The Material Issues to Be Addressed as Management Priorities and KPI

Sumitomo Chemical has identified the material issues to be addressed as management priorities in fiscal 2018 based on its corporate philosophy. These material issues were identified through deliberation and approval by management based on overall evaluation of the group's contribution to sustainability, and were reviewed again in fiscal 2021 based on subsequent changes in social conditions.

The material issues to be addressed as management priorities are classified into "material issues for sustainable value creation" and "foundation for business continuity". Of the "material issues for sustainable value creation", issues that lead to the creation of business opportunities are positioned as "material issues for social value creation", and resources that serve as the driving force for the creation of business opportunities are positioned as "material issues for the creation of future value". Key Performance Indicators (KPI) have been set for each initiative. With the use of KPIs, we will continue to 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. Please refer to the Sustainability Data Book (to be released in October 2023) for details on KPI.

Material Issues for Sustainable Value Creation

		KPI	Targets	Results
Material Issues for Social Value Creation	Evironment Contribute to the Environment Climate Change Mitigation and Adaptation → P.37 Contribute to Recycling Resources → P.43 Sustainable Use of Natural Capital → P.45	Amount of Group's GHG emissions (Scope 1+2) * Scope1: Direct greenhouse gas emissions from operators themselves (fuel burning and industrial processes) *Scope2: Indirect emissions from purchases of power and heat from outside the factory	Reduce by 50% by 2030 (vs. FY2013) (4.77 million tons)	(Million torns) 6 7.42 7.65 6.58 4 2 2 0 2020 2021 2022 (FY)
		Contribution to reducing GHG emissions throughout the product life cycle (Battery-related materials)	Contribution to reducing GHG emissions throughout the product life cycle by developing and supplying products	(Million tonsi) 15 17.65 18.61 17.66 10 5 2020 2021 2022 (FY)
		Sales revenue of Sumika Sustainable Solutions designated products	Sales revenue of 1,200 billion yen by FY2030	(Billions of yer) 600 400 463.3 200 0 2020 2021 2022 (Fr)
		Unit energy consumption	Will achieve improvement of 3% or more per each Corporate Business Plan period as a group (FY2021 level as baseline)	"FY2021 is set as 100 200 150 100 50 0 2020 2021 2022 (FY)
		Number of petrochemical technology licenses	Helping to reduce environmental impact through technology licensing	FY2022 13 licenses
		The amount of recycled plastics used in manufacturing processes	200k tons/year by 2030	(Tons) 8,000 6,000 4,000 2,000 0 Approx.2,400 0 2021 2022 (PY)
	Contribute to the Food Supply ● Advance Sustainable Agriculture → P.46	Effect of increasing production of animal protein including poultry	Continuously improving the production of animal protein, including poultry, by developing and providing feed additives	(Million tors) Approx.4.8 Approx.4.6 Approx.4.3 App
		Agricultural land area where agrosolution products are used	Ensuring the stable supply of food by developing and providing agrosolution products	(Million tra) 120 90 40 60 30 0 2020 2021 2022 (FY)

		KPI	Targets	Results	
Material Issues for Social Value Creation	Contribute to Healthcare → P.47	Number of people protected by vector control products	Protection from vector- borne diseases through the development and dissemination of vector control products such as Olyset [®] net	(Million persons) 500 400 300 200 Approx.410 Approx.440 Approx.440	
				100 0 2020 2021 2022 (FY)	
		Sustainable creation of innovative pharmaceuticals and medical solutions to meet diverse medical needs	Targets and KPIs for Material Issues Click here for details	New Drugs Approved Click here for details	
			Sumitomo Pharma HP	Sumitomo Pharma HP	
	Contribute to ICT → P.48	Number of mobile devices using polarizing films	Advancing technological innovation for diversified workstyles and improved productivity through the provision of materials for mobile devices	(Billion units) 4.0 3.0 2.0 1.0 0 2020 2021 2022 (F) Cumulative total	
		KPI	Targets	Results	
Material Issues for Future Value Creation	Advance Innovation → P.49	Patent asset size	Expansion of patent asset size	(Patent asset index*) 15,000 15,930 16,037 16,383 10,000 5,000 0	
				2020 2021 2022 (FY) * Patent asset size is evaluated using the Patent Asset Index [™] , generated using the patent analysis tool LexisNexis PatentSight [™] . * The Patent Asset Index [™] is an index for comprehensively assessing the status of legally active patents based on quantity (number of patents) and quality (countries of legally active patents)	
	Bolster Competitiveness Leveraging DX	Digital maturity level	Sustained levelling up of digital maturity	Prints 4 2.9 3.3 3.5 3 2.9 3.3 3.5 1 0	
	→ P.53			2020 2021 2022 (FY)	
	<image/> <section-header><section-header><section-header><section-header><section-header><section-header><section-header><section-header><text></text></section-header></section-header></section-header></section-header></section-header></section-header></section-header></section-header>	Percentage of female employees in positions equivalent to manager or above (SC only)	Over 10% by FY2022	*As of April 1 of the following fiscal year 10.0 7.5 6.3 7.0 9.5 5.0 2.5	
				2020 2021 2022 (FY)	
		New KPI Percentage of employees promoted to managerial positions (equivalent to section manager) filled by female employees (SC only)	Over 15% on average over the 5 years between FY2023 and FY2027	Listed starting in FY2023	
		Percentage of male employees taking childcare leave (SC only)	Over 15% on average over the 5 years between FY2023 and FY2027	^(%) 100 75 63.8 73.5 77.4 50 25	
		New KPI Percentage of male employees who have taken childcare leave or other childcare-related leave due to birth of a child during the current fiscal year.(SC only)	Over 90%	Listed starting in FY2023	
		Percentage of employees who have taken self-select- ed training programs, etc. (SC only)	50% or more of all employees by FY2024	FY2022 24.6 %	
		Maintain certification as a Health & Productivity Manage- ment Outstanding Organization (White 500)(SC only)	Maintain certification	Maintained certification over the past 6 years since fiscal 2017	

Foundation for Business Continuation

- Occupational Safety and Health, and Industrial Safety and Disaster Prevention → P.57
- Product Safety and Quality Assurance \rightarrow P.58
- Respect for Human Rights \rightarrow P.59
- Cybersecurity \rightarrow P.60

- Compliance \rightarrow P.61
- Anti-Corruption → P.62