

For a Sustainable Future



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Regarding each ESG information,
Please refer to the following chapters



Governance: page 53



Environment: page 96



Society (Social Activities): page 140

President's Message



We will Work to Achieve Sustained Growth for the Sumitomo Chemical Group and Help Build a Sustainable Society.

Based on the Sumitomo business principle that, "Our business must benefit society at large, not just our own interests," the Sumitomo Chemical Group has been creating social and economic value in an integrated manner. By making the best use of its strengths as a diversified chemical company, the Group will continue to strive to resolve material issues on the road to a sustainable society through business and innovation and enhance its corporate value.

President's Message

Addressing the COVID-19 Pandemic

We are committed to contributing to the containment of the coronavirus and the prevention of future pandemics by leveraging the extensive power of chemistry.

Since the outbreak of COVID-19 in the spring of 2020 and its ensuing spread around the world, Sumitomo Chemical has taken a range of measures, making it a top priority to ensure the safety and health of its employees all over the world. At the same time, we have made every effort to ensure stable operations to fulfill our responsibility to supply products necessary for society. For the time being, our operations have not been significantly affected.

I would like to talk about the impact of the pandemic on our performance later on. Meanwhile, what I have realized in this situation is that the chemical industry covers a broad scope of businesses that support the infrastructure of society, and that it can contribute to society in a wide range of fields through innovation. While chemical manufacturers have taken various measures to help prevent the spread of the infection, Sumitomo Chemical has also been making group-wide efforts to contribute to the containment of the pandemic. Manufacturing ingredients for pharmaceuticals for the treatment of COVID-19 is a case in point of our contribution through business. As an emergency and preferential measure, we have also supplied our plastic agriculture film for use as material for medical gowns. This revealed a new application of the product, which we could not have foreseen, and I believe it can be said that this is an example of innovation. In the area of research and development, our subsidiary Sumitomo Dainippon Pharma has joined an initiative to provide public access, free of charge, to a medical database called the COVID-19 Research Database, while also engaging in other various related efforts. Leveraging the extensive power of chemistry, we will continue to contribute to the containment of the coronavirus and the prevention of future pandemics.

■ Contribution to Containment of the Coronavirus Pandemic

| | |
|--|---|
| Supplying active ingredients for Avigan (favipiravir) and remdesivir | Supplying household antiviral disinfectants |
| Supplying polyethylene film for medical gowns | Supplying antiviral agents for industrial use |
| Joined COVID-19 research database | Joint research for a universal influenza vaccine |
| Provided funds for NanoScent, a startup developing diagnostic sensors for COVID-19 | Developing antiviral agents derived from natural plant extracts |
| Donated medical protective gear (incl. N95 masks and gowns) | Donated to the Kitasato Institute's Project for COVID-19 |

Contributing to Containment of the Coronavirus Pandemic by Leveraging the Extensive Power of Chemistry

President's Message

Progress on the Current Corporate Business Plan

Despite the increasingly severe business environment, we will work to create the distinctive value that only a diversified chemical company like us can make.

I would now like to talk about our performance for fiscal 2019. In the Petrochemicals & Plastics Sector, selling prices for our products declined, affected by a slowdown of the world economy due to the prolonging of the US-China trade conflict. In the Health & Crop Sciences Sector, shipments of crop protection products decreased as a result of extreme weather in North America, while methionine prices fell. In the Pharmaceuticals Sector, shipments of Latuda, an atypical antipsychotic agent, increased in the North American market, but upfront expenses arising from the strategic alliance with Roivant placed a heavy burden on the Sector's performance. Due to these factors and the effects of the coronavirus pandemic, our consolidated core operating income for fiscal 2019 significantly decreased from the level of the previous fiscal year.

For fiscal 2020, shipments of crop protection products are expected to recover in overseas markets. We anticipate, however, that there will be considerable effects from lower prices for petrochemical products and upfront expenses in new drug development in the Pharmaceuticals Sector, while also foreseeing a decrease in demand for products in automotive and display-related areas due to the coronavirus pandemic. All in all, we cannot expect a rapid recovery in our performance.

The business environment surrounding us is thus becoming increasingly challenging, but we are determined to push forward our efforts based on the basic policy set out in the current Corporate Business Plan. In order to accelerate the development of next-generation businesses, we have been stepping up efforts to establish our innovation ecosystem—a system to constantly generate innovation. We have launched a strategic partnership with Conagen in synthetic biology and formed an alliance with NanoScent, a start-up developing scent detection devices. We have also started collaborations with academia, including joint research with Kyoto University on solid-type batteries.

As for the improvement of productivity through digital innovation, we have implemented new initiatives. On the manufacturing side, all manufacturing departments at the Ehime Works and the Oita Works have introduced electronic journals. On the research and development side, we are promoting the use of material informatics (MI) for material design.

In addition to these efforts, for fiscal 2020, we will focus on the improvement of our business portfolio, giving this a higher priority. I believe that our diversified business portfolio is providing us with a certain degree of immunity to the COVID-19-induced recession. To establish more robust foundations for our business, however, we first need to raise the earning power of each business unit. Building on that, we would like to continue to generate synergy among our various businesses and technologies and create a "conglomerate premium," distinctive value that only a diversified chemical company like us can make. Meanwhile, we have made several large-scale strategic acquisitions. We need to carry through post-merger integration (PMI) to realize the full value of these acquisitions as soon as possible.

To Achieve Sustained Growth

We will strive to take our performance on the path to recovery as soon as we can and build back to achieve sustained growth.

For fiscal 2021, the final year of the current Corporate Business Plan period, we have been aiming to achieve a consolidated core operating income of 280 billion yen. Given that there have very recently been positive factors such as rebounding methionine prices, we could have reached this target, depending on conditions in the petrochemicals market—if it were not for the upfront expenses due to the large-scale acquisition in the Pharmaceuticals Sector and the effects of the COVID-19-induced recession. Yet, unfortunately, the business environment has turned out to be dramatically different from our assumptions, so that we expect the achievement of this target to be extremely difficult. We will strive to take our performance on the path to recovery as soon as we can and build back to achieve this target level of earnings by fiscal 2024, the final year of the next Corporate Business Plan period.

I would like to talk about our three growth drivers to meet this target. In the Health & Crop Sciences Sector, we have established a direct sales network in the South American market, including Brazil, the world's largest and fastest growing market for crop protection products. This has been achieved through the acquisition of Nufarm's South American businesses, a deal completed this year. By fully leveraging this network, we will be able to massively expand sales of INDIFLIN™, a promising new fungicide for soybeans, scheduled to be launched in Brazil in 2021. On the back of a growth of the crop protection business primarily in South America and India, we expect to achieve a core operating income of 80 billion yen by the middle of the 2020s.

President's Message

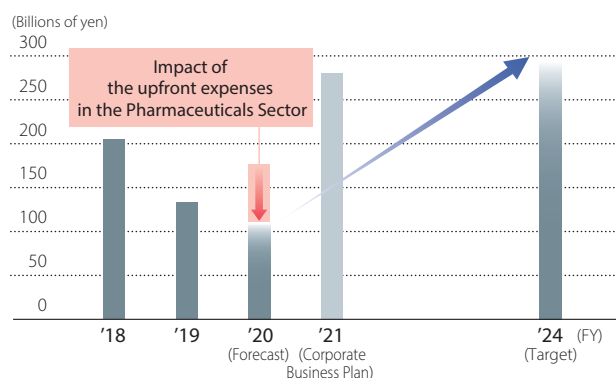


In the Pharmaceuticals Sector, it had been a major challenge for years to develop new products that could take over Latuda's position as our flagship product after the antipsychotic agent's loss of exclusivity. As a result of the strategic alliance with Roivant launched in December 2019, we have obtained new drug candidates that have the potential to become blockbusters, such as relugolix for the treatment of uterine fibroids and other diseases and vibegron for overactive bladder. The development of these drug candidates is progressing well toward early launches. Sales of these new products are expected to show strong growth from fiscal 2023 onwards. As a result, we expect the sector's core operating income to get back on a growth path and exceed 100 billion yen beyond fiscal 2024 to 2025.

In the IT-related Chemicals Sector and the Energy & Functional Materials Sector, we will work to expand sales of highly functional products—including battery components, super engineering plastics and semiconductor materials, as well as components for flexible displays—against the backdrop of the growing electric vehicle market and increasing demand for 5G communications. We aim to achieve a combined core operating income of 80 billion yen, across both sectors. Across these three growth driver areas, we will work to achieve a core operating income of 260 billion yen in total by the middle of the 2020s. It would be ideal if the Petrochemicals & Plastics Sector also contributes as a cash cow, but we would like to establish an earnings structure that does not excessively depend on a sector that has relatively high volatility.

Meanwhile, we will also work on the improvement of our financial strength, which has weakened as we have made large-scale strategic investments. Through more selective investment, divestment of assets and improvement of the cash conversion cycle, we would like to bring our D/E ratio back to the target of 0.7 by fiscal 2024.

Forecast for Core Operating Income



President's Message

Our Sustainability Efforts

We continue to be committed to creating both economic and social value and achieving sustained growth for our company.

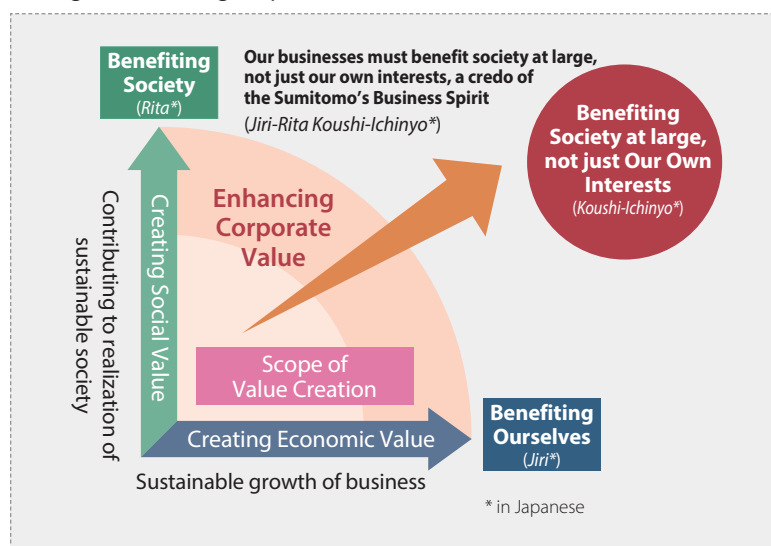
We at the Sumitomo Chemical Group are committed to achieving sustained growth by contributing to developing a sustainable society through our business and creating both economic and social value. In order to enhance and accelerate our efforts to this end, we have launched various new measures.

In March 2019, we identified our material issues for sustainably creating value, such as reducing environmental impact and contributing to the healthcare field. We also determined the material issues that serve as the foundation for continuing our business, including safety, respect for human rights, and compliance. In November 2019, we set key performance indicators (KPIs) for our material issues. In establishing KPIs, we sought opinions from external experts and deliberated in our Sustainability Promotion Committee. For our material issues for social value creation, including the issues of climate change, energy, food, and infection control, we set up KPIs by referring to the targets laid out in the United Nations Sustainable Development Goals (SDGs), to show our commitment to helping resolve the vital issues facing the international community. By using these KPIs, we will not only actively communicate the progress of our measures but will also promote collaboration with our stakeholders and accelerate our efforts to develop and provide new solutions to social issues.

Among our efforts toward developing a sustainable society, we are particularly focused on addressing climate change issues. We have set up our Science Based Targets, goals for the reduction of greenhouse gas (GHG) emissions, and are carrying out various measures to achieve these targets. We have also been undertaking our Sumika Sustainable Solutions (SSS) project to promote the deployment of our products and technologies that contribute to the reduction of environmental impact. In addition, we have launched a new cross-sector initiative to conduct scenario analyses, identify climate-change-related risks and opportunities for the Group, and plan and implement new measures to resolve problems facing us.

In April 2020, we established a new organization within our Petrochemicals Research Laboratory, a team dedicated to developing technologies to reduce environmental impact by leveraging our core technologies related to catalysts and chemical process design that have been cultivated in the Petrochemicals & Plastics Sector. Under this organization, we have put together our related projects, which were each pursued in several separate laboratories of ours, while also scaling up the team to a group of about 30 researchers. We expect these measures to help dramatically accelerate the progress of the research and development projects. They include our projects toward building a circular system for plastics—the development of chemical recycling technologies in collaboration with other companies and through alliances with academia. These efforts aim to chemically decompose municipal waste and plastic waste, and reuse them as raw materials for plastics and petrochemical products. If these chemical recycling technologies are put to commercial use, we are convinced that they will help cut back on the use of fossil fuels, while also contributing to reducing the amount of plastic waste as well as GHG emissions from the incineration of plastic waste.

Image of Enhancing Corporate Value



President's Message

To Shareholders and Investors

We will continue to work to enhance our corporate value so that you can be proud and pleased to be our shareholders.

I recognize shareholders and investors as our essential stakeholders. As I run and manage our business day-to-day, I always bear you in mind. Regarding shareholder return, we have made it a policy to maintain stable dividend payments, giving due consideration to our business performance and the dividend payout ratio for each fiscal year, the level of retained earnings necessary for future growth, and other relevant factors. Over the medium to long term, we aim to achieve a dividend payout ratio of around 30%.

For fiscal 2019, since we posted a significant decline in profits, we have unfortunately declared an annual dividend of 17 yen per share, a decrease of 5 yen from the previous fiscal year's dividend of 22 yen per share.

What we strive to be is a Sumitomo Chemical that continues to put into action the Sumitomo business principle that, "Our business must benefit society at large, not just our own interests," and thereby create both economic and social value. As the role chemistry should play is becoming even more important, we will leverage the power of chemistry, work to resolve material issues on the road to a sustainable society through innovation and our businesses, and strive to enhance our corporate value. By doing so, we aim to become a company that every one of you can be proud of and pleased with as a shareholder.

Your continued understanding and support would be very much appreciated.



The Sumitomo Chemical Group's Corporate Philosophy

Sumitomo Chemical's business began when gasses from the copper smelting process of the Besshi Copper Mine caused a pollution problem, and there was an urgent need for a solution. Sumitomo Chemical was founded to resolve this problem, using those gasses as the raw material for fertilizer manufacturing, overcoming an environmental problem while also improving agricultural productivity. This philosophy of resolving problems facing society through its business is in the DNA of the Sumitomo Chemical Group.

The Sumitomo Chemical Group's Corporate Philosophy consists of four parts: Sumitomo's business principles; the Business Philosophy, which expresses the Company's vision, mission and values; the Basic Principles for Promoting Sustainability, which articulates its approach and commitment to sustainability; and the Sumitomo Chemical Charter for Business Conduct, which stipulates the guidelines for our business conduct with a view to promoting the sound development of the Company.

■ The Framework of Sumitomo Chemical's Corporate Philosophy



Sumitomo's business principles are expressed in the words of the "Sumitomo Business Principles" and "*Jiri-Rita Koushi-Ichinyo*." The Sumitomo Business Principles states that fulfilling the trust placed by business partners and society in us should be our first priority, while also firmly warning us to avoid being preoccupied by pursuing easy gains. "*Jiri-Rita Koushi-Ichinyo*," a verbal phrase passed down through generations, is said to represent Sumitomo's business principle that Sumitomo's businesses must benefit the nation and society at large, not just our own interests. These principles have been upheld by all companies in the Sumitomo Chemical Group.

Sumitomo's business principles

The Sumitomo Business Principles

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

The Business Philosophy expresses the Sumitomo Chemical Group's vision, mission and values based on Sumitomo's business principles, including the "Sumitomo Business Principles" and "*Jiri-Rita Koushi-Ichinyo*," which have been passed down from generation to generation.

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.

The Sumitomo Chemical Group's Corporate Philosophy

The Basic Principles for Promoting Sustainability articulates the Group's approach and commitment to sustainability. In the framework of our corporate philosophy, we place these principles just below our Business Philosophy to show our commitment to working on the promotion of sustainability as a management priority.

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.

▶ P.21 What Sumitomo Chemical Group Strives to Be

▶ P.22 Material Issues to Be Addressed as Management Priorities

▶ P.44 Participation in Initiatives

▶ P.49 Communication with Stakeholders

▶ P.35 Promoting Sustainability

▶ P.34 Sustainability Promotion System

* "Jiri-Rita Koushi-Ichinyo," while not expressly stated, is also regarded as an embodiment of the Business Principles in that the Company seeks to benefit not only its own business, but also both the nation and society.

The Sumitomo Chemical Group's Corporate Philosophy

The "Sumitomo Chemical Charter for Business Conduct" stipulates the guidelines for our business conduct and serves as the foundations of our efforts to promote compliance, with a view to promoting the sound development of the Company.

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.

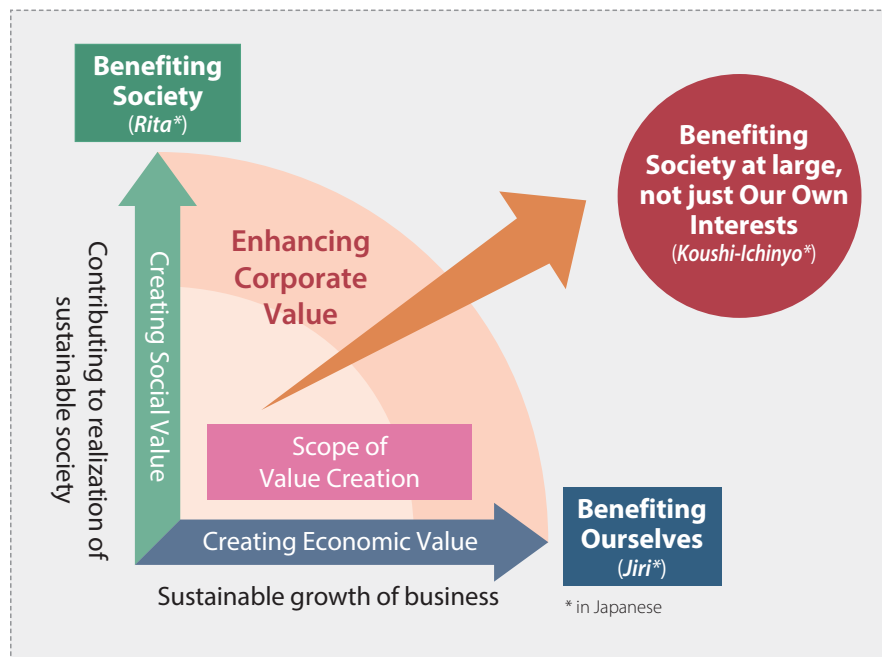
What Sumitomo Chemical Group Strives to Be

The Basic Principles for Promoting Sustainability defines the promotion of sustainability as contributing to the establishment of a sustainable society through our business and achieving sustained growth for our Group, thereby aiming to enhance the Group's corporate value. We will continue to pursue our principle of "*Jiri-Rita Koushi-Ichinyo*," creating both economic and social value and increasing our corporate value along the two axes of *Jiri* and *Rita*—with the *Jiri* axis for economic value and the *Rita* axis for social value.

Image of Enhancing Corporate Value

What We Strive to Be

Achieve sustained growth for the Sumitomo Chemical Group and build a sustainable society by creating both economic and social value



Jiri-Rita Koushi-Ichinyo*

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

Material Issues to Be Addressed as Management Priorities

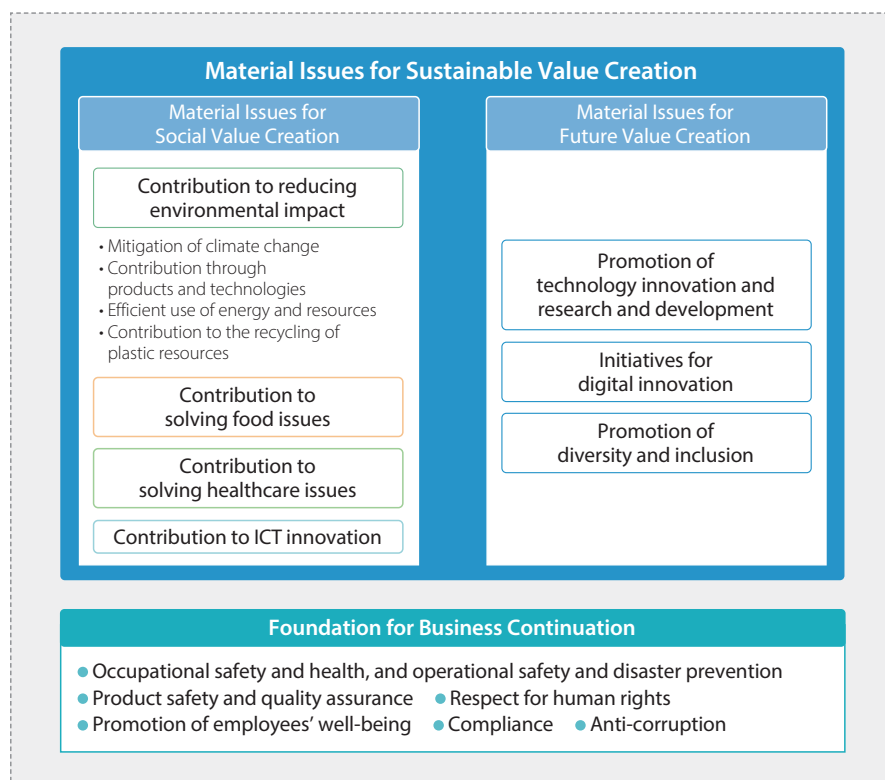
In its Business Philosophy, Sumitomo Chemical affirms its commitment to creating new value by building on innovation, contributing to society through its business activities, and developing an invigorating corporate culture and continuing to be a company that society can trust. Based on this three-part philosophy, we have identified our material issues that we will address as management priorities.

First, we have identified our material issues for sustainable value creation, which comprise two sets of material issues—those for social value creation and those for future value creation. We have classified four items—reduction of environmental impact, food issues, healthcare, and ICT innovation—under material issues for social value creation, while categorizing technology innovation and research and development, digital innovation, and diversity and inclusion as material issues for future value creation.

Furthermore, regarding the items that serve as the foundation for continuing our business—occupational safety and health, operational safety and disaster prevention, product safety and quality assurance, respect for human rights, promotion of employees' well-being, compliance, and anti-corruption—we have been making group-wide efforts and will continue to work on them as management priorities.

We have set key performance indicators (KPIs) for initiatives related to our material issues. With the use of KPIs, we manage and disclose the progress of those initiatives, while also promoting dialogues with stakeholders in and outside the company, to enhance and accelerate our sustainability efforts. Regarding those items serving as the foundation for business continuation, we will continue to proactively make disclosures on our initiatives and outcomes and step up our efforts.

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



The items serving as the foundation for business continuity are elaborated in the following sections:

| | | |
|--|--|---|
| Occupational safety and health, and operational safety and disaster prevention P.174 Occupational Safety and Health / Industrial Safety and Disaster Prevention | Respect for human rights P.143 Respect for Human Rights | Compliance P.69 Compliance |
| Product safety and quality assurance P.181 Product Stewardship / Product Safety / Quality Assurance | Promotion of employees' well-being P.171 Healthcare | Anti-corruption P.77 Anti-corruption |

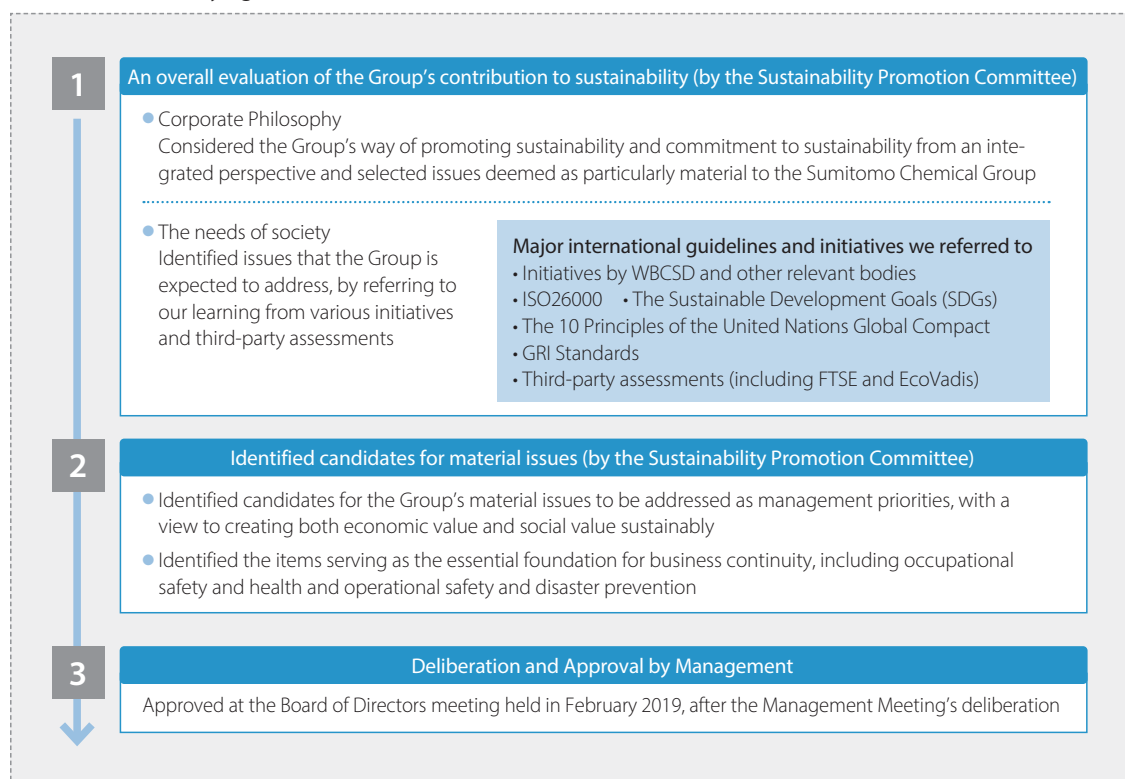
Material Issues to Be Addressed as Management Priorities

Process for Identifying Material Issues to Be Addressed as Management Priorities

When identifying our material issues, we selected the issues that we considered, based on our Corporate Philosophy, as what the Group should address and compared them with those societal issues identified in the Sustainable Development Goals and various international guidelines related to sustainability. We also referred to external experts' advice as well as what we learned by engaging in various initiatives and communicating with stakeholders.

We have a belief that resolving issues through our business and creating both social and economic value is as important as continuing our business to achieve it. Based on this view, we have defined the material issues identified as related to the former as the material issues for sustainable value creation, and the material issues for the latter as the foundation for business continuity.

■ Process for Identifying Material Issues



▶ P.31 Digest of Expert Opinion and Advice

Key Performance Indicator (KPI)

Sumitomo Chemical has recently established key performance indicators (KPIs) for initiatives related to our material issues for sustainable value creation.

| Material Issues | | KPIs | SDGs Targets |
|---|--|--|--------------|
| Material issues for social value creation | | | |
| Reducing environmental impact | Mitigation of climate change | Amount of Group's GHG emissions (Scope 1+2) | 13.3 |
| | | Contribution to reducing GHG emissions throughout the product life cycle (Battery-related materials) | 13.3 |
| | Contribution through products and technologies | Sales revenue of Sumika Sustainable Solutions* ¹ designated products | |
| | Efficient use of energy and resources | Unit energy consumption | 7.3 |
| | | Number of petrochemical-related technology licenses | 9.4 |
| | Contribution to the recycling of plastic resources* ² | Various initiatives are underway, and KPIs are to be determined | |
| Food issues | | Effect of increasing production of animal protein including poultry | 2.1 |
| | | Agricultural land area where agrosolution products are used | 2.4 |
| Healthcare | | Number of people protected by products for the control of tropical infectious diseases | 3.3 |
| | | KPIs are to be determined | |
| ICT innovation | | Number of mobile devices using polarizing films | 8.2 |
| Material issues for future value creation (creating social value and economic value) | | | |
| Promotion of technology innovation and research and development | | Patent asset size | |
| Initiatives for digital innovation | | Digital maturity | |
| Promotion of diversity and inclusion | | Each group company sets its own KPI in light of the environment facing each | |

*1 Our Group's products and technologies that help to address global warming, reduce environmental impact and promote effective use of resources.

*2 [Sumitomo Chemical Group Basic Policy Towards a Circular System for Plastics](#)

Specifications of KPIs

We have set key performance indicators (KPIs) for initiatives related to our material issues for sustainable value creation, after the deliberation by the Sustainability Promotion Committee and considering opinions of outside experts. Regarding our material issues for social value creation, we have set KPIs by referring to the 169 targets of the 17 SDGs* to indicate specifically how we aim to contribute to resolving each issue. As for our material issues for future value creation, KPIs related to technology innovation and research and development and to digital innovation are set on a group-wide basis, while those related to diversity and inclusion are determined by each Group company in view of their respective circumstances, which vary by country or region. With the use of KPIs, we will manage the progress of our efforts, while also promoting dialogues with stakeholders in and outside the company.

* Each of the 17 SDGs has specified targets. For example: "13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning."

Key Performance Indicator (KPI)

KPIs for material issues for social value creation

Material Issue Contribution to reducing environmental impact: Mitigation of climate change

KPI

Amount of reduction of Group's GHG emissions (Scope 1+2)

Reducing GHG emissions through our group operations

◆ In 2018, Sumitomo Chemical obtained the SBT approval, becoming the first diversified chemical company to receive the approval.

Targets (vs. FY2013)

Reduce by **30%** by FY2030

Initiatives to achieve the commitment

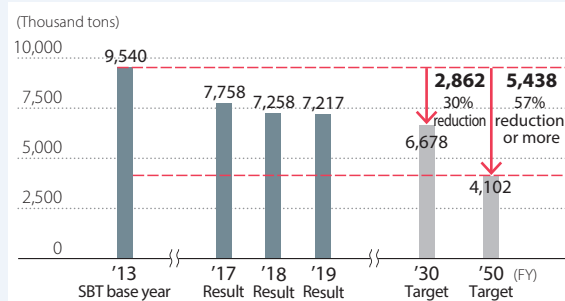
- Switch fuel to LNG
- Thorough energy conservation and other measures

Contributing to the achievement of SDG 13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



GHG Emissions and Reduction Targets



Material Issue Contribution to reducing environmental impact: Mitigation of climate change

KPI

Contribution to reducing GHG emissions throughout the product life cycle (Battery-related materials)

◆ Mitigation of climate change by using battery materials

Due to the strengthening of environmental regulations around the world, the shift to eco-friendly vehicles* is accelerating. We will help mitigate climate change by providing battery materials.

* EVs, HEVs, PHEVs, Fuel cell cars

◆ Toward the achievement of SDG 13.3

We will continue to develop technologies in the fields of energy storage and energy saving, and will promote the technological development of chemical recycling for our principal chemical products, such as polyolefin, to help achieve a carbon recycling society.

◆ Highlights of sustainability efforts

Kyoto University and Sumitomo Chemical have opened an industry-academia joint course to spur the commercialization of solid-state batteries which draw attention as a possible next-generation secondary battery. We pursue applications in a wide range of areas, such as EVs, which require high energy density and high output performance from the perspectives of cruising distance and charging time.

Contributing to the achievement of SDG 13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



Eco-friendly vehicles manufactured in 2019 incorporating SCC's battery materials (Separator, Cathode, Almina) will help reduce the GHG emission volume* over the next 10 years by:

FY2019 actual results

17.2 million tons-CO₂

* Based on 2020-made vehicles in "cLCA evaluation on next generation vehicles" by the Japan Chemical Industry Association.

Key Performance Indicator (KPI)

Material Issue

Contribution to reducing environmental impact: Products and technologies

KPI

Sales revenue of Sumika Sustainable Solutions* designated products

Provide solutions for the realization of a sustainable society through the development and popularization of Sumika Sustainable Solutions (SSS) designated products



**Sumika
Sustainable
Solutions**

- ◆ Certification began in 2016 to encourage the development and promotion of products and technologies that will address environmental aspects of the SDGs, such as reduced environmental impact.
- ◆ Verified by a third-party institution. The results of the internal designation have been evaluated as valid.

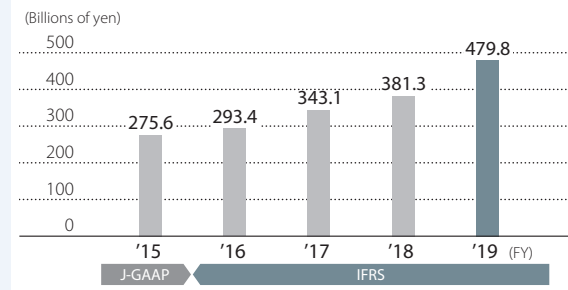
Targets

Sales revenue of **560 billion** yen by FY2021

Initiatives to achieve the commitment

- Designated 54 products and technologies as of August 2020
- Participation by all SCC Group companies

Sales Revenue of SSS-designated Products



* Our Group's products and technologies that help to address global warming, reduce environmental impact and promote effective use of resources.

Material Issue

Contribution to reducing environmental impact: Efficient use of energy and resources

KPI

Unit energy consumption

Continuous improvement of unit energy consumption by rationalization

Targets (FY2018 level as baseline)

Will achieve improvement of **3% or more** per each MRP period as a group

Initiatives to achieve the commitment

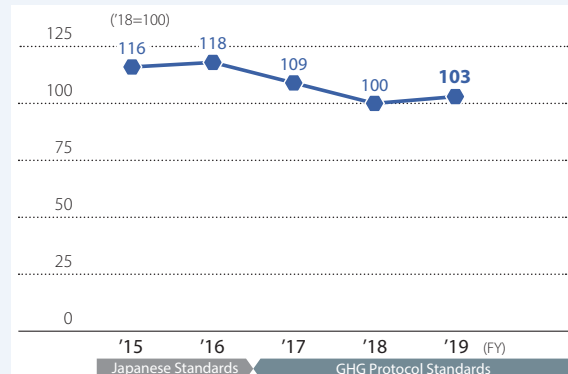
- Optimization of facilities using steam
- Improvement in energy collection and quantification of lost volume such as waste heat

Contributing to the achievement of SDG 7.3

By 2030, double the global rate of improvement in energy efficiency



■ SCC Group Energy Consumption Index



Key Performance Indicator (KPI)

Material Issue

Contribution to reducing environmental impact: Efficient use of energy and resources

KPI

Number of petrochemical-related technology licenses

Helping to reduce environmental impact through technology licensing

Contributing to the achievement of SDG 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



◆ Reduction of environmental impact by applying licensed technologies

• **Hydrogen Chloride Oxidation:**
Highly energy efficient, enables recycling of byproducts as raw materials.

• **PO-only:**
No co-products, high yield and energy efficient, stable operation. First in the world to succeed in recycling cumene on a commercial scale.

◆ Toward the achievement of SDG 9.4

We will strive to develop technologies for use in a wide range of fields, such as CO₂ separation membranes to improve energy efficiency, and waste water treatment processes with less environmental impact, in order to reduce society's total environment impact.

◆ Highlights of sustainability efforts

In the Petrochemicals Research Laboratory, we have established a new research group dedicated to developing technologies that help reduce environmental impact. The group's development projects include:

- (1) Technology for manufacturing polyolefin by using waste-derived ethanol as a raw material
- (2) Chemical recycling technology for waste plastics
- (3) Technology for manufacturing chemicals by using CO₂
- (4) Adoption of innovative energy-saving technologies for chemical manufacturing processes

Total number of plants under license as of the end of FY2019

14

Note: Propylene oxide (PO)-only and hydrogen chloride oxidation licenses

Material Issue

Contribution to solving food issues

KPI

Effect of increasing production of animal protein including poultry

Continuously improving the production of animal protein, including poultry, by developing and providing feed additives

Contributing to the achievement of SDG 2.1

By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round



◆ Feed additives

Nutrition that is added to feed for such livestock as poultry in order to increase the production of animal protein and contribute to solving food issues worldwide on an ongoing basis.

We provide methionine, an essential amino acid, and started operation of a new low environmental impact, high-efficiency plant with an annual capacity of 100 thousand tons in October 2018.

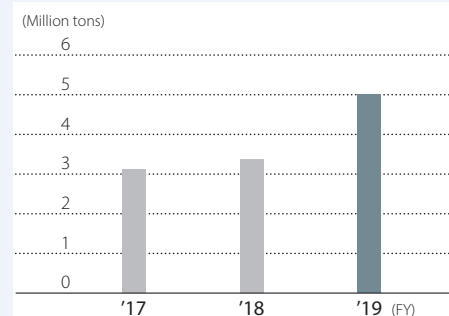
◆ Toward the achievement of SDG 2.1

We will continue to contribute to the safe and secure supply of food by providing high-quality products, taking full advantage of our sophisticated safety and environmental management systems backed by our expertise in a diverse range of chemical manufacturing operations.

◆ Highlights of sustainability efforts

We continue a stable production of feed additive methionine at a newly-built plant with an annual capacity of 100 thousand tons, a facility that has employed advanced environmental and safety measures and has significantly reduced a loss of raw materials and utilities.

■ Increased Production of Animal Protein



Note: Calculation method undisclosed (confidential)

Key Performance Indicator (KPI)

Material Issue Contribution to solving food issues

KPI

Agricultural land area where agrosolution products are used

Ensuring the stable supply of food by developing and providing agrosolution products

◆ Agrosolution products

Products that improve the quality and yield of crops and help farmers achieve high productivity and profitability, including paddy rice crop protection products, seed treatments, herbicides for soybeans, plant growth regulators, biorational insecticides and products to improve soil health.

We develop new products to serve various needs by inventing new active ingredients, evaluating safety on humans and the environment, and developing application technologies.

◆ Toward the achievement of SDG 2.4

We will develop next-generation crop protection products to enable the earliest market launch while expanding our lineup of unique products, such as biorationals, etc., where we hold a competitive advantage.

◆ Highlights of sustainability efforts

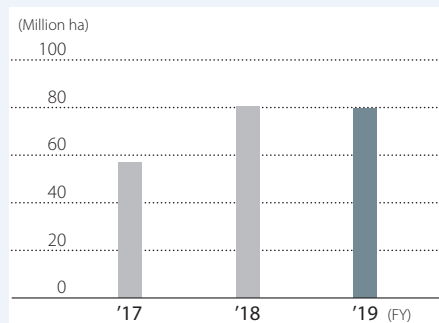
Valent BioSciences, a group company supplying biorationals—a category of agrosolution products—has issued its Sustainability Report 2018/2019.

Contributing to the achievement of SDG 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality



■ Farmland Utilizing SCC Agrosolution Products



Note: Calculation method undisclosed (confidential)

Material Issue Contribution to solving healthcare

KPI

Number of people protected by products for the control of tropical infectious diseases

Helping protect people from infectious diseases carried by mosquitoes by developing and providing vector control products including Olyset™ Nets

◆ Vector control products

Products that are used to control mosquitoes and thus prevent malaria and other tropical infectious diseases. These include long lasting insecticidal nets such as Olyset™ Nets and indoor residual sprays.

Recent climate change is increasing the threat of tropical infectious diseases worldwide, thus increasing the importance of such products.

◆ Toward the achievement of SDG 3.3

We aim at developing new insecticides and also promoting integrated vector management programs capitalizing on our technological platform (chemical insecticide, biorational, botanical, etc.) based on long-term development activities.

◆ Highlights of sustainability efforts

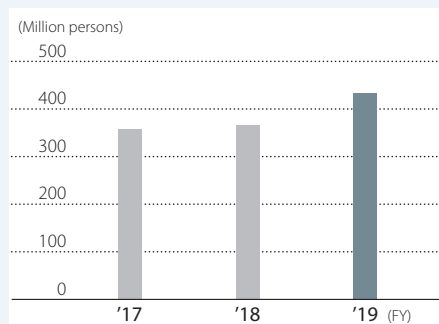
In the area of tropical infectious disease control solutions, we are promoting long-lasting insecticidal bed nets, which show a significant effect against insecticide-resistant mosquitoes, and indoor residual spray SumiShield across Africa.

Contributing to the achievement of SDG 3.3

By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases



■ People Protected by Our Vector Control Products*



Note: Calculation method undisclosed (confidential)

* The total number of people per year who have been protected from tropical diseases thanks to the use of these products during the products' periods of efficacy

Key Performance Indicator (KPI)

Material Issue Contribution to ICT innovation

KPI

Number of mobile devices using polarizing films

Advancing technological innovation for diversified workstyles and improved productivity through the provision of materials for mobile devices

◆ Polarizing films

Indispensable material for flat panel displays, such as liquid crystal displays and OLED displays. Contributes to improved performance of displays with regard to such factors as brightness, contrast and viewing angle.

◆ Toward the achievement of SDG 8.2

We are developing various ICT-related materials and devices for 5G telecommunication equipment, next-generation semiconductors, optical image sensors, etc., to promote the realization of Society 5.0.

◆ Highlights of sustainability efforts

We are working to develop and improve the quality of the following products to contribute to the dissemination of high-end mobile devices, which are essential to supporting diverse workstyles such as telework and telecommunications and improving productivity:

- (1) Polarizing films for OLEDs (organic EL)
- (2) Coated-type polarizing films suitable for foldable devices
- (3) Polarizing films for 5G-compatible mobile devices

Contributing to the achievement of SDG 8.2

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

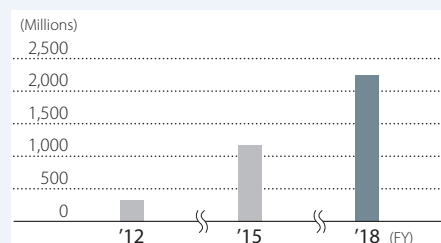


Mobile devices that use our polarizing films

Cumulative total for the period from FY2007 to date (as of the end of FY2019)

2.7 billion

Transition of Cumulative Total for the Period from FY2007



Note: Calculation method undisclosed (confidential)

KPIs for material issues for future value creation (creating social value and economic value)

Material Issue Promotion of technology innovation and research and development

KPI

Patent asset size

◆ Mitigation of climate change by using battery materials

The right granted by patent authorities through prescribed screening procedures for the exclusive use for a defined period of time of a valuable invention generated by R&D.

◆ Patent asset size (Patent Asset Index™)

An objective quantification of the overall value of the patents held by Sumitomo Chemical Group based on the technological attractiveness and market exclusivity of each patent. Maintaining attractiveness requires continued R&D that addresses new requests from society.

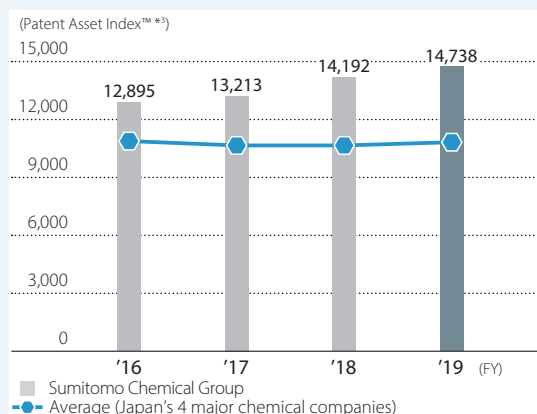
◆ Accelerated generation of new businesses in four priority areas

We will thoroughly implement the use of AI/MI*1 in our R&D labs, and accelerate the generation of new businesses in four priority areas through collaboration with academia and startups.

◆ Trends in our patent asset size

Our patent asset size is growing, because patent applications and registrations have increased as we have stepped up R&D and patenting efforts in recent years. We will continue to enhance and strengthen our patent portfolio.

Patent Asset Size*2



*2 Patent asset size is evaluated using the Patent Asset Index™, generated using the patent analysis tool LexisNexis PatentSight™.

*3 The Patent Asset Index™ is an index for comprehensively assessing the status of legally active patents based on quantity (number of patents) and quality (countries of registration and number of citations).

*1 Artificial Intelligence / Materials Informatics

Key Performance Indicator (KPI)

Material Issue Initiatives for digital innovation

We will evaluate our level of achievement in terms of 12 items, using a rating scale from 1 to 4, and use the mean value of the scores as our Digital Maturity Level.

| KPI | FY2019 (the initiative's first year) digital maturity level |
|---|---|
| Digital maturity level (a 4-point-rating scale) | 2.6 points |

We have put forward the concept of Digital Maturity Level, which includes evaluations of 12 items, including ideal approaches to business management and systems for promoting digital transformation (DX), as well as the development of IT systems as a foundation for achieving DX. Self-assessment of our level of achievement and challenges for each item can lead us to take actions to attain higher levels, and help us sustainably improve in a continuous evaluation cycle.

Digital Maturity Level

| Score | Maturity Level |
|-------|---|
| 4 | Continuous Group-wide implementation of digital technologies based on the "SCC Group strategy" and quantitative evaluation criteria |
| 3 | Group-wide implementation of digital technologies based on the "SCC Group strategy" |
| 2 | Implementation of digital technologies in some business units based on the "SCC Group strategy" |
| 1 | Implementation of DX in some business units without a clear "SCC Group strategy" |

12 Evaluation Items

| Ideal approaches to business management and systems for promoting DX* | Development of IT systems as a foundation for achieving DX |
|---|--|
| 1. Strategies and visions | 7. Systems and governance |
| 2. Commitments by business management | 8. Secure HR recruitment |
| 3. Mindset and corporate culture | 9. Ownership of the business operation department |
| 4. Promotion and support systems | 10. Analysis and assessment of IT assets |
| 5. HR development and secure HR recruitment | 11. Categorization of IT assets and planning thereof |
| 6. Reflection of outcomes in business | 12. IT system after IT Renovation: Ability to follow up on changes |

* DX stands for Digital Transformation

Note: Refer to the Guidelines for Promotion of Digital Transformations and Assessment Indices for Digital Management Reforms ("DX Promotion Indices") by METI

Looking Ahead

We will continue focusing on carrying out DX promotion activities for the entire Group and on securing and training relevant human resources.

For specific initiatives, see below.
pages 66–67 of *Annual Report 2020*

https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/

Material Issue Promotion of diversity and inclusion

We have established the Basic Principles on the Promotion of Diversity and Inclusion as our group-wide guiding philosophy related to the promotion of diversity and inclusion. Based on these principles, each of **about 90 major Group companies** will determine their own KPIs in view of their respective circumstances.



Sumitomo Chemical (non-consolidated)

Percentage of female employees in positions equivalent to manager or above

Target Over **10%** (by 2022)
Actual: 5.8% (as of April 2020)

Percentage of male employees taking childcare leave

Target Over **70%** (by 2022)
Actual: 44.7% (FY2019)

Progress of Group companies in Japan and overseas in setting KPIs

About 70 Group companies have set KPIs, many of which are related to the active promotion and empowerment of women, work-life balance, and the promotion of diversity of nationality and race.

Key Performance Indicator (KPI)

Digest of Expert Opinion and Advice

Between July and August 2019, we met with outside experts to discuss the material issues that we will address as management priorities and our approach to the setting of KPIs for those issues and the appropriateness of our method.

Mr. Hidemi Tomita, Director, Lloyd's Register Japan K.K.

Sumitomo Chemical has a basic policy of continually creating both economic and social value based on Sumitomo's business principles, which are represented by the words "*Jiri-Rita Koushi-ichinyo* (Our businesses must benefit society at large, not just our own interests)." Under this policy, the Company has classified their material issues into "Material Issues for Social Value Creation" and "Material Issues for Value Creation in the Future," as well as the "Foundations for Business Continuity," which underpins their efforts to address both of these sets of material issues.

It is notable that they have clearly defined what materiality means to the Company. Meanwhile, materiality generally refers to important "issues," but the Company's materiality is primarily concerned with strategies and initiatives. Accordingly, the Company needs to first specify "issues" that they consider important and then tell its story about strategies for resolving those issues. In addition, it would be preferable to discuss not only business opportunities but also risks.

With regard to KPIs, it is important to show outcomes of each initiative, or social value created by each initiative, not just results of initiatives. Let's take the Sumika Sustainable Solutions as an example. It would be desirable to provide both KPIs to demonstrate results—such as net sales—as well as KPIs to describe outcomes achieved by these products for the benefit of society—such as GHG emissions reduction and improved agricultural productivity.

Enhancing social value is not easy, but it is important that the Company will make sure efforts are aligned with its basic policy of creating both economic and social value and will work to build its unique cohesive story.



Mr. Hidemi Tomita

Director
Lloyd's Register Japan K.K.

Ms. Yukari Takamura, Professor, the Institute for Future Initiatives, the University of Tokyo

KPIs should be such that by using them you can tell a story about timelines of your efforts and what kind of society you envision for a target year—just as is the case with Sumitomo Chemical's KPIs related to the mitigation of climate change. It is necessary to make that kind of story for other KPIs as well and communicate them to stakeholders. In addition, with respect to GHG emissions reduction, how the Company should demonstrate its Scope 3 emissions reduction efforts is also an important issue.

In the area of climate change, I recommend that the Company more actively promote its products that contribute to GHG emissions reduction and the adaptation to climate change. For those products designated as Sumika Sustainable Solutions, in particular, it would be advisable to step up promotion and public relations efforts so that more people will get to know them. This could be an initiative that represents Sumitomo Chemical's originality.

Many companies are finding it difficult to set KPIs and promote initiatives to contribute to a circular system for plastics. That is because plastic products are being used in all aspects of daily life and also because plastic collection and recycling cannot be done only by an individual company.

For other industries, which use plastics, it is difficult to resolve this issue unless alternative materials become available, so these industries are holding high expectations about the chemical industry. I strongly hope that Sumitomo Chemical will show its path to building a circular system for plastics, including medium- to long-term plans and solutions and relevant KPIs.



Ms. Yukari Takamura

Professor
The Institute for Future Initiatives
The University of Tokyo

Key Performance Indicator (KPI)

Ms. Kaori Kuroda, Executive Director, CSO Network Japan

It is important to work to resolve social issues through excellent products and technologies and to measure progress by setting KPIs. However, there are also issues that cannot be resolved with products and technologies alone. A case in point is Olyset™ Net. This product does not just help control malaria. I have learned that local production of the nets is contributing to creating jobs, to improving work environment and thereby promoting women's active participation in society, to spurring the development of local economy, and to alleviating poverty. In this way, it is essential to include a wide range of initiatives, including building relationships with local communities, in the narrative of your efforts and carry them out.

Second, it is appropriate that Sumitomo Chemical has defined the promotion of diversity and inclusion as a Material Issue for Value Creation in the Future and that each Group company has set KPIs for this issue in view of culture and social situations that vary depending on the country or region where it operates. Regarding respect for human rights, while it is commendable that the Company has established its basic policy, this issue is classified as one of the Foundations for Business Continuity. It should be noted that respect for human rights can also lead to enhancing corporate value. I suggest that with this understanding in mind, the Company take stock of the initiatives it has implemented to date and communicate them, while working to enhance its efforts.

I offer high praise for the fact that in its material issues, the Company has included those material issues for which it has not implemented sufficient measures yet. I look forward to Sumitomo Chemical's efforts and progress going forward.



Ms. Kaori Kuroda

Executive Director*
CSO Network Japan

* At the time of the interview

Corporate Business Plan (FY2019–FY2021) and Sustainability

The Corporate Business Plan (FY2019–FY2021), which started in FY2019, has “Change and Innovation 3.0: For a Sustainable Future” as a slogan. This represents the Group’s commitment to increasing productivity exponentially through digital innovation in view of the advent of “Society 5.0 (ultra-smart society),” while at the same time contributing to creating a sustainable society by resolving issues facing society.

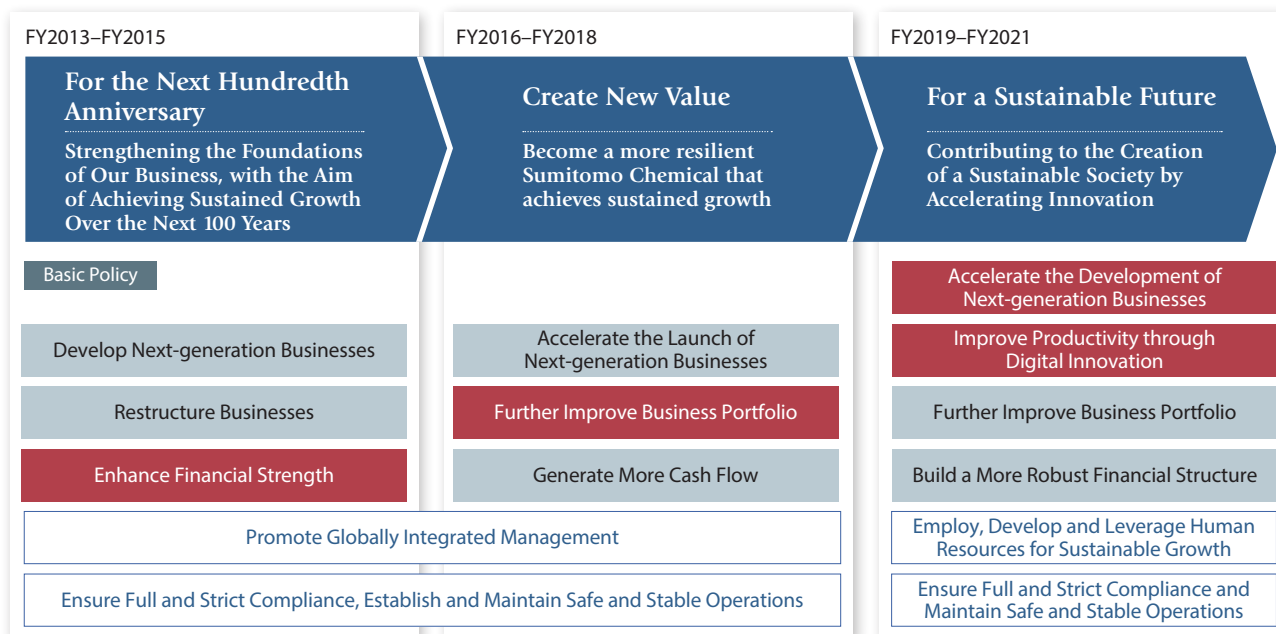
With regard to our efforts to accelerate the development of next-generation businesses, we have set out four focus areas: healthcare, reducing environmental impact, food, and ICT. These four areas correspond with the four items of our “Material Issues for Social Value Creation,” which are included in our material issues for sustainable value creation.

We at the Sumitomo Chemical Group will continue to carry out our initiatives under the Corporate Business Plan, create both economic and social value, and achieve sustained growth for the Group while also helping to build a sustainable society.

▶ P.22 Material Issues to Be Addressed as Management Priorities

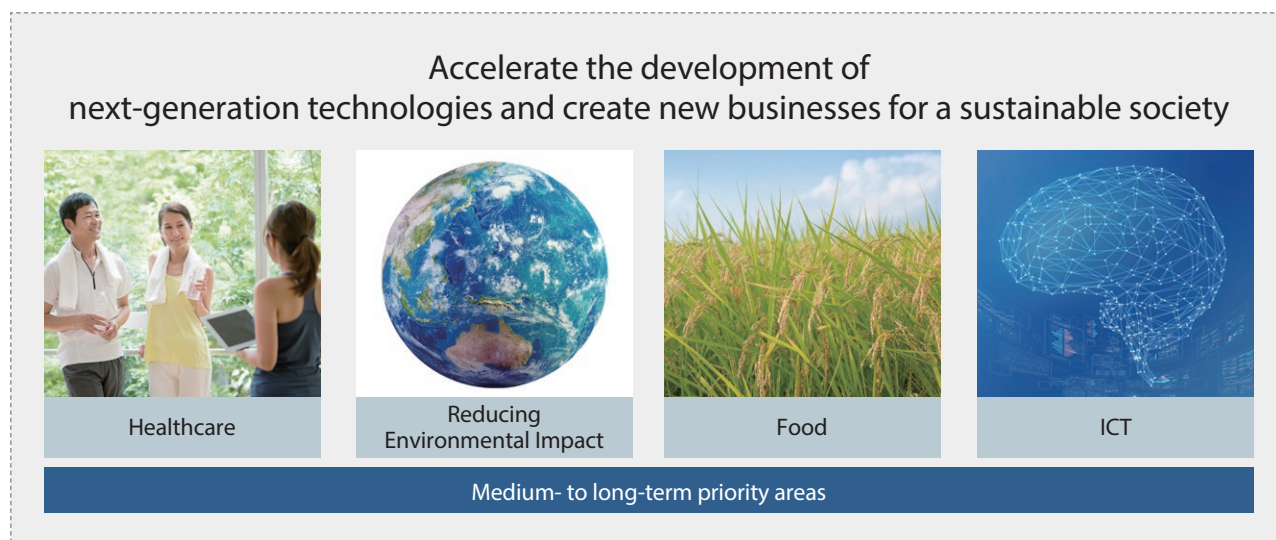
▶ P.24 Key Performance Indicator (KPI)

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)

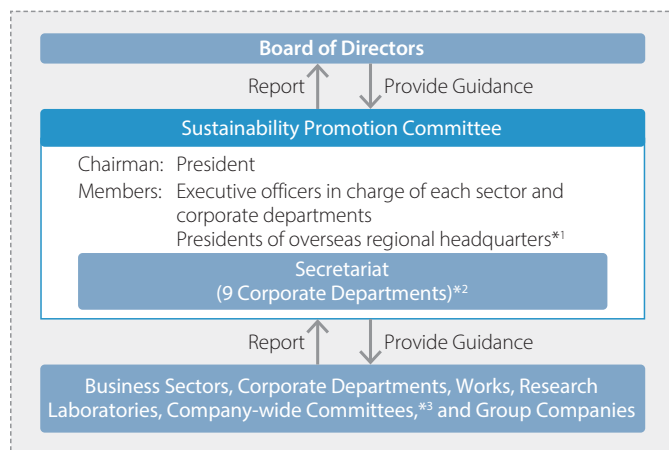


Sustainability Promotion System

Promotion System

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

■ Sustainability Promotion Committee



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

*2 The Sustainability 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

(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 Sustainability 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 2019 Results)

The Sustainability Promotion Committee meeting was convened twice, holding active discussions to set key performance indicators (KPIs) for the material issues for sustainable value creation, while sharing information on international trends related to sustainability and discussing major sustainability issues for the Group.

Promoting Sustainability

As the Sumitomo Chemical Group works on the issue of sustainability, we follow the principle of "T-S-P." "T" stands for top management's commitment, "S" for solutions, and "P" for participation by all. We believe that to effectively drive our sustainability efforts, it is essential that every one of over 30,000 officers and employees in the Group work together as one, sharing our corporate philosophy comprising Sumitomo's business principles, the Business Philosophy, the Basic Principles for Promoting Sustainability, and the Sumitomo Chemical Charter for Business Conduct.



Top Commitment: Addressing the Promotion of Sustainability as a Management Priority

In the Basic Principles for Promoting Sustainability, we declare that Sumitomo Chemical's top management is committed to promoting sustainability. We also place these principles just below the Business Philosophy in the framework of our corporate philosophy to demonstrate the Group's commitment to addressing the promotion of sustainability as a management priority. In addition, under our Corporate Business Plan, which was launched in April 2019, we have defined contributing to building a sustainable society as a major pillar of the plan.

In this year, the president of Sumitomo Chemical sent a letter to all Group companies' presidents to communicate the Group's new sustainability initiatives, including key performance indicators (KPIs) for our initiatives to address the Group's material issues, the Group Policy for the Promotion of Diversity and Inclusion, the Group Basic Policy Towards a Circular System for Plastics, and new measures for promoting respect for human rights. In his letter, the president also called on all officers and employees to share the Group's corporate values and work together to carry out our sustainability efforts. Meanwhile, the Senior Managing Executive Officer in charge of sustainability held multiple briefing sessions at Sumitomo Chemical's operation sites and Group companies in Japan to communicate the Group's sustainability initiatives, while also implementing the same communication efforts for Group companies outside Japan through our four overseas regional headquarters.

FY2019 Sustainability Efforts Briefing Session

| Location | Sessions | Participants |
|---------------------------|----------|--|
| Sumitomo Chemical's sites | 16 | Managers* |
| Group companies in Japan | 4 | Sustainability managers of each company |
| Group companies overseas | 8 | Presidents of regional headquarters Sustainability managers of regional headquarters Sustainability managers of each company |

* Those employees who have been seconded in Japan participated in any of the briefing sessions held at Sumitomo Chemical's operation sites.

[P.12 President's Message](#)

Promoting Sustainability

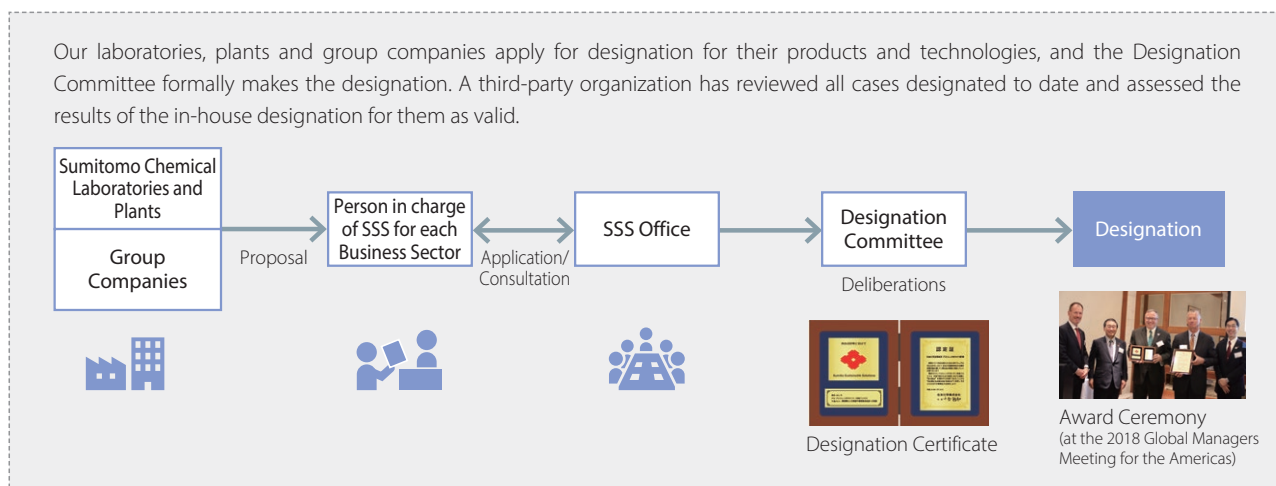
Solutions: Contributing through Business—Sumika Sustainable Solutions (SSS)

Sumitomo Chemical recognizes that climate change problems present the Group with business opportunities, such as an increase in demand for products that help solve issues related to the environment and climate change by, for example, reducing GHG emissions. To seize these kinds of opportunities, we are promoting an initiative to designate 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).

In addition, we set a KPI of GHG emission reduction contributions through the life cycle and sales revenues of SSS-designated products and are monitoring progress. Furthermore, one of the evaluation criteria for the employee merit award program is contributions to social value creation, including acquisition of SSS designation.

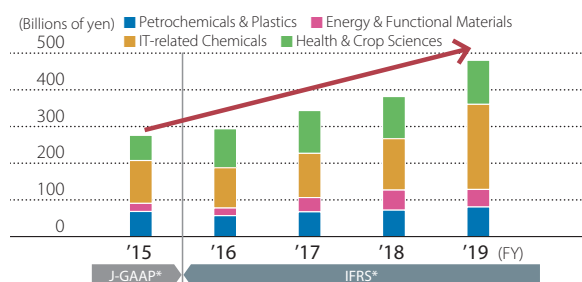
Going forward, the Company will continue solving issues in order to build a sustainable society by devoting its attention to promoting the development and widespread use of SSS-designated products and technologies.

The Process of SSS Designation



In fiscal 2019, the fifth year of this initiative, Sumitomo Chemical newly designated six of its products and technologies as Sumika Sustainable Solutions (SSS). With the addition of these six products and technologies, the total number of SSS-designated products and technologies is now 54, amounting to approximately 480 billion yen in terms of sales revenue in fiscal 2019. New designations were given to a high performance insulating coating material mainly used for automotive batteries, transfer technology used in the manufacture of flexible touch sensors, polypropylene materials for aluminum metallization film which can help decrease food loss as a food packaging material, and agricultural irrigation tubes that enable efficient use of water. These products and technologies are available from the Sumitomo Chemical Group. The Company is now aiming to achieve sales revenues of 560 billion yen from SSS-designated products and technologies by fiscal 2021, the final year of the current Corporate Business Plan.

KPI: Sales Revenue of SSS-designated Products



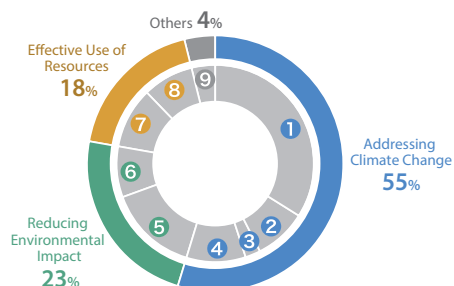
| | (Billions of yen) |
|--|-------------------|
| | FY2019 |
| Sales revenue of the Sumitomo Chemical Group | 2,225.8 |
| Sales revenue of SSS-designated products | 479.8 |

Promoting Sustainability

■ Designation Requirements by Category

| Category | Designation Requirements |
|-------------------------------|--|
| Addressing Climate Change | ① Contributing to reducing GHG emissions |
| | ② Products, components, and materials used for the creation of new energy sources |
| | ③ Using biomass-derived raw materials |
| | ④ Contributing to adapting to the impacts of climate change |
| Reducing Environmental Impact | ⑤ Contributing to reducing waste and toxic substances, and contributing to reducing environmental impact |
| | ⑥ Contributing to reducing environmental impact in food production |
| Effective Use of Resources | ⑦ Contributing to recycling and energy-saving |
| | ⑧ Contributing to the efficient use of water |
| Others | ⑨ Other contributions to building a sustainable society |

■ Designation Requirements by Category/Actual Environmental Contribution (FY2019)



● Addressing Climate Change

Contributed to reducing **62** million tons of GHG emissions (CO₂ equivalent; a projection for 2020) through the life cycles of the designated products and technologies in this category

Note: Calculated with reference to "New Perspective on Reducing Greenhouse Gases" by the Japan Chemical Industry Association and "Global Value Chain" by the Japan Business Federation.

● Reducing Environmental Impact

Contributed to reducing the use of organic solvents by **100** thousand tons per year by using the designated products and technologies in this category

● Effective Use of Resources

Contributed to reducing the use of water by **14.2** million tons per year by using the designated products and technologies in this category

In May 2020, Sumitomo Chemical was awarded the Grand Prize in the 52nd Annual JCIA Technology Awards from the Japan Chemical Industry Association for its technology that enabled "the development and commercialization of a process for manufacturing propylene oxide (PO) using cumene, which has low environmental impact and is free from co-products." This technology has been designated a Sumika Sustainable Solution.

Sumika Sustainable Solutions

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

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https://www.sumitomo-chem.co.jp/english/ir/library/annual_report/

Promoting Sustainability

“Sumika Sustainable Solutions” Main Products and Technologies

| Solutions | ◆ Features / ● Contributions | Contributions to SDGs |
|---|--|---|
| Addressing Climate Change | | |
| PERVIO™, lithium-ion secondary battery separator | <p>◆ A material capable of providing high-capacity lithium-ion secondary batteries</p> <p>● Contributing to the expanded use of next-generation vehicles, such as electric vehicles</p> |   |
| SUMIKAEXCEL™, polyethersulfone | <p>◆ An additive for carbon-fiber reinforced plastics used in aircraft</p> <p>● Making aircraft lighter and hence fuel-efficient</p> |   |
| CO ₂ separation membrane | <p>◆ Used in hydrogen production and natural gas refining to remove CO₂</p> <p>● It significantly reduces energy consumption during CO₂ separation compared with conventional methods</p> |   |
| UV curing for polarizer lamination | <p>◆ A polarizing film for displays</p> <p>● Achieves substantial energy saving in manufacturing compared with conventional methods</p> |    |
| SUMIMET™, feed additive methionine | <p>◆ Adding methionine to poultry feed improves the balance of amino acids in feed</p> <p>● Reduced nitrogen in poultry excrement, a cause for greenhouse gas emissions</p> |   |
| Olyset™ Net, anti-malarial long-lasting insecticidal mosquito net | <p>◆ A mosquito net developed for controlling malaria-carrying mosquitoes</p> <p>● Helping reduce malaria infection</p> |   |
| Vector-control pesticides | <p>◆ Fulfilling an important role in repelling and exterminating insects that spread infectious diseases</p> <p>● These pesticides facilitate adaptation to the effects of climate change</p> |   |
| Carbon dioxide separation and recovery technology (Sumitomo Joint Electric Power Co., Ltd.) | <p>◆ Separates and recovers CO₂ 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.*</p> <p>* Technology for CO₂ separation and recovery is a proprietary technology of Nippon Steel Engineering Co., Ltd.</p> <p>● Contributes to reducing CO₂ emissions.</p> |  |
| High performance insulating coating material (Taoka Chemical Co., Ltd.) | <p>◆ High performance insulating coating mainly used for automotive batteries.</p> <p>● Contributes to motor miniaturization and higher output, and reduces greenhouse gas emissions.</p> |   |




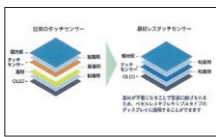















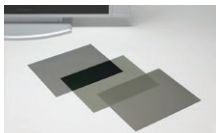


Promoting Sustainability

■ “Sumika Sustainable Solutions” Main Products and Technologies

| Solutions | ◆ Features / ● Contributions | Contributions to SDGs |
|--|--|---|
| Reducing Environmental Impact | | |
| Halogen-free flame-retardant elastomer |  <p>◆ This elastomer is used in railway and construction materials. It does not contain halogen but is as flame retardant as a halogen-based material.</p> <p>● It helps limit emissions of hazardous gases while burning.</p> |  |
| High-purity alumina (for use in automotive O ₂ / NO _x sensors) |  <p>◆ 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.</p> <p>● It helps reduce greenhouse gas emissions.</p> |  |
| Polymer OLED lighting |  <p>◆ These lights can produce color over a wide temperature range, from gentle to vivid, due to the coating and printing methods</p> <p>● The coating and printing methods help save energy and resources in manufacturing processes</p> |   |
| Biorationals (Microbial pesticides, plant growth regulators, biorational rhizosphere microbial agricultural materials) |  <p>◆ Use of active ingredients derived from naturally occurring substances</p> <p>● Contributes to the promotion of sustainable agriculture and the stable supply of safe and secure food</p> |    |
| Seed treatment agents |  <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</p> <p>● Contributing to reduced environmental burdens in food production</p> |   |
| Binder for lithium-ion secondary batteries (Nippon A&L Inc.) |  <p>◆ Use of water as the dispersion medium.</p> <p>● This product reduces the consumption of organic solvents in the manufacture of electrodes for lithium-ion secondary batteries</p> |   |
| Temperature-sensitive film “CHO-CO” (SanTerra Co., Ltd.) |  <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>● Contributing to the reduction of heat damage to produce</p> |    |
| Cobalt-coated nickel Hydroxide positive Electrode material (Tanaka Chemical Corporation) |  <p>◆ Making the designing of high-output nickel hydride batteries possible</p> <p>● It contributes to widespread use of environmentally friendly vehicles. Cobalt usage can also be reduced</p> |   |
| Polypropylene materials for aluminum metallization film (The Polyolefin Company Pte. Ltd.) |  <p>◆ Polypropylene materials for aluminum metallization film, used for food packaging to extend shelf life.</p> <p>● Helping extend the shelf life of food products</p> |  |

Promoting Sustainability

■ “Sumika Sustainable Solutions” Main Products and Technologies

| Solutions | ◆ Features / ● Contributions | Contributions to SDGs |
|---|--|---|
| Effective Use of Resources | | |
| SUMIKATHENE™EP, EXCELLEN™GMH, polyethylene used for refill pouches |  <ul style="list-style-type: none"> ◆ 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 |   |
| Substrate-less touch sensor (Dongwoo Fine-Chem Co., Ltd.) |  <ul style="list-style-type: none"> ◆ 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. ● This product contributes to resource saving |  |
| Multi-purpose polypropylene sheet (Sumika Plastech Co., Ltd.) |  <ul style="list-style-type: none"> ◆ 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. |   |
| Effluent treatment technology using a deammoniation tower |  <ul style="list-style-type: none"> ◆ Removes and recovers ammonia in effluent and recycles it for re-use. ● Contributes to reducing nitrogen discharge from a manufacturing plant. |  |
| Transfer technology used in the manufacture of flexible touch sensors (Dongwoo Fine-Chem Co., Ltd.) |  <ul style="list-style-type: none"> ◆ Manufacturing touch sensors for use in foldable smartphones without the use of adhesive film ● Resource savings and reductions in power consumption have been achieved |   |
| Glass Fiber Recycled Polypropylene (Sumika Polymer Compounds Europe) |  <ul style="list-style-type: none"> ◆ This automotive material includes 60 to 100% of recycling waste polypropylene. ● Compatible with the EU circular economy action plan. |   |
| MISTACE S, MISTACE S NIAGARA (Sumika Agrotech Co., Ltd.) |  <ul style="list-style-type: none"> ◆ Irrigation tubes that enable uniform and efficient water spray in greenhouse cultivation. ● Enhances a great water saving effect. |   |
| Prevention of iodine oxidation in polarizing films manufacturing process |  <ul style="list-style-type: none"> ◆ A technology that prevents the oxidation of iodine through optical control, used in the polarizing film manufacturing process. ● Contributes to resource saving and environmental impact mitigation by reducing the use of chemicals. |   |

Promoting Sustainability

Participation: Employee Engagement Project to Promote Sustainability (the Sumitomo Chemical Group Global Project)

The Sumitomo Chemical Group considers that to accelerate the promotion of sustainability, it is essential that all executives and employees share the Corporate Philosophy, have a deep understanding of sustainability, and work together to carry out our initiatives. As an effort to engage all officers and employees and promote this “participation by all” principle, we have run the Global Project since 2014. This project, joined by all officers and employees via a dedicated website, is intended to help participants to deepen understanding of global trends and the Group’s measures related to the promotion of sustainability by answering on-line quiz questions. It also aims to spur action to promote sustainability by inviting participants to post on the website their efforts on a department or individual level.

For fiscal 2019, we adopted “For a Sustainable Future—JIRI RITA—” as our project title in line with our current Corporate Business Plan for fiscal 2019 to fiscal 2021, and set seven themes by referring to the material issues we will address as management priorities. In order to promote our sustainability efforts across the Group, we communicate the significance of the Global Project and other sustainability measures to all at Sumitomo Chemical and Group companies in Japan and overseas.

In the Global Project for fiscal 2019, at each Group company, the top management selected some of those themes and posted a message to show their commitment to resolving societal issues, and managers in charge of sustainability invited officers and employees to join in. Participants, first of all, took a quiz and answered questions on each of the themes, enjoying learning about the connection of societal issues and each of our material issues and about the Group’s sustainability initiatives, and then considered what they could do to promote sustainability through their own work or their workplace initiatives and posted their thoughts and commitment.

FY2019–FY2021 Corporate Business Plan

<https://www.sumitomo-chem.co.jp/english/ir/policy/plan/>

Material Issues to Be Addressed as Management Priorities

<https://www.sumitomo-chem.co.jp/english/sustainability/management/materiality/>

Promoting Sustainability

For fiscal 2019, 110 Group companies participated in the Global Project, with a cumulative total of 22,796 people taking a quiz and 12,067 posts. More people participated than for last year, and we consider this to be attributable to our efforts to communicate the significance of the Global Project along with our sustainability measures to Group companies' managers in charge of sustainability. In addition, we see the increase in posts from fiscal 2018 as a sign that momentum is gaining across the Group towards promoting sustainability.

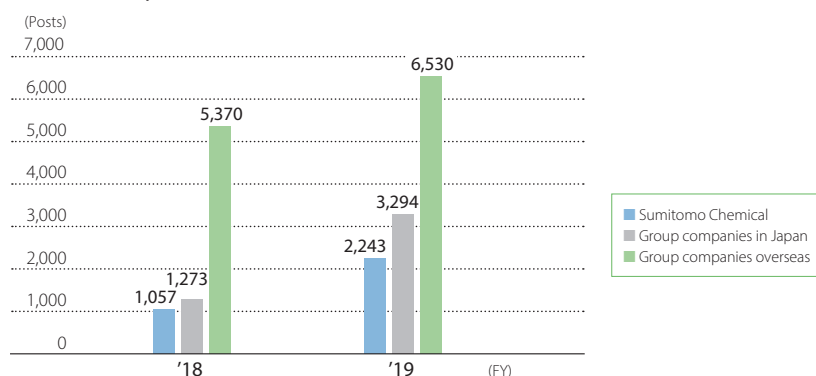
FY2019 Participation Results

| | | Results |
|---------------------------------------|--|---------|
| Number of participating companies*1 | Total | 110 |
| | By organization | |
| | Sumitomo Chemical and Group companies in Japan | 53 |
| | Group companies overseas | 57 |
| Cumulative total of quiz participants | Total | 22,796 |
| | By organization | |
| | Sumitomo Chemical | 4,993 |
| | Group companies in Japan | 8,529 |
| | Group companies overseas | 9,274 |
| | By participation method | |
| | Online | 22,594 |
| | Offline*2 | 202 |

*1 Companies that participated through the website by way of at least one of the following: the top management delivered a message; officers and employees took a quiz; and officers and employees posted their actions and endeavors.

*2 The number of participants who took a quiz in workplace meetings and other off-line events.

Number of posts

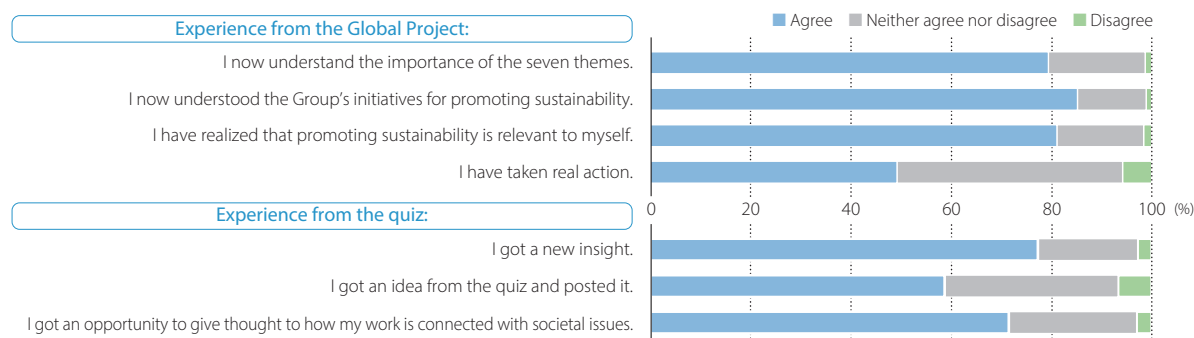


FY2019 Results

Posts: **12,067**

(Of this total, 141 were posted by Group companies' top management.)

Survey on participants' experience (1,850 responses from participants)



Promoting Sustainability

The Global Project uses a dedicated website to allow officers and employees to participate at any time from anywhere. The website can be accessed via smartphones and is equipped with a translation function so that Group officers and employees around the world can take part in the project.

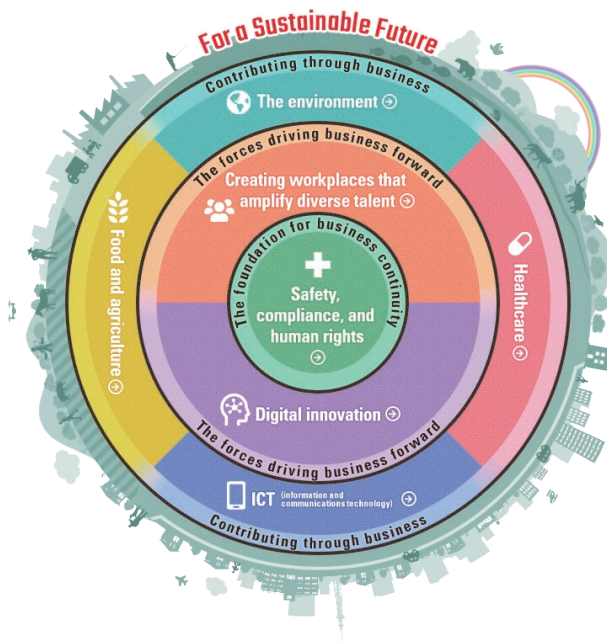
Three Steps for Participation



Quiz

<https://www.sumitomo-chem.co.jp/english/sustainability/management/promotion/globalproject/quiz/>

Seven Themes



Note: The seven themes include: "safety, compliance, and human rights," selected from the items serving as the foundation for business continuity; "digital innovation" and "the creation of workplaces that bring out diverse capabilities," efforts that we consider to be forces that drive our business forward; and "the environment," "healthcare," "ICT," and "food and agriculture," material issues that we will address to contribute to society through our business. These major themes represent our commitment to realizing a sustainable future.

Looking Ahead

We will continue to run the Global Project in keeping with our Corporate Business Plan for fiscal 2019 to fiscal 2021 to promote sustainability across the entire Group.

Global Project in the past

<https://www.sumitomo-chem.co.jp/english/sustainability/management/promotion/globalproject/archive/>

Participation in Initiatives

Basic Policy

The Sumitomo Chemical Group lists active participation in global initiatives as one of its Basic Principles for Promoting Sustainability. To promote sustainability (i.e. help realize a sustainable society through business and achieve our sustained growth), we are actively participating in initiatives because we consider it important to work with a broad range of organizations, including various international organizations, national and local governments, companies, and industry groups.

Initiative Participation Record

Our UN Global Compact Activities

The Sumitomo Chemical Group joined the UN Global Compact (UNGC) in January 2005, as the first Japanese chemical company. 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. It outlines ten principles related to protecting human rights, abolishing unfair labor practices, adapting to the environment, and preventing corruption, and over 13,000 companies and organizations have signed on. We are one of the 41 Global Compact LEAD companies in the world, recognized for our constant engagement with the UNGC and our business activities that comply with the UNGC's ten principles.

In fiscal 2019, we participated in two action platforms: "Pathways to Low-Carbon and Resilient Development" and "Peace, Justice and Strong Institutions."

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 Peace, Justice and Strong Institutions, we participated in regularly held online seminars and collected data on anti-corruption initiatives in each country. We also participated in and networked at the subcommittee meeting held in New York. In September 2019, we participated in the 11th annual UN Private Sector Forum and conducted networking and information sharing activities. During the same period, we also participated in the Climate Action Summit 2019 and the SDG Summit 2019 held at the UN and deepened our understanding of the latest sustainability-related trends in each country.

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.

WE SUPPORT



Global Compact
LEAD
2020 PARTICIPANT

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>

Participation in Initiatives

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

Participation in the WBCSD*

The Sumitomo Chemical Group joined the World Business Council for Sustainable Development (WBCSD) in 2006 and has participated primarily in activities related to addressing climate change.



Recently, we have broadened the scope of our activities while strengthening our alliances with member companies in the chemical sector. 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.

WBCSD | Chemical Sector SDG Roadmap

<https://www.wbcscd.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 using the frameworks of the TCFD recommendations for the chemical sector and details the fundamental elements needed to analyze scenarios.

WBCSD | TCFD Chemical Sector Preparer Forum Report

<https://www.wbcscd.org/cfbcsr>

* WBCSD:

This organization was established to advocate for business sector views on sustainable development. The group provides advice to help promote sustainability 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

The Sumitomo Chemical Group uses the framework of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for disclosing information on addressing climate change and actively communicating our efforts, with the recognition that such disclosures reflect the demands of the current era.

Initiatives in line with the TCFD recommendations have only just begun globally. Going forward, through continual dialogue that is perpetuated by corporate disclosures and feedback from investors in response to said disclosures, we expect an international consensus to form about how data related to climate change should be disclosed. By participating in initiatives related to the TCFD recommendations amid this situation, we are collaborating on the creation of guidance through dialogue between investors and companies while learning best practices.



■ 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> |
| Since May 2019 | <p>Joined the TCFD consortium established by Japanese industrial and financial communities</p> <p>In October 2019 at the TCFD Summit, Chairman Tokura introduced the Company's initiatives to seize climate-related opportunities.</p> <p>October 2019: TCFD consortium announced green investment guidance</p> |

* TCFD:

This privately helmed special team was established by the Financial Stability Board, which comprises financial agencies of major countries, at the request of the G20 finance ministers and central bank governors. The task force encourages companies to make disclosures related to climate change.

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



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

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 WBCSD to minimize and manage plastic waste in the environment. The goal is to invest \$1.5 billion over 5 years, mainly in the following four key areas that we have been working in.

Four Key Areas where the AEPW Pursues Solutions:

- Infrastructure development to collect and manage plastic 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

The Sumitomo Chemical Group has positioned contributing to the recycling of plastic resources as a material issue that management should address and has been working to develop various technologies to aid its efforts, especially those related to the 3Rs (Reduce, Reuse, Recycle). Participation in the AEPW will prompt us 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

The Sumitomo Chemical Group participated in the leader group for 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

The “Women’s Empowerment Principles” (WEPs) are seven principles formulated collaboratively in March 2010 by the United Nations Global Compact (UNGC), which is a voluntary commitment framework between companies and the UN, and the United Nations Development Fund for Women (UNIFEM, now UN Women). With companies taking proactive steps and positioning gender equality and female empowerment at the core of management, the expectation is that the WEPs will be applied internationally to promote the economic empowerment of women.

The Women’s Empowerment Principles

- (1) Establish high-level corporate leadership for gender equality
- (2) Treat all women and men fairly at work – respect and support human rights and nondiscrimination
- (3) Ensure the health, safety and well-being of all women and men workers
- (4) Promote education, training and professional development for women
- (5) Implement enterprise development, supply chain and marketing practices that empower women
- (6) Promote equality through community initiatives and advocacy
- (7) Measure and publicly report on progress to achieve gender equality



In 2013, the Sumitomo Chemical Group (under the President’s name) endorsed the “Women’s Empowerment Principles” (WEPs). Since 2015, we have participated in the annual WEPs forum held annually at the UN Headquarters in New York.

Furthermore, we have participated in the Global Compact Network Japan’s (GCNJ (UNGC’s local network)) WEPs Subcommittee as a leading company since its founding in fiscal 2016. Since fiscal 2017, we have conducted activities and messaging to support the specific initiatives of each participating company, referencing the seven WEPs to address issues related to empowering women in the workplace. Through these efforts, we are actively enhancing the international competitiveness of GCNJ signatory companies and thereby helping raise the bar for gender equality in Japanese society.

Participation in Initiatives

■ GCNJ's WEPs Subcommittee Meetings Attended by the Company: Fiscal 2019 Activities

| Meeting | Date | Theme | Lecturer |
|---------|---------------------------------|--|---|
| 1 | July 18, 2019 (Thursday) | Intro to WEPs: latest international trends and impact on Japan | Asako Osaki National Coordinator, We Empower Japan |
| 2 | September 6, 2019 (Friday) | Diversity that reverberates with top management | Haruaki Deguchi President, Ritsumeikan Asia Pacific University |
| 3 | November 14, 2019 (Thursday) | Addressing investors' ESG concerns: focusing on the activities of the 30% Club Japan | Minoru Matsubara Resona Bank, Limited. |
| 4 | January 16, 2020 (Thursday) | How to eliminate gender inequality in companies | Chizuko Ueno Professor Emeritus, The University of Tokyo |

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." Our efforts to communicate with shareholders based on this principle fall into the following two categories.

(1) Disclosures






We disclose necessary information and report on the progress of our various initiatives. We also make an analysis of the needs of society as appropriate and review external assessment results in order to improve our communication and ensure proper disclosure.

(2) Dialogues

In addition to proactive disclosure, we actively engage in two-way communication or dialogue with various stakeholders. Based on the feedback provided in dialogues, we work to improve our communication and implement new initiatives.

We will continue to fulfill our responsibility to all stakeholders on the two fronts of disclosure and dialogue. We will also work to enhance our communication through a variety of efforts, including not only business activities but also social actions and community dialogues, paying attention to the international community and global environment.

Opportunities to Communicate with Stakeholders

| Stakeholders | Sumitomo Chemical Group's Responsibility | Measures |
|---|---|---|
| Shareholders and Investors  | We communicate regularly, effectively and strategically with shareholders and investors with regard to management policies, business strategies, and earnings trends. We fulfill our accountability to shareholders to maintain and improve the market's trust in the Sumitomo Chemical Group, while also promoting the market's accurate understanding of the Company with a view to a fair market valuation of the Company's shares and the improvement of our corporate value. | <ul style="list-style-type: none"> • General meetings of shareholders • Corporate strategy briefing meetings and business strategy briefing meetings • Conference calls • Briefing meetings for individual investors • Interviews with investors and analysts • Investor relations publications, including <i>Annual Report</i>, <i>Investors' Handbook</i> and <i>Sustainability Data Book</i> • Disclosure via the Company's website |
| Customers  | We supply high-quality products and services that satisfy customers' needs and ensure safety in use to establish long-term relations with customers that are built on trust. | <ul style="list-style-type: none"> • Customer support including communication in sales activities and quality assurance • Providing information via the Company's website and other communication media • Customer support by the customer support center |
| Business Partners  | We are committed to building mutually-beneficial sound relations with business partners based on our Basic Procurement Principles. We also conduct fair, equitable and transparent transactions, while also encouraging our business partners to engage in sustainability efforts, in order to promote sustainable procurement across our supply chain. | <ul style="list-style-type: none"> • Communication through purchasing activities • Monitoring and providing feedback by using our <i>Sustainable Procurement Guidebook</i> and <i>check sheets</i> • A dedicated team to answer inquiries from business partners |
| Employees  | We are committed to ensuring employees' health and respecting employee diversity, while also devoting constant effort to human resource development and the improvement of a workplace environment so that individual employees can realize their full potential. The Company is also committed to maintaining its good relationship with the Sumitomo Chemical labor union built on mutual understanding and trust. | <ul style="list-style-type: none"> • Central labor-management meetings and operation-site labor-management meetings • Labor-management committee for the promotion of work-life balance • Various training programs • Communication via the Company's internal newsletters and intranet |
| Local Communities and Society  | With a conviction that it is a mission for a company to strive to prosper with local communities where it operates, we are committed to building and maintaining good relationships with local communities by ensuring safety and protecting the environment in the communities, while engaging in various efforts to meet local needs. | <ul style="list-style-type: none"> • Publishing the Report on the <i>Environment and Safety</i> (for each operation site) • Publishing local public relations newsletters • Holding dialogues with local communities • Hosting science workshop classes • Local cleanup activities |

Communication with Stakeholders

External Evaluation



FTSE4Good Index Series

This index, designed by FTSE Russell, a global index provider, consists of companies demonstrating strong Environmental, Social and Governance (ESG) practices selected from among all leading global companies.



FTSE Blossom Japan Index

This index, designed by FTSE Russell, a global index provider, consists of Japanese companies demonstrating strong ESG practices. It is designed so as to make the industry segment allocation similar to that of the Japanese stock market.



MSCI Japan ESG Select Leaders Index <https://www.msci.com/esg-investing>

This index is designed by MSCI, a provider of various tools to support institutional investors around the world in their investment decision making. It selects companies demonstrating strong ESG practices from component issues of the MSCI Japan IMI Top 500 Index.



MSCI Japan Empowering Women Index (WIN)

This index is designed by MSCI, a provider of various tools to support institutional investors around the world in their investment decision making. It selects companies demonstrating strong practices in promoting women's participation and advancement.



S&P/JPX Carbon Efficient Index

This index is designed by S&P Dow Jones Index, and selects companies from the Tokyo Stock Price Index (TOPIX). The better the companies are in their demonstration of higher carbon efficiency and disclosure of environmental information, the higher their component percentages are in this index. Our decile rating is 3, and the disclosure status is "disclosed."



EcoVadis Sustainability Rating 2020 "Gold"

EcoVadis was founded in 2007 as a provider of business ESG ratings to improve the environmental and social practices of businesses across global supply chains. Business policies, measures, and performance are rated in four areas: environment, labor and human rights, ethics, and sustainable resource procurement. Gold medals are given to the top 5% of companies, of about 65,000 companies rated.



CDP "Climate Change A List 2019"

We were rated on the "Climate Change A List 2019" by the CDP for two years in a row as a company taking particularly outstanding action on climate change. Of about 8,000 companies that disclosed information on climate change, 179 were A-listed, including 38 Japanese companies.



2020 Health and Productivity Management Awards – White 500

Established by the Ministry of Economy, Trade and Industry (METI) in 2016, this is a system to recognize corporations demonstrating superior health management based on health promotion initiatives led by Nippon Kenko Kaigi. We have received this award for three years running since 2018.



Kurumin, Next-generation Support Certification Logo

In September 2015, we received the next-generation support certification logo (Kurumin) for the third time running as a company that supports families raising children. This is an accreditation system (Kurumin) by the Ministry of Health, Labour and Welfare certifies companies that executed action plans formulated as per the Act on Advancement of Measures to Support Raising the Next-Generation of Children, and met all the criteria.



Nikkei Annual Report Awards 2019, Outstanding Performance

Sumitomo Chemical's Annual Report for 2019 won an outstanding performance award at the Nikkei Annual Report Awards 2019, the third win following 2016 and 2017. Among 133 applicants, the judges, who included institutional investors, selected one company to receive the Grand Prize, three companies to receive Second Grand Prizes, two companies to receive Special Awards, and 14 companies to receive Outstanding Performance Awards. As reasons for this award we received, judges commented, "Detailed description relating to climate change is provided," "The company fully conveyed that the management is keen on contributing to a sustainable society through its business," and "Sufficient information is disclosed so as to help investors evaluate the improvement of corporate value in a medium to long term."



The 23rd Environmental Communication Awards, the Grand Prize for Environmental Report

Our Annual Report 2019 and Sustainability Data Book 2019 won the Grand Prize for Environmental Reports at the 23rd Environmental Communication Awards. This is an accreditation system to promote corporate initiatives for environmental management and communications while improving the quality of information disclosure on the environment. For the 23rd Environmental Communication Awards, 180 reports were submitted for consideration, and 25 reports were selected to be awarded the Grand Prize.

The Sumitomo Chemical Group's Contribution to the SDGs

We at the Sumitomo Chemical Group are committed to contribute through our business to establishing a sustainable society while also achieving our sustained growth. We have set out our guiding principles for efforts toward these goals in the Basic Principles for Promoting Sustainability. In these principles, we affirm our commitment to helping resolve critical issues facing the international community.

Sumitomo Chemical's Sustainability Efforts and the SDGs

In Principle 2 of the Basic Principles for Promoting Sustainability, we express the Group's commitment to abiding by international rules related to sustainability and helping resolve vital issues facing the international community. In particular, we pledge to promote efforts toward achieving the United Nations Sustainable Development Goals (SDGs).

P.19 Basic Principles for Promoting Sustainability

When identifying the material issues that Sumitomo Chemical addresses as management priorities, we referred to the SDGs as a guideline for surveying social needs and issues. In addition, with the aim of aligning our efforts with the contribution to the achievement of the SDGs, we have set the key performance indicators (KPIs) for our material issues for social value creation based on the SDG targets, which comprises 169 items.

P.21 What Sumitomo Chemical Group Strives to Be

P.22 Material Issues to Be Addressed as Management Priorities

P.24 Key performance indicator (KPI)

Specific SDGs for Each Business Sector to Focus on

The Sumitomo Chemical Group is working on various efforts in order to help realize a sustainable society through innovation and business and by leveraging its strengths as a diversified chemical company.

| Business Sector | Primary Focus SDGs |
|-------------------------------|---|
| Petrochemicals & Plastics | 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| Energy & Functional Materials | 7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 8 DECENT WORK AND ECONOMIC GROWTH |
| IT-related Chemicals | 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS |
| Health & Crop Sciences | 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 13 CLIMATE ACTION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS |
| Pharmaceuticals | 3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS |

The Sumitomo Chemical Group's Contribution to the SDGs

The SDGs as the International Community's Shared Goals and the Sumitomo Chemical Group's Global Project

In an effort to promote group-wide engagement in promotion of sustainability, we have organized the "Sumitomo Chemical Group Global Project," an annual in-house initiative using a dedicated website. This provides an opportunity for each Group officer and employee in Japan and overseas to think about issues facing society and post on the website their ideas about efforts to help resolve them. We made the SDGs a central theme for the project for a period of fiscal 2016 to fiscal 2018 to deepen our understanding of the connection between the common goals set by the international community and what each one of us do at work.

Global Project

 <https://www.sumitomo-chem.co.jp/english/sustainability/management/promotion/globalproject/> 

Recognition of the Company's Efforts toward Achieving the SDGs

Sumitomo Chemical was granted the Award of Deputy Chief (the Minister for Foreign Affairs) at the first Japan SDGs Award ceremony held in 2018. The Japan SDGs Award is conferred by the Sustainable Development Goals (SDGs) Promotion Headquarters—a body established in Japan's Cabinet and comprising all Ministers of the country—in recognition of those companies and organizations engaged in important initiatives toward achieving the SDGs. The Award recognized that our efforts could serve as a role model in Japan and overseas, hoping that they would be duplicated by other companies. It also highly valued the Company's contribution over many years to Africa and its advancement in terms of economy, society and the environment through its Olyset™ Net business, including creating job opportunities by local production of the mosquito net, improving the working environment for women, and constructing schools to support education.

Sumitomo Chemical Receives the Deputy Chief's Award (by Minister for Foreign Affairs) of the First Japan SDGs Award

 <https://www.sumitomo-chem.co.jp/english/news/detail/20180105.html> 