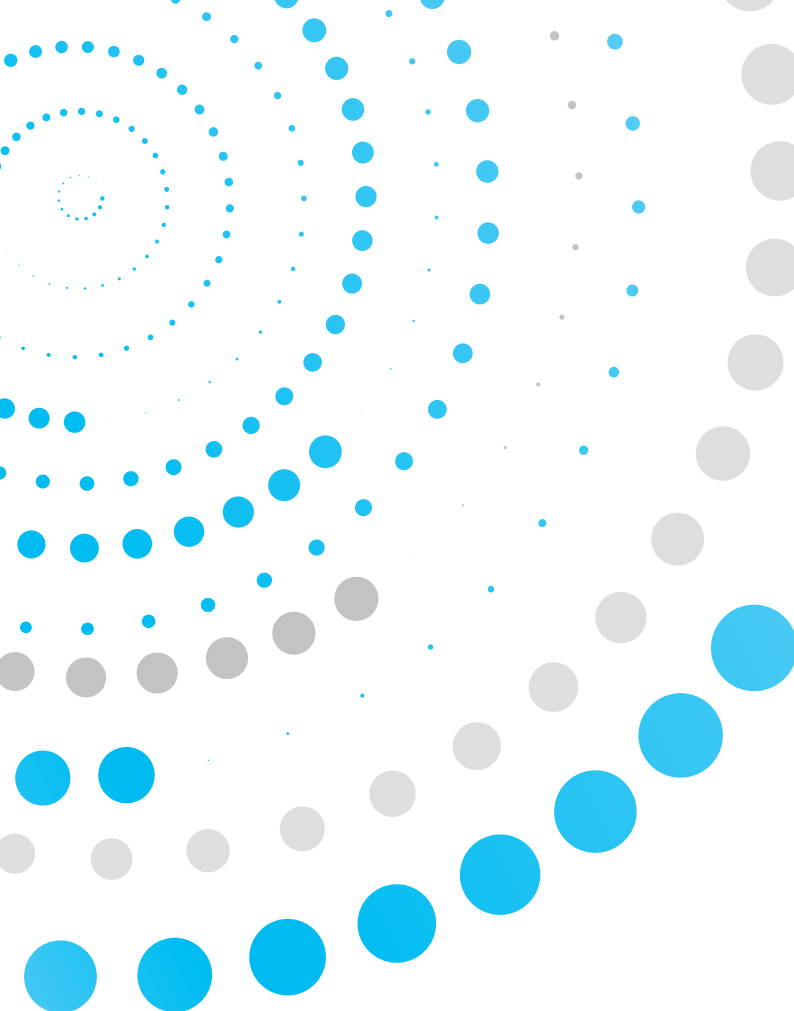
List of Substances Subject to PRTR Reporting (Class 1 Designated Chemical Substances: 1 ton or more per year; Specific Class 1 Designated Chemical Substances: 0.5 tons or more per year) Period covered: April 2018 to March 2019

(t per year)

Ordinance No.	Name of Class 1 Designated Chemical Substance	Amount handled	Amount released				Amount transferred	
			Atmosphere	Public waters	Soil	Landfill	Sewerage	Waste
20	2-aminoethanol	15.5	-	0.0	-	-	-	0.0
30	Linear alkylbenzene sulfonate (LAS)	1.2	-	0.0	-	-	-	-
71	Ferric chloride	6.9	-	-	-	-	-	-
80	Xylene	66.3	0.7	-	-	-	-	1.2
88	Hexavalent chromium compound	1.9	-	-	-	-	-	1.7
296	1,2,4-Trimethylbenzene	74.4	0.1	-	-	-	-	-

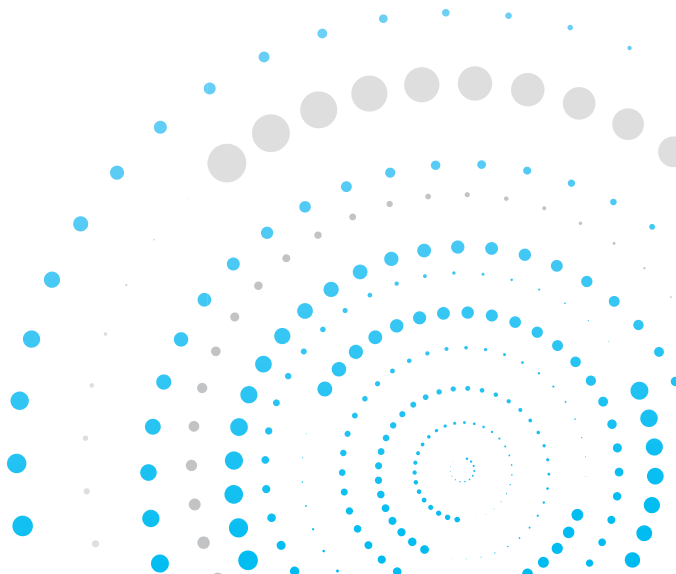
Ordinance No.	Name of Class 1 Designated Chemical Substance	Amount handled	Amount released				Amount transferred	
			Atmosphere	Public waters	Soil	Landfill	Sewerage	Waste
300	Toluene	9.6	8.6	-	-	-	-	1.0
332	Arsenic and its inorganic compound	2.8	-	-	-	-	-	0.1
374	Hydrogen fluoride and its water-soluble salts	733.2	0.5	0.0	-	-	0.0	330.1
407	Poly (oxyethylene) alkyl ether	24.2	-	0.0	-	-	-	2.9
410	Poly (oxyethylene) nonylphenyl ether	46.0	-	-	-	-	-	46.0
438	Methylnaphthalene	8.1	0.0	-	-	-	-	-
Total		990.2	9.9	0.1	-	-	0.0	383.0

* The amount handled is not equal to the total amount released and transferred because some substances were released after decomposition and detoxification.



Social

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Speedy, Accurate and Fair Disclosure of Corporate Information

Why SUMCO Addresses Information Disclosure

SUMCO makes every effort to enhance management transparency and earn legitimate recognition of its corporate value from shareholders and investors by releasing information including the Company's management vision, the status of its business activities and financial performance in a speedy, accurate and fair manner. We also undertake activities to continually improve corporate value by reflecting the feedback received from shareholders and investors in our management.

Basic Policy on Information Disclosure

SUMCO believes timely and appropriate disclosure of corporate information to investors is a core element in ensuring a sound stock market. The Company shall commit itself to speedy, accurate and fair disclosure of corporate information while always adopting the perspective of investors. Corporate information that is useful in investor decision-making shall be actively disclosed even when not mandated by laws and regulations.

Information Disclosure System

The Public Relations & IR Department is responsible for dialogue with shareholders and other investors, under the supervision by executive management, the results of which are reported to the Board of Directors and executive management as needed. Top management also provides its own explanations during financial results briefings held quarterly and also takes part in individual meetings with shareholders and other investors as needed.

When engaged in IR activities, the necessary information is collected from the relevant departments and coordinated and summarized by the Public Relations & IR Department. The details of IR activities are also confirmed by top management in advance, with due care in handling insider information.

Through these activities, SUMCO reflects feedback and requests from shareholders and investors in management in an effort to achieve sustained growth and enhance its corporate value in the long-term.

Communication with Shareholders and Investors

General Meeting of Shareholders

SUMCO positions General Meeting of Shareholders as the occasion where important decisions on the Company's policies and other matters are made as well as an opportunity to have dialogues with shareholders.

We are engaged in early dispatch of the notice of convocation, posting on our website and preparation for the English translation.

We also effort to provide explanations of the details of business report and answer questions asked by shareholders during meetings in as clear a manner as possible by utilizing narrated video footage.

IR Activities

The Timely Disclosure Network (TDnet) of the Tokyo Stock Exchange is utilized to disclose information that needs to be disclosed in a timely fashion, and documents are posted both in Japanese and English simultaneously on our website to ensure the fair disclosure of information to shareholders and investors in Japan and overseas. Our Annual Report and Message to Shareholders are also published to convey messages from top management and report on business performance and conditions.

As well as regularly held meetings with institutional investors and securities analysts, SUMCO also periodically provides company briefings to individual investors and organizes visits to overseas institutional investors in Europe, North America and Asia to help investors develop a better understanding of the Company.



Message to Shareholder



Annual Report 2018

The Pursuit of Quality and Reliability

Why SUMCO Addresses Quality and Reliability

As a company that manufactures silicon wafers that represent the base materials for the semiconductors installed in all kinds of electronic devices, we see it as a social responsibility of the highest priority to ensure the safety and reliability of our products while making sure they comply with all applicable laws, ordinances and regulations.

For this reason, the SUMCO Group makes every effort to implement the stable supply of products that meet the quality requirements of customers and further boost customer satisfaction by implementing quality management in an appropriate and effective manner.

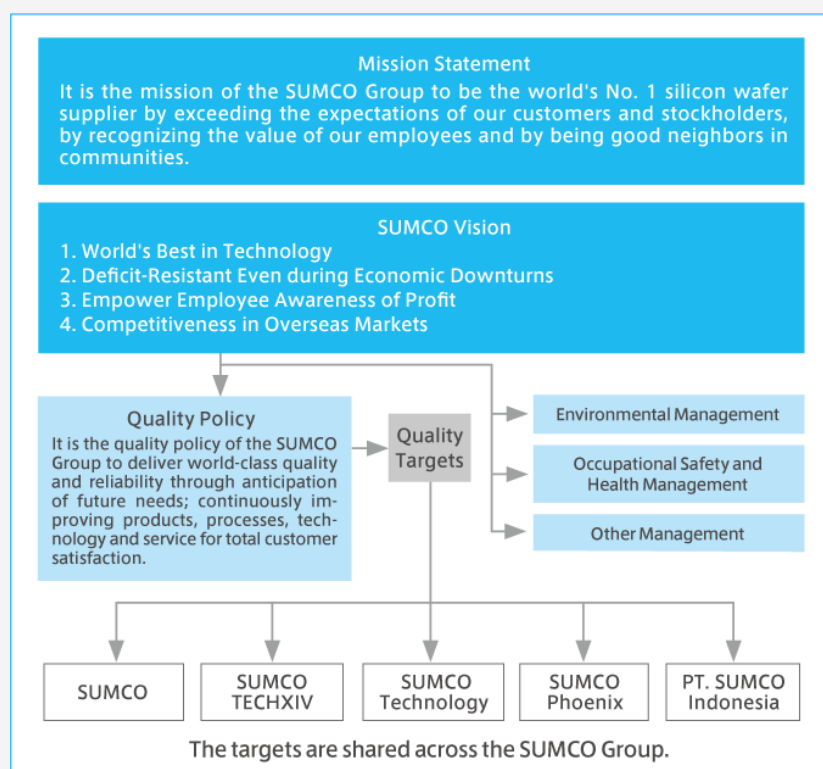
The SUMCO Quality Policy

It is the quality policy of the SUMCO Group to deliver world class quality and reliability through anticipation of future needs; continuously improving products, processes, technology and service for total customer satisfaction.

Quality Control System

In the SUMCO Group, all sites including affiliate companies in Japan and overseas have implemented quality management systems certified in accordance with IATF16949 and ISO9001 to control quality through all processes from design and development to production and shipment. We have also built an internal quality audit system to ensure continuous efforts to further improve product reliability.

The SUMCO Group Mission Statement, Quality Policy and Targets



Quality Education

To enhance product reliability and safety, it is necessary for not only those in charge but also each worker to have the mindset of a supervisor and improve their skills.

For this reason, we have developed quality education programs for each job and level of employee and assigned instructors for each education program to each production site to provide necessary education to the human resources that need it whenever required.

In 2019, the SUMCO Group conducted over 300 internal seminars in an effort to enhance the knowledge and awareness of quality control on the part of employees.



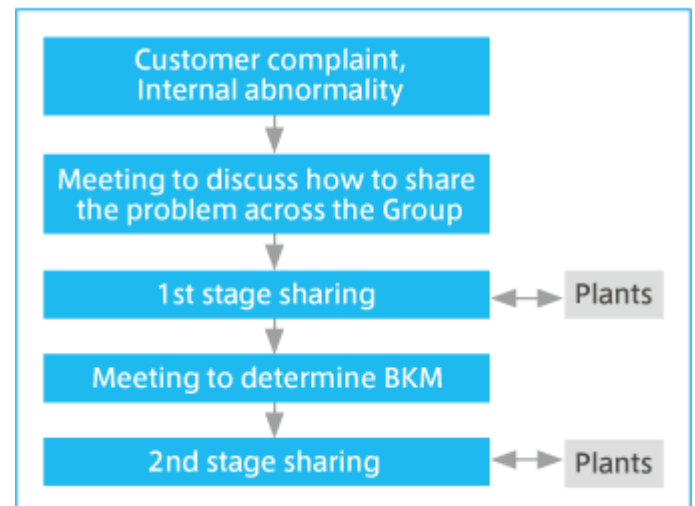
Quality education at one of the SUMCO seminars

Response to Quality Problems

Should a plant become the subject of a customer complaint, experience an abnormality or other quality problem, the plant handles the problem immediately, investigates the cause and takes measures to prevent recurrence, in order to minimize the impact on customers.

When complaints or internal abnormalities occur, we consider the best known method (BKM) to prevent recurrences and swiftly deploy a response throughout the entire SUMCO Group as needed, and build systems to ensure similar issues do not occur in the future.

Flow for Sharing Quality Problems



Initiatives to Improve Customer Satisfaction

Conducting Customer Satisfaction Surveys

To maintain our "first call" status among customers, evaluations received from customers are shared with relevant departments each time for continuous improvements, and analyzed from four different aspects: quality, cost, delivery and service (QCDS).

The results of analysis are shared among management and other relevant departments, incorporated into the improvement plans of each department, and used to further enhance customer satisfaction.

Communication with Customers

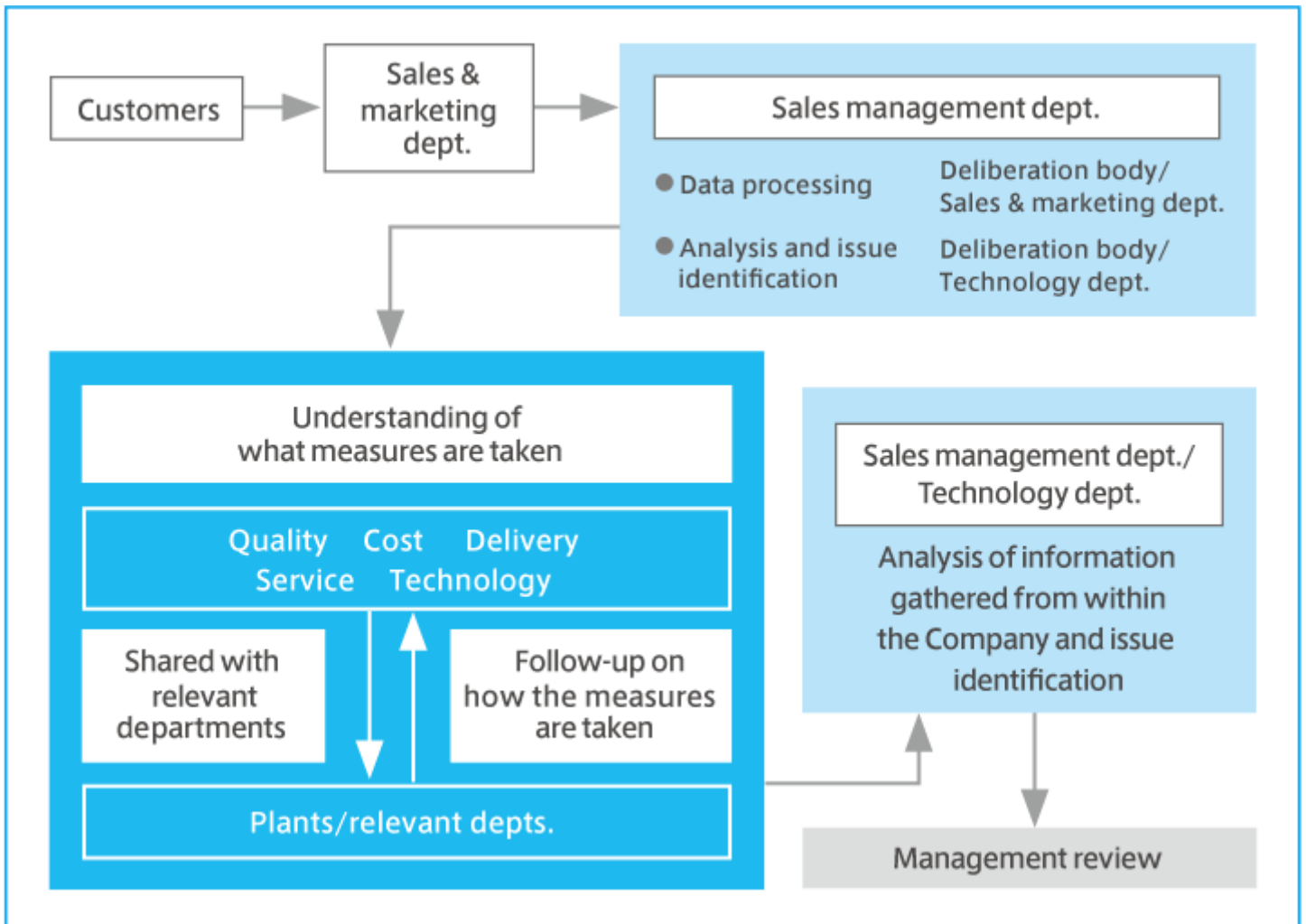
To further enhance customer satisfaction, we strive to improve the quality of products and services through two-way communication with customers.

As part of this initiative to promote communication with customers, we proactively hold technical communication meetings both domestically and internationally in order to grasp customer needs accurately and at an early stage, foster technological development at a rapid pace, and reliably provide products that match customer needs.

At the technical communication meetings, we make proposals based on our unique technologies, as well as check and follow up on the performance of our products. We position these technology conferences as opportunities to win recognition and trust from customers. The feedback and demands of customers learned from the technical communication meetings are utilized for continuous product improvement of our products and are reflected in business plans, such as for formulating technology development roadmaps that accommodate customers' needs for higher precision and enable product differentiation. By doing so, we strive to gain and maintain a strong presence among customers.

Through these SUMCO Group initiatives to promote close communication with customers, we endeavor to provide the most appropriate information.

Flow for Sharing Customer Satisfaction (CS) Evaluation Information



Ensuring the Safety of Products

Management of the Chemical Substances Contained in Products

SUMCO ensures that the chemical substances regulated by law or those that customers have asked us to eliminate or reduce the use of are managed properly according to internal rules and standards.

Provision of Safety Data Sheets (SDS)

SUMCO makes available safety data sheets (SDS) based on JIS Z7253 to provide information on the related hazards of chemical substances used by the Company and to give instructions on how to handle them safely.

Supply Chain

Why SUMCO Addresses the Supply Chain

Year after year, stakeholders have been exhibiting a growing interest in companies' social responsibility through the supply chain in the course of their business activities.

In light of these growing concerns, the SUMCO Group believes it is important to share CSR-related societal demands with suppliers and to collaborate with them on issues including human rights, labor, safety, the environment and ethics in the supply chain.

Procurement Policy

In the procurement of materials, SUMCO strives to engage in fair and rational trade with suppliers based on mutual trust.

With the cooperation of suppliers, we also actively promote initiatives to fulfill our corporate social responsibilities, including compliance with related laws, ordinances and social norms, and efforts to support global environmental conservation.

1. Transactions based on partnership
We will develop favorable partnerships with our suppliers based on mutual trust.
2. Fair transactions
We will ensure that our procurement is clean, open and fair.
3. Promotion of value analysis (VA) activities
We will encourage our suppliers to conduct value analysis (VA) activities in order to propose cost improvement methods, new materials, new technologies and others, and will actively adopt such proposals.
4. Compliance in procurement activities
We will comply with laws, ordinances and social norms in the course of our procurement activities.
5. Fulfillment of corporate social responsibilities
We will fulfill our social responsibilities when conducting procurement activities across our entire supply chain, including our suppliers.
6. Green procurement
We promote the procurement of materials with minimum environmental impact.

Management System

In addition to procurement departments, the departments at SUMCO responsible for quality assurance, CSR, environmental management and safety and health coordinate on the selection of new suppliers, evaluation of existing suppliers, establishment of procurement plans and other supply chain management efforts. Specifically, we issue various questionnaire forms (described later) and collect the responses, conduct written or on-site audits and due diligences on quality, CSR and the environment respectively and reflect the results obtained from these efforts in our assessment of suppliers in an effort to develop a more robust supply chain.

CSR Procurement Activities

Basic Stance on CSR Procurement

SUMCO has established the SUMCO CSR Procurement Policy and it promotes responsible procurement activities to fulfill its social responsibilities across the supply chain. We share various issues related to the supply chain with suppliers and tackle procurement activities while keeping those issues in mind to ensure that customers can use our products confidently and to satisfy our stakeholders.

▶ [SUMCO CSR Procurement Policy \[95KB/3Pages\]](#) 

Through periodic briefings to suppliers and procurement activities such as those described below, we request our suppliers to make voluntary efforts to promote CSR management.

(1) Briefings on CSR Procurement

We share the SUMCO CSR Procurement Policy with our suppliers at regularly held briefing sessions, and through separate briefing sessions and CSR audits, we explain the SUMCO CSR Procurement Policy, SUMCO Environmental Policies and RBA (Responsible Business Alliance) Code of Conduct and provide advice on compliance with these standards. In this way, SUMCO continues to deepen suppliers' understanding of the Company's labor, safety/health, environment and ethics-focused efforts towards CSR procurement.

Briefing Sessions for Suppliers

- November 12, 2019 - Tokyo (146 people from 107 companies)
- November 15, 2019 - Saga (162 people from 112 companies)

(2) Supplier Handbook

To help suppliers understand our approach to procurement activities, we distribute Supplier Handbook, which includes a section on our procurement policy and requests to suppliers including items relating to CSR. The Supplier Handbook is posted on our dedicated procurement website used in SUMCO's daily procurement activities for easy reference at any time by suppliers.

In this handbook, we ask suppliers that comprise our supply chain to promote CSR. As guideline to be followed in implementing CSR management, we ask suppliers to utilize the RBA Code of Conduct, and also encourage subcontractors and sub-subcontractors to implement CSR management in a similar fashion.

(3) Green Procurement Guidelines

To promote the procurement of products with a minimal environmental impact (green procurement), we have also posted Green Procurement Guidelines on the dedicated procurement website. The guidelines summarize relevant laws and ordinances, the RoHS Directive, REACH regulations, prohibited or controlled substances designated in customer requests and other pertinent information.

(4) Raw Material Surveys

SUMCO's procurement and environmental management departments work together to promote green procurement by asking suppliers to submit certificates of non-use of prohibited substances as well as issuing and collecting various questionnaires, in order to confirm that substances specified in the Green Procurement Guidelines are not being used.

(5) CSR Questionnaires and Audits

We distribute and collect CSR questionnaires based on the RBA Code of Conduct to our main suppliers to review the status of CSR initiatives at each company. The questionnaires are issued to more than 200 such companies, and SUMCO has managed to secure responses from almost all of them. Based on the results of these questionnaires, we undertake regular CSR audits that include field audits of a given number of suppliers in order to verify the state of compliance with the items in the CSR questionnaire and confirm the status of improvements.

The 2019 CSR Audit found suppliers who had not conducted training on how to prevent insider trading for several years, suppliers who had not adequately managed expiration dates for legally stipulated safety and environmental qualifications and suppliers who had failed to secure emergency exits and escape routes for employees. SUMCO requested the understanding of suppliers and asked them to correct these issues, leading suppliers to improve their operations.

Major Items in the CSR Questionnaire

1. Human Rights and Labor

(1) Freely chosen employment

Examples: Prohibition of forced and bonded labor

(2) No use of child labor

Example: Prohibition on child labor, not having young workers engage in dangerous work

(3) Limitation on Working Hours

Example: Compliance with laws and ordinances on working hours and holidays

(4) Lawful Wages

Examples: Compliance with laws and ordinances on minimum wages

(5) Humane Treatment

Examples: Respect for human rights, prohibiting harassment and establishing disciplinary mechanisms

(6) Non-Discrimination

Examples: Prohibiting discrimination on the basis of race, nationality, gender, age, sexual

- orientation, religion, disabilities or other traits
- (7) Freedom of Association
- 2. Safety and Health
 - (1) Occupational Safety
 - Examples: Obtaining and renewing permits and licenses, providing personal protective equipment
 - (2) Preparedness for Emergency
 - Examples: Setting up appropriate emergency evacuation doors and evacuation routes, conducting drills
 - (3) Prevention of Occupational Injury and Illness
- 3. Environment
 - (1) Compliance with Environmental Laws and Ordinances
 - Examples: Obtaining the necessary licenses and other permits, compliance with environmental standards
 - (2) Pollution Prevention and Waste Reduction
 - Examples: Reducing waste and greenhouse gases, controlling wastewater
 - (3) Reduction in Energy Consumption and Greenhouse Gas Emissions
- 4. Ethics
 - (1) Compliance with Laws
 - Examples: Prohibiting bribery and corruption, establishing internal reporting systems
 - (2) Fair Business Activities
 - Examples: Compliance with laws and ordinances on fair trade, competition and advertising
 - (3) Information Management
 - Examples: Appropriate management of customer information and protection of intellectual property rights
- 5. Business Continuity
 - (1) Risk Assessment and Risk Management
 - (2) Business Continuity Plan (BCP)
- 6. Management Systems

(6) Training for Procurement Staff

SUMCO's procurement staff also need sophisticated expertise and a compliance-oriented mindset to conduct the CSR procurement activities listed above. By training staff about the SUMCO Charter of Corporate Conduct and providing departments in charge of procurement with regular opportunities to train themselves regarding laws and regulations, the Company aims to increase employee understanding and awareness regarding the background and meaning of the SUMCO CSR Procurement Policy, legal compliance, unfair competition and improper transactions, anti-corruption and respect for human rights.

Risk Management within Procurement Activities

We work to identify the many risks facing the company in its procurement activities, including risk of instability in procurement of raw materials, risk of corruption, risk of legal violation and risk of use of controlled or prohibited substances. We also evaluate the level of danger posed by each risk, assign priority to those risks, and implement management measures according to the level of risk. (Refer to the section titled "[Risk Management](#)" for details.)

When selecting new suppliers or evaluating existing suppliers, we conduct risk assessment, asking suppliers with high-risk items to improve their operations to prevent risks.

Strengthening of Business Continuity Plans for Material Procurement

SUMCO promotes optimum inventory control and multiple sources for procured materials according to the level of risk involved.

If a disaster or accident should occur, we will immediately launch an investigation into its impact, while we take all possible steps for emergency procurement, including finding alternative suppliers and adopting alternative products, thus ensuring the necessary framework to do all we can to minimize the impact on production.

1. Continuing optimum inventory control based on the characteristics of each procured material
We will review inventory quantities, storage sites, transportation methods and other aspects for each type of material whenever necessary.
2. Source investigation and risk response
We will investigate and confirm production sites and sources of major items and respond according to the level of risk involved.
3. Maintenance, enhancement and review of business continuity plan for each item procured
We will develop business continuity plans for each major item so that we can properly respond to the occurrence of any risk.
4. Risk assessment of suppliers
We will periodically conduct checks on our main suppliers with respect to their financial condition, production systems, business continuity plans and other aspects, and respond appropriately based on the results.

Initiatives to Reduce Environmental Impact

Through the aforementioned CSR questionnaires and CSR audits, SUMCO strives to reduce environmental impact across the entire supply chain by incorporating items designed to review initiatives aimed at reducing the amount of waste generated, curbing greenhouse gas emissions and reducing the use of electricity, water and energy, and by recognizing suppliers implementing continually concrete reduction activities by setting numerical targets or taking other measures.

Respect for Human Rights

Why SUMCO Addresses Human Rights

The SUMCO Group regards respect for basic human rights to be an important social responsibility. We pursue a number of initiatives to be a company that "values people" and respects the human rights of all people associated with the SUMCO Group.

Basic Approach

In addressing human rights, the SUMCO Group looks towards international standards such as the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights. We pledge in the SUMCO CSR Policy to maintain safe, healthy, comfortable and appropriate workplace for everybody working at SUMCO and to have a high regard for human rights, ability and personality, and aspires to realize fair and diverse ways of working. To this end, we strive to create a workplace where employees are motivated to work hard. Based on this policy, SUMCO Group's Code of Corporate Conduct and various regulations clearly define rules prohibiting workplace harassment (bullying or teasing and other conduct in violation of human rights based on illegitimate reasons such as race, religion, gender, nationality, age, sexual orientation, and disability. In addition to establishing the [internal reporting hotline](#) and translating the regulations into various languages to increase human rights awareness among all employees of the Group, we have also established human rights violation and harassment consultation services at each Company site. We not only prohibit child labor, but base our business activities on a clearly defined, written policy which respects the rights of every child and prohibits forced labor. We provide appropriate wages according to each country's legally-stipulated minimum wage stipulated in the labor laws of each country, and work to keep working hours within appropriate limits by curtailing excessive overtime work.

SUMCO develops guidelines based on the above and shares them internally by posting them to the Company intranet.

Promotion Framework

The SUMCO Group annually convenes the Human Rights Awareness and Promotion Committee, as a framework to promote employee awareness of human rights issues. The committee confirms the policies and details of human rights awareness initiatives, while each plant or Group company implements activities in line with this policy. The activities include invitation of outside experts to give talks and awareness training using audiovisual materials.

In examining new businesses, we look at the laws of the country in question and other possible human rights/labor risks, and to ensure there is no discrimination based on factors unrelated to the legitimate interests of the business, we conduct internal training on the aforementioned policies.

Major Themes Covered in Human Rights Awareness Training

- Respect for diversity
- Human rights for the elderly
- Workplace harassment
- Sexual harassment
- Harassment related to pregnancy, childbirth, childcare or nursing care leave in the workplace
- Mental health issues in the workplace

Maintaining and Enhancing a Pleasant Working Environment

SUMCO regularly conducts human rights training including education on various forms of harassment for all employees, and makes every effort to improve awareness of these issues in the workplace.

In addition, we formulate and implement action plans aimed at improving the working environment at each workplace by conducting a stress check each year as part of our health management initiatives and adding items related to employee satisfaction to the stress check.

Seeking to eliminate all forms of employment discrimination, we also actively pursue initiatives such as attending lectures held by the U.S. Equal Employment Opportunity Commission (EEOC), as well as ADA (Americans with Disabilities Act) training seminars.

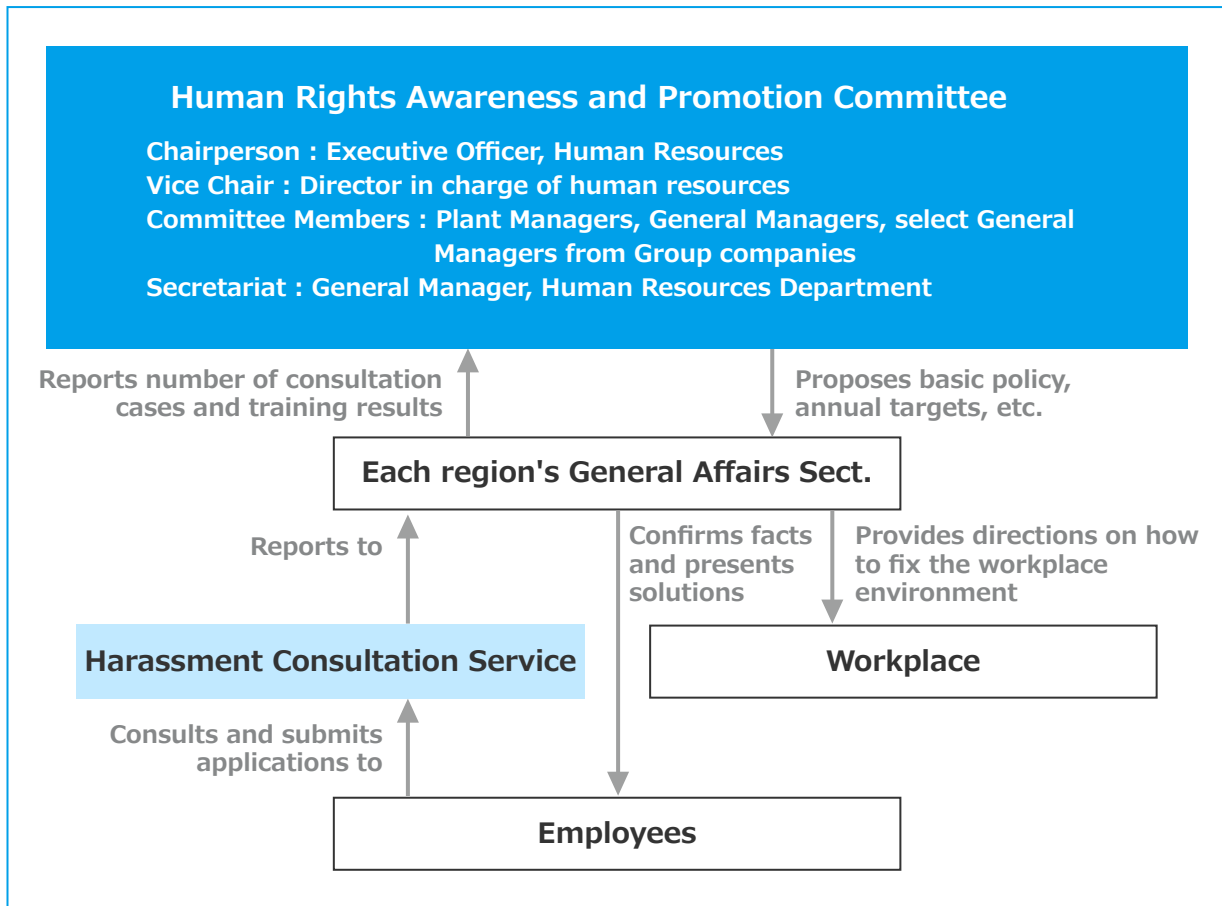
Additionally, as a part of efforts to maintain and enhance a pleasant workplace environment, the SUMCO Group also conducts various in-house recreation activities and deepens exchanges between employees at each site to revitalize workplace communication.

Establishment of a Harassment Consultation Service

SUMCO has established a Harassment Consultation Service to serve as the point of contact for employees to consult about issues related to human rights violations and harassment. To ensure that employees can casually seek advice at any time, the consultation services are staffed by both male and female consultants who work based on three principles: (1) protecting the privacy of employees seeking consultation; (2) prohibiting disadvantageous treatment of related persons; and (3) dealing with consultations in a fair manner. Investigations are launched for each consultation request received, with the results reported to the management and the party consulting given feedback.

In 2019, the Harassment Consultation Service handled three consultation cases.

Harassment Consultation Service System



Harassment Training

We hold harassment training for management-level staff in each region. In 2019, a total 686 staff members underwent the training.

Response to Labor Standards Violations

When an administrative directive for a labor standard violation is issued by a governmental authority, the SUMCO Group submits a report on the directive to the upper management and members of the Audit and Supervisory Committee, ensures that corrective action is undertaken throughout the Group, and works to raise awareness of the issue and prevent it from reoccurring. In 2019, we were not issued any such directives or corrective advisories.

Labor-Management Relations

The SUMCO Group grants consideration to and respects the rights of all employees, including employees' right to freedom of association based on the laws of the countries and regions in which the SUMCO Group

does business. We also aim to strengthen labor-management relations while respecting employees' right to assembly and collective bargaining.

Domestically, for example, SUMCO's basic labor-management policy is to solve issues through discussion for the perpetual development of the Company and improvement of working conditions, based on mutual understanding and trust. The labor agreement between the Company and the labor union recognizes the union's right to assembly, collective bargaining, and strike.

Specifically, high-level labor-management meetings are generally held twice a year with the aim of promoting communication between labor and management, and business operations are managed with shared information and challenges.

In addition, at production briefings and labor-management meetings held once a month at each plant, the plant managers and union representatives meet to exchange information and views concerning the production situation and other matters.

Meanwhile the Labor-Management Study Committee meets regularly throughout the year to discuss important labor-management issues such as the improvement of working conditions and review of various systems from multifaceted, holistic and long-term perspectives, thus allowing labor and management to work closely together to address various issues.

Employee Retention

Only 0.83% of employees resigned during 2019.

Human Resources Development

As declared in the SUMCO Vision, SUMCO aspires to become the "World's Best in Technology." To reach this goal, diversified training opportunities are provided to employees at all levels, from new recruits to managers and executives. We encourage employees to stay abreast of the changing times, making every effort to foster the development of human resources who will be able to think and act independently. Each year, up-and-coming engineers are also given the chance to present their research findings to senior management as a means of enhancing their motivation.

In pursuit of "Empower Employee Awareness of Profit," another element to the SUMCO Vision, the SUMCO CEO AWARD was established as the SUMCO Group's highest award, part of a measure to boost employee awareness of participation. The award is annually presented to individuals and organizations that have made meaningful contributions to enhancing corporate value. Along with this award, the Group also holds presentations by TPM teams annually in order to recognize outstanding success.

Moreover, to achieve "Competitiveness in Overseas Markets" as declared in the SUMCO Vision, we are working to cultivate an awareness of understanding and respecting a diverse range of cultures and values within the Group, and are endeavoring to develop globally competitive human resources by enhancing programs such as study abroad and foreign language learning schemes.

In 2019, a total 29,973 hours of company-wide training was held by departments in charge of human resources.



Engineer Presentation Contest



Engineer Presentation Contest

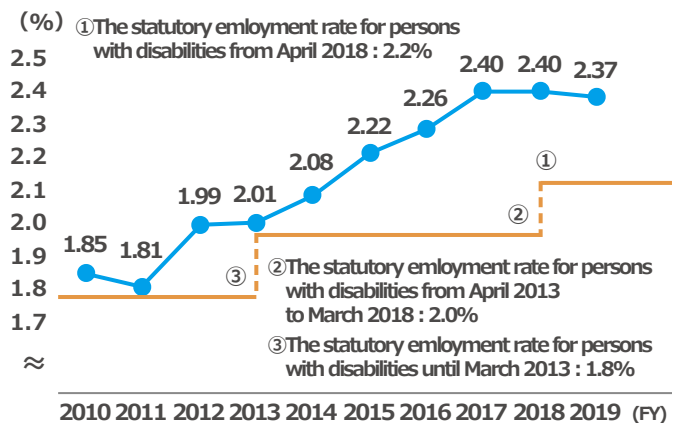
Utilizing and Developing a Diverse Workforce

Employment of People with Disabilities

The SUMCO Group is actively working to employ persons with disabilities, as demonstrated by SUMCO establishing a company that specifically hires persons with disabilities in Japan. In 2019, 1.29% of SUMCO Group's workforce worldwide was comprised of persons with disabilities. Looking only at Japan, that number comes to 2.37%.

Moving forward, the SUMCO Group will continue its efforts to fit the right person to the right job in order to help individual employees reach their full potential, as well as to provide employment opportunities and maintain and improve supportive work environments for people with disabilities.

Employment Ratio of People with Disabilities (SUMCO Group [Japan])



* The figure for each fiscal year is the average of the period from January to December of the following year.

Employment of Older Workers

We have set up a re-employment system by which employees, if they are well-motivated and wish to continue working after mandatory retirement at age 60, can continue working until age 65. This allows them to continue working while leveraging their extensive experience, sophisticated skills and high-level abilities.

Additionally, by maintaining the same compensation applied at the time of mandatory retirement even after a regular employee is re-employed, the system allows employees to contribute with a strong sense of motivation even after reaching mandatory retirement age.

Utilization of Global Talent

The SUMCO Group maintains manufacturing plants in the US, Taiwan and Indonesia, as well as sales offices around the world. By utilizing local hiring and actively working to hire talented global human resources regardless of nationality, the SUMCO Group seeks to achieve even further growth as a global company.

Number of Employees (full-time equivalents)

	Regular employees (As of Dec. 31, 2019)		Temporary employees (2019 average)
SUMCO	3,981		412
Consolidated	8,142		824
	Japan	5,869	
	Overseas	2,273	

Number of Employees by Region (Consolidated)

Region	Numbe of employees (As of Dec. 31, 2019)
Japan	5,869
North America	586
Southeast Asia	341
East Asia	1,325
Europe	21
Total	8,142

Breakdown of Employees (Consolidated)

	Managers	General employees	Total (As of Dec. 31, 2019)
Male	754	6,652	7,406
Female	48	688	736
Total	802	7,340	8,142

Measures to Help Employees Balance Work and Childcare Responsibilities

To provide employees who are raising children with a more comfortable workplace environment and to help them balance work with child-rearing, SUMCO has established child-care leave periods that are longer than required by law, along with a diverse short working hour system. In 2016, the Company set up SUMCO Nursery School Imari as an in-house day-care facility at our Kyushu Plant in the Imari area, the largest site across the SUMCO Group. We also provide a day-care support allowance at sites other than the Imari area.



Children of SUMCO Nursery School Imari

Additionally, as a new form of regional contribution, the facility is also a community day-care service based on the Japanese government's Comprehensive Support System for Children and Childrearing. Accordingly, a portion of the capacity is made available to local residents who are not SUMCO employees.

PT.SUMCO Indonesia also offers a scholarship program for the children of its employees. Looking ahead, SUMCO will continue to pursue a variety of initiatives to put in place a workplace environment in which a diverse array of employees can excel while ensuring a harmonious relationship with the local community.



Scholarship program event at PT.SUMCO Indonesia

2019 Data

Number of harassment consultation cases		3
Number of participants in harassment training for management-level employees		686
Resignation rate among permanent employees		0.83%
Total hours of company-wide training held by the Human Resources Dept.		29,973 hours
Percentage of persons with disabilities employed	Global Total	1.29%
	Japan Only	2.37%

Initiatives for Safety and Health

Why SUMCO Addresses Safety and health

The safety and health of employees is essential for them to be able to reach their full potential and work with vitality. The SUMCO Group sees ensuring the safety and health of its employees as one of its crucial social responsibilities.

In the SUMCO CSR Policy, the SUMCO Group pledges to "maintain safe, healthy, comfortable and appropriate workplaces for everybody working in SUMCO, shall have a high regard for human rights, ability and personality, and shall realize fair and diverse ways of working." Based on this, the SUMCO Group promote safety and health initiatives under the following basic principles and policy.

SUMCO Group Basic Policy on Safety and health

Basic Principle

Under the principle that "the safety and health of employees takes the highest priority over all," the SUMCO Group is committed to "creating a safe and pleasant workplace environment supportive of good mental and physical health" through leadership by supervisors and through active communication across the organization.

Basic Policy

1. We will collectively and thoroughly strive to create a workplace where all members adhere to relevant laws and regulations as well as rules stipulated in manuals and work procedures.
2. In the event of any work-related accidents, we will collectively and thoroughly analyze the root causes and implement measures to prevent their recurrence.
3. We will collectively and thoroughly strive to create an open workplace environment, as well as to maintain and promote their mental and physical health and to prevent occupational illnesses.
4. We will collectively and thoroughly engage in raising awareness of traffic consideration and promote traffic safety initiatives as models for society.

Safety and health Initiatives

Promotion Framework

For the purpose of maintaining and enhancing the Group's levels of safety and health, the SUMCO Group annually convenes the Company-wide Safety and Health Committee in which report on the status of safety and health-related initiatives and information sharing are made.

The committee, attended by the Chief Health Officer and other executives, reports on Group-wide activities related to safety, health and hygiene management as well as major work-related accidents, and also reviews and approves safety and health-related issues and targets to be addressed in the following fiscal year.

Additionally, each plant defines policies and objectives related to safety and health for each fiscal year based on company-wide safety and health issues, and engages in daily activities to achieve those objectives.

Occupational Safety and Health Initiatives

The SUMCO Group has introduced an Occupational Safety and Health Management System (OSHMS) which is implemented with the aim of achieving zero accident in the workplace.

Under the system, the management defines a sequence of "Plan - Do - Check - Act" (PDCA) actions to manage safety and health on a regular and voluntary basis, with the help of employees. This is a safety and health management framework designed to prevent work-related accidents, advance the health of employees, promote the formation of a pleasant workplace environment and raise the level of safety and health in the workplace.

Major Initiatives to Prevent Work-Related and Traffic Accidents

The SUMCO Group conducts annual system audits (internal audits) of all plants in accordance with its Occupational Safety and Health Management System. SUMCO also endeavors to maintain and enhance safety management levels by seeking to prevent work-related accidents through promoting voluntary safety and health initiatives and encouraging the advancement of health and the formation of a pleasant workplace environment.

Additionally, when workers notice a potential hazard, they are obligated to report on it as a near miss case. Through the case reports and risk assessments, the risk factors at each workplace are identified. We try to avert accidents by implementing countermeasures to these risks based on hazard levels, and reducing the degree of risk posed accordingly.

Information on these risks and the corresponding countermeasures are shared across the entire SUMCO Group through Company-wide meetings attended by the safety and health personnel at each plant, safety exchange meetings attended by the workplace safety and health promotion personnel at each plant, and safety and health committee meetings at each plant.

Additionally, through safety patrols conducted at each plant and other regular safety patrols of each plant

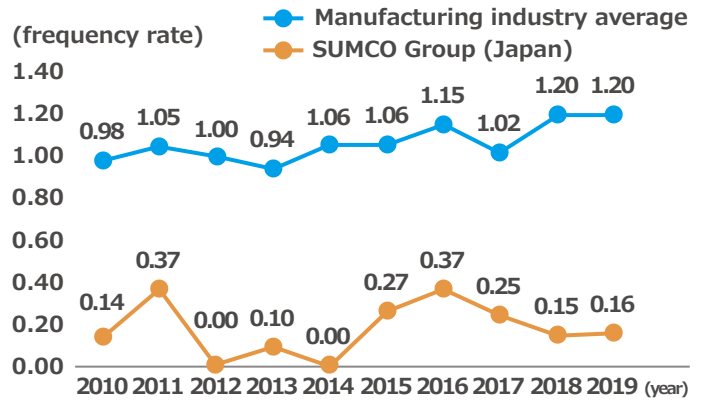
by the Safety and Disaster Prevention Department, labor unions and industrial physicians, we carry out inspections and other guidance on the state of safety and health management initiatives at the workplace as part of efforts to attain high levels of safety and health.

Safety and Health Education and Training Initiatives

The SUMCO Group focuses on employee education and training with the aim of preventing work-related and traffic accidents. In terms of matters related to safety and health, we strive to prevent accidents and minimize any damages or injuries caused by accidents. We achieve this by raising employees' awareness while also having them learn about what actions to take in the event of an emergency, not only through tiered safety and health education, but through workplace safety meetings, risk prediction training (KYT), the viewing of safety-related DVDs and efforts to enhance sensitivity to danger by establishing "safety dojos" to simulate hazards at all of our plants.

Preventing traffic accidents is another key challenge, and the SUMCO Group strives to prevent traffic accidents by providing traffic accident prevention training along with the viewing of DVDs on traffic accident prevention, and KYT using videos of traffic accidents, and by providing driving analysis and guidance based on drive recorders installed in vehicles.

Accident Frequency Rate*1



* Accident frequency rate = Number of workers killed or injured in occupational accidents / Total working hours × 1,000,000



Experiencing a simulated hazard (body parts crushed by or caught in machinery) at a "safety dojo"



Experiencing hazards (electric shock, overcurrent, tracking) at a "safety dojo"

Participation in Traffic Safety Initiatives

SUMCO's Chitose Plant participates in activities calling for traffic safety as part of the traffic safety campaign each spring and autumn. To coincide with the arrival of the tourism season in Hokkaido accompanied by a sharp increase in the number of rental cars, the employees line up along a road to remind drivers and pedestrians about traffic safety.

The Kyushu Plant is engaged in traffic safety initiatives as a member of the Shiroishi district's Safe Driving Supervisors Committee, including annual participation in the "Traffic Mirror Cleaning Initiative (March)" for mainly local elementary and junior high schools and "Early Headlight Lighting Initiative (November)" to encourage drivers to turn on their headlights before it gets dark.

SUMCO Technology Corporation also promotes safe driving both internally and externally through participation in traffic accident prevention campaigns as a member company of the Noda Regional Safe Driving Supervisors Council, displays awareness-raising posters and conducts activities to encourage safe driving.



Appealing to drivers to drive safely



Early Headlight Lighting Initiative

Safety and Health/Disaster Prevention Awards Received (in the past five years)

Year & month	Award	Awarded site
July 2015	Hokkaido Labor Bureau Director's Commendation	Chitose Plant, SUMCO Corp.
March 2016	Recognized by the Volunteer Fire Corps Factory of the Fire and Disaster Management Agency, Ministry of Internal Affairs and Communications	Kyushu Factory (Imari), SUMCO Corp.
June 2016	Ministry of Health, Labor and Welfare Class 2 No Accident Record (10.5 million hours)	Nagasaki Plant, SUMCO TECHXIV Corp.
October 2016	Excellent Safety Operations Facility Bronze Medal	Miyazaki Plant, SUMCO TECHXIV Corp.
October 2017	Yamagata Labor Bureau Director's Commendation	Yonezawa Plant, SUMCO Corp.

Year & month	Award	Awarded site
October 2017	Letter of Appreciation from Miyazaki Fire Prevention Committee	Miyazaki Plant, SUMCO TECHXIV Corp.
December 2017	Letter of Appreciation from Japanese Red Cross Society (Blood donation)	Chitose Plant, SUMCO Corp.
June 2018	Hazardous Material Safety Awards from Japan Association for Safety of Hazardous Materials	SUMCO Technology Corp.
September 2018	Commendation as Model Business Site for Safe Driving Management from the Miyazaki Prefecture Police Headquarters	Miyazaki Plant, SUMCO TECHXIV Corp.
October 2018	Silver Order of Merit from Japan Red Cross Society	SUMCO Technology Corp.
February 2019	Ministry of Health, Labour and Welfare Class 3 No Accident Record (15.8 million hours)	Kyushu Factory (Saga), SUMCO Corp.
September 2019	Commendation for Business Operators with Excellent Traffic Safety	Miyazaki Office, SUMTEC Service Corp.
October 2019	Ministry of Health, Labour and Welfare Class 1 No Accident Record (7.5 million hours)	Kyushu Factory (Kubara), SUMCO Corp.

Promotion of Health

The SUMCO Group's Approach to Employees' Health

Under the principle that "the safety and health of employees take the highest priority over all," the SUMCO Group strives to create a bright and lively workplace with high job satisfaction and has announced the "SUMCO Group Health Declaration" both internally and externally.

SUMCO Group Health Declaration

The SUMCO Group considers employee's health to be an important management resource and strives to be a group in which all employees work energetically by supporting the voluntary health promotion by each employee, as well as implementing active organizational initiatives.

Health Promotion Framework

The Company-wide Health Committee and Health Promotion Meeting are convened regularly. These bodies report on the status of initiatives and attainment level of health objectives (KPIs) for each site and consider new measures.

Specifically, we have established a Health Promotion Section under the Human Resources Department while the Executive Vice President has assumed the position of Chief Health Officer. Further, under the leadership of the supervising industrial physician, the industrial physicians, full-time public health nurses and regular nurses offer individual health guidance, meetings and smoking cessation support, as well as conducting initiatives to improve the workplace environment through stress checks, mental health training and other services.

Health-related Meeting Bodies



Specific Initiatives for Health Promotion

We promote initiatives to maintain and improve the health of each employee as a company through various well-planned company-wide initiatives.

To further enhance our health initiatives, in 2018 we sent letters to employees and their families to encourage greater awareness of health issues. Since maintaining and improving our health is based on regular and voluntary activities at the individual level, we ask that employees become conscious of health issues and actively engage in various health initiatives with their families.

In recognition of initiatives aimed at employee health, the SUMCO Group repeated its 2019 performance and was again certified under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



SUMCO Group Health Management Challenges

SUMCO focuses on the three areas as health management challenges, 1. Mental health, 2. Smoking cessation and 3. Lifestyle-related diseases. We conduct activities to address these challenges based on a medium-to-long term plan created to establish quantitative objectives.

Improvements to the workplace environment were started in 2003 as a primary prevention measure for

mental health. We believe these activities represent an investment in the workplace environment that allows us to respond to high-level customer requirements, boost productivity and demonstrate strong work engagement.

The activities operate within our occupational safety and health management system (OSHMS). In addition to conducting stress checks as a risk assessment indicator, we carry out assessments that combine multiple indicators including work engagement.

Experts also analyze the results with regard to the relationship

to factors such as presenteeism and consider workplace support approaches as part of an expert panel.

Particularly good examples of workplace initiatives are posted as a collection of good practices on our internal website. Over 15 years, SUMCO's workplace environment indicators have improved by 15%.



Examples of Specific Health Management Activities

1. Activities promoting smoking cessation

- Blanket ban on smoking in Company buildings (completed in 2018)
- Inter-workplace anti-smoking challenge race
- On-site health classes (anti-smoking, mental health)
- Smoking cessation outpatient services (some business sites)

2. Mental health

- Initiatives to improve the workplace environment based on stress check results
- Mental health training and consultation framework for counsellors and other staff

3. Measures to address lifestyle-related diseases and other issues

- Walking campaign, contracts with sports gyms
- Campaigns to encourage all employees to undergo secondary examinations after regular medical checkups
- SUMCO fall prevention gymnastics (during working hours)

Support Raising Next-Generation Children

to implement the Act on Advancement of Measures to Support Raising Next-Generation Children

SUMCO Action Plan

We have established our Action Plan in a bid to enable employees to perform fully to their ability by developing child-care support arrangements under which employees with small children balance their work and child-rearing and by enhancing comfortable and pleasant working environment for all employees.

1. Time Period

From April 1, 2019 to March 31, 2024 (five years)

2. Plan

Goal 1

Promotion of understanding of our child-care support system and increase in number of employees utilizing the system.

Action

1. Enhancing our child-care support system by promoting and improving convenience of our intra-company nursery school, etc.
2. Fully disseminating our child-care support system by posting necessary and useful information on our intranet, etc.
3. Reviewing utilization status of our child-care support system annually, and promoting awareness building activities to improve utilization ratio.

Goal 2

Continuous review and consideration of various measures for materialization of work-life balance.

Action

1. Continuously reviewing and considering effective and practicable measures to materialize work-life-balance.

Goal 3

Overtime reduction and encouragement to take paid leave in a bid to help employees with small children balance their work and child-rearing.

Action

1. Maintaining proper overtime management and further improving management awareness of overtime.
2. Reviewing and considering effective measures to increase the rate of taking annual paid leave in addition to the minimum five days paid leave per year under the Labor Standard Act.

Social Data (personnel)

Number of Employees

item		Value	Segment	Remarks
Employee	Total workforce	8,142	Consolidated	As of Dec. 31, 2019
	Men	7,406	Consolidated	
	Women	736	Consolidated	
	Percentage of women employees	9.0%	Consolidated	
Number of senior management	Total Number	802	Consolidated	As of Dec. 31, 2019
	Men	754	Consolidated	
	Women	48	Consolidated	
	Percentage of women in senior management	6.0%	Consolidated	
Number of directors on board	Total directors	9	SUMCO	As of Dec. 31, 2019
	Men	9	SUMCO	
	Women	0	SUMCO	
	Percentage of women directors on the board	0.0%	SUMCO	

item		Value	Segment	Remarks
Newly Hired Employees	Total Number	83	SUMCO	As of 2019
	Men	64	SUMCO	
	Women	19	SUMCO	
	Percentage of women employees in new hires	22.9%	SUMCO	
Average years employed	Men	17.3	SUMCO	
	Women	14.3	SUMCO	
	Difference in average	3.0 years	SUMCO	

Community-based Social Contribution Activities

Why SUMCO Addresses the Local Community

The SUMCO Group sees existing in harmony with the local community and contributing to the region as one of the corporate social responsibilities.

In SUMCO CSR Policy, the SUMCO Group declares that "SUMCO shall respect various cultures and histories, and shall interact with society and the local communities." We take into account local communities' expectations for SUMCO and focus on the following in particular, in an effort to be a company that can contribute to the local community as a good corporate citizen.

1. Activities aimed at the local environment, safety, and disaster prevention
2. Activities aimed at providing education, culture promotion and sports promotion to the local community
3. Activities to support persons with disabilities

Participation in Local Cleaning Activities and Environmental Conservation Initiatives

SUMCO's Chitose Plant implements a clean-up program on approximately 1.5 km of sidewalks along the main roads of the Chitose Industrial Complex where the plant is located. Plant members pick up empty cans and trash that have been discarded, as well as fallen leaves and other refuse. Last year, in a rare occurrence, Hokkaido was hit by a typhoon, and the road surface was covered in fallen leaves, but we will continue to implement timely clean-up efforts so that pedestrians can walk on the roads in comfort.

SUMCO's JSQ Division participates annually in the Omono River Basin Joint Clean-up organized by Akita City with the participation of local residents and nearby companies.

SUMCO's Yonezawa Plant actively engages in various local environmental activities as a member of the Hachimanpara Corporate Council made up of companies located in the Hachimanpara Industrial Park. The activities include planting seasonal flowers in median strips of roads inside the park and cleaning up areas along major roads.



Clean-up activities on the grounds of the Chitose Industrial Complex

AT the Nagasaki Plant of SUMCO TECHXIV Corporation, many employees and their families participate each year in the cleanup of the Omura Bay coastal area organized by the Omura Bay Cleanup Project.



Maintaining flower beds along median strips



Omura Bay coastal area joint clean-up



2019 international cleaning up activities in Taiwan



2019 international cleaning up activities in Taiwan

Each year, the Miyazaki Plant of SUMCO TECHXIV Corporation also works with nearby companies in a local cleanup initiative called the "Kiyotake-cho KINRIN Clean Activity," and also works on an environmental conservation project for the Kiyotake River in association with local groups.

SUMCO Technology Corporation participates annually in the Edogawa Clean Campaign organized by the Edogawa River Office and local municipalities near Noda City, collecting discarded cans and bottles, etc. and performing cleanup activities on the riverbed, embankments and side ditches along the Edogawa River. Additionally, the company conducts a cleanup campaign through the plant grounds and along nearby public roads and sidewalks every two months to keep the areas inside the industrial park clean.

Greening Initiatives

At the Chitose Plant, we work on beautification of the surrounding environment. In June, after the snow season, we enter the "Flower-Filled Contest" hosted by Chitose City's greening promotion foundation (Chitose Environment and Greenery Foundation) and plant colorful flowers such as marigolds and scarlet sages in the green belt on roads around the plant. At the Noda Operation Department of SUMCO Support Corporation*, we conduct "Flower Project" initiatives including the voluntary creation of flower beds and

planting of seeds and seedlings, thereby delighting visitors to the Noda area and employees alike.

* SUMCO Support Corporation is a special subsidiary company of SUMCO that was established with the purpose of employing persons with disabilities.



Greening promotion activities at the Chitose Plant

Support for a Vocational Facility for People with Disabilities

At the Yonezawa Plant, we collect empty plastic bottles and cans from the plant and employees' homes and provide them via recycling operators to vocational facilities for persons with disabilities to support their employment. Using the money received from the recycling firm for the sale of such bottles and cans, the plant also periodically purchases useful items and donates to the facility.

Participation in Emergency Drills at Welfare Institutions

At the Nagasaki Plant of SUMCO TECHXIV Corporation, we have organized an external rescue team, and joint rescue drills under the guidance of members of the Omura Fire Department are conducted every year to prepare the team for fire disasters at nearby welfare institutions.



Emergency drill at a welfare institution

Interaction with local educational institutions

At the Nagasaki Plant of SUMCO TECHXIV Corporation, we have maintained a relationship with local high schools since the establishment of the plant. Every year, we host study tours to inspect the production process or the extra high voltage monitoring room for the power intake facility, as well as providing internships. Responding to requests from local high schools, we also send employees to give lectures on semiconductors.

Each year, PT. SUMCO Indonesia works with local high schools, universities and graduate colleges to

operate apprenticeship programs that run from 12 to 24 weeks, giving students the opportunity to develop their future careers.



Dispatching employee instructors to local high schools



Scene from the apprenticeship program



Scene from the apprenticeship program

Participation and Sponsorship of Sports Events

SUMCO participates in and sponsors local sports events. The SUMCO Kyushu Factory co-sponsors the IMARI HALF-MARATHON every year. In 2020, more than 3800 participants from around Japan attended the competition and ran through the city in the early spring weather.

On January 26, 2020, the SUMCO Imari Road Relay Race Team fielded by the Kyushu Factory took part in the 73rd Tozai Matsuura Relay Race Competition (sponsored by Saga Shimbun) and won its 14th championship overall and third consecutive victory while also breaking the competition record. The event has a long tradition, attracts many regional and company-affiliated teams, and contributes to revitalization of the region.

The SUMCO TECHXIV Corp. Nagasaki Plant sponsored Omura Bay ZEKKEI Ride 2019. The event is a cycling race that makes a circuit of Omura Bay and is jointly hosted by municipalities located around the bay. The race attracts cycling enthusiasts from around Japan who come in search of the area's beautiful scenery.

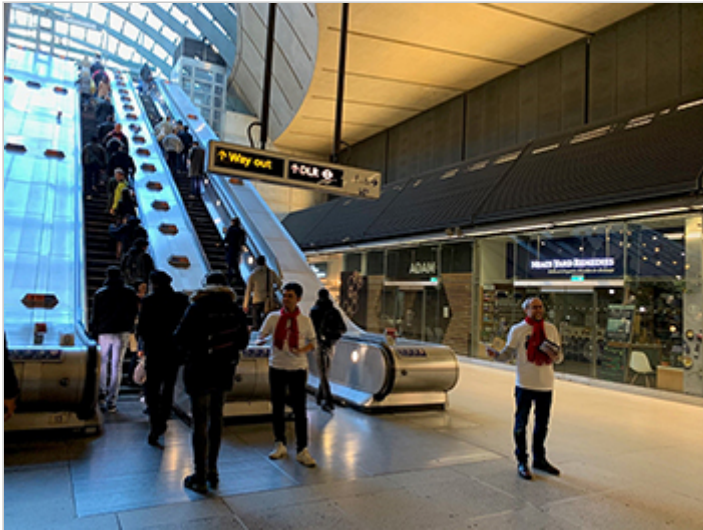


The 72nd Tozai Matsuura Relay Race Competition (courtesy Saga Shimbun)

Activities with Non-Profit Organizations

In 2019, SUMCO donated 300,000 yen to Seacare and the Japan Heart Foundation, in support of the work done by these NPOs.

Additionally, SUMCO Europe Sales Plc took part in Warm-up London, an activity to collect donations of clothing that is no longer needed and provide it to homeless shelters, refugee centers, youth support centers and so on. The activities included distributing flyers and sorting the collected clothes.



Scenes of Warm-up London activities.



Scenes of Warm-up London activities.

Participation in Local Events

Each year at the Uesugi Snow Lantern Festival, a famous winter festival that takes place in Yonezawa, SUMCO's Yonezawa Plant produces snow lanterns, a winter tradition in Yonezawa, in an effort to vitalize the local area.

In order to bring excitement to local events as a company that has established business sites in Imari City, SUMCO's Kyushu Factory participates in the Imari Autumn Festival - Imari Dance in All as a means of contributing to local revitalization.

Additionally, SUMCO's JSQ Division supports activities of the "Barajima Kanto Group," which is located in Barajima, Akita and headed by a SUMCO Employee. The group participates by performing in the Akita Kanto Festival every year, where they put on energetic performances.

* The "Kanto Myogikai" is a pole lantern performance contest that takes place during the day as part of the Akita Kanto Festival, with the objective of preserving skills in lantern balancing and its musical accompaniment. Pole lantern performances during the night are called "Yoru Kanto."



Participates in an annual event, the "Imari Autumn Festival-
Imari Dance in All"



Performance for the JSQ Division

Site Data (2019 results)

2019 data on the acquisition status of ISO 14001 certification for the SUMCO Group's business sites/plants and regulated substances discharged from each site/plant to the surrounding air and water.

Kyushu Factory (Nagahama)/Kyushu Factory (Kubara)/Kyushu Factory (Saga)

Name of business site/plant		Kyushu Factory (Nagahama)	Kyushu Factory (Kubara)	Kyushu Factory (Saga)
Scope of business		Design, development and manufacture of silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2023	January 11, 2023	January 11, 2023

Air		Measurement results (regulation value)		
Nitrogen oxides (NOx)	ppm	Boiler 85 (150)	Boiler 49 (150)	Boiler 72 (110)
Sulfur oxides (SOx)	m ³ N/h	Boiler ND (0.44-0.85)	Boiler ND (1.15)	/
Soot and dust	g/m ³ N	/	/	Boiler ND (0.001)

Water		Regulation value	Measurement result	Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD* ¹)	mg/ℓ	/	/	/	/	10	7
Chemical oxygen demand (COD* ²)	mg/ℓ	30	13	30	8	/	/
Suspended solids (SS)	mg/ℓ	30	12	30	8	25	5
N-hexane extract	mg/ℓ	5	ND	5	ND	3	ND
Iodine consumption	mg/ℓ	/	/	/	/	/	/
Fluorine and its compounds	mg/ℓ	8	5.1	8	2.7	3	0.9
Ammoniac nitrogen	mg/ℓ	80	18	80	24	100	12
Nitrate nitrogen	mg/ℓ						
Nitrite-nitrogen	mg/ℓ						
Nitrogen content (T-N)	mg/ℓ	120	39	120	30	60	15
Chromium content (T-Cr)	mg/ℓ	0.2	ND	0.2	ND	0.2	ND
Phosphorus content (T-P)	mg/ℓ	12	0.3	12	0.1	8	1.0
Arsenic	mg/ℓ	0.05	ND	0.05	ND	0.1	ND
Trichloroethylene	mg/ℓ	0.1	ND	0.1	ND	0.1	ND

- *1 In case of discharging treated wastewater into the river, the drainage restriction of biological oxygen demand (BOD) applies.
- *2 In case of discharging treated wastewater into the sea, the drainage restriction of chemical oxygen demand (COD) applies.
- * Numbers list the maximum annual figures.
 "/" denotes non-applicability
 "-" denotes an unmeasured item as the regulated substance is not used.
 "ND" denotes non-detection

Noda Office/Yonezawa Plant

Name of business site/plant		Noda Office	Yonezawa Plant
Scope of business		Manufacture of silicon wafers	Design, development and manufacture of monocrystalline silicon ingots
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2023	January 11, 2023

Air		Measurement results (regulation value)	
Nitrogen oxides (NOx)	ppm	Boiler 73 (260)	/
Sulfur oxides (SOx)	m ³ N/h	Boiler 0.03 (0.32)	/
Soot and dust	g/m ³ N	Boiler 0.0 (0.3)	/

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/ℓ	25	15	600	21
Chemical oxygen demand (COD)	mg/ℓ	20* ¹	17	/	/
Suspended solids (SS)	mg/ℓ	50	10	600	31

Water		Regulation value	Measurement result	Regulation value	Measurement result
N-hexane extract	mg/ℓ	3	ND	5	ND
Iodine consumption	mg/ℓ	/	/	220	8
Fluorine and its compounds	mg/ℓ	8	4.4	8*2	2.4
Ammoniac nitrogen	mg/ℓ	100	9	380	192
Nitrate nitrogen	mg/ℓ				
Nitrite-nitrogen	mg/ℓ				
Nitrogen content (T-N)	mg/ℓ	30	22	/	/
Chromium content (T-Cr)	mg/ℓ	1	ND	0.5	ND
Phosphorus content (T-P)	mg/ℓ	2	0.2	/	/
Arsenic	mg/ℓ	0.05	ND	0.1	ND
Trichloroethylene	mg/ℓ	0.1	ND	/	/

*1 At the Noda office, since Tokyo Bay pollutant load restrictions apply, it is also subject to chemical oxygen demand (COD) restrictions.

*2 At the Yonezawa Plant, treated wastewater is discharged into public sewerage systems and is thus subject to the Sewerage Act. (Destination of treated waste water outflowing from sewerage treatment site: river) Accordingly, the regulation value for fluoridation compound is 8 mg/ℓ .

Chitose Plant/JSQ Division

Name of business site/plant		Chitose Plant	JSQ Division
Scope of business		Design, development and manufacture of silicon wafers	Design, development and manufacture of quartz crucibles
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2023	January 11, 2023

Air		Measurement results (regulation value)	
Nitrogen oxides (NOx)	ppm	/	/
Sulfur oxides (SOx)	m ³ N/h	/	/
Soot and dust	g/m ³ N	/	Firing furnace 0.17 (0.2)

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/ℓ	600	2	160	18
Chemical oxygen demand (COD)	mg/ℓ	/	/	/	/
Suspended solids (SS)	mg/ℓ	600	18	200	33
N-hexane extract	mg/ℓ	5	1	5	ND
Iodine consumption	mg/ℓ	/	/	/	/
Fluorine and its compounds	mg/ℓ	8*	3.7	8	0.3
Ammoniac nitrogen	mg/ℓ	/	/	100	3
Nitrate nitrogen	mg/ℓ				
Nitrite-nitrogen	mg/ℓ				

Water		Regulation value	Measurement result	Regulation value	Measurement result
Nitrogen content (T-N)	mg/ℓ	/	/	120	5
Chromium content (T-Cr)	mg/ℓ	2	ND	2	ND
Phosphorus content (T-P)	mg/ℓ	/	/	16	0.2
Arsenic	mg/ℓ	/	/	0.1	ND
Trichloroethylene	mg/ℓ	/	/	0.1	ND

* At the Chitose Plant, treated wastewater is discharged into public sewerage systems and is thus subject to the Sewerage Act. (Destination of treated wastewater out flowing from sewerage treatment site: river) Accordingly, the regulation value for fluoridation compound is 8 mg/ℓ.

SUMCO TECHXIV Corporation Nagasaki Plant/SUMCO TECHXIV Corporation Miyazaki Plant

Name of business site/plant		SUMCO TECHXIV Corporation (STC) Nagasaki Plant	SUMCO TECHXIV Corporation (STC) Miyazaki Plant
Scope of business		Design, development and manufacture of monocrystalline silicon ingots and silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2023	January 11, 2023

Air		Measurement results (regulation value)	
Nitrogen oxides (NOx)	ppm	Boiler 69 (260)	Boiler 81 (150)
Sulfur oxides (SOx)	m ³ N/h	Boiler ND (1.43-2.41)	/
Soot and dust	g/m ³ N	Boiler ND (0.3)	Boiler ND (0.1) ^{*2}

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/ℓ	600	60	25	4
Chemical oxygen demand (COD)	mg/ℓ	/	/	/	/
Suspended solids (SS)	mg/ℓ	600	32	30	3
N-hexane extract	mg/ℓ	5	ND	5	ND
Iodine consumption	mg/ℓ	/	/	/	/
Fluorine and its compounds	mg/ℓ	15* ¹	8.0	8	1.7
Ammoniac nitrogen	mg/ℓ	380	35	100	11
Nitrate nitrogen	mg/ℓ				
Nitrite-nitrogen	mg/ℓ				
Nitrogen content (T-N)	mg/ℓ	240	79	120	5
Chromium content (T-Cr)	mg/ℓ	2	ND	0.2	ND
Phosphorus content (T-P)	mg/ℓ	32	0.3	16	0.0
Arsenic	mg/ℓ	0.1	0.002	/	/
Trichloroethylene	mg/ℓ	0.1	ND	/	/

*1 At STC Nagasaki plant, treated wastewater is discharged into public sewerage systems and is thus subject to the Sewerage Act. (Destination of treated wastewater outflowing from sewerage treatment site: the sea) Accordingly, the regulation value for fluoridation compound is 15 mg/ℓ .

*2 The frequency of atmospheric soot and dust measurements at STC Miyazaki was revised to once every five years (the next measurement will be taken in 2023).

SUMCO Phoenix Corporation Albuquerque Plant/SUMCO Phoenix Corporation Phoenix Plant

Name of business site/plant		SUMCO Phoenix Corporation (SPX) Albuquerque Plant	SUMCO Phoenix Corporation (SPX) Phoenix Plant
Scope of business		Design, development and manufacture of silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO 14001:2015 certification	Examining organization	DNV	DNV
	Date of acquisition	June 19, 2000	June 19, 2000
	Date of renewal	June 30, 2021	June 30, 2021

Air		Measurement results (regulation value)	
Nitrogen oxides (NOx)	ton/y	1.3 (10.2)	12.2 (24.6)
Sulfur oxides (SOx)	ton/y	0.01 (0.34)	0.19 (1.25)
PM10 (Particulate Matter)	ton/y	0.09 (0.84)	0.7 (2.5)

Water		Regulation value	Measurement result*	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/ℓ	/	/	/	/
Chemical oxygen demand (COD)	mg/ℓ	/	/	/	/
Arsenic	mg/ℓ	2.09	/	0.13	0.01
Cadmium	mg/ℓ	/	/	0.047	0.002
Copper	mg/ℓ	/	/	1.5	0.0
Cyanide	mg/ℓ	0.5	/	2	0.0
Fluorine and its compounds	mg/ℓ	36	/	/	/

Water		Regulation value	Measurement result*	Regulation value	Measurement result
Lead	mg/ ℓ	1.0	/	0.41	0.01
Mercury	mg/ ℓ	0.004	/	0.0023	0.0002
Molybdenum	mg/ ℓ	2.0	/	/	/
Selenium	mg/ ℓ	0.46	/	0.1	0.01
Silver	mg/ ℓ	5.0	/	1.2	0.0
Zinc	mg/ ℓ	2.2	/	3.5	0.1
Suspended solids (SS)	mg/ ℓ	/	/	/	/

* At the Albuquerque Plant, only pH and water flow rate measurements are required, and the City of Albuquerque periodically takes wastewater measurements.



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