

Flow of Value Creation

Creating Social and Economic Value

Management Resources (at the end of fiscal 2020)

Our Strengths (Core Competence)



Ability to develop innovative solutions by leveraging its technological expertise in diverse areas



Ability to reach global markets



Loyal employees

Financial Capital

- Total equity: **1,482.1** billion yen
- Ratio of equity attributable to owners of the parent: **25.5%**

Manufactured Capital

- R&D sites and production facilities (as of April 1, 2021) Japan: **11**
Overseas: **79***
- Overseas production ratio: **45.2%**
- Lost-workday Incident Rate: **0.45**
* Including sales facilities

Intellectual Capital

- R&D expenses: **178.7** billion yen
- R&D expenses to sales revenue: **7.8%**
- Number of patents held in Japan (Sumitomo Chemical (SC) only): **4,513**
- Number of patents held overseas (SC only): **8,535**

Human Capital

- Number of employees: **34,743**
 - Number of R&D employees: **4,393**
 - Number of employees in overseas affiliates: **15,980**
- Employee opinion survey
Rate of respondents who affirmed that they are "satisfied with working for the Company" (SC only) as of September 2019: **79%**
- Investment in Training (SC only): **Approx. 320,000** yen/year per person

Social and Relationship Capital

- The Sumitomo Spirit: [P2 Corporate Philosophy](#)
- Business Philosophy: [P2 Corporate Philosophy](#)
- Overseas sales revenue ratio: **68.3%**
- Dialogues with local communities: **3** times

Natural Capital

- Water usage: **980** million tons
- Total use of energy (fuel, heat, and electricity) in crude oil equivalent: **2,272** thousand kl
- Hydrocarbon compounds*: **1,704** 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 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



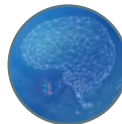
Contribution to solving food issues



Contribution to solving healthcare issues



Contribution to ICT innovation

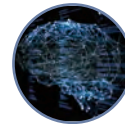


Material Issues for Future Value Creation

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 industrial safety and disaster prevention
- Product safety and quality assurance
- Respect for human rights
- Healthcare
- Compliance
- Anti-corruption

in an Integrated Manner

Our Business Activities

Corporate Business Plan [P32](#)

Change and Innovation 3.0

For a Sustainable Future

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

Our Five Business Sectors



Petrochemicals & Plastics [P40](#)

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



Energy & Functional Materials [P44](#)

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



IT-related Chemicals [P48](#)

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



Health & Crop Sciences [P52](#)

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



Pharmaceuticals [P56](#)

Ethical pharmaceuticals, diagnostic radiopharmaceuticals, etc.

Our Vision

Toward Achieving Continued Growth and a Sustainable Society

Economic Value

KPI	Numerical Target
■ ROE	Over 10%
■ ROI	Over 7%
■ D/E ratio	Approx. 0.7 times
■ Payout ratio	Approx. 30%

Social Value

KPI	Numerical Target
■ Greenhouse gas emissions of the Group*1 (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 SSS-designated products*2	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 (SC only)	Over 10% by 2022

*1 We are considering separately setting new targets for achieving carbon neutrality.

*2 Sumika Sustainable Solutions:

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.