

Material Issues for Future Value Creation



Advance Innovation

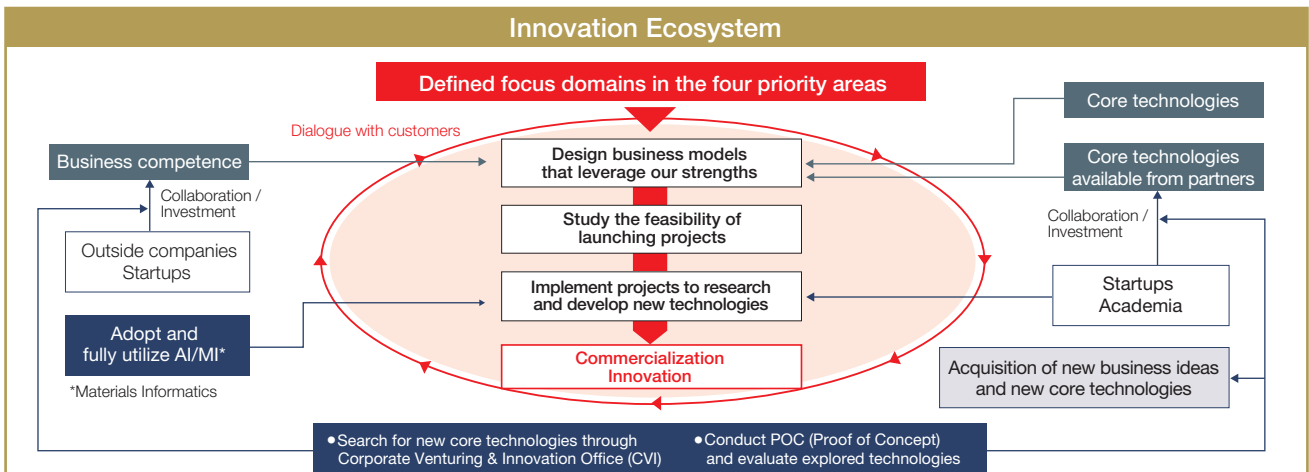
We believe that innovation, which is generated by our “ability to develop innovative solutions by leveraging its technological expertise in diverse areas,” one of Sumitomo Chemical’s core competencies, is the source of our future value, and we have designated “advance innovation” as one of the material issues for future value creation. We will continue to strive to enhance our corporate value through innovation, focusing on four priority areas: the related fields of environment, food, healthcare, and ICT.

Sumitomo Chemical’s Innovation Ecosystem Accelerates the Creation of Next-Generation Businesses

Sumitomo Chemical is building an innovation ecosystem (a system that continuously creates innovation) to steadily link R&D and business development in the four priority areas to the creation of next-generation businesses.

In each of the four priority areas, we have formulated focus areas for our efforts within four priority areas, have identified core technologies that we own and core technologies that we do not own, and we are acquiring non-owned technologies through collaboration with startups and academia. As for business competence, we are also supplementing the lacking areas with alliances and investments with outside companies and startups, considering

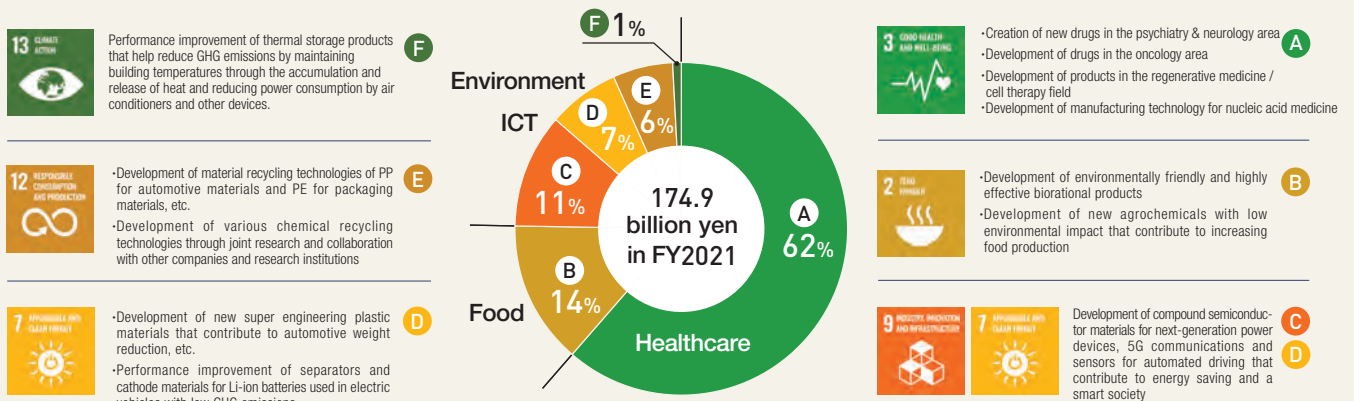
designing a business model that leverages our strengths and thematizing. At each stage of promoting themes, we communicate closely with relevant internal departments, external partners, and customers, and appropriately reflect their feedback to promote research and development. We also thoroughly utilize digital technologies such as AI and MI to accelerate development. In addition, we will incorporate new ideas and technologies that emerge in the course of theme promotion and dialogue with partners, and link this to the continuous creation of innovations.



TOPICS

Breakdown of R&D expenditures by SDGs and examples of themes

The Sustainable Development Goals (SDGs) formulated by the United Nations in 2015 set forth 17 goals, including Green Transformation (GX) themes, such as climate change, biodiversity, health promotion etc., that our company aims to achieve. We are investing R&D funds in themes related to the various SDGs, as shown in the table below. Through the innovations generated from these efforts, we will transform our business portfolio and realize “Jiri-Rita Koushi-Ichinyo” through GX.



Toward expanding opportunities for innovation

Establishment of CVI

Sumitomo Chemical has established the Corporate Venturing & Innovation Office (CVI) which is deeply involved in world-class innovation clusters, such as Silicon Valley etc., to discover groundbreaking technologies at an early stage, verify the practicality of promising technologies, and support the smooth

transition to the development stage at each research center. Proof of Concept (POC) is conducted on the technologies explored by the CVI and those that are deemed worthy of commercialization are transferred to the respective laboratories, where development toward commercialization begins.

Flow of Introduction of External Technology Using CVI



CVI bases	Establishment date	Characteristics
U.S.: Boston (East Coast)	April 2019	<ul style="list-style-type: none"> Major hub for life sciences A cluster of high-quality startups
U.S.: San Mateo (Silicon Valley)	March 2020	<ul style="list-style-type: none"> One of the world's largest innovation hubs Unparalleled concentration of promising startups
U.K.: Cambridge (organized into existing CDT*)	April 2020	<ul style="list-style-type: none"> Research base for printed electronics Functional linkage with academia

*Cambridge Display Technology

SYNERGYCA

In December 2021, following the relocation of the Tokyo Head Office, the SYNERGYCA Creation Lounge was opened in the new headquarters as an important initiative for open innovation. SYNERGYCA is a co-creation space where visitors from industry, government, and academia can see, touch, and experience the technologies of the Sumitomo Chemical Group and generate ideas and insights that will lead to value creation.

The "Get Together" area is designed to promote communication with visitors, the "Experiencing" area is designed to provide an easy-to-understand and fun way to learn about the Group's history, products, technologies, and

R&D activities through the use of digital content, and the "Interacting area" is designed to share society's issues and mutual interests with visitors and explore ways to solve problems together.

The building concrete floor kept as is and the bare ceiling with pipes and others create a special atmosphere for interaction and discussion. In addition, in order to create a meaningful opportunity for each visitor, the program is tailored to the visitor's interests, and visit and discussion can be carried out both real and online.



A look at SYNERGYCA

Interacting area
Sharing each other's issues, society's issues of interest, etc., and brainstorming and exchanging opinions on how to solve them.

