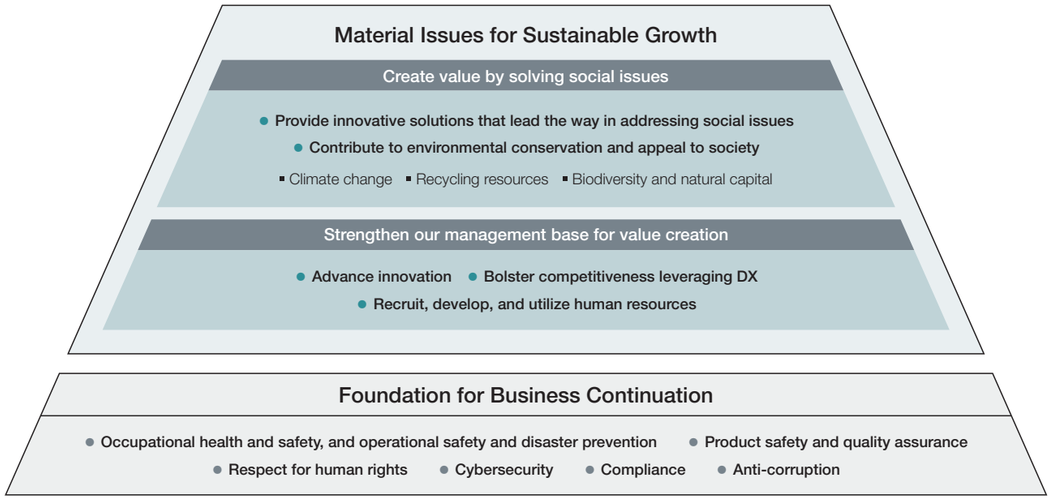
The Material Issues to Be Addressed as Management Priorities and KPI

Sumitomo Chemical had identified the material issues to be addressed as management priorities, aiming to provide *integrated solutions* to economic, social, and environmental issues through its businesses across the Group. These issues were identified through deliberation and approval by management based on overall evaluation of issues toward promoting sustainability.

In FY2025, we reviewed some of the material issues. The purpose was to align them with the long-term management direction of becoming an Innovative Solution Provider, while keeping with our fundamental approach that emphasizes environmental considerations that has consistently been enshrined at the Sumitomo Chemical Group. The issues now consist of "material issues for sustainable growth" with an eye to providing innovative solutions that lead the way in solving social issues, and "foundation for business continuation," which is a prerequisite for remaining a corporate group trusted by society. Key performance indicators (KPI) have been set for "material issues for achieving sustainable growth" to visualize and manage progress.

Material Issues for Sustainable Value Creation and the Foundation for Business Continuation



Key performance indicators (KPIs) for material issues for sustainable growth

		KPI	Goals	Results	
				FY2024	FY2025
Create value by solving social issues	Provide innovative solutions that lead the way in addressing social issues Contribute to environmental conservation and appeal to society	Sales revenue of Sumika Sustainable Solutions designated products Metrics and Targets (Opportunities)	1,200 billion yen by FY2030	554.3 billion	555.6 billion
		Share of innovative products and technologies within Sumika Sustainable Solutions, by sales revenue	40% by FY2030	— ※2	31.9%
		Climate change: Amount of Group's GHG emissions (Scope 1+2)	Reduce by 50% by 2030 (vs. FY2013)	5.55 million tons	5.29 million tons

※1 Innovative products and businesses that contribute to the solutions of issues the Group focuses on tackling among the four themes of food, ICT, healthcare, and the environment
※2 Tabulation began in FY2025
※3 Scope 1: Direct greenhouse gas emissions from operators themselves (fuel burning and industrial processes); Scope 2: Indirect emissions from purchases of power and heat from outside the factory

		KPI	Goals	Results	
				FY2024	FY2025
Create value by solving social issues	Provide innovative solutions that lead the way in addressing social issues	Recycling resources: The amount of recycled plastics used in manufacturing processes	200k tons/year by 2030	Approx. 11,440 tons	Approx. 14,420 tons
	Contribute to environmental conservation and appeal to society	Biodiversity and natural capital: Status of nature-positive initiatives	Realize a society in which people and nature coexist	— ※1	— ※1
Strengthen our management base for value creation	Advance innovation	Patent asset size※2	Maintain a high level of patent assets	13,582pt	13,182pt
	Bolster competitiveness leveraging DX	Generative AI Usage Rate※3	100% use of generative AI in business operations by the end of the current medium-term plan	38%	55%
	Recruit, develop, and utilize human resources	Development of employee capabilities, knowledge, and skills	100% implementation rate of development of employee capabilities, knowledge, and skills	— ※4	81.5%
			80% or higher positive response of non-managerial employees to the status of support for self-growth from superiors and colleagues	— ※4	86.3%
		Percentage of female employees among those promoted to managerial positions (equivalent to section manager)	Over 15% on average over the 5 years between FY2023 and FY2027	14.3%※5	16.3%※6
		Childcare leave or other childcare-related leave taken by male employees upon the birth of a child	Take-up rate of 95% or higher and average leave of 50 days or more	97.5% — ※4	97.9% 41.2 days

※1 Because there are no internationally agreed upon metrics, we are currently considering various options.
※2 Evaluated using the Patent Asset Index™, generated using the patent analysis tool LexisNexis PatentSight™. The figures are aggregated for the calendar year.
※3 Percentage of users who use the in-house generative AI service ChatSCC at least once a week
※4 Tabulation began in FY2025
※5 Percentage of women among the cumulative total number of managerial staff appointed from FY2023 to FY2024
※6 Percentage of women among the cumulative total number of managerial staff appointed from FY2023 to FY2025
※7 Calculated based on the leave taken up to the child reaches one year old. For FY2024, it is the percentage of leave taken within the fiscal year.

For initiatives on *foundation for business continuation*, please refer to the items shown below.

- **Occupational Health and Safety / Process Safety and Loss Prevention**
  - Occupational Health and Safety / Process Safety and Loss Prevention (Sustainability Report)
- **Product Safety and Quality Assurance**
  - Product Safety / Quality Assurance / Quality Assurance (Sustainability Report)
- **Respect for Human Rights**
  - Respect for Human Rights (Sustainability Report)
- **Cybersecurity**
  - Cybersecurity (Sustainability Report)
- **Compliance**
  - Compliance (Sustainability Report)
- **Anti-Corruption**
  - Anti-Corruption (Sustainability Report)