The Material Issues to Be Addressed as Management Priorities

In 2019, Sumitomo Chemical identified several Material Issues, important management priorities that it would work to address based on its corporate philosophy. Subsequently, the issues were revised again in light of changes in social conditions, including progress in addressing international climate change and a renewed awareness of social disparity issues. Going forward, we will continue to constantly assess what issues are important to the Company and promote them in an easy-to-understand manner.

Process for Identifying Material Issues

1 An Overall Evaluation of the Group's Contribution to Sustainability

❶ 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

❷ Grasp stakeholder requirements
- Take into consideration trends in international society and outside evaluations obtained through participation in initiatives

❸ Dialogue with experts
- Receive opinions and proposals from experts on material issues to be addressed as management priorities

Discussed in the Sustainability Promotion Committee

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

- 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 those resources that can become drivers in the creation of business opportunities
- Identified the items serving as the essential foundation for business continuation, including occupational safety and health and compliance

Discussed in the Sustainability Promotion Committee

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.

Inspection of Material issues

Revise as necessary based on changes in the business environment and the Company's direction (Implemented in February 2022)

Material issues to be addressed as management priorities and KPI

Material Issues for Sustainable Value Creation

Material issues for social value creation	KPI
Contribute to the environment • Climate change mitigation and adaptation → P. 41 • Contribute to recycling resources → P. 45 • Sustainable use of natural capital → P. 47	• Amount of Group's GHG emissions (Scope 1+2) • Contribution to reducing GHG emissions throughout the product life cycle (Battery-related materials) • Sales revenue of Sumika Sustainable Solutions designated products • Unit energy consumption • Number of licenses for petrochemical-related environmental impact reduction technology • The amount of recycled plastics used in manufacturing processes
Contribute to the food supply • Advance sustainable agriculture → P. 48	• Effect of increasing production of animal protein including poultry • Agricultural land area where agrosolution products are used
Contribute to healthcare → P. 49	• Number of people protected by products for the control of tropical infectious diseases • Constant development of new drugs in areas where high unmet medical needs exist
Contribute to ICT → P. 50	• Number of mobile devices using polarizing films

Material issues for future value creation	KPI
Advance innovation → P. 51	Patent asset size
Bolster competitiveness leveraging DX → P. 53	Digital maturity
Human resources: DE&I*, growth & development, health → P. 55 *Diversity, Equity & Inclusion	Each group company sets its own KPI in light of the environment facing each

Foundation for Business Continuation

• Occupational safety and health, and industrial safety and disaster prevention → P. 57	• Product safety and quality assurance → P. 58	• Respect for human rights → P. 59	• Cybersecurity → P. 60	• Compliance → P. 61	• Anti-corruption → P. 62