

# Fostering Trust and Confidence Supports an Abundant Future

Sumitomo Chemical aims to achieve sustained growth and a sustainable society by creating both economic and social value. To this end, value creation platforms — initiatives in R&D, human resources, addressing climate change, and strengthening corporate governance are essential and indispensable. The following pages introduce these various initiatives.

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# Research and Development

## Basic Policy

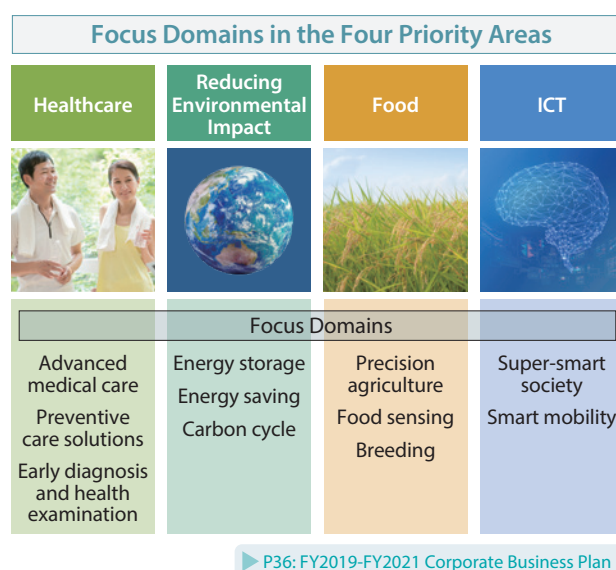
Amid increasing uncertainty about the business environment surrounding Sumitomo Chemical, the role played by the chemical industry in solving societal issues, such as environmental, energy, and food issues, is enormous, and our business opportunities are expanding.

Our research and development is based on the following basic policies: (1) early market launch of development items; (2) building the foundation of next-generation businesses; (3) building and operating a system to continuously create innovation; and (4) promoting R&D based on business (commercialization) strategies and intellectual property strategies.

## Initiatives for Corporate Business Plan

The current Corporate Business Plan, started in fiscal 2019, identifies four priority areas to help solve issues to create a sustainable society through our business: healthcare, reducing environmental impact, food, and ICT. Under the slogan of "Change & Innovation 3.0 for a Sustainable Future," we are focusing on accelerating the development of next-generation businesses in these priority areas, in line with the Basic Policy for Technology and R&D.

In these four areas, we are building and operating an innovation ecosystem to keep generating innovation. In this innovation ecosystem, we will work on projects that can make the best use of our core competencies and that will enable us to expect a long-term expansion of business opportunities. Furthermore, we will accelerate R&D through the implementation and active use of AI and MI on the front lines of R&D, along with reinforcement of alliances (open innovation) with academia and startups.



► P36: FY2019-FY2021 Corporate Business Plan

### Topics 1

#### Alliance with a Startup

#### Investment in Conagen, Inc., a Biotechnology Company in the U.S.

Sumitomo Chemical invested \$30 million (USD) in April 2020 in Conagen, a biotechnology company in the U.S. Conagen is an R&D-focused biotechnology company that is particularly skilled at conducting an integrated process, spanning from the design and culturing of microbes using synthetic biology to commercialization of the fermentation process. In addition to its R&D focusing on a broad range of fields including functional food materials, healthcare, and flavoring agents, Conagen has secured mass-production facilities in China and Europe, and is collaborating with many companies in its business. Combining its strong synthetic biology capabilities and our chemical technology, we aim to accelerate the creation of new businesses by developing high-functionality products that cannot be manufactured with chemical synthesis alone, as well as highly efficient, clean, and energy-saving production processes.

### Topics 2

#### Alliances with Academia

#### Promoting R&D toward a Practical Implementation of Solid-type Batteries with Kyoto University

In April 2020, Sumitomo Chemical started joint research with Kyoto University on materials and component technology to develop a practical implementation of solid-type batteries, which have gained traction as the next-generation of secondary batteries. Solid-type batteries contain a solid electrolyte instead of the liquid electrolyte used in conventional lithium-ion secondary batteries. As solid-type batteries use no flammable electrolyte, they are safer than the current mainstream lithium-ion secondary batteries, and are expected to achieve higher battery capacity, longer cycle life, and quicker charging. With these features, solid-type batteries are likely to be applied in a wide range of fields, such as small consumer batteries for electronic devices, wearable devices, and medical use, which are indispensable to our daily lives. They are also likely to be used as the next-generation batteries for electric vehicles, which require higher energy density and high output to achieve better cruising range and charging time.

# Intellectual Property

## Basic Policy

Sumitomo Chemical engages in intellectual property (IP) activities in accordance with the following basic policies:

### IP Activities:

1. Be in line with the business strategy
2. Create global business value
3. Strive for the thorough utilization of results of research and technology development
4. Respect rights and observe the law

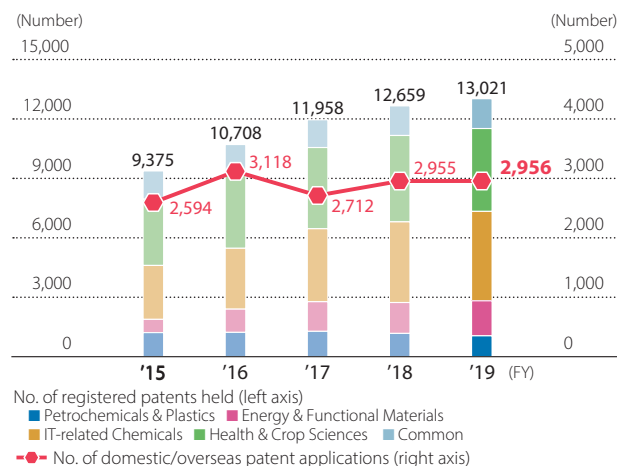
While respecting the valid patents of third parties, we are working to acquire and protect wider, stronger, faster-registered, and longer-lasting patents globally for the results of our research and technology development, and we then strategically promote our business activities as well as those of our Group companies and ultimately maximize our business value.

## Performing IP Activities

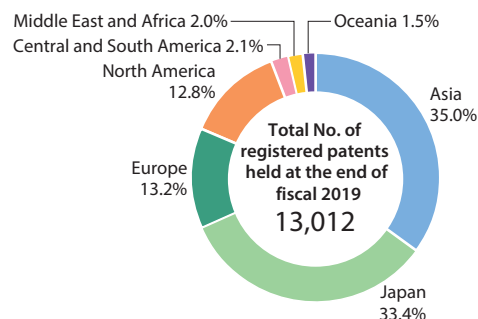
The Intellectual Property (IP) department is not only tasked with submitting patent applications and conducting IP prosecution, but also with making recommendations as necessary for research sectors and business sectors by properly investigating and analyzing IPs, as needed, in each stage of R&D and commercialization. Sumitomo Chemical conducts patent searches, including searches of the IP landscape at the exploratory stage of R&D projects, IP status confirmation at the initial research stage, patent clearance at the entrepreneurial development stage, and follow-ups on these searches. We actively use rapidly advancing IP search software and AI technologies to efficiently find and analyze relevant technologies suitable for each stage, as well as trends in other companies' patents. These searches help us build and reinforce our patent portfolio.

Amid increasingly complex and intensified competition, our Group businesses are globalizing, and hence it is ever more important for group companies in and outside Japan to search for and analyze IP, including patents, and to build their patent portfolios, in a manner suitable for each business's strategy and operational systems. Sumitomo Chemical carries out these activities in close contact with its business sectors and group companies in Japan and overseas. We continue to work on filing applications and acquiring rights of IP in Asia, the Americas, and the EU to fortify the foundation of our overseas business activities.

## Number of Registered Patents Held by Sector (Non-consolidated) as of the End of Fiscal Year / Number of Patent Applications in Japan and Overseas (Non-consolidated)



## Registered Patents Held by Region (Non-consolidated) as of the End of Fiscal 2019



### Topic

## Joined in the "IP Open Access Declaration against COVID-19"

Sumitomo Chemical joined in the "IP Open Access Declaration against COVID-19" as a supporter in June, 2020. The gist of the Declaration is that participants will not assert any intellectual property rights under certain conditions against any activities whose sole purpose is stopping the spread of COVID-19. Respecting this Declaration, the Sumitomo Chemical Group will consider ways to stop the spread of the coronavirus, including a possibility of cooperation with the government and industry groups.



## We Aim to Dramatically Improve Business Process Productivity and Provide New Value by Accelerating Digital Innovation.

The fourth industrial revolution has marked an era where digital technologies, including IoT<sup>\*1</sup>, big data, AI<sup>\*2</sup>, and robots can be industrially applied. Particularly, innovation relating to AI is remarkable. Along with the progress of machine learning and deep learning, practical implementation of AI is taking off. The concept of Society 5.0<sup>\*3</sup> is attempting to incorporate the innovation of the fourth industrial revolution into various aspects of society in an effort to build a wealthy, comfortable, and convenient society. An ideal vision of how industry could be structured is presented in this Society 5.0 as the concept of “Connected Industries.”<sup>\*4</sup>

Driven by the innovative trend, Sumitomo Chemical has put forward digital innovation as a key theme of its current Corporate Business Plan, and reinforced a company-wide promotion system, including establishing the Digital & Data Science Innovation Department, specialized in data science. We have created a vision for the future of plant, R&D, office, and supply chain management to promote the active use of digital technologies, such as IoT, AI, MI<sup>\*5</sup> and RPA<sup>\*6</sup>, while going through a cycle of proof of concept (POC), implementation, and full-scale deployment. We are also developing human resources who can utilize such digital technologies. Going forward, we will accelerate our initiatives for digital innovation to aim for exponential growth of productivity in our business processes while providing new value (in both products and services) to our customers.



**Hiroshi Ueda**

Director &  
Executive Vice President

<sup>\*1</sup> IoT: Internet of Things

<sup>\*2</sup> AI: Artificial Intelligence

<sup>\*3</sup> A human-centered society that balances economic advancement with the resolution of social problems by a system that tightly integrates cyberspace and physical space.

<sup>\*4</sup> A vision of industries creating new added value by connecting a variety of data, technologies, people and organizations. A concept presented by the Ministry of Economy, Trade and Industry (METI).

<sup>\*5</sup> MI: Materials Informatics

<sup>\*6</sup> RPA: Robotic Process Automation

### Topic Inclusion of Digital Maturity Level as a KPI

Sumitomo Chemical has raised “initiatives for digital Innovation” as one of the material issues to be addressed as management priorities. We have put forward the concept of Digital Maturity Level as an indicator to show progress in these initiatives, which includes evaluations of 12 items, including ideal approaches to business management and systems for promoting digital transformation (DX), as well as the development of IT systems as a foundation for achieving DX. Self-assessment of our level of achievement and challenges for each item can lead us to take actions to attain higher levels, and help us sustainably improve in a continuous evaluation cycle.

### Initiatives for Digital Innovation

#### KPI: Digital Maturity Level (a 4-point-rating scale)

We will evaluate our level of achievement in terms of 12 items\*, using a rating scale from 1 to 4, and use the mean value of the scores as our Digital Maturity Level.

Score	Level of Achievement
4	Continuous Group-wide implementation of digital technologies based on the SCC Group Strategy and quantitative evaluation criteria.
3	Group-wide implementation of digital technologies based on the SCC Group Strategy
2	Implementation of digital technologies in some business units based on the SCC Group Strategy
1	Implementation of DX in some business units without a clear SCC Group Strategy

\* Formulated by referring to METI's DX guidelines and promotion index.

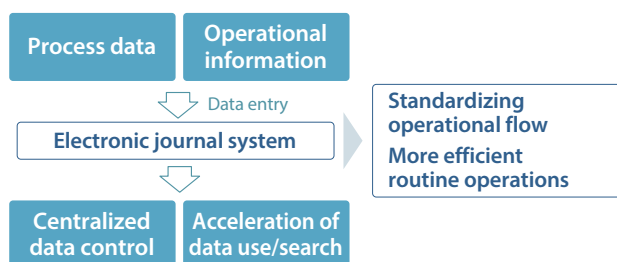
## Initiatives for Digital Innovation

### Plants

We are introducing various new digital technologies widely at production sites so that they can take root. In doing so, we are pursuing further stabilization of our operations, assistance through automation, and more efficiency in business, while also continuing to train personnel who can handle these technologies. To promptly address various environmental changes surrounding Sumitomo Chemical and maintain and improve the competitiveness of our plants, we are continuing to work on boosting our existing production base, the capabilities of individuals on the front lines, and labor productivity.

#### Example Initiative

An Electronic Journal has been Introduced in All Sections of the Ehime and Oita Works

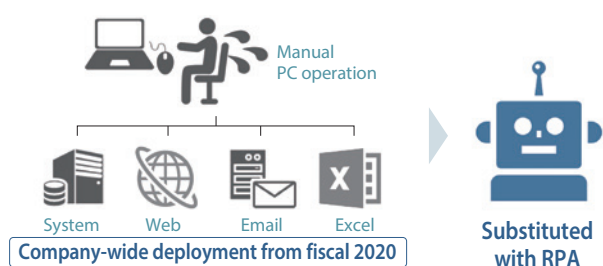


### Office

For our office work, we will halve the time for routine work with digital technology so that employees can focus more on value-added highly creative work in the office. RPA, run on a pilot basis in some leading departments in the last fiscal year, will be deployed company-wide from this fiscal year. In addition to automation and more efficiency with digital technology, we will pursue our vision for our future through our initiatives to improve the IT literacy of employees and build an environment that facilitates paperless and digital communication.

#### Example Initiative

Automate Work Processes by Introducing Robotic Process Automation (RPA)



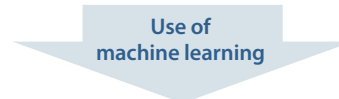
### Research and Development

Our laboratories are promoting the practical use of Materials Informatics (MI), and have confirmed the significant effect it has in accelerating R&D in several projects. In fiscal 2020, we will start full-fledged activities to train data engineers so that the use of MI can be deeply embedded in the front lines of our research. We aim to strengthen our competitiveness through a shift towards data-driven R&D by promoting efficiency in research operations with the active use of digital tools, and by accelerating our efforts to ramp up our R&D strategies through efficient collection and analysis of market and technological information.

#### Example Initiative

Material Design with MI

Combination of 13 types of raw materials in a million ways



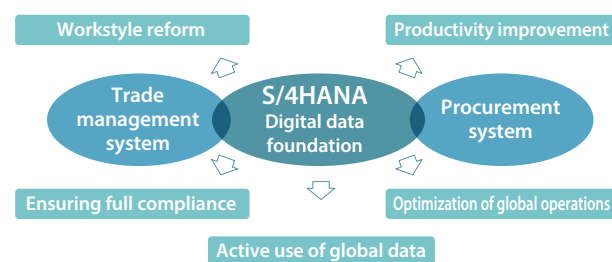
Only dozens of experiments to determine the ideal combinations of raw materials

### Supply Chain Management

This fiscal year is the last phase in the development of the company's core system (S/4HANA, by SAP) set forth in the current Corporate Business Plan. The system is due to start operation in April 2021. We are also developing peripheral systems, including procurement and trade management. With the completion and operation of these systems, we will make information on our global supply chain visible. Using such information more frequently, we can cut costs, as inventory cutbacks and reduced lead times for transportation are possible, and automate our work relating to these business processes while making it more efficient. With these efforts, we aim for better customer satisfaction and increased sales.

#### Example Initiative

Full-scale Introduction of S/4HANA and Development of Peripheral Systems



# Addressing Climate Change

Climate change is having a significant impact on our lives on a global scale. Sumitomo Chemical is working to resolve climate change issues on two fronts—addressing risks and seizing opportunities.

► P26: Our Sustainability Efforts

## Governance and Risk Management

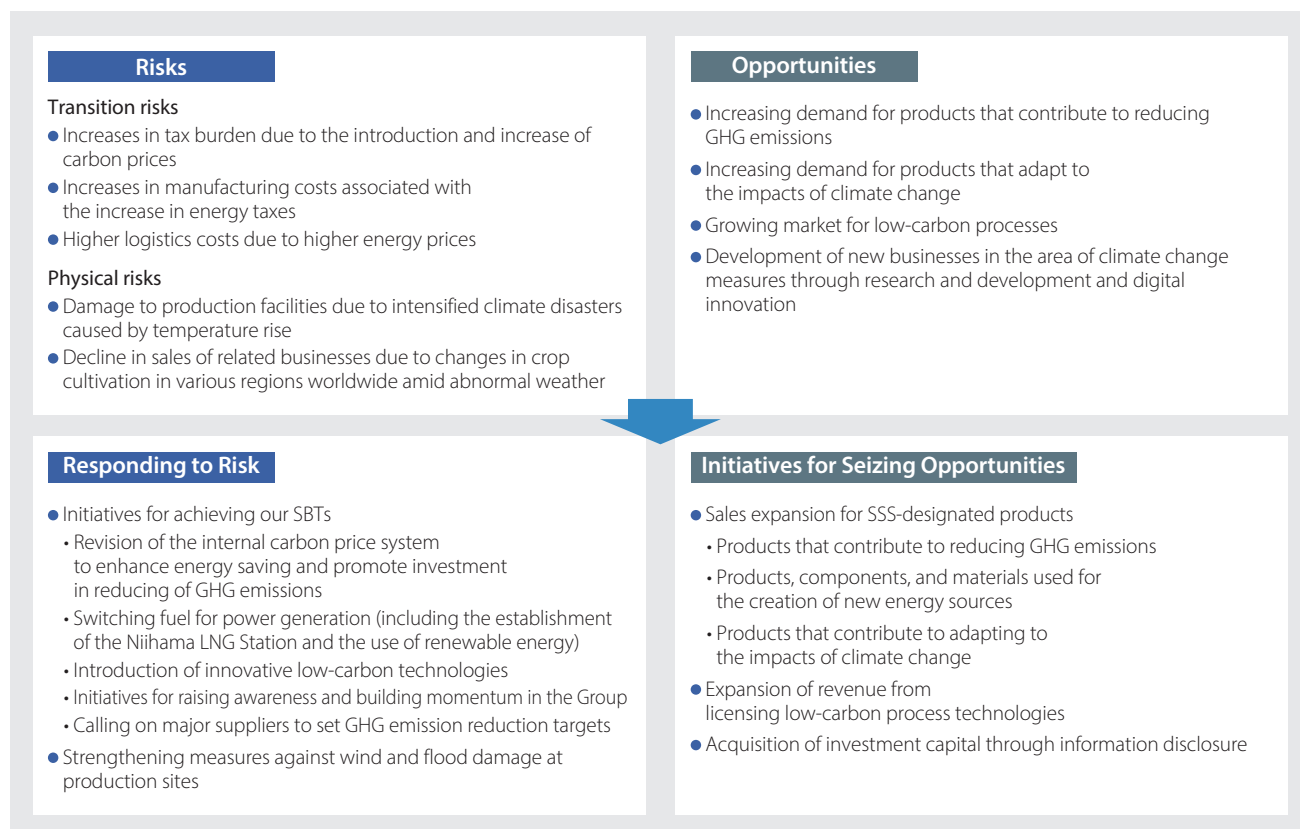
The Sustainability Promotion Committee and the Responsible Care Committee regularly deliberate on major issues regarding the Sumitomo Chemical Group's efforts to address climate change and determine what measures to take. To plan and implement climate change measures group-wide, both of

these committees are chaired by the president and consist of members from a broad range of related departments. The committees also assess and monitor risks related to climate change issues. The progress of these activities is reported to the Board of Directors.

## Strategy: Addressing Risks and Seizing Opportunities

We set up an organization dedicated to addressing climate change in the Responsible Care Department. This organization identifies risks and opportunities that climate change issues present to the Sumitomo Chemical Group over a medium to long term and analyzes their magnitude and the scope of their impact on the Group. As for risks, we are mainly taking measures to achieve our Science Based Targets (SBTs), while as for opportunities, we are primarily focusing on the development and

promotion of our Sumika Sustainable Solutions (SSS)-designated products and technologies. The progress of our specific measures is reported in management meetings, meetings of the Sustainability Promotion Committee, the Responsible Care Committee, the Plant Manager's Meeting, and Group President Meeting. In addition, to ensure that each effort continues to progress steadily, we hold various meetings that engage our plants, laboratories, business sectors, and Group companies.



## Scenario Analysis

Scenario analysis, with regard to climate change, is a method in which we consider multiple scenarios, predict the impact of climate change and changes in the business environment due to long-term policy trends, and study the potential impact of these changes on our business and management.

The Sustainability Promotion Committee currently leads our scenario analysis initiative. We will continue to work on climate change issues by closely monitoring anticipated new changes in the business environment, while also taking a two-front approach of addressing risks and seizing opportunities.

### Summary of the Scenario Analysis

● In blue: positive impact ● In red: negative impact

Scenario	Risks and Opportunities	Anticipated Situation (example)	Impact Assessment
Common for all scenarios*1	Increasing demands for disclosure of information	● Expansion of ESG investment	● Increased opportunity to get access to ESG investment capital by enhancing information disclosure
		● Increased demands for disclosure of the results of life cycle assessment	● Improved rating in stakeholder assessments with regard to the disclosure of the amount of GHG emissions reduction calculated by life cycle assessment
		● Legalization of disclosure of climate change-related information, and introduction of new environmental accounting standards	● Increased cost of compliance
2°C scenario (reduced GHG emissions)	Increased demand for products and technologies contributing to the mitigation of climate change	● Increasing investment and growing market for products and technologies contributing to the reduction of GHG emissions and for products and technologies related to recycling  (Examples) • Growing markets for EVs and fuel cell vehicles (2020 to 2050) • Growing market for components and materials for high-efficiency communication, due to change in consumer behavior (including expansion of the sharing economy and more efficient logistics with the use of IT) • Expansion of CCUS*2 (2030 onward) • Expansion of the circular economy, with the aim of reducing CO <sub>2</sub> derived from fossil fuels (2020 to 2050)	● Increased demand for SSS-designated products ● Increasing need for technological development for future SSS-designated products  (Examples) • Components and materials for EVs and fuel cell vehicles • Electronic components and materials for more sophisticated IT devices and for energy saving • Products and technologies for CO <sub>2</sub> recovery, on the back of the expansion of CCUS • Recycling related products and technologies
		● Expansion of the switch to low-carbon energy sources	● Increased demand for related products and technologies due to wider use of dispersed power systems and increased demand for semiconductor control devices ● Increased utility costs due to an increased ratio of renewable energy in energy mix
	Introduction of carbon prices	● Higher carbon prices (in developed countries, 100 USD/ton for 2030, 140 USD/ton for 2040)*3	● Increased operation costs due to higher energy taxes including carbon prices (Assuming that the Group's total GHG emissions for fiscal 2040 is 7.2 million tons/year, the same level as for fiscal 2019, and the carbon price is 10 thousand to 14 thousand yen/t-CO <sub>2</sub> , the operation costs will increase by 72 to 101 billion yen/year.)
	Increased regulation on GHG emissions	● More reduction of CO <sub>2</sub> emissions and making energy-saving performance mandatory ● Phased abolishment of subsidies for fossil fuels (in India and Southeast Asia) ● Accelerating transition to a circular society and increased regulation	● Lower utilization of high-energy consumption production facilities
	Increased cost of raw materials	● More use of resources from circular systems and progress in the transition to lower environmental impact processes ● Increased costs due to more use of recycled materials	● More difficult to procure raw materials ● Lower profitability of the existing businesses
4°C scenario (business as usual)	Increased demand for products and technologies contributing to the mitigation of climate change	● Growing market for crops resistant to environmental changes such as temperature rise and drought ● Spread of infectious diseases due to the impact of climate change	● Increased demand for SSS-designated products ● Increased need for technological development for future SSS-designated products  (Examples) • Agrochemical products adaptable to the change in crop growth • Biorationals and soil conditioners • Increased demand for agents for prevention and treatment of infectious diseases
		● More impact on plant operations	● Facilities located on seashores and river banks cease operations
	Intensified climate disasters due to temperature rise	● Rising sea level, damage from storm surges and floods, and heat waves ● Damage to farmland due to droughts and soil degradation	● Decreased cost competitiveness of plants due to increased costs for measures to be prepared for disasters ● Decreased demand due to lower agricultural productivity

\*1 Common for all scenarios: Situations that can be expected in both 2°C scenario (reduced GHG emissions) and 4°C scenario (business as usual)

\*2 CCUS: Carbon dioxide capture, utilization and storage.

\*3 Assumptions based on the "World Energy Outlook (WEO) 450 Scenario" published by the International Energy Agency (IEA), a scenario that is in line with the 2°C target under the Paris Agreement.

# Initiatives Towards Building a Circular System for Plastics

Plastics are used in diverse applications, including automobiles, aircraft, electronic devices, household products, and various packaging materials, and support people's daily lives. Meanwhile, plastics have caused environmental problems such as marine plastic waste because they are not treated or recycled properly and adequately after use.

Sumitomo Chemical has defined "contribution to developing a circular system for plastics" as one of the material issues that the Company is committed to addressing as management priorities. We have been engaged in the development and supply of products that help reduce the use of or reuse plastics. In recent years, we have also been carrying out projects with other companies

and academia to develop chemical recycling technologies.

In addition, to accelerate these initiatives, in April 2020, we formed a research group dedicated to the development of technologies for the reduction of environmental impact, enhancing our capacity in this area. Furthermore, we are working on issues that are difficult to resolve alone by actively participating in alliances in and outside Japan, such as the Alliance to End Plastic Waste (AEPW). In June 2020, we formulated and announced our "Basic Policy Towards a Circular System for Plastics," which sets out the Group's principles for and commitment to working to build a circular system for plastics and resolve plastic waste problems.

## Basic Policy Towards a Circular System for Plastics

Recognizing that plastic is a useful material supporting a sustainable society, the Sumitomo Chemical Group is committed to work towards building a circular system for plastics and resolving plastic waste problems in accordance with its Basic Principles for Promoting Sustainability and the following policy:

1. The Group will contribute to resolving plastic waste problems through its business, particularly by providing technologies, products and services that leverage the power of chemistry.
2. The Group will focus on innovation regarding the 3Rs—reducing, reusing and recycling—of plastics, and will work to accelerate the adoption of new solutions by society, while also considering its response to the problem of climate change.
3. The Group will take on challenges that are difficult to resolve alone, such as marine plastic problems, by working with various stakeholders through alliances and open innovation partnerships.
4. The Group will provide its employees with education and awareness-raising programs based on sound science, while also engaging in social action, such as initiatives for promoting waste sorting and collection, and riverside and beach cleaning campaigns, to ensure that every one of its employees has a sense of ownership and can change their actions as needed to address plastic waste problems.
5. The Group will constantly review its progress and work to enhance and improve its efforts through the Plan-Do-Check-Act (PDCA) cycle method.

## Examples of Sumitomo Chemical Group's Products

### <Reduce>

#### Refill Pouch

Compared with a bottle, this refill pouch is lighter and therefore offers higher transportation efficiency, while also being stronger.



	Environmental aptitude	Utility value
	Bottle (HDPE)	Large Refill Pouch (EPPE+LLDPE)
Weight of packaging materials (g) per 100g of contents	19	1.8
Transportation efficiency	△	○
Bag drop strength	△	○

### <Reuse>

#### Returnable Box

Compared with a cardboard box, this returnable box made of foamed polypropylene sheets can be used repeatedly, and therefore offers higher environmental-friendliness, while also being superior in terms of water resistance, load capacity and cleanliness.



	Cardboard Paper Box	Returnable box (Expanded PP Sheet)
Number of usable times	1	50
Consumption of packaging materials (kg/year)	24.9*	1.4
Reusability	×	○
Water resistance, Load bearing, Cleanliness	×	○

\* 50 sheets

### <Recycle>

#### Glass Fiber Reinforced Polypropylene Material

This material, made with our proprietary, advanced manufacturing and quality control technologies, boasts properties high enough to replace virgin polypropylene, even though it contains as much as 60% by weight recycled polypropylene. This technology, meeting the EU's End of Life Vehicles (ELV) Directive and circular economy policies, has been highly rated by automobile manufacturers for its quality, cost, stable procurement, and the stable physical properties of the product, and is contributing to the promotion of recycling and resource saving.

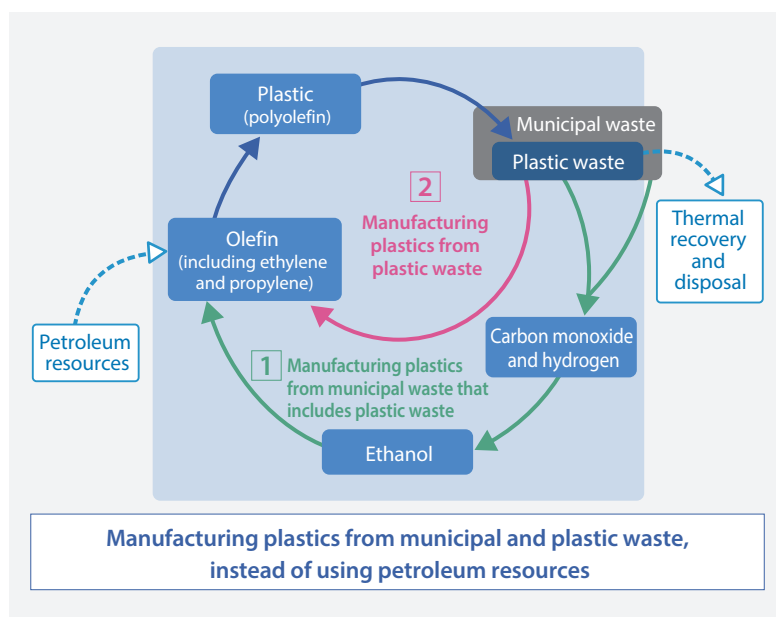


#### Environmental Contribution (FY2018)

- Reduction of virgin polypropylene use: 4,700 tons/year.
- Reduction of GHG emissions, as compared with the case of using virgin polypropylene: 12,300 tons/year (CO<sub>2</sub> equivalent)

## Chemical Recycling

To develop a circular system for plastics, Sumitomo Chemical is engaged in the research and development of chemical recycling technology, processes that chemically convert municipal and plastic waste and use them as new raw materials for plastics. We are working on this extremely challenging endeavor by leveraging our catalyst design and chemical processing design technologies, while also collaborating with partners. With chemical recycling technology, we will help to reduce the use of fossil fuels, the amount of plastic waste, and GHG emissions produced in incinerating plastic waste, and thereby contribute to building a sustainable society.



### Examples of Our Initiatives

#### 1 Manufacturing Plastics from Municipal Waste that includes Plastic Waste [Initiative with Sekisui Chemical Co., Ltd.]

Sumitomo Chemical and Sekisui Chemical are working on a joint project to manufacture polyolefin by using municipal waste as a raw material. Sekisui Chemical gasifies, without sorting, municipal waste collected at a waste treatment center into carbon monoxide and hydrogen, and converts these gases into ethanol, using microbes instead of heat and pressure. Sumitomo Chemical will develop a technology for converting waste-derived ethanol to ethylene to polyolefin by building on its technologies and know-how cultivated over many years in the field of petrochemicals. Pilot-scale production will begin in fiscal 2022, and a full-scale market launch is expected in fiscal 2025.

#### 2 Manufacturing Plastics from Plastic Waste [Joint Research with the Muroran Institute of Technology]

Sumitomo Chemical and the Muroran Institute of Technology are engaged in joint research to develop a chemical recycling technology to chemically decompose waste plastic and use it as raw material for petrochemical products. In this project, Muroran Institute of Technology will develop higher-performance catalysts for the decomposition of plastics. We will support the Institute's research and development and also develop process technology that helps maximize the decomposition of plastics, by making the best use of the core technologies we have cultivated, including those for catalyst design and chemical process design. Through this joint effort, we aim to rapidly establish a chemical recycling technology that efficiently decomposes waste plastics into raw materials for petrochemicals.

## Participation in Initiatives

Through participation in various initiatives, the Sumitomo Chemical Group is working with other companies involved in the plastic value chain to address a broad range of issues related to a circular system for plastics.

Initiative	AEPW	CLOMA	JaIME
Objectives	Promoting the reduction of the leakage of plastic waste into the environment (infrastructure building, technological innovation, education, and collection and clean-up)	Promoting sustainable use of plastic products and the development and introduction of alternative materials, and accelerating open innovation	Raising social awareness and sharing and communicating information regarding the marine plastic problem
Progress and results	Projects for promoting plastic waste collection in high-leakage areas, mainly Asia, and for building infrastructure	Providing information and technological consulting services for developing countries	Production of educational DVDs

# Respect for Human Rights

Sumitomo Chemical regards respect for human rights as part of the foundation for its business continuity. We are continuing to make a group-wide effort to address this as a material issue for management, and provide disclosures on our measures and progress.

## Our Position on Human Rights

In order to accelerate its efforts on human rights, Sumitomo Chemical formulated the Sumitomo Chemical Group Human Rights Policy in April 2019, based on the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights. At the same time, we established the Human Rights Promotion Committee, a committee tasked with promoting our human rights initiatives. In order to pursue a group-wide effort to respect human rights, we are committed to ensuring that all Group companies in Japan and overseas are fully aware of the Human Rights Policy and take action on these principles.

Respect for Human Rights: Our Position on Human Rights  
[https://www.sumitomo-chem.co.jp/english/sustainability/society/human\\_rights/](https://www.sumitomo-chem.co.jp/english/sustainability/society/human_rights/)

## Announcement of the Group Statement Based on Human Rights Laws and Regulations

We at the Sumitomo Chemical Group, as a globally operating corporation, have announced a group statement on our efforts to address risks related to modern slavery and human trafficking in our business activities and supply chain. This statement is based on laws and regulations in various countries with regard to respect for human rights and the prevention of modern slavery and human trafficking, including the Modern Slavery Act of the United Kingdom, the Modern Slavery Act of Australia, and the California Transparency in Supply Chains Act of the United States.

Responding to Human Rights Laws and Regulations  
[https://www.sumitomo-chem.co.jp/english/sustainability/society/human\\_rights/statement/](https://www.sumitomo-chem.co.jp/english/sustainability/society/human_rights/statement/)

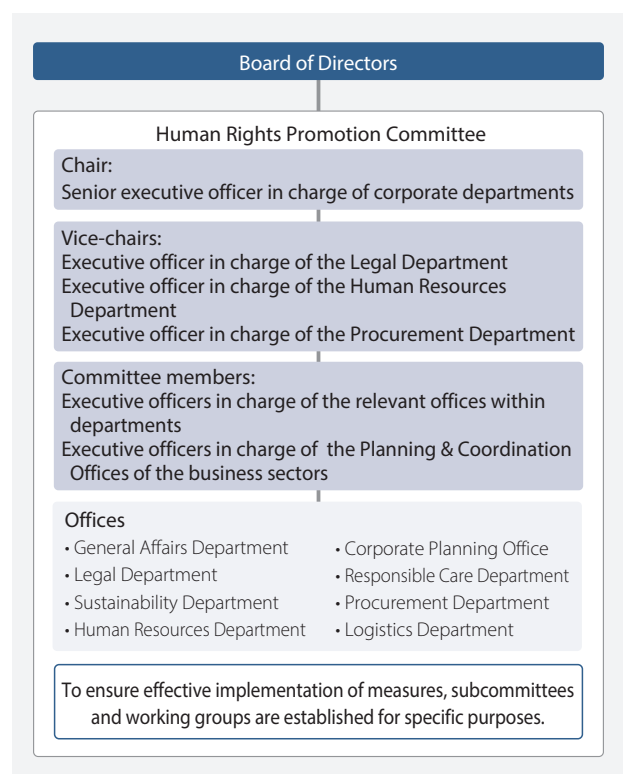
## Our System for Promoting Respect for Human Rights—Human Rights Promotion Committee

Sumitomo Chemical has established the Human Rights Promotion Committee as its organization for promoting activities in compliance with the Human Rights Policy. In order to plan and implement measures to respect human rights across the entire value chain, this committee consists of members from a broad range of related departments and functions. The senior executive officer in charge of corporate departments serves as chair, while from the business sectors, executive officers in charge of the Planning & Coordination Offices of their respective departments participate as committee members.

### Roles of the Committee

- (1) Promotion of awareness of human rights
- (2) Formulation and implementation of measures regarding respect for human rights across the Group's value chain, including:
  - Formulation and publication of policies required by the Guiding Principles on Business and Human Rights and relevant national laws
  - Identification of human rights issues across the value chain, assessment of risks, and implementation of measures, including remedies, that are appropriate for specific issues and their associated risks (human rights due diligence and relief efforts)

### System for Promoting Respect for Human Rights



## Human Rights Due Diligence and Relief Efforts

With the aim of promoting respect for human rights in its business activities, the Sumitomo Chemical Group has been implementing measures for sustainable procurement, and has also established a system for human rights due diligence in accordance with the Guiding Principles on Business and Human Rights. Human rights due diligence is a continuous effort to identify potential negative impacts on human rights in the entire value chain that may be generated through the Group's business activities, to prevent and correct the impacts, and to disclose information on these measures and their results.

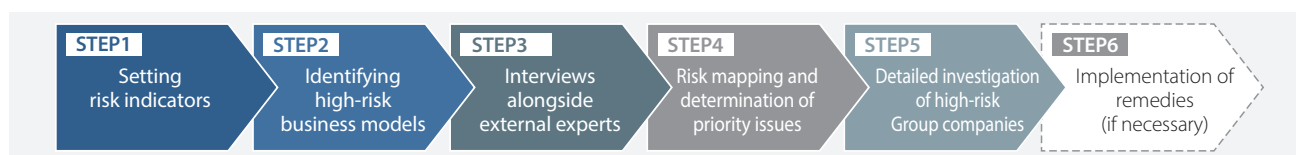
In fiscal 2019, we conducted human rights risk assessment (risk mapping) for Sumitomo Chemical and 162 consolidated group companies. With the help of external experts, we estimated potential human rights risks in each company based on their businesses, location (country and region), personnel composition, and the raw materials and products they handle. Then we examined how each company addresses risks, by referring to the results of internal audits and Responsible Care audits that had been conducted for the company. These processes

aim to make our assessment objective and pertinent to actual situations.

For this risk assessment, we first set the four categories of society, environment, health and safety, and governance as major focal areas, and for each category, we determined items in detail for assessing risks. For example, in the category of "society," we selected such diverse items as forced labor, child labor, discrimination, harassment, freedom of association, indigenous people, and cultural heritage. In other categories, we conducted risk assessment as to those items that we had addressed in audits, by examining them from a human rights perspective.

In fiscal 2020, we plan to conduct a more detailed investigation of Group companies that were rated as having a relatively high risk in our risk assessment. If it is found in human rights due diligence that our business activities are producing or promoting a negative impact on human rights, we will hold deliberations with the relevant stakeholders and take corrective and remedial action through appropriate procedures.

### Overview of the Process of Human Rights Due Diligence



## Sustainable Procurement with Respect for Human Rights

The Sumitomo Chemical Group is committed to building mutually beneficial and sound relationships with its business partners. We ourselves do business in a fair, equitable and transparent way, while also promoting sustainable procurement efforts across the entire supply chain with respect for human rights and a firm commitment to compliance. In order to encourage our business partners to work on sustainability efforts, we have formulated the Sumitomo Chemical Group Sustainable Procurement Guidebook. We ask our business partners to respect human rights, prohibit harassment and inhumane treatment, eradicate discrimination in recruitment and employment, ensure equal opportunities and equitable treatment, comply with regulations on working hours, respect

the right to organize, prohibit forced labor and child labor, and comply with minimum wage regulations.

In addition, going a step further in our efforts to avoid procuring conflict minerals, we have defined not only conflict minerals but also raw materials that pose a high risk of causing a negative impact on human rights as high-risk raw materials, and formulated the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials. Going forward, we will plan and implement specific measures for sustainable procurement in accordance with this policy.

Sumitomo Chemical Group Policy for  
Responsible Procurement of Minerals/Raw Materials  
<https://www.sumitomo-chem.co.jp/english/sustainability/society/procurement/minerals/>

## Contributing to the Sustainable Growth of the Sumitomo Chemical Group by Employing, Developing and Leveraging Human Resources.

'People' are a major source of corporate competitiveness, and securing highly motivated and capable personnel is the foundation of business operations.

In addition, our business environment has become more complex and sophisticated due to the recent expansion of our business domains and advances in technological innovation. In these circumstances, it has become extremely important to secure personnel with broad knowledge and diverse skills, and to focus on training so that employees can maximize their abilities.

Against this backdrop, the current Corporate Business Plan sets forth employing, developing and leveraging human resources to support sustainable development as one of its basic policies.

Based on this policy, we are strengthening our recruitment capabilities dramatically and effectively promoting the current personnel and training systems based on the basic philosophy of "development and growth." We are also working to create an environment in which diverse personnel can work healthily and energetically.



**Hiroshi Niinuma**

Director &  
Senior Managing Executive Officer

## Sumika 'Take Action' Declaration

We have set forth a number of important values and views that would make our employees find significance and feel pride in working at Sumitomo Chemical in the "Sumika 'Take Action' Declaration," and we are promoting this initiative so that they can lead healthy and fulfilling lives as employees, both mentally and physically. The first to third steps were declared as a joint labor-management declaration, the fourth step, declared with health insurance association, and the fifth step, as the company-wide declaration. Twenty-five specific actions are set forth in five categories to promote this initiative.

**1**

### Work-life Balance

Aiming to harmonize work and private life to lead fulfilling lives

- ① Stop long working hours.
- ② Create an environment that makes it easy for employees to fully utilize work-life balance systems.
- ③ Encourage employees to take at least 80% of paid leave and facilitate effective use of the flex time system.
- ④ Prohibit business instructions that would require holiday or late-night work.
- ⑤ Cooperative framework in the workplace.

Joint labor and management declaration

**2**

### Diversity and Inclusion

Respect and leverage diversity, promote active roles for all, and leave no one behind

- ⑥ Active roles for both men and women.
- ⑦ Let's eliminate preconceptions and assumptions.
- ⑧ Let's build a hybrid human resource group.
- ⑨ Encourage active roles for people with disabilities.
- ⑩ No harassment!

Joint labor and management declaration

**3**

### Development and Growth

Development and growth to help our employees and the company flourish together!

- ⑪ Invest in growth for everyone.
- ⑫ Study every day, grow every day.
- ⑬ Support the desire to learn.
- ⑭ Use digital technology to accelerate growth.
- ⑮ Allow people to take on challenges and demonstrate their growth.

Joint labor and management declaration

**4**

### Healthy Employees

Good health is a prerequisite for good work and a good life!

- ⑯ Revise eating habits, achieve a healthy weight.
- ⑰ Exercise a little and stay healthy forever!
- ⑱ High performance depends on quality sleep.
- ⑲ Smoking does nothing but harm.
- ⑳ Don't forget to take care of your mental health.

Joint declaration by company and corporate health insurance association



Declaring  
what we want to cherish

**5**

### How to Proceed with Work

Reasonable, efficient, and creative work by each employee will lead to the improvement of their skills and the growth of the company.

- ㉑ Always review work goals and methods.
- ㉒ Make the use of digital technologies the default.
- ㉓ Eliminate excessive quality, streamline your work.
- ㉔ Maximize the added value of meetings.
- ㉕ Put customers first!

Company declaration

## Promotion of Diversity and Inclusion (D&I)

Sumitomo Chemical has raised “promotion of diversity and inclusion” as one of the material issues to be addressed as management priorities based on the Basic Principles for Promoting Sustainability. It has set forth the “Group’s Basic Principles on the Promotion of Diversity and Inclusion,” as a set of basic principles for D&I promotion throughout the entire Group. Based on this, about 90 of the group’s main companies have established key performance indicators (KPIs), depending on their situations. Most of the 70 or so group companies that currently have KPIs in place have established KPIs pertaining to “the promotion of active roles for and active utilization of women,” “work-life balance,” and “diversification of nationality and race.” We promote initiatives to achieve these KPIs with group companies.

### The Group’s Basic Principles on the Promotion of Diversity and Inclusion

We will promote diversity and inclusion across the Sumitomo Chemical Group. We understand that having a variety of ideas and values among our employees represents a vital resource that forms the foundation of the Sumitomo Chemical Group’s competitiveness. In order to continuously create new value, we will build and enable an inclusive organizational culture that allows us to respect the individuality of each employee and embrace diversity to empower employees in an environment of mutual and close communication.

### KPIs of Sumitomo Chemical (non-consolidated)

Percentage of female employees in positions equivalent to manager or above

**Target** Over **10%**  
(by 2022)

Current status: 5.8% (as of April 1, 2020)

Percentage of male employees taking childcare leave

**Target** Over **70%**  
(by 2022)

Current status: 44.7% (fiscal 2019)

## Human Resources Development

### Human Resource System

Sumitomo Chemical engages with its employees through a human resource system that takes account of the performance individuals achieve in their roles, depending on the scale of their responsibilities, along with the abilities they employed and their actions in the process. The system enables those willing and capable employees to aspire to higher roles at an early stage, and to build their self-motivated desire to grow in their career process.

### Human Resource Training

We promote various measures contributing to the growth of individual employees. Various educational programs are in place under our educational system, organized from the perspectives of “building a mindset to help your subordinates to grow and to help your own growth,” “strengthening the links between education and practical work,” “strengthening global human resource development measures,” and “fostering management personnel in digitalization.” In the “Sumika Development and Growth Declaration,” we are promoting active investment in education and self-development to ensure the growth of employees.

## Health Management

In order to ensure that employees can live healthy and active lives both physically and mentally, Sumitomo Chemical is promoting a variety of health support programs under the company-wide supervision of industrial physicians, including health guidance by medical staff. In the Sumika Healthy Employee Declaration, we have put forward the slogan of “Good health is a prerequisite for good work and a good life!” and we are working on specific action plans in five areas: food, exercise, sleep, quitting smoking, and mental health.

### Sumika ‘Take Action’ Declaration

#### Action Items

**⑯ Revise eating habits, achieve a healthy weight.**

For the prevention of lifestyle diseases, the body mass index (BMI) of all employees should be within an appropriate range of 18.5 to 24.9.

**⑰ Exercise a little and stay healthy forever!**

Use spare time to exercise every day, and keep this habit.

**⑱ High performance depends on quality sleep.**

Raise the quality of sleep to have energy the next day.

**⑲ Smoking does nothing but harm.**

Stop smoking for yourself and others.

**⑳ Don't forget to take care of your mental health.**

Thoroughly communicate in the workplace, and relieve stress in a manner suitable for you.

# Directors & Senior Management

(As of July 1, 2020)

■ Number of shares held (as of March 31, 2020) ■ Number of attendances at Board of Directors meetings for fiscal 2019



## 1 Masakazu Tokura

Chairman of the Board  
Birth Date: July 10, 1950

■ 243,600 ■ 13/13 times (100%)

1974 Joined Sumitomo Chemical Co., Ltd.  
2019 Chairman of the Board (current)

## 2 Keiichi Iwata

Representative Director & President  
Birth Date: October 11, 1957

■ 112,100 ■ 13/13 times (100%)

1982 Joined Sumitomo Chemical Co., Ltd.  
2019 Representative Director & President (current)

## 3 Noriaki Takeshita

Representative Director  
Birth Date: July 23, 1958

■ 65,800 ■ 13/13 times (100%)

Petrochemicals & Plastics Sector  
1982 Joined Sumitomo Chemical Co., Ltd.  
2018 Representative Director &  
Senior Managing Executive Officer (current)

## 4 Masaki Matsui

Representative Director  
Birth Date: August 3, 1960

■ 38,521 ■ 10/10 times (100%)

IT-related Chemicals Sector,  
PLED Business Planning Office,  
Electronic Devices Development Center  
1985 Joined Sumitomo Chemical Co., Ltd.  
2019 Representative Director &  
Managing Executive Officer (current)

## 5 Kingo Akahori

Representative Director  
Birth Date: August 2, 1957

■ 32,500 ■ 9/10 times (90%)

Energy & Functional Materials Sector  
1983 Joined Sumitomo Chemical Co., Ltd.  
2019 Representative Director &  
Managing Executive Officer (current)

## 6 Nobuaki Mito Newly appointed

Representative Director  
Birth Date: August 4, 1960

■ 30,200

Health & Crop Sciences Sector  
1985 Joined Sumitomo Chemical Co., Ltd.  
2020 Representative Director &  
Managing Executive Officer (current)

## 7 Hiroshi Ueda

Director  
Birth Date: August 5, 1956

■ 100,900 ■ 13/13 times (100%)

Research Planning and Coordination,  
Digital and Data Science Innovation,  
Process & Production Technology & Safety Planning,  
Production & Safety Fundamental Technology Center,  
Intellectual Property, Responsible Care,  
Industrial Technology & Research Laboratory,  
Environmental Health Science Laboratory,  
Advanced Materials Development Laboratory,  
Bioscience Research Laboratory  
1982 Joined Sumitomo Chemical Co., Ltd.  
2019 Director & Executive Vice President (current)



**8 Hiroshi Niinuma**  
Director  
Birth Date: March 5, 1958  
■ 78,600 ■ 13/13 times (100%)  
General Affairs, Legal, Sustainability,  
Internal Control and Audit, Human Resources,  
Osaka Office Administration,  
Corporate Communications, Procurement, Logistics  
1981 Joined Sumitomo Chemical Co., Ltd.  
2018 Director &  
Senior Managing Executive Officer (current)

**9 Takashi Shigemori**  
Director  
Birth Date: October 3, 1958  
■ 33,930 ■ 10/10 times (100%)  
Corporate Planning, IT Innovation  
1983 Joined Sumitomo Chemical Co., Ltd.  
2019 Director &  
Senior Managing Executive Officer (current)

**10 Koichi Ikeda**  
Outside Director  
Birth Date: April 21, 1940  
■ 0 ■ 13/13 times (100%)  
1963 Joined Asahi Breweries, Ltd.  
2002 Representative Director & President & COO,  
Asahi Breweries, Ltd.  
2006 Representative Director & Chairman & CEO,  
Asahi Breweries, Ltd.  
2010 Advisor, Asahi Breweries, Ltd.  
2011 Outside Corporate Auditor,  
Sumitomo Chemical Co., Ltd.  
2011 Advisor, Asahi Group Holdings, Ltd. (current)  
2015 Outside Director,  
Sumitomo Chemical Co., Ltd. (current)

**11 Hiroshi Tomono**  
Outside Director  
Birth Date: July 13, 1945  
■ 0 ■ 13/13 times (100%)  
1971 Joined Sumitomo Metal Industries, Ltd.  
2005 Representative Director & President,  
Sumitomo Metal Industries, Ltd.  
2012 Representative Director & President & COO,  
Nippon Steel & Sumitomo Metal Corporation  
2014 Representative Director & Vice Chairman,  
Nippon Steel & Sumitomo Metal Corporation  
2015 Director & Advisor,  
Nippon Steel & Sumitomo Metal Corporation  
2015 Outside Director,  
Sumitomo Chemical Co., Ltd. (current)  
2015 Advisor,  
Nippon Steel & Sumitomo Metal Corporation  
(present Nippon Steel Corporation)  
2016 Outside Director,  
Japan Nuclear Fuel Limited (current)  
2020 Senior Advisor,  
Nippon Steel Corporation (current)  
2020 Outside Director, The Kansai Electric Power  
Company, Incorporated (current)

**12 Motoshige Itoh**  
Outside Director  
Birth Date: December 19, 1951  
■ 0 ■ 12/13 times (92%)  
1993 Professor, Faculty of Economics,  
The University of Tokyo  
1996 Professor, Graduate School of Economics,  
The University of Tokyo  
2007 Dean, Graduate School of Economics,  
Faculty of Economics, The University of Tokyo  
2015 Outside Director,  
East Japan Railway Company (current)  
2016 Professor,  
Faculty of International Social Sciences,  
Gakushuin University (current)  
2016 Outside Corporate Auditor,  
Hagoromo Foods Corporation (current)  
2018 Outside Director,  
The Shizuoka Bank, Ltd. (current)  
2018 Outside Director,  
Sumitomo Chemical Co., Ltd. (current)

**13 Atsuko Muraki**  
Outside Director  
Birth Date: December 28, 1955  
■ 0 ■ 12/13 times (92%)  
1978 Joined Ministry of Labour  
(Currently Ministry of Health, Labour and Welfare)  
2005 Counsellor for Policy Evaluation, Minister's Secretariat  
of Ministry of Health, Labour and Welfare  
2006 Deputy Director-General, Equal Employment,  
Children and Families Bureau of Ministry of  
Health, Labour and Welfare  
2008 Director-General, Equal Employment, Children and  
Families Bureau of Ministry of Health, Labour and Welfare  
2010 Director-General for Policies on Cohesive Society,  
Cabinet Office  
2012 Director-General, Social Welfare and War Victims'  
Relief Bureau of Ministry of Health, Labour and Welfare  
2013 Vice Minister, Health, Labour and Welfare of  
Ministry of Health, Labour and Welfare  
2015 Retired from Ministry of Health, Labour and Welfare  
2016 Outside Director, ITOCHU Corporation (current)  
2018 Outside Director,  
Sumitomo Chemical Co., Ltd. (current)  
2019 Outside Director, Sampo Holdings, Inc. (current)

■ Number of shares held (as of March 31, 2020) ■ Number of attendances at Board of Directors meetings for fiscal 2019 ○ Number of attendances at Corporate Auditors meetings for fiscal 2019



#### 14 Kunio Nozaki

Standing Corporate Auditor  
Birth Date: October 29, 1956

■ 84,400  
■ 10/10 times (100%)  
○ 10/10 times (100%)

1979 Joined Sumitomo Chemical Co., Ltd.  
2019 Corporate Auditor (current)

#### 15 Hiroaki Yoshida

Standing Corporate Auditor  
Birth Date: March 2, 1956

■ 15,200  
■ 13/13 times (100%)  
○ 14/14 times (100%)

1980 Joined Sumitomo Chemical Co., Ltd.  
2015 Corporate Auditor (current)

#### 16 Mitsuhiro Aso

Outside Corporate Auditor  
Birth Date: June 26, 1949

■ 0  
■ 13/13 times (100%)  
○ 14/14 times (100%)

1975 Prosecutor  
2010 Superintending Prosecutor of the Fukuoka High Public Prosecutors Office  
2012 Retirement as Prosecutor  
2012 Registration of Attorneys (current)  
2013 Outside Corporate Auditor, Sumitomo Chemical Co., Ltd. (current)  
2019 Outside Director, Sumitomo Mitsui Trust Holdings, Inc. (current)

#### 17 Yoshitaka Kato

Outside Corporate Auditor  
Birth Date: September 17, 1951

■ 0  
■ 13/13 times (100%)  
○ 14/14 times (100%)

1978 Registered as a certified public accountant (current)  
2008 CEO of Ernst & Young ShinNihon LLC  
2014 Left Ernst & Young ShinNihon LLC  
2015 Outside Corporate Auditor, Sumitomo Chemical Co., Ltd. (current)  
2015 Outside Corporate Auditor, Mitsui Fudosan Co., Ltd. (current)  
2016 Outside Corporate Auditor, Sumitomo Corporation (current)

#### 18 Michio Yoneda

Outside Corporate Auditor  
Birth Date: June 14, 1949

■ 2,000  
■ 12/13 times (92%)  
○ 13/14 times (93%)

1973 Joined Bank of Japan  
1998 General Manager, Sapporo Branch of Bank of Japan  
2000 Resigned as General Manager, Sapporo Branch of Bank of Japan  
2000 Executive Director, Osaka Securities Exchange (Currently Japan Exchange Group, Inc.)  
2003 President & CEO, Osaka Securities Exchange Co., Ltd.  
2013 Director & Representative Executive Officer, Group COO, Japan Exchange Group, Inc. Director, Tokyo Stock Exchange, Inc.  
2015 Resigned as Director & Representative Executive Officer, Group COO, Japan Exchange Group, Inc. Resigned as Director, Tokyo Stock Exchange, Inc.  
2018 Outside Director, Asahi Broadcasting Group Holdings Corporation (current)  
2018 Outside Corporate Auditor, Sumitomo Chemical Co., Ltd. (current)  
2020 Outside Director, Toyo Tire Corporation (current)

## Executive Officers

### President

Keiichi Iwata

### Executive Vice President

Hiroshi Ueda

Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory

### Senior Managing Executive Officer

Noriaki Takeshita

Petrochemicals & Plastics Sector

Hiroshi Niinuma

General Affairs, Legal, Sustainability, Internal Control and Audit, Human Resources, Osaka Office Administration, Corporate Communications, Procurement, Logistics

Takashi Shigemori

Corporate Planning, IT Innovation

### Managing Executive Officer

Masaki Matsui

IT-related Chemicals Sector, PLED Business Planning Office, Electronic Devices Development Center

Kingo Akahori

Energy & Functional Materials Sector

Nobuaki Mito

Health & Crop Sciences Sector

Marc Vermeire

Sumitomo Chemical Europe S.A./N.V., Sumitomo Chemical Agro Europe S.A.S.

Keiichi Sakata

Corporate Planning Dept.

Motoyuki Sakai

Sumitomo Chemical Asia Pte Ltd

Yoshiaki Oda

Corporate Planning Dept., Intellectual Property Dept.

Soji Sakamoto

Basic Materials Div., Industrial Chemicals Div., Resin-related Business Development Dept., Polyolefins Div., Automotive Materials Div.

Yoshihiro Miyoshi

Digital and Data Science Innovation Dept., Process & Production Technology & Safety Planning Dept., Production & Safety Fundamental Technology Center, Responsible Care Dept.

Seiji Takeuchi

Planning & Coordination Office, Petrochemicals & Plastics Sector, Responsible Care Dept., Petrochemicals & Plastics Sector, Petrochemicals Research Laboratory

Naoyuki Inoue

Rabigh Refining and Petrochemical Company

Yasuaki Sasaki

Inorganic Materials Div., Advanced Polymers Div.

Keigo Sasaki

Accounting, Finance, Corporate Communications Dept.

Kenji Ohno

General Affairs Dept., Legal Dept., Sustainability Dept., Internal Control and Audit Dept.

### Executive Officer

Andrew Lee

Valent U.S.A. LLC, Valent BioSciences LLC

Shinichiro Nagata

Ehime Works

Yoshizumi Sasaki

Resin-related Business Development Dept., Polyolefins Div., Automotive Materials Div.

Ichiro Kosaka

Planning & Coordination Office, Energy & Functional Materials Sector, Specialty Chemicals Div.

Masaya Naito

Procurement Dept., Logistics Dept.

Takanari Yamaguchi

PLED Business Planning Office, Planning & Coordination Office, IT-related Chemicals Sector, Optical Materials Div.

Akira Iwasaki

Planning & Coordination Office, Energy & Functional Materials Sector

Hirokazu Murata

Oita Works, Misawa Works

Isao Kurimoto

Research Planning and Coordination Dept., Digital and Data Science Innovation Dept., Industrial Technology & Research Laboratory

Koichi Ogino

Chiba Works

Kimitoshi Umeda

AgroSolutions Div. – International, Environmental Health Div.

Inho Rha

Dongwoo Fine-Chem Co., Ltd

Akira Nakanishi

Planning & Coordination Office, IT-related Chemicals Sector, Quality Assurance Office, IT-related Chemicals Sector

Masao Shimizu

Human Resources Dept., Osaka Office Administration Dept.

Hiroaki Fujimoto

AgroSolutions Div. – Japan

Kanako Fukuda

Sumitomo Chemical Europe S.A./N.V.



Juan Ferreira

Sumitomo Chemical do Brasil Representações Ltda

Hiroyoshi Mukai

Planning & Coordination Office, Health & Crop Sciences Sector, Quality Assurance Office, Health & Crop Sciences Sector

## Significant Past Experience of Members of the Board of Directors and Reasons for Their Appointment

	Board of Directors	Position	Significant Past Experience	Reasons for Appointment
	Masakazu Tokura	Chairman of the Board	Business Planning & Administration Dept. Production Planning & Administration Dept. (Experience with overseas assignment)	After assuming the post of Executive Officer in 2003, he became Director & Senior Managing Executive Officer, and then Director & President in 2011. He formulated the Corporate Business Plan three times, including the current one (Apr. 2019 to Mar. 2022). Since April 2019, he has been focused on steering the Board of Directors as Chairman of the Board.
	Keiichi Iwata	Representative Director & President	Business Planning & Administration Dept. (Experience with overseas assignment) (Seconded to public sector agencies)	After assuming the post of Executive Officer in 2010, he became Director & Senior Managing Executive Officer. Since April 2019, as Director & President, he has promoted the current Corporate Business Plan (Apr. 2019 to Mar. 2022).
	Noriaki Takeshita	Representative Director Senior Managing Executive Officer	Business Planning & Administration Dept. Production Planning & Administration Dept. Human Resources Dept. (Experience with overseas assignment)	After assuming the post of Executive Officer in 2010, he served as Managing Executive Officer, and Director & Managing Executive Officer. In 2018 he became Director & Senior Managing Executive Officer, supervising the Rabigh Project, and the Petrochemicals & Plastics sector. As Director, his knowledge and experiences are reflected in his approach to the Company's overall management.
	Masaki Matsui	Representative Director Managing Executive Officer	Business Planning & Administration Dept. Sales & Marketing Dept. (Seconded to public sector agencies)	After assuming the post of Executive Officer in 2013, he served as Managing Executive Officer, and then Director & Managing Executive Officer in 2019. He supervises IT-related Chemicals, the PLED Business Planning Office, and the Electronic Devices Development Center. His knowledge and experiences are reflected in his approach to the Company's overall management.
	Kingo Akahori	Representative Director Managing Executive Officer	Research and Development, Sales & Marketing Dept. Business Planning & Administration Dept. (Experience with overseas assignment)	After assuming the post of Executive Officer in 2016, he served as Managing Executive Officer, and then Director & Managing Executive Officer in 2019. He supervises the Energy & Functional Materials sector and his knowledge and experiences are reflected in his approach to the Company's overall management.
	Nobuaki Mito	Representative Director Managing Executive Officer	Research and Development, Business Planning & Administration Dept. Intellectual Property	Since joining the Company, he has been engaged in R&D in the Health & Crop Sciences Sector while also formulating and promoting technology and R&D policy at the Planning & Coordination Office of the Health & Crop Sciences Sector. Since he assumed the post of Executive Officer in 2015, he has been an officer in charge of the Business Planning & Administration Dept., and the Intellectual Property Dept., and has worked on the creation of next-generation business, and the formulation and promotion of IP strategies. Since April 2019, as the officer in charge of the Planning & Coordination Office and the various Business Divisions in the Health & Crop Sciences Sector, he has promoted the current Corporate Business Plan (Apr. 2019 to Mar. 2022) in this sector.
	Hiroshi Ueda	Director Executive Vice President	Research and Development, Production, Business Planning & Administration Dept.	After assuming the post of Executive Officer in 2009, he served as Managing Executive Officer, and then Director & Senior Managing Executive Officer. In 2019, he became Director & Executive Vice President, supervising Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, the Production & Safety Fundamental Technology Center, Intellectual Property, Responsible Care, the Industrial Technology & Research Laboratory, the Environmental Health Science Laboratory, the Advanced Materials Development Laboratory, and the Bioscience Research Laboratory. As Director, his knowledge and experiences are reflected in his approach to the Company's overall management.
	Hiroshi Niinuma	Director Senior Managing Executive Officer	Human Resources Dept. General Affairs Dept.	After assuming the post of Executive Officer in 2010, he served as Managing Executive Officer, and then Director & Senior Managing Executive Officer in 2018. He supervises General Affairs, Legal, CSR, Internal Control and Audit, Human Resources, Osaka Office Administration, Corporate Communications, Procurement, and Logistics. As Director, his knowledge and experiences are reflected in his approach to the Company's overall management.
	Takashi Shigemori	Director Senior Managing Executive Officer	Business Planning & Administration Dept. (Experience with overseas assignment)	After assuming the post of Executive Officer in 2012, he served as Managing Executive Officer, and then Director & Senior Managing Executive Officer in 2019. He supervises Corporate Business Development, Corporate Planning, IT Innovation, Accounting, and Finance. As Director, his knowledge and experiences are reflected in his approach to the Company's overall management.
	Koichi Ikeda	Outside Director —		Appointed to make use of his abundant experience and broad insights as a manager of a corporation in the supervision of the management of this Company.
	Hiroshi Tomono	Outside Director —		Appointed to make use of his abundant experience and broad insights as a manager of a corporation in the supervision of the management of this Company.
	Motoshige Itoh	Outside Director —		His expertise as a professor of economics over the years, and experience as a member of various government councils, allowed him to cultivate abundant socio-economic knowledge, and this can be put to great use in the supervision of the management of this Company.
	Atsuko Muraki	Outside Director —		Her long-term experience in the administration as a public servant cultivated abundant and broad knowledge relating to law and society, and this can be put to great use in the supervision of the management of this Company.

# Corporate Governance

## Corporate Governance Initiatives

Sumitomo Chemical has long dedicated itself to improving its corporate governance, and has undertaken a number of initiatives to further that end, including implementing the Corporate Governance Code. The company also makes continual improvements to ensure that the Board of Directors is highly effective, and that the company's governance structures serve their appropriate functions, including with respect to executive nomination and remuneration, with the aim of further improving corporate governance.

### Basic Stances

Sumitomo Chemical cherishes deeply the Sumitomo Spirit which has been passed down through generations over nearly 400 years, the basic teaching of which is, among others, not to seek its own interests alone, but to contribute to society through its business activities. In accord with this business credo, the company strives to take on challenges constantly of creating new value by capitalizing on its proprietary technologies toward achieving the company's sustained growth while at the same time cultivating corporate culture full of vigor and growing as a company that earns trust from the public at large. Recognizing that highly effective corporate governance is vital to attaining these ends, the company keeps working to further enhance its corporate governance in accordance with the following policies and principles, centering particularly on closer cooperation with shareholders and various other stakeholders, faster decision-making, proper oversight of business execution, enhanced systems of compliance and internal control, and active dialogue with stakeholders.

- Sumitomo Chemical not only shall respect the rights of shareholders, but shall endeavor to provide an environment where shareholders can exercise their rights smoothly and also to ensure the effectively equal treatment of shareholders.
- Recognizing that cooperation with various stakeholders, including employees, customers, business partners, creditors, and local communities, is essential to sustained growth, Sumitomo Chemical shall proactively work to fulfill its corporate social responsibility and strive to cultivate corporate culture of a company that can be trusted by society.
- As part of efforts to build a foundation for constructive dialogue with stakeholders, Sumitomo Chemical shall endeavor to provide information that is highly reliable and useful to recipients. Sumitomo Chemical's Board of Directors shall fulfill its role and mission properly, based on their fiduciary responsibilities and accountability to shareholders and recognizing the important role of Independent Outside Directors & Auditors, through such measures as presenting appropriate corporate management policies and business strategies that have taken into account changing socioeconomic conditions, and conducting highly effective oversight over the execution of business.
- Sumitomo Chemical shall endeavor to promote constructive dialogue with shareholders with the aim of seeking to attain the company's sustained growth and to enhance corporate value in the medium to long term.

Sumitomo Chemical has prepared Corporate Governance Guidelines. These Guidelines can be viewed on Sumitomo Chemical's website.  
<https://www.sumitomo-chem.co.jp/english/company/governance/>

### Measures to Date for Strengthening Corporate Governance

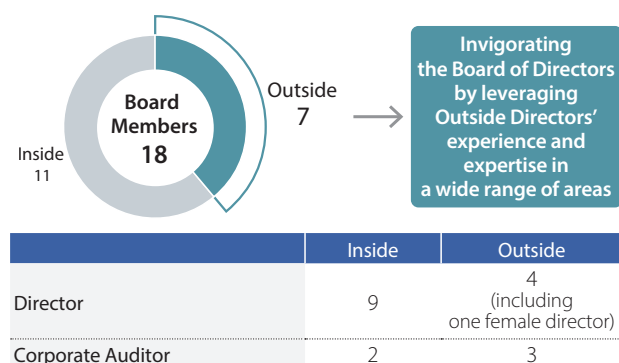
Date	Major Initiatives	Board Composition	Appointment of Board Members	Executive Remuneration	Other
2003 June	Introduced Executive Officer system (reduced number of Directors from 25 to 10)	●			●
July	Established Compliance Committee				●
2004 June	Eliminated system of retirement benefits for Directors and Corporate Auditors			●	
2007 May	Established Internal Control Committee				●
September	Established Remuneration Advisory Group			●	
2010 September	Established Nomination Advisory Group		●		
2011 November	Drew up standards for appointment of independent outside directors	●	●		
2012 June	Appointed 1 outside director	●			
2015 June	Selected 3 outside directors (increased by 2)	●			
October	Established Remuneration Advisory Committee in place of Remuneration Advisory Group			●	
	Established Nomination Advisory Committee in place of Director Nomination Advisory Group		●		
2016 December	Formulated Sumitomo Chemical Corporate Governance Guidelines				●
2018 June	Selected 4 outside directors (including one woman) (increased by 1)	●			

## Recent Initiatives to Strengthen Corporate Governance

### ■ Further Strengthening of the Board of Directors' Oversight and Advisory Functions

With the goal of further strengthening the Board of Directors' oversight and advisory functions to increase the transparency and objectivity of management, in June 2018 we added one outside director, increasing the total number to four (including one female director). As a result, of the 18 total members of the Board of Directors and the Board of Corporate Auditors, seven are outside members. Outside Directors have experience in a wide range of fields, including corporate management, economics, government, the legal profession, and accounting. We will continue to further revitalize the Board of Directors, leveraging these perspectives.

Board Composition (As of July 1, 2020)



### ■ Changes in the Operation of the Board of Directors

After the implementation of Japan's Corporate Governance Code, we changed the operation of the Board of Directors to place greater emphasis on deliberating management policies, business strategy, and important matters of business execution, and on oversight of that execution. Specifically, we are enhancing reporting on the status of business execution for each Executive Officer. Depending on the content of each report, we have established several reporting methods. For example, for large-scale projects, we share details with the Board of Directors at an early stage and discuss the direction of the projects. In this way, meaningful discussions are held that contribute to sustainable development and rapid and decisive decision-making.

### ■ Utilizing Outside Director Roles

To make maximum use of the oversight and advisory functions of the Outside Directors, it is essential to minimize asymmetries in information between inside and Outside Directors. The measures including those listed below have been implemented to revitalize board deliberation.

### Measures to Make Maximum Use of Outside Director Functions

Specific Measures	Frequency	Description
Briefings prior to Board of Directors meetings	Every month	Outside Directors gather together in advance of Board of Directors meetings to receive a detailed briefing from the relevant departments, along with a Q&A session, on issues to be discussed at the Board of Directors meeting.
Reporting on issues discussed in internal meetings	Every month	Explanations are provided on the points of discussion at internal meetings, and on how the views expressed at the meetings are reflected in the proposal before the Board, for issues such as the launch of a business or an acquisition.
Reporting on important matters to the Board of Directors at an early stage	In each case	Important matters, such as management direction, M&A transactions, or large-scale projects, are reported to the Board of Directors at an early stage of consideration so that the Board's intentions can be reflected.
Outside Directors & Corporate Auditors meetings	Once a year	Based on such materials as the results of surveys on the effectiveness of the Board of Directors, meetings consisting of the Chairman of the Board, the President and the Outside Directors and Corporate Auditors are held to enable a frank exchange of views.
Meetings with Outside Directors and Corporate Auditors only	Twice a year	After Board of Directors meetings, meetings consisting of only Outside Directors and Corporate Auditors are held to exchange opinions freely.
Meetings between Outside Directors and Corporate Auditors and major sectors	Six times a year	After Board of Directors meetings, meetings are held between the executives and employees of the department in charge of the Rotation Report* for that Board of Directors meeting and the Outside Directors and Corporate Auditors, enabling them to exchange opinions freely and honestly.
Visits to production sites	Twice a year	Visits are made to our production sites both inside and outside Japan.

\* Rotation Report: Comprehensive and systematic reporting over a significant amount of time for each sector.

## ■ Assessing the Effectiveness of the Board of Directors

### Assessment Method

Sumitomo Chemical's Board of Directors carries out analyses and appraisals regarding the effectiveness of the Board of Directors through exchanges of opinions at meetings attended by Outside Directors, Outside Corporate Auditors, the Chairman of the Board, and the President, as well as at Management Meetings attended by inside directors, while taking into account survey results from all Directors and Corporate Auditors and opinions expressed by the Board of Corporate Auditors. Based on these opinions, the Board of Directors works to improve its effectiveness every year.

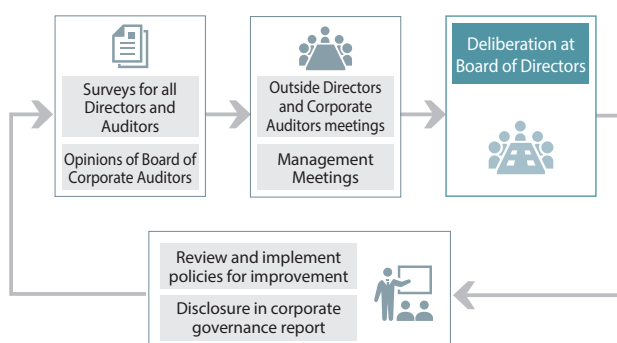
### Assessment of Fiscal 2019 and Improvements over Fiscal 2018

The effectiveness of the Board of Directors is assessed in terms of its composition, operational status, deliberation/reports at its meetings, auditing status on its business execution, and the operations of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee. At the end of fiscal 2019, we confirmed steady yearly improvement in its effectiveness, which was at a favorable level in general. With new perspectives always in mind, we continue various initiatives and work to devise ways to improve its effectiveness.

### Addressing Various Points to be Improved that were Raised in Fiscal 2018

- Setting up a timeframe for meetings, giving more ample time for the Board of Directors. Giving greater clarification of the main issues during briefings, and promoting more active discussion at the Board of Directors.
- To enable Outside Directors and Outside Corporate Auditors to play their roles and responsibilities properly, we plan a meeting only for independent outside directors and auditors, and provide a venue where Outside Directors and Outside Corporate Auditors can exchange views frankly with a broad range of personnel in the company.

### PDCA Cycle for Further Improving the Effectiveness of the Board of Directors



## Toward the Future

With the aim of achieving long-term sustainable growth, Sumitomo Chemical will discuss its long-term vision in depth, taking into account the next Corporate Business Plan, in addition to the promotion of sustainability. To further enhance group governance, we will strengthen our supervision of the post-merger integration (PMI) process for newly acquired businesses, examine ways to further increase synergies among businesses, and review business portfolios. In an effort to encourage more deliberation at meetings of the Board of Directors, we will also create greater linkages between pre-briefing sessions and meetings of the Board of Directors, set up a venue for more free discussion, and make more thorough Rotation Reports.

## ■ Visits to Production Sites by Outside Directors and Corporate Auditors

To gain a better understanding of the current situation, every year Outside Directors and Outside Corporate Auditors at Sumitomo Chemical visit production sites located in and outside of Japan. In November 2019, they visited the Misawa Works. Outside Directors and Outside Corporate Auditors considered the visit to be very significant, as it deepened their understanding of the business of the company.

(Note) Visit to a group company in Taiwan scheduled in February 2020 was postponed due to the Covid-19 pandemic.

### Record of Recent Visits

In November 2017, Oita Works  
In March 2018,  
a group company in South Korea  
In September 2018, Ehime Works  
In February 2019,  
a group company in Saudi Arabia  
In November 2019, Misawa Works



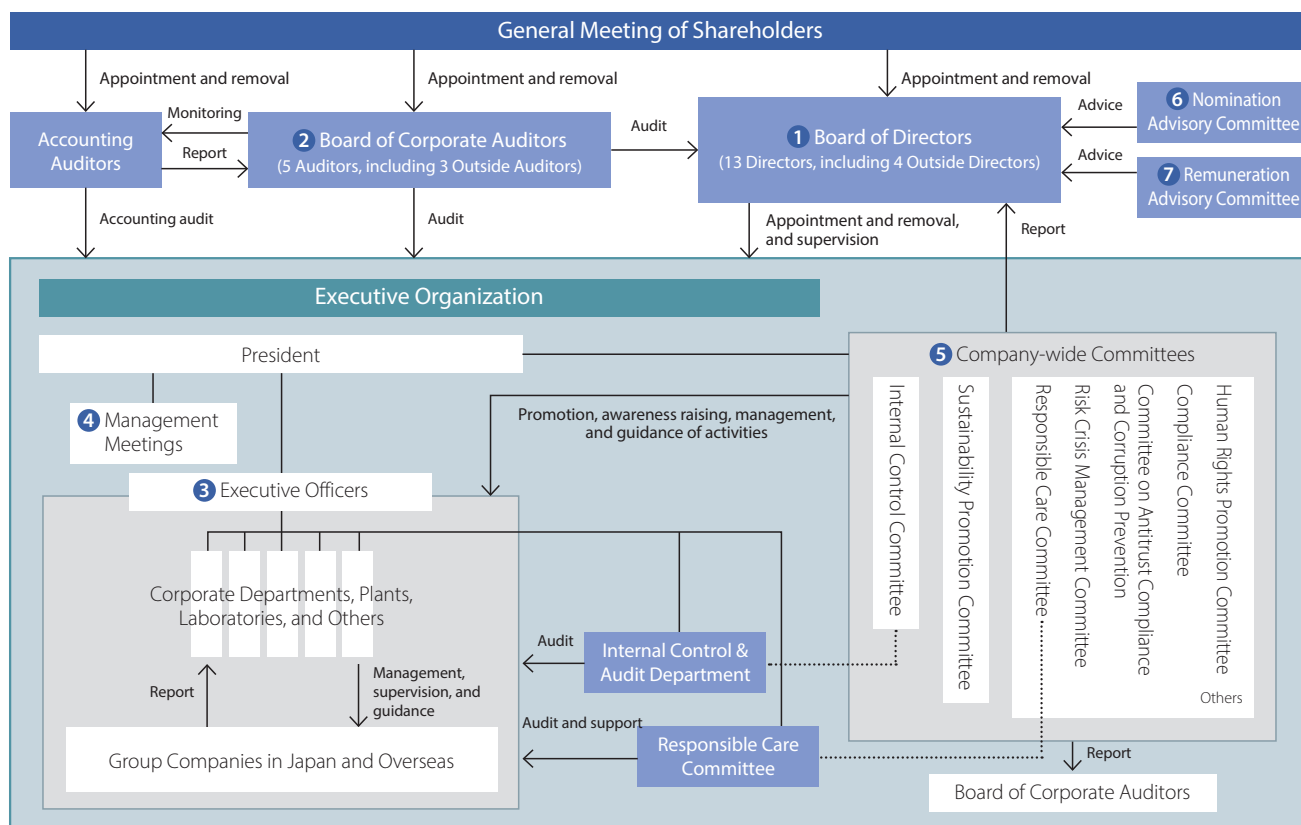
Visit to Misawa Works (in November 2019)

### Major Agendas Discussed at Meetings of the Board of Directors in Fiscal 2019

- Financial results, dividends, financing
  - Management strategy, sustainability, assessment of the effectiveness of the Board of Directors
  - R&D, digital innovation, IT promotion
  - Internal controls, responsible care, risk management, compliance
  - Nomination, remuneration, important personnel changes, recruitment and training of human resources
  - Auditors, accounting auditors
  - Important investments
    - Acquisition of the South American business of Nufarm
    - Strategic alliance with Roivant
    - Projects relating to Petro Rabigh
- etc.

## Current Corporate Governance Organization

Corporate Governance Organization (As of July 1, 2020)



### Structure

#### 1 Board of Directors

The Sumitomo Chemical Board of Directors decides important matters concerning the company's management, including management policy and business strategies, in accordance with the law, the Articles of Incorporation, and the Board of Directors' own rules. It also receives reports from Directors and others on the performance of duties, the financial situation, and operating results, and oversees the performance of duties by each Director.

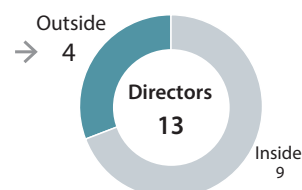
It also analyzes and assesses the effectiveness of the Board of Directors, and follows up on the results to ensure and improve effectiveness. In accordance with the Nomination Advisory Committee's advice, candidates for Director are nominated by the Board of Directors and are elected once a year at the General Meeting of Shareholders.

#### Overview of the Board of Directors

<b>Chairperson</b>	Chairman of the Board	The Chairman of the Board does not concurrently serve as Executive Officer.
<b>Number of Persons</b>	13	
<b>Frequency</b>	Monthly in principle	Special meetings of the Board of Directors are convened as needed.
<b>The Term of Office of Directors</b>	One year	The term of office of Directors is one year, in order to establish clear administrative responsibility and roles for Directors.

#### Breakdown of 13 Directors

	Male	Female	Total
Inside	9	0	9
Outside*	3	1	4
<b>Total</b>	<b>12</b>	<b>1</b>	<b>13</b>



\* Independent Outside Directors having no conflicts of interest with general shareholders

## 2 Board of Corporate Auditors

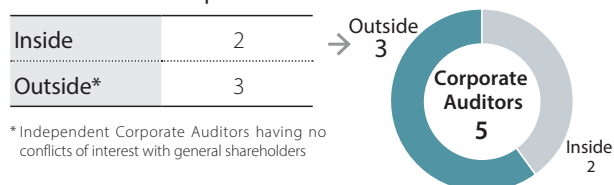
We have a Corporate Auditor system, with a Board of Corporate Auditors consisting of five Corporate Auditors, including three Outside Corporate Auditors. The Corporate Auditors and the Board of Corporate Auditors play a vital role in our corporate governance by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The Board of Corporate Auditors meets monthly as a rule and strives to obtain timely information, including important compliance-related information.

Standing Corporate Auditors and Outside Auditors attend meetings of the Board of Directors and the Board of Corporate Auditors. In conducting their audits, they receive reports and explanations as needed from the Internal Control & Audit Department, operating divisions, and accounting auditors. In addition, Standing Corporate Auditors attend meetings of the Internal Control Committee and other important company meetings.

The results of audits and the objective views of Outside Auditors are appropriately reflected in internal audits, corporate auditors' audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing.

The Corporate Auditors' Office has been established with staff dedicated to providing assistance in auditing functions under the direction of Corporate Auditors.

### Breakdown of 5 Corporate Auditors



## Management Organizations for Decision-making, Execution, and Auditing

### 3 Executive Officers

We have appointed Executive Officers to expedite the implementation of business operations. Executive Officers are responsible for carrying out operations in accordance with the policies adopted by the Board of Directors. The term of office for Executive Officers is one year.

### Breakdown of 37 Directors

	Male	Female	Total
Japanese	32	1	33
Non-Japanese	4	0	4
Total	36	1	37

### 4 Management Meetings

Management Meetings support the decision-making of our management by providing a forum for deliberation on such vital matters as corporate strategy and capital investment, including matters to be deliberated in the Board of Directors and reports to be made to the Board. Management Meetings consist of the Executive Officers who are in charge of or who supervise key management functions, the Standing Corporate Auditors, and the Chairman of the Board. In principle, the meetings are held 24 times a year.

### 5 Committees

We have established internal meetings (committees) to deliberate on important matters concerning the management of the company and the Group from a broad and diverse range of viewpoints. The content of these meetings is reported to the Board of Directors as needed, and the committees receive instructions from the Board of Directors in an effort to enhance business execution and oversight functions. Several of these committees are attended by the Standing Corporate Auditors, who serve as observers, including the Internal Control Committee, the Compliance Committee, and the Responsible Care Committee.

We regard the promotion of sustainability as a core issue for the entire Group. In 2018, we expanded the CSR Promotion Committee and established a new Sustainability Promotion Committee to further strengthen our sustainability initiatives. The Responsible Care Committee also examines specific measures to address climate change and other environmental issues. To further promote initiatives in respect of human rights, the Human Rights Promotion Committee was established in fiscal 2019.

### Overview of Committees and Number of Meetings in Fiscal 2019

Name	Purpose	Number of Meetings in Fiscal 2019
Internal Control Committee	Deliberates on measures to build and improve a proper internal control system.	3
Sustainability Promotion Committee	This committee recommends measures to accelerate contributions to sustainability by comprehensively grasping the various efforts the Sumitomo Chemical Group makes regarding environmental and societal issues.	2
Responsible Care Committee	This committee formulates annual policies, medium-term plans, and specific measures concerning responsible care (safety, health, environment, and quality), including climate change issues.	1
Risk and Crisis Management Committee	Deliberates on policies for specific risks and crises, such as earthquakes, wind and flood damage caused by extreme weather, pandemics, and breakdowns in public security.	6*
Compliance Committee	Deliberates on the Group's compliance policies and action plans, and the status of the operation of the compliance system, including responses to internal reports and the results of activities.	1
Human Rights Promotion Committee	This committee promotes increasing awareness of human rights issues, and drafts and executes policies to respect human rights in the entire value chain.	1

(Note) Each committee separately held subcommittee meetings on specific important topics and secretariat meetings.

\* The number of meetings increased as we deliberated on preventive measures for the Covid-19 pandemic.

## Executive Nomination and Remuneration

### 6 Nomination Advisory Committee

The Nomination Advisory Committee was established in October 2015 to act as an advisory body to the Board of Directors on the selection of senior management\* and on the appointment of directors and auditors. The committee is made up of Outside Directors and Sumitomo Chemical representative directors. Regular meetings are held annually and ad hoc meetings are convened as needed. With a majority of members being Outside Directors, the committee advises the Board of Directors on the appointment of officers, with the purpose of ensuring more transparency, fairness, and openness in the process of appointing officers and bringing greater clarity to the process.

\* Senior management means Executive Officers above Senior Managing Executive Officer, and Managing Executive Officers who are immediately under the President, supervising certain functions.

### 7 Remuneration Advisory Committee

The Remuneration Advisory Committee was established in October 2015, as an advisory body to the Board of Directors on the remuneration system, remuneration levels, and other related matters, for top management and Directors. The committee is made up of Outside Directors and Sumitomo Chemical representative directors. It holds regular meetings annually and convenes ad hoc meetings as needed. With a majority of members being Outside Directors, the committee advises the Board of Directors in deciding the executive officer remuneration system and levels, in order to achieve greater transparency, fairness, and openness.

#### Directors' and Corporate Auditors' Remuneration in Fiscal 2019

Title	Total	Breakdown of Remuneration		Number of people*
		Basic Remuneration	Bonuses	
Directors (excluding Outside Directors)	¥650	¥585	¥64	12
Standing Corporate Auditors	¥ 78	¥78	¥—	3
Outside Directors and Corporate Auditors	¥103	¥97	¥ 6	7

\* The above count includes three directors and one auditor who retired during fiscal 2019.

#### Composition of the Nomination Advisory Committee and the Remuneration Advisory Committee and Attendance Status (Meetings Attended / Meetings Held)

		Nomination Advisory Committee	Remuneration Advisory Committee
Chairman of the Board	Masakazu Tokura (Chairman)	1/1 times (100%)	2/2 times (100%)
Representative Director & President	Keiichi Iwata	1/1 times (100%)	2/2 times (100%)
Outside Director	Koichi Ikeda	1/1 times (100%)	2/2 times (100%)
Outside Director	Hiroshi Tomono	1/1 times (100%)	2/2 times (100%)
Outside Director	Motoshige Itoh	1/1 times (100%)	2/2 times (100%)
Outside Director	Atsuko Muraki	1/1 times (100%)	2/2 times (100%)

#### Activities of the Advisory Committees in Fiscal 2019

##### Nomination Advisory Committee

- Deliberation on officers for fiscal 2020.

##### Remuneration Advisory Committee

- Deliberation on revising the policy for determining the remuneration of executive officers.
- Deliberation on the calculation method for the bonuses of officers
- Deliberation on basic remuneration

#### Policies and Procedures for Reshuffling Senior Management and Nominating Candidates for Directors and Auditors

##### Appointment policy

- Performance, knowledge, experience, personality, and the insight of a candidate are comprehensively considered from the standpoint of having "the right person in the right place," as well as ensuring a proper and prompt decision-making process, so as to select a person suitable for the respective duties.
- According to the criteria set forth by the Company, the person who has reached a certain age set for retirement will resign, in principle, upon completion of his or her tenure.
- For the nomination of candidates for outside directors and outside auditors, if a candidate also serves as an executive officer of other listed companies, the number of these companies must be less than five, including our Company. This rule is to ensure that the candidate can properly fulfill his/her responsibility as our Director or Corporate Auditor.

##### Appointment procedures

- Representative Directors select candidates suitable for senior management, the Board of Directors, or the Corporate Auditors in line with the policies described above.
- The results of the nomination will be deliberated at the Nomination Advisory Committee, comprised of Outside Directors and Corporate Auditors, which is set up under the Board of Directors, and recommended to the Board of Directors. The Board of Directors will deliberate based on the advice and make a decision. Appointment of a Director or Corporate Auditor will be made by a resolution at the General Meeting of Shareholders.

##### Appointment/Dismissal policy and procedures

- The Board of Directors will deliberate and decide on its response if senior management commits a wrongful, inappropriate, or treasonous act, or if there is a cause that is deemed unsuitable to be committed by a member of senior management.

**1. Basic Policy for Remuneration of Directors, etc.**

- (1) The remuneration of senior management and directors (hereinafter "Directors etc.") shall consist of basic compensation and bonuses.
- (2) Basic compensation is designed to serve as an incentive for the actions of Directors, etc. to contribute to the company's sustainable growth, rather than aiming for short-term or sub-optimal effects.
- (3) The scale of bonuses shall largely reflect the company's consolidated financial results for a fiscal year in order to heighten incentives to achieve the annual targets of business plans.
- (4) Remuneration shall be set at levels that are designed to be objectively competitive to attract and retain outstanding talent while taking into consideration such factors as the scale and content of the company's business. Based on surveys by a third-party organization and other materials, such levels shall be checked annually for objective appropriateness.

**2. Mechanisms of Each Remuneration Element****(1) Basic Compensation**

The level of basic compensation shall be determined based on the policy described in section 1(4) above.

While basic compensation for each year shall be fixed, the company will adopt a mechanism whereby basic compensation levels would be changed in the event that the company's position has changed, in terms of the company's size, earnings capacity, and outside evaluations, from a comprehensive and medium- to long-term perspective.

As main indicators for determining whether there has been a change in the company position, the company will apply the following: ① in terms of the company's size, sales revenue, total assets and market capitalization, ② in terms of earnings capacity, net income (attributable to the parent company), ROE, ROI and D/E ratio, and ③ in terms of outside evaluations, credit ratings and the ESG index selected by the GPIF (Government Pension Investment Fund).

The amounts to be paid to each person will be determined in accordance with the base amount set for each position.

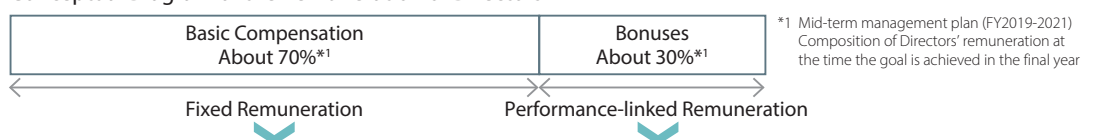
**(2) Bonuses**

Bonuses shall be paid on the condition that performance for that fiscal year exceeds a particular level and shall be determined based on the bonus calculation formula (performance indicator x coefficient).

In order to reflect the current earnings capacity of the relevant business year (including financial activities) in the value of bonuses, the company will use the combined value of consolidated core operating profit and financial profit and loss as the performance indicator in the bonus calculation formula. In addition, the company will set the coefficient of the calculation formula so that it will get larger as the position of a person gets higher.

**(3) Percentages of Fixed Remuneration (Basic Compensation) and Performance-linked Remuneration (Bonuses)**

The company will set the bonus calculation formula such that the bonuses of Directors (excluding Outside Directors) accounts for roughly 30% of total remuneration when the consolidated performance goal (core operating profit) for the latest fiscal year of the Corporate Business Plan (fiscal years 2019 to 2021) is achieved.

**Conceptual Diagram of the Remuneration of Directors**

Based on the factors for determination described below, the company will change the amount of remuneration when it is determinable that the company's position has changed from a comprehensive and medium- to long-term perspective.

Factors for Determination	Major Indicators
Company's size	Sales revenue
	Total assets
	Market capitalization
Earnings capacity	Current income (belonging to the parent company)
	ROE
	ROI
	D/E ratio
Outside evaluations	Credit ratings
	ESG index selected by GPIF

(Note) The amount to be paid to each person will be determined by each position.

The amount of bonuses will be determined by the calculation formula based on the following consolidated performance indicator.

Consolidated performance indicator	Core operating profit plus financial profit and loss
Calculation formula	Consolidated performance indicator
	X Coefficient*2

\*2 The Company will arrange so that the higher the position, the larger the coefficient will be.

(Note) If a consolidated performance indicator does not exceed a particular level, bonuses will not be paid.

**3. Procedures for determining remuneration of Directors, etc.**

The remuneration amount of Directors shall be set at a level not higher than the upper limit for total remuneration prescribed by the resolution of the 125th General Meeting of Shareholders, held on June 23, 2006 (i.e. 1 billion yen or less per year). Furthermore, the specific amount of remuneration

for each Director or other officer shall be determined by the Chairman of the Board, as authorized by the Board of Directors, based on the standard advised by the Remuneration Advisory Committee.

## Internal Control

### ■ Status of the Development of the Internal Control System

Sumitomo Chemical established its Basic Policy for the Enhancement of the Internal Control System by a resolution of the Board of Directors, creating a system to ensure the appropriateness of its operations as stipulated in the Companies Act.

As stated in the basic concept of this policy, we recognize that the development of an internal control system is a necessary process for maintaining a sound organization and should be actively utilized to achieve business objectives. To continuously enhance our internal control system, we have formed the Internal Control Committee, which is chaired by the President and consists of Executive Officers responsible for and in charge of each business sector and corporate department. Regular meetings of the committee are held three times a year, with additional meetings held as needed.

At Sumitomo Chemical, the Internal Control Committee plays a central role in discussing various measures based on the basic policy described above. The committee also operates a PDCA (plan-do-check-act) cycle by monitoring the implementation status of those measures, and constantly inspects and strengthens the Group's internal control system in response to changes in the Group's business and operating environment, so that the Group's internal control system can function effectively.

The Standing Corporate Auditors attend the committee as observers, and the committee's operations are conducted by the Internal Control & Audit Department, independent of other business activities. Summaries of the matters covered in the committee are reported to the Board of Corporate Auditors after each meeting. These summaries are then reported to the Board of Directors for deliberation.

### ■ Timely Disclosure

The Corporate Communications Department is in charge of working in conjunction with other relevant departments to continually disclose necessary information in a timely manner. In addition to items requiring disclosure under Japan's Financial Instruments and Exchange Act and under stock exchange regulations, we also actively disclose information that may be considered material to the decisions of investors. We endeavor to build stronger relationships of trust with society and capital markets by publishing documentation in accordance with the rules stipulated by the security exchanges in Japan, including reports on the company's corporate governance philosophy and system, and notifications showing that Outside Directors and Corporate Auditors have no existing conflicts of interest with general shareholders. These documents are available on the website of Japan Exchange Group Inc.

### ■ Internal Audits

As part of its internal control monitoring activities, Sumitomo Chemical has established a dedicated organization within the company to conduct internal audits, in addition to audits by the Corporate Auditor and Financial Statement auditors. The Internal Control & Audit Department conducts internal audits for all matters related to the execution of operations by the company and its Group companies, and dedicated audit teams for the Responsible Care Department conduct Responsible Care auditing from the perspective of safety, environment, and quality throughout the life cycle of chemical products. Internal audits and Responsible Care audits are coordinated with each other as needed.

#### ① Internal Audits

The Internal Control & Audit Department organizes teams of several employees who conduct internal audits on Sumitomo Chemical and its major Group companies once every two to five years from the following perspectives: effective and efficient operations; reliability of financial reporting; and compliance with relevant laws and statutes in all business activities.

The department also reports the results of internal audits to the Internal Audit Liaison Meeting, which is held on a quarterly basis and is attended by the Standing Corporate Auditors and a number of departments, including the Legal Department, the Human Resources Department, the Accounting Department, and the planning & coordination offices of each business sector. The department also reports to the Internal Control Committee once every six months in order to share issues and to promote the lateral deployment of measures.

In addition, in accordance with the Financial Instruments and Exchange Act, the department evaluates the effectiveness of internal controls over the Sumitomo Chemical Group's financial reporting, and also reports on the status of its evaluations to the Internal Control Committee.

In case any serious matter relating to internal controls is found, the matter will be promptly reported to Executive Officers and Standing Corporate Auditors on the reporting line.

#### ② Responsible Care Audits

The Responsible Care Department organizes teams of dedicated employees to conduct responsible care audits on each of our business sites and on major Group companies every one to three years, in principle, from the following perspectives: ensuring safety, health, environmental protection, maintenance and improvement of quality, compliance, including with security trade controls, and control system security throughout the entire life cycle of chemical products.

Through these audits, we are striving to support the improvement of Responsible Care management in accordance with the size, type of business, and characteristics of each business site and Group company. Issues discovered during the audit and the progress of improvements are reported internally every time and to the Responsible Care Committee when it meets once a year.

## Risk Management

To achieve sustainable growth, Sumitomo Chemical makes an effort to detect, at an early stage, various risks that may hinder the achievement of its business objectives, and takes proper measures. We focus on building and expanding a system relating to risk management so that we can promptly and properly address risks when they emerge.

### Risk Management Organization

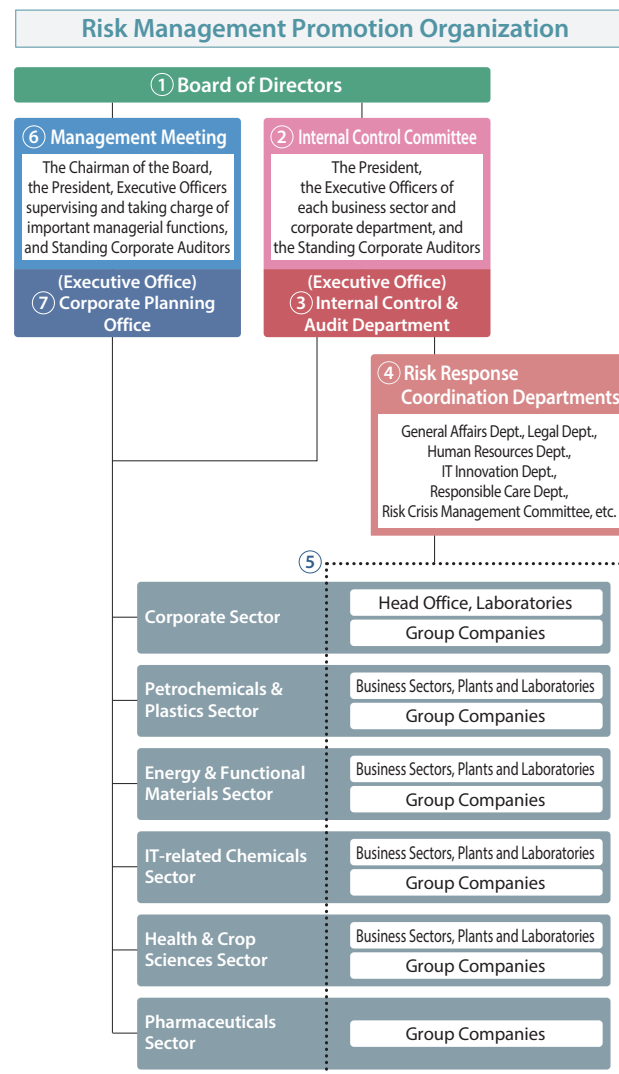
At Sumitomo Chemical, as part of its standard duties, each of the Group's organizations is taking various measures to properly manage risks associated with its business operations. In order to support initiatives and thorough risk management of each organization, the Internal Control Committee deliberates on Group-wide risk management policy, collection of risk information, and various measures to thoroughly communicate to employees in the Group.

As a main measure, every year, approximately 120 major organizations, both in Sumitomo Chemical and Group companies around the world, conduct risk evaluations, assessing the probability of occurrence and the potential impact of various risks that could hinder the achievement of business objectives. These results are then aggregated by the Internal Control & Audit Department to create a Group-wide priority risk map. Based on this risk map, the Internal Control Committee identifies priority risks that require Group-wide countermeasures. Then, our risk response coordination organizations, which have been established for each priority risk, formulate a response plan for the entire Group, and each organization of the Group implements countermeasures in accordance with this plan. Moreover, the committee regularly receives reports on the progress of countermeasures and gives necessary instructions.

Management meetings deliberate as needed on the management strategy of Sumitomo Chemical and Group companies around the world, critical matters for management, including capital spending/investment and loans (p.34: various measures in Corporate Business Plan), in terms of both opportunities and risks. Summaries of the matters covered in the Internal Control Committee and important matters deliberated in the Management Meetings are reported to the Board of Directors.

### Cross-organizational Risks and Crisis Response

We established the Risk and Crisis Management Committee to deliberate risks and crisis response policies that affect multiple business sites, departments, and Group companies, such as large-scale disasters (earthquakes, storms, floods, etc.), pandemics, deterioration of security in Japan or overseas (terrorism, riots, wars, etc.), and other issues.



- ① **Board of Directors**
  - The Board ensures the effectiveness of risk management by deliberating and supervising the activities of the Internal Control Committee and important matters deliberated in the Management Meetings.
- ② **Internal Control Committee (Chaired by the President)**
  - The committee deliberates on policies related to risk management for the entire Sumitomo Chemical Group, and supervises the efforts of each organization based on these policies.
- ③ **Internal Control & Audit Department**
  - As the executive office of the Internal Control Committee, this department monitors the risk management activities of each department and Group company of the Sumitomo Chemical Group.
- ④ **Risk Response Coordination Departments**
  - Each organization plans and promotes Group-wide countermeasures for the risks assigned to it, in cooperation with each department and Group company.
- ⑤ **Each Department and Group Company**
  - These organizations are the main drivers of risk management.
  - The organizations develop and implement countermeasures for the risks affecting their own organization or company.
- ⑥ **Management Meeting**
  - Concerning important matters for management, including management strategy and capital spending for each organization of the Group, it deliberates on individual proposals in terms of risks and opportunities.
- ⑦ **Corporate Planning Office**
  - As the Executive office for the management meeting, it selects the agenda for deliberation and conducts meetings so as to enable proper deliberation of important matters.

# Compliance

## Basic Policy

The Sumitomo Chemical Group places compliance at the bedrock of its corporate management. As we engage in business in many parts of the world, all of the companies in the Sumitomo Chemical Group are devoting earnest efforts to stay in strict compliance with not only laws and regulations, but also ethical principles in a business environment. Both the spirit and the letter of ensuring compliance in business activities have consistently been enshrined at Sumitomo Chemical ever since the company was founded. This unwavering resolve towards compliance is embodied succinctly in the “Sumitomo Chemical Charter for Business Conduct,” which serves as the guideline of conduct for every employee to abide by and constitutes the backbone of our day-to-day compliance activities. In recent years, in particular, companies are expected to fulfill their societal responsibilities more than ever before. Given the circumstances, all companies in the Sumitomo Chemical Group are making concerted efforts to further compliance activities, under the strong leadership of top management, to further enhance compliance in the Group’s business activities on a global basis.

## Compliance System at the Sumitomo Chemical Group

### (1) Compliance Committee

Sumitomo Chemical has established a Compliance Committee chaired by the President and holds a Compliance Committee meeting at least once a year (or more frequently as needed). Details discussed by the committee are reported to Board of Directors and Board of Corporate Auditors, and the committee then receives feedback from them. The committee establishes overarching principles of compliance from a global perspective, and then works with each business sector and Group company, both in Japan and abroad, to build and operate their compliance systems locally in the required manner, according to those global principles.

### (2) Group Compliance Structure Focused on Effectiveness

**“Think globally, Manage regionally, Act locally”**

As business globalizes, it becomes more important that the operation of a corporation’s compliance system be fine-tuned to situations specific to individual countries or companies. In light of this, we have established Regional Legal & Compliance Offices (RLCOs) in Sumitomo Chemical’s major business regions. The RLCOs, grasping the concrete needs and tasks of their respective Group companies, provide hands-on support and guidance to them, such as helping to set and implement necessary internal rules and procedures, building a company’s compliance system, and assisting in its operations. In fiscal 2019, the South American RLCO was established and started its activities after we acquired businesses in South America.

### (3) Introducing and Operating a Compliance System for the Company and its Group Companies

To ensure thorough compliance throughout the entire Sumitomo Chemical Group, it is important that Sumitomo Chemical and its Group companies establish and operate their own compliance systems. Sumitomo Chemical and its Group

companies are engaged in the following activities.

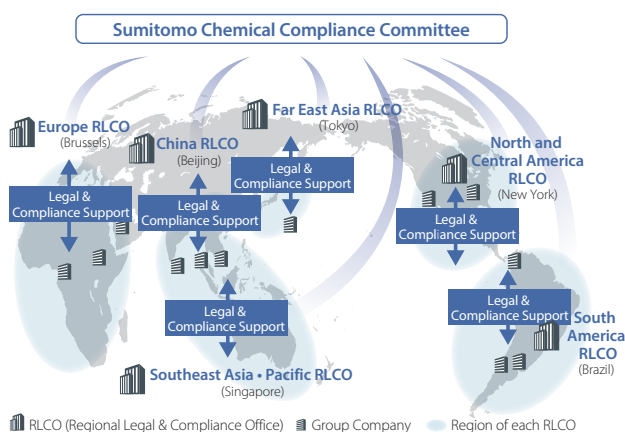
- ① Establishing and operating the Compliance Committee (including responding to internal reports and conducting compliance violation investigations)
- ② Introducing and regularly reviewing the Code of Ethics
- ③ Introducing and operating the Internal Reporting system (the Speak-Up Reporting System)
- ④ Conducting compliance activities (education, training, etc.) based on a compliance risk assessment of each Group company

### (4) Internal Reporting System (Speak-Up Reporting System)

In order to detect any compliance violations as early as possible, or prevent them before they occur, the Sumitomo Chemical Group has introduced an internal reporting system (the Speak-Up Reporting System), which allows the following persons to report a compliance violation or a suspected violation upon uncovering it directly to the Compliance Committee or to external lawyers, either by identifying oneself or anonymously: management executives and company employees (including contract employees), their family members, management executives or employees of Group companies, their family members, or those who retired from the Company or its Group companies and their trading partners, and all those who are involved in any of the Group’s businesses. An investigation based on an Internal Report is carried out with utmost consideration for protecting the privacy of the person reporting and maintaining confidentiality of the information provided, and maximum care is taken to ensure that a person who has made a report will never be put at any disadvantage on the grounds of having made the report, including dismissal, transfer, or discrimination. In addition, we clearly state in our compliance manuals and thoroughly communicate to employees that, if one voluntarily reports his/her own compliance violation to the Company and cooperates in investigations by the Compliance Committee, they may be subject to reduced disciplinary action or entirely exempted from disciplinary action to be taken under the company rules. The entire Sumitomo Chemical Group has been promoting the use of the Internal Reporting System. As a result, the number of the reports for the entire Sumitomo Chemical Group in fiscal 2019 increased by 2 from the previous year, to 151. Reports and compliance violations are reported to the Board of Corporate Auditors on a regular basis.

\* Detailed compliance initiatives are elaborated in the Sustainability Data Book 2020.

### Compliance System at Sumitomo Chemical Group



# Anti-corruption

## Basic Policy

As corporations expand activities across national boundaries, promoting fair competition becomes increasingly important in the supply of goods and services in the international marketplace. As is evident from the ever tightening laws and regulations in the world designed to prevent corruption, such as the FCPA in the U.S. and the Bribery Act of 2010 in the U.K., there is a growing awareness globally that corrupt conduct, such as bribery, should be eliminated by any means necessary. Under the circumstances, Sumitomo Chemical has positioned the prevention of corruption in all its forms, including bribery of public officials, excessive business entertainment and gift-giving, collusion, embezzlement, and breaches of trust as one of the most important issues in ensuring thorough compliance. We are striving to ensure a sustainable and sound corporate climate by enhancing our internal organization to appropriately respond to corruption risks to prevent the occurrence of corruption.

## Committee on Antitrust Compliance and Corruption Prevention

In 2012, we established the Committee on Antitrust Compliance and Corruption Prevention (chaired by the company's President) to establish and manage anti-corruption systems for Group companies in Japan and overseas under the guidance and supervision of the Board of Directors and Board of Corporate Auditors.

In the President's own messages, the committee states its policy and commitment to prohibit all forms of corruption, including bribery of public officials by management executives or employees, excessive entertainment and gift-giving, collusion, embezzlement, and breaches of trust. In addition, we have formulated a corruption prevention manual that contains detailed anti-corruption rules. The manual has been disseminated to all Group companies in Japan and overseas, and has been posted on the company intranet, and periodic training sessions are conducted to ensure thorough compliance among the employees of the company and its Group companies.

Further, we conduct assessments of anti-corruption regulations and corruption risks in each country, such as the status of transactions and the countries in which our trading partners are located. Based on the results of these assessments, we decide on policies to strengthen measures to prevent corruption, and apply them to the company and all Group companies.

## Initiatives in the Supply Chain

In order to prevent corruption in the Group's supply chain, we are making our agents, consultants, distributors, and other business partners aware of our anti-corruption policy by holding regular training sessions when initially engaging or renewing a contract, or at business meetings and other occasions. We also ask our partners to pledge to comply with the policy. In addition, as part of our due diligence procedures, we ask business partners to submit written responses detailing their company's profile and any past corruption problems, and assess the risk of corruption based on these responses. Moreover, when we engage a business partner for business with a high risk of corruption, such as in a public tender transaction or in a developing country, a more detailed risk assessment is carried out, including on-site interviews with the business partner conducted by an outside expert. If it is judged that there is a risk of corruption as a result of the assessment, we conduct awareness-raising activities concerning the prevention of corruption for such business partners, asking them to implement corrective measures such as strengthening the internal rules and organization to prevent corruption, and offering our support for such efforts. (The company does not engage business partners if the implementation of remedial measures is refused or if there is a strong concern about corruption detected through the assessment process.)

## Other Measures

In addition to the above-mentioned measures, we are striving to prevent corruption through the application of internal rules on business entertainment and gift-giving, and the strict application of approval procedures for business decisions and payment.

We have also established and operate an internal reporting system (the Speak-Up Reporting System, which allows anonymous reporting) that can be used by anyone involved in our business, including business and trading partners, in order to quickly identify corruption or the threat of corruption, to prevent compliance violations from occurring, and to rectify them as soon as possible. We also inform management executives or employees of Group companies, and business and trading partners, about the use of this system.

Management executives and employees whose corrupt conduct has been confirmed are subject to disciplinary action in light of internal rules. Business and trading partners are requested to rectify such actions, and other measures are taken, such as the suspension of transactions.

# Responsible Care

[Occupational Safety and Health, Industrial Safety and Disaster Prevention / Environmental Protection / Product Stewardship, Product Safety, and Quality Assurance]

## Occupational Safety and Health, Industrial Safety and Disaster Prevention

### ■ Initiatives to Ensure Safety at All Group Workplaces

The Sumitomo Chemical Group aims to achieve zero severe accidents across all workplaces, as per the basic principle of "Making safety our first priority." To this end, we have ramped up our efforts to ensure safety by communicating thoroughly to make sure everyone observes the Safety Ground Rules, which are common to all Group employees, evaluating and improving the level of safety culture in workplaces, raising the level of safety management with the use of IoT technology, and reviewing and reinforcing natural disaster prevention measures. Through dialogues with residents in the region, we explain to neighboring residents our efforts to ensure safety, and work to deepen our mutual understanding.

## Environmental Protection

### ■ Environmental Protection Activities Rooted in Local Communities

The Sumitomo Chemical Group has set common targets for environmental conservation and is working to reduce environmental impact throughout the Group. Specifically, we have set goals in each field, such as conservation of air and water environments, resource saving and waste reduction, appropriate management of chemical substances, preservation of biodiversity, and protection of the soil environment. We are working to enhance our efforts to achieve these goals at each business site. In the future, we will continue to focus on environmental conservation activities rooted in local communities and strive to secure the trust of society, which is a major prerequisite for continuing our business.

## Product Stewardship, Product Safety, and Quality Assurance

### ■ For the Safety and Peace of Mind of Our Customers

The Sumitomo Chemical Group estimates the degree of impact our chemical products have in terms of safety on people and the environment throughout their lifecycle, and promotes activities to protect people's health and the environment based on those risks. As part of its Eco-First Commitments, Sumitomo Chemical is currently carrying out risk assessments of the chemical substances that the company produces and offers for sale in annual quantities of 1 ton or more. The company is publishing the results of these assessments as safety summaries.\* The company is reassessing whether the products it sells are of sufficient quality so that customers can use them safely, incorporating information from these assessments. Going forward, we will continue to thoroughly implement day-to-day management so that we can deliver products and services of such quality that customers around the world can use them with peace of mind.

\* Documents that record safety information for chemical substances

### Status of Dialogues with Local Communities for FY2019 (Sumitomo Chemical's Non-consolidated Business Locations)

Number of Dialogues Held	35	Number of Participants	374
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A local dialogue

▶ "Occupational Safety and Health, Industrial Safety and Disaster Prevention" chapter of the *Sustainability Data Book 2020*

### Performance Targets and Results for FY2019 (Sumitomo Chemical's Non-consolidated Production Plants)

Target	Maintaining a 60% reduction in total emissions of substances subject to the PRTR* (emissions into the air and water) compared to fiscal 2008
Result	89.9% reduction compared to fiscal 2008

\* Chemical Substances Control Promotion Law "PRTR: Pollutant Release and Transfer Register"

Target	Maintaining an 80% reduction in landfill volume of industrial waste compared to fiscal 2000
Result	94.0% reduction compared to fiscal 2000

▶ "Environmental Protection" chapter of the *Sustainability Data Book 2020*



### Eco-First Commitments

Commitment Example	We will promote the management of chemical substances, using proprietary technology, and risk communications in an appropriate and proactive manner.
Performance Result	We have completed hazard assessments for all substances in our initial plan, and published safety summaries for 56 materials.

Since November 2008, Sumitomo Chemical has participated in the Eco-First Program of Japan's Ministry of the Environment as the only Japanese diversified chemical company. We disclose the progress of these initiatives and regularly report them to the Ministry of the Environment.

▶ "Product Stewardship, Product Safety, and Quality Assurance" chapter of the *Sustainability Data Book 2020*

# Dialogue with Shareholders and Investors

## Basic Policy

Sumitomo Chemical provides planned, effective, and strategic communications with shareholders and other investors regarding our management policies, business strategies, and performance trends, so as to fulfill our accountability to shareholders and maintain and raise market confidence, while endeavoring to convey an accurate understanding of the company that will be reflected properly in the stock price and in higher corporate value.

## Achievements

Sumitomo Chemical holds a briefing session on its business strategy by the President every year, as well as individual briefing sessions given by the heads of business sectors, including the one on growth strategy by the IT-related Chemicals sector in fiscal 2019. Tours of plants are held every year for institutional investors and analysts. In fiscal 2019, a tour of a plant in South Korea was organized to allow them to see the frontlines of our operation there.

Since fiscal 2016, we have arranged opportunities for directors who are in charge of a sector or head-office function to meet with investors and analysts and directly exchange views several times a year. Not only does management offer explanations, it also directly receives frank opinions from investors and analysts. This has led to constructive dialogue on our issues and the vision we should aim for, and mutual understanding is advancing year by year.

A number of IR meetings for individual investors are also held to promote a more profound understanding of our Company.



Sumitomo Chemical's exhibit at the Sawakami Fund Investment Report Exhibition 2019 (in September 2019)

### Summary of IR Activities (FY2019)

#### Briefing Sessions

	Times Held	Attendees
Current priority management issues and business strategy	1	113
Business strategy	1	90

	Times Held	Attendees
Conference call on earnings report	6	1,220

Visit our website for documents used in the conferences.

<https://www.sumitomo-chem.co.jp/english/ir/event/>

#### Individual Meetings (Institutional Investors and Analysts)

##### Attendees\*

381

\* Including participants in the domestic and overseas conferences

#### Investors Visits

	Times Held
Overseas	29
Japan	6

#### Small Meetings

	Times Held	Attendees
Small meetings with the President	2	49
Small meetings with representative directors of business sectors	3	65

#### Tours of Production Facilities for Institutional Investors and Analysts

Times Held	Attendees
1	14

#### Individual Investors' Meetings\*

Times Held	Attendees
10	approx. 830

\* Including online sessions.

# External Evaluation



## FTSE4Good Index Series

This index, designed by FTSE Russell, a global index provider, consists of companies demonstrating strong Environmental, Social and Governance (ESG) practices selected from among all leading global companies.



## FTSE Blossom Japan Index

This index, designed by FTSE Russell, a global index provider, consists of Japanese companies demonstrating strong ESG practices. It is designed so as to make the industry segment allocation similar to that of the Japanese stock market.



## MSCI Japan ESG Select Leaders Index <https://www.msci.com/esg-investing>

This index is designed by MSCI, a provider of various tools to support institutional investors around the world in their investment decision making. It selects companies demonstrating strong ESG practices from component issues of the MSCI Japan IMI Top 500 Index.



## MSCI Japan Empowering Women Index (WIN)

This index is designed by MSCI, a provider of various tools to support institutional investors around the world in their investment decision making. It selects companies demonstrating strong practices in promoting women's participation and advancement.



## S&P/JPX Carbon Efficient Index

This index is designed by S&P Dow Jones Index, and selects companies from the Tokyo Stock Price Index (TOPIX). The better the companies are in their demonstration of higher carbon efficiency and disclosure of environmental information, the higher their component percentages are in this index. Our decile rating is 3, and the disclosure status is "disclosed."



## EcoVadis Sustainability Rating 2020 "Gold"

EcoVadis was founded in 2007 as a provider of business ESG ratings to improve the environmental and social practices of businesses across global supply chains. Business policies, measures, and performance are rated in four areas: environment, labor and human rights, ethics, and sustainable resource procurement. Gold medals are given to the top 5% of companies, of about 65,000 companies rated.



## CDP "Climate Change A List 2019"

We were rated on the "Climate Change A List 2019" by the CDP for two years in a row as a company taking particularly outstanding action on climate change. Of about 8,000 companies that disclosed information on climate change, 179 were A-listed, including 38 Japanese companies.



## 2020 Health and Productivity Management Awards – White 500

Established by the Ministry of Economy, Trade and Industry (METI) in 2016, this is a system to recognize corporations demonstrating superior health management based on health promotion initiatives led by Nippon Kenko Kaigi. We have received this award for three years running since 2018.



## Kurumin, Next-generation Support Certification Logo

In September 2015, we received the next-generation support certification logo (Kurumin) for the third time running as a company that supports families raising children. This is an accreditation system whereby the Ministry of Health, Labour and Welfare certifies companies that executed action plans formulated as per the Act on Advancement of Measures to Support Raising the Next-Generation of Children, and met all the criteria.



## Nikkei Annual Report Awards 2019, Outstanding Performance

Sumitomo Chemical's Annual Report for 2019 won an outstanding performance award at the Nikkei Annual Report Awards 2019, the third win following 2016 and 2017. Among 133 applicants, the judges, who included institutional investors, selected one company to receive the Grand Prize, three companies to receive Second Grand Prizes, two companies to receive Special Awards, and 14 companies to receive Outstanding Performance Awards. As reasons for this award we received, judges commented, "Detailed description relating to climate change is provided," "The company fully conveyed that the management is keen on contributing to a sustainable society through its business," and "Sufficient information is disclosed so as to help investors evaluate the improvement of corporate value in a medium to long term."



## The 23rd Environmental Communication Awards, the Grand Prize for Environmental Report

Our Annual Report 2019 and Sustainability Data Book 2019 won the Grand Prize for Environmental Reports at the 23rd Environmental Communication Awards. This is an accreditation system to promote corporate initiatives for environmental management and communications while improving the quality of information disclosure on the environment. For the 23rd Environmental Communication Awards, 180 reports were submitted for consideration, and 25 reports were selected to be awarded the Grand Prize.