

For a Sustainable Future

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Regarding each ESG information,
Please refer to the following chapters



President's Message

**We Aim to Achieve
Our Sustainable Growth and
Help Realize a Sustainable Society
by Creating Economic Value and
Social Value in an Integrated Manner.**



Chemistry is playing an increasingly large role in solving social issues, including those related to the environment, energy, and food, as highlighted by the SDGs adopted by the United Nations in 2015.

In the Medium-Term Corporate Plan launched in April 2019, we outline what we are striving for, namely, to achieve sustained growth for Sumitomo Chemical and build a sustainable society by creating both economic and social value. To help realize this vision, we identified the four material issues for social value creation that are directly related to our businesses. Contribution to solving food issues is one such issue and contribution to reducing environmental impact, including the mitigation of climate change and the recycling of plastic resources is another. We also identified three material issues for value creation in the future, namely the promotion of technology innovation and R&D, diversity and inclusion, and initiatives for digital innovation.

At the same time, we are still committed to maintaining safe and stable operations, ensuring full and strict compliance, and respecting human rights, for which a value chain-wide response is strongly demanded. We consider these efforts indispensable for remaining a going concern and strive to bolster our actions across the Group.

About a century ago, Sumitomo Chemical got its start by manufacturing fertilizers from gas emitted from copper smelting operations at the Besshi Copper Mine in Niihama, Ehime Prefecture, aiming to solve the environmental problem of smoke pollution while helping to increase agricultural output. The Sumitomo Chemical Group actively promotes dialogue with internal and external stakeholders to continue to live up to the trust it has earned from society. In this way, the Group will continue striving to realize its vision with a sense of speed and determination while honoring the DNA that stretches back to the Company's founding.

Thank you for your continued understanding and support.

岩田圭一

Keiichi Iwata
Representative Director & President

The Sumitomo Chemical Group's Corporate Philosophy

Sumitomo Chemical began business by manufacturing fertilizers from the sulfurous acid gas contained in the smoke pollution emitted by copper smelting operations at the Besshi Copper Mine, aiming to solve the environmental problem of smoke pollution while revitalizing the farming industry.

The Corporate Philosophy is based on Sumitomo's Business Principles and is composed of the Business Philosophy, which integrates the company's business principles, mission and values. Basic Principles for Promoting Sustainability, which comprehensively organizes its thoughts and commitments on sustainability; and the Sumitomo Chemical Charter for Business Conduct, which lays out the code of behavior serving as the basis for the company's compliance system.

Sumitomo's Business Principles (The Sumitomo Spirit)

1. Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.
2. Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

The first pledge in Sumitomo's Business Principles, advocating integrity and sound management, reflects the importance of maintaining the trust of the Company's business partners and of society as a whole. The second pledge calls for refraining from the pursuit of easy gains—conducting thorough investigations and giving serious thought to business decisions so as not to be blinded by the prospect of immediate gains.

The traditional concept “**Jiri-Rita Koushi-Ichinyo**,” while not expressly stated, is also regarded as one of the Sumitomo's Business Principles: harmony between the individual, the nation and society. Sumitomo manifests this concept by seeking to benefit not only its own business, but also both the nation and society, and by the Company's emphasis on maintaining harmony between its interests and those of the public. To this day, these principles are strictly applied throughout the various Sumitomo Group companies, including Sumitomo Chemical.

Sumitomo Chemical's Business Philosophy

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

Sumitomo Chemical's Business Philosophy is embodied in these three sentences. Such management principles as “placing prime importance on integrity and sound management” and “adapting to good times and bad times and not pursuing immoral business” were seen in the Sumitomo Spirit. Other business teachings that Sumitomo passed from one generation to the next include the above-mentioned “**Jiri-Rita Koushi-Ichinyo**.” Sumitomo Chemical took a fresh look at such fundamental business principles, its mission and values, and committed them to writing.

The Sumitomo Chemical Group's Corporate Philosophy

Basic Principles for Promoting Sustainability

The Sumitomo Chemical Group established its Basic Principles for Promoting Sustainability in January 2019 by comprehensively reviewing and organizing its thoughts and commitments on sustainability. The Basic Principles are positioned next to the Business Philosophy in importance, demonstrating the Group's firm management commitment to promoting sustainability.

Basic Principles for Promoting Sustainability

We at the Sumitomo Chemical Group are committed to promote sustainability by acting in accordance with Six Basic Principles, guided by the Sumitomo Spirit and the Group's Business Philosophy, namely contributing to establishment of sustainable society through achieving sustainable growth of business.

Principle 1: Creating economic value which helps create social value (Promoting our credo "Our businesses must benefit society at large, not just our own interests (Jiri-Rita Koushi-Ichinyo)")

We are committed to promote creating economic value (jiri*) which helps to create social value (rita*) through offering technological or other innovation so that we can continue to grow as a business group that earns the trust and confidence of society.

Principle 2: Contribution to solving globally vital issues

We are committed to contribute to solving a variety of issues that are globally vital, such as establishing diverse and inclusive society and achieving the Sustainable Development Goals (SDGs), as well as doing business in compliance with accepted universal standards and principles, including those concerning human rights, labor, safety, the environment and anti-corruption.

Principle 3: Active participation in global initiatives

We are committed to play a leadership role in multilateral initiatives through actively participating in various partnerships domestically and overseas with international organizations, national or local governments, business corporations, industrial associations, universities, academic circles, civic communities, etc.

Principle 4: Collaboration with stakeholders

We are committed to work closely with various stakeholders through promoting spontaneous disclosure of information and open dialogue on the targets of our sustainability promotion initiatives and the progress of their implementation.

Principle 5: Top management commitment and participation by all

We are committed to carry out initiatives toward promoting sustainability, led by our top management having taken firm pledges to this end and advanced by all officers and employees, across the Sumitomo Chemical Group with a shared strong sense of mission and great enthusiasm.

Principle 6: Enhancing Corporate Governance

We are committed to assess and improve our activities continually and proactively for promoting sustainability by reviewing the progress of the activities periodically and from holistic viewpoints.

Notes: • Based on the concept of "Jiri-Rita Koushi-Ichinyo" (harmony between the individual, the nation and society (one aspect of the Sumitomo Spirit)), we define the promotion of sustainability as contributing to establishment of sustainable society through achieving sustainable growth of business. We replaced our original Basic CSR Policy with six basic principles related to promoting sustainability initiatives.

• We establish these Basic Principles for Promoting Sustainability as the Sumitomo Chemical Group's promotion principles.

* "Jiri" and "rita" both come from a time-honored traditional concept of Buddhism, "Jiri-Rita Koushi-Ichinyo", meaning, as it applies in Sumitomo's business, that our business must benefit ourselves (jiri) and at the same time serve the interests of the nation and society (rita). This teaching emphasizes the importance of maintaining harmony between the interests of a business and those of the public (koushi-ichinyo).

The Sumitomo Chemical Group's Corporate Philosophy

Sumitomo Chemical Charter for Business Conduct

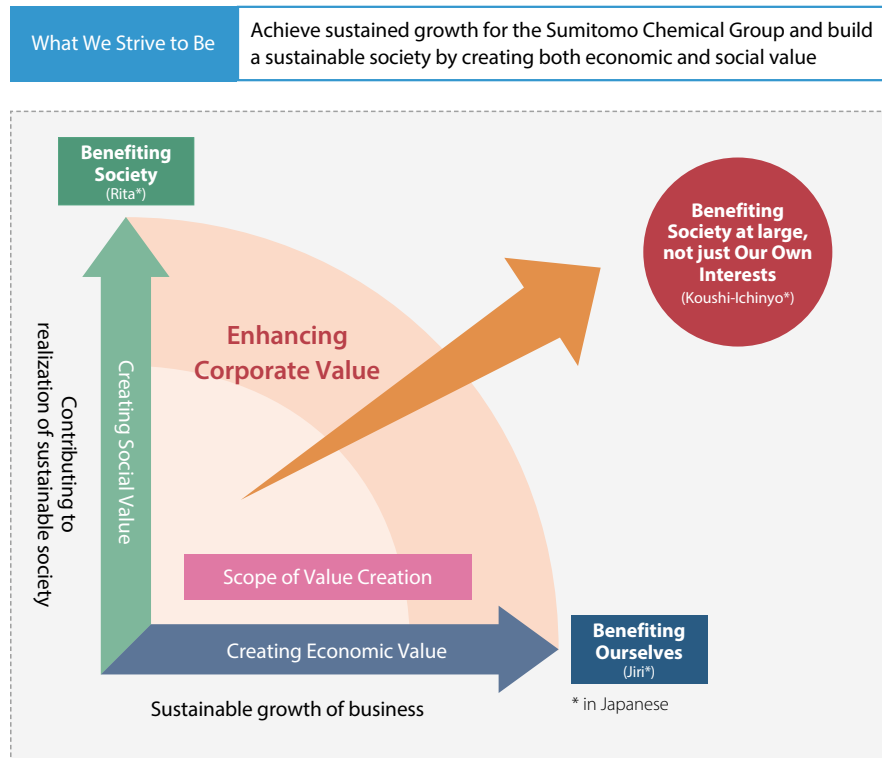
1. We will respect Sumitomo's business philosophy and act as highly esteemed good citizens.
2. We will observe laws and regulations, both at home and abroad, and will carry out activities in accordance with our corporate rules.
3. We will develop and supply useful and safe products and technologies that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

We believe it is our social responsibility to conduct business to the highest ethical standards and act on our own responsibility. The "Sumitomo Chemical Charter for Business Conduct" spells out the basic guiding principles on which our compliance system is built.

What Sumitomo Chemical Group Strives to Be

The Basic Principles for Promoting Sustainability define promoting sustainability as “contributing to establishment of sustainable society through achieving sustainable growth of business,” thereby aiming to enhance our corporate value. The jiri axis represents economic value, and the rita axis represents social value. We aim to enhance corporate value by creating both economic and social value, or, in other words, realizing Jiri-Rita Koushi-Ichinyo.

Image of Enhancing Corporate Value



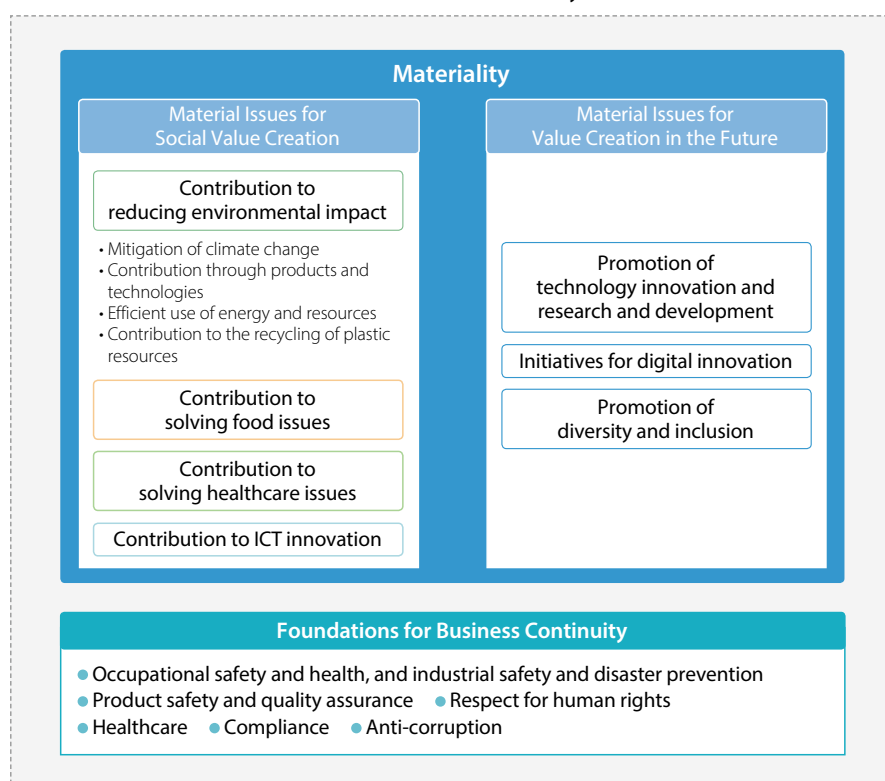
Jiri-Rita Koushi-Ichinyo*

Our businesses must benefit society at large, not just our own interests, a credo of the Sumitomo's Business Spirit

Material Issues and Foundations for Business Continuity

Sumitomo Chemical launched a new Three-Year Corporate Business Plan on April 1, 2019. Prior to the launch, the Company identified Seven Material Issues that it is now addressing as management challenges to sustainably create sustainable economic and social value. The Seven Material Issues have been identified to serve as navigation beacons as we pursue initiatives that will contribute to the establishment of a sustainable society. They are considered issues of material importance from two perspectives: the creation of social value, involving initiatives directly related to Sumitomo Chemical's current businesses, and the creation of future value, involving future-oriented initiatives that address the Company's business prospects.

Material Issues and Foundations for Business Continuity



In addition to the seven material issues we defined, we recognize the following matters to be underpinning materiality and essential to our business foundations: occupational safety and health, industrial safety and disaster prevention; product safety and quality assurance; respect for human rights; healthcare; compliance; and anti-corruption. Although we do not deem these matters to be material in themselves, they are necessary for value creation. The Sumitomo Chemical Group will continue to ardently work on these matters in unison and disclose its efforts to external parties.

The foundations of business continuity are explained in more detail in each of the following sections.

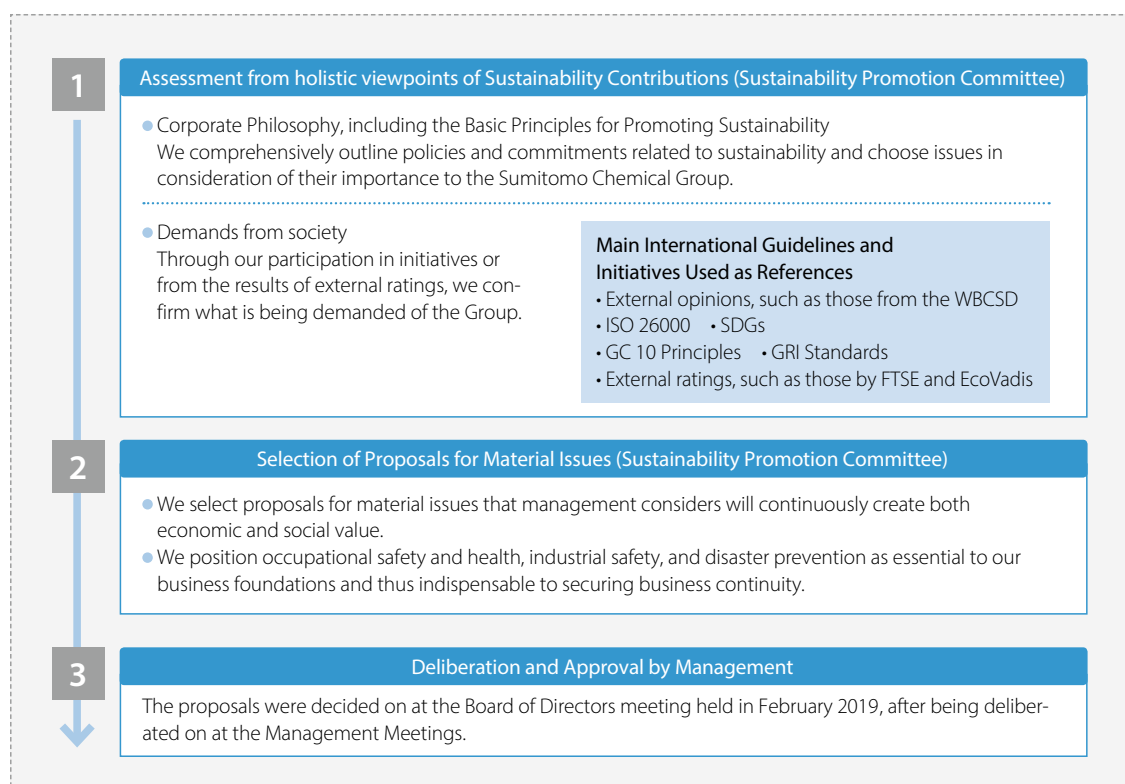
Material Issues and Foundations for Business Continuity

Process for Defining Material Issues

We define material issues with consideration of opinions from various external parties and international guidelines and through participation in initiatives and communication with stakeholders, and comparing our own identified material issues with the social needs and issues identified by external parties, including the SDGs.

Going forward, we will set key performance indicators (KPIs) for each issue, check the progress made under the Corporate Business Plan, and use material issues and the KPIs to promote dialogue with internal and external stakeholders.

■ Process for Defining Material Issues

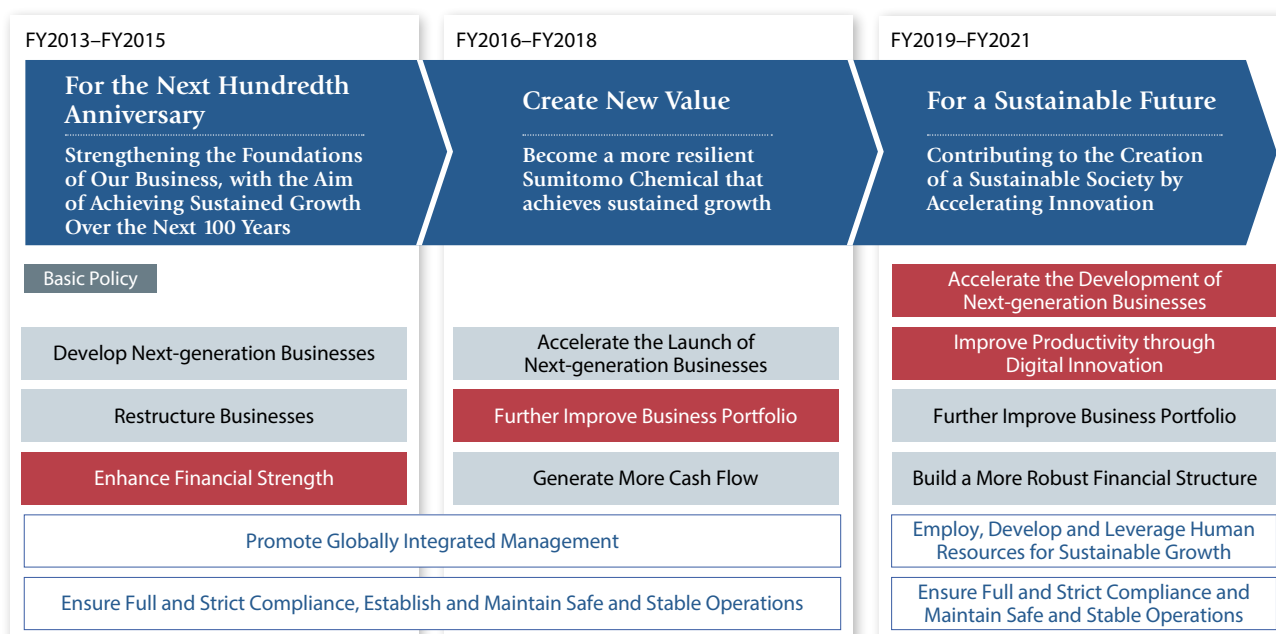


Corporate Business Plan (FY2019 – FY2021) and Sustainability

Sumitomo Chemical has positioned “contributing to the creation of a sustainable society” as a major pillar in the Corporate Business Plan launched in April 2019. With regard to the first point of the basic policy of the plan, which is “Accelerating the development of next-generation businesses,” we have set out the four focus areas of Healthcare, Reducing Environmental Impact, Food, and ICT (refer to pages 22–23 of *Annual Report 2019*). These are areas where we can use the Sumitomo Chemical Group’s technologies and that are indispensable to solving major social issues and enhancing quality of life. These are the same four areas specified under material issues for social value creation (refer to page 10), which is a category of the seven material issues identified prior to the launch of the Corporate Business Plan.

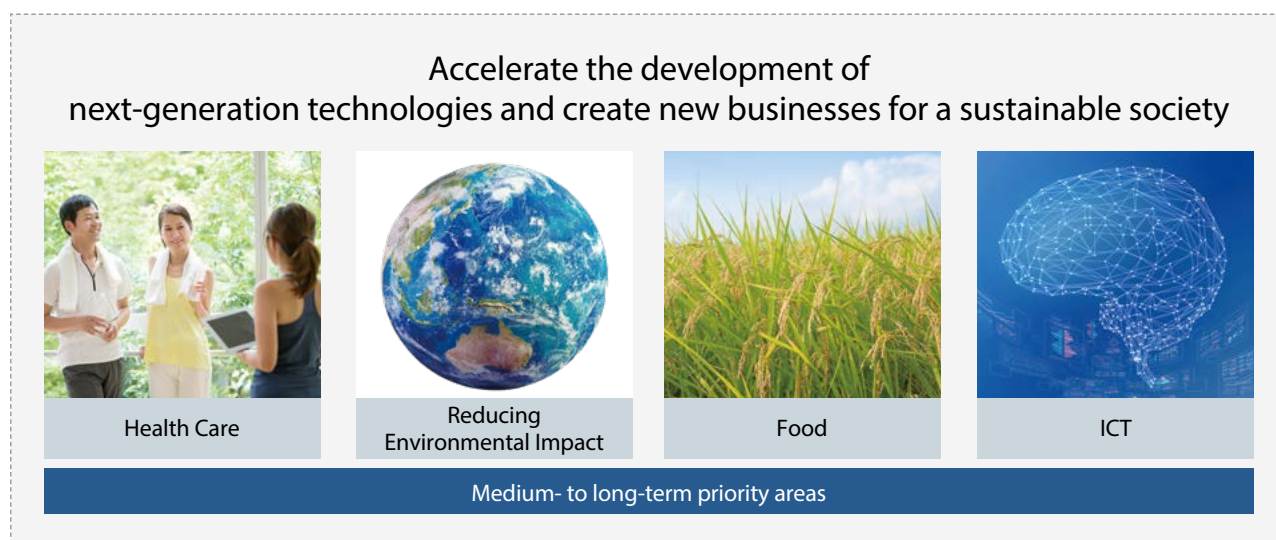
By successfully carrying out its Corporate Business Plan, the Company aims to promote initiatives targeting material issues and the realization of business goals set by the Corporate Business Plan. In this way, we will achieve sustained growth for the Sumitomo Chemical Group and build a sustainable society by creating both economic and social value.

Transition of the Corporate Business Plan “Change and Innovation” from FY2013



Note: The current Corporate Business Plan is the first that positioned “contributing to the creation of a sustainable society” as a major pillar.

The Four Priority Areas for Accelerating the Development of Next-generation Businesses (From the basic policy of the FY2019–FY2021 Corporate Business Plan)



Sustainability Promotion System

Management System

In April 2018, Sumitomo Chemical enhanced the CSR Promotion Committee, thereby creating the Sustainability Promotion Committee.

Sustainability Promotion Committee Overview



*1 The Americas region, Europe region, China region, and Asia-Pacific region

*2 The CSR Department, Legal Department, Human Resources Department, Corporate Communications Department, Corporate Planning Department, Research Planning and Coordination Department, Responsible Care Department, Procurement Department, and Logistics Department

*3 The Responsible Care Committee, Human Rights Promotion Committee, etc.

(Purpose)

- ① Oversee the Group's sustainability promotion activities
- ② Comprehensively verify contributions to sustainability
- ③ Accelerate efforts to solve issues in society, including the SDGs

(Role)

The committee provides advice to each executive organization to ensure that the Group's business activities all function organically to realize sustainability for all society and that said activities are fairly assessed by stakeholders.

- ① **SOLUTION:** Providing advice to each business sector and each Group company on contributing to the sustainable growth of society through business operations
- ② **INITIATIVE:** Providing advice to various committees through participation in international initiatives
- ③ **ENGAGEMENT:** Providing advice related to assessing and enhancing communication through dialogue with stakeholders

(Committee Members)

The Sustainability Promotion Committee is chaired by the president of Sumitomo Chemical and composed of executive officers from each business sector, the executive officers from the corporate departments and the presidents of four overseas regional headquarters.

(Secretariat)

The committee's secretariat comprises the CSR Department, Legal Department, Human Resources Department, Corporate Communications Department, Corporate Planning Department, Research Planning and Coordination Department, Responsible Care Department, Procurement Department, and Logistics Department.

(Fiscal 2018 Results)

The committee convened twice. The members shared information on international trends related to sustainability and outlined relevant issues in the Sumitomo Chemical Group. The committee also held active discussions on formulating the Basic Principles for Promoting Sustainability and defining material issues. In addition, the committee considered establishing more sustainability promotion initiatives and KPIs further down the line.

Sustainability Promotion Activities / Performance (Non-Financial Highlights)

Promoting Sustainability across the Three Aspects of T, S, and P

Since the adoption of the SDGs, the entire Sumitomo Chemical Group has been working to promote sustainability across the three aspects of T, S, and P; that is, with the commitment of top management (T), through its business solutions (S), and with the participation of all employees and management (P).



Top Commitment

In its Basic Principles for Promoting Sustainability, Sumitomo Chemical outlines its vision for top management promoting sustainability across the entire Group and made this its Corporate Philosophy. To clearly promote this, we positioned contributing to the establishment of a sustainable society as a major pillar both in the process for the defining material issues and in the Corporate Business Plan, which was launched in April 2019. Furthermore, as part of the Sumitomo Chemical Group's sustainability measures, which have been a focus of management, Sumitomo Chemical has formulated Sumitomo Chemical Group Human Rights Policy and established the Human Rights Promotion Committee.

In addition, regarding the promotion of sustainability, to raise Group-wide awareness of important sustainability measures, we send out a letter penned by Sumitomo Chemical's president. Going forward, executive officers will hold multiple briefings at each worksite and Group company in Japan. The four regional headquarters around the world will hold briefings for Group companies overseas.

Top Message

https://www.sumitomo-chem.co.jp/english/sustainability/top_message/

Sustainability Promotion Activities / Performance (Non-Financial Highlights)

Solutions: Sumika Sustainable Solutions (SSS)

Quantifying the Contributions of Businesses to Global Environmental Issues

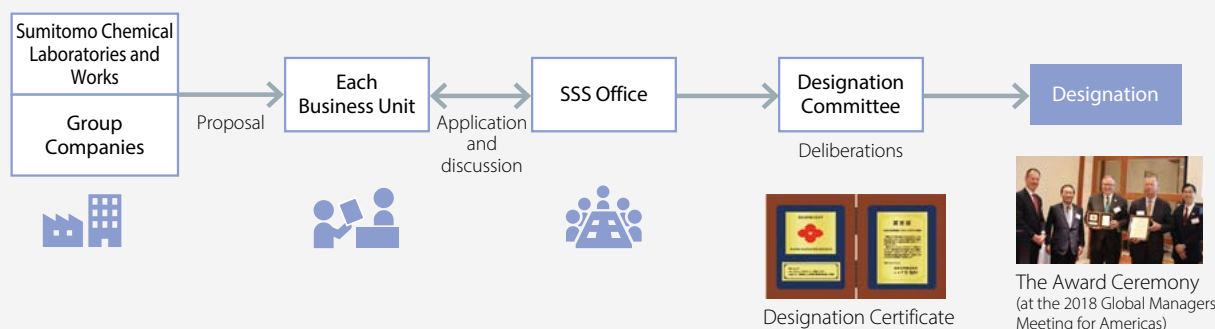
Sumika Sustainable Solutions

As a concrete initiative to contribute to reducing environmental impact, which is one of our material issues, we have designated those of our products and technologies that contribute to such issues as global warming countermeasures, reducing environmental burdens, and effective use of resources, as Sumika Sustainable Solutions (SSS). By promoting the development and widespread use of these products and technologies, the Sumitomo Chemical Group is offering solutions that will help build a sustainable society and striving to create both economic and social value. In addition, we quantify our contribution to global environmental issues by calculating sales revenues of SSS-designated products and technologies and the amount they contribute to the reduction of greenhouse gases.

Area	Designation Requirements
Addressing Climate Change	Contribute to reducing greenhouse gas emissions
	Products or materials used in the creation of alternative energy
	Use biomass-derived raw materials
	Contribute to adapting to the climate change impacts
Reducing Environmental Impact	Contribute to reducing waste, hazardous substances, and other environmental burdens
	Contribute to reducing environmental impact in food production
Effective Use of Resources	Contribute to the realization of recycling and resource saving
	Contribute to the efficient use of water resources

SSS Designation Process

The Designation Committee officially designates products and technologies as SSS after they have been proposed for certification by laboratories, production facilities, or Group companies. In addition, the designated cases have been verified by a third-party institution, and the results of the internal designation have been evaluated as valid.

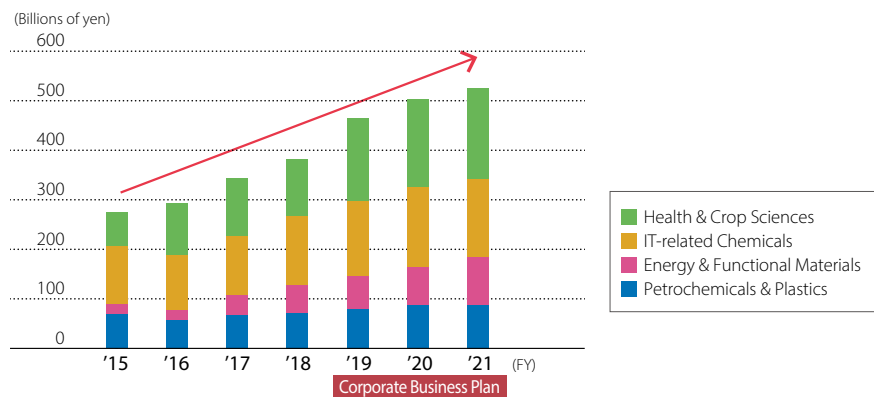


Sumika Sustainable Solutions

<https://www.sumitomo-chem.co.jp/english/sustainability/sdgs/sss/>

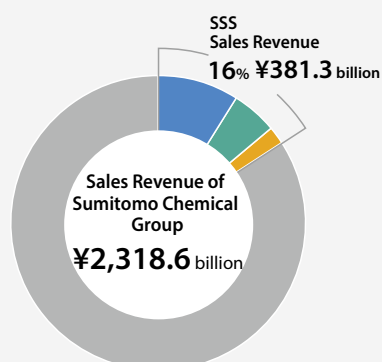
Sustainability Promotion Activities / Performance (Non-Financial Highlights)

Sales Revenue of Designated Products and Technologies



A total of 48 products and technologies have been designated so far, and Sumitomo Chemical aims to quickly double their sales revenue compared with FY2015.

Breakdown by Designation Area (FY2018 Results)



Addressing Climate Change

Reduction in greenhouse gas emissions due to products and technologies designated in this area, across the life cycles of the products: Approximately 58 million tons (CO₂ equivalent, predicted total by FY2020)

Reducing Environmental Impact

FY2018 sales revenue of products and technologies designated in this area: 5% increase (compared with FY2017)

Effective Use of Resources

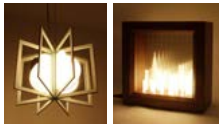





























Reduction in water use per year due to products and technologies designated in this area: 50,000 tons

Sustainability Promotion Activities / Performance (Non-Financial Highlights)

“Sumika Sustainable Solutions” Main Products and Technologies

Solutions	Features	Contributions to SDGs
Addressing Climate Change		
PERVIO™, lithium-ion secondary battery separator	 A material capable of providing high-capacity lithium-ion secondary batteries, contributing to the expanded use of next-generation vehicles, such as electric vehicles.	 
SUMIKAEXCEL™, polyethersulfone	 An additive for carbon-fiber reinforced plastics used in aircraft, making aircraft lighter and hence fuel-efficient.	 
CO ₂ separation membrane	 Used in hydrogen production and natural gas refining to remove CO ₂ , it significantly reduces energy consumption during CO ₂ separation compared with conventional methods.	 
UV curing for polarizer lamination	 Achieves substantial energy saving in the manufacturing of a polarizing film for displays compared with conventional methods.	  
SUMIMET™, feed additive methionine	 Adding methionine to poultry feed improves the balance of amino acids in feed, resulting in reduced nitrogen in poultry excrement, a cause for greenhouse gas emissions.	 
Olyset™ Net, anti-malarial long-lasting insecticidal mosquito net	 A mosquito net developed for controlling malaria-carrying mosquitoes, helping reduce malaria infection.	 
Vector-control pesticides	 In addition to fulfilling an important role in repelling and exterminating insects that spread infectious diseases, these pesticides facilitate adaptation to the effects of climate change.	 
Carbon dioxide separation and recovery technology (Sumitomo Joint Electric Power Co., Ltd.)	 Separates and recovers CO ₂ from gases exhausted from a thermal power station, which is then used as an auxiliary material for chemicals production at another manufacturing plant of Sumitomo Chemical's Ehime Works. Contributes to reducing CO ₂ emissions.* * Technology for CO ₂ separation and recovery is a proprietary technology of Nippon Steel Engineering Co., Ltd.	
Reducing Environmental Impact		
Halogen-free flame-retardant elastomer	 This elastomer is used in railway and construction materials. It does not contain halogen but is as flame retardant as a halogen-based material. In addition, it helps limit emissions of hazardous gases while burning.	
High-purity alumina (for use in automotive O ₂ / NO _x sensors)	 This material is used as insulation for the high-performance sensors that are needed to keep automotive emissions of NO _x and other gases under mandated levels. It helps reduce greenhouse gas emissions.	

Sustainability Promotion Activities / Performance (Non-Financial Highlights)

Solutions	Features	Contributions to SDGs
<p>Polymer OLED lighting</p> 	<p>Manufactured using processes that are energy- and resource-efficient due to the coating and printing methods, these lights can produce color over a wide temperature range, from gentle to vivid.</p>	 
<p>Biorationals (Microbial pesticides, plant growth regulators, biorational rhizosphere microbial agricultural materials)</p> 	<p>Use of active ingredients derived from naturally occurring substances contributes to the promotion of sustainable agriculture and the stable supply of safe and secure food.</p>	  
<p>Seed treatment agents</p> 	<p>Accurate treatment of seeds prior to sowing with seed treatment agents makes it possible to substantially reduce the spraying dosage and frequency of crop protection products, contributing to reduced environmental burdens in food production.</p>	 
<p>Binder for lithium-ion secondary batteries (Nippon A&L Inc.)</p> 	<p>This product reduces the consumption of organic solvents in the manufacture of electrodes for lithium-ion secondary batteries by the use of water as the dispersion medium.</p>	 
<p>Temperature-sensitive film "CHO-CO" (SanTerra Co., Ltd.)</p> 	<p>A temperature-sensitive plastic film for greenhouse use that stays transparent and allows sunlight to enter at low temperatures while becoming opaque and scattering the sunlight high temperatures.</p>	  
<p>Cobalt-coated nickel Hydroxide positive Electrode material (Tanaka Chemical Corporation)</p> 	<p>Making the designing of high-output nickel hydride battery possible, it contributes to widespread use of environmentally friendly vehicles. Cobalt usage can also be reduced.</p>	 
Effective Use of Resources		
<p>SUMIKATHENE™EP, EXCELLEN™GMH, polyethylene used for refill pouches</p> 	<p>For detergent packaging, pouch bags made of this polyethylene material have easy tear-open spouts for easy refilling of dispensers, producing less plastic waste than rigid bottles.</p>	 
<p>Substrate-less touch sensor (Dongwoo Fine-Chem Co., Ltd.)</p> 	<p>This product performs all the functions of a touch sensor without requiring substrates such as glass and film, which are indispensable elements in conventional touch sensors. For this reason, this product contributes to resource saving.</p>	
<p>Multi-purpose polypropylene sheet (Sumika Plastech Co., Ltd.)</p> 	<p>Being free from paper dust concern and desirable from a viewpoint of re-use, it is used for food containers and delivery materials for electronic parts. Contributing to reducing greenhouse gas emissions.</p>	 
<p>Effluent treatment technology using a deammoniation tower</p> 	<p>Removes and recovers ammonia in effluent and recycles it for re-use. Contributes to reducing nitrogen discharge from a manufacturing plant.</p>	

Sustainability Promotion Activities / Performance (Non-Financial Highlights)

Participation: Global Project (FY2016–2018 Sustainable Tree)

We have been implementing the Sumitomo Chemical Group Global Project since fiscal 2014 with the aim of fostering a feeling of unity across the Group for all employees and managers in Japan and overseas so that each person can focus on helping to solve social issues. In the three years from fiscal 2016 to 2018, we thought about how we could help realize a sustainable society under the theme of the SDGs and implemented the Sustainable Tree, for posting relevant thoughts.

With the Sustainable Tree, we have steadily promoted Group-wide our sustainability policy of helping realize a sustainable society through business.

Three-Year Sustainable Tree Initiatives

Three-Year Results

Participants: Running total of 60,257
Posts: Running total of 22,804

Everyone Understands the SDGs

What are the SDGs? How can a diversified chemical company help solve the world's problems? We distributed a manga in 11 languages answering these questions in an easy-to-understand way. People posted about their day-to-day efforts.



Fiscal 2016

Connection between Work and the SDGs

We decided that the theme for posts this year would be work and efforts in the workplace. We encouraged conversations in the workplace and posts.



Fiscal 2017

Working toward the SDGs as a Company

Within the dedicated website, each Group company creates a page and posts about their initiatives in terms of T, S, and P.

T Message from top management

S Introduction of case studies (initiatives and products)

P Everyone's posts

Participation by each company advances, and the posting rate (number of companies that have posted / number of companies asked to participate) has risen every year.

Posting rate (%)

	FY2016	FY2017	FY2018
Group companies in Japan	48	76	98
Group companies overseas	57	63	67

Fiscal 2018

Sustainability Promotion Activities / Performance (Non-Financial Highlights)

In fiscal 2018, we enhanced the function of the website for sharing SDG-related general information. On the site, we introduce the Group's best practices and outstanding products and technologies. In this way, we facilitated the sharing of information and the raising of awareness among organizations and employees. We also shared the latest trends related to climate change and the SDGs and enable access to external information.



An example of a best practice (Sumika Agrotech Co., Ltd.)

In fiscal 2019, we changed the name of the site to "For a Sustainable Future –JIRI RITA–". We are promoting its use as a tool for achieving the Group's goal of realizing sustainability and will continue to promote sustainability across the entire Group with T, S, and P approach.

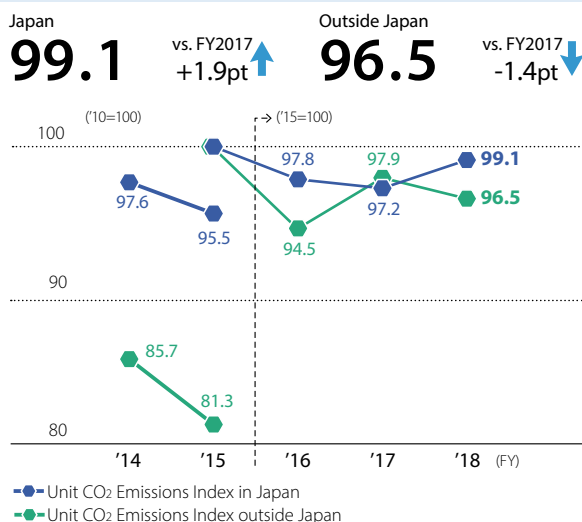
Our Efforts to Help All Officers and Employees Achieve Their Goals - Our Sustainable Tree -

<https://www.sumitomo-chem.co.jp/english/sustainability/sdgs/sustainabletree/>

Sustainability Promotion Activities / Performance (Non-Financial Highlights)

Non-Financial Highlights

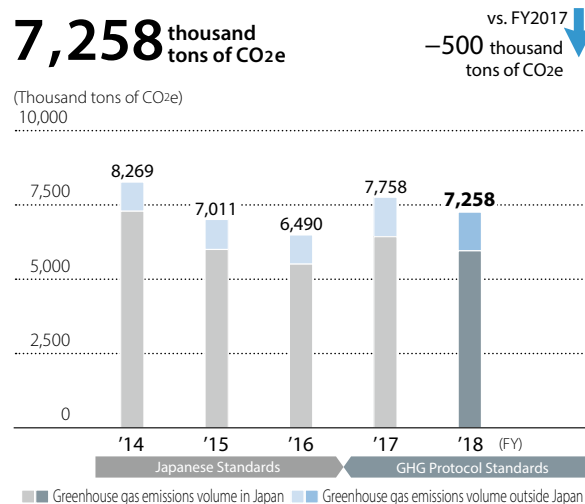
Unit CO₂ Emissions Index in Japan / Unit CO₂ Emissions Index outside Japan (Sumitomo Chemical Group^{*1})



The reason for the deterioration from the previous fiscal year in the unit CO₂ emissions index in Japan in fiscal 2018 is a decline in the capacity utilization rate because of periodic maintenance of factories and other factors. Sumitomo Chemical is working to improve this index, both inside and outside Japan, putting greater focus on saving energy.

^{*1} Index reflects the total production plants of Sumitomo Chemical and its major Group companies that share CO₂ emission intensity index reduction goals.

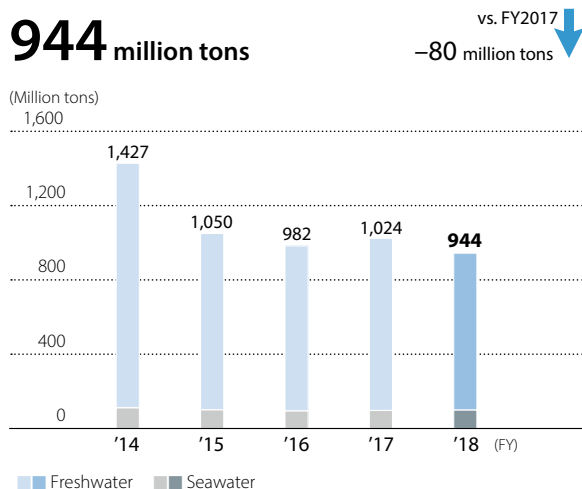
Greenhouse Gas (GHG) Emissions Volume (Sumitomo Chemical Group^{*2})



The main factors contributing to the year-on-year decline in GHG emissions in fiscal 2018 were the temporary impact of periodic maintenance at Sumitomo Joint Electric Power Co., Ltd., our group company. We will continue our efforts to achieve the targets certified by the Science Based Targets initiative in the future.

^{*2} Refer to page 73 for the boundary of calculation.

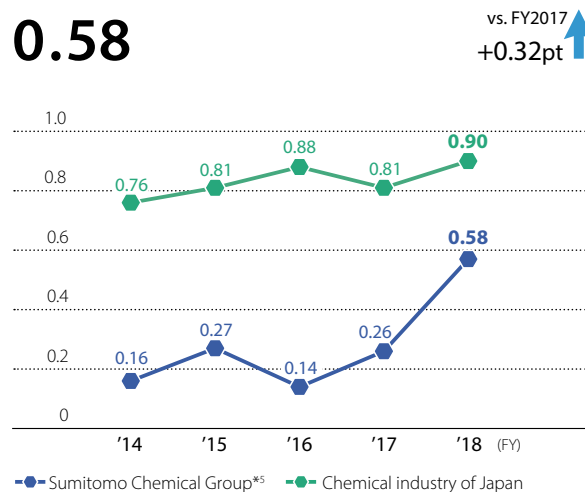
Water Usage (Sumitomo Chemical Group^{*3})



We will work to reduce water usage through effective use of water, depending on the application, while endeavoring to assess risks to water supplies. Seawater is used for cooling plants and other facilities.

^{*3} Sumitomo Chemical's manufacturing facilities and the production plants of major Group companies

Lost-workday Incident Rate^{*4} (Sumitomo Chemical Group^{*5})



The frequency rate of lost-workday incidents for fiscal 2018 was 0.58, which was far worse than our target of 0.1. We will thoroughly investigate the cause and implement basic safety rules to take preventive measures.

^{*4} Indicates the frequency of industrial incidents as the number of deaths and injuries per one million hours of total work time.

^{*5} Sumitomo Chemical (including its partner companies and others) and consolidated subsidiaries in Japan and overseas

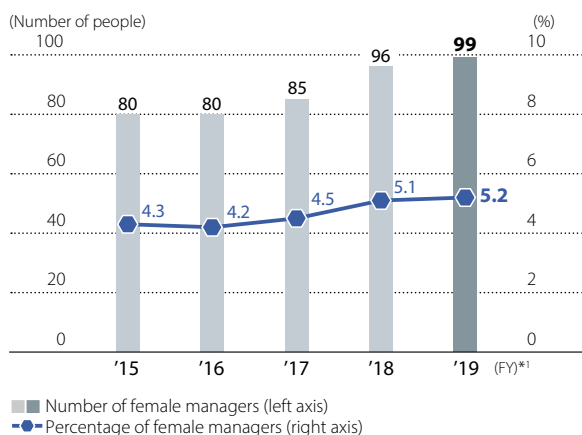
Sustainability Promotion Activities / Performance (Non-Financial Highlights)

Non-Financial Highlights

Number of Female Managers / Percentage of Female Managers (Sumitomo Chemical)



5.2% (Percentage of Female Managers among Managers) vs. FY2018 **+0.1pt** ↑



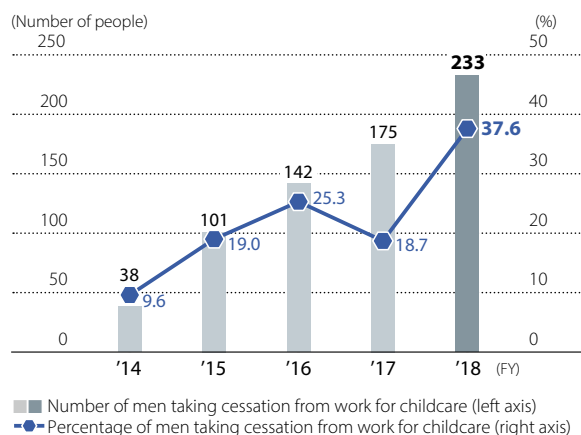
In order to promote the advancement of female employees, Sumitomo Chemical has set a goal of at least 10% of female employees in positions equivalent to manager or above.

*1 All numbers as of April 1 of that year

Number of Men Taking Cessation from Work for Childcare*2 / Percentage of Men Taking Cessation from Work for Childcare*3 (Sumitomo Chemical)



37.6% (percentage of men taking cessation from work for childcare) vs. FY2017 **+18.9pt** ↑



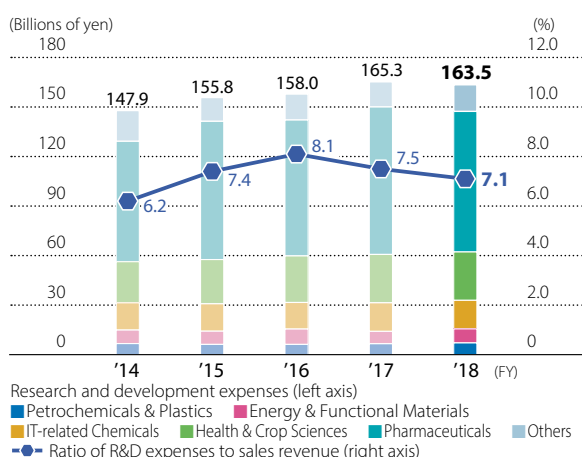
Sumitomo Chemical is encouraging male employees who have had children to take cessation from work for childcare, with a goal of realizing at least 50% of male employees taking cessation from work for childcare.

*2 The percentage of male employees who have taken cessation from work for childcare and had a child of three years or younger as of April 30.

*3 The number of people who have taken cessation from work for childcare divided by the number of male employees who have had children in the relevant period.

Research and Development Expenses / Ratio of R&D Expenses to Sales Revenue (Sumitomo Chemical Group)

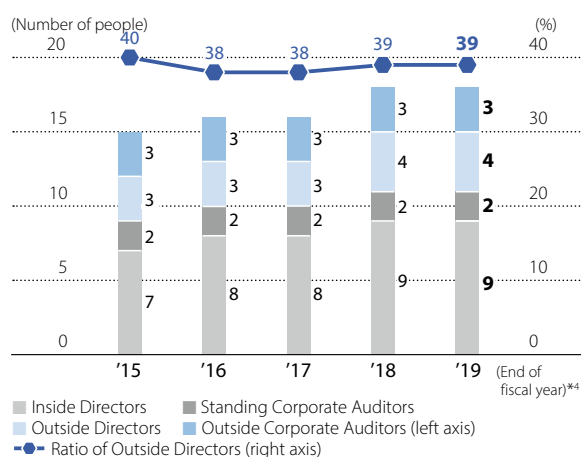
¥163.5 billion (Research and Development Expenses) vs. FY2017 **-1.1%** ↓



R&D expenses for the previous Corporate Business Plan (FY2016-FY2018) amounted to 486.8 billion yen. The new Corporate Business Plan (FY2019-FY2021), which began in fiscal 2019, is expected to spend approximately 540 billion yen, primarily in specialty chemicals in the Pharmaceuticals Sector and the Health & Crop Sciences Sector.

Number of Directors / Number of Outside Directors / Ratio of Outside Directors and Corporate Auditors (Sumitomo Chemical)

4 (Number of Outside Directors)



With the goal of further strengthening the Board of Directors' oversight and advisory functions to increase the transparency and objectivity of management, in June 2018 we added one outside director, increasing the total number to four (including one female director). As a result, of the 18 total members of the Board of Directors and the Board of Corporate Auditors, seven are outside members.

*4 FY2019 only as of July 1

Participation in Initiatives

Basic Policy

Sumitomo Chemical is tackling various challenges facing humanity, specifically poverty, climate change, and educational and gender inequality. On this front, we are going beyond just complying with international regulations and are working with a range of organizations, including various international organizations and NPOs as well as other companies, to actively participate in initiatives.

Some of the major sustainability-related initiatives in which Sumitomo Chemical participates take a general approach and some focus on one among a variety of specific causes, such as the environment, health, hygiene, human rights, and equality.

Initiative Participation Record

Our UN Global Compact Activities

The Sumitomo Chemical Group became the first Japanese chemical company to become a participant in the UN Global Compact (UNGC) in January 2005 and has been a participant in the UNGC LEAD since its launch in November 2011.

At the UN Global Compact Leaders Summit 2018, which was held at the UN Headquarters in New York in September 2018, the Group was recognized as a UNGC LEAD Company. This recognition reflected our ongoing contributions to the UNGC and an assessment of our business activities as being in line with the UNGC's Ten Principles, which cover four categories (human rights, labour, environment, and anti-corruption).

The UNGC is a voluntary initiative that encourages participating companies and organizations to help create a global framework for realizing sustainable growth and take action as a good member of society by demonstrating responsible and creative leadership. Over 13,000 companies and organizations have signed on.

To spur greater contributions from LEAD companies, the UNGC clarified the LEAD company certification standards. As a result, 34 companies around the world have been certified as LEAD companies, including Sumitomo Chemical and one other Japanese company.

LEAD Company Certification Standards

- Participate in at least two UNGC action platforms, contribute to UNGC activities on an ongoing basis, and clearly demonstrate leadership in line with the Ten Principles and Global Goals
- Release an annual sustainability report detailing the progress of initiatives for the Ten Principles

Note: Regarding our initiatives for the UNGC's Ten Principles, this Data Book serves as our annual activity report (Communication on Progress (COP)). We are working to be highly transparent with regard to disclosure and reference the UNGC's advanced-level standards.


Participation in Initiatives

In 2018, we continued to participate in two action platforms: Breakthrough Innovation for the SDGs and Pathways to Low-Carbon and Resilient Development. In Breakthrough Innovation for the SDGs, we participated in a workshop aimed at building a “Framework for Breakthrough Impact on the SDGs through Innovation,” and deepened our alliances with various companies. In Pathways to Low-Carbon and Resilient Development, we participated in the Ambition Loop, which is a collection of case studies about public-private cooperation to create zero-carbon economic growth, and introduced our own activities.

In addition, in September 2018, we participated in the 10th annual UN Private Sector Forum held in New York City, and conducted networking and information sharing activities.

The Ten Principles of the UN Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.





The Ten Principles of the UN Global Compact (from the Official Website of the UN Global Compact)

<https://www.unglobalcompact.org/what-is-gc/mission/principles>

Our WBCSD* Activities

In the World Business Council for Sustainable Development (WBCSD), we partnered with member companies in the chemical sector to participate in various initiatives.

In 2018, we participated in formulating the Chemical Sector SDG Roadmap, which organizes sustainability-related fields and issues pertaining to the chemical industry using the SDG framework with the aim of realizing sustainability. (Participating companies and organization: AkzoNobel, Covestro, The Dow Chemical Company, Evonik Industries AG, SABIC, DSM, Solvay, Mitsubishi Chemical HD, Sumitomo Chemicals, The American Chemistry Council (ACC), The European Chemical Industry Council (Cefic))



WBCSD | Chemical Sector SDG Roadmap

<https://www.wbcd.org/Programs/People/Sustainable-Development-Goals/Resources/Chemical-Sector-SDG-Roadmap>

In addition, in 2019, we participated in the formulation of the WBCSD TCFD Chemical Sector Guidance. The guidance explains how to make effective disclosures in the four frameworks of the TCFD for the chemical sector and details the fundamental elements needed to analyze scenarios. (Participating companies: BASF, DSM, Solvay, AkzoNobel, Sumitomo Chemical)

WBCSD | The TCFD Chemical Sector Preparer Forum Report

<https://www.wbcd.org/cfbco>

* WBCSD:

This organization was established to advocate for business sector views on sustainable development. The group weighs in at international conferences, such as the World Economic Forum, the B20 Summit, and the Conference of the Parties of the UNFCCC.

Participation in Initiatives

Initiatives for TCFD recommendations

Sumitomo Chemical has viewed global climate change as one of the highest-priority challenges facing society, and to solve this problem, Sumitomo Chemical is actively working to reduce greenhouse gases by taking advantage of the technology we have cultivated as a diversified chemical company. We hope to secure the trust of society by using the framework of TCFD recommendations and actively communicating our efforts, with the recognition that disclosing information on addressing climate change reflects the demands of the current era.



■ Our Efforts through Participation in External Initiatives

June 2017	Supported TCFD recommendations concurrently with their publication
From August to December 2018	<p>Joined in the TCFD Study Group led by the Ministry of Economy, Trade and Industry (METI)</p> <p>This group studied the way in which Japanese companies disclose information to evaluate their strengths.</p> <p>December 2018: METI issued TCFD guidance</p>
Since December 2018	<p>Joined WBCSD* TCFD Preparer Forum</p> <p>July 2019: WBCSD issued TCFD chemical sector guidance</p> <p>* World Business Council for Sustainable Development</p>
Since May 2019	Joined the TCFD consortium established by Japanese industrial and financial communities

Participating in the New Global Environmental Initiative the Alliance to End Plastic Waste



Sumitomo Chemical joined the Alliance to End Plastic Waste (AEPW), launched on January 2019, as one of the founding members. The AEPW is a new alliance of global companies formed to advance solutions to eliminate plastic waste in the environment, especially in the ocean.

The AEPW is a not-for-profit organization composed of global companies across the entire spectrum of industries associated with the plastics lifecycle, from production through waste processing.

Given that plastics are useful materials widely used in every part of modern life, the AEPW will undertake a number of initiatives in collaboration with such global organizations as the World Business Council for Sustainable Development to minimize and manage plastic waste in the environment. The goal is to invest \$1.5 billion over the next 5 years, mainly in the following four key areas.

Four Key Areas where the AEPW Pursues Solutions:

- Infrastructure development to collect and manage waste and increase recycling
- Innovation to advance and scale new technologies that make recycling and recovering plastics easier and create value from all post-use plastics
- Education and engagement of governments, businesses, and communities to encourage action
- Clean up of concentrated areas of plastic waste already in the environment, particularly the major conduits of waste, like rivers, that carry land-based plastic waste to the sea

Sumitomo Chemical believes that one of the greatest challenges facing our society is growing environmental risks resulting from plastic waste. Sumitomo Chemical's participation in the AEPW will prompt the Company to further accelerate its efforts to help end plastics waste in cooperation with other participating companies that share the same aspirations.

Participation in Initiatives

Our ICCA* Activities

Sumitomo Chemical participated in the Global Working Group on Energy and Climate Change of the International Council of Chemical Associations (ICCA). We contributed to joint international research related to helping reduce GHG emissions through chemical products and technologies. We also worked to promote the spread of the results of the research.

In addition, we also participate in the leader group for chemical substance policy and health. We conduct surveys related to regulatory trends around the world and mechanisms for relaying information on chemical substances contained in products. We also cooperate in promoting widespread product stewardship in each participating country, focusing on those in Asia. Furthermore, we participated in a task force on plastic waste problems and in discussions based on sound science related to problems surrounding microplastics and plastic substitutes.

* ICCA:

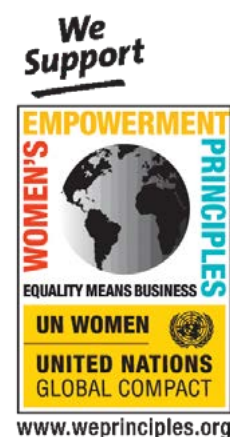
This organization was established to harmonize the strategies of chemical industry associations and councils around the world through dialogue and cooperation. As the principal representative of the chemical industry, ICCA presents opinions to international organizations about key topics shared by its members and various activities of the chemical industry.



Our WEPs Activities

In 2013, the Group (under the President's name) endorsed the "Women's Empowerment Principles" (WEPs), which were formulated through collaboration between United Nations Global Compact (UNGC) and UN Women. Since 2015, we have participated in the annual WEPs forum. Furthermore, we have engaged in global efforts aimed at promoting the WEPs in Japan and overseas, such as participating in the Global Compact Network Japan's (UNGC Japan's local network) WEPs Subcommittee as a leading company. In addition, we have used the Gap Analysis Tool, a self-analysis mechanism provided by the UN WEPs Secretariat and, based on the results of the analysis, are working to improve various measures.

At the 2018 annual WEPs forum, the Sumitomo Chemical Group's regional headquarters president of the U.S. region was featured as a panelist and gave a presentation on measures the Company has taken to promote the advancement of women. Said president was also invited to and participated in the CEO roundtable held at the UN Headquarters in March 2019 in advance of the annual WEPs forum. There he introduced the Company's activities and called attention to One Action for Goal 5. In addition, in conjunction with International Women's Day (March 8), to raise greater awareness among every employee about our efforts to promote the advancement of women, we posted about the Company's WEPs-related efforts on the internal intranet and notified all employees. In connection with this, we conducted PR activities, such as handing out cookies featuring the Goal 5 logo to the Tokyo Head Office employees as well as external visitors.



Cookies featuring the Goal 5 logo that were handed out to employees and visitors on International Women's Day

Communication with Stakeholders

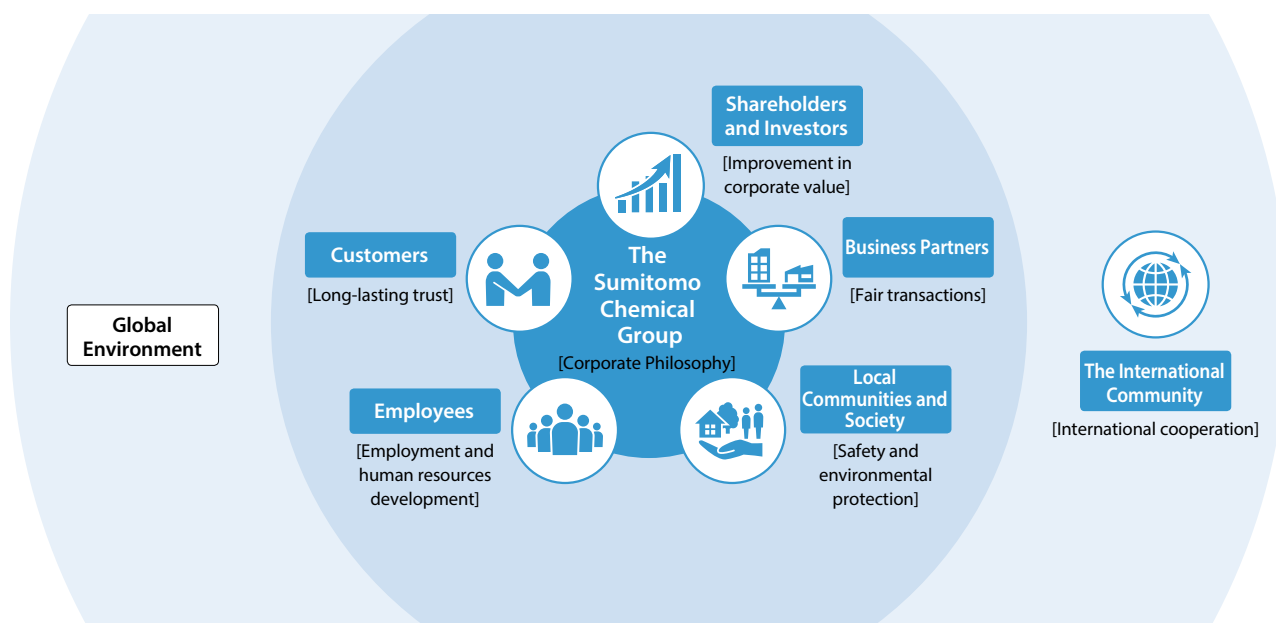
Basic Policy

Principle 4 of the Sumitomo Chemical Group's Basic Principles for Promoting Sustainability states, "We are committed to work closely with various stakeholders through promoting spontaneous disclosure of information and open dialogue on the targets of our sustainability promotion initiatives and the progress of their implementation." Based on Principle 4, the Group separates communication with shareholders into the following two categories.

(1) Disclosure	(2) Dialogue
<p>We disclose necessary information and report on the progress of various initiatives. Furthermore, we identify the needs of society as appropriate and take external evaluations into consideration to improve our current situation while ensuring the propriety of our disclosure.</p>	<p>In addition to proactive disclosure, we engage in two-way communication with various stakeholders, or, in other words, hold dialogues. Based on the insights gained from those dialogues, we work to make improvements and implement new initiatives.</p>






From a disclosure and dialogue perspective, the Group will continue to fulfill its responsibilities to all its stakeholders and work to enhance communication with everyone through a variety of efforts, which include not just business activities but also initiatives that contribute to society and regional dialogues, with consideration given to the international community and global environment.

Stakeholder Engagement



Communication with Stakeholders

■ Communication Opportunities with Each Stakeholder

Stakeholders	Sumitomo Chemical Group's Responsibility	Methods
Shareholders and Investors 	<p>We promote scheduled, effective and strategic communication with shareholders and investors in regard to our management policies, business strategies, and earnings trends. Through this communication, we fulfill our responsibility to disclose information to shareholders with the aim of maintaining and improving the market's trust in Sumitomo Chemical. By promoting an accurate understanding of our operations, we support appropriate share price formation and improvement in corporate value.</p>	<ul style="list-style-type: none"> • Conducting general meetings of shareholders • Holding management strategy briefings and business strategy briefings • Holding conference calls • Holding briefings for individual investors • Holding one-on-one interviews with analysts • Disclosing information via the <i>Annual Report</i>, <i>Investors' Handbook</i>, <i>Sustainability Data Book</i>, and other publications • Providing information on the Company's website
Customers 	<p>We are working to supply high-quality products and services that satisfy customers' needs and ensure safety in their use, thereby building long-lasting relations of trust with customers.</p>	<ul style="list-style-type: none"> • Engaging in communication through operating activities and supporting quality assurance • Providing information through various media including the Company's website • Offering customer support through consultation services
Business Partners 	<p>We are committed to building progressive and mutual relations with business partners based on the Basic Procurement Principles. In addition, we conduct fair and transparent transactions, promote responsible procurement activities, and encourage all our business partners to engage in CSR activities.</p>	<ul style="list-style-type: none"> • Engaging in communication through purchasing activities • Monitoring and feedback that draws on the <i>CSR Deployment Guidebook</i> and <i>check sheets</i> • Providing contact points for inquiries
Employees 	<p>We are working to create human resources development systems and a workplace environment in which individual employees can make the most of their abilities, while respecting the well-being and diversity of employees. Also, the Company and its labor union will maintain a favorable relationship that has been built based on mutual understanding and trust.</p>	<ul style="list-style-type: none"> • Conducting central and regional labor-management meetings • Convening the Labor-Management Committee for Diversity and Work-Life Balance • Providing various training programs • Communicating via in-house magazines and internal network
Local Communities and Society 	<p>In the belief that its business must be based on mutual prosperity with society, we are building and maintaining good relationships with local communities by conducting activities to meet local needs while aiming to enhance communications, and ensure the safety of the region and preservation of the environment.</p>	<ul style="list-style-type: none"> • Publishing the <i>Report on the Environment and Safety (at all worksites)</i> • Publishing local PR magazines • Hosting local dialogues • Holding science workshop classes • Engaging in local cleanup activities