Environment

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Contributing to the SDGs through Environmental Activities



Environmental Activity Goals and Results

Goal achieved or steadily progressing: ○ Goal not achieved: △

Items		Boundary	Goals	Fiscal 2025 Results	Evaluation	Pages
Climate Change Mitigation and Adaptation	Greenhouse gas emissions Scope 1+2*1	Sumitomo Chemical Group Consolidated	Reduce 36% compared to fiscal 2020 levels by 2030 (Reduced 50% compared to fiscal 2013 levels)	Reduced 29% relative to fiscal 2020 (Reduced 45% relative to fiscal 2013)	○	Pages 053-065
	Scope 3*2	Sumitomo Chemical Group Consolidated*3	Reduce 14% relative to fiscal 2020 for categories 1 and 3*4 by fiscal 2030	Reduced 32% relative to fiscal 2020	○	
	Unit energy consumption*5	Sumitomo Chemical Group Consolidated	Improve over 1% per year on average (using fiscal 2021 as the base year)	Improved 6% relative to fiscal 2021	○	
	Unit energy consumption in the logistics division	Sumitomo Chemical and Group companies in Japan*6	Improve over 1% per year on average over five years	Worsened by an annual average of 1.6% over five years	△	

Note: Further details on goals based on the Act on the Rational Use of Energy and results are provided in the supplementary data (page 091).

*1 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

*2 Scope 3: Emissions from the manufacturing and transportation of purchased raw materials

*3 Calculated for Sumitomo Chemical and Group companies listed on stock indices in Japan (Sumitomo Pharma Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; and Tanaka Chemical Corporation).

*4 Category 1: Purchased goods and services, Category 3: Fuel and energy activities not included in Scopes 1 or 2

*5 Energy consumption divided by consolidated net sales

*6 Within the scope of specified shippers according to the definition stipulated under the Act on the Rational Use of Energy

Goal achieved or steadily progressing: ○ Goal not achieved: △

Items		Boundary	Fiscal 2025 Goals	Fiscal 2025 Results	Evaluation	Fiscal 2026 Goals	Pages
Contribute to Recycling Resources	The amount of recycled plastics utilized in manufacturing processes	Sumitomo Chemical and Group companies in Japan/ Overseas	200k tons/year by 2030	Approximately 14,420 tons	—	200k tons/year by 2030	Pages 066-072
	Promoting the waste recycling and reuse	Sumitomo Chemical and Group companies in Japan	Improve the waste recycling and reuse rate*7 by 5% or more relative to fiscal 2020 by fiscal 2025.	Worsened 4.8% relative to fiscal 2020	△	Improve the waste recycling and reuse rate by 5% or more relative to fiscal 2020 by fiscal 2030.	
		Group companies overseas	Improve the waste recycling and reuse rate*7 by 5% or more relative to fiscal 2023 by fiscal 2025.	Improved 36.4% relative to fiscal 2023	○	Improve the waste recycling and reuse rate by 5% or more relative to fiscal 2020 by fiscal 2030.	
	Reduce the amount of waste sent to landfills	Sumitomo Chemical and Group companies in Japan	Maintain waste volume at below fiscal 2020 levels to fiscal 2025	Worsened 4.8% relative to fiscal 2020	△	Maintain waste volume reductions at 5% relative to fiscal 2020	

*7 Waste recycling and reuse rate: (Amount internally and externally reused + Amount of internally and externally recovered heat + Amount of valuable materials) / Waste emissions×100

Goal achieved or steadily progressing: ○ Goal not achieved: △

Items		Boundary	Fiscal 2025 Goals	Fiscal 2025 Results	Evaluation	Fiscal 2026 Goals	Pages
Sustainable Use of Natural Capital	Severe environmental accidents	Sumitomo Chemical and Group companies in Japan	0	0	○	0	Pages 073-085
	Effective use of water resources	Sumitomo Chemical	Promote effective and efficient use of water resources	Reduced usage 5.5% relative to fiscal 2024	○	Promote effective and efficient use of water resources	
		Group companies overseas	Improve unit water consumption by at least 1% on average by fiscal 2025 (FY2020 level as baseline)	Worsened 3.3% relative to fiscal 2020	△	Improve unit water consumption by at least 1% on average (FY2020 level as baseline)	
	Prevention of soil and groundwater contamination	Sumitomo Chemical and Group companies in Japan	Keep hazardous materials strictly within Company premises: Controlled on the premises.	0	○	Keep hazardous materials strictly within Company premises: Controlled on the premises.	
	Addressing fluorocarbons	Sumitomo Chemical and Group companies in Japan	• Eliminate the use of refrigeration units that use CFCs as coolants by fiscal 2025 • Eliminate the use of refrigeration units that use HCFCs as coolants by fiscal 2045	Systematically replaced refrigeration units that use CFCs and HCFCs as coolants	△	Properly manage equipment in compliance with the Act on Rational Use and Proper Management of Fluorocarbons and ensure the calculated leakage amount is not greater than in fiscal 2020	
	Prevention of air and water pollution	Sumitomo Chemical	Meet voluntary management criteria*	Meet voluntary management criteria	○	Meet voluntary management criteria	
	PCB waste	Sumitomo Chemical and Group companies in Japan	Properly recover and store waste containing high amounts of PCBs and strive to quickly complete treatment. Properly recover and store waste with minute amounts of PCBs to complete treatment by March 2027, the statutory deadline.	Completion of the proper treatment of high-concentration PCB waste. Properly collect and store low-concentration PCB waste, and complete the treatment contract.	○	Properly collect and store low-concentration PCB waste, and complete treatment by March 2027 (the statutory treatment deadline).	
	Addressing PRTR	Sumitomo Chemical and Group companies in Japan	Ensure total emissions from Group companies in Japan are not greater than in fiscal 2015	Reduced 31% relative to fiscal 2015	○	Ensure total emissions from Group companies in Japan are not greater than in fiscal 2015	
	Reduction of VOC emissions	Sumitomo Chemical	Maintain VOC emissions reductions at 30% relative to fiscal 2000	Reduced emissions by 71% relative to fiscal 2000	○	Ensure emissions are not greater than in fiscal 2010	
	Conservation of biodiversity	Sumitomo Chemical	Ensure compliance with "The Sumitomo Chemical Group's Commitment to the Conservation of Biodiversity"	Participated in biodiversity conservation initiatives through the nature symbiosis website promoted by the Ministry of the Environment	○	Ensure compliance with "The Sumitomo Chemical Group's Commitment to the Conservation of Biodiversity"	

* Voluntary management targets that are stricter than the mandated levels and criteria of relevant laws and regulations, including agreements reached with local authorities.

▶ Environmental Data

Sumitomo Chemical's manufacturing sites and the production plants of major consolidated subsidiaries (22 companies in Japan and 26 companies overseas)

Sumitomo Chemical

Sumitomo Chemical: All production sites of Sumitomo Chemical Co., Ltd.

Sumitomo Chemical (all worksites):

All production and non-production sites of Sumitomo Chemical Co., Ltd.

Group Companies in Japan

Sumika-Kakoushi Co., Ltd.; Sumika Plastech Co., Ltd.; Nippon A&L Inc.; Sumika Kowa Tech Co., Ltd.; Asahi Chemical Co., Ltd.; Ceratec Co., Ltd.; Sumika Assembly Techno Co., Ltd.; Sumika Agro Manufacturing Co., Ltd.; SC Environmental Science Co., Ltd.; Sumika Agritech Co.,Ltd.; Sumitomo Joint Electric Power Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; Tanaka Chemical Corporation; Sumitomo Pharma Co., Ltd.; SN Kasei Co., Ltd.; Sumika Polycarbonate Ltd.; Sanritz Corporation; KAWASAKI BIOMASS ELECTRIC POWER CO.,LTD.; Sumika Chemical Analysis Service; Ltd.; EGS Co., Ltd.

Overseas Group Companies

The Polyolefin Company (Singapore) Pte. Ltd., Sumika Polymer Compounds (Thailand) Co., Ltd., Sumitomo Chemical Asia Pte Ltd (MMA), (PMMA), Sumika Polymer Compounds UK Co., Ltd., Sumika Polymer Compounds France Co., Ltd., Sumika Polymer North America LLC, Sumika Polymer Compounds Turkey Co., Ltd., Sumika Polymer Compounds India Co., Ltd., Sumika Polymer Compounds Poland Co., Ltd., Sumitomo Chemical India Limited, Valent Biosciences LLC.*, McLaughlin Gormley King Company*, Botanical Resources Australia Manufacturing Services Pty Ltd., Botanical Resources Australia Agricultural Services Pty Ltd., Sumitomo Chemical Brasil Indústria Química S.A., Sumitomo Chemical Chile S.A., Mycorrhizal Applications, Sumika Technology Co., Ltd., Sumika Electronic Materials (Wuxi) Co., Ltd., Sumika Electronic Materials (Xi'an) Co., Ltd., Bara Chemical Co., Ltd., SSLM Co., Ltd., Dongwoo Fine-Chem Co., Ltd., Sumitomo Chemical Advanced Technologies LLC, Sumika Electronic Materials Vietnam Co., Ltd., Sumika Electronic Materials (Changzhou) Co., Ltd.

* In April 2026, Valent Biosciences LLC and McLaughlin Gormley King Company merged to form Sumitomo Biorational Company LLC.

Notes: Regarding affiliated companies and plants newly included in the boundary of environmental data reporting, results data are tabulated from the fiscal year when the survey was conducted as the Sumitomo Chemical Group

Climate Change Mitigation and Adaptation

Basic Stance

Sumitomo Chemical considers climate change a social issue on which chemical companies should take the lead. To swiftly address this problem, we are actively working to respond to risks and to seize opportunities by utilizing the technology we have cultivated to date. In addition, regarding disclosure related to climate change, we will continue gaining the trust of society by actively raising awareness of our initiatives using the framework of the TCFD recommendations.

Furthermore, with movements aimed at achieving carbon neutrality picking up steam in recent years, the chemical industry is being strongly called upon to create innovation and contribute to the achievement of carbon neutrality for society at large through its businesses. In December 2021, Sumitomo Chemical formulated and publicized its "grand design to achieve carbon neutrality," setting out a direction for its initiatives aimed at realizing carbon neutrality by 2050. In line with this, we will push ahead with initiatives that address both our obligation to bring our own greenhouse gas (GHG) emissions close to zero and the contribution we can make to promoting carbon neutrality for society as a whole through our technologies and products. To fulfill our obligation, we have committed ourselves to reducing our GHG emissions by 50% by 2030 (compared to the level of emissions in FY2013), and to achieving net zero GHG emissions by 2050. We will also contribute to the reduction of GHG emissions throughout society by engaging in external collaboration and otherwise facilitating innovation to develop products and technologies that serve this end, along with pursuing their social implementation, with the aim of helping communities around the world realize carbon neutrality.

■ Grand Design toward Achieving Carbon Neutrality

Obligations
Approach zero greenhouse gas emissions for the Sumitomo Chemical Group*1

Contributions
Reduce global greenhouse gas emissions through the Sumitomo Chemical Group's products and technologies

Both fulfill obligations related to and contribute toward the achievement of carbon neutrality
the Sumitomo Chemical Group way

Greenhouse gas emissions (Scope 1+2)*2 at the Sumitomo Chemical Group

50%*3 Reduction by 2030

Reach net zero by 2050

Contribute to GHG reductions in society through products and technologies from the Sumitomo Chemical Group

Work with a variety of stakeholders to be the first to deploy into society products and technologies that contribute to global greenhouse gas reductions

Three perspectives

Provide products and solutions that contribute to carbon neutrality	Drive the development of technologies that contribute to carbon neutrality and their rapid deployment into society	Take on long-term challenges, including the development of carbon negative technologies
● Provide proprietary manufacturing technologies and products that contribute to GHG reductions ● Build a structure to evaluate carbon footprints	● Build a carbon resources recycling system ● Develop low-GHG emitting process technologies in membrane-based separation and wastewater treatment	● Develop carbon negative technologies ● Develop CCUS*4 technology

*1 Referring to Sumitomo Chemical Co., Ltd. and its consolidated subsidiaries in and outside Japan
*2 Scope 1: Greenhouse gases directly emitted by plants, such as in the use of fuels and in manufacturing products
Scope 2: Greenhouse gases emitted indirectly, such as through the purchase of electric power or steam from outside the Company's plants
*3 Compared to FY2013
*4 CCUS: Carbon dioxide Capture, Utilization and Storage

Disclosure in Line with TCFD Recommendations

In line with the TCFD's four recommended disclosure items, "Governance," "Risk Management," "Strategy," and "Metrics and Targets," the Group's efforts to address climate change issues are introduced on pages 054-065.

Governance

Sumitomo Chemical has established meetings and committees to deliberate important matters related to the management of the Group from a broad and diverse perspective in order to enhance its business execution and supervisory functions. Through these meetings and committees, the Company reports to the Board of Directors on issues related to the promotion of sustainability, including climate change.

Management Meetings:
Deliberation of important matters such as management strategies and capital investments, including agenda items and report items related to climate change response

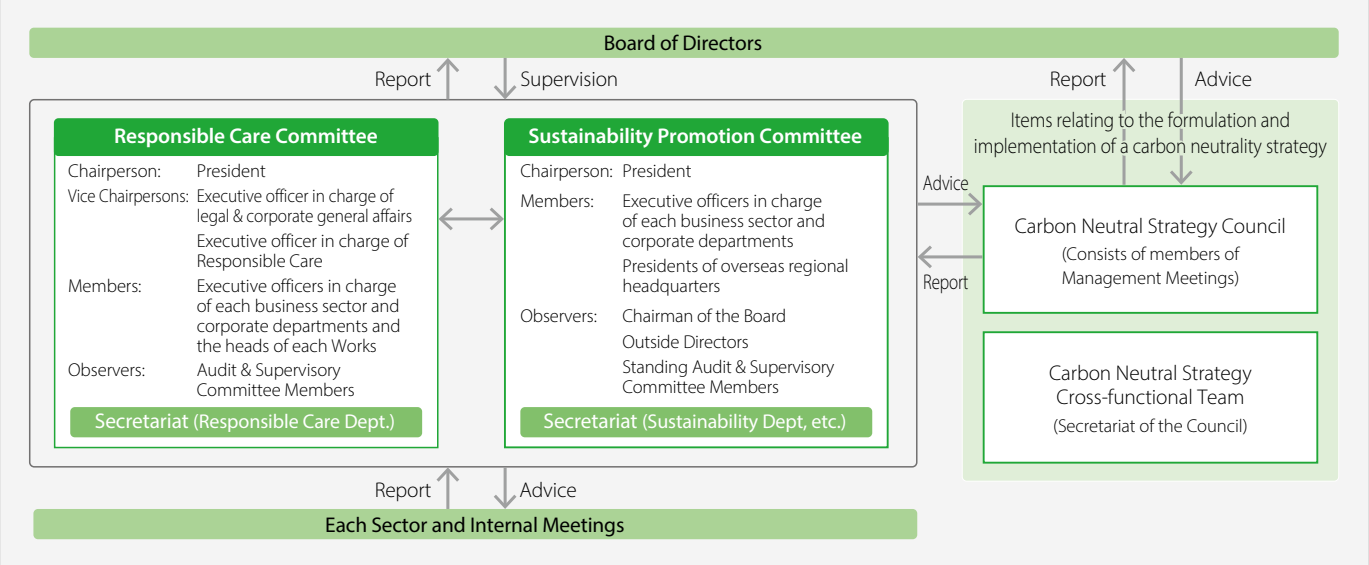
Sustainability Promotion Committee:
Deliberations on important matters related to sustainability promotion

Responsible Care Committee:
Formulation of annual policies, mid-term plans, and specific measures to address climate change, as well as analysis and evaluation of performance

Carbon Neutral Strategy Council:
Deliberation and promotion of the grand design for achieving carbon neutrality by 2050

A wide range of specific issues related to energy and greenhouse gases (GHGs) are taken up for detailed discussion at Company-wide Science Based Targets (SBTs) GM Meetings, SBT Promotion Working Groups, Company-wide Energy Manager Meetings, Department Liaison Meetings on Global Warming, Group Company Information Exchange Meetings, and other gatherings. Through the establishment of these various meetings, we have created a system capable of steadily and swiftly sharing important information in addition to managing energy and GHGs for Works, research laboratories, business sectors, and Group companies.

■ Structures for Responding to Climate Change



Meeting	Coordinator	Members	Content
Company-wide SBTs GM Meeting	Executive officer in charge of Responsible Care and Process & Production Technology & Safety Planning	General managers in charge of SBTs at individual worksites	Discussing various measures aimed at achieving SBTs
SBT Promotion Working Group	Process & Production Technology & Safety Planning Department general manager	Corporate Planning Office, Corporate Research Planning and Coordination Dept., Process & Production Technology & Safety Planning Department, Responsible Care Department, and Environmental Burden Reduction Technology Development Group	Proposing various multi-faceted measures to achieve SBTs
Company-wide Energy Manager Meeting	Responsible Care general manager	Section managers in charge of Energy and GHGs at their worksites	Sharing and spreading information on initiatives at each worksite
Department Liaison Meeting on Global Warming	Responsible Care general manager	Section managers in charge of climate change action at the departmental and corporate levels	Sharing Company-wide policies and ESG issues
Group Company Information Exchange Meeting	Responsible Care general manager	Managers in charge of climate change action for Group companies	Sharing Group policies and issues and promoting best practices

Risk Management

To achieve sustainable growth, Sumitomo Chemical makes an effort to detect, at an early stage, various risks that may hinder the achievement of its business objectives, and takes proper measures. We focus on building and expanding our system relating to risk management so that we can promptly and properly address risks when they emerge.

Climate change issues are positioned as one of the Group's major medium- to long-term risks through, for example, an assessment from the perspective of the likelihood of their occurrence and impact, and are integrated into the Group's overall risk management process.

Specific Procedures

Each organization, including Group companies in Japan and overseas, conducts risk evaluations from the perspectives of probability of emergence (frequency) and financial impact in the event of emergence. The Internal Control Committee, which is chaired by the President, deliberates and identifies Company-wide material risks that need Group-wide initiatives, which may later be approved. The seriousness of each risk is determined by multiplying the probability of the individual risk by the financial or strategic impact on the Group's businesses.

Based on these processes, we have identified climate change-related risks and opportunities as detailed in the following table.

P.031 Risk Management

Risks and Opportunities

Risks

Transition risks
- Increases in tax burden due to the introduction and increase of carbon prices
- Increases in manufacturing costs associated with the increase in energy taxes
- Higher logistics costs due to higher energy prices

Physical risks
- Damage to production facilities due to intensified climate disasters caused by temperature rise
- Decline in sales of related businesses due to changes in crop cultivation in various regions worldwide amid abnormal weather

Opportunities
- Increasing demand for products that contribute to reducing greenhouse gas (GHG) emissions
- Increasing demand for products that adapt to the impacts of climate change
- Growing market for low-carbon processes
- Development of new businesses in the area of climate change measures through research and development and digital innovation

Responding to Risk
- Initiatives Aimed at Achieving Carbon Neutrality
  - Adoption of the internal carbon price system to enhance energy saving and promote investment in reducing of GHG emissions
  - Switching to renewable energy
  - Switching fuel to LNG
  - Considering transition to clean fuels such as hydrogen and ammonia
  - Calling on major suppliers to set GHG emission reduction targets
- Strengthening measures against wind and flood damage at production sites

Initiatives for Seizing Opportunities
- Expansion of sales of products that contribute to reducing GHG emissions
- Development of plastic recycling technologies
- Development of products that contribute to carbon-negative goals
- Promotion of licenses for GHG reduction technology
- Expansion of sales of products that contribute to adapting to the impacts of climate change
- Acquisition of investment capital through information disclosure

Strategy

In December 2021, Sumitomo Chemical formulated a grand design for achieving carbon neutrality by 2050. We will promote efforts to mitigate climate change from the perspectives of both "Obligation" (to bring the Group's GHG emissions close to zero) and "Contribution" (to reduce global GHG emissions through the Group's products and technologies).

In addition, as part of our efforts to adapt to climate change, we are striving to provide solutions adapted to global environmental changes, in such areas as agriculture and infectious diseases, and to strengthen new product development.

Investments to Achieve Carbon Neutrality

Starting in FY2019, in order to contribute to the realization of carbon neutrality for society as a whole, we calculate economic indicators reflecting internal carbon pricing (10,000 yen per ton) when GHG emissions are expected to increase or decrease for individual investment projects, and make investment decisions.

Investment Scale

We expect to invest a total of approximately 200 billion yen between FY2013 and FY2030 in carbon neutral-related investments.

Scenario Analysis

Scenario analysis, with regard to climate change, is a method in which we consider multiple scenarios, predict the impact of climate change and changes in the business environment due to long-term policy trends, and study the potential impact of these changes on our business and management. Currently, Sumitomo Chemical analyzes risks and opportunities with respect to both a scenario in which a variety of measures are taken to limit average global temperature increase to 1.5°C above the pre-industrial revolution levels, and a scenario in which countermeasures are not taken and temperatures increase by 4°C, evaluating the impacts of the two scenarios on our businesses and future actions that need to be taken.

Summary of the Scenario Analysis

● In blue: positive impact ● In red: negative impact

Scenario	Risks and Opportunities	Anticipated Situation (Example)	Impact Assessment	Action
Common for All Scenarios*1	Increasing Demands for Disclosure of Information	● Expansion of ESG investment ● Increased demands for disclosure of the results of life cycle assessment ● Enhancement of climate change and sustainability disclosures, including of Scope 3 emissions, as appropriate based on materiality, in line with such guidelines as the ISSB Standards, CSRD and ESRS	● Increased opportunity to get access to ESG investment capital by enhancing information disclosure ● Improved rating in stakeholder assessments with regard to the disclosure of carbon footprint and the amount of GHG emissions reduction ● Increased cost of compliance	● Formulate and release our Grand Design for achieving carbon neutrality ● Disclose the amount of avoided GHG emissions (Science-Based Contributions) ● Promote wider use of the carbon footprint calculation tool (CFP-TOMO™) ● Respond to trends in regulations and movements by related institutions
1.5℃ Scenario (Reduced GHG Emissions)	Increased Demand for Products and Technologies Contributing to the Mitigation of Climate Change	● Increasing investment and growing market for products and technologies contributing to the reduction of GHG emissions and for products and technologies related to recycling Examples • Growing markets for EVs and fuel cell vehicles (2030 to 2050) • Growing markets for components and materials for high-efficiency communication, due to change in consumer behavior (including expansion of the sharing economy and more efficient logistics with the use of IT) • Shift to energy sources with low environmental impact • Expansion of CCUS*2 (2030 onward) • Expansion of the circular economy, with the aim of reducing GHG emissions derived from fossil fuels (2030 to 2050) • Growing markets for energy-saving homes and building materials	● Increased demand for SSS*3-designated products ● Increasing need for technological development for future SSS-designated products Examples • Components and materials for EVs and fuel cell vehicles • Increased sophistication in IT devices, demand for display and semiconductor materials necessary to reduce energy consumption, demand for functional materials and battery materials that contribute to the spread of smart mobility • Technology that contributes to reducing GHG emissions • Products and technologies for CO_2 recovery, on the back of the expansion of CCUS • Carbon negative technologies • Recycling-related products and technologies • Biologically derived products and technologies • Energy-saving construction materials, such as heat-storing materials ● Delay in recouping development costs in line with lagging shift in social needs and markets	● Enhance development and production systems for such materials as those used in displays, semiconductors, functional materials, and battery materials ● Enhance development and production systems for materials for next-generation power devices and high-efficiency communications ● Develop a process for recycling lithium-ion batteries ● Promote licensing of technologies that contribute to reducing GHG emissions (for example: the hydrochloric acid oxidation process and the propylene oxide-only process, PMMA chemical recycling process) ● Develop technologies relating to CO_2 recovery ● Develop products that contribute to negative carbon emissions (for example: agricultural materials utilizing fungi, resins produced from microbes) ● Develop plastic recycling technology and build a recycling chain in cooperation with waste management companies, then deploy them in society Examples • Mechanical recycling of vehicles • MMA chemical recycling ● Develop technology for biologically derived products and stoke demand for certified products ● Develop technology for and expand sales of heat storage material products ● Promote the feedstock shift to green ammonia ● Active development of a brand to visualize environmental value (Meguri™) ● Advocacy activities for systems related to the use of products that mitigate environmental burden
	Increased Regulation on GHG Emissions	● Higher carbon prices (in developed countries, USD 180/ton for 2035, USD 250/ton for 2050)*4 ● Introduction and enhancement of carbon pricing, including carbon taxes and emissions trading, in various countries and regions	● Increased operational costs due to higher energy taxes including carbon prices (Assuming volume of GHG emissions in fiscal 2050 is about 5.29 million tons/year (Scope 1+2), the same level as in fiscal 2025, and a carbon price between 27,000–38,000 yen per ton of CO_2, our expense burden will increase by about 140-210 billion yen per year.)	● Consider carbon-neutral petrochemical complexes and ports ● Switch to highly efficient equipment by actively utilizing government subsidies ● Switch to renewable energy ● Switch fuel to LNG ● Rationalization research for manufacturing processes ● Develop technologies to capture, separate, and utilize GHG, and deploy them in society ● Promote the deployment of GHG emission removal equipment ● Consider transition to clean fuels such as hydrogen and ammonia
		● Stronger requirements for GHG emissions reductions and making energy-saving performance mandatory ● Phased abolishment of subsidies for fossil fuels (in India and Southeast Asia, etc.) ● Accelerating transition to a circular society and increased regulation ● Increase in calls to promote use of renewable energy from customers	● Lower utilization of high-energy consumption production facilities ● Increase in utility expenses due to an increased proportion of renewable energy	
	Increased Cost of Raw Materials	● More use of resources from circular systems and progress in the transition to lower environmental impact processes ● Increased costs due to more use of recycled materials ● Increase in calls for green procurement	● Increasing difficulty in procuring raw materials ● Lower profitability of the existing businesses	● Diversify raw material sources ● Evaluate the use of recycled raw materials ● Evaluate self-manufacture of raw materials with unstable supply ● Shift to a local production, local consumption model (for products where raw material procurement costs make up a relatively high proportion of the price) ● Optimization of business structure through corporate cooperation

*1 Common for all scenarios: Situations that can be expected in both the 1.5℃ scenario (reduced GHG emissions) and the 4℃ scenario (business as usual)

*2 CCUS: Carbon dioxide Capture, Utilization and Storage *3 Sumika Sustainable Solutions™ *4 Assumptions based on World Energy Outlook 2025

● In blue: positive impact ● In red: negative impact

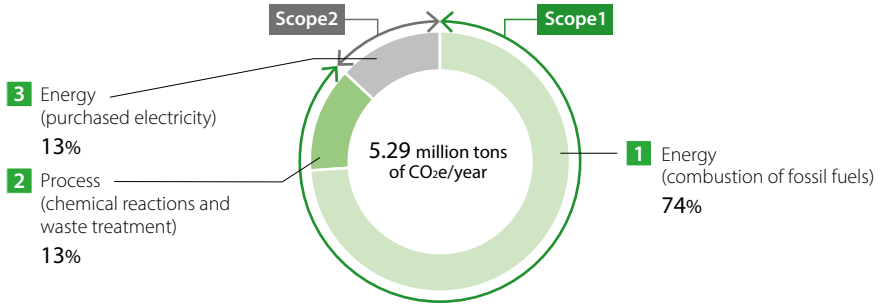
Scenario	Risks and Opportunities	Anticipated Situation (Example)	Impact Assessment	Action
4°C Scenario (Business as Usual)	Increased Demand for Products and Technologies Adaptable to Climate Change	● Growing market for crops resistant to environmental changes such as temperature rise and drought ● Spread of infectious diseases due to the impact of climate change	● Increased demand for SSS-designated products ● Increased need for technological development for future SSS-designated products Examples • Biorationals and soil amendments • Agrochemical products adaptable to the change in crop growth • Agents for prevention and treatment of infectious diseases	● Develop products such as biorationals ● Provide solutions that respond to global changes in the environment for agriculture and infectious diseases ● Enhance sales and marketing structures and new product development structures with an eye on changes in demand in targeted markets
	Intensified Climate Disasters due to Temperature Rise	● More impact on plant operations ● Expanded impacts on product storage and logistics ● Suspension of upstream supplier operations ● Rising sea level, damage from storm surges and floods, and heat waves ● Damage to farmland due to droughts and soil degradation	● Facilities located on seashores and river banks cease operations ● Increasing difficulty in acquiring raw materials and other products ● Decreased cost competitiveness of plants due to increased costs for measures to be prepared for disasters ● Decreased demand due to lower agricultural productivity	● Manage and respond to risks from a business continuity planning perspective ● Expand and diversify the regions in which we do business

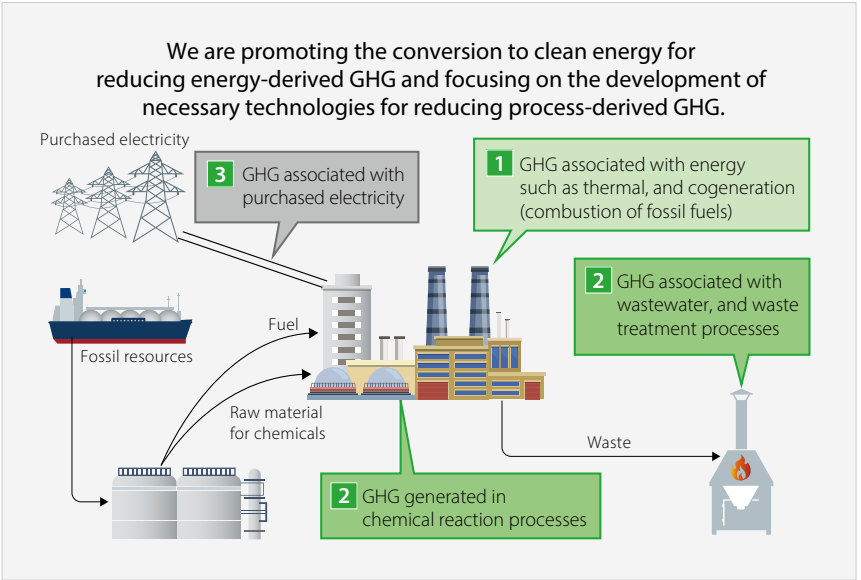
Specific Initiatives for "Obligation"

Major Sources of GHG Emissions from Chemical Plants

The chemical industry is an industry in which raw materials are converted into products through chemical reactions that are driven by electricity, heat from steam, and other forms of energy. In FY2025, 74% of our GHG emissions came from 1 Energy (combustion of fossil fuels), 13% from 2 Process (chemical reactions and waste treatment), and 13% from 3 Energy (purchased electricity). We aim to reduce GHG emissions by focusing on the conversion to clean energy for energy-derived GHG and on the development of necessary technologies for process-derived GHG.

■ GHG Emissions in FY2025





1 Reduction of GHG Emissions from Energy (combustion of fossil fuels): Fuel Conversion

Sumitomo Chemical is working to reduce the Group's GHG emissions as an SBT-certified company. At plants in Japan, we are introducing highly efficient gas turbine generators and decommissioning a number of existing boilers. Aiming to reduce carbon emissions, we are switching from using conventional high CO_2-emission fuels like coal, petroleum coke, and heavy oil to using low CO_2 emission intensity fuels like liquefied natural gas (LNG).

In March 2022, at Ehime Works, Niihama LNG Co., Ltd.* began operating the Niihama LNG Station, which supplies LNG instead of conventional coal or heavy oil. In November 2022, Sumitomo Joint Electric Power Co., Ltd. started operations of the Niihama North Gas-Fired Power Plant, a facility it constructed that uses LNG. These efforts will result in a 650,000-ton annual reduction in CO_2 emissions. In January 2024, we began operating highly efficient gas turbine power generation equipment at Chiba Works that uses LNG instead of the existing petroleum coke. With the construction of this equipment, we will reduce annual CO_2 emissions by over 240,000 tons (equivalent to around 20% of the CO_2 emitted by Chiba Works). It will also enable the supply of power to neighboring Group companies as we work hard to reduce GHG emissions across the entire Group.

* Funded by Tokyo Gas Engineering Solutions Corporation, Shikoku Electric Power Co., Inc., Shikoku Gas Co., Ltd., Sumitomo Joint Electric Power Co., Ltd., and Sumitomo Chemical

In addition, the following initiatives are being implemented with respect to the conversion from LNG to cleaner fuels.

Transition to Clean Fuels

Hydrogen and ammonia are gaining attention as clean fuels that do not emit CO_2 during combustion, with ammonia also being recognized as a hydrogen carrier. We are continuing to secure a stable supply of ammonia, and focusing on clean ammonia by the most effective use of the existing large tanks in the Niihama area of Ehime Prefecture. We are also participating in regional collaboration initiatives to build a supply chain for ammonia and hydrogen for future fuel applications.

P.061 Climate Change Mitigation and Adaptation: Initiatives through Regional Collaboration

We will continue to study the possibility of making each power generation facility cleaner (zero GHG emissions) based on the development status of ammonia and hydrogen combustion technologies, biomass fuel market trends, and regional collaboration efforts.

Fuel Conversion and CO_2 Emissions Reduction

Ehime region

Fuel conversion: Coals and heavy oil ▶ **LNG**

Amount of CO_2 reduction: **650,000** tons/year



Niihama North Gas-Fired Power Plant



Niihama LNG Terminal and Ehime Works

Chiba region

Fuel conversion: Petroleum coke ▶ **LNG**

Amount of CO_2 reduction: **240,000** tons/year



Chiba Works' highly efficient gas turbine power generation equipment

Won the Director of the Kanto Bureau of Economy, Trade and Industry's Excellent Energy Management Award (Chiba Works)

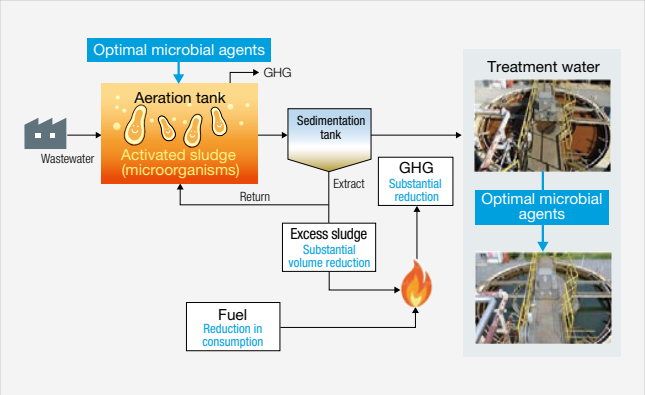
Chiba Works won the Director of the Kanto Bureau of Economy, Trade and Industry's Fiscal 2025 Excellent Energy Management Award given by the Kanto Bureau of Economy, Trade and Industry. Chiba Works has worked hard to save energy and reduce CO_2 emissions, including by installing a highly efficient gas turbine cogeneration facility. The Works garnered high praise for its optimized energy use and contributions to reducing its environment burden. Going forward, the Company will continue to steadily take measures to realize carbon neutrality.



Award ceremony

2 Reduction of GHG Emissions from process (chemical reaction and waste treatment): Innovation in Wastewater Treatment Technology

Sumitomo Chemical is promoting biotechnological wastewater treatment. Wastewater treatment is an essential initiative to prevent water pollution and promote the recycling and reuse of water resources, however there was the issue that it requires a lot of energy and causes GHG emission when incinerating excess sludge. To address this issue, we have improved wastewater treatment capacity while reducing the amount of sludge generated, GHG emissions associated with wastewater treatment, and fuel consumption through the use of optimal microbial agents.



3 Reduction of GHG Emissions from Energy (purchased electricity): Use of renewable energy

From November 2021, Sumitomo Chemical's Oita Works switched its purchased electric power to 100% renewable energy-derived power, reducing GHG emissions from the Works by around 20%. In addition, at the same Works, we switched the fuel used on site from heavy oil to the low CO_2 emission intensity city gas and are working to optimize the plant operation conditions, achieving a GHG reduction of around 10%. Through these efforts, we realized a total reduction in GHG emissions of around 30% compared to fiscal 2013 at the Works.

Initiatives Aimed at Reducing GHG Emissions at Each Worksite

Each Sumitomo Chemical worksite helps reduce GHG emissions, including in the following ways: installing the latest highly efficient equipment; introducing rationalization and energy-saving measures in production processes; switching to lower-carbon fuels and other forms of energy; installing LED lighting; and soliciting employee suggestions on how to further improve our energy-saving efforts. Furthermore, regarding cleanrooms and other facilities that are highly specialized and difficult to manage, we have launched initiatives in cooperation with experts. Information on the state of these activities is exchanged at Company-wide Energy Manager Meetings, at which representatives from each worksite gather in one location to work on reducing the GHG emissions of the Company as a whole.

Introduction of EV Bus (Sumika Electronic Materials (Wuxi))

Sumika Electronic Materials (Wuxi) began introducing commuter EV buses in 2021 as a way to reduce environmental burden and CO_2 emissions. As of April 2026, nine buses make a total of 700 runs per month, helping reduce fuel consumption by about 6,400 liters every month while cutting annual CO_2 emissions around 110 tons.



EV bus

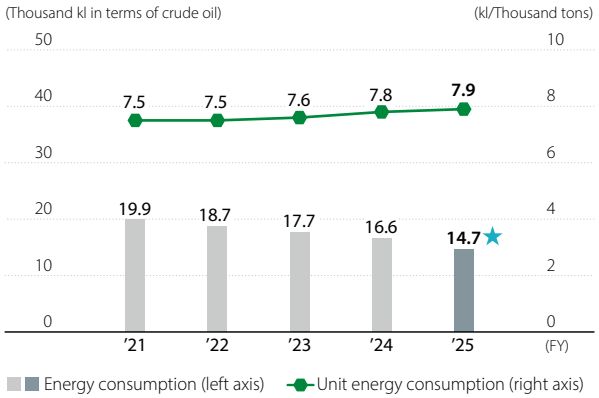
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Logistics Initiatives

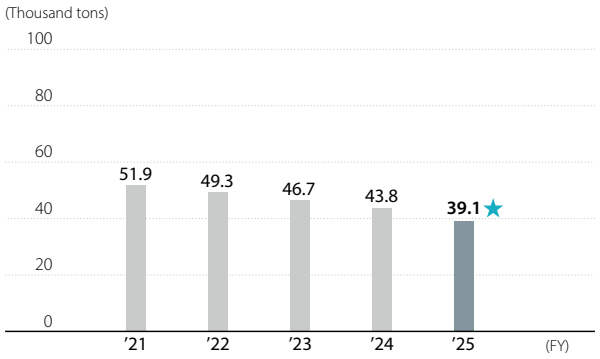
Sumitomo Chemical continues to promote modal shift, or transportation by more efficient and environmentally friendly modes, such as rail and ship instead of trucks. In fiscal 2025, the overall volume of cargo transported fell year on year, and, as a result, energy consumption (crude oil equivalent) and carbon dioxide emissions decreased. However, unit energy consumption increased 3.2% overall due to a decrease in the share of coastal transportation. This was an average 1.6% deterioration over the past five years. We will continue aiming to improve unit energy consumption by our target of 1% or more.

Reduction of Environmental Impact in Logistics Operations (Sumitomo Chemical and a Group company in Japan)

Energy Consumption and Unit Energy Consumption



CO_2 Emissions

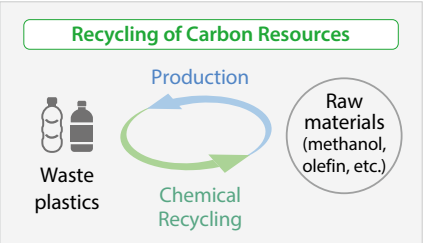


Note: Calculated for Sumitomo Chemical and a Group company in Japan (specified consigner Nippon A&L Inc.)
However, the calculation period for Nippon A&L Inc. is set at between April and June 2025.

Specific Initiatives for "Contribution"

- Establishment of Carbon Resource Recycling System

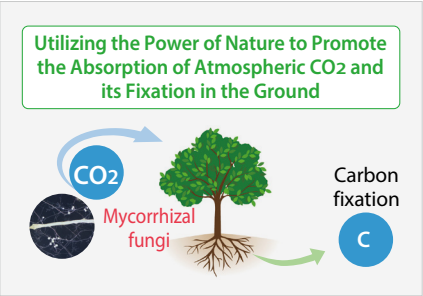
We are developing chemical recycling technologies to convert garbage and waste plastics into basic raw materials for chemicals, such as methanol, ethanol, and olefins, and to use them as raw materials for new plastics.



P.066 Contribute to Recycling Resources

- Challenges to Carbon Negative Emissions

We are developing a technology whereby attaching useful microorganisms existing in soil to the roots of plants and allowing them to coexist, we not only promote the absorption of CO_2 by plants through photosynthesis, we also fix CO_2 in the ground in the form of carbon compounds. This will enable ordinary fields, forests, and other natural spaces to absorb and fix even greater amounts of CO_2, contributing a net negative amount of carbon to the atmosphere.



External Cooperation Initiatives

Initiatives through Regional Collaboration

Since there are limits to what individual companies can do to achieve carbon neutrality, it is necessary to accelerate regional collaboration with external parties such as companies outside our group and government agencies. We participate in the Keiyo Coastal Industrial Complex Council on Carbon Neutrality, which was established in November 2022 mainly in Chiba Prefecture. We will also continue working in collaboration with local companies, nations, municipalities, etc. on the Keiyo Coastal Industrial Complex Council on GX, which launched in March 2026. In addition, we are studying ways to achieve carbon neutrality, such as securing biomass feedstock and recovering waste, in cooperation with Maruzen Petrochemical Co. Ltd. and Mitsui Chemicals, Inc. Furthermore, in the Shikoku and Setouchi regions, we are collaborating with government agencies and nearby companies on efforts to construct a clean ammonia supply chain.

Dissemination efforts of Carbon Footprint of Products (CFP)* calculation tool

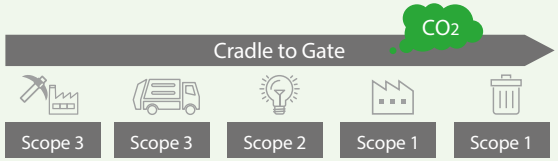
Although the evaluation of product CFP is essential to reduce GHG emissions in society, it is not easy to analyze the CFP of chemical products due to the complexity of their manufacturing processes. In response, we have developed our own calculation tool and calculated the CFP of approximately 20,000 products. We provide the tool free of charge to other companies. It is now used by many companies via collaboration with the Japan Chemical Industry Association. Additionally, we are considering expanding the use of CFP-TOMO™ for assessing environmental impacts other than GHG emissions, such as water.

* Greenhouse gas emissions from each stage of the product lifecycle, from procurement of raw materials to manufacturing, use, and disposal, expressed in terms of CO_2 emissions.

Our original calculation tool speeds up the calculation of CFP for our products

Created the original CFP calculation tool

- Built based on commercially available software (Microsoft Access/Excel)
- Prepared multiple calculation models accounting for the characteristics of chemical manufacturing processes (co-products, by-product fuels, steam generation, etc.) (Choose from the pull-down menu of models and execute calculation)
- Can easily calculate carbon footprint for each stage (intermediates or final product). E.g., raw material to Intermediate A to Intermediate B ... to final product.



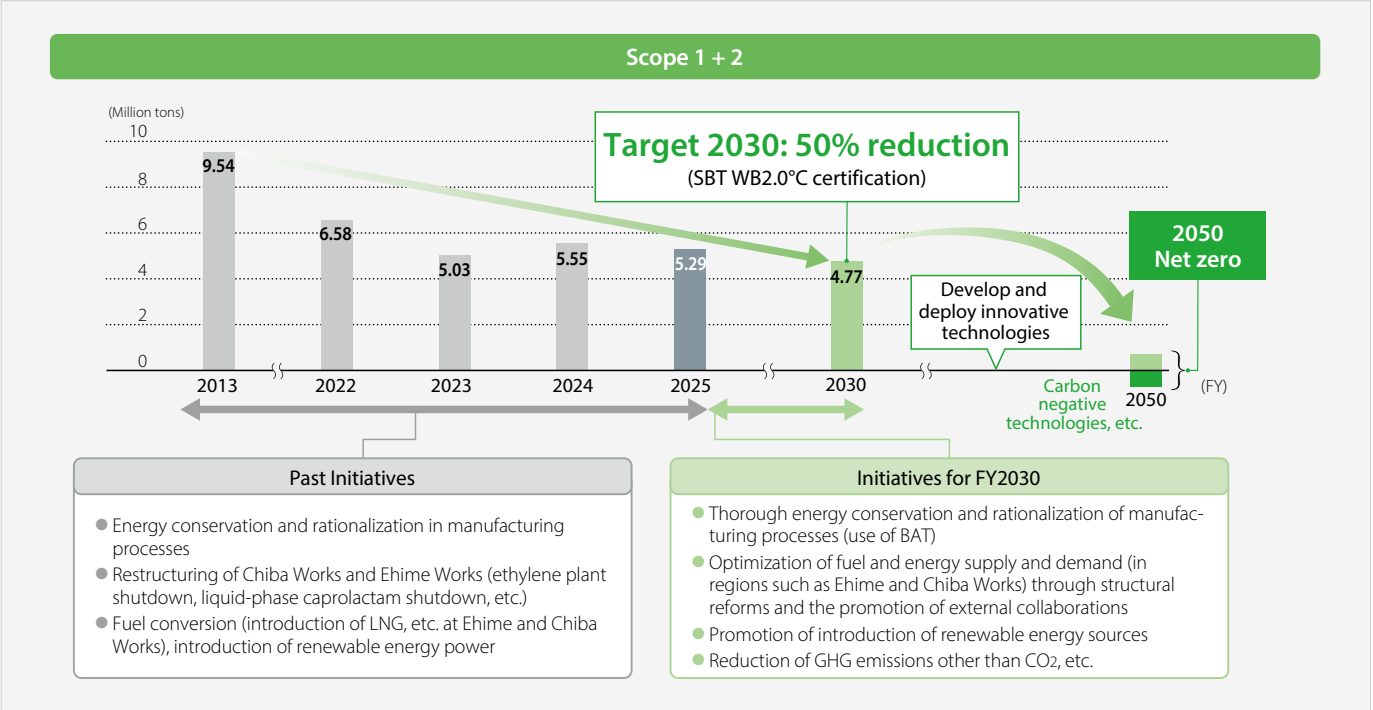
Metrics and Targets (Risk)

As a metric for climate-related risks, we are the first diversified chemical company in the world to utilize GHG emission reduction targets certified as Science Based Targets (SBT). Our Group's*1 GHG emissions (Scope 1 + 2) reduction target for 2030 is 50%*2, and has been certified under SBT's Well Below 2.0°C standard. Until 2030, we aim to achieve this goal by utilizing the best available technology (BAT) in the manufacturing process at existing plants and by making thorough energy conservation and fuel switching in the manufacturing process.

On the other hand, to reach net-zero emissions by 2050, it will be difficult to respond only with existing technologies, and innovative technologies such as carbon-negative emissions and CCUS*3 will be necessary. We will continue to study the development of them and their early implementation.

*1 Sumitomo Chemical + domestic and overseas consolidated subsidiaries
*2 Compared to FY2013
*3 Capture, effective utilization, and storage of CO_2 emitted from plants, etc.

■ GHG Emissions Trends and Reduction Targets (Scope 1+2)



P.011 **KPIs for material issues for social value creation:** Amount of Group's GHG emissions (Scope 1+2)

★: Assured by an independent assurance provider

FY2025 Energy Consumption and Greenhouse Gas Emissions

The Group's greenhouse gas emissions for fiscal 2017 onward are calculated with reference to the GHG Protocol (refer to page 164 "Calculation Standards for Environmental and Social Data Indicators"). The boundary of calculation has been expanded to include principal consolidated Group companies, which account for up to 99.8% of consolidated net sales.

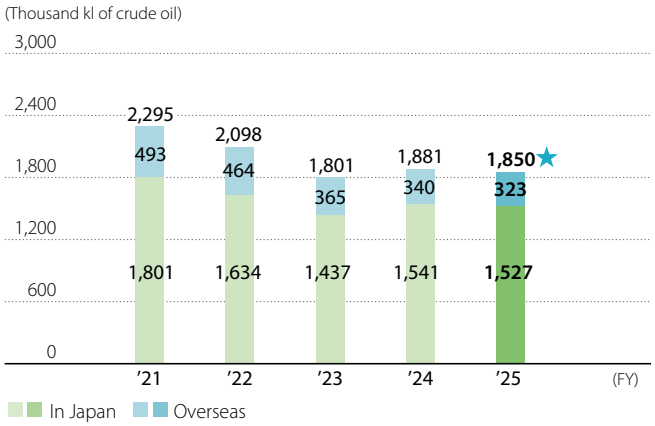
Greenhouse Gas Emissions

(Thousand tons of CO_2e)

	Sumitomo Chemical and Group Companies in Japan	Overseas Group Companies	Total
Scope 1	4,319	286	4,605★
Scope 2	108	575	683★
Total	4,427	860	5,288★

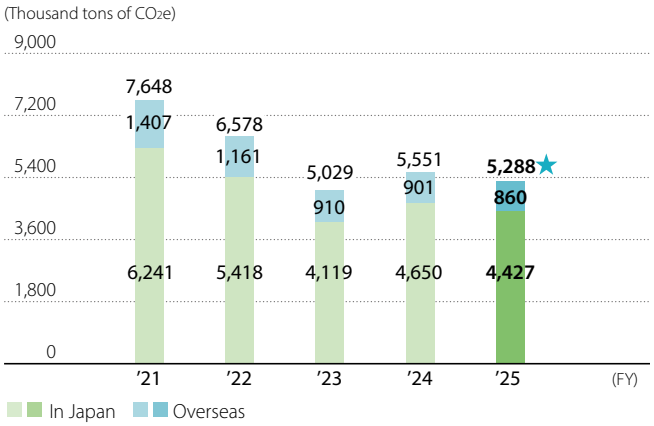
Note: Biomass-derived emissions were 0 thousand tons of CO_2e

Energy Consumption (GHG Protocol standards)



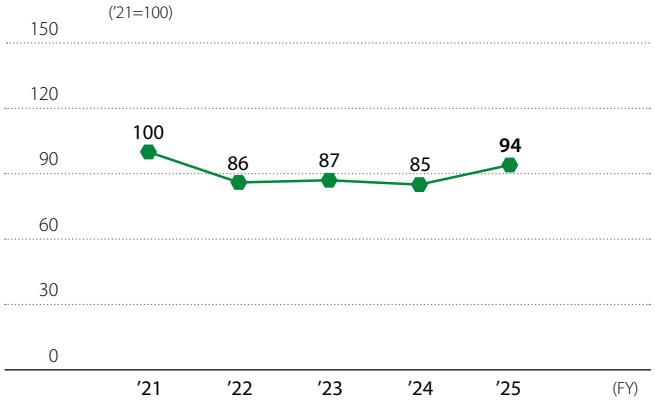
Note: In line with the GHG Protocol standards, we now include the amount of energy consumed in the production of power and steam sold to external parties by Sumitomo Chemical Group.

Greenhouse Gas Emissions (GHG Protocol standards)



Note: Having adopted the GHG Protocol standards for our GHG emission disclosures, we now include the following data: CO_2 emissions from energy sold to external parties by the Group; CO_2 emissions from energy use attributable to Sumitomo Chemical's non-production sites; CO_2 emissions from non-energy sources not included in the scope of the Act on Promotion of Global Warming Countermeasures.

Unit Energy Consumption Index (GHG Protocol standards)



Notes: • The figures are indexed to energy consumption (GJ) per unit of sales
• Aim to improve over 1% per year on average (using fiscal 2021 as the base year)

★: Assured by an independent assurance provider

GHG Emission Reduction Targets (Scope 3)

Scope 3

Reduce GHG emissions (Scope 3: Categories 1 and 3) of major Group companies
by 14% from the FY2020 level by FY2030
(SBT WB2.0°C certification)

Supplier Engagement Initiatives

We are promoting climate actions through dialogue with our suppliers, and at the same time setting reduction targets for indirect GHG emissions (Scope 3) across the supply chain by 2030, together with reduction targets for GHG emissions from our business activities (Scope 1 and 2). Through these initiatives, we have renewed our certification under the Science Based Targets (SBT) initiative at the "well-below 2°C" level. As one example, we explain our group's efforts to achieve carbon neutrality to our key domestic suppliers annually while requesting their cooperation in reducing GHG emissions. These efforts have been recognized by CDP, an international NGO. In the CDP's Supplier Engagement Assessment 2025, the Company received an "A" score, earning the highest rating for seven consecutive years.

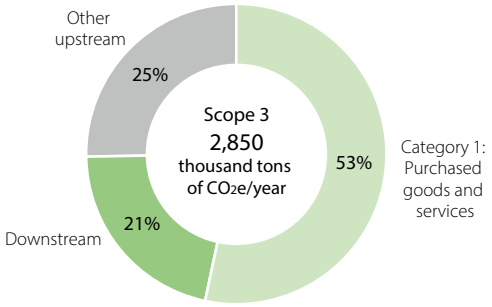
Supplier Engagement Leader CDP 2025

Status of Scope 3 GHG Emissions

(Thousand tons of CO_2e/year)

Category	Emissions				
	FY2021	FY2022	FY2023	FY2024	FY2025
1. Purchased goods and services	2,441	2,261	1,858	1,661	1,488★
2. Capital goods	141	146	186	216	158
3. Fuel- and energy-related activities (not included in scope 1 or scope 2)	559	550	512	488	468★
4. Upstream transportation and distribution	55	53	50	48	43★
5. Waste generated in operations	58	37	33	27	29★
6. Business travel	3	7	6	5	5
7. Employee commuting	9	9	9	10	10
8. Upstream leased assets	<1	<1	<1	<1	<1
9. Downstream transportation and distribution	<1	<1	<1	<1	2
10. Processing of sold products	—	—	—	—	—
11. Use of sold products	45	34	24	23	23★
12. End-of-life treatment of sold products	788	772	662	666	587
13. Downstream leased assets	—	—	—	—	—
14. Franchises	—	—	—	—	—
15. Investments	—	—	—	—	—

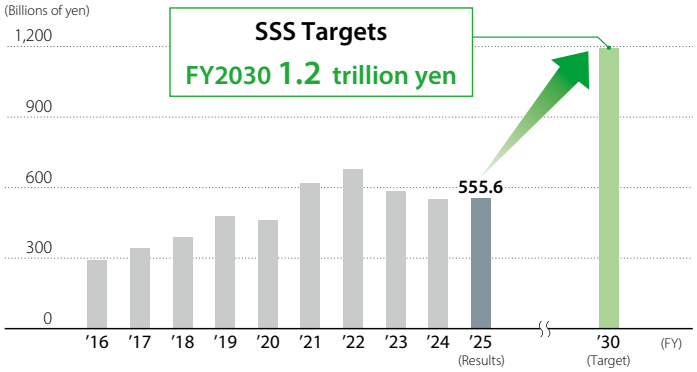
Notes:
- For Scope 3 data, indirect greenhouse gas emissions from business activities throughout the supply chain are calculated separately by category and then added together.
- Calculated for Sumitomo Chemical and Group companies listed on stock indices in Japan (Sumitomo Pharma Co., Ltd.; Koei Chemical Co., Ltd.; Taoka Chemical Co., Ltd.; and Tanaka Chemical Corporation). The calculation period is set from April 1, 2025 to March 31, 2026.
- Category 4 does not include Taoka Chemical Co., Ltd., but includes Nippon A&L Inc. However, the calculation period for Nippon A&L Inc. is set at between April and June 2025.
- Category 11 figures are N_2O and HFC converted into CO_2



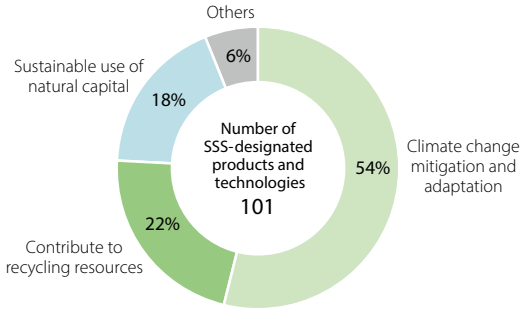
Metrics and Targets (Opportunities)

Sumika Sustainable Solutions™ (SSS) is used as a metric for climate-related opportunities. SSS is an initiative in which we designate those of our Group's products and technologies that contribute to the fields of climate change mitigation and adaptation, contribute to recycling resources, and sustainable use of natural capital in order to promote their development and spread. The sales revenue from designated products for FY2025 reached 555.6 billion yen. We will continue to advance our efforts towards achieving the FY2030 target of 1.2 trillion yen.

Sales Revenue Targets for Sumika Sustainable Solutions™



Percentage of products and technologies in each designated field (FY2025)



Science Based Contributions (SBC)

Avoided GHG emissions through products and technologies

In order to more clearly demonstrate the contribution of our products and technologies to carbon neutrality (CN), we have established a new indicator, Science Based Contributions. By calculating and visualizing the contribution to avoided greenhouse gas (GHG) emissions, we will accelerate our efforts to achieve CN for society as a whole through our products and technologies. The SBC quantitatively and scientifically calculates the amount of GHG reductions achieved in society through the use of SSS designated products and technologies that we have sold and provided. The figures are calculated based on the product CFP and sales volume of the subject products and the production capacity of the licensed plants, etc. The calculation method is validated by external experts. We will strive to promote understanding of the contribution of our products and technologies to society through active disclosure of information to our stakeholders using the SBC, and promote efforts to realize CN around the world.

SBC results FY2024 **6.6 million tons** FY2025 **7.1 million tons**

Item		Beneficiaries	FY2024 (million tons)	FY2025 (million tons)
SSS Technology	Propylene oxide (PO)-only process, Hydrochloric acid oxidation process	Licensees	2.9	2.9
SSS End Products	Methionine, Flumioxazin, etc.	Users	3.7	4.2
SSS Materials & Components	Components for Secondary Batteries and aircraft, etc.	Users	Not applicable (under consideration)	

Calculation Method

SSS are classified into the three categories of technology, end products, and materials/ components, and SBC is calculated from the difference by comparing the CFP of SSS with that of technologies and products in widespread use as of 2013. (Based on single-year sales volume)

SSS Technology
- PO-only process is compared to the average of other PO manufacturing processes, such as the chlorine process, and hydrochloric acid oxidation process is compared to the salt electrolysis process.
- Calculation of reduction contribution by licensees.

SSS Products
- Methionine is compared to feed without additives. The contribution to the reduction of N_2O in poultry waste was calculated.*
- Regarding the Flumioxazin, contributions to emissions reduction achieved by no-till farming in the U.S. were calculated by comparing no-till farming for soybean cultivation with the conventional farming method.

* In addition to the SBC, we conduct assessments of some products using the Life-cycle Impact assessment Method based on Endpoint modeling (LIME).

Contributing through Business — Sumika Sustainable Solutions™ (SSS)
https://www.sumitomo-chem.co.jp/english/sustainability/management/promotion/sss/

Contribute to Recycling Resources

For sustainable use of resources, we need to reduce the consumption of natural resources while at the same time efficiently circulating the resources we have. In addition to waste management and effective use of resources at our offices and Works, Sumitomo Chemical is working on the development and social implementation of carbon recycling technologies for plastics and other resources.

Circular System for Carbon Resource

Basic Stance

To realize a circular system for carbon resources including plastics, we are working to reduce, reuse, and recycle (mechanical recycling, chemical recycling) products at each stage of the plastic value chain. These efforts also extend beyond the plastic value chain. We are working to develop technology that utilizes the carbon contained in organic matter as a renewable resource, as well as to develop plastic products that use that carbon as a raw material.

In addition, the Group formulated the Sumitomo Chemical Group Basic Policy Towards a Circular System for Plastics in 2020 to work towards building a circular system for plastics and resolving plastic waste problems.

Sumitomo Chemical Group Basic Policy Towards a Circular System for Plastics

https://www.sumitomo-chem.co.jp/english/news/files/docs/20200601e_policy.pdf

Management System

We are actively promoting research and development on chemical recycling technologies within research groups dedicated to reducing environmental impact at the Essential & Green Materials Research Laboratory. In addition to chemical recycling of plastics, we have also been developing technologies and products that contribute to the circulation of various carbon resources, such as the appropriate utilization of biomass feedstocks.

In pursuit of practical, socially beneficial applications, we are working to commercialize chemical and plastic products that utilize this revolutionary technology, especially through the Business Development Office for Circular Carbon Economy.

Targets and Results

Sumitomo Chemical has identified "contribution to recycling resources" as one of our material issues to be addressed as management priorities, and we have set the amount of recycled plastic resources used in the manufacturing process as a KPI for this purpose. We are working to replace 200k tons/year of plastic used in our manufacturing process with recycled resources by 2030.

KPI: The amount of recycled plastics utilized in manufacturing processes	
Target	**200k** tons/year by 2030
Result	FY2025 Approximately **14,420** tons

Examples of Initiatives

Development of the Meguri™ brand

Meguri™ is a brand of plastic products and chemicals that can be obtained through recycling technology and contribute to reducing environmental impact.

Meguri™ products are the crystallization of the latest recycling technologies and the environmentally friendly technologies that we have cultivated in various fields as a diversified chemical company. We will expand the Meguri™ product lineup and increase production and sales of these products, thereby playing a role in realizing a circular economy.

Meguri
CIRCULARITY FOR ALL

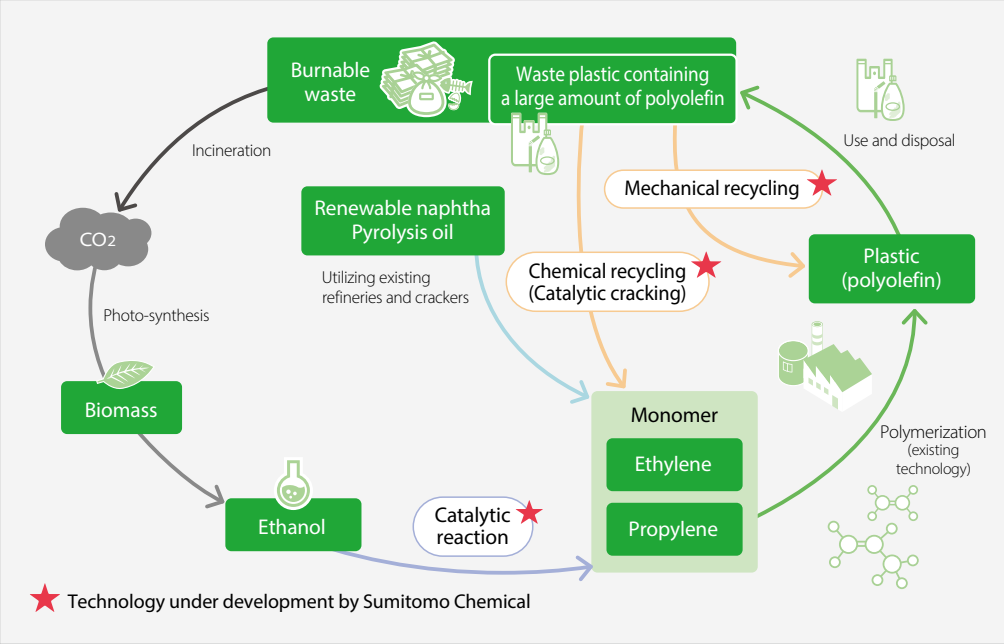
The brand name Meguri™ means "circularity" in Japanese. The design of the icon is a deformed version of the kanji character "廻", which means "circularity" in Japanese

Sumitomo Chemical Circular System for Plastics Website

https://www.sumitomo-chem.co.jp/circular-plastics/en/

Overview of Carbon Resource Circulation, including Plastics

We promote technological development aimed at opening multiple circular carbon routes by combining our catalyst design and chemical process design technologies, in collaboration with external parties. Utilization of these technologies will reduce fossil resource use and plastic waste emissions, as well as GHG emissions from plastic waste incineration.



■ Examples of Resource Circulation Initiatives through Collaboration with Other Parties

	Technology	Cooperating Partners	Reference
①	Olefin Production through Two-Stage Cracking of Waste Plastics	Maruzen Petrochemical Co., Ltd. Muroran Institute of Technology	NEDO*1 GI Fund Projects*2
②	Olefin production from alcohols	AIST	

*1 National Research and Development Agency, New Energy and Industrial Technology Development Organization (NEDO)
*2 Green Innovation Fund Project

① Olefin Production through Two-Stage Cracking of Waste Plastics (Chemical Recycling)

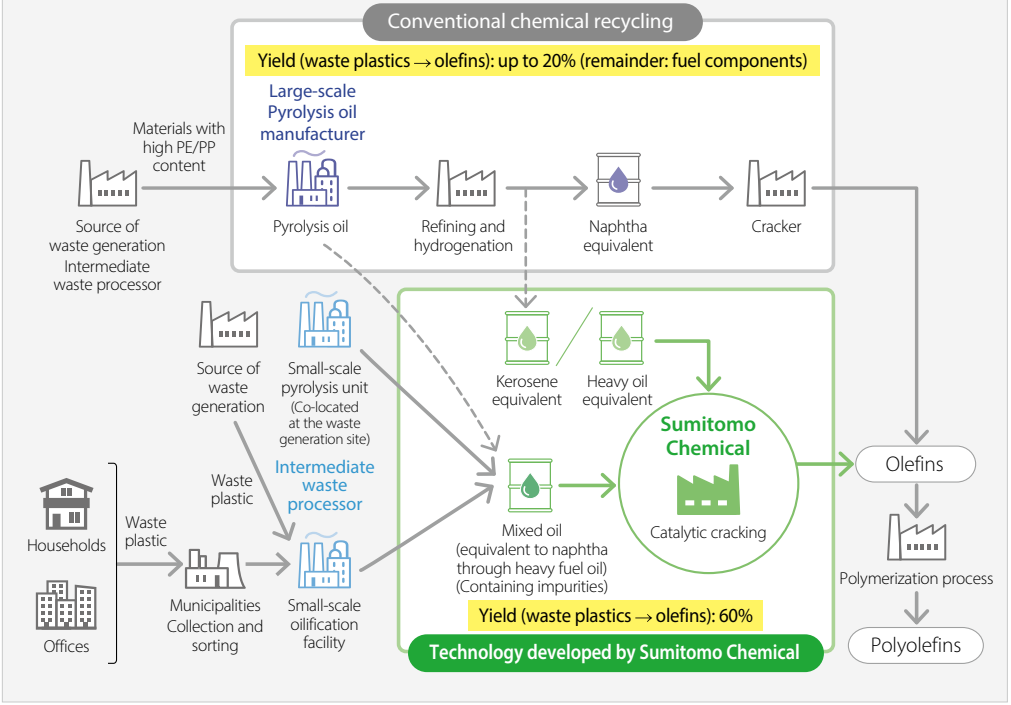
NEDO | GI Fund Projects

We are developing a chemical recycling technology that uses our proprietary catalyst to efficiently convert pyrolysis oil obtained by heating waste plastics at 300–400°C into olefins. By utilizing a broad range of waste plastics of varying quality as recycled feedstock, including materials that have traditionally been difficult to recycle, and by using nearly all of the resulting pyrolysis oil as feedstock, we aim to achieve an olefin yield of at least 60%.

Commercializing this technology will promote the resource circulation of waste plastics currently sent for incineration or energy recovery. Locating pyrolysis units near waste generation sites and intermediate treatment facilities will also improve transportation efficiency, promote local resource circulation and, ultimately, contribute to regional revitalization. Working with our partners, we aim to complete development of the technology by 2028 and commercialize it in the early 2030s.

Features of this Technology

- Technology for high-yield olefin production from waste-plastic pyrolysis oil
- High carbon resource circulation rate
- Catalyst with high tolerance to impurities



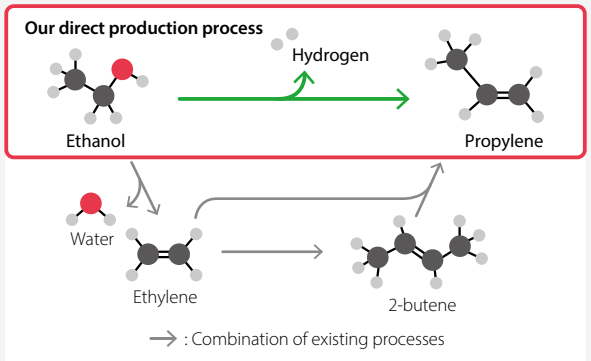
② Technology for Olefin Production from Alcohols (Olefin production from biomass-derived feedstocks)

NEDO GI Fund Projects

We are developing technology to produce olefins directly from ethanol, which has been attracting attention as a sustainable chemical raw material. In bench trials, we achieved a target olefin yield of 80%. Furthermore, we completed construction of a pilot facility at our Chiba Works in June 2025 and are now advancing data acquisition using the facility. Going forward, we will continue to accelerate development toward the establishment of the technology and aim for its early societal implementation.

Features of this Technology

- Producing olefins directly from ethanol
- A newly-developed compact and low-cost process
- Producing hydrogen as a by-product, in addition to olefins



Chemical Recycling

We are developing a range of technologies to enable the chemical recycling of plastic products.

Chemical Recycling System for Acrylic Resin

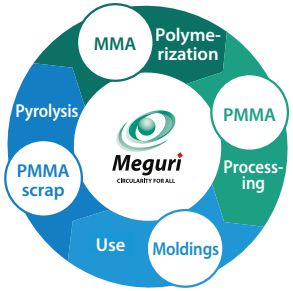
We have jointly developed with The Japan Steel Works, Ltd. a technology for efficiently breaking down acrylic resin using pyrolysis and recycling it back into MMA (methyl methacrylate) monomer, which is a raw material for acrylic resin (polymethyl methacrylate or PMMA). We have built the pilot facility at our Ehime Works and commenced sales of a chemically recycled PMMA material (SUMIPEX™ Meguri™)*1 in March 2025.

In addition, we have also received third-party certifications, such as ISCC PLUS,*2 and are globally promoting the practical application of recycling techniques that utilize the mass balance approach.

*1 PMMA made from recycled monomers reduces GHG emissions throughout the product lifecycle compared to products derived from fossil resources.

*2 An international certification system guaranteeing proper management of recycled, biomass, and other sustainable raw materials in supply chains, including product manufacturing.

■ Overview of PMMA Chemical Recycling





PMMA Chemical Recycling Pilot Facility

Launched Commercial Licenses for PMMA Chemical Recycling Technology in Collaboration with Lummus Technology

Sumitomo Chemical has started offering technology licenses on a commercial scale for its PMMA chemical recycling technology, which converts used PMMA into MMA monomer, in collaboration with Lummus Technology LLC, a major U.S. technology licensor. Following verification at the pilot equipment in the Ehime Works and repeated evaluations including scale-up, the Company has established a technology that meets the requirements for commercialization. Going forward, Sumitomo Chemical will expand the adoption of this technology through Lummus' global network and promote the expansion of resource circulation for acrylic resin worldwide.

LUMMUS TECHNOLOGY | SUMITOMO CHEMICAL

Launch of Commercial-Scale Licensing for PMMA-CR Technology

https://www.sumitomo-chem.co.jp/english/news/detail/20260205e.html

PMMA Chemical Recycling Licensing

https://www.sumitomo-chem.co.jp/technology-licensing/our-licenses/pmmacr/

Mechanical Recycling

We are promoting the development of various technologies to achieve mechanical recycling for plastic products.

PP (Polypropylene) Mechanical Recycling

In collaboration with REVER CORPORATION, Sumitomo Chemical had been developing mechanical recycling technology for plastics such as PP for automotive parts, utilizing waste plastics derived from end-of-life vehicles (ELV). In April 2024, the Company began operating pilot-scale equipment. It subsequently produced trial materials for customer evaluation. As demand increases under the ELV regulations in EU and other measures, the Company advanced toward commercialization through closely coordinated development and evaluation. In July 2026, this business was transferred to Prime Polymer Co., Ltd.

PMMA (Polymethyl Methacrylate) Mechanical Recycling

"SUMIKA ACRYL SHEET™ Meguri™" is an acrylic sheet commercialized by SUMIKA ACRYL Co., Ltd., made from mechanically recycled raw materials by collecting, sorting, and crushing waste materials generated in the acrylic resin manufacturing process. Despite being recycled material, this product has excellent optical properties.

Examples of the Practical Applications of PMMA Mechanical Recycling

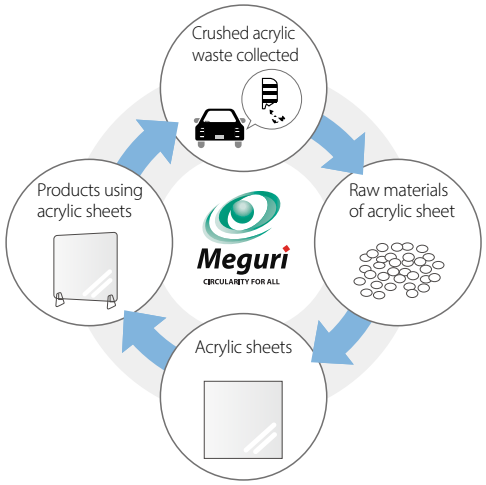
We are supplying the acrylic sheet "SUMIKA ACRYL SHEET™ Meguri™," produced through mechanical recycling technology, to Koizumi Lighting Technology Corp., a specialized lighting manufacturer.



Lighting sample made using recycled MMA through mechanical recycling

Photograph provided by KOIZUMI LIGHTING TECHNOLOGY CORP.

■ Overview of PMMA Mechanical Recycling



Resource Saving and Waste Reduction

Basic Stance

Our company is working towards the realization of a circular society by collaborating with domestic and overseas group companies to promote resource conservation and waste reduction. In addition, based on the voluntary action plans for circular society management established by the Japan Business Federation (Keidanren) and the Japan Chemical Industry Association (JCIA), we set specific targets for the recycling of waste and waste plastics, as well as for the reduction of landfill volume, and we manage and disclose progress toward these goals.

Management System

The President serves as the chief coordinator and the executive officer in charge of Responsible Care serves as the coordinator of the Environment and Climate Change Action Group of the Responsible Care Department. This group is responsible for matters related to environmental protection for the Company as a whole and supports the environmental protection activities of Group companies.

Our worksites (head offices, Works, research laboratories, etc.) have established sections in charge of environmental protection operations, appointed coordinators and managers, and execute specific duties. Regarding the execution of duties, the corporate department (Responsible Care Department) formulates Company-wide annual policies and Company-wide medium-term (three-year) policies. Then each worksite, in light of these policies and in consideration of its own characteristics and regional situation, formulates an action policy and undertakes specific activities from the new fiscal year.

Regarding amendments to laws and regulations, the Responsible Care Department vigilantly pays attention to trends related to the enactment and amendment of environmental laws and, as appropriate, provides feedback through national specialized committees and other organizations. All people addressing the problems also establish targets (details of the amendments, possible impacts, visualization of countermeasures, etc.) and commit the Company to addressing the issue being targeted.

Furthermore, with regard to amendments that have a large impact on business, we access the necessary information in advance and notify worksites to prepare for meeting compliance requirements.

P.043 Organization of Responsible Care

Examples of Initiatives

Proper Waste Management

The Sumitomo Chemical Group, in compliance with the law, tracks and manages industrial waste, ensuring it is properly handled from emission to final disposal. In addition, we prevent improper disposal by regularly providing education to those sorting the waste regarding separation methods and relevant laws and regulations, including the Waste Disposal Law and the Basel Convention.

Proper Waste Management

1. Separation and storage of industrial waste
   We assiduously separate waste in accordance with the law and comply with legal standards, such as storage limits and labeling obligations. In particular, we have strengthened measures to stop the aerosolization and effluence of hazardous waste to prevent leaks into the environment.
2. Industrial Waste Collection, Transport, and Disposal (Outsourced)
   As for waste that cannot be internally treated, we subcontract operations to businesses approved by prefectural or other governments. Always drawn up in adherence to the most recent laws, our subcontracting agreements clearly state necessary information related to hazards posed by and associated with the waste, treatment methods, and final disposal. Before signing the agreement, we confirm the adequacy of the subcontractor's local waste treatment capacity and management conditions in addition to determining whether waste is regularly and properly treated.
3. Intermediate treatment and final disposal of industrial waste
   We concentrate and detoxify waste through incineration, pulverization, dehydration, and other methods. Residues and other non-recyclable matter that has undergone intermediate treatment is removed to a final disposal site, such as a landfill.
4. Use of manifests to track and manage waste
   To confirm the proper treatment and completed final disposal of industrial waste, we issue manifests as required by law, store records of emission volumes and treatment, and diligently manage the waste. We are promoting the digitization of industrial waste management manifests, and except for a few special cases, digitization has been completed company-wide.

Promoting Resource Saving

In addition to strengthening waste reduction and recycling, we are also working to improve the yield of non-renewable raw materials and the product yield. Through these resource-saving initiatives, we not only create economic value but also contribute to the prevention of resource depletion and the reduction of environmental impact.

Note: Economic effects are detailed in the supplementary data (page 088)

■ Exhaustible Raw Material Use (Sumitomo Chemical and Group Companies in Japan)

(Thousand tons)

	FY2023		FY2024		FY2025	
	Sumitomo Chemical and Group Companies in Japan	Sumitomo Chemical	Sumitomo Chemical and Group Companies in Japan	Sumitomo Chemical	Sumitomo Chemical and Group Companies in Japan	Sumitomo Chemical
Hydrocarbon compounds	1,451	1,196	1,406	1,178	1,197	1,039
Metals (excluding minor metals)	85	81	93	89	93	89
Minor metals	15.0	0.04	14.3	0.08	11.18	0.02

Promotion of Recycling of Waste and Waste Plastics, and Reduction of Landfill Volume

Various types of waste, such as sludge, waste plastics, waste oil, and paper waste, are generated through our production activities. Each worksite works to reduce waste created in manufacturing processes and promotes recycling measures by improving existing processes and developing new products and processes with the aim of realizing a circular economy. In addition, for waste that is currently difficult to recycle, if possible, we incinerate it to reduce its volume and promote thermal recycling. The ash is then recycled into a raw material for use in soil amendment and roadbed construction.

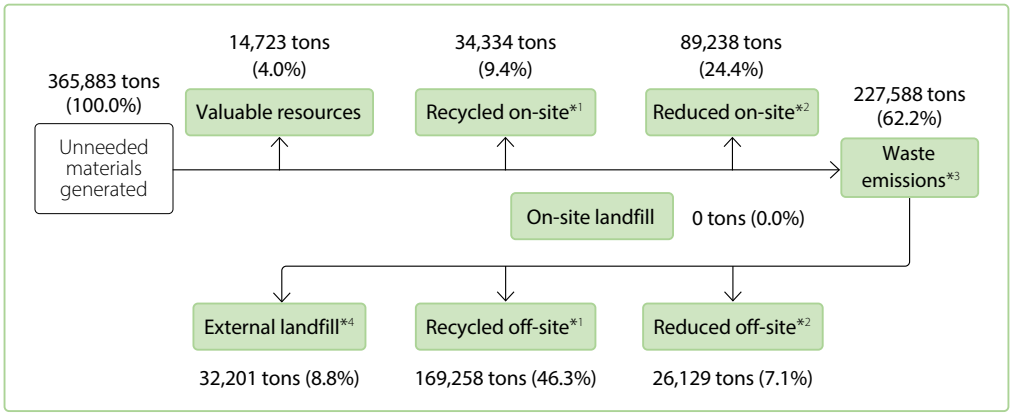
Results of Recycling and Reusing Waste*
(Sumitomo Chemical and Group Companies in Japan)

(Tons)

	FY2021	FY2022	FY2023	FY2024	FY2025
Amount of waste and other unwanted materials generated	464,802	419,633	314,912	340,971	365,883
Amount of internally reused materials	49,003	16,922	8,989	11,866	18,085
Amount of internally recovered heat	—	27,032	21,457	15,161	16,249
Amount of waste generated	276,071	232,013	156,995	187,091	227,588
Amount of externally reused materials	213,309	173,416	101,867	131,566	163,994
Amount of externally recovered heat	—	9,903	6,423	3,758	5,264
Amount of valuable materials	18,405	14,335	17,437	14,820	14,723
Domestic resource recovery rate (%)	60.4	57.6	49.6	52.0	59.7

* Waste recycling and reuse rate: (Amount internally and externally reused + Amount of internally and externally recovered heat + Amount of valuable materials) / Waste emissions×100

Waste Disposal Flow Chart and FY2025 Results
(Sumitomo Chemical and Group Companies in Japan)



Note: The waste amount for Sumitomo Chemical and Group companies in Japan accounts for around 80% of the entire Group total, which includes overseas Group companies.

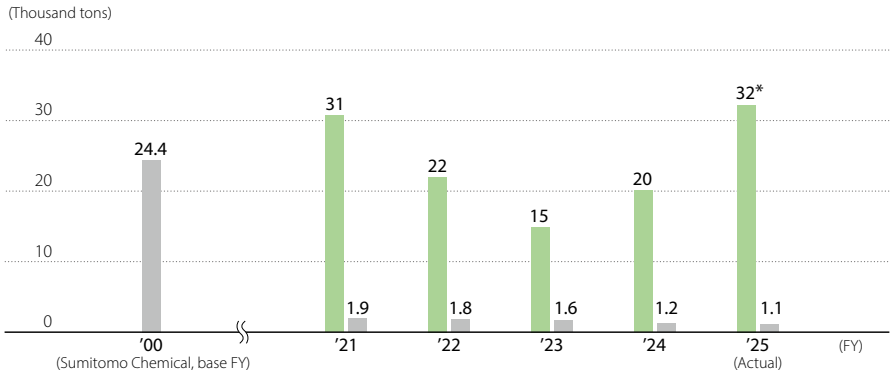
*1 Recycled waste: Total amount of waste that was reused, recycled, or thermally recycled

*2 Reduced waste: Total amount of waste reduced through incineration, etc.

*3 Including the amounts emitted by Sumitomo Chemical and its domestic group companies, which were treated by EGS Co., Ltd. Including the on-site landfill amount of Sumitomo Joint Electric Power Co., Ltd.

*4 Including the on-site landfill amount of Sumitomo Joint Electric Power Co., Ltd.

Landfill Disposal Amount
(Sumitomo Chemical and Group Companies in Japan)



* Including the on-site landfill amount of Sumitomo Joint Electric Power Co., Ltd.

(Goal) Maintain waste volume at below fiscal 2020 levels

Promoting the 3Rs: Reduce, Reuse, Recycle

At each of the Sumitomo Chemical Group's worksites, the 3Rs are being promoted toward the realization of a recycling-oriented society, and efforts are being made to reduce all waste generated at the worksites.

Reduce

We are reducing the amount of paper used by encouraging paperless documentation and promoting the use of digital materials. Used office documents are recycled by a specialist business and turned into toilet paper.



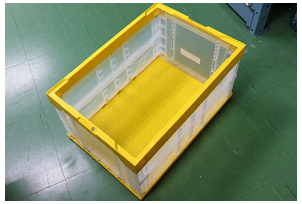
Collection of Office Waste Paper



Toilet Paper Made from Recycled Office Documents

Reuse

At Osaka Works, as part of the "Reuse Mottainai Initiative," information on unused and surplus items is shared in an electronic folder within the site to promote reuse. By fostering a culture of careful use and encouraging the reassessment of procurement needs before purchasing, this initiative also contributes to cost reduction.



Reusable Folding Containers

Recycle

We are promoting recycling through the thorough separation of waste, including plastics, glass, and metal, as well as through the careful selection of storage sites and disposal contractors.



Sorting of Waste Plastics, Scrap Metal, and Waste Glass

At the Ohe Works, a recycling rate of over 90% is maintained through the reuse of plastic waste and conversion into solid fuel. Furthermore, used scrap materials and waste liquids generated in the polarizing film manufacturing process are recycled into raw materials by a contractor and repurchased, in an effort to promote resource circulation.

In addition, at Osaka Works, we contribute to customers' waste reduction by collecting product containers and ensuring their proper processing.



Collected Product Containers

Initiatives at Kawasaki Biomass Power Generation Co., Ltd.

The Kawasaki Biomass Power Generation Project is a biomass-only power generation project based on a local resource circulation framework, in which construction waste and food residues generated in the Kanto region are utilized as fuel. Even construction waste, which had previously been considered difficult to reuse, has been converted into fuel by overcoming various challenges, thereby contributing to waste reduction, the supply of renewable energy, and the reduction of CO_2 emissions. During the Noto Peninsula earthquake, some of the materials recycled through the government-promoted wide-area treatment of earthquake debris were utilized as biomass fuel, also contributing to the reduction of disaster waste.

In addition, because the project does not rely on imported fuel and instead utilizes locally generated energy resources (waste), it helps reduce the environmental burden associated with transportation and contributes to the realization of locally produced and consumed energy. As such, it represents a sustainable energy model from both environmental and resource perspectives.

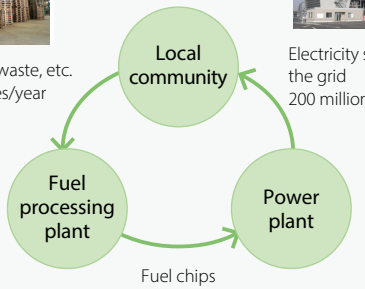




Construction waste, etc.
180,000 tonnes/year



Electricity supplied to the grid
200 million kWh/year





Sustainable Use of Natural Capital

Basic Stance

Sumitomo Chemical conducts its business using various types of natural capital such as water and soil. In line with the so-called Nature Positive direction outlined in the Kunming-Montreal Global Biodiversity Framework, which was adopted at COP15, we have again designated biodiversity conservation and sustainable use of natural capital as material issues. The Company has formulated Sumitomo Chemical's Commitment to the Conservation of Biodiversity and is promoting specific actions to realize a Nature Positive stance from the perspectives of both obligation and contribution by taking an integrated approach to carbon neutrality and a circular economy. We also continue to conduct social contribution activities as well as educational activities with the aim of achieving a sustainable future. We have set ISO14001 activity goals for biodiversity preservation at each worksite and also promote initiatives through our businesses, such as participating in the Japan Business Federation's Biodiversity Initiative, while giving considerable thought to what we should be mindful of as a chemical company.

The Sumitomo Chemical Group's Commitment to the Conservation of Biodiversity

Sumitomo Chemical, aiming to create a society where humans live in harmony with nature, established the Sumitomo Chemical Biodiversity Guideline ("the Guideline") in 2011. Since then, the Company has proactively disclosed information about its initiatives and engaged in dialogue with stakeholders both inside and outside the Company. This policy was revised in February 2025 with the goal of further expanding our efforts.

The Sumitomo Chemical Group's Commitment to the Conservation of Biodiversity (Established in 2011, revised in 2025)

We at the Sumitomo Chemical Group strive to help create a society where humans live in harmony with nature and advance efforts to achieve a nature-positive*1 world in accordance with our Basic Principles for Promoting Sustainability.

1. [Material issue]
We consider the conservation and restoration of biodiversity and natural capital*2 one of the material issues to address as management priorities.

2. [Approach]
As we advance efforts to achieve a nature-positive world, we think both globally and locally, consider in an integrated manner how the efforts interrelate with the issues of carbon neutrality and a circular economy, and work from the perspectives of both obligation and contribution.

3. [Dependencies and impacts]
We endeavor to identify dependencies and impacts on biodiversity and natural capital across our business activities, including supply chains.

4. [Obligation]
We aim to continuously reduce the environmental impact of our business activities and endeavor to conserve and restore biodiversity and natural capital by taking characteristics of local communities into consideration and cooperating with stakeholders in our supply chains.*3

5. [Contribution]
We contribute to conserving and restoring biodiversity and natural capital across our value chain through development and provision of technologies, products, and services.*4

6. [Disclosure and communication with stakeholders]
We proactively disclose information about our initiatives to conserve and restore biodiversity and natural capital, provide relevant information to stakeholders, and engage in dialogue with stakeholders.

7. [Social contribution activities]
We continue to conduct social contribution activities that help to conserve and restore biodiversity and natural capital by cooperating and collaborating with stakeholders.*5

8. [Awareness-raising activities]
We conduct awareness-raising activities to ensure that employees, residents of local communities, consumers, and other stakeholders are able to rightly recognize and understand the importance of conserving and restoring biodiversity and natural capital.

*1 Nature-positive: Halting and reversing biodiversity loss to put nature back on a path to recovery

*2 Natural capital: Capital made of natural resources including forests, soil, water, the atmosphere, underground resources, and biological resources. Natural capital is one of the essential forms of capital that support people's lives and the foundations of corporations.

*3 Examples of initiatives related to the obligation: Reduction of greenhouse gas (GHG) emissions from energy and processes, appropriate chemical substance management, reduction of waste emissions, effective use of water resources, and promotion of sustainable procurement initiatives

*4 Examples of initiatives related to the contribution: Provision of products and technologies that promote regenerative agriculture, development and implementation in society of technologies that contribute to recycling plastics and other resources, and provision of products, technologies, and services that contribute to GHG emissions reduction

*5 Examples of social contribution activities: Nature conservation activities, tree planting activities, and clean-up activities

Disclosure in Line with TNFD Recommendations

Sumitomo Chemical endorses the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, participates in the TNFD Forum, and is registered as a TNFD Adopter*1.

In line with the four recommended disclosure items, "Governance," "Risk Management," "Strategy," and "Metrics and Targets," we disclose information related to biodiversity and natural capital.

In accordance with the TNFD recommendations, the Company now reports the results of its analyses and evaluations based on the LEAP approach*2, in this publication. Going forward, we will continue to address the issues identified through these analyses while also expanding the scope of our analyses.

*1 TNFD Adopter: A company, group or organization registered on the TNFD website as committed to making public disclosures in line with the TNFD recommendations

*2 LEAP approach: A method developed by the TNFD as an integrated approach for evaluating issues related to interfacing with nature, dependencies, impacts, risks, opportunities, and more

Governance

The Sumitomo Chemical Group has designated the conservation and restoration of biodiversity and natural capital as one of the material issues to be addressed as management priorities and is promoting initiatives via a system centered on the Board of Directors.

The Board of Directors receives reports on nature-related dependencies, impacts, risks, and opportunities from Management Meetings, the Carbon Neutral Strategy Council, the Internal Control Committee, and the Responsible Care Committee. In turn, the Board provides oversight by offering recommendations and guidance. Furthermore, the Board receives reports on matters related to business strategies from the Sustainability Promotion Committee as well as on matters related to foundations for business continuation from the Internal Control Committee, then utilizes these reports as important factors in management judgments. Membership of the three committees each includes the president and executive officers in charge of each business sector, and each committee receives reports on evaluating and managing nature-related dependencies, impacts, risks, and opportunities from each business sector and Group company as well as fills the role of offering recommendations and guidance.

The Group also conducts engagement activities with a wide range of stakeholders, including indigenous groups, local communities, and impacted stakeholders, based on the organization's human rights policy regarding its evaluation of and action on nature-related dependencies, impacts, risks, and opportunities.

P.008 **Management System:** Sustainability Promotion System
P.023 **Corporate Governance:** Corporate Governance Organization
P.031 **Risk Management:** Systems for Promoting Risk Management
P.043 **Responsible Care:** Management System
P.054 **Climate Change Mitigation and Adaptation:** Structures for Responding to Climate Change
P.066 **Contribute to Recycling Resources:** Management System

Risk Management

For the risk evaluation items assessed by the LEAP approach, the Sumitomo Chemical Group has created a system to manage the degree of impact via the process shown below for nature-related risks in the value chain of its businesses.

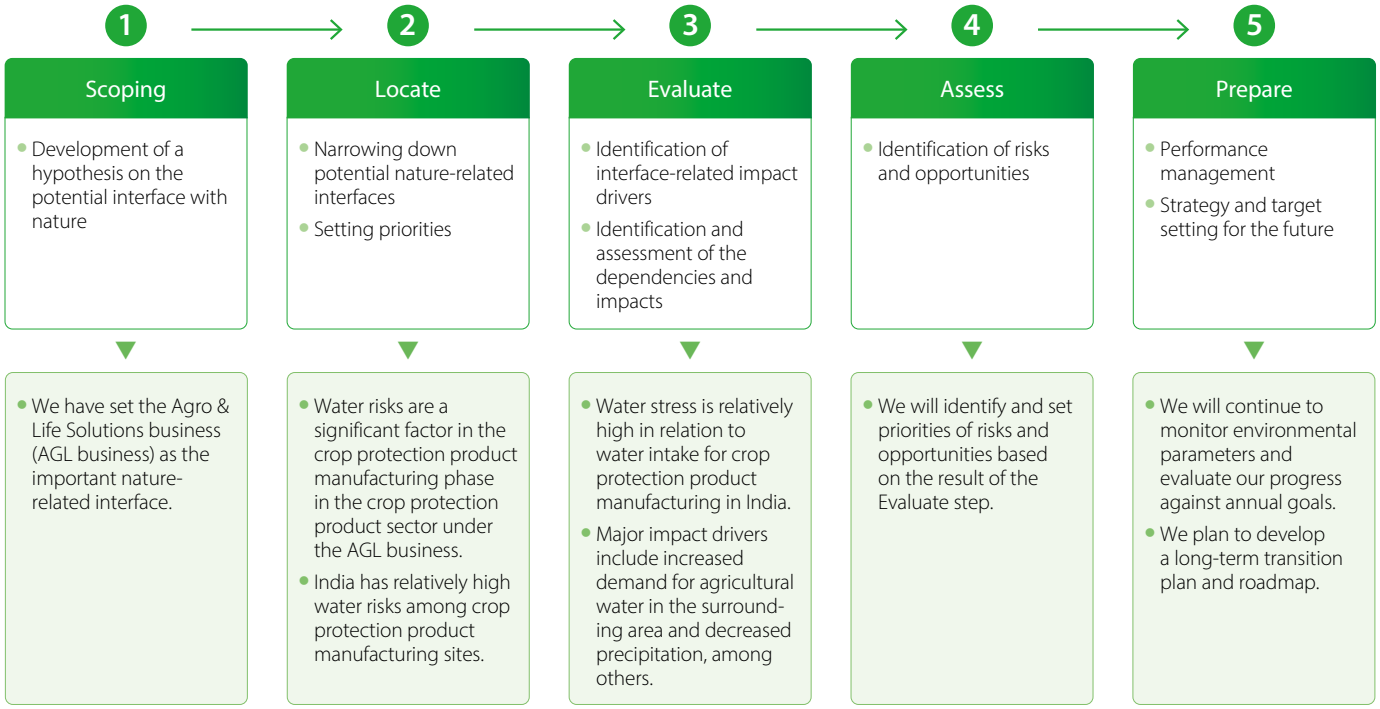
P.032 **Risk Management:** Promotion of Group-wide Priority Risk Assessment and Countermeasures
P.032 **Risk Management:** Cross-organizational Risks and Crisis Response

Strategy

The Sumitomo Chemical Group assesses nature-related dependencies and impacts, as well as risks and opportunities, based on the LEAP approach recommended by the TNFD, and incorporates the results into the formulation of the Group's strategy.

Leap Approach

● Summary



1 Scoping

Upon examining the entire value chain, it is clear that nature-related dependencies and impacts exist in each of the Group's four business sectors.

This section will focus on the Agro & Life Solutions Sector, which is involved in the food supply through its regenerative agriculture efforts. Food supply, ICT, healthcare, and the environment are the four important material social issues to be addressed by the Company in pursuit of value creation.

2 Locate

Overview of the Agro & Life Solutions Sector

For details, please refer to the page on the Agro & Life Solutions Sector in the Integrated Report 2026.

Agro & Life Solutions Sector in the Integrated Report 2026.

https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/files/docs/scr2026e_A3.pdf#page=19

Evaluating dependencies and impacts on natural capital

The impacts on natural capital in this report involve the damage to (and recovery of) natural capital via the business activities, products, technology and services related to the Agro & Life Solutions Sector. Dependencies on natural capital refer to the benefits to business activities, products, technology and services via the function of natural capital (ecosystem services).

Method for evaluating dependencies and impacts on natural capital

This report provides the results of qualitative risk evaluations, which were performed in reference to the IUCN Guidelines for Planning and Monitoring Corporate Biodiversity Performance. The evaluations also utilize the Group's unique evaluation framework, which considers the scale of the Group's business and the degree of impact.

Evaluation results for impacts on natural capital

The impacts of the crop protection product business are significant overall, and the main impacts include the use of land and freshwater, water pollution, and soil pollution.

Evaluation results for dependencies on natural capital

Large dependencies exist in crop protection product and feed additive product lines and processes. As for ecosystem service-related items, there is a tendency toward high dependency on items related to disaster prevention or water resources.

Evaluations related to water risk

Water risk was evaluated for river basins where major bases for Group businesses are located.

Water risk evaluation method

This evaluation was performed for the following items for water-related risks in basins near major bases within the scope.

1. Water supply and demand risks
   i) Current status of supply and demand (competition for water and groundwater, seasonal changes, frequency of droughts, water retention capabilities)
   ii) Estimates for future trends (estimated shifts in competition for water, rate of conservation for water sources)
2. Vulnerability of basins with regard to water pollution
   i) Public health risks (access to drinking water, water pollution)
   ii) Ecosystem risks (conservation of downstream regions, inhabitation by endangered species)

This evaluation qualitatively and quantitatively assessed water risks using the Group's unique method that references the following database.

- WRI Aqueduct water risk atlas
- WWF-DEG Water Risk Filter (Map)
- Integrated Biodiversity Assessment Tool (IBAT)

Water risk evaluation results

The following is an overview of the results of an evaluation of water risks for major bases and their surrounding areas.

1. Water supply and demand
   ✓ India has been raised as a region where water supply and demand risks will become greater in the near future. In particular, demand for water supplies is expected to greatly increase at our bases in India, and we expect that water stress will rise further above its current level.
2. Vulnerability to water pollution
   ✓ Regarding public health, medium to high levels of risk are present at various overseas bases. Even in bases with low water supply risks, low access rates to drinking water could potentially lead to reputational risks (e.g., Tanzania). We believe we need to pay attention to trends in such areas as public opinion and NGOs.

❸ Evaluate

Based on the results of the aforementioned evaluations of dependencies and impacts within the Locate phase and in accordance with the LEAP approach, we determined the target of our analysis would be the crop protection products from the wide product line handled by the Agro & Life Solutions Sector. It has become clear that there is a comparatively large degree of dependence on water resources within this business sector, therefore we are taking countermeasures in India, where risks are relatively higher, taking into account the results of water risk evaluations at our major directly operated bases.

Initiatives in a Relatively High-Risk Region (Sumitomo Chemical India)

Sumitomo Chemical India Ltd.'s Bhavnagar Plant serves as a crop protection product manufacturing site in India. The plant used to purchase river water from the local municipality to secure water for production. However, in recent years, securing the water required for production has become difficult due to population growth in the surrounding area, rising demand for agricultural water, and a decline in annual precipitation.

At the Bhavnagar Plant, we purchase a portion of household wastewater to be treated by local municipalities, then treat it and utilize it in production. We have also constructed a pipeline approximately two kilometers long that brings this household wastewater to the Bhavnagar Plant. Furthermore, a unique aspect of this method of wastewater treatment is that it utilizes vermiculture technology instead of an activated sludge method to turn pollutants in household wastewater into nutrients.

Through this initiative, we have been able to reduce the amount of river water we purchase from local municipalities by over 70%, providing a solution to the long-term issue of securing stable amounts of the water necessary for production activities as well as allowing us to successfully lower the cost of purchasing water by around half, achieving financial efficacy.



Water Treatment at the Bhavnagar Plant

4 Assess

With reference to key impact drivers, and based on the nature-related risks and opportunities identified and assessed during the Evaluate phase, and we plan to continue to identify risks and opportunities while creating an order of priority.

5 Prepare

The following is a future action plan made in consideration of the initiatives conducted by the Group.

Continue to monitor environmental parameters for Sumitomo Chemical and the Group as a whole

- Evaluate achievement of annual targets
- Revise nature-related risk screening as needed

Continue to monitor and manage environmental parameters for each region and base

- Appropriately respond to laws and regulations in each region
- Comply with agreed limits established with national and local governments for each site
- Continuation of and revisions to risk mitigation methods at regions and locations where priority risk management measures are needed
- As necessary, deeply investigate the nature-related risk screening performed for every region and base

We plan to continue creating future transition plans related to biodiversity and natural capital as well as medium- to long-term roadmaps.

Examples of Initiatives Related to Water Risks at Domestic Sites

Sumitomo Chemical's domestic worksites conduct simple assessments of water risks in terms of water supply and demand as well as vulnerability to water pollution. After the Company conducted an independent reassessment based on the site conditions and status of measures for each worksite with reference to Aqueduct and other public databases, it found there were no worksites recognized as having serious water risks at the time of the reassessment.

However, we are taking measures at each worksite with a focus on latent risks that could emerge in the near future. For example, at the Osaka Works, water recovered by cooling water vapor contained in exhaust gas is collected and reused, contributing to reductions in water consumption. In addition, to reduce the risk of flooding, drainage pipes have been installed underground within the premises to enable efficient water discharge.

Metrics and Targets related to Biodiversity and Natural Capital

With respect to metrics for nature-related dependencies and impacts on a global scale, targets are set and managed both on a standalone basis for Sumitomo Chemical and on a consolidated basis including Group companies. With respect to metrics at the local level, targets are set and managed individually by manufacturing sites and Group companies.

For details on environmental targets, please refer to the supplementary data.

P.052 Environmental Activity Goals and Results

P.086 Environmental Activities: Supplementary Data

★: Assured by an independent assurance provider

Specific Initiatives for "Obligation"

In accordance with the Sumitomo Chemical Group Biodiversity Action Guidelines, each site and group company has established targets in areas such as biodiversity conservation, preservation of water, soil, and air environments, control of noise and vibration, and the proper management of chemical substances, and is strengthening its efforts to achieve these targets.

Environmental Conservation

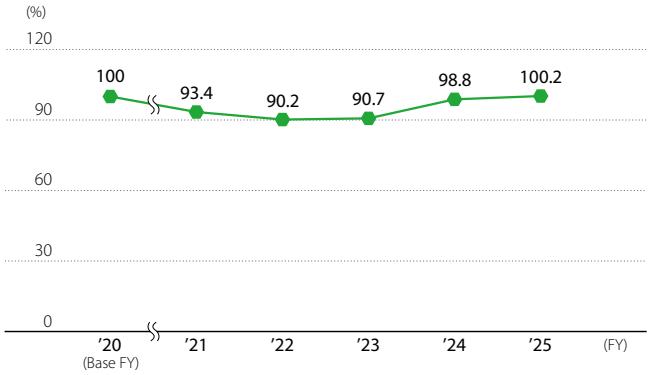
Effective Use of Water Resources

Based on water risk assessments at each production site, each business site is working to promote the efficient use of water. As part of efforts to reduce water consumption, we are implementing water recirculation at cooling towers, which are among the facilities with high water usage, and treating and reusing wash water generated in manufacturing processes.

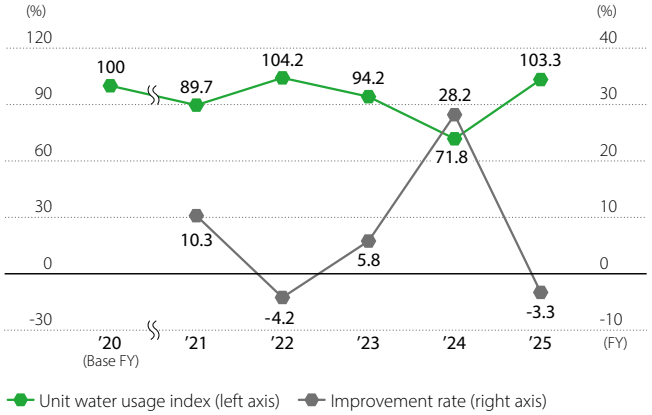
Promoting the Effective Use of Water

We investigate water risks related to intake, effluence and physical risk at each worksite and Group companies in Japan and overseas. We uncover various issues related to the use of fresh water on the worksite level and assess and manage the associated risks. In addition, we strive to reduce the amount of water we use by examining more effective ways to use water by application, while continuing to maintain and improve the quality of water released from our business sites into public water resources such as the ocean and waterways. Information on good practices are shared within the Group and referred to when considering measures to reduce water risks.

■ Unit Water Usage Indices (2020 = 100)
(Sumitomo Chemical and Group companies in Japan)



(Group companies overseas)



(Goal) Improve unit water consumption by at least 1% on average by fiscal 2025 (FY2020 level as baseline)

■ Water Usage (Sumitomo Chemical Group)

(Million tons)

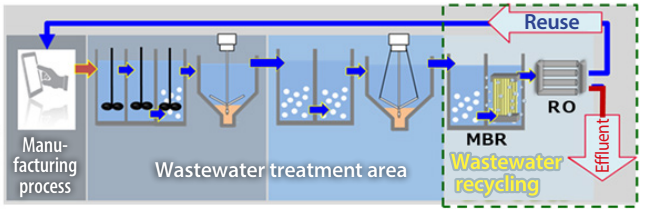
	FY2023	FY2024	FY2025
Sumitomo Chemical Group	707	840	794
(Breakdown 1)			
Sumitomo Chemical and Group companies in Japan	701	834	789 ★
Sumitomo Chemical	251	241	221
Group companies in Japan	450	593	568
Overseas Group companies	5.74	5.74	5.28
(Breakdown 2)			
Seawater	607	741	700
Fresh water	100	99	94

Note: Water usage volume includes seawater

Initiative to Effectively Utilize Wastewater (Dongwoo Fine-Chem)

Dongwoo Fine-Chem's Pyeongtaek Works recycles wastewater to reduce the amount of industrial water consumed as an initiative to mitigate water risks. The wastewater treatment facility at Pyeongtaek Works recycles treated water into industrial water, using a wastewater recycling system that combines membrane bioreactor (MBR) and reverse osmosis (RO) methods.

■ Composition of Wastewater Recycling System
(Pyeongtaek Works)



Protecting the Aquatic Environment

To protect the aquatic environment around our worksites, we strive to appropriately manage wastewater and achieve more sophisticated activated sludge treatment, based on water risk evaluations at each production site.

We operate stable and sophisticated wastewater treatment facilities that realize the thorough purification of wastewater from worksites. We strive to conserve water environments in part by continuously monitoring treated wastewater using various types of analytical devices and installing fish monitors to confirm the safety of the water before discharging it into rivers and seas.



Fish monitor

Responding to Increasing Sophistication of Activated Sludge Treatment

At all our sites, we are striving to develop management technologies for water treatment that will further reduce our environmental impact and apply these technologies to realize safe and secure wastewater treatment.

At Works, for process wastewater that is difficult to break down, which was conventionally incinerated for treatment, we have developed an activated sludge treatment utilizing microbial immobilization technology to stabilize the process water and reduce treatment costs. We are still considering applying this treatment to a wider scope of water.

P.059 Reduction of GHG Emissions from process (chemical reaction and waste treatment): Innovation in Wastewater Treatment Technology

Wastewater Detoxification Initiatives (Misawa Works)

Wastewater from the Misawa Works goes through general activated sludge treatment, then, after finishing tertiary treatment of activated carbon absorption and the removal of floating substances through coagulation and sedimentation, analysis equipment does quality checks and the water is released into public waterways.



Activated Sludge Treatment Facility

Responding to Water Quality Standards

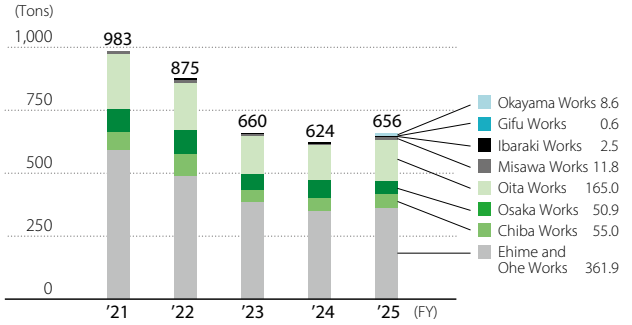
We are strengthening our voluntary management to continually reduce the COD, nitrogen, and phosphorus in wastewater emitted into the ocean and waterways from wastewater treatment facilities. In addition, we have realized stable treated water quality by enhancing the management technologies used in our water treatment facilities. We are continually working to reduce the impact of water emissions from our plants on Tokyo Bay and other closed coastal waters where regulatory systems have been implemented to control the total water emissions of COD, nitrogen, and phosphorus.

Water Emissions of COD, Nitrogen, and Phosphorus

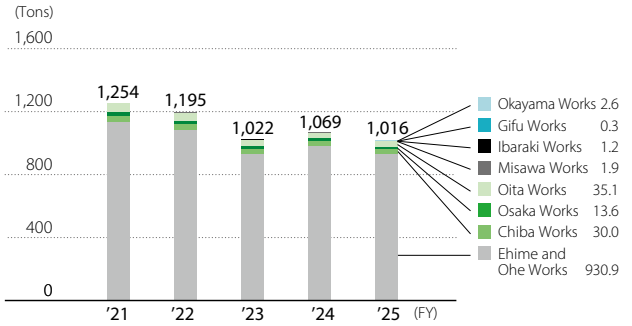
At each plant, we have established agreements with local governments based on standards that are even stricter than those required by law, as well as our own regulatory items, and we use these values as voluntary management standards in our efforts to reduce environmental impact.

(Note) From fiscal 2025, the Gifu Works (former Gifu Plant) and Okayama Works (former Okayama Plant) are treated as two standalone Works (between fiscal 2020 to 2024, data for both was included in that for Oita Works)

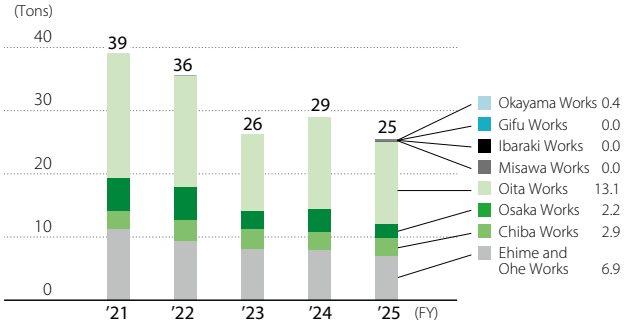
■ COD Emissions (water emissions include water discharge to sewage systems) (Sumitomo Chemical)



■ Nitrogen Emissions (Sumitomo Chemical)



■ Phosphorus Emissions (Sumitomo Chemical)



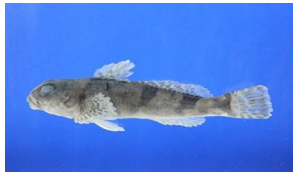
Water Area Surveys Conducted around Works (Misawa Works)

To confirm the impact of business activities on water areas, we conduct aquatic wildlife surveys of the Sabishiro River, into which process water from the Works flows.

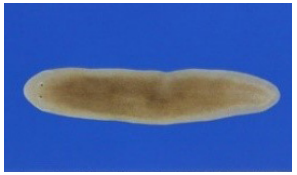
In the Sabishiro River, we confirmed 10 species of precious aquatic benthic organisms, such as a vulnerable species of Stenothyra and the endangered species Cottus reinii. We determined that we were maintaining ecosystems with extremely good water quality.



Stenothyra



Cottus reinii



Dugesia japonica



A subspecies of *Tubifex tubifex*

Conserving Soil Environment

We recognize that the conservation and restoration of soil environments is an important initiative to ensure the sustainable use of natural capital. In addition, as specific measures in line with the Soil Contamination Countermeasures Act, we maintain careful control of the execution and management of construction plans in order to ensure appropriate responses to notifications when modifying soil types at specified facilities that use hazardous substances and an expansion of opportunities for soil contamination surveys.

Preventing Soil and Groundwater Contamination

We use impermeable materials on floors and take other measures to prevent external leaks at the installation sites of equipment that stores or uses hazardous substances to ensure that the soil and groundwater are not contaminated even if a leak occurs due to equipment damage caused by an earthquake or other incident. In addition, because runoff from rain that falls around manufacturing equipment could be tainted with machine oil or other contaminant, we pave the surrounding area and install drainage pipes to collect all such water for processing by wastewater treatment facilities. We similarly collect runoff from roads within our premises and monitor groundwater quality. Moreover, to prevent leaks from wastewater facilities, we regularly inspect the facilities and pipes. We have also installed monitoring wells at necessary locations within our Works so that we can quickly detect any potential issues and take rapid action. We conduct regular water quality surveys to confirm there are no problems.

Protecting the Atmospheric Environment

We are working on reducing our various environmental impacts, including emissions of soot and dust mainly from boilers and gas turbines, leaks of fluorocarbons from refrigeration equipment, emissions of mercury from waste incineration, emissions of chemicals and VOCs from manufacturing plants, and airborne asbestos from the demolition of buildings. In addition, we appropriately respond to laws and regulations.

Reducing Atmospheric Emissions of SOx, NOx, Soot, and Dust

Our efforts to control and reduce sulfur oxide (SOx), nitrogen oxide (NOx), and dust levels, all of which we track as key atmospheric pollutant metrics, include the use of low-sulfur fuels to reduce SOx and installation of denitrification technology that injects aqueous ammonia to reduce the NOx in emissions from facilities that incinerate waste liquids.

In addition, at each site, we are progressively converting steam-generating boilers from heavy oil-fired systems to city gas-fired systems. As a result, SOx emissions generated during the combustion of sulfur contained in heavy oil have been significantly reduced. Emissions of NOx and dust have also continued to decline steadily, contributing to the suppression of PM2.5 emissions.

We constructed an LNG-fueled cogeneration facility that can reuse waste heat from power generation, achieving significant reductions in the emissions of atmospheric pollutants, as well as energy savings and reductions in GHG emissions.

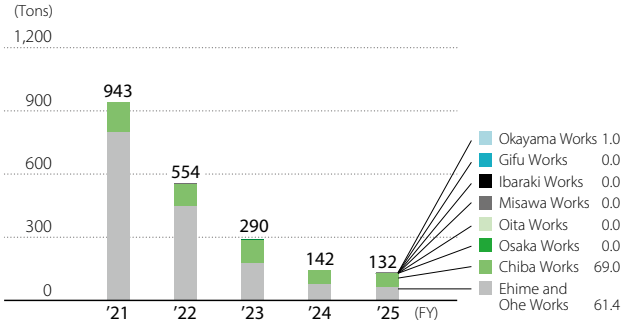
At each plant, we have established agreements with local governments on standards that are stricter than those required by law, and we use these values as our voluntary management standards while striving to comply with them.



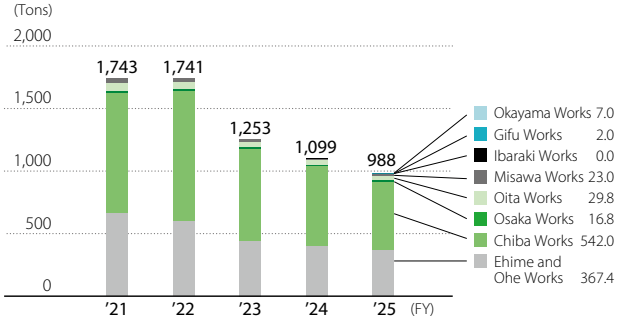
(Note) From fiscal 2025, the Gifu Works (former Gifu Plant) and Okayama Works (former Okayama Plant) are treated as two standalone Works (between fiscal 2020 to 2024, data for both was included in that for Oita Works)

Chiba Works' Highly Efficient Gas Turbine Power Generation Equipment

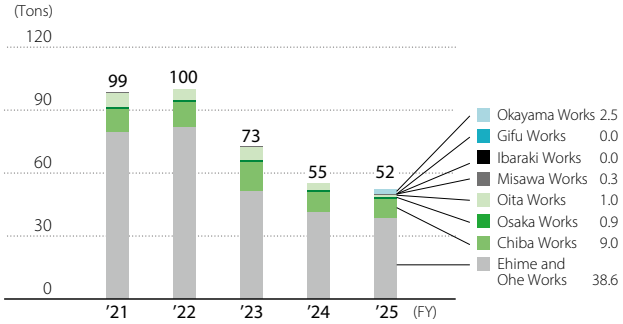
SOx Emissions (Sumitomo Chemical)



NOx Emissions (Sumitomo Chemical)



Soot and Dust Emissions (Sumitomo Chemical)



(Goal) Meet voluntary management criteria

Responding to Fluorocarbon Emission Controls

Proper Management of Fluorocarbons

At the Sumitomo Chemical Group, in accordance with the Ozone Layer Protection Law*1, we have been systematically replacing refrigeration equipment with large refrigerant charges that uses ozone-depleting refrigerants, such as CFCs and HCFCs. In addition, as HFCs, which are substitute refrigerants, have also become subject to regulation under the Kigali Amendment*2, we are taking measures to reduce refrigerant leakage in accordance with the Fluorocarbon Emissions Control Act*3. We also ensure proper management throughout the entire lifecycle of our equipment, from installation to disposal, and are promoting the introduction of green refrigerant equipment to reduce our environmental impact.

*1 The treaty adopted with the aim of reducing and eliminating substances that destroy the ozone layer

*2 The Kigali Amendment, added with the aim of reducing HFCs, which have a high global warming potential

*3 Measures to control emissions of fluorocarbons throughout their entire life cycle

Initiatives to Reduce Leakage

We conduct twice annual fluorocarbon leakage surveys at all worksites to assess leakage amounts, identify equipment with significant leakage discovered during the assessment, and clarify the sources of leaks, then take measures to prevent recurrences. Specifically, in addition to the simple and regular inspections defined in the Act for Rationalized Use and Proper Management of Fluorocarbons, which we carry out as directed as a matter of course, we carry out more frequent inspections, introduce fluorocarbon detectors to promptly detect leaks at an early stage, thereby working to reduce the amount of leakage.





Low-GWP Refrigeration Equipment: HFO (R1233zd) Refrigeration Equipment (GWP: 1)*

* GWP: Global Warming Potential

Management for Disposal

When disposing of equipment, to ensure fluorocarbon refrigeration equipment is properly treated, we diligently utilize disposal check sheets for Class I designated products so that there are no gaps in their management linked to fixed asset ledgers or in procedures for recovering fluorocarbons.

Systematic Upgrades and Use of Green Coolants

Regarding CFC and HCFC refrigeration equipment employed in production processes, we have set a target deadline for upgrading the equipment and conduct progress surveys once a year.

In addition, we are promoting a switch to green coolants at all Group companies in Japan, and Group companies in Japan and all worksites are promoting a switch to HFO refrigeration equipment.

Fluorocarbon Countermeasures Rating

Our management of fluorocarbon has been evaluated in the Japan Refrigerants and Environment Conservation Organization (JRECO) Fluorocarbon Countermeasures Rating, receiving the highest grade of "A" for the third year in a row.



● EIT (Equipment Inspection and Management System)

At Takarazuka research laboratory, we installed a proprietary EIT system developed in-house for inspecting and managing industrial machinery that uses fluorocarbons in line with the Act for Rationalized Use and Proper Management of Fluorocarbons. Through digital management using QR codes and handheld terminals, we established a system for regular inspections of around 1,500 machines as well as a system that rapidly shares information when an anomaly is detected. We have thus simultaneously achieved greater efficiency and a paperless transition, significantly strengthening our inspection and management system for fluorocarbon machines. IT tools work well with management operations required by laws and regulations and form an important foundation facilitating steadfast compliance. Going forward, we will broaden the EIT system to address other laws and regulations and continue to build a more robust management system.



Emissions of Mercury into the Atmosphere from Waste Incinerators

We measured concentrations of mercury (both gas and particles) emitted into the atmosphere by our waste incinerators, which we own, and completed a study of the impact of these emissions. The results have confirmed that mercury is being effectively removed by emission gas removal equipment, including bag filters and scrapers installed at incinerators, and that the concentration of mercury released into the atmosphere from all of the incinerators we own is within the emission guideline value set under the Air Pollution Control Act.

Appropriate Management and Reduction Measures for Noise and Vibration

To ensure good living environments and prevent public harm in communities neighboring its facilities, Sumitomo Chemical takes measures against noise pollution associated with business activities. Compressors and fans, frequently the source of noise and vibration, are inspected and maintained on regular schedules to ensure no incidents due to equipment malfunction. Furthermore, we strive not to exceed the base values set by the law and pollution prevention agreements with local municipalities, actively working to suppress sound and reduce vibration through the use of insulation materials and shock absorbent mats in buildings as well as the installation of other noise reduction and silencing devices on equipment.

In addition, we conduct daily inspections of facility grounds and regularly take noise measurements. At some Works, we introduced systems for local residents to monitor the environment, ensuring rapid response to impacts on the surrounding area.

■ Calculated Emissions for Fluorocarbons (Sumitomo Chemical: All Worksites)

(tons-CO_2e)

	FY2021	FY2022	FY2023	FY2024	FY2025
Calculated Emissions	5,100	5,844	4,051	3,082	8,269

Appropriate Chemical Substance Management

In the development, manufacture, and use of chemicals, while leveraging their full potential Sumitomo Chemical always strives to reduce their emissions to enhance safety and maintain harmony with the environment. For specific chemicals and VOCs for which levels are set in pollution prevention agreements concluded with the Japan Chemical Industry Association and local municipalities as well as Class I designated chemical substances (Japan's PRTR system), we collect, notify, and publicly disclose data on worksite emissions (air, water, and soil) as well as the amounts transferred offsite as waste. In addition, we set our own targets for environmental emissions and continually seek to achieve further reductions, considering, for example, equipment upgrades and the use of alternative raw materials.

P.052 Environmental Activity Goals and Results
P.096 Environmental Activities: Supplementary Data / Addressing PRTR
P.097 Emissions data for PRTR substances (fiscal 2025)

In addition, based on the Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality), we conduct risk assessments for internal workers, neighboring residents, and the surrounding environment related to the chemicals we use and sell.

P.136 Risk Assessment and Management throughout the Entire Product Life Cycle

Meeting Voluntary Environmental Targets

Enacted to protect the atmosphere and prevent water pollution, laws, regulations, and municipal clauses define environmental emission standards* for numerous hazardous substances and impose restrictions.

The Company has voluntarily reached agreements with local municipalities that set unique restrictions and standards that are even stricter than laws and regulations, including those on atmospheric and water pollution. We are working hard to reduce our environmental burden in line with the voluntary standards. Furthermore, at the boundaries of plant premises and at final drainage exits, we have set voluntary environmental targets for the concentration of pollutants in air and water and work to meet those targets.

* Japan's Ministry of the Environment: "Restriction Formulae and Overviews for Atmospheric Pollutants Emitted from Works and Worksites," "General Effluent Standards for the Conservation of Water, Topsoil, Subsoil, and Marine Environments," "Notice Regarding Enacting Laws that Partial Amend the Air Pollution Control Act (Environmental Management Bureau Notice No. 050617001), Appendix 1 Main Substances Equivalent to Volatile Organic Compounds (VOC)"

Operating Company-wide PRTR Calculation Systems

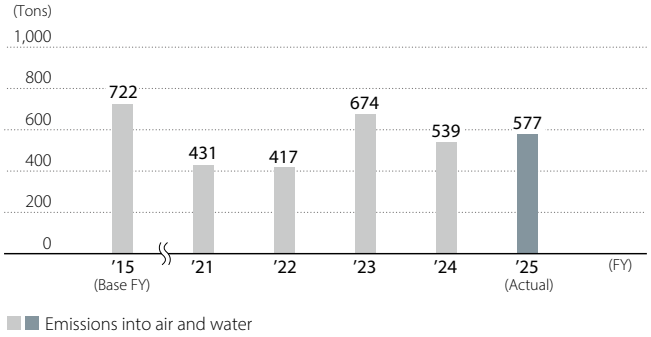
Class I designated chemical substances, which are subject to Japan's PRTR system, are defined as substances considered harmful to people and ecosystems that widely persist in the environment. A total of 515 substances have been designated.* Also, the Japan Chemical Industry Association and various municipalities have independently identified substances additional to those subject to the PRTR system as requiring emissions assessment and management and are acting accordingly. Using the Company's proprietary calculation system, Sumitomo Chemical is striving to increase the accuracy and level of detail of the data on emission amounts and transfer amounts for each substance to properly manage chemical emissions.

* Ministry of Economy, Trade and Industry (METI), "Chemicals Subject to the PRTR System"

Proper Treatment of Low-Concentration PCB Waste under the PCB Special Measures Act

Regarding waste with minute amounts of PCBs, we proactively conduct investigations to uncover such waste. We take measures in line with the law to ensure discovered waste does not leak or aerosolize and properly store it. We entrust the incineration of the waste to facilities certified for the remediation and treatment of waste with minute amounts of PCBs and are systematically treating it. We plan to complete treatment for all waste with minute amounts of PCBs by the legally mandated treatment deadline, March 2027.

Trends in Emissions of Substances Subject to the PRTR Act* (Sumitomo Chemical and Group Companies in Japan)

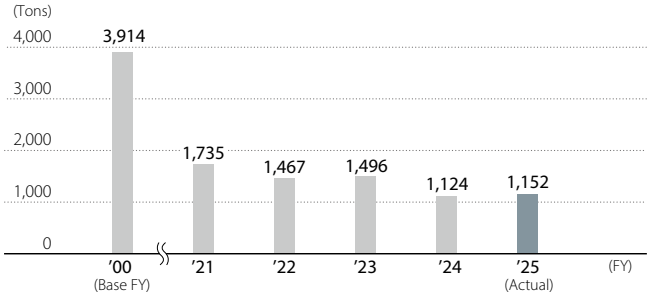


(Goals) Keep total emissions from Group companies in Japan below the fiscal 2015 level

(Result) Reduced 31% relative to fiscal 2015

* The number of substances subject to the PRTR Act increased from 462 to 515 in April 1, 2023.

Initiatives to Reduce Emissions of Volatile Organic Compounds (VOCs) (Sumitomo Chemical)



(Goals) Maintain VOC emissions reductions at 30% relative to fiscal 2000

(Result) Reduced emissions by 71% relative to fiscal 2000

Examples of Initiatives for "Contribution"

In accordance with The Sumitomo Chemical Group's Commitment to the Conservation of Biodiversity, focusing on responses at production sites, in fields concerning atmospheric, water and soil quality as well as waste disposal we will continue striving to achieve independent medium- to long-term targets going forward and promote unique initiatives at each worksite in line with the local characteristics.

Providing Products and Technologies that Promote Regenerative Agriculture

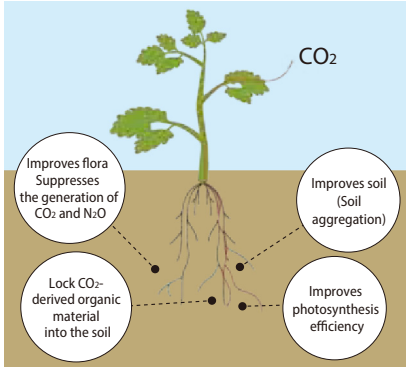
- **Soil Fertility by Mycorrhizal Fungi**

  Mycorrhizal fungi, a type of soil-dwelling microorganism that lives in symbiosis with plant roots, stimulates plant growth. These fungi receive carbon compounds produced by plants through photosynthesis, which increases the amount of carbon compounds in the soil and promotes carbon fixation, thereby reducing atmospheric CO_2 and contributing to soil fertility. We are working on the development of technology utilizing mycorrhizal fungi to achieve carbon negativity and solve food problems.

- **Advancing No-Till Farming and Cover Cropping**

  No-till farming is an agricultural method of growing crops without tilling, a practice that offers significant environmental benefits such as soil conservation and the retention of organic matter. In addition, the practice is expected to help reduce greenhouse gas (GHG) emissions by contributing to the reduction of CO_2 emissions from soil. Furthermore, new farming practices that combine no-till farming with cover crops, which have long been used for soil conservation and green manure benefits, have been attracting attention in recent years. We offer several herbicides suitable for use prior to sowing, and we will contribute to the spread of this farming practice by enhancing the convenience of no-till farming and cover cropping through the promotion of these herbicides.

■ Benefits of Mycorrhizal Fungi
(Including some hypotheses undergoing validation)

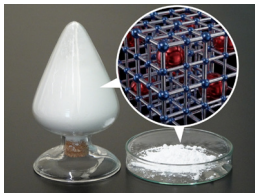


P.013 Promoting Sustainability: SSS

Developing technologies for the effective use of water resources

- **R&D of Technologies for Effective Water Use Using Porous Materials**

  Metal-organic frameworks (MOFs) are porous materials comprising metal ions and organic molecules. They have high surface areas and excellent adsorption properties. The Company leverages these characteristics in its R&D of MOFs to efficiently capture water vapor from the air. For example, using MOFs as adsorbents is expected to improve the energy efficiency of dehumidification and air-conditioning systems in hot and humid environments as well as to enable decentralized water supply through the utilization of water recovered from the air. Through such technologies, we aim to address such environmental challenges by, for example, reducing greenhouse gas emissions by improving energy efficiency and effectively utilizing water resources.


Metal-organic frameworks (MOFs)

Contribution to the Development of Nature-Positive Practices

Since 2025, we have participated in the Cabinet Office's Programs for Bridging the gap between R&D and the IDeal society (Society 5.0) and Generating Economic and social value ("BRIDGE"). The program aims to establish a new nature-based footprint as a life cycle assessment (LCA) method related to biodiversity and ecosystem services. Companies would use the results to evaluate and disclose their own business activities, and financial and other institutions would then use those evaluation results in their investment activities. To expand the use of nature-based footprint metrics developed in Japan, we are contributing to the formulation of guidance on how to use such footprints and taking other actions.

Examples of Initiatives for "Social Contribution"

In accordance with the Sumitomo Chemical Group Biodiversity Action Plan, we are coordinating and collaborating with our stakeholders in ongoing social contribution activities that help conserve and restore biodiversity and natural capital.

Nature Preservation Initiatives

- **Preserving the Environment of Sakuragaike (Misawa Works)**

  To prevent damage from heavy rains at Misawa Works, we created a retention pond that can store 50,000 tons of water. The area around the regulating pond is planted with many cherry trees, including double-flowered cherry blossoms (yaezakura) and Oyama-zakura, which is why it has been named "Sakura-ga-ike" ("Cherry Blossom Pond"). In addition, lilacs and Todo firs have been planted in the surrounding area, and a variety of wildlife can be found, including ducks, cormorants, and other waterfowl, as well as wild animals such as foxes, raccoon dogs, and Japanese serows.



Sakuragaike



Double cherry



Left: Grey heron Right: Cormorants



Left: Rabbit Right: Bat

- **Revitalizing Prairieland (Sumitomo Biorational Company LLC)**

  The Osage Plant of Sumitomo Biorational Company LLC, which is based in Iowa, U.S.A., is working to revitalize prairieland on its site, to this end replanting native vegetation on part of the farmland. The revitalized portion of prairie covers 14 hectares and supports ecosystems with native grasses, trees, and shrubs. It has become a habitat for endangered and other small creatures, including birds, butterflies and other insects, and reptiles. This initiative is being undertaken in partnership with Iowa State University, local municipalities, and local schools.



The Revitalized Prairieland on the Osage Plant

- **Promoting 30by30**

  30by30 is a worldwide goal to effectively conserve at least 30% of Earth's land and sea areas as healthy ecosystems by 2030, with the aim of stopping the loss of biodiversity and reversing the trend. Sumitomo Chemical participates as an initial member in the 30by30 Alliance for Biodiversity, which comprises volunteer companies, municipalities, and organizations. We aim to certify the green spaces we manage as nature coexistence sites that contribute to the 30by30 goal and will continue further promoting the conservation of biodiversity.

- **Obtaining certification in the "Conservation Site for Human-Nature Symbiosis" Trial Program (Ehime Works)**

  The Miyoshima Area, which is on the site of Ehime Works, was originally an island in the Seto Inland Sea. In the Showa era, the expansion of the Works through land reclamation connected it to the mainland and it is now being conserved as an onsite green area. Such rare species as peregrine falcons have been confirmed to be inhabiting the Miyoshima Area, and the area therefore has high value in terms of biodiversity conservation. For this reason, in fiscal 2023 the area acquired certification as a Conservation Site for Human-Nature Symbiosis, which Japan's Ministry of the Environment is promoting to achieve 30by30 in Japan. We also acquired certification based on the Local Biodiversity Promotion Act, which came into force in fiscal 2025. Going forward, we will continue to appropriately conserve and manage this valuable green area, thereby contributing to the achievement of 30by30 and the conservation of biodiversity.



The Miyoshima Area

P.146 Contributions to Communities