Flow of Value Creation

Growing the Company and Contributing to Society through the Power of Chemistry

The Sumitomo Chemical Group operates five businesses by maximizing the three strengths and management resources it has cultivated since its foundation to create social and economic value in an integrated manner. The Company aims to build a sustainable society while achieving its own sustainable growth.

Management Resources (at the end of fiscal 2019)

Our Strengths (Core Competence)

- Ability to develop innovative solutions by leveraging its technological expertise in diverse areas
- Ability to reach global markets
- **■** Loyal employees

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Financial Capital	Total equity:Ratio of equity attributable to	1,388.8 billion yen	
	owners of the parent:	25.3%	
Manufactured Capital	R&D sites and production facilities spread around the world, all operating on the basic principle of "Safety before all."		
	■ R&D sites and production facilities (as of April 1, 2020)	Japan: 11 Overseas: 82	
	Overseas production ratio:	44.9%	
	■ Lost-workday Incident Rate:	0.42	
Intellectual Capital	Technologies cultivated through the development of a wide range of products as a diversified chemical company		
	■ R&D expenses:	174.3 billion yen	
	■ R&D expenses to sales revenue:	7.8%	
	Number of patents held in Japan (non-consolidated):	4,355	
	Number of patents held overseas (non-consolidated):	8,666	
Human Capital	Number of employees:	33,586	
	Number of R&D employees:	4,221	
	Number of employees in overseas affiliates:	15,080	
	Employee opinion survey Rate of respondents who affirmed that they are "satisfied with working for the Company" (non-consolidated) as of September 2019:	79%	
Social and Relationship Capital	Corporate principles handed down over generations, and a long-established relationship of trust with stakeholders		
		ne History of	
	■ Business Philosophy:	umitomo Chemical	
	Overseas sales revenue ratio:	65.6%	
	■ Dialogues with local communities:	35 times	
Natural Capital	■ Water usage:	1,014 million tons	
	■ Total use of energy (fuel, heat, and electricity) in crude oil equivalent:	2,200 thousand kl	
	■ Hydrocarbon compounds*:	1,829 thousand tons	

*Sumitomo Chemical and Group Companies in Japan

The Material Issues to be Addressed as Management Priorities

The Material Issues for Sustainable Value Creation **Material Issues for Material Issues for Social Value Creation Future Value Creation** Contribution to reducing environmental impact Mitigation of climate change **Promotion of** Contribution through products technology innovation and and technologies research and development Efficient use of energy and resources Contribution to the recycling of Initiatives for plastic resources digital innovation Contribution to solving food issues Promotion of Contribution to solving diversity and inclusion healthcare issues Contribution to ICT innovation The Foundation for Business Continuation Occupational safety and health, and industrial safety and disaster prevention Product safety and quality assurance Respect for human rights Healthcare Compliance Anti-corruption

Corporate Business Plan for FY2019 – FY2021 P34

Slogan and Basic Policy

Change and Innovation 3.0

For a Sustainable Future

- Accelerate the development of next-generation businesses
- Employ, develop and leverage human resources for sustainable growth
- 2 Improve productivity through digital innovation
- 6 Ensure full and strict compliance and maintain safe and stable operations
- Further improve business portfolio
- 4 Build a more robust financial structure

Our Five Business Sectors

Petrochemicals & Plastics > P42



Major Products and Businesses

Petrochemical products, inorganic chemicals, material for synthetic fibers, organic chemicals, synthetic resin, methacryl, synthetic resin processing products, etc.

Energy & Functional Materials 🔵 P46



Major Products and Businesses

Alumina products, aluminum, specialty chemicals, additives, dyestuffs, synthetic rubber, super engineering plastics, battery materials, etc.

IT-related Chemicals > P50



Major Products and Businesses

Optical materials, semiconductor process materials, compound semiconductors, touchscreen panels, etc.

Health & Crop Sciences > P54



Major Products and Businesses

Crop protection chemicals, fertilizers, agricultural material, household insecticides, products for control of infectious diseases, feed additives, active pharmaceutical ingredients and intermediates, etc.

Pharmaceuticals > P58



Major Products and Businesses

Ethical pharmaceuticals, diagnostic radiopharmaceuticals, etc.

Our Vision

To deliver solutions to social issues, it is vital to integrate a variety of technologies. This is the very benefit of our company as a diversified chemical company operating in five business sectors on the basis of a broad range of technologies. Sumitomo Chemical makes this benefit a reality. As a conglomerate (company running diverse businesses), we aspire to be a company valued at a premium rather than at a discount. Creating social and economic value in an integrated manner, we will create a sustainable society while attaining our own sustainable growth.

	KPI	Numerical Target
Economic Value	■ ROE	Over 10%
	■ ROI	Over 7%
	■ D/E ratio	Approx. 0.7 times
	■ Payout ratio	Approx. 30%
Social Value	■ Greenhouse gas emissions of the Group (Scope 1+2)	Reduce by 30% by fiscal 2030 (vs. fiscal 2013)
		Reduce by over 57% by fiscal 2050 (vs. fiscal 2013)
	Sales revenue of products designated as Sumika Sustainable Solutions*	560 billion yen in fiscal 2021
	■ Energy intensity index	Improve by 3% or more during the 3 years of each Corporate Business Plan
	 Percentage of female employees in positions equivalent to manager or above (non-consolidated) 	Over 10% by 2022
	▶ P27: List of KPIs	

^{*} An initiative to designate Group products and technologies that can help tackle global warming or reduce environmental burdens, and promote their development and spread in society.