Corporate Philosophy and History

Sumitomo Chemical has its origin in the business of the Sumitomo, a family with a history spanning about 400 years, and the company has upheld Sumitomo's fundamental principles for business management to this day. In its Business Philosophy, Sumitomo Chemical articulates the essence of its corporate vision, mission, and values, founded on the Sumitomo Spirit.

The Framework of Sumitomo Chemical's Corporate Philosophy

The Sumitomo Spirit

Jiri-Rita Koushi-Ichinyo*

"Our business must benefit society at large,not just our own interests."

* This means that Sumitomo's business must not only advance its own interests but also contribute to the nation and society

The Sumitomo Business Principles

1. Sumitomo's business should seek to thrive and prosper by putting trust first and building on reliability.
2. Sumitomo's business should closely watch the changing of the times and carefully weigh opportunities and risks and should never chase short-term gains in good times and bad.

The Sumitomo Chemical Group: JIRI-RITA ACTION

We believe it is essential that all management executives and employees share the corporate philosophy, have a deep understanding of sustainability, and work together to carry out initiatives. As an effort to engage all management executives and employees and promote this "participation by all" principle, we have run the Global Project since 2014. In 2023, the 10th year since the start of this initiative, we changed its name to JIRI-RITA ACTION to better communicate the idea that each action a Group employee takes should be imbued with the spirit of "Jiri-Rita Koushi-Ichinyo," and we are advancing activities under this new name.

Business Philosophy

1. We commit ourselves to creating new value by building on innovation.
2. We work to contribute to society through our business activities
3. We develop a vibrant corporate culture and continue to be a company that society can trust.

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

Charter for Business Conduct

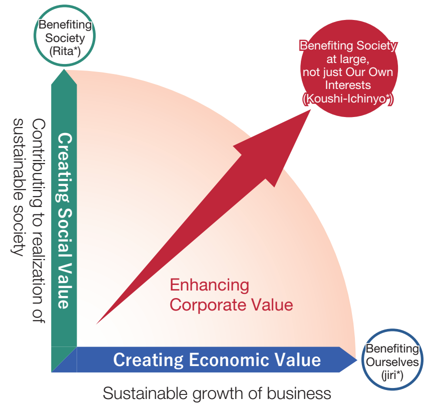
1. We will respect Sumitomo's business philosophy and act as highly esteemed good citizens.
2. We will observe laws and regulations, both at home and abroad, and will carry out activities in accordance with our corporate rules.
3. We will develop and supply useful and safe products and technologies that will contribute significantly to the progress of society.
4. We will engage in voluntary and active initiatives to achieve zero-accident and zero-injury operations and preserve the global environment.
5. We will conduct business transactions based on fair and free competition.
6. We will endeavor to make our workplaces sound and energetic.
7. Every one of us will strive to become a professional and achieve advanced skills and expertise in our field of responsibility.
8. We will actively communicate with our various stakeholders, including shareholders, customers, and local communities.
9. As a corporate member of an international society, we will respect the culture and customs of every region of the world and contribute to the development of those regions.
10. We will strive for the continued development of our Company through business activities conducted in accordance with the guiding principles described herein.

Implementing Jiri-Rita Koushi-Ichinyo

Sumitomo Chemical's Approach to Enhancing Corporate Value Based on Corporate Philosophy

The Sumitomo Spirit of "Jiri-Rita Koushi-Ichinyo" means that "Sumitomo's business must contribute not only to its own development but also to society," a concept that the Sumitomo Chemical Group has valued since its foundation and is also consistent with Creating Shared Value. We will achieve sustainable growth of our group (Benefiting Ourselves) and create value for society (Benefiting Society) while constantly transforming our business. By doing so, we aim to create economic value and social value in an integrated manner (Benefiting society at large, not just our own interests), thereby enhancing corporate value.

Image of Enhancing Corporate Value



1915-1940

Building the foundation as a chemical manufacturer

For about 30 years after its establishment, the company focused on "building the foundation as a chemical manufacturer." Sumitomo Fertilizer Manufacturing was originally founded to prevent smoke damage from copper smelting and initially produced sulfuric acid and superphosphate. The company then actively pursued the introduction and development of new technologies, expanding its business into industrial chemicals such as ammonia, nitric acid, methanol, and formalin, thereby solidifying its foundation as a chemical manufacturer.

Calcium superphosphate warehouse

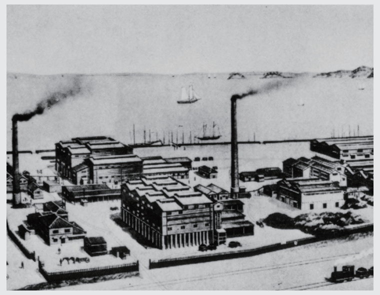
Origin — Case 1 Sulfuric acid and fertilizer manufacturing business

Societal Issue — The problem of air pollution associated with the copper smelting business

The copper smelting operations at the Besshi Copper Mine by the Sumitomo Group released sulfur dioxide gas, causing damage to the crops in nearby villages.

1915 Commencement of operations at the Sumitomo Fertilizer Manufacturing

Sulfuric acid was produced from the sulfur dioxide gas emitted during the roasting of sulfide ores used for copper, and superphosphate (fertilizer) was then produced from the sulfuric acid.



Sumitomo Fertilizer Manufacturing

Value Creation

Social Value

- By reducing the sulfur content in sulfide ores, the emission of sulfur dioxide gas during smelting was decreased, contributing to the mitigation of smoke pollution.
- By supplying manufactured fertilizers to farmers, we contributed to the development of both industry and agriculture.

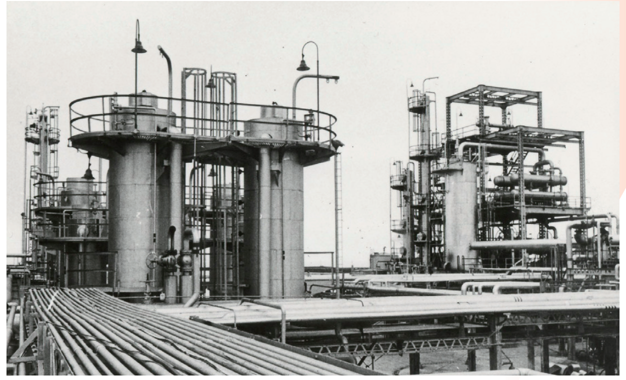
Economic Value

- Although the first year of operations resulted in a loss, the company generated a profit of 38,000 yen in 1916 and 220,000 yen in 1917.

1941-1970

Growth into a diversified chemical manufacturer

For about the next 30 years, the company entered the era of “growth into a diversified chemical manufacturer.” The merger with the Japan Dyestuff Manufacturing Company in 1944 brought the fine chemicals business to the company. The launch of the household insecticide “PYNAMIN” in 1953 marked the beginning of our agricultural chemicals business. By 1958, the completion of an ethylene plant in the Ohe area of Ehime. Furthermore, in 1965, we began construction of a large-scale ethylene plant in the Chiba area, expanding our business alongside Japan’s rapid economic growth.



Ethylene plant

1971-2000

Active internationalization of all business operations

From the 1970s for about 30 years, the company experienced an era of “active internationalization of all business operations.” During this period, the external environment was marked by severe changes, including oil shocks, the strong yen recession, and the collapse of the economic bubble. In response to these shifts in the global economy and societal frameworks, the company actively pursued globalization across all its business areas, including expansion into the petrochemical business in Singapore and the international development of specialty chemicals, such as agricultural chemicals.

Dongwoo Semiconductor Chemicals (Currently, Dongwoo Fine-Chem) (South Korea)

2001-2012

Deepening of global management

For the next decade, the company focused on “deepening of global management.” In the 2000s, the intensity of mega-competition increased, and from FY2004, the Corporate Business Plan set the theme of “Aiming to be a True Global Chemical Company.” Accordingly, the company promoted globalization across the group through initiatives such as the Rabigh Project and expansion of the IT-related Chemicals sector. As a result, the consolidated overseas sales ratio surpassed 50% by the end of March 2011, and the overseas production ratio also exceeded 40%.

Petro Rabigh (Saudi Arabia)

2013-

Enhancement of business portfolio

Since FY2016, we have implemented various measures based on fundamental policies such as “enhancing the business portfolio” and “accelerating the development of next-generation businesses.” We have steadily advanced initiatives, including the establishment of agricultural chemicals business structures in India and South America and active investment in semiconductor- and display-related businesses. Since FY2022, we have been promoting business renewal and working to establish competitive advantages. In October 2024, to embark on a new growth trajectory, we reorganized our five existing business sectors into a new four-business-sector structure.

Latin America Research Center (Brazil)

Growth — Case 2 Infectious Disease Control Materials Business

Societal Issue: Malaria Infection Issue

In Africa, malaria was widespread, and due to poverty and financial difficulties, adequate measures could not be taken. This created a vicious cycle where contracting malaria led to the loss of employment and educational opportunities, making it impossible to escape poverty.

1995 Launch of Olyset™net sales

We developed and marketed the Olyset™net, a long-lasting insecticidal mosquito net that incorporates insecticide into synthetic resin, gradually releasing it to control malaria-transmitting mosquitoes. After receiving WHO certification, we provided the technology free of charge to a mosquito net manufacturer in Tanzania, assisting in the establishment of local production and the operation of a new factory.

Olyset™net

Value Creation

Social Value
- Saving a cumulative total of approximately 2.7 billion person-years from infectious diseases
- Creating employment opportunities and improving working conditions for women through the establishment of local production systems
- Enhancing educational environments by using a portion of the profits to support educational initiatives

Economic Value
- Sold a cumulative total of approximately 300 million long-lasting insecticidal nets, including Olyset™net, primarily in Africa

Outlook — Case 3 Carbon Resource Recycling Business

Societal Issue: Climate Change and Plastic Waste Issues

The issues of climate change and plastic waste have made the reduction of greenhouse gas (GHG) emissions and the recycling of plastic products made from fossil resources—from production through disposal—an urgent global challenge.

Late 2020s Social implementation of innovative chemical recycling technology

In collaboration with other companies and external organizations, including government agencies, we aim to implement chemical recycling technology that produces chemicals from waste plastics and carbon dioxide as alternatives to fossil resources.

Contribute to Recycling Resources

Pilot facility for producing methanol from CO_2

Value Creation

Social Value
- Reducing the use of fossil resources and the GHG emissions generated during the incineration of waste plastics
- Contributing to the efficient use of limited resources and the prevention of global environmental degradation, including climate change

Economic Value

(Example) Implementing the ethanol-to-propylene technology for 1% of the global production capacity of 200 million tons/year[*1]→Contribution value exceeds 40 billion yen/year[*2]

*1 Based on data from Chemical Market Analytics, our estimate of the production capacity in 2030

*2 Contribution to CO_2 reduction: 4 million tons × carbon price of 10,000 yen