

Sustainability at Sumitomo Chemical

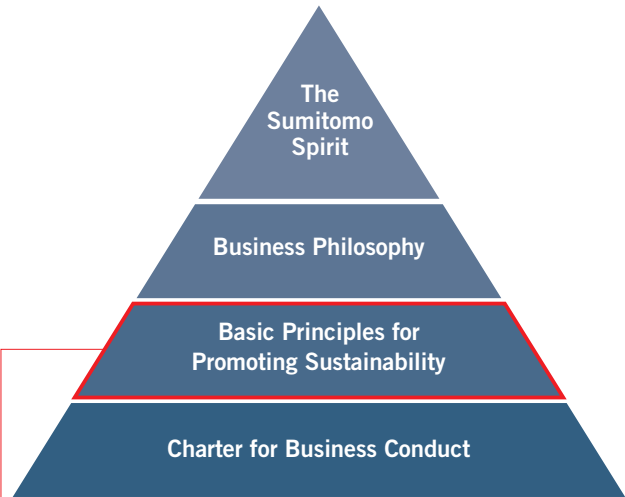
Sumitomo Chemical's DNA

The history of Sumitomo Chemical began when gasses from a copper smelting process caused a pollution problem, and there was an urgent need for a solution. Sumitomo Chemical was founded to resolve this problem, using those gasses as the raw material for fertilizer manufacturing, overcoming an environmental problem while also improving agricultural productivity. This philosophy of resolving problems facing society through its business is in the DNA of the Sumitomo Chemical Group.

Our Sustainability Policy

To us at the Sumitomo Chemical Group, the promotion of sustainability means contributing to developing a sustainable society through our business and achieving sustained growth for our company. In promoting sustainability, we are committed to creating social and economic value concurrently through innovation and contributing to resolving critical issues facing international society, including achieving the United Nations Sustainable Development Goals (SDGs). With the commitment of the top management and participation by all officers and employees, we also pledge to undertake various initiatives by engaging in alliances and collaborations with stakeholders, while also continuously assessing and improving our actions. These principles and this commitment of ours are expressed in our Basic Principles for Promoting Sustainability, and in the framework of our Corporate Philosophy, we place these principles just below the Sumitomo Spirit and Sumitomo Chemical's Business Philosophy to show our commitment to working on the promotion of sustainability as a management priority.

The Framework of Sumitomo Chemical's Corporate Philosophy

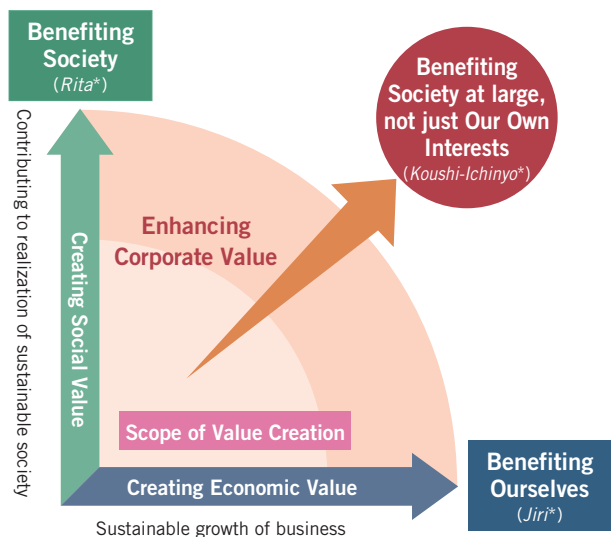


Basic Principles for Promoting Sustainability

- Principle 1** Creating economic value which helps create social value (Promoting "Jiri-Rita Koushi-Ichinyo"*)
- Principle 2** Contribution to solving globally vital issues
- Principle 3** Active participation in global initiatives
- Principle 4** Collaboration with stakeholders
- Principle 5** Top management commitment and participation by all
- Principle 6** Enhancing corporate governance

* Jiri-Rita Koushi-Ichinyo:
Our business must benefit society at large, not just our own interests.

Image of Enhancing Corporate Value



* in Japanese

The Material Issues to be Addressed as Management Priorities

In 2019, Sumitomo Chemical identified several Material Issues, important management issues that it would work to address based on its corporate philosophy.

Process for Identifying Material Issues

1

An Overall Evaluation of the Group's Contribution to Sustainability

Discussed in the Sustainability Promotion Committee

① Begin by analyzing the issue along two axes, importance to business and importance to society

- Identify material issues for continually creating both economic value and social value
- Consider perspectives on utilizing resources, including technology, digital technology, and personnel
- Clarify relationships between various initiatives, including occupational safety and health and compliance

② Grasp stakeholder requirements

- Take into consideration trends in international society and outside evaluations obtained through participation in initiatives

Major international guidelines and initiatives we referred to

- Initiatives by WBCSD and other relevant bodies
- ISO 26000
- SDGs
- The 10 Principles of the United Nations Global Compact
- GRI Standards
- Third-party assessments (including FTSE and EcoVadis)

2

Clarifying Material Issues

Discussed in the Sustainability Promotion Committee

- Identified candidates for the Group's material issues to be addressed as management priorities, with a view to creating both economic value and social value sustainably
- Identified the selected Material Issues as "Material Issues for Social Value Creation," for those issues connected to creating business opportunities, and "Material Issues for Future Value Creation," for resources that can become drivers in the creation of business opportunities.
- Identified the items serving as the essential foundation for business continuity, including occupational safety and health and compliance

3

Deliberation and Approval by Management

Approved by the Board of Directors in February 2019, after deliberation in several management meetings

Applied to the Corporate Business Plan that started in April 2019.

Material Issues for Social Value Creation

Contribution to reducing environmental impact

- Mitigation of climate change
- Contribution through products and technologies
- Efficient use of energy and resources
- Contribution to the recycling of plastic resources

Contribution to solving food issues

Contribution to solving healthcare issues

Contribution to ICT innovation

Material Issues for Future Value Creation

Promotion of technology innovation and research and development

Initiatives for digital innovation

Promotion of diversity and inclusion

Foundation for Business Continuation

- Occupational safety and health, and operational safety and disaster prevention
- Product safety and quality assurance
- Promotion of employees' well-being
- Respect for human rights
- Compliance
- Anti-corruption

Key Performance Indicator (KPI)

[▶ Our Website](#)

We have set key performance indicators (KPIs) for initiatives related to our material issues. With the use of KPIs, we manage and disclose the progress of those initiatives, while also promoting dialogues with stakeholders in and outside the company, to enhance and accelerate our sustainability efforts.