

Society (Social Activities)

Contributing to the SDGs through Social Activities



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Social Activity Goals and Results

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

Items	Boundary	Fiscal 2020 Goals	Fiscal 2020 Results	Evaluation	Fiscal 2021 Goals	Page
Procurement	Sumitomo Chemical Group	Thoroughly ensure compliance, maintain and enhance sustainable procurement, and promote initiatives for respecting human rights in the supply chain	Promoted thorough compliance among relevant internal and external parties, promoted initiatives for respecting human rights by studying high-risk raw materials, and promoted sustainable procurement by strengthening collaboration with business partners through monitoring, feedback, and trade briefings (Sumitomo Chemical results)	○	Thoroughly ensure compliance, maintain and enhance sustainable procurement, and promote initiatives for respecting human rights in the supply chain	Pages 160–165
HR Management	Sumitomo Chemical Group	Employ human resources and greatly strengthen recruitment capabilities	Secured personnel by strengthening and updating our recruitment practices	○	Employ human resources and greatly strengthen recruitment capabilities	Pages 166–186
	Sumitomo Chemical Group	Manage global human resources and work on workforce management that is responsive to business expansion	Revamped personnel data-base, appropriately placed personnel in response to business expansion, and systematically conducted global human resources development	○	Manage global human resources and work on workforce management that is responsive to business expansion	
	Sumitomo Chemical Group	Develop personnel and run HR systems to promote employee growth and development	Formulated action plans based on “Sumika ‘Take Action’ Declaration”	○	Develop personnel and run HR systems to promote employee growth and development	
	Sumitomo Chemical Group	Promote sustainability, diversity and inclusion, and work-life balance	Promoted measures for each Group company by establishing the Group’s Basic Principles on the Promotion of Diversity and Inclusion and formulated action plans based on “Sumika ‘Take Action’ Declaration”	○	Promote sustainability, diversity and inclusion, and work-life balance	
Occupational Safety and Health / Industrial Safety and Disaster Prevention	Lost-workday injuries	Sumitomo Chemical	0	1	△	0
		Partner companies* ¹	0	5	△	0
	Frequency rate of lost-workday injuries	Sumitomo Chemical Group* ²	Less than 0.1	0.45	△	Less than 0.1
	Severe accidents* ³	Sumitomo Chemical Group* ²	0	1	△	0
	Severe industrial accidents* ⁴	Sumitomo Chemical Group* ⁵	0	0	○	0
	Lost-workday injuries in logistics* ⁶	Logistics	0	1	△	0

Note: Further details are provided in the supplementary data (pages 214–222).

*1 A partner company injury is defined as one suffered within a Sumitomo Chemical worksite by an employee of a company affiliated with a construction or logistics subcontractor (including others).

*2 For the purposes of occupational safety and health, the Group is defined as Sumitomo Chemical (including its partner companies and others) and consolidated subsidiaries in Japan and overseas.

*3 Severe accidents are defined as those that result in a fatality or those that result in severe lost-workday injuries, including blindness or loss of a limb.

*4 Severe industrial accidents are defined as industrial accidents resulting in any of the below conditions.

- The local residents suffer injuries requiring at least regular hospital visits or treatment.
- Employees at the facility suffer injuries that require at least one lost workday.
- The damage to the facilities totals more than ¥10 million.

*5 For the purposes of industrial safety and disaster prevention, the Group is defined as Sumitomo Chemical (including its partner companies and others) and consolidated Group companies in Japan and overseas.

*6 Lost-workday injuries in logistics are defined as those that are related to logistics and occur within Sumitomo Chemical worksites as well as those that caused by major logistics subcontractors outside of worksites.



Social Activity Goals and Results

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

Items	Boundary	Fiscal 2020 Goals	Fiscal 2020 Results	Evaluation	Fiscal 2021 Goals	Page
Product Stewardship / Product Safety / Quality Assurance	Laws and regulations	Sumitomo Chemical	Continue to act precisely in accordance with domestic and overseas laws and regulations	Acted precisely in accordance with relevant laws and regulations	○	Continue to act precisely in accordance with domestic and overseas laws and regulations
	Chemicals management and information disclosure	Sumitomo Chemical	Continue to promote risk-based chemicals management and information disclosure	Systematically put in place risk assessment methods	○	Continue to conduct risk-based chemicals management and information disclosure
	Chemical management system	Sumitomo Chemical	Continue to promote utilization of the comprehensive chemical management system (SuCCESS) and develop concrete plans for expansion to Group companies	As part of our efforts to promote utilization of SuCCESS, 14 Group companies in Japan use the system. We use SuCCESS to calculate the manufactured volumes reported to the government under the chemical substances control law via a substance volume tracking (SVT) system as well as to calculate exported volumes in response to overseas regulations	○	Continue to promote utilization of SuCCESS and develop concrete plans for expansion to Group companies
	Risk assessment	Sumitomo Chemical	Steadfastly perform product safety risk assessments	Performed 82 product risk assessments and completed reassessments of all products	○	Steadfastly perform product safety risk assessments
	Logistics quality-related incidents	Sumitomo Chemical*	No Rank A or Rank B incidents, two or fewer Rank C incidents	One Rank B incident, no Rank C incidents	△	No Rank A or Rank B incidents, two or fewer Rank C incidents
Local Communities	Sumitomo Chemical Group	Provide support to achieve the United Nations Sustainable Development Goals	Provided support for tree-planting activities and education through Matching Gift programs (includes support for education in Africa)	○	Provide support to achieve the United Nations Sustainable Development Goals	Pages 194–199
	Sumitomo Chemical Group	Provide prompt and precise support in response to emergencies and disasters in Japan and overseas	Supported areas recovering from the torrential rains in July 2020	○	Provide prompt and precise support in response to emergencies and disasters in Japan and overseas	
	Sumitomo Chemical Group	Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace	Participated in and cooperated with local events, held science workshop classes, held plant tours, etc.	○	Promote social contribution activities distinctive to the Sumitomo Chemical Group by leveraging the strengths of each workplace	
	Sumitomo Chemical Group	Continue to expand information disclosure using SDGs and promote interactive dialogue	Continued to expand information disclosure using SDGs and promote interactive dialogue	○	Continue to expand information disclosure using SDGs and promote interactive dialogue	

Note: Further details are provided in the supplementary data (page 223).

* Includes some Group companies in Japan that have Works within a Sumitomo Chemical worksite.



Respect for Human Rights

Basic Stance

Sumitomo Chemical regards respect for human rights as part of the foundation for its business continuity. We are continuing to make a group-wide effort to address this as a material issue for management, and provide disclosures on our measures and progress. In order to accelerate its efforts on human rights, Sumitomo Chemical formulated the Sumitomo Chemical Group Human Rights Policy in April 2019, based on the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights. At the same time, we established the Human Rights Promotion Committee, a committee tasked with promoting our human rights initiatives. In order to pursue a group-wide effort to respect human rights, we are committed to ensuring that all Group companies in Japan and overseas are fully aware of the Human Rights Policy and take action on these principles.

Sumitomo Chemical Group Human Rights Policy (Effective April 1, 2019)

This policy was formulated based on the advice of outside human rights experts with practical experience.

Sumitomo Chemical Group (Sumitomo Chemical Co., Ltd. and its Group Companies) has put in place this Human Rights Policy ("Policy") to demonstrate its commitment to international standards on human rights. All directors, executive officers and employees ("Personnel") of the Sumitomo Chemical Group will uphold this Policy.

1. Our Position on Human Rights

(1) Compliance with Standards, Laws and Regulations

We support and respect international standards on human rights, such as the Universal Declaration of Human Rights, International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and promote respect for human rights in line with the United Nations Guiding Principles on Business and Human Rights. Sumitomo Chemical Co., Ltd. is a signatory to the United Nations Global Compact and supports its Ten Principles, which include human rights and labor.

We comply with applicable laws and regulations in countries and regions where we operate, and where local laws and regulations conflict with international standards, we will seek ways to honor the principles of internationally recognized human rights.

(2) Respect for Human Rights in Our Business Activities

We do not discriminate against individuals based on employment status, age, sex, ethnic or social origin, ancestry, nationality, disability, religion, beliefs, marital status, or any other status. We do not tolerate any form of harassment, including sexual harassment or workplace bullying. We also respect fundamental labor rights including freedom of association and the right to collective bargaining, and prohibit forced labor or child labor.

We are committed to respecting human rights in our business activities and also strive to avoid contributing to infringement of human rights. In order to prevent and mitigate human rights risks related to our business activities, we will take necessary measures, including ensuring compliance with the Compliance Manual (the Sumitomo Chemical Code of Business Conduct) and other relevant policies and guidelines. We are also committed to understanding our impact on local communities and aim for harmonious coexistence with these communities.

We expect our business partners, including our suppliers, and other relevant stakeholders to act in line with the principles in this Policy, and we will seek ways to work with them to promote respect for human rights.



Respect for Human Rights

2. Our Approach to Human Rights Issues

(1) Providing Education and Raising Awareness

We will provide appropriate education and training to our Personnel so that this Policy is understood and effectively implemented.

(2) Human Rights Due Diligence

We will identify adverse human rights impacts, and seek to prevent or mitigate such impacts through our human rights due diligence framework.

(3) Responding to Identified Human Rights Impacts

We will engage with relevant stakeholders in order to address actual or potential adverse human rights impacts.

(4) Remedy

Where we identify that we have caused or contributed to adverse human rights impacts, we will endeavor to remediate such impacts through appropriate processes.

(5) Grievance Mechanisms

We have grievance mechanisms in place in the form of the [Speak-Up Reporting System](#) (whistle-blowing channels) in order to address concerns about activities that may adversely impact human rights or any other concerns raised about our business activities. These channels are available for anyone having involvement in Sumitomo Chemical Group's business activities, including their business partners as well as Sumitomo Chemical Group Personnel and their families.

We will continuously seek to optimize our grievance mechanisms.

(6) Disclosure

We will report on our efforts to respect human rights including through our website, integrated report, Sustainability Data Book, and other relevant channels.

Announcement of the Group Statement Based on Human Rights Laws and Regulations

We at the Sumitomo Chemical Group, as a globally operating corporation, have announced a group statement on our efforts to address risks related to modern slavery and human trafficking in our business activities and supply chain. This statement is based on laws and regulations in various countries with regard to respect for human rights and the prevention of modern slavery and human trafficking, including the Modern Slavery Act of the United Kingdom, the Modern Slavery Act of Australia, and the California Transparency in Supply Chains Act of the United States.

Responding to Human Rights Laws and Regulations

 https://www.sumitomo-chem.co.jp/english/sustainability/society/human_rights/statement/ 



Respect for Human Rights

Management System

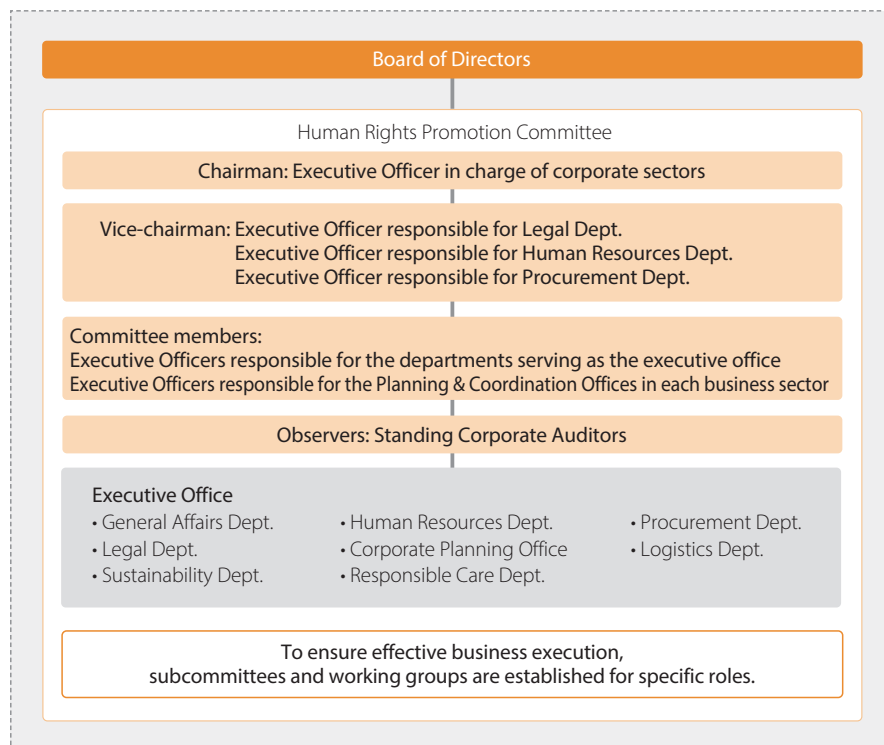
Human Rights Promotion Committee

Sumitomo Chemical has established the Human Rights Promotion Committee as its organization for promoting activities in compliance with the Human Rights Policy. In order to plan and implement measures to respect human rights across the entire value chain, this committee consists of members from a broad range of related departments and functions. The senior executive officer in charge of corporate departments serves as chair, while from the business sectors, executive officers responsible for the Planning & Coordination Offices of their respective departments participate as committee members.

Roles of the Committee

- (1) Promotion of awareness of human rights
- (2) Formulation and implementation of measures regarding respect for human rights across the Group's value chain, including:
 - Formulation and publication of policies required by the Guiding Principles on Business and Human Rights and relevant national laws
 - Identification of human rights issues across the value chain, assessment of risks, and implementation of measures, including remedies, that are appropriate for specific issues and their associated risks (human rights due diligence and relief efforts)

System and Committee for Promoting Respect for Human Rights



Group-wide Approach

Based on its basic policy for respect for human rights, Sumitomo Chemical continues to take various measures to promote respect for human rights by working closely with its Group companies in Japan and overseas, while also engaging business partners.

Overseas, in particular, we are working with our regional headquarters in Europe, the Americas, China, and the Asia-Pacific region to ensure and promote compliance, including initiatives to protect human rights, based on our compliance system that we have established in accordance with respective local legal systems of the countries where we operate.



Respect for Human Rights

Examples of Initiatives

Our basic policy for respect of human rights is articulated in our *Compliance Manual* (Sumitomo Chemical Code of Business Conduct) and also communicated across through our intranet. In addition, our labor-management agreement makes it clear that an employee who damages the work environment for other employees through sexual speech and behavior, harassment, or other similar actions is considered violating our work regulations and thus subject to disciplinary action.

Under these principles, we value respect for an individual's personality, prohibiting any action to disrespect or disparage an individual's personality taken based on personal emotions or values or any harassment, bullying or similar speech or action.

We also prohibit all kinds of harassment, including power harassment and sexual harassment (including harassment to a person of the same gender and harassment to LGBTQ people regarding sexual orientation and gender identity).

In addition, we prohibit discrimination and does not allow any discriminatory action that is taken for reasons of employment type, age, gender, birthplace, ancestry, nationality, race, disability, religion, beliefs, marital status, or other such attributes and harms an individual's dignity. We particularly make it clear that discrimination based on gender or a difference in sexual orientation or gender identity and discrimination against people with disabilities are prohibited.

Raising Employees' Awareness of Human Rights

To ensure that each employee correctly understands and is fully aware of human rights issues, Sumitomo Chemical incorporates human rights in its employee education. We highlight human rights not only in the introductory training in which all employees participate after joining the Company but also in many other internal training programs, such as those for newly promoted employees (when promoted to a higher grade or a manager position), those for recruiting interviewers, and those for staff seconded from other companies as well as employees rehired after retirement.

In addition, we regularly implement awareness-raising training and initiatives at each site of our operations and each Group company.

Initiatives to Raise Awareness of Human Rights for FY2020

Name and format	Purposes	Boundary	Sessions	Participants	Participation rate
Seminars and lectures on human rights Training based on the Sumitomo Chemical Group Human Rights Policy	<ul style="list-style-type: none"> Preventing harassment and discrimination on the grounds of gender and against social minorities and human rights violations Preventing child labor, forced labor, and human trafficking etc. 	Sumitomo Chemical	89	5,823 (cumulative total)	92.8
		Sumitomo Chemical Group (42 major Group companies in Japan)	Approximately 180	Approximately 11,450 (cumulative total)	86.9



Respect for Human Rights

In fiscal 2020, we provided opportunities for all Sumitomo Chemical Group employees and executives to learn about business and human rights through a website specifically for the Global Project, which is aimed at helping employees promote sustainability.

A total of 25,000 people took courses offered on the website, where they learn about the Company's policies and initiatives related to human rights issues, such as modern slavery by answering questions.

<Ensuring an accurate understanding of human rights problems and checking employees' understanding by asking questions>

We established three themes: modern slavery and companies' responsibility to respect human rights, initiatives related to sustainable procurement, and resilient organizations. Employees deepen their understanding of human rights as they answer questions on each theme.

Please select the incorrect policy on companies' responsibility to respect human rights.

- | | |
|---|--|
| A | Within the Company, we are required to raise awareness and take various measures to ensure that discrimination, sexual harassment, and power harassment do not occur. |
| B | When conducting business, we are required to take measures to ensure that the environment is not damaged. |
| C | The handling of products and industrial waste is outsourced to waste treatment and disposal operators, and, therefore, if a problem arises, the Company bears no responsibility. |

The answer is C.

It is important to recognize that human rights violations that occur within the Company's value chain are considered human rights problems for the Company. Even if a human rights problem occurs at a subcontractor, the contracting company also bears responsibility.

Consultation Office

Sumitomo Chemical has established a system in which employees can seek consultation on various kinds of harassment, including power harassment, sexual harassment, and maternity harassment, putting in place its harassment consultation office and consultants and guaranteeing confidentiality. In fiscal 2020, as in the past, there were no confirmed cases of significant negative impact on human rights or discrimination that might affect the continuity of the Sumitomo Chemical Group's business.



Respect for Human Rights

Human Rights Due Diligence and Relief Efforts

With the aim of promoting respect for human rights in its business activities, the Sumitomo Chemical Group has established a system for human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights. Human rights due diligence is a continuous effort to identify potential negative impacts on human rights in the entire value chain that may be generated through the Group's business activities, to prevent and correct the impacts, and to disclose information on these measures and their results. Sustainability Department, Legal Department, Procurement Department, and Logistics Department collectively serve as secretariat office for human rights due diligence, working with business sectors and other relevant departments to ensure that our entire value chain is assessed.

If it is discovered through our human rights due diligence that any negative impacts on human rights are occurring because of our Group's business activities, or have been fostered by the Group's business activities, we will redress or resolve those incidents through the appropriate procedures, in collaboration with related stakeholders.

Approach to Our Human Rights Due Diligence Efforts

Under our approach to evaluating and reducing human rights risks, not only for Sumitomo Chemical itself and its supply chain, but also for Group companies in Japan and overseas and their supply chains, we set priorities based on potential human rights risks, and implement our efforts in steps.

With the collaboration and advice of outside experts, our Group's human rights due diligence is conducted in the following sequence.



Initiatives in Fiscal 2019

In fiscal 2019, we conducted human rights risk assessment (risk mapping) for Sumitomo Chemical and 162 consolidated group companies. With the help of external experts, we estimated potential human rights risks in each company based on their businesses, location (country and region), personnel composition, and the raw materials and products they handle. Then we examined how each company addresses risks, by referring to the results of internal audits and Responsible Care audits that had been conducted for the company. These processes were aimed to make our assessment objective and pertinent to actual situations.

For this risk assessment, we first set the four categories of society, environment, health and safety, and governance as major focal areas, and for each category, we determined items in detail for assessing risks. For example, in the category of "society," we selected such diverse items as forced labor, child labor, discrimination, harassment, freedom of association, indigenous people, and cultural heritage. In other categories, we conducted risk assessment as to those items that we had addressed in audits, by examining them from a human rights perspective.



Respect for Human Rights

Initiatives in Fiscal 2020

We conducted a detailed investigation of 30 Group companies that were rated as having a relatively high risk in the human rights risk assessment (risk mapping) conducted in fiscal 2019 for Sumitomo Chemical and its Group companies.

[Document Inspection – Targets: 26 companies, in locations including China, India, Thailand, and Japan]

Under the four categories: Society, the Environment, Health & Safety, and Governance, questionnaires were sent and answers were collected. The companies were asked whether they conducted any business activities with high human rights risks and about the implementation status of risk mitigation measures.

[On-site Inspection – Targets: 4 companies total, in China, Thailand, and Tanzania]

For the Group companies identified to have particularly high human rights risks, outside experts were appointed to conduct inspections including reviewing documents such as employment and wage regulation documents, conducting interviews with local employees (including temporary employees), and inspecting the work environment (including the remote investigation).

As a result of these investigations, we learned the following:

- Initiatives designed to mitigate human rights risks implemented at each company
 - Environmental measures are being rolled out at a high level (all 4 companies)
 - The basic procurement principles are translated into local languages and communicated to all primary suppliers (Tanzania)
 - External attorneys are invited every year to conduct training for employees on regulations and the latest trends related to labor problems (China)
- Issues that need improvement
 - Measures are taken as a practical matter, but mandatory matters for suppliers regarding human rights and labor are not specified in evaluation methods or standards (China, Thailand)

Fiscal 2021 Action Plans

The fiscal 2020 investigation did not reveal any issues with a significant negative impact on human rights; however, for the issues that were revealed, we will investigate their relevancy and background and then take preventive and corrective measures. We will also share the insights gained, including with Group companies not within the scope of the most recent detailed investigation, to facilitate the further mitigation of risks. In addition, we have striven to raise awareness of our human rights policy, which is the root of our respect for human rights, and will continue to do so through such activities as training, to ensure each Group employee gains a deeper understanding of our respect for human rights.



Respect for Human Rights

Sustainable Procurement with Respect for Human Rights

The Sumitomo Chemical Group is committed to building mutually-beneficial and sound relationships with its business partners. We ourselves do business in a fair, equitable and transparent way, while also promoting sustainable procurement efforts across the entire supply chain with respect for human rights and a firm commitment to compliance. In order to encourage our business partners to work on sustainability efforts, we have formulated the *Sumitomo Chemical Group Sustainable Procurement Guidebook*. We ask our business partners to respect human rights, prohibit harassment and inhumane treatment, eradicate discrimination in recruitment and employment, ensure equal opportunities and equitable treatment, comply with regulations on working hours, respect the right to organize, prohibit forced labor and child labor, and comply with minimum wage regulations.

Initiatives in Fiscal 2020

In fiscal 2020 in order to have a coherent understanding of the ESG risks in raw material procurement processes throughout our supply chain, we confirmed the status of our initiatives by sharing the Sumitomo Chemical Group Sustainable Procurement Guidebook with our major business partners, and collected the checklist filled out by each company. The results showed that 86% were considered sustainable procurement. (the sustainable procurement ratio), (as of March 31, 2021).

Fiscal 2021 Activity Plans

We will continue our efforts to ensure sustainable procurement, and continue to assiduously check the status of respect for human rights at our business partners, including whether or not they conduct any business activities with high human rights risks and the status of their implementation of risk mitigation measures.

Initiatives Related to High-Risk Raw Materials

The Sumitomo Chemical Group formulated the “[Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials](#)” in March 2020 to further promote efforts prohibiting the procurement of conflict minerals. Under the policy, the Group defines high-risk raw materials as those that having a high probability of negatively impacting human rights in the supply chain, including, but not limited to, tantalum, tin, gold, tungsten, cobalt, mica, graphite, and pulp. Depending on the characteristics of the high-risk raw materials, we promote initiatives aligned with the premise of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the OECD Guidance).

In fiscal 2020, in accordance with the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials, we began an investigation into the usage status of high-risk raw materials within the Group in order to conduct prioritized due diligence of suppliers of high-risk raw materials.

In fiscal 2021, we will continue to request reports based on the Responsible Minerals Initiative (RMI) from suppliers of high-risk raw materials and steadily promote risk assessments.

P.164 Procurement: Initiatives Related to High-Risk Raw Materials

Introducing Human Rights Clauses into Contracts

In fiscal 2020, we have formulated contract provisions that request understanding of and cooperation with our efforts to respect human rights, and have begun including them in our contracts with our business partners, including raw material suppliers, materials and equipments suppliers, logistics providers, and contract manufacturers.

In fiscal 2021, we will not only continue to sign contracts that include these human rights provisions, we will also respond in line with the procedures defined in these human rights provisions when negative impacts on human rights occur in our supply chain, or under the apprehension that such an impact has occurred.



Respect for Human Rights

Signed onto the Declaration of Partnership Building

Sumitomo Chemical supports the premise of the “the Council on Promoting Partnership Building for Cultivating the Future” promoted by Japan’s Cabinet Office and the Small and Medium Enterprise Agency and announced our Declaration of Partnership Building. This initiative aims to encourage the collaboration of large companies with small and medium-sized companies, promote measures to enhance productivity across the entire supply chain, and build mutually beneficial relationships between large companies and small and medium-sized companies. In its declaration, Sumitomo Chemical not only clarifies as one of its individual items that it will conduct trade in a manner that ensures fairness and transparency but also clarifies that it emphasizes human rights and compliance and is promoting sustainable procurement initiatives throughout the supply chain to enforce sustainability initiatives at suppliers.

Announcement of our “Declaration of Partnership Building” (Japanese only)

https://www.sumitomo-chem.co.jp/news/detail/20210618_2.html

Engaging in Human Rights Initiatives

1. Stakeholder Engagement Program hosted by Caux Round Table Japan

Since fiscal 2019, Sumitomo Chemical has participated in the [Stakeholder Engagement Program](#) hosted by Caux Round Table Japan, a non-profit organization, to better understand what circumstances can cause human rights issues and how business activities are related to human rights, as well as material human rights issues and the importance of considering human rights in business activities.

This program invites companies, non-government and non-profit organizations, and experts to discuss human rights due diligence that is required by the Guiding Principles on Business and Human Rights. The subject for fiscal 2020 was “Human Rights Issues by Sector (v.8)” formulated by the Nippon CSR Consortium in fiscal 2018. Participants engaged in sectoral discussion, referring to the human rights guidance tool created by the United Nations Environment Programme Finance Initiative (UNEP FI). (We participated in the discussion for the chemical, construction material, and manufacturing sectors.)

Fiscal 2020 Stakeholder Engagement Program (Human Rights Due Diligence Workshop) Report

<https://crt-japan.jp/files2020/SHE/Final%20Report%20of%20SHE%20in%20English.pdf>

2. Human Rights Due Diligence Subcommittee hosted by Global Compact Network Japan

Since fiscal 2019, Sumitomo Chemical has engaged in the Human Rights Due Diligence Subcommittee hosted by the Global Compact Network Japan in order to promote human rights due diligence based on the Guiding Principles on Business and Human Rights.

In fiscal 2020, the subcommittee organized various initiatives such as seminars by experts, workshops for addressing human rights issues in the time of COVID-19, and interviews with leading companies in this area. We will continue to deepen our understanding of human rights by engaging in various initiatives, and leverage the learning in the Group’s human rights promotion efforts.

Looking Ahead

We at the Sumitomo Chemical Group will observe our Human Rights Policy and work together as one to continue our efforts led by the Human Rights Promotion Committee to promote respect for human rights.



Procurement

Basic Stance

Policy on Sustainable Procurement

The Sumitomo Chemical Group is committed to building mutually beneficial and sound relationships with business partners. In addition to ensuring fairness, equitability, and transparency in our transactions with business partners, we are promoting sustainable procurement activities throughout the supply chain with an emphasis on compliance and respecting human rights, which will encourage our partners to also engage in sustainability initiatives. Furthermore, Sumitomo Chemical's stance toward and policy on sustainable procurement is clarified in the Basic Procurement Principles and the Group Business Standards of Procurement, which provide guidelines for procurement operations for Group companies in Japan and overseas.

Basic Procurement Principles (Outline)

1. The Procurement Section shall strive to conduct procurement transactions on the basis of fair, equitable, transparent and free competition without involving personal interests or arbitrary considerations.
2. The Procurement Section shall strive to select suppliers to transact with in accordance with the most appropriate and economically rational methods and shall pursue the maintenance of sound business relationships with suppliers, aiming for mutual growth and development.
3. The Procurement Section shall strive to provide corporate services globally throughout the entire Group.
4. In its procurement, the Procurement Section shall give preference to those suppliers that are active in sustainability initiatives, with the aim of fulfilling its corporate social responsibilities and building sound relationships with suppliers.
5. The Procurement Section shall strive always to meet the quality requirements of Sumitomo Chemical's internal sections that request purchases of Goods and Services.
6. In performing Procurement Operations, the highest priority shall be given to safe and stable operations in order to realize zero-accident and zero-injury operations.
7. In performing Procurement Operations, the highest consideration shall be given to customer satisfaction.
8. The Procurement Section shall ensure the transparency of Procurement Operations.



Procurement

■ Sumitomo Chemical Group Policy for Responsible Procurement of Minerals / Raw Material (Established March 17, 2020)

Recognizing the principles set out in our Sumitomo Chemical Group Human Rights Policy, Sumitomo Chemical Group (Sumitomo Chemical Co., Ltd. and its group companies, hereafter “Sumitomo Chemical Group”) defines those raw materials that involve a high risk of having a negative impact on human rights in the supply chain (including but not limited to Tantalum, Tin, Gold, Tungsten, Cobalt, Mica, Graphite, Pulps etc.) as high-risk raw materials (“HRRM”). Sumitomo Chemical Group recognizes the adverse impact against human rights which may be associated with mining, extracting, refining, manufacturing, trading, handling and/or importing/exporting HRRM, and sets out the following Policy for Responsible Procurement of Minerals/Raw Materials. Sumitomo Chemical Group will comply with this policy, and requests all of its suppliers to acknowledge the contents of this policy and comply with it.

Incorporating the essence of the standards set out in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the “OECD Guidance”) with necessary adjustments, Sumitomo Chemical Group adopts the following 6-step framework in conducting due diligence in respect of HRRM:

1. Establish Strong Company Management Systems

Sumitomo Chemical Group will clearly communicate and explain to suppliers and to the public the contents of this policy, and appoint a senior executive and staff assigned to supply chain management of HRRM. Sumitomo Chemical Group will request HRRM suppliers to comply with this policy by abiding by the standard contract clause or commitment letter.

2. Identify and Assess Risks in the Supply Chain

Sumitomo Chemical Group will establish a system of controls and transparency over the supply chain of HRRM, and will periodically identify and assess risks of HRRM suppliers through an approach consistent with OECD Guidance Annex II. In identifying and assessing the risks, Sumitomo Chemical Group will (i) request HRRM suppliers to map its supply chain to origin and maintain a database of the same, and (ii) conduct additional due diligence procedures against the HRRM supplier, when red-flags of adverse impact on human-rights are discovered in its supply chain, with due attention to the geographical characteristics of conflict-affected and high-risk areas.

3. Design and Implement a Strategy to Respond to Identified Risks

Once risks are identified and mitigation measures are undertaken, the senior executive assigned to HRRM, will compile a risk management plan and will implement either of the following measures:

- i) continuing trade throughout the course of measurable risk mitigation efforts;
- ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation efforts;
- iii) disengaging with the HRRM supplier after failed attempts at mitigation, such as where lack of cooperation, refusal to follow improvement requests etc.

Sumitomo Chemical Group will implement the risk management plan, monitor and trace the risks and progress of risk mitigation efforts, report them to the assigned senior executive of HRRM, and keep record of the same for a designated period. Sumitomo Chemical Group will undertake additional assessments of the identified risks once there is change of circumstance.

4. Sumitomo Chemical Group will request HRRM suppliers who is in a position to more directly and effectively mitigate the adverse impact on human rights in the supply chain to undergo supply chain due diligence audits conducted by Sumitomo Chemical Group or by Sumitomo Chemical Group’s designated independent third-party auditor.

5. Sumitomo Chemical Group will report the above HRRM related activities through our web site, annual report, sustainability data book etc. If required, Sumitomo Chemical Group will request HRRM suppliers to report its HRRM related activities periodically to Sumitomo Chemical Group, and to promptly report to Sumitomo Chemical Group any signs of adverse impact on human-rights discovered in their supply chain, and to follow any instructions of corrective measures by Sumitomo Chemical Group.

6. Sumitomo Chemical Group will support relevant industry initiatives in respect of HRRM and respond to changing situations flexibly.

Sumitomo Chemical Group requests all of its suppliers to develop and implement its own initiatives in accordance with the above 6-step framework, and to cause its upstream suppliers to do the same.



Procurement

Management System

In line with the policy on sustainable procurement, we formulate and implement plans related to sustainable procurement, share these plans with Group companies, and carry out these plans in cooperation with Business Sectors. Furthermore, Sumitomo Chemical's stance toward and policy on sustainable procurement is clarified in the Group Business Standards of Procurement, which provide guidelines for procurement operations for Group companies in Japan and overseas. We are promoting relevant initiatives across the entire Group.

Goals and Results

FY2020 Group-wide Initiatives

Main Initiatives	Details
Group purchasing information exchange meeting 2 times	Participating companies: 22 • Sustainability measures, including those related to human rights and the environment; Initiatives for high-risk raw materials; Shared information about BCPs, including those to prevent the spread of COVID-19
Company-wide procurement liaison meetings 2 times	Participants: Representatives responsible for the procurement of Business Sectors • Sustainability measures, including those related to human rights and the environment; Initiatives for high-risk raw materials; Shared information about BCPs, including those to prevent the spread of COVID-19
Procurement staff education	Participants: All procurement staff (including new employees and transferees) • Sustainability measures, including those related to human rights and the environment; Initiatives for high-risk raw materials

FY2020 Initiative for Suppliers

Main Initiatives	Details
Supplier Web Briefings 8 times	Participating companies: 2,331 (suppliers of materials, equipment, and raw materials) • Gave introductions on the Sumitomo Chemical Group's sustainability initiatives during web briefings related to the introduction of new systems
Suppliers Dialogues 2 times	Participating companies: 27 (major suppliers of materials and equipment) • Gave introductions on sustainability initiatives and shared information regarding human rights (child labor, etc.) and occupational safety
Supplier Information Exchange Meeting 1 time	Participating companies: 10 (major raw material suppliers) • Regarding Scope 3 ^{*1} GHG emissions, we conducted Supplier Engagement on SBTs ^{*2} (purposeful dialogues) with our major suppliers ^{*3} so they would set science-based GHG emission reduction targets by FY2024. • Provided briefings on and requested cooperation in sustainability initiatives (respect for human rights, including high-risk raw materials, environmental conservation, etc.), gave introductions on internal reporting systems, etc.
Evaluation of Established Suppliers (Sustainable Procurement Rate Survey)	Targeted companies: All established suppliers, who together account for the top 90% of the raw materials purchased Sustainable procurement rate ^{*4} : 86% (As of March 31, 2021)
Evaluation of New Suppliers	Due diligence rate for new suppliers: 100% Suppliers who were rated "good" and with whom business began: 100%
Audits	Number of times monitoring was conducted in conjunction with quality audits: 6 (Due to the pandemic, all audits were documentation audits. We confirmed that there were no problems on the sustainable procurement check sheets.)
Initiatives Related to High-Risk Raw Materials	We conduct due diligence in accordance with the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials. For conflict minerals (gold, tantalum, tungsten, and tin), cobalt, and mica, we request they use the template ^{*5} issued by the Responsible Minerals Initiative (RMI), and, for other high-risk raw materials, we request they use an almost equivalent document. We request replies from all suppliers of raw materials includes these high-risk raw materials. <Reply collection status (as of May 31, 2021)> • Conflict minerals: 100% reply collection rate, 0% of suppliers have been determined to have a problem • Cobalt, mica, and other high-risk raw materials: 89% reply collection rate, 0% of suppliers have been determined to have a problem

^{*1} Emissions from the manufacturing and transportation of purchased raw materials

^{*2} Science Based Targets (SBTs): Greenhouse gas emission reduction targets set by companies for the next five to 15 years in line with levels sought by the Paris Agreement

^{*3} Covers suppliers accounting for 90% of greenhouse gas emissions from procured raw materials and other items based on weight.

^{*4} The percentage of Sumitomo Chemical Group Sustainable Procurement Check Sheets that were returned

^{*5} Conflict minerals (gold, tantalum, tungsten, tin): Conflict Minerals Reporting Template (CMRT); cobalt: Cobalt Reporting Template (CRT); mica: Mica Reporting Template (MRT)



Procurement

Examples of Initiatives

Sustainable Procurement Activities

Sumitomo Chemical has added a webpage about sustainable procurement to its Procurement Information page on its official website to inform more stakeholders of its sustainable procurement initiatives. The webpage features the *Sumitomo Chemical Group Sustainable Procurement Guidebook*, which is a code of conduct for our suppliers. Moreover, Sumitomo Chemical has formulated the *Sumitomo Chemical Group Sustainable Procurement Check Sheets* to enable suppliers to conduct self-evaluations regarding all items. Suppliers can now download the guidebook and check sheets and report the results of their self-evaluations.

Sumitomo Chemical Group Sustainable Procurement Check Sheets

0 Overall Promotion of Sustainable Procurement

The questionnaire begins with a confirmation of the company's performance regarding: clearly declaring the importance of sustainability as a business policy; designating an organization and manager responsible for sustainability promotion; publicly announcing the status of its sustainability promotion efforts; and deploying its own program regarding sustainability to suppliers.

I Compliance with Laws and Ethics

Questions in this chapter focus on whether the company properly: ensures compliance with various business laws (including laws and regulations in Japan and overseas, such as REACH); prohibits impediments to free competition; prohibits abuse of a superior position; prohibits corruption and bribery; prohibits the offering and receiving of inappropriate profits and advantages; ensures respect for intellectual property; detects and prevents injustice promptly; and prevents the leakage of personal information as well as customer and third-party confidential information.

II Human Rights and Labor

Questions in this chapter focus on whether the company properly: ensures respect for human rights; prohibits discrimination; regulates working hours; respects the rights to freedom of association; prohibits forced labor; prohibits child labor; and pays appropriate wages.

III Accident Prevention and Occupational Health and Safety

Questions in this chapter focus on whether the company properly: ensures proper disaster and accident management; applies safety measures for equipment and instruments; promotes safety in the workplace; promotes hygiene in the workplace; and promotes health maintenance programs for employees.

IV Environmental Conservation

Questions in this chapter focus on whether the company properly: establishes and implements an environmental management system; controls hazardous chemicals in manufacturing; obtains environmental and government permits; minimizes environmental pollution (water, soil, air); promotes waste reduction; and promotes resource and energy saving by reducing, reusing, and recycling (3Rs).

V Product Quality and Safety

Questions in this chapter focus on whether the company properly: establishes and implements a quality management system; controls hazardous chemicals in products; provides accurate information on products and services; and furnishes prior consultation on manufacturing process change and compliance with standards and specifications.

Sumitomo Chemical Group Sustainable Procurement Guidebook

https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/cp_csr_guidebook_e.pdf

Sumitomo Chemical Group Sustainable Procurement Check Sheets

https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/cp_csr_check_list_e.pdf



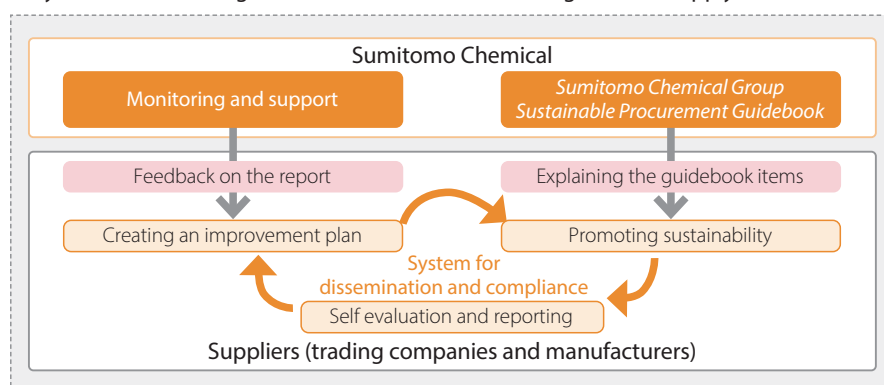
Procurement

Promoting Sustainable Procurement throughout the Supply Chain

We have every new supplier gain a better understanding of Sumitomo Chemical's policies and stances through the *Sumitomo Chemical Group Sustainable Procurement Guidebook*. We also have them fill out and submit the *Sumitomo Chemical Group Sustainable Procurement Check Sheets*. This enables us to do our due diligence regarding their compliance status, and, upon confirmation of satisfactory evaluation results, we begin doing business with them. Following that, we regularly monitor their compliance status and strive to prioritize procurement from those suppliers who are working hard to ensure sustainable procurement. We manage the data from the monitoring and periodically assess the content. For suppliers whose initiatives have been determined to be insufficient according to their replies to the sustainable procurement check sheets, we furnish feedback, such as requesting confirmation of improvement plans, to raise awareness of and cooperation in ensuring sustainable procurement. Furthermore, for suppliers who have not shown improvement over the long term regarding important initiatives related to human rights and other issues, we designate them high-risk suppliers and offer more focused feedback and monitoring.

In addition, we send out and collect the guidebook and check sheets from our main suppliers of raw materials. The collection status is managed as our sustainable procurement rate.

System for Promoting Sustainable Procurement throughout the Supply Chain



Initiatives Related to High-Risk Raw Materials

Regarding conflict minerals that have been identified as possibly funding inhumane armed groups in the Democratic Republic of the Congo (DRC) and its neighboring countries, as usual, under the Conflict-Free Procurement Policy, we confirm the minerals in the raw materials we procure, including gold, tantalum, tungsten, and tin, are not contributing to conflict (i.e. are conflict-free). We do this by finding the raw materials containing these substances from an internal database and periodically distributing and collecting CMRTs* to all suppliers of these raw materials.

If we determine there is a problem after confirming the results with the supplier, we take appropriate measures, which could be a request for improvement or the suspension of procurement of conflict minerals.

Going a step further in our efforts to avoid procuring conflict minerals, we formulated the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials in March 2020. We define high-risk raw materials as those that involve a high risk of having a negative impact on human rights in the supply chain (including but not limited to Tantalum, Tin, Gold, Tungsten, Cobalt, Mica, Graphite, Pulps etc.). In line with the characteristics of each high-risk raw material, we promote initiatives aligned with the content of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). In line with this procurement policy, we designate high-risk raw materials and conduct due diligence.

* Conflict Minerals Reporting Template: A reporting template published by the Responsible Minerals Initiative (RMI)

P.158 Respect for Human Rights: Initiatives Related to High-Risk Raw Materials



Procurement

Promoting Sustainable Procurement throughout the Group

We periodically hold Group purchasing information exchange meetings that gather together responsible purchasing representatives from each Group company in Japan and overseas to discuss promoting sustainable procurement throughout the Group. In addition, to ensure smooth communication, we set up a website with the Group companies to reciprocally share information as we strive to promote and encourage sustainable procurement as a unified Group.

Looking Ahead

In line with the Basic Principles for Promoting Sustainability, the Sumitomo Chemical Group will continue to strengthen cooperation with business partners and promote sustainability in the spirit of respecting human rights and ensuring compliance.



Human Resources Management

Basic Policy

'People' are a major source of corporate competitiveness, and securing highly motivated and capable personnel is the foundation of business operations.

In addition, our business environment has become more complex and sophisticated due to the recent expansion of our business domains and advances in technological innovation. In these circumstances, it has become extremely important to secure personnel with broad knowledge and diverse skills, and to conduct training so that employees can maximize their abilities.

Against this backdrop, the current Corporate Business Plan sets forth employing, developing and leveraging human resources to support sustainable development as one of its basic policies.

Based on this policy, we are strengthening our recruitment capabilities dramatically and effectively promoting the current personnel and training systems based on the basic philosophy of "development and growth." We are also working to create an environment in which diverse personnel can work healthily and energetically.

Sumika 'Take Action' Declaration

We have set forth a number of important values and views to help our employees find significance and feel pride in working at Sumitomo Chemical in the "Sumika 'Take Action' Declaration," and we are promoting this initiative so that they can lead healthy and fulfilling lives as employees, both mentally and physically. The initiative is divided into a series of five steps, with each step further broken down into five action items, and we are promoting concrete efforts to support progress. In addition, we established a labor-management committee to promote the "Sumika 'Take Action' Declaration" to ensure that information is shared and opinions are exchanged on the progress of initiatives and their direction.

1 Work-life Balance (WLB)

Aiming to harmonize work and private life to lead fulfilling lives

- ① Stop long working hours!
- ② Create an environment that makes it easy for employees to fully utilize work-life balance systems.
- ③ Encourage employees to take at least 80% of paid leave and facilitate effective use of the flex time system.
- ④ Prohibit business instructions that would require holiday or late-night work.
- ⑤ Cooperative framework in the workplace.

Joint labor and management declaration

▶ P.179

2 Diversity and Inclusion

Respect and leverage diversity, promote active roles for all, and leave no one behind

- ⑥ Active roles for both men and women!
- ⑦ Let's eliminate preconceptions and assumptions!
- ⑧ Let's build a hybrid human resource group!
- ⑨ Encourage active roles for people with disabilities.
- ⑩ No harassment!

Joint labor and management declaration

▶ P.174

3 Development and Growth

Development and growth to help our employees and the company flourish together!

- ⑪ Invest in growth for everyone.
- ⑫ Study every day, grow every day.
- ⑬ Support the desire to learn.
- ⑭ Use digital technology to accelerate growth!
- ⑮ Allow people to take on challenges and demonstrate their growth.

Joint labor and management declaration

▶ P.171

4 Healthy Employees

Good health is a prerequisite for good work and a good life!

- ⑯ Revise eating habits, achieve a healthy weight.
- ⑰ Exercise a little and stay healthy forever!
- ⑱ High performance depends on quality sleep.
- ⑲ Smoking does nothing but harm.
- ⑳ Don't forget to take care of your mental health.

Joint declaration by company and corporate health insurance association

▶ P.184



Declaring what we want to cherish

5 How to Proceed with Work

Reasonable, efficient, and creative work by each employee will lead to the improvement of their skills and the growth of the company.

- ㉑ Always review work goals and methods.
- ㉒ Make the use of digital technologies the default.
- ㉓ Eliminate excessive quality, streamline your work.
- ㉔ Maximize the added value of meetings.
- ㉕ Put customers first!

Company declaration

▶ P.169



Human Resources Management

Human Resources System Initiatives

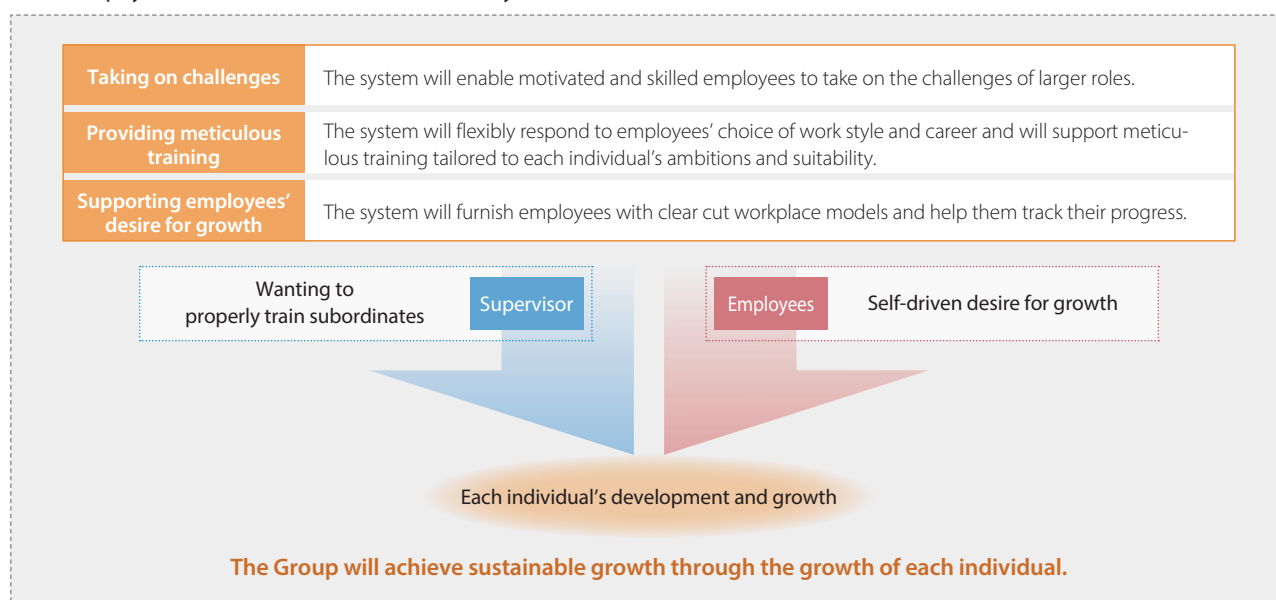
Sumitomo Chemical engages with its employees through a human resource system that takes account of the performance individuals achieve in their roles, depending on the scale of their responsibilities, along with the abilities they employed and their actions in the process. The system enables those willing and capable employees to aspire to higher roles at an early stage, and to build their self-motivated desire to grow in their career process.

Accordingly, our annual performance evaluations are not limited to evaluating how well each employee fulfills their expected role and their achievements; it evaluates how well said employee demonstrates their ability and acquires the knowledge and skills needed for their role. The system thus encourages individual development and growth without overly focusing on short-term achievements.

Managers talk with all their subordinates on a regular basis to review their performance and objectives and to provide feedback on their behavioral advantages and areas for improvement. In the interviews, they also discuss future job expectations and career paths in an effort to increase their motivation and abilities.

Moreover, we have adopted a similar human resources system for managers at overseas Group companies as for Sumitomo Chemical's managerial employees.

Philosophy and Aims of the Human Resources System



Characteristics of Our HR Systems

(1) Career Development Field (CDF)

To encourage the development and growth of each employee amid a time of diversifying ideas about career trajectories, we have incorporated Career Development Fields (CDF, professional categories) into our HR systems. We decided to do this because we understand the importance of considering from the medium- to long-term perspective the details of placements and training in line with each employee's ability and suitability as well as based on their career goals. From the hiring stage, planned placements and training are considered in line with each employee's career goals, and employees take the reins when thinking about their careers.

CDF

Field X	A career in which the employee takes on a specified role, while also working on tasks that support the maintenance and development of Sumitomo Chemical's business over the medium- to long-term.
Field Y	A career in which the employee works on tasks that contribute to the development of business as a professional, within a role with a defined scope.
Field Z	A career in which the employee works on a variety of tasks supporting things like the development of new technology and the increasing sophistication and complexity of business.

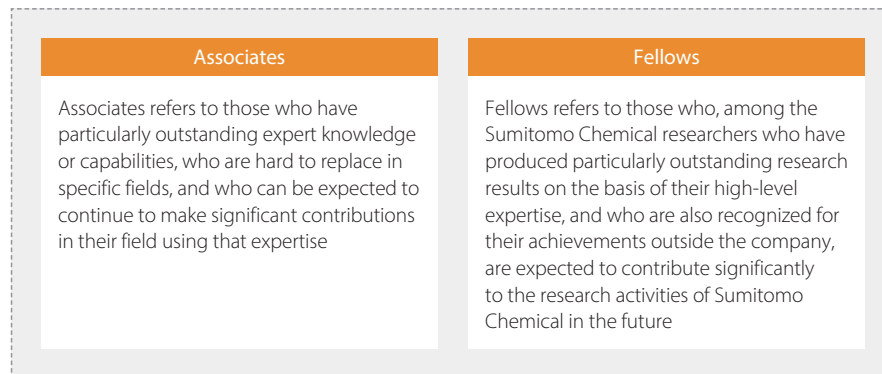


Human Resources Management

(2) Careers for Specialists

We offer more than the conventional path, which assumes a largely vertical progression in rank from manager to general manager, and so on. To reflect the need for complex and advanced knowledge in operational and R&D fields, we have introduced a mechanism that provides appropriate compensation so that personnel with a high degree of specialization can unleash their full potential and rack up accomplishments.

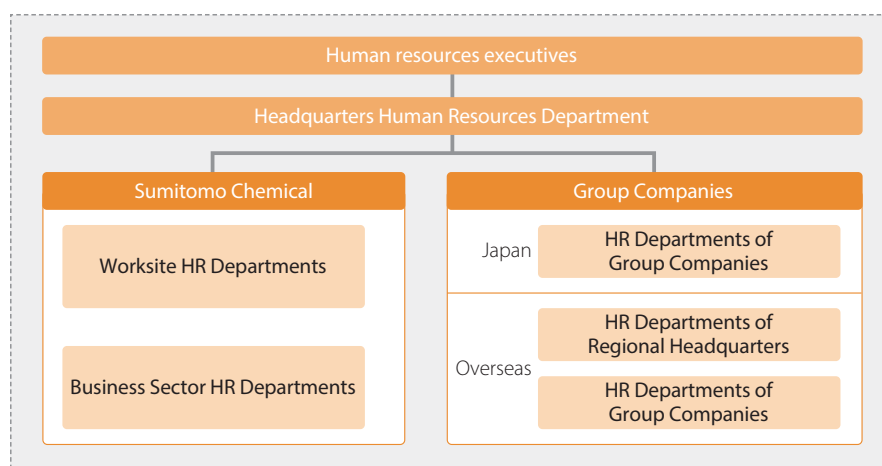
■ Careers for Specialists



Management System

Under the direction of human resources executives, the Headquarters Human Resources Department works closely with the HR departments of worksites, business sectors, regional headquarters, and Group companies in Japan and overseas to promote and roll out various programs. In addition, employees are rotated through job assignments based on each person's specific training plans while sharing information with the aforementioned HR departments and other departments with corporate functions, such as production and administration.

■ Human Resources Management System





Human Resources Management

Examples of Initiatives

Initiative to Enhance Productivity

As the fifth number of the 'Take Action' Declaration, labor and management jointly announced the Sumika Workflow Declaration. We are upgrading infrastructure, for example, introducing the new personnel information integration solution called SUMIKA HR-BOX to enhance productivity, and are promoting rational, efficient, and creative work through the use of digital and other tools.

Sumika Workflow Declaration Five Action Items

㉑ Always review work goals and methods.

Do not rely on old ways of thinking. Constantly think of methodologies aligned with this era and work that is currently in demand.

- Reduce current workload by 10% to be able try new things!

㉒ Make the use of digital technologies the default.

Fully leverage digital technologies to drastically increase the productivity and efficiency of operations.

- Paperless: 50% reduction compared with FY2016 (to under 20 million sheets)
- Double the number of Skype/TV meetings compared with FY2019

㉓ Eliminate excessive quality, streamline your work.

Do not assume too much. Do not hesitate to confirm your partners' intentions and clarify communications in order to stay on track and eliminate excessive quality.

- Superiors clearly point out "what, why, and by when." Subordinates confirm.
- Report when 30% done.

㉔ Maximize the added value of meetings.

Meetings are for discussion and decision making.

- Utilize email and other data infrastructure for simple reports and information sharing.
- Target halving the number of meetings and attendees as well as their duration compared with FY2019

㉕ Put customers first!

Aim to increase by 50% the amount of time spent on customer communication and assessing social needs. Through action items ㉑ to ㉔, streamline the in-house use of time and labor as much as possible.

Communication with Employees

Sumitomo Chemical and its labor union are working together to solve various issues within a labor-management relationship based on mutual understanding and trust.

We have concluded a labor agreement covering a wide range of topics, including union members' concerns about human resources, work duties, compensation, disaster compensation, welfare facilities, safety and health, labor-management meetings, and collective bargaining. Based on this agreement, as a place for labor and management representatives to exchange opinions, we hold central labor-management meetings twice a year as well as regional labor-management meetings at each worksite twice a year. In addition, we have established Safety and Health Committees at each worksite to ensure and improve the safety and health of union members.

Furthermore, the Company and labor union have concluded a union shop agreement, ensuring that 100% of general employees at the Company are enrolled in the labor union.



Human Resources Management

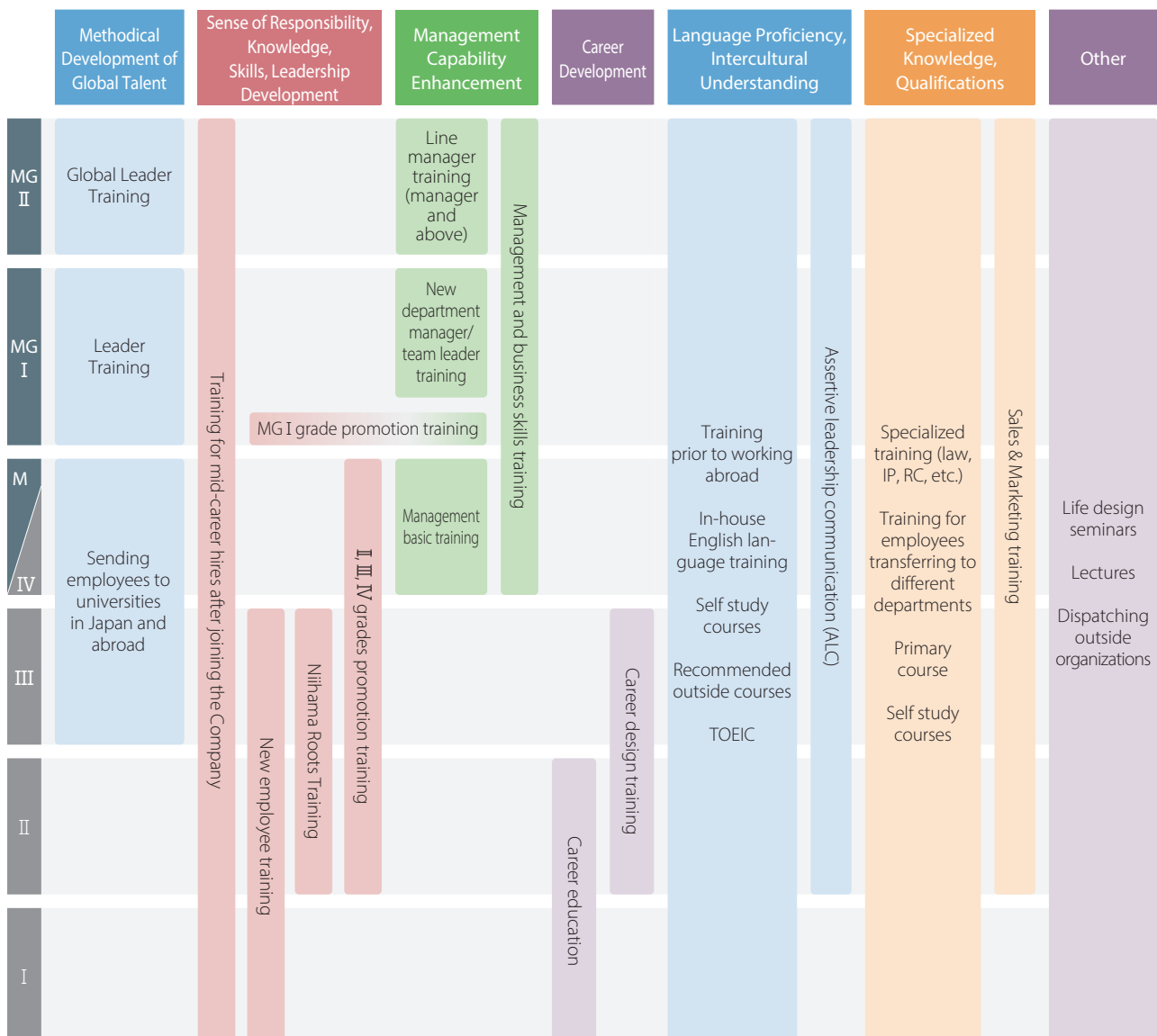
<Human Resources Development>

Basic Policy

We are implementing various training programs and measures for different purposes and employee classes to realize our current human resources system, the basic philosophy of which is “development and growth.”

Specifically, we are developing all motivated and skilled employees and enhancing their capabilities by upgrading our training system in a “stepwise” manner in line with our goals. Education includes class-based training aligned with positions and roles, management skills enhancement training for managers, and programs to enhance language skills appropriate to global business development.

Organization of Training Programs



Note: The Company conducts in-house training courses in the areas of compliance, human rights, sustainability, and health maintenance and improvement



Human Resources Management

Targets and Results / Examples of Initiatives

As the third number of the 'Take Action' Declaration, labor and management jointly announced the Sumika Development & Growth Declaration. We are promoting various measures aimed at carrying out the following five action items to help the Company and employees flourish together through development and growth.

Sumika Development & Growth Declaration Five Action Items

- ⑪ **Invest in growth for everyone.**
We will continue to invest in education, spending over three times the average among listed companies.
- ⑫ **Study every day, grow every day.**
We aim for 10% of work time to be used for training and work study to cultivate more professionals.
- ⑬ **Support the desire to learn.**
We support self-driven career development. We provide training programs that employees can select for themselves and learn anywhere, anytime and repeat as many times as they want.
- ⑭ **Use digital technology to accelerate growth!**
Everyone from top management to regular employees can skillfully use the latest digital technologies and break through to a new phase as an organization or individual.
- ⑮ **Allow people to take on challenges and demonstrate their growth.**
We allow subordinates looking to grow to take on challenges, for example, to try work designated for personnel one rank above their current rank. Subordinates give their all to tackle these new challenges.

In recent years, in addition to the aforementioned goals and training systems and programs for different employee classes, to support the independent career building of all motivated and skilled employees, we are focusing on online programs that enable learning on smartphones and PCs with the slogan "whenever, wherever, and however many times."

Specifically, we introduced online video content (450 courses and 3,600 books*) that encompasses a comprehensive MBA curriculum, spanning from business basics to practical application. For all employees, we opened an online language learning program for English and eight other languages as well as an online English business writing course. We are also working to raise the level of and strengthen the knowledge, skills, and language abilities of employees in global business development.

*As of July 2021

Investment in Training (Sumitomo Chemical)

FY2020 Results

Approx.

¥320,000 /year per person

Target

Continue to invest at least 3 times the average level for publicly listed companies (approx. ¥110,000*)

*(Source) Annual Report on the Japanese Economy and Public Finance (FY2018)

Time Spent on Training (Sumitomo Chemical)

FY2020 Results

Approx.

131 hours/year per person
(8% of regular working hours)

Target

Aim to spend 10% of work time on training or studying for work

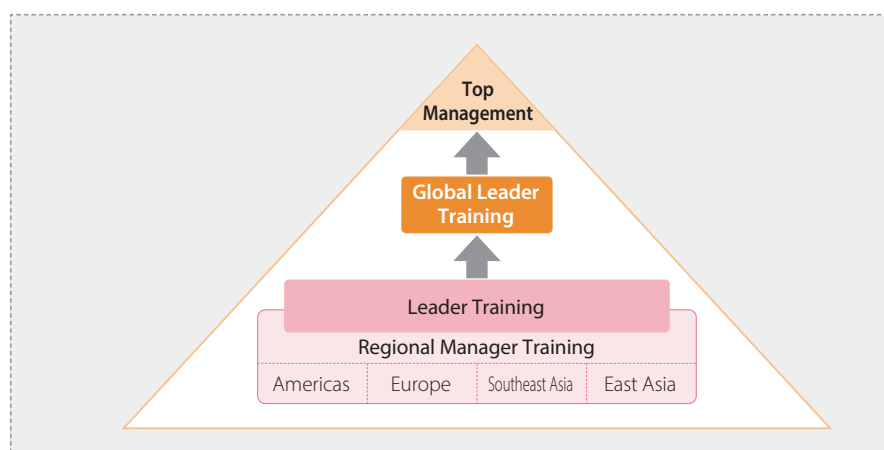


Human Resources Management

Methodical Development of Global Talent

Sumitomo Chemical is carrying out a staged training program in human resource development for employees both in Japan and at overseas Group companies, in order to discover and develop next-generation leaders in a systematic way, emphasizing the creation of Global Leaders who can take on the role of core management.

Next-Generation Leader Development System



(1) Global Leader Training

In our Global Leader Training for general managers inside and outside of Japan, participants learn about management perspectives and insights through lectures and discussions featuring executive officers and external executives. They decide on their own topics and provide advice on the content of these specific initiatives to the president and others in management.

(2) Leader Training

In Sumitomo Chemical's Leader Training for managerial employees both inside and outside of Japan, Sumitomo Chemical has worked with a graduate school of business to carry out a program held completely in English, with the goal of developing the employees' conceptual strength and abilities to propose strategies for the creation of new value.

Training for Development of Global Talent (for select participants)

(No. of people)

Name	Approach	FY2018	FY2019	FY2020
Development of Global Talent	In order to create global leaders who will play a central role in management and to develop talent that supports our global business operations, we systematically conduct various training programs.			
(1) Global Leader Training	Our global leader training program focuses on action learning.	21	20	—
(2) Leader Training	Held in Singapore and Japan to develop the next generation of leaders, we conduct training programs in English.	27	27	27

FY2020 Results*

Participants **27**
 Average time **141** hours per person
 (breakdown: 25 men, 2 women)

* In fiscal 2020, due to the COVID-19 pandemic, the Global Leader Training was delayed, and only the Leader Training's English skills enhancement training (individuals) was provided.



Human Resources Management

Management Skills Enhancement Training

We are conducting a training program to provide managers with the ability to guide their own organization and thus achieve their goals through the learning of general principles and practical skills needed for workplace management.

Management Skills Enhancement Training (required for all eligible employees)

(No. of people)

Name	Approach	FY2018	FY2019	FY2020
Management basic training	Training that promotes the systematic understanding of basic management principles and enables the practice of skills that can be used in the workplace	147	175	213
New department manager/team leader training	Training covering the knowledge and skills, including risk management, necessary to operate as a workplace manager	87	55	89
MG I grade promotion training	Training for management-level employees aimed at fostering self-awareness regarding their roles and occupational duties along with cultivating strong self-actualization and at changing their mindsets as organizational leaders	74	75	118
Training in communicating with subordinates	Training on feedback methods used to develop subordinates and ensure understanding of basic communication policies	35	240	123
Diversity management training	Training covering management capabilities, including how to influence organizational performance, and the management qualities and skills needed to gather diverse personnel and guide them on teamwork and achieving goals (from FY2020)	—	—	230

FY2020 Results

Participants

773

Average time

7 hours per person

Enrollment rate of
all eligible employees:

100%

Enrollment rate of
all employees:

12%

System for Passing on Skills and Developing Personnel

We have established a Trainer System and a Senior Training Advisor System with the main aim of steadily passing on skills essential to the manufacturing frontlines and developing future core personnel.

(No. of people)

Name	Approach	FY2018	FY2019	FY2020
Trainer System	Highly skilled employees who have an aptitude for teaching provide instruction and advice to facilitate development.	42	48	62
Senior Training Advisor System	Supervisors and potential supervisors are provided OJT to develop core personnel for manufacturing departments	4	8	9

Looking Ahead

Going forward, Sumitomo Chemical will continue to promote various measures for employee growth to realize a human resources system centered on “development and growth.” With the introduction of the new system, we have expanded online options for training programs. We will continue to take measures that let employees choose their own training content and make learning a habit.



Human Resources Management

<Diversity and Inclusion>

Basic Policy

Sumitomo Chemical has raised “promotion of diversity and inclusion” as one of the material issues to be addressed as management priorities based on the Basic Principles for Promoting Sustainability. We have established a Group-wide basic philosophy related to diversity and inclusion and are promoting measures in line with the situation of each Group company.

Group Diversity and Inclusion Policy

We will promote diversity and inclusion across the Sumitomo Chemical Group. We understand that a variety of ideas and values among our employees represents a vital resource that forms the foundation of the Sumitomo Chemical Group's competitiveness. In order to create continuous new value, we will build and enable an inclusive organizational culture that allows us to respect the individuality of each employee and embrace diversity to empower employees in an environment of mutual and close communication.

In addition, labor and management jointly announced the Sumika Diversity & Inclusion Declaration as the second number of the ‘Take Action’ Declaration. The Company has defined the following five action items and is promoting various measures to implement them in order to enable the Company and employees flourish together through diversity and inclusion.

Sumika Diversity & Inclusion Declaration Five Action Items

⑥ Active roles for both men and women!

We will ensure anyone can thrive in the workplace and enhance employee capabilities regardless of gender.

Relevant KPI: Women accounting for at least 10% of positions equivalent to manager or above by the end of 2022

⑦ Let's eliminate preconceptions and assumptions!

We will eliminate assumptions about fixed division of roles and unconscious bias, thinking you have to do something “because I’m a man/woman.”

Relevant KPI: At least 70% of male employees taking cessation from work for childcare by the end of 2022

⑧ Let's build a hybrid human resource group!

We will flexibly incorporate and leverage the different abilities and ideas of diverse human resources to help invigorate the workplace and grow the organization.

⑨ Encourage active roles for people with disabilities.

The Company and Sumika Partners Co., Ltd. have come together to provide an environment where people with disabilities can thrive.

⑩ No harassment!

Aiming for complete eradication, we will not tolerate any form of harassment, including power harassment or sexual harassment.

Furthermore, we are promoting various initiatives to prevent physical and mental discrimination and harassment in work environments and to ensure that people of all different backgrounds can thrive.

▶ P.151 Respect for Human Rights

▶ P.30 Key Performance Indicator (KPI)



Human Resources Management

Management System

In 2010, Sumitomo Chemical established a labor-management committee to promote diversity and inclusion as well as work-life balance. To this end, the committee has shared information and exchanged opinions in addition to checking on the progress of efforts undertaken by labor and by management.

From 2020, we delegated these functions to the labor-management committee for promoting the “Sumika ‘Take Action’ Declaration” as we strive to be more constructive.

Targets and Results

To promote diversity and inclusion, the Group set specific KPIs centered on basic principles related to diversity and inclusion for around 100 of the major Group companies. Moreover, when setting the KPIs, we established the following three points as Critical Success Factors for the promotion of diversity and inclusion.

◆ Critical Success Factors (CSFs)

- (1) Employ and develop diverse human resources, including those at senior management level
- (2) Implement measures to empower diverse human resources
- (3) Enhance diversity and inclusion awareness among managers and employees at all levels, and implement measures to build an inclusive culture that empowers employees

■ Sumitomo Chemical (Non-Consolidated) KPIs

The Company aims to achieve the targets below during 2022:

- | | |
|---|--------------------|
| 1. Have women in <u>at least 10%</u> of positions equivalent to managers or above | (April 2021: 6.3%) |
| 2. Have <u>70% or more</u> of eligible male employees take childcare leave | (FY2020: 63.8%) |
| 3. For employee opinion survey* statements below, achieve an affirmative response rate of <u>80% or more</u> | |
| (1) The Company provides programs and a workplace environment that make it easy to combine work with childbirth, parenting, or caring responsibilities | (FY2019: 77.2%) |
| (2) The atmosphere in the workplace makes it easy for both men and women to use the programs allowing leave or days off, or reduced working hours, for parenting or caring purposes | (FY2019: 69.5%) |
| (3) The company enables female employees to demonstrate their full potential | (FY2019: 53.4%) |

* Conducted once every three years

Progress of Group companies in Japan and overseas in setting KPIs

Many of the KPIs set by Group companies are related to the active promotion and empowerment of women, work-life balance, and diversity regarding nationality, racial background, and age. Going forward, we will continue working with Group companies to promote initiatives aimed at achieving these KPIs.

https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/kpi_diver_group.pdf



Human Resources Management

Examples of Initiatives

Promoting the Active Advancement of Women

We have focused on promoting the active advancement of women as a part of our diversity and inclusion promotion efforts. We are actively taking measures to create an environment where even more women can thrive. Sumitomo Chemical has outlined the following targets in line with the Act on Promotion of Women's Participation and Advancement in the Workplace and is implementing the specific initiatives detailed below.

Sumitomo Chemical Co., Ltd. Action Plan

1. Plan period:

From April 1, 2020 to March 31, 2023

2. Targets, initiative details, and implementation period

Target 1 Women accounting for at least 10% of positions equivalent to manager or above

<Initiative Details>

• Dispatching employees mainly to training programs held by outside groups (since fiscal 2007)

Regularly dispatch employees mainly to training programs held by outside groups with the purpose of career building, enhancing knowledge and skills, and forming networks with outside groups. (Several employees per year as a general rule.)

Eligible employees: Young female employees

• Internal lectures to help promote diversity and inclusion (since fiscal 2013)

We hold lectures related to the significance of diversity and inclusion and the importance of providing growth opportunities through operations.

Eligible employees: All employees

• Diversity management training (since fiscal 2019)

We hold diversity management training that helps us practice diversity management (leadership, human relations skills) and comprehend unconscious bias.

Eligible employees: Managers and team leaders

• E-learning related to unconscious bias (since fiscal 2021)

We hold e-learning training with the purpose of raising awareness and recognition related to overall unconscious bias.

Eligible employees: All employees

• Implement initiatives for the "Sumika 'Take Action' Declaration" (since fiscal 2019)

We have positioned promoting the active advancement of women and eliminating unconscious bias as an action item in the "Sumika 'Take Action' Declaration," in which we proclaim those values and views of importance to us as a company. To this end, we implement various relevant initiatives.



Human Resources Management

Target 2 At least 70% of male employees taking cessation from work for childcare

<Initiative Details>

- Foster an environment that allows the realization of flexible workstyles (continual implementation)

We foster an environment that allows the realization of flexible workstyles and are further improving the productivity of workplaces and people by realizing a workstyle transformation and operational revolution that employs IoT and promotes work-life balance.

- Release PRs and raise awareness of programs (continual implementation)

We continually release PRs and raise awareness of the Company's various programs designed to flexibly respond to individual situations and circumstances, such as the need to engage in childcare or caregiving due to life events. In addition, we recommend male employees with newborn children to take work cessation for childcare.

- Take measures to promote use of programs (continual implementation)

(1) Through labor-management committee meetings and other meetings, we determine specific user needs and ways to improve various programs. We then use this information to help craft and implement measures to promote greater use of the programs.
(2) As an action item in the "Sumika 'Take Action' Declaration," in which we proclaim those values and views of importance to us as a company, we aim to foster a work environment that makes it is easy for all employees to fully use work-life balance programs, including male employees to take cessation for childcare, effectively use the flextime program, and establish a cooperation system in the workplace. To this end, we have implemented various relevant initiatives.

Internal Lecture Helping Promote Diversity and Inclusion

Since 2019, former Vice Minister of Health, Labour and Welfare Atsuko Muraki has presented an internal lecture on the theme diversity and inclusion. The lectures are for a wide range of people, including upper managers, workplace managers (general managers, manager level employees), and female employees. At the lecture, she spoke about the importance of accepting diverse human resources in the workplace, including women, people with disabilities, seniors, and foreign nationals. She also delivered a message aimed at further promoting diversity and inclusion.

Diversity Management Training

For workplace managers (manager level employees), who play an essential role in promoting diversity and inclusion in the workplace, we conduct training that provides them with necessary management skills in this area. Content includes the management qualities and skills needed to bring together diverse personnel and to foster teamwork and achieve goals as well as how to influence organizational performance.

Encouraging Male Employees to Take Childcare Leave

As a general rule, male employees who have had children plan to take at least two weeks of childcare leave in total and submit plans for such leave. By default, the application assumes that eligible employees will take the childcare leave they are offered; should they decide not to take it, they must state the reason why on the application.

Joining the Ikuboss Corporate Alliance

To support male employees' active participation in childcare, Sumitomo Chemical develops ikubosses.* to support male employees' active participation in childcare. We are actively working to establish workplace environments where employees easily balance work and private life.

* "Ikuboss" refers to a superior (manager level, including women) who gets results and enjoys their work and private life while supporting subordinates' careers and lives.

Hiring Personnel with Diverse Skill Sets and Qualities

To secure diverse personnel who support the sustainable growth of the Sumitomo Chemical Group, we encourage the hiring of foreign nationals who have studied abroad in Japan, experienced professionals, and personnel who possess advanced expertise in specific fields. In addition, we conduct proactive hiring activities in science major fields with a low percentage of female students and are working to raise the percentage of female employees hired.



Human Resources Management

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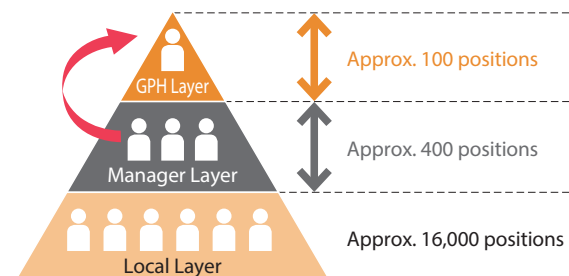
Promoting the Utilization and Advancement of Global Personnel

To enhance personnel who support the global business development of each Group company, Sumitomo Chemical has introduced a personnel system common to Sumitomo Chemical managerial employees for managers at overseas Group companies. In addition, under the same system, we actively hire local employees for major positions at overseas Group companies and systematically develop candidates and hire new personnel externally.

Activities Related to the Women's Empowerment Principles (WEPs)

▶ P.46 Our WEPs Activities

Overseas Human Resources Pipeline (Local employees at overseas Group companies)



Promoting the Hiring of Persons with Disabilities

To help realize a society where the employment of persons with disabilities is normalized, Sumitomo Chemical works to hire such individuals. In August 2017, we established Sumika Partners Co., Ltd.* to support the increased participation of persons with disabilities in society and to provide employment opportunities to persons with disabilities who want to work. This company actively hires persons with intellectual and mental disabilities. It has established a support system to enable employees with disabilities to thrive at work in their own way, such as by assigning one leader for every five persons with disabilities.

Going forward, we will continue working with Sumika Partners to provide an environment where persons with disabilities can thrive.

* In March 1, 2018, the company acquired certification from the Minister of Health, Labour and Welfare as a special subsidiary based on the Handicapped Persons' Employment Promotion Act.

Sumika Partners Co., Ltd. (Japanese only)

▶ <https://www.sumika-partners.co.jp/>

Achievements in Diversity and Inclusion (Sumitomo Chemical)

Name	Concept	FY2018	FY2019	FY2020
Number of women in positions equivalent to manager or above*1	In order to promote the success of female employees, Sumitomo Chemical sets quantitative targets regarding the ratio of women in positions equivalent to sectional manager or above and systematically promotes female employees.	96	99	113★
Percentage of women in positions equivalent to sectional manager or above (%)*1		5.1	5.2	5.8★
Employment rate for people with disabilities (%)*2	Sumika Partners Co., Ltd., a special subsidiary, began operations in April 2018, and we are working to expand employment opportunities for persons with disabilities who are motivated to work, including four of our group companies receiving approval as special affiliated companies as of June 2019.	2.24	2.41	2.56★
Reemployment of retiree rate (%)*3	Sumitomo Chemical has established a retiree reemployment system that enables a variety of work styles while appropriately reflecting the motivation and abilities of each person.	92.6	89.0	95.0

Note: Results include staff assigned to other companies but do not include staff assigned from other companies.

*1 As of April 1 of each fiscal year *2 As of June 1 of each fiscal year *3 As of March 31 of each fiscal year

Sumitomo Chemical Executive Received the SCEJ Award for Outstanding Women's Activity

Kanako Fukuda, an executive officer of Sumitomo Chemical, received the SCEJ Award for Outstanding Women's Activity at the fiscal 2020 SCEJ Awards from the Society of Chemical Engineers, Japan (SCEJ). Ms. Fukuda steadfastly guided Group initiatives aimed at achieving the SDGs and widely disseminated information through lectures and other means, helping to promote the spread of SDG awareness internally and externally. In addition, as a member of the SDG Committee of the SCEJ, she contributed to the formulation of its Sapporo Declaration by proposing a gender-equal viewpoint, drawing on a wealth of experience and knowledge that she has cultivated through participation in such events as committee meetings about the Women's Empowerment Principles (WEPs). This achievement was highly acclaimed and led to the receipt of this award.

Note: The SCEJ Award for Outstanding Women's Activity honors individuals who have accomplished outstanding technical achievements in chemical engineering or chemistry-related industries, or who have delivered excellent performance in chemical engineering research, and contributed to building systems and an environment for the promotion of gender equality.

▶ <https://www.sumitomo-chem.co.jp/english/news/detail/20210308e.html>



Human Resources Management

<Work-Life Balance>

Basic Policy

We aim to ensure that each employee feels greater motivation and a deeper sense of fulfillment while promoting a better work-life balance. In addition, we are working to foster a workplace environment where it is easy to work, mainly by introducing a flextime program and establishing daycare facilities at worksites.

Under these policies and in line with the Sumika Work-Life Balance Declaration within the 'Take Action' Declaration, the Company has defined the following five action items and is promoting various measures to implement them.

Sumika Work-Life Balance Declaration Five Action Items

① Stop long working hours!

As a general rule, we aim to eliminate long working hours (on average over 45 hours/month worked after regular hours and on weekends and holidays).

② Create an environment that makes it easy for employees to fully utilize work-life balance systems.

We are working to encourage employees to fully utilize systems for childcare, caregiving, illness treatment, and more, and to create an environment that makes it easy to use those systems.

③ Encourage employees to take at least 80% of paid leave and facilitate effective use of flex time system.

We aim for employees to take at least 80% of paid leave. We also facilitate the effective use of the flextime system for afternoon work (no core time).

④ Prohibit business instructions that would require holiday or late-night work.

As a general rule, we do not delegate or carry out tasks that are predicated on working late-night overtime or on days off, such as an email asking for a reply on a day off.

⑤ Cooperative framework in the workplace.

Supervisors manage subordinates in a way that burdens are not distributed unevenly. Employees carry out tasks with a genuine feeling of cooperation and support in close communication with each other.

Management System

For management systems for work-life balance, refer to the management systems for promoting diversity and inclusion.

P.175 Diversity and Inclusion: Management System

Targets and Results / Examples of Initiatives

Formulation of the Action Plan to Reform Workstyles

As an action plan to reform workstyles, Sumitomo Chemical established key performance indicators (KPIs) along with three main targets: ① correcting long working hours, ② encouraging employees to take paid annual leave, and ③ promoting flexible workstyles. We then formulated out the following measures to achieve these targets.



Human Resources Management

■ Action Plan to Reform Workstyles

	KPI	Measures
① Correct Long Working Hours	Aim to eliminate long working hours as a general rule (on average over 45 hours/month worked after regular hours and on weekends and holidays) from fiscal 2020.	<p>A. Employ the Internet of Things (IoT) to reform workstyles and revolutionize operations Digitize plant-related operational processes and data, make office operations more efficient by actively using cloud sourcing and the latest technologies (including AI and sensors), etc.</p> <p>B. Improve productivity by promoting a better work-life balance Regularly convene the Labor-Management Committee consisting of labor and management representatives, take various measures to improve productivity in each workplace, hold lectures to promote better work-life balance, etc.</p> <p>C. Promote initiatives for the “Sumika ‘Take Action’ Declaration” We declared details related to work-life balance in the “Sumika ‘Take Action’ Declaration,” which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the elimination of long working hours as an action item.</p>
② Encourage Employees to Take Paid Annual Leave	Realize an average of 80% of paid leave taken annually from fiscal 2020.	<p>A. Create an annual leave chart that covers several fiscal years Every year create an annual leave chart that covers several fiscal years to make it easier to plan far into the future and help encourage employees to take paid leave</p> <p>B. Encourage employees to take paid leave</p> <ul style="list-style-type: none"> • Encourage employees to take paid leave during Golden Week and other similar periods • Encourage employees to create four-day weekends by adding days of paid leave to either side of weekends and promote taking time off in the September–November period • Encourage senior employees to take paid leave <p>C. Continue to systematically provide paid leave Systematically provide five paid-leave days every year (does not include statutory leave)</p> <p>D. Promote initiatives under the “Sumika ‘Take Action’ Declaration” We declared details related to work-life balance in the “Sumika ‘Take Action’ Declaration,” which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have positioned the use of 80% of paid leave as an action item.</p>
③ Promote Flexible Workstyles	<p>By the end of 2022, achieve the following targets.</p> <ul style="list-style-type: none"> • Realize at least 70% of male employees taking cessation from work for childcare. • Regarding the below questions in the employee awareness survey, achieve at least 80% affirmative responses for each question. <p>(1) Are the programs and working environment at the Company conducive to easily working after giving birth, raising children, or caregiving?</p> <p>(2) Is the general consensus in your workplace that both men and women can easily take paid or unpaid leave for childcare or caregiving and use the reduced working-hour system?</p>	<p>A. Issue PRs and raise awareness about programs Continually issue PRs and raise awareness about various programs that enable employees to flexibly adjust for their individual needs, including those related to life events like childcare and caregiving. In addition, encourage male employees with newborns to take cessation from work for childcare.</p> <p>B. Foster an environment that allows the realization of flexible workstyles By taking the measures outlined above in the action plan for ① Correct Long Working Hours, create an environment where it is easy to improve the productivity of employees and their workplaces and to realize flexible workstyles.</p> <p>C. Promote initiatives under the “Sumika ‘Take Action’ Declaration” We declared details related to work-life balance, diversity and inclusion in the “Sumika ‘Take Action’ Declaration,” which is an initiative in which we proclaim those values and views that are of importance to us as a company. In addition, we have as an action item creating an environment that makes it easy for employees to fully utilize work-life balance systems, facilitating the effective use of the flex time system, establishing a cooperative framework in the workplace, and eliminating unconscious bias (including the assumption of fixed roles for men and women).</p>

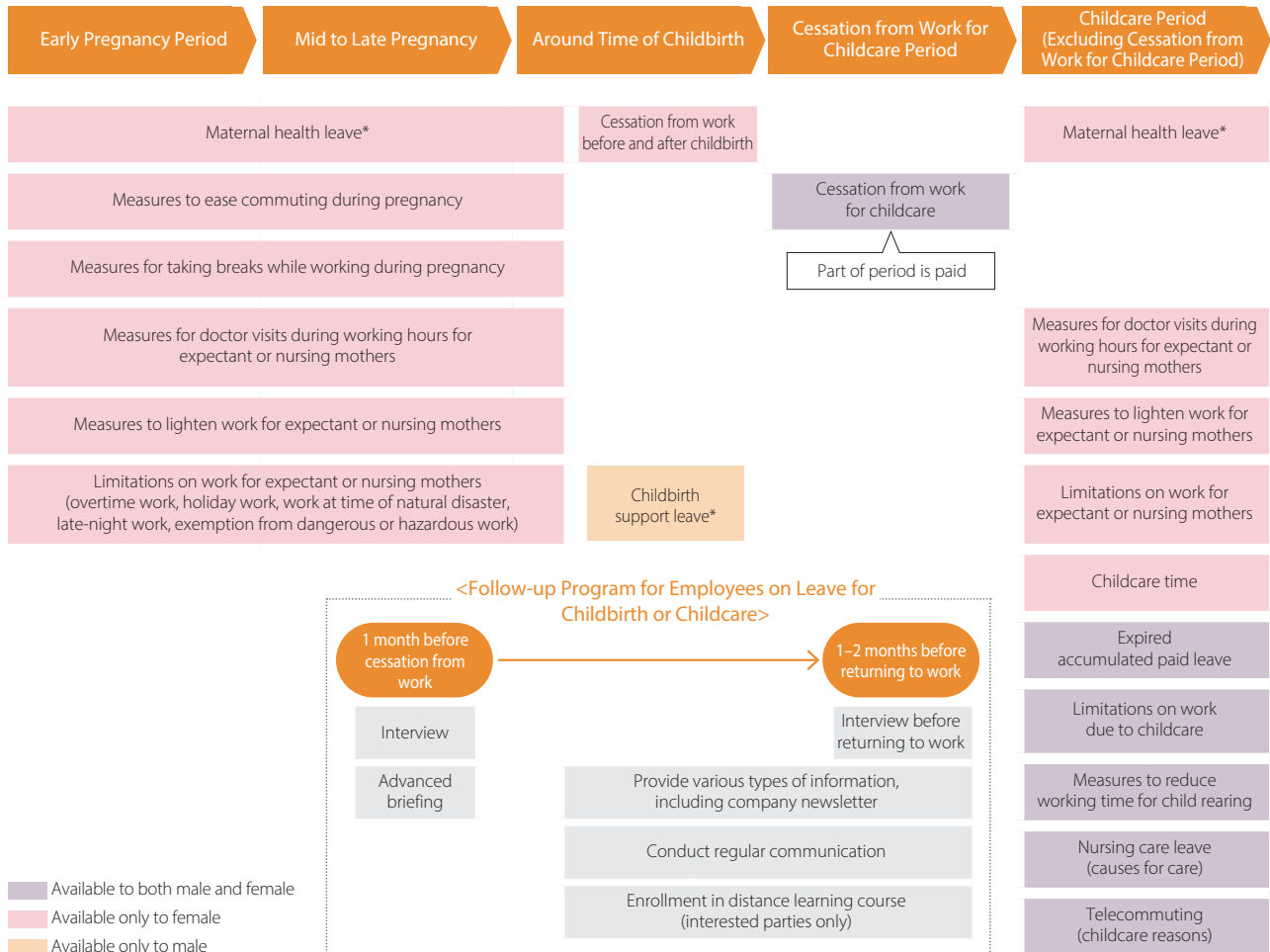
Sumitomo Chemical is taking the following actions with regard to the aforementioned target of ① Correct Long Working Hours.

(1)	From April 2017, we reduced the upper limit on overtime work to 80 hours per month and 720 hours per year.
(2)	Regarding the occupational physician interviews for people working long hours mandated by the Industrial Safety and Health Act, we established and are enforcing our own guidelines, which are harsher than the law, requiring interviews for people who work 70 hours or more of overtime in one month or 150 hours or more in a three-month period
(3)	From March 2018, we established an even more appropriate work management system by displaying computer logon and logoff times when reporting work hours in addition to the existing system for reporting work hours.



Human Resources Management

Systems and Measures for Better Work-Life Balance and for Use at Time of Pregnancy, Childbirth and Childcare



Available to both male and female

Available only to female

Available only to male

* Leave unique to Sumitomo Chemical



Human Resources Management

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Results of Systems for Work-Life Balance (Sumitomo Chemical)

(No. of people)

System/Measure			FY2018	FY2019	FY2020
Childcare/Nursing Support	Cessation from work for childcare	Total	336	420	476★
		Male	233	315	374★
		Female	103	105	102★
		Percentage of men* ¹	37.6	44.7	63.8
	Cessation from work for nursing care		1	2	4
	Nursing care leave		180	181	133
	Childbirth support leave		188	194	171
	Maternal health leave		52	55	41
	Expired accumulated paid leave* ²		110	132	136
	Reduced working hours system		162	152	159
	Telecommuting* ³		28	30	40
	Reemployment system* ⁴		10	7	7
Other	In-house childcare facilities* ⁵		171(123)	156(113)	136(101)
	Mutual aid association support money for childcare* ⁶		242	241	112
	Suspension from work for special reasons for employees accompanying spouses going on overseas transfer* ⁷		6	4	2
Employee awareness survey* ⁸			Conduct	—	

Note: Employee numbers do not include temporary employees, part-time staff, or dispatch employees.

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

*2 Only for childcare and nursing care

*3 Number certified in each fiscal year

*4 Number registered as of the end of each fiscal year

*5 Number of users on April 1 each fiscal year. Includes users other than Sumitomo Chemical. The figures in parentheses are the number of Sumitomo Chemical users.

*6 Aggregate number of people at end of each fiscal year

*7 Number of applicants as of the end of each fiscal year

*8 Conducted once every three years

Employee Awareness Survey

Every three years, Sumitomo Chemical conducts an employee awareness survey that covers work, the working environment, career values, diversity and inclusion, and work-life balance with the principle aim of grasping the current situation and uncovering issues in order to enhance work environments and create more satisfying workplaces. Using the results of this survey, we promote measures to further increase people's desire to work at the Company.

FY2019 Employee Awareness Survey

Total of five points. Four points and above is a high rating, and many employees were affirmative in their awareness.

Item	Average employee rating
I am satisfied with working at the Company.	4.0
I am motivated to grow on my own using digital technologies.	4.0
The workplace culture allows people to easily go home.	4.1
The working environment is conducive to easily working while raising children or caregiving.*	4.2
Going forward, I want to work at the Company.	4.3

* Average rating by women who have children of elementary school age or younger

Daycare Facilities at Worksites

With support from the Company, we encourage the use of these facilities by setting a daycare fee that is lower than those of the municipalities. To make it easy for parents to accompany children to the facilities, we consider the commuting method depending on the location, such as allowing employees to commute using their private vehicles in special cases.



Human Resources Management

Support for Childbirth and Childcare

For employees to achieve work-life balance, Sumitomo Chemical operates generous systems, for example, it offers a system that allows for a period far longer than is legally required for cessation from work to provide childcare and a system that offers male employees leave to support their spouses during childbirth.

In addition, to support employees' balance of childcare and work, the health insurance association and mutual aid association provide various forms of monetary support for childbirth and childcare, subsidies for home aides, and other help.

Kurumin Mark

In September 2015, Sumitomo Chemical was certified for the third time as a company that supports childcare and received the next-generation Kurumin certification mark. Under this system, business operators who successfully carry out action plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children and meet all the certification criteria receive certification from the Minister of Health, Labour and Welfare.

This certification was in recognition of our third round of initiatives covering the period between June 2012 and March 2015. The first certification covered the period between April 2005 and May 2007, and the second one covered the period between June 2007 and May 2012. The Company was commended for its initiatives to help promote work-life balance, such as expanding in-house childcare facilities and encouraging employees to take various forms of leave. (We are currently applying for our fourth certification.)



Next-generation
Kurumin
certification mark

Looking Ahead

Regarding the KPIs set so that the Sumitomo Chemical Group works together to promote diversity and inclusion and work-life balance, we will check progress made under the Corporate Business Plan and actively work to achieve the goals laid out.



Human Resources Management

<Healthcare>

Basic Policy

In order to ensure that employees can live healthy and active lives both physically and mentally, Sumitomo Chemical is promoting a variety of health support programs under the company-wide supervision of industrial physicians, including health guidance by medical staff.

In addition, the Company and its health insurance association present the Sumika Healthy Employee Declaration as the fourth "Sumika 'Take Action' Declaration." We have put forward the slogan of "Good health is a prerequisite for good work and a good life!" and we are working on specific action plans in five areas: food, exercise, sleep, quitting smoking, and mental health.

Sumika Healthy Employee Declaration Five Action Items

⑮ Revise eating habits, achieve a healthy weight.

To prevent lifestyle diseases, all employees should maintain an appropriate BMI (18.5–24.9).

- 100% of employees received specified health guidance and cured their metabolic syndrome through careful guidance
- Introduced dishes full of vegetables at the employee cafeteria

⑯ Exercise a little and stay healthy forever!

Use down time to exercise regularly every day.

Goal: 10,000 steps per day

- Establish or enhance training facilities at each worksite
- Everyone should work out together after lunch.

⑰ High performance depends on quality sleep.

Improve the quality of your sleep to ensure energy for the next day.

- Implementing sleep improvement programs.
- Thoroughly practice the dos and don'ts of sleep improvement

⑱ Smoking does nothing but harm.

We ban smoking for the health of ourselves and those around us.

- As a general rule, smoking is banned during work hours and on the Company's premises (including on business trips).
- Participate in programs to support smoking cessation

⑲ Don't forget to take care of your mental health.

Fostering fuller workplace communication and eliminating stress in your own way

- Supervisors and subordinates should directly communicate with each other at least once a day
- Practice mindfulness 10 minutes per day

Management System

The Board of Directors and the Management Meeting seize opportunities to receive reports and hold discussions on the status of employee health and the direction of initiatives addressing various issues. At the annual occupational health physician liaison meeting, the chief occupational health physician and the occupational health physicians of each worksite hold discussions and solicit opinions when deciding on Company-wide measures and targets. In addition, the occupational health physicians, medical staff (public health nurses, registered nurses, etc.), and health managers of each worksite work together to implement measures to maintain and promote health in collaboration with the Company and its health insurance association.

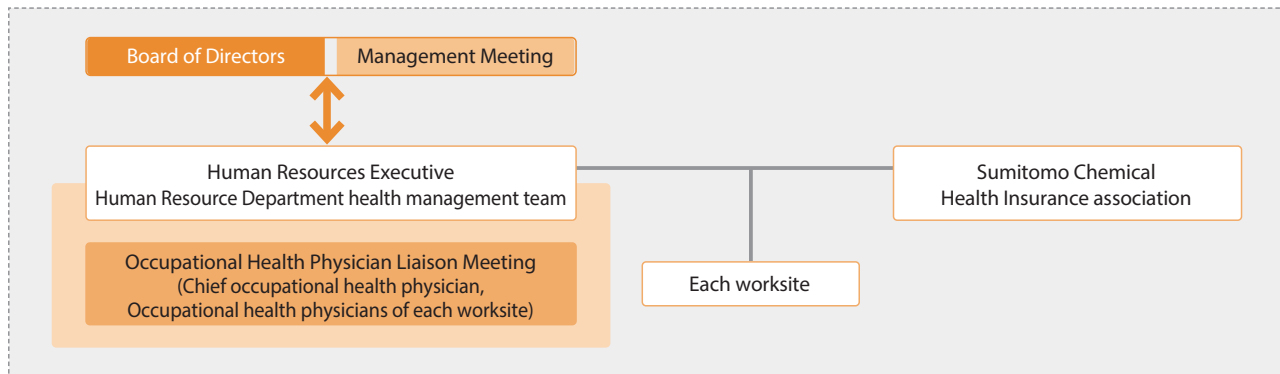
Furthermore, at Health Manager Meetings, the progress of Company-wide measures at each worksite and the measures taken at each worksite are shared and the results are assessed. The Health Management Promotion Committee shares financial information, including that related to medical fees and the healthcare business of the health insurance association.

As for Group companies, through liaison meetings attended by executive offices in charge of human resources at Group companies, we circulate such information as key points regarding legal amendments related to health management and raise employee awareness to ensure appropriate responses.



Human Resources Management

Promotion System for Health Maintenance and Promotion Measures



Targets and Results / Examples of Initiatives

To maintain the health of employees' bodies and minds, we are taking the following initiatives.

Physical Health

Regarding employees of Group companies in Japan, we are working to improve their health by enrolling them in health insurance based on the Health Insurance Act. In addition, we are appropriately implementing regular health checkups based on the Occupational Safety and Health Act.

<Initiatives Aligned with the Health Insurance Association>

- (1) Specified health checkups and specified health guidance
 - We expanded the eligible age range for specified health guidance to include all ages as we work to prevent lifestyle diseases with the goal of ensuring 100% of employees receive such guidance.
 - We analyze results and questionnaire responses to study employee health.
- (2) Smoking cessation support programs
 - We have banned smoking as a general rule during work hours and on the Company's premises, and are supporting employees' smoking cessation efforts through specialized programs in conjunction with the Group's health insurance association.

<Initiatives Promoted by Sumitomo Chemical (Non-Consolidated)>

- (1) Sleep improvement programs
 - We introduced programs to improve sleep quality under the guidance of experts who use sleep monitoring devices to observe employees while sleeping and apps to visualize their sleeping issues. Ensuring employees get better sleep leads to improved health outcomes and helps employees give their best performance.
- (2) Overseas health tours
 - The Company dispatches its chief occupational health physician to provide overseas medical counseling and evaluate medical service environments to support employees working overseas and their accompanying families.
 - In fiscal 2020, medical counseling and environmental evaluations were implemented online in coordination with local staff due to overseas travel restrictions imposed in consideration of the COVID-19 pandemic.



Human Resources Management

Mental Health

We have been cooperating with medical staff to properly implement the stress checks required by law for companies. We are working to prevent mental health problems by encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. Employees are able to receive counseling from the Company's medical staff.

We are involved in employees' mental healthcare. We conduct group analyses of stress checks and analyze trends at worksites and workplaces to provide feedback to workplaces and set themes for lectures and other meetings.

In addition, during the new employee training and the grade-based promotion training, we hold appropriate mental healthcare training for participants eligible for training encouraging employees to take care of themselves and encouraging superiors to look after their subordinates. In addition, we created lecture videos on mindfulness, which is said to help build good personal relationships and enhance productivity, and released them in-house as part of our efforts to improve the mental healthcare environment.

Health & Productivity Management Outstanding Organization (White 500)

After analyzing medical examination results and medical interview responses, we set quantifiable targets, such as improving the rate of positive findings, and take various measures to maintain and promote health.

In addition, Sumitomo Chemical was certified as a Health & Productivity Management Outstanding Organization (White 500) for the fourth year in a row. The Certified Health & Productivity Management Outstanding Organization Recognition Program was created in 2016 by the Ministry of the Economy, Trade and Industry. The program recognizes companies that practice outstanding health and productivity management based on the health promotion efforts of the Japan Health Council. The Company's various measures and systems related to health and productivity management received a positive evaluation.



Looking Ahead

Sumitomo Chemical will continue creating and implementing various initiatives to maintain and promote the health of employees in line with the Sumika Healthy Employee Declaration. In addition, we will assess the results of these initiatives, make improvements, and implement PDCA cycles in our continuing efforts to develop more effective measures and support employee health.

COVID-19 Infection Prevention Measures

Based on measures taken by the government and demands from municipalities, Sumitomo Chemical comprehensively considered the local infection risks, the varying commuting situations, the impact on operations, and other factors and came to the conclusion that each worksite should respond in line with their own judgment.

Furthermore, at the Tokyo Headquarters, we actively utilize telecommuting. If employees come into the office, the general rule is that they should utilize the flextime program (no core time) so that their entries and exits are staggered. In addition, we are taking measures to prevent the spread of COVID-19 among employees in part by requiring employees to wear masks when commuting and working and encouraging moving meetings online.

Sumitomo Chemical Group's Initiatives against the New Coronavirus (COVID-19)

https://www.sumitomo-chem.co.jp/english/company/covid19_response/



Occupational Safety and Health / Industrial Safety and Disaster Prevention

Basic Stance

Reflecting the core principle of “Making safety our first priority,” Sumitomo Chemical has formulated five fundamental and personal safety principles that each employee is expected to follow as well as guidelines based on the core principle. All Sumitomo Chemical employees and all involved parties, including partner companies, are thus united in promoting safety activities with the goal of eliminating all accidents. Furthermore, the Company undertakes stringent process risk assessments of the entire product life cycle (development, manufacture, distribution, use, disposal), and takes appropriate safety measures based on its evaluation of risks. The aim of these efforts is to prevent unforeseen industrial accidents, including fires, explosions, and the leakage of hazardous substances; to minimize damage in the event of a natural disaster such as a major earthquake; and to secure the safety and peace of mind of employees and local communities.

Sumitomo Chemical has acquired OSHMS* certification at its worksites. In addition, the Company implements PDCA cycles that support a host of measures on the path to realizing improvements based on risk assessments. These safety-related measures and their results are reviewed at the end of each fiscal year by the Responsible Care Committee, which is headed by the President. The reviews ensure a continuous connection to future fiscal years’ cycles, thereby strengthening safety and health activities that prevent accidents.

* By introducing and deploying ISO (International Organization for Standardization) 45001 and JISHA (Japan Industrial Safety and Health Association) OSHMS (Occupational Health and Safety Assessment Series) Standards equivalent to OHSAS 18001, the Company conducts sound corporate management and risk management from the perspective of occupational safety and health.

Core Principle: Making Safety Our First Priority

Raison D’être for the Core Principle

1. Line management is fundamental to Safety and Health.
2. Each person is responsible for Safety and Health.
3. Sumitomo Chemical is united with partner companies on Safety and Health.

Five Fundamental and Personal Safety Principles that Each Employee is Expected to Follow.

- I will give safety and health the top priority in every aspect of business.
- I will identify and resolve safety and health issues at the source.
- I will comply with rules and instructions.
- I will act with safety in mind 24 hours a day, not just during working hours.
- I will cooperate with all involved parties, including partner companies, to ensure safety and health.

Management System

The president serves as the chief coordinator and the executive officer in charge of Responsible Care serves as the coordinator of the Safety Group of the Responsible Care Department. This group is responsible for matters related to safety, health, industrial safety, and disaster prevention of the Company as a whole and supports the safety, health, industrial safety, and disaster prevention activities of Group companies. To assess the safety, health, and industrial safety management status and to consider measures for improvement, the safety, health, industrial safety, and disaster prevention departments of each worksite and Group company regularly meet and exchange information. In these and other ways, relevant departments work together to steadily enhance the level of safety, health, industrial safety, and disaster prevention activities.

In addition, Safety and Health Committees comprising labor and management representatives are convened every month at each worksite. The committees investigate and deliberate matters related to safety and health risks to all employees at worksites and promotes specific measures in unison with labor and management.

 P.90 Organization of Responsible Care



Occupational Safety and Health / Industrial Safety and Disaster Prevention

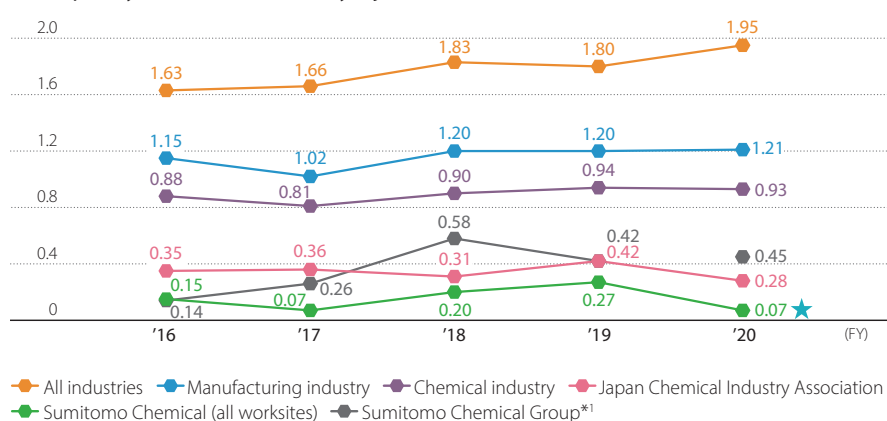
★ : Assured by an independent assurance provider

Goals and Results

<Occupational Safety and Health>

The Sumitomo Chemical Group*¹ targets a frequency rate of lost-workday injuries*² of under 0.1, but its rate was 0.45 in fiscal 2020, or a total of 39 injuries, failing to meet the target. Moreover, while the Group has set a goal of zero severe accidents,*³ a contractor at a Sumitomo Chemical facility recorded one in fiscal 2020, the same number as the previous fiscal year, failing to meet the target. On a non-consolidated basis, Sumitomo Chemical recorded a frequency rate of 0.07 (lost-workday injuries: 1) and a severity rate of 0.001 in fiscal 2020, while contractors and other affiliate companies recorded a frequency rate of 0.52 (lost-workday injuries: 5) and a severity rate of 0.43.

Frequency Rate of Lost-workday Injuries



Lost-workday Injuries (Sumitomo Chemical Group*¹)

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of lost-workday injuries	9	17	35	27	39

<Industrial Safety and Disaster Prevention>

The Sumitomo Chemical Group*⁴ achieved the target of “no severe industrial accidents”*⁵ in fiscal 2020 (zero severe industrial accidents in the six consecutive years since fiscal 2015). We see this as evidence of the success of our straightforward daily activities on the frontlines as well as the steady enhancement of our industrial safety management level.

However, there was one industrial accident, which is a minor accident whose scale does not reach that of a severe industrial accident, in fiscal 2020. We will work to enhance industrial safety management and quickly share the causes of the minor industrial accident and the lessons learned across the entire Sumitomo Chemical Group.

Severe Industrial Accidents (Sumitomo Chemical Group*⁴)

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of severe industrial accidents	0	0	0	0	0

*1 The Sumitomo Chemical Group as defined for occupational safety and health:
Until FY2019:
Sumitomo Chemical (including contractors) and consolidated Group companies in Japan and overseas.
From FY2020 onward:
Sumitomo Chemical (including contractors) and consolidated subsidiaries in Japan and overseas.

*2 Scope of frequency rate:
Employees of Sumitomo Chemical (including contractors) and consolidated subsidiaries (excluding one overseas consolidated subsidiary), including temporary employees, part-time staff, and dispatch employees.
Calculation of hours worked:
For the number of hours worked by consolidated Group subsidiary employees, the

Company uses an estimate reached by multiplying the number of employees by 1,928 hours (Sumitomo Chemical's standard number of hours worked annually). (For the number of hours worked by Sumitomo Chemical employees (non-consolidated) and contractors, the Company uses the actual number of hours recorded.)

*3 Severe accidents are defined as those that result in a fatality or those that result in severe lost-workday injuries, including blindness and loss of a limb.

*4 The Sumitomo Chemical Group as defined for industrial safety and disaster prevention: Sumitomo Chemical (including contractors) and consolidated Group companies in Japan and overseas.

*5 “Severe industrial accidents” refers to any of the following workplace incidents:
• Accidents that cause injuries to local residents requiring outpatient/hospital treatment
• Accidents that result in lost-workday injuries to workers on the site
• Accidents that result in equipment and facility damage exceeding ¥10 million



Occupational Safety and Health / Industrial Safety and Disaster Prevention

Examples of Initiatives

<Occupational Safety and Health>

Sumitomo Chemical thoroughly investigates the causes of each accident and works to prevent accidents by taking such measures as ensuring strict adherence to safety rules, providing hazard prediction training, also known as Kiken Yochi Training (KYT), and sharing accident information. In addition, we are working to raise safety awareness among construction partner companies that enter our Works by distributing pocket-size booklets and entrance certificates that feature the ground rules and core principles of safety as we promote our initiative of "Making safety our first priority."

Ensuring Thorough Compliance with the Sumitomo Chemical Group's Basic Safety Rules (Ground Rules)

In light of trends in the causes of accidents, the Group has established the following ground rules and is working to ingrain safe behavior.

1. Think Before You Act!
2. Help each other to be more aware of unsafe actions
3. Do not place hands in or around areas of working machinery/equipment

Improving Hazard Prediction Abilities

We are working to improve employees' hazard prevention ability—their ability to perceive and avoid danger—through, for example, behavior-based safety training and workplace discussions using illustrations.

Sharing and Using Accident Data

The Group shares information about all accidents mainly for use in safety education and comprehensive on-site investigations. When an accident occurs, we conduct a thorough examination of the causes and organize studies on how to prevent recurrences through on-site inspections with the top management of the affected workplace and safety managers.

Awards for Safety

Safety awards are given to workplaces that achieve zero lost-workday injuries. The President's Award for workplace safety is presented to workplaces with both a solid safety track record and good practices for safety and health, which could be an example to other workplaces. The President's Award was given to eight workplaces in fiscal 2020.

Safety Promotion through In-house Magazine, Slogan and Poster

In our in-house magazine entitled "Raising the Level of Safety!" (entitled "Learn through Manga! Promoting a culture of safety" since fiscal 2019), we have introduced examples of accidents that tend to happen at work and their preventive measures in a series of articles on enhancing safety since fiscal 2013. We also collect ideas each year for a slogan and a poster for safety and health, and make a poster using the best ideas and display it at each workplace to raise safety awareness.

Preventing Severe Accidents in Subcontracted Operations and Construction Operations

Sumitomo Chemical is taking action across the Company to ensure the safety and health of all involved parties, including partner companies. For example, one of the key initiatives outlined in the "Fiscal 2019 to Fiscal 2021 Medium-Term Plan for Responsible Care Activities" and "Fiscal 2021 Annual Responsible Care Policy" is to respond to changes in employment structure, work to establish a foundation of safety ensure work safety and health, and promote measures to prevent severe accidents in subcontracted operations and construction operations. We also conduct thorough risk assessments.



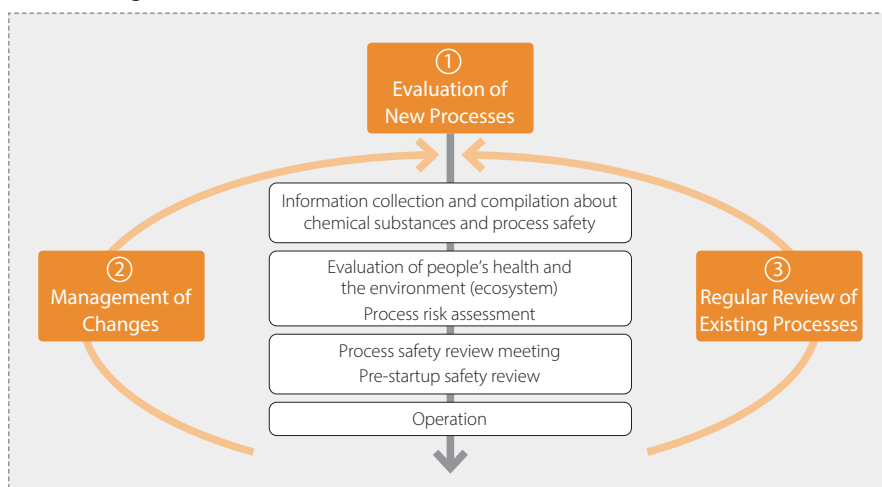
Occupational Safety and Health / Industrial Safety and Disaster Prevention

<Industrial Safety and Disaster Prevention>

Risk Management Initiatives

Sumitomo Chemical manages risks related mainly to process safety, chemical (raw materials, products) safety, and occupational safety and health at each stage from new chemical process R&D through the commercialization process to plant design, construction, operation, maintenance, and even demolition. The items and procedures essential to risk management are specifically outlined in the Development and Commercialization Regulations, the Safety Management Guidelines, the Chemical Safety Management Regulations, and other similar documents that provide the standards for the Company. In addition, we introduced this system to major consolidated subsidiaries as part of efforts to enhance safety management across the entire Group.

■ Risk Management (Three Routes)



① Evaluation of New Processes

The Process Safety Review Meeting (levels 1 to 5) convenes at every step, from R&D through to industrial-scale production. These meetings are held to identify risks related mainly to process safety and chemical safety, to review risk assessment results as well as to determine whether safety countermeasures are appropriate. This mechanism ensures that processes do not proceed to the next step unless adequate safety has been confirmed. Furthermore, before starting operations, the meeting conducts safety reviews to assess responses to risks related to occupational safety and health. For example, the meeting confirms the absence of problems in the operational environment (including temperature, noise, vibration, etc.), if safety signs are appropriately displayed, if necessary personal protective equipment and ample equipment and materials for emergency have been secured, and whether there is sufficient preparation of and education regarding instruction manuals.

② Management of Changes

When certain changes are made to, for example, improve plant facilities or modify operating conditions, the Company conducts all necessary safety assessments before such changes are made to confirm whether there are new risks related mainly to process safety, chemical safety, and occupational safety and health following the changes and to, as needed, consider additional safety measures.

③ Regular Review of Existing Processes

Even when there is no change in the process, Sumitomo Chemical conducts regular process hazard reviews (no more than every five years, as a general rule) to catch up with the latest information on industrial safety technologies and to check whether there will be a significant impact from the long-term use of a plant. In addition, in our internal audits conducted every year for each workplace, we check whether or not safety management systems are functioning appropriately.



Occupational Safety and Health / Industrial Safety and Disaster Prevention

Preparation for Large-Scale Natural Disasters

Sumitomo Chemical drew up a basic plan on earthquake countermeasures in 2004, taking the initiative to improve the earthquake resistance features of equipment that was especially susceptible to the risk of damage. Furthermore, in accordance with recent directives by government authorities to improve the seismic adequacy of existing facilities, we made a plan to obtain required earthquake-resistant features of critical high-pressure gas equipment and are carrying out reinforcements and reconstruction in line with the plan. Before carrying out this work, we took measures to reduce risk and ensure safety, such as reducing the volume of gas held in equipment in order to decrease its weight and meet the earthquake resistance criteria.

In addition, as natural disasters continue to grow more extreme, including the typhoons and torrential rains seen in recent years, we continually review the current status of our safety measures to ensure they are adequate and take measures aimed at securing facilities and personnel as necessary. Furthermore, we confirmed that even in the event of flooding inside a Sumitomo Chemical plant due to a typhoon or torrential rain, the risk of the following is low: a loss of power to the plant's cooling facilities or water-reactive substances inside the warehouse coming into contact with water causing large-scale fires and explosions that could cause trouble for neighboring residents.

Measures to Address Intensifying Downpours (Osaka Works)

To prevent the flood damage from intensifying downpours, we have been boosting the site's ability to expel rainwater in line with Osaka City's measures to mitigate damage from localized downpours. Moreover, we will continue to elevate some critical equipment that serves as the backbone of production, such as electric converters. In this and other ways, we will promote measures to prevent and mitigate damage from natural disasters as we continue enhancing the agility and resilience of the Works going forward.

Occupational Safety and Health / Industrial Safety and Disaster Prevention Education and Drills

Sumitomo Chemical has a variety of industrial safety educational programs that reflect the operational roles of employees throughout the Company. The programs are aimed at bolstering the ability of employees to acquire knowledge and skills in order to ensure process safety. In addition, we provide safety education to Group companies in Japan suited to each company's needs.

■ FY2020 Main Safety Education Programs (Companywide Education)

Name	Type	Purpose	Boundary	Participants
In-house Safety Management System Education	e-learning	Fostering a deep understanding of the basic rules of safety management (the "Safety Management Guidelines")	Sumitomo Chemical (all worksites)	623
Disaster Prevention Theory	Group training	Promoting the acquisition of basic knowledge regarding safety and disaster prevention for fires, explosions, reaction hazards, static electricity, etc.	Sumitomo Chemical (Works, research laboratories)	102
			Group companies in Japan	5
Fire and Explosion Training	Group training and self-study	Promoting the acquisition of knowledge to prevent accidents and perceive hidden dangers in the workplace through hands-on training related to fires and explosions	Sumitomo Chemical (Works, research laboratories)	99
			Group companies in Japan	22
Company-wide Safety Education	e-learning	Training that covers the latest topics each fiscal year (The training involved process safety technologies, conducting HAZOPs, and static electricity safety.)	Sumitomo Chemical (Works, research laboratories)	846
			Group companies and partner companies within Sumitomo Chemical (Works, research laboratories)	47
HAZOP* Training	e-learning	Training personnel to learn the basics of HAZOP and to be able to conduct HAZOP	Sumitomo Chemical (Works, research laboratories)	25
			Group companies in Japan	0
Safety Engineer Training Course	Group training and self-study	Training personnel who have central roles in uncovering process hazard sources, carrying out appropriate risk assessments, crafting safety measures, and effectively reducing risks	Sumitomo Chemical (Works)	15

* HAZOP:

A method of assessing process hazards that was developed with the aim of uncovering all latent hazards in chemical processes, assessing those impacts and results, and considering necessary safety measures.



Occupational Safety and Health / Industrial Safety and Disaster Prevention

At each of their worksites, Sumitomo Chemical and Group companies conduct education when necessary regarding operational details, substances handled, and the setup of protective equipment for operators who need to consider occupational health and safety in situations such as operations in high places, operations in hazardous places with poor oxygen, operations in high or low temperature environments, operations in high-noise environments, and operations handling specified chemical substances and organic solvents. In addition, special health assessments are made, operational environments are monitored, and workplace patrols are regularly conducted by occupational physicians and health inspectors as we strive to upgrade and maintain operational environments.

Examples of Safety Education and Drills at Sumitomo Chemical Worksites

Safety Education Examples	Safety and health training for new employees, newly appointed supervisors, and newly appointed managers; briefings on laws and regulations (Industrial Safety and Health Act, High Pressure Gas Safety Act, Fire Service Act, etc.), health management system education, safety and health seminars (protective equipment, etc.), hazard experience training (exposure to liquids, squeezing, falling, etc., includes VR training materials), hazard prediction training, also known as Kiken Yochi Training (KYT), training in accident analysis methods (why and what analysis, etc.) safety and health education in officers, traffic safety education, etc.
Safety Drill Examples	Petrochemical complex integrated emergency response drills (municipalities, companies in petrochemical complex districts), earthquake and tsunami evacuation drills, joint firefighting drills with specialized firefighting teams and workplace firefighting teams, drills using fire extinguishers and fire hydrants, drills on lifesaving procedures (AEDs, etc.), drills on emergency contacts at night and on holidays, etc.

In addition, for everyone at partner companies conducting operations within our worksites, we provide safety education for entering worksites (basic policy on safety, basic rules inside worksites, etc.), construction supervisor training (supervisor obligations, risk assessments, etc.), hazard experience training, and more.

Industrial Safety Action Plan

Industry organizations came together with the Japan Petrochemical Industry Association and drew up an industrial safety action plan in July 2013 in a bid to step up efforts aimed at promoting industrial safety. Here we introduce the Company's initiatives based on the action plan.

(1) Commitment by Top Management to Industrial Safety

- Sumitomo Chemical has identified efforts to ensure full and strict compliance and maintain safe and stable operations as one of the Group's priority management issues under its Corporate Business Plan.
- The president issues a safety week message to all employees and Group companies in Japan and overseas to coincide with National Safety Week, which begins on July 1 each year.
- We have held the President's Awards for workplace safety on a continuous basis since fiscal 2012.

(2) Setting Industrial Safety Targets

- Each year, Sumitomo Chemical sets targets for a variety of key parameters, including the elimination of all accidents resulting in lost workdays as well as all severe industrial accidents. The Company engages in a broad spectrum of activities aimed at achieving these targets.

(3) Drawing Up an Action Plan to Secure Industrial Safety

- Sumitomo Chemical pursues activities aimed at thoroughly identifying industrial safety risks that encompass regular and irregular operations.

(4) Checking and Evaluating Progress toward Achieving Targets and Implementing Measures

- The Responsible Care Committee reviews progress toward the achievement of targets and the implementation of measures. Findings under this review are reflected in the plan for the next fiscal year.

(5) Initiatives Aimed at Promoting Voluntary Safety Activities

- The Sumitomo Chemical Group established the ground rules related to safety and strives to foster a culture of safety.
- Sumitomo Chemical designates one day each month as a "safety day" in an effort to continuously focus the attention of the entire Group on the importance of industrial safety.
- Academic experts conduct seminars and undertake an evaluation of safety assurance capabilities by the Process Safety Competency Center of Japan Society for Safety Engineering.



Occupational Safety and Health / Industrial Safety and Disaster Prevention

Logistics Initiatives

The Sumitomo Chemical Logistics Partnership Council was formed by Sumitomo Chemical and the logistics subcontractors (84 companies at 116 locations) for Sumitomo Chemical and its Group companies in Japan with the core principle of "Making Logistics Safety the First Priority." The Council maintains committees for Works in each area as well as for logistical centers (transport and storage) and marine transport-related operations nationwide. The Council is expanding the Logistics Department's Responsible Care activities.

In fiscal 2020, there was one lost-workday injury related to safety and health. Fortunately, the injury could not possibly have led to a severe accident, but we will continue striving to uncover risks and further enhance our safety and health management level going forward.

In addition, as for industrial safety and disaster prevention, we present our logistics subcontractors with transport standards to ensure safety, such as safety management rules related to land and marine transport of hazardous substances, and strictly ensure the rules are followed. We built a system where we can cooperate with logistics subcontractors even during critical times when an accident occurs to quickly arrive at the crisis site and address the situation. Moreover, we strengthened the system from July 2019 by joining the Hazardous Materials Emergency Response Service of the Maritime Disaster Prevention Center.

Lost-workday Injuries in Logistics

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of cases	0	0	1	5	1

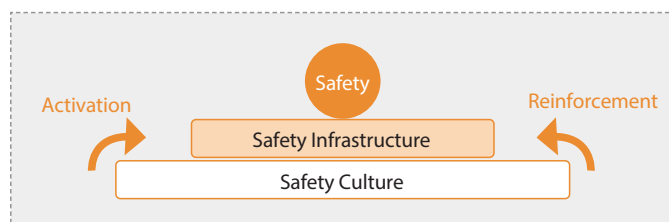
Note: Lost-workday accidents caused by logistics subcontractors on the premises of Sumitomo Chemical workplaces and lost-workday accidents caused by major logistics subcontractors outside the premises of Sumitomo Chemical workplaces.

Looking Ahead

Although activities to enhance a culture of safety have taken root, we currently have not entirely eliminated severe accidents, including those resulting in fatalities. To bring these accidents down to zero, we measure the level of the safety culture of each workplace and constantly strive to make improvements as we strive to foster a culture where safety is a given. In addition, we promote safety and health activities based on international standards (occupational safety management systems, machinery safety, etc.) and will continue adapting as we work toward realizing a society where people can choose from a diverse range of flexible working styles.

In addition, we will further strengthen our safety infrastructure by carefully managing our facilities and construction projects, providing advanced training for safety-related personnel, and introducing sophisticated risk assessment methods and cutting-edge technologies, including IoT, to bolster our employee safety and industrial safety management technologies. We will also reinforce our responses to new threats, such as intensifying natural disasters and terrorism.

Illustration of How We Ensure Safety through Safety Infrastructure and Safety Culture





Product Stewardship / Product Safety / Quality Assurance

Basic Stance

Product Stewardship at Sumitomo Chemical

Under its Corporate Policy on Responsible Care (Safety, Health, the Environment and Product Quality), the Sumitomo Chemical Group promotes product stewardship*¹ and works to provide products and services that satisfy customers and can be used with peace of mind.

To achieve the 2020 goal*² proposed at the World Summit on Sustainable Development (WSSD) in 2002, it is now time for chemical management to be risk-based in regard to laws and regulations as well as company efforts to promote product stewardship on a global basis. We expect this trend to continue moving forward.

Sumitomo Chemical promotes voluntary initiatives to enhance product stewardship, including the Global Product Strategy (GPS)*³/Japan Initiative of Product Stewardship (JIPS)*³ put forward by chemical industry associations, including the International Council of Chemical Associations (ICCA) and the Japan Chemical Industry Association. We actively participate in capacity-building activities, conduct risk assessments of our products, and perform risk-based management. We will continue responding to international trends.

*1 Product stewardship: The assessment of risks and protecting people's health and the environment from those risks throughout the product life cycle, which encompasses the entire supply chain from the development of chemical products to manufacture as well as sale, use/consumption, and disposal.

*2 2020 goal: Ensure that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment.

*3 GPS/JIPS: Initiatives that call on companies to conduct risk assessments of their products and to engage in appropriate chemical management based on risk in order to minimize risks throughout the supply chain. Under GPS/JIPS, toxicological information on chemical products is disclosed to the general public, including customers.

Ensuring Thorough Compliance

Sumitomo Chemical Group conscientiously adheres to various laws and regulations related to the manufacture, import, export, and sale of goods. We are working to ensure thorough compliance throughout our entire globally expanding group of companies.

Quality Assurance

The Group maintains its commitment to further improving product quality and is continually enhancing its global quality assurance system, which is tailored to each product, because the Group values the trust it has earned from customers and society and aims to further improve customer satisfaction.



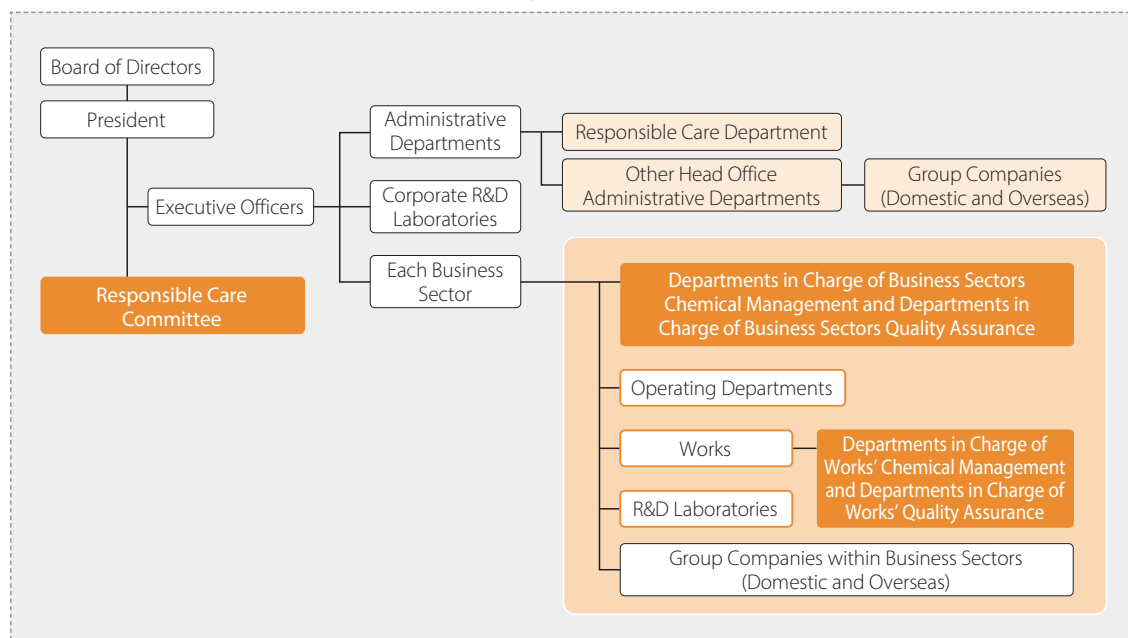
Product Stewardship / Product Safety / Quality Assurance

Management System

As the highest body for deliberating and approving Sumitomo Chemical's RC activities, the Responsible Care Committee is chaired by the president and comprises executive officers supervising the administrative departments and the four business sectors of the Company, and the General Manager of each Works. The Committee puts in place annual policies on RC activities, including chemical management and quality assurance activities; medium-term plans; and specific measures as they relate to Responsible Care. The Committee also analyzes and assesses the results of Responsible Care activities.

In addition, the Responsible Care Department oversees the Company's chemical management and quality assurance management as well as supports each Group company's chemical management and quality assurance management. Each department in charge of chemical management and quality assurance for Works and other departments promote appropriate chemical management and quality assurance management for their respective Works and department.

■ Organization of Chemical Management and Quality Assurance Activities





Product Stewardship / Product Safety / Quality Assurance

Goals and Results

For goals and results for Product Stewardship / Product Safety / Quality Assurance, refer to the section entitled, "Social Activity Goals and Results."

▶ P.150 Product Stewardship / Product Safety / Quality Assurance

Examples of Initiatives

Risk Assessment and Management throughout the Entire Product Life Cycle

With regard to the chemicals (products) that it uses and sells, Sumitomo Chemical conducts risk assessments that span the entire product life cycle and all that could be affected, including internal operators, neighboring residents, the surrounding environment, customers, and consumers. The Company supports the Ministry of the Environment's Eco-First program, having pledged to systematically conduct appropriate risk assessments for its products manufactured or sold in annual amounts of one ton or more by fiscal 2020 in line with the voluntary initiatives (GPS/JIPS) adopted by chemical industry associations. The results of these assessments are compiled into a safety summary and made publicly available online, including on the Japan Chemical Industry Association (JCIA)'s portal website https://www.jcia-bigdr.jp/jcia-bigdr/en/material/icca_material_list. In fiscal 2020, 2 new summaries were released, bringing the total of publicly available safety summaries to date up to 59 (covering 58 substances).

In conducting chemical risk assessments, it is necessary to collect information regarding the hazards associated with each product and the levels of human and environmental exposure when products are handled. Based on the information needed for these risk assessments, we work to ensure that customers and employees handle chemical substances safely. To this end, we have created a collaborative framework centering on the Responsible Care Department and encompassing the frontlines of production and our internal research laboratories, which possess specialized technologies in risk assessment and safety engineering. To estimate exposure levels, the Company draws on projection models and expert insights in Japan and overseas and has developed its own simulation program. We also use the latest technology to efficiently conduct highly precise risk assessments. In line with our internal rules, during the development of new products, we collect data regarding risks and hazards for all handled substances before entering the production stage and survey and respond to all relevant laws and regulations. We will continue to conduct risk assessments based on the most up-to-date information available.



Product Stewardship / Product Safety / Quality Assurance

Risk Management for Product Safety

As for risk assessments of product safety, it is necessary to assess the risks of chemical substances in products as well as the risks associated with product applications and uses. Taking into consideration not only their use by our direct customers but also the use and disposal of such products by their end-users, we conduct risk assessments of applications and uses using failure mode and effects analysis (FMEA)*¹ and other methods in addition to chemical substance risk assessments. Sumitomo Chemical conducts rigorous risk assessments of new products and reassesses items already on the market. In fiscal 2020, we performed 82 risk assessments, including 31 reassessments. In fiscal 2020, we completed risk reassessments of all our products. Going forward, we will continue to conduct rigorous risk assessments of new products and regularly conduct reassessments of products already on the market. In addition, we continue supporting Group companies in conducting similar product risk assessments and countermeasures.

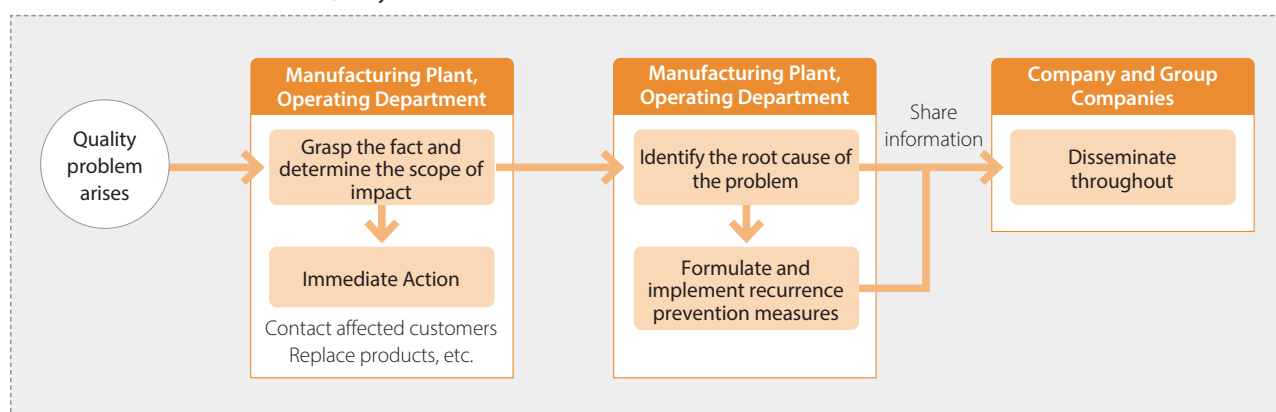
*1 FMEA: A systematic method of analysis for detecting potential malfunctions and defects with the objective of their prevention

Providing Products and Services of Stable Quality

The Sumitomo Chemical Group is proud to provide its customers with products and services from a variety of fields centered on chemicals. In order to continue to supply our customers with products and services of stable quality, we have established quality assurance systems based on quality management systems and manufacturing and quality management guidelines, such as ISO 9001*² and GMP*³ appropriate for each product and service. In addition to maintaining thorough day-to-day product quality control, we are committed to further improving product quality.

When a problem related to the quality of our products or services occurs, we grasp the facts and determine the scope of impact in line with internal rules. We then take immediate action, such as contacting affected customers and replacing products. We subsequently work to identify the root cause of the problem, formulate and implement recurrence prevention measures, and implement those measures. Moreover, from the perspective of preventing recurrence of similar quality problems, depending on the severity of the problem, we disseminate information related to the root cause and recurrence prevention measures within the Company and to Group companies. We are committed to ensuring prevention problems in the first place.

Flowchart of How We Handle Quality Problems



However, in fiscal 2020, there were two major product quality problems recorded by the Sumitomo Chemical Group. Working to determine the causes underlying these problems, we are promoting strict preventive measures.

We are also improving quality assurance (including quality compliance) for the entire Group by widely disseminating information on responses to quality problems that arise within the Group and sharing activities and information related to product quality and safety. Furthermore, in order to continue supplying products and services of stable quality worldwide while addressing growing supply chain diversification accompanying its business expansion and the increasingly sophisticated needs of customers, the Group is enhancing its global quality assurance system through measures that include strengthening management of overseas suppliers and contractors.

*2 ISO 9001: The international standards on quality management systems issued by the International Organization for Standardization (ISO).

*3 Good Manufacturing Practice (GMP): Guidelines relating to manufacturing and quality management of pharmaceuticals.



Product Stewardship / Product Safety / Quality Assurance

The Information Sharing System and Ensuring thorough Compliance

The governments of Europe, the Americas, China, and the Asia Pacific region hold considerable sway over trends in global laws and regulations. To ensure thorough compliance, we post product stewardship specialists at our regional headquarters in these areas and are constructing a system to swiftly collect information related to regulatory trends. As for China, South Korea, Taiwan, Southeast Asia, and India, all of which have recently seen rapid and major changes in the legislative environment, together with Group companies we have been responding appropriately to the chemical regulations of each country.

As a response to the REACH Regulation in Europe, which is a world leader in terms of laws and regulations, we are moving forward with appropriate legal registration, managing our supply chain, and properly transferring data. In addition, our local Group company Sumitomo Chemical Europe is drawing up letters about its registration status in response to its customers' wishes as well as a declaration of conformity, which states the status of compliance and certificate acquisition with regard to various regulations.

In fiscal 2020, there were no reports of violations of regulations for Sumitomo Chemical products and services at any stage of their life cycles.

Effective Use of SuCCESS

In order to appropriately manage and effectively use information on chemicals handled by the Company, such as their composition, toxicological information (risks and hazards), and regulatory requirements, Sumitomo Chemical has developed the comprehensive chemical management system (SuCCESS).^{*1} This system is used in order to respond to inquiries from customers concerning substances contained in our products and precisely comply with laws and regulations in Japan and around the world, such as the REACH Regulation in Europe. We also use this system to create SDSs^{*2} in around 40 languages to comply with GHS^{*3} and accurately and efficiently communicate hazard information throughout the supply chain. This system is also being proactively rolled out to Group companies. We had installed the system at 14 Group companies in Japan and overseas as of fiscal 2020. In addition, we are using SuCCESS to calculate the manufactured volumes reported to the government under the chemical substances control law via a substance volume tracking (SVT) system as well as to calculate exported volumes.

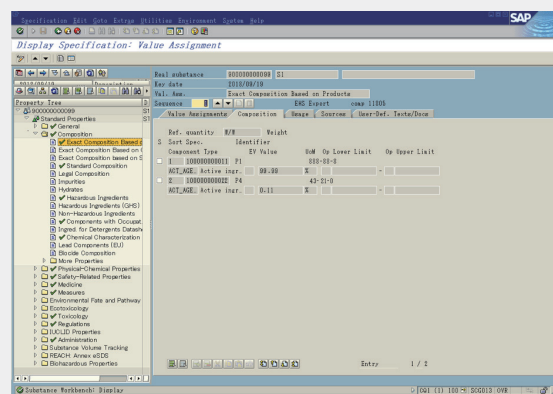
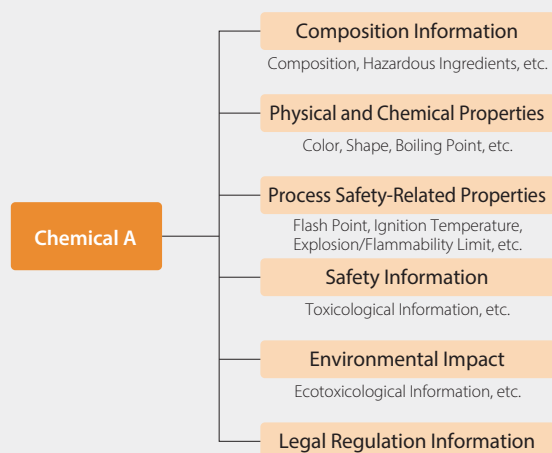
^{*1} Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCCESS)

^{*2} Safety Data Sheets (SDS): SDSs include information on the safe handling of chemical products (properties, handling methods, safety measures, etc.) and should be created in compliance with the Japanese Industrial Standards (JIS) and the standards set by the International Organization for Standardization (ISO).

^{*3} Globally Harmonized System of Classification and Labeling of Chemicals (GHS): In 2003, the United Nations established these global rules for how to convey information about the classification and degree of hazards for chemical substances.

SuCCESS comprehensive chemical management system

Management of chemical composition, toxicological, regulatory information based on tree-shaped structure





Product Stewardship / Product Safety / Quality Assurance

Providing Toxicological Information

To ensure its products are handled safely, Sumitomo Chemical uses SDSs and labels to provide customers with toxicological and regulatory information about the chemical substances they contain and the hazard data consolidated in SuCCESS. Furthermore, especially regarding products requiring warnings about their handling, we create yellow cards that are a simplified version of their SDSs. This provides logistics operators with the information they need to ensure they can respond appropriately to an emergency situation during transportation.

Sharing Information on Chemicals in Products

Countries and regions around the world are moving forward with regulations on chemicals in products, as represented by the European Union's RoHS Directive*¹ and REACH Regulation.*² Because the content and required action for these regulations differs by country, region, and product field, we need to properly manage the chemicals present in not only final products but also raw materials and parts, and we need to accurately share this information on the chemicals present across the supply chain.

As a founding member of the Joint Article Management Promotion-consortium (JAMP), Sumitomo Chemical encourages acquiring and sharing information using chemSHERPA, which is an information-sharing scheme promoted by JAMP, and provides information in response to customer demands.

*1 RoHS Directive: An EU law related to restricting the use of specific hazardous substances, such as those in electric and electronic equipment

*2 REACH Regulation: A regulation related to the registration, evaluation, authorization, and restriction of chemicals within the EU

Laboratory Animal Welfare

In the process of developing useful chemical substances, a large variety of safety assessments are required. With this in mind, Sumitomo Chemical is actively developing new assessment methods, including structure-activity relationship approaches, and minimizing the use of laboratory animals for safety assessments. However, assessments of impact on humans, animals, and the environment cannot be completed without conducting experiments using laboratory animals. Sumitomo Chemical therefore advocates the humane treatment of laboratory animals and applies the 3Rs*³ of replacement, reduction, and refinement to conduct animal studies appropriately with due consideration for animal welfare.

*3 The 3Rs: From the Law for the Humane Treatment and Management of Animals

Replacement: To the greatest extent possible, replace methods that involve animals with those that do not.

Reduction: To the greatest extent possible, reduce the number of animals used.

Refinement: To the greatest extent possible, refine methods to minimize the suffering of animals.

Latest Emergency Issue

Microplastics and marine plastic pollution have become a global problem in recent years. Recognizing the importance of this issue, Sumitomo Chemical quickly agreed to the measures of the Japan Plastics Industry Federation and bolstered its internal education system. We also participate in the International Council of Chemical Associations (ICCA) and Japan Chemical Industry Association's task force. We are working to keep abreast of the latest issues and are also proposing our comments to the aforementioned organizations.

Looking Ahead

Sumitomo Chemical promotes appropriate risk-based chemical management and continually conducts safety risk assessments of all products, including newly introduced items.

In response to strong social demand for the proper management of chemicals, the pace of establishment and revision of laws and regulations relating to chemical management is expected to pick up in even more countries and regions in the near future. Closely collaborating with Group companies in Japan and overseas, Sumitomo Chemical consistently undertakes thorough compliance initiatives that involve carefully studying information on the regulatory trends as well as enhancing the functions of its comprehensive chemical management system (SuCCESS).

In addition, to improve customer satisfaction, the entire Group will continue to work to sustain its product and service quality improvements and to achieve an optimal product quality assurance system amid changing business conditions.



Responsibility to Our Customers

Basic Stance

Throughout the Group, Sumitomo Chemical is working to supply high-quality products and services that satisfy customers' recently diversifying needs and ensure safety in their use, and sales managers and customer consultation offices provide support tailored to products and specific details.

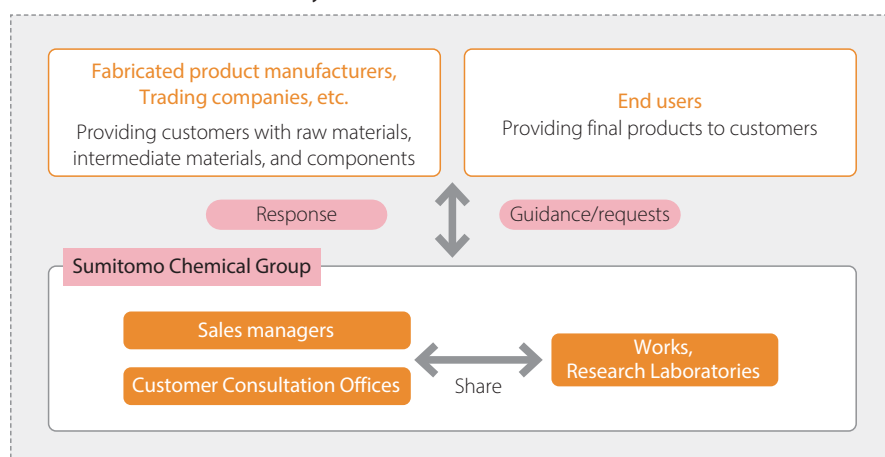
Business & Products

<https://www.sumitomo-chem.co.jp/english/products/>

Management System

Sumitomo Chemical works to accurately and rapidly reflect customers' requests in product development and improvement by sharing this information among Works, Research Laboratories, and sales personnel. In addition, data on customer inquiries and requests for improvements in product quality are stored on an internal database to prevent similar issues from occurring.

Customer Communication System



Examples of Initiatives

In this section, we will introduce the initiatives of the Health & Crop Sciences Sector and Pharmaceuticals Sector, which handle products that are more closely entwined with customers' daily lives.

Initiatives in the Rice Business

In autumn of 2014, Sumitomo Chemical started a business that handles everything from providing rice producers with original varieties of rice seed, crop protection chemicals, and fertilizers; supporting cultivation management; and buying and selling harvested rice. We have teamed up with a range of business partners in agricultural regions, including producers; wholesalers of crop protection chemicals and fertilizers; agricultural cooperatives; and rice collectors. We've also joined with distribution partners, including rice wholesalers. Taking advantage of the unique characteristics of different rice varieties with regard to taste, flavor and yield, we have been engaged in producing commercial-grade rice seed, which is in high demand. In addition, in recent years, temperatures have been rising due to climate change, competitive rice varieties have emerged, the productivity of large-scale producers has risen, and demand and needs are changing. As the environment surrounding rice changes in these and other ways, the Company's research laboratories are making moves to develop new varieties. Going forward, we will continue to contribute to the development of Japan's agriculture through new rice production proposals while developing varieties that meet the needs of both producers and customers.



Responsibility to Our Customers

Initiatives of the AgroSolutions Division-Japan

Within the AgroSolutions Division-Japan, Sumitomo Chemical and Group companies are expanding their total solution provider (TSP)-style businesses, which provide a wide range of agriculture-related services and products, such as agrochemicals, fertilizers, and agricultural materials. Other operations include the biorational business, which is centered on plant growth regulators that enhance the yield and quality of crops. And the division operates the i-nouryoku website, which is a tool for disseminating information to support these businesses. Through this website, we provide vital data that helps a wide range of farmers. Besides the website, we also post streaming videos on social media platforms, namely You Tube, to provide farmers with simple and easy-to-understand product information.

In addition, the AgroSolutions Division-Japan established a customer support office related to Sumitomo Chemical's crop protection chemical products, fertilizers, and plant growth regulators. The division promotes business operations based on the basic stance of prompt, appropriate, sincere service provided with an awareness of the customer's perspective and ensuring legal compliance.

In addition, we respond to questions about gardening from general customers, not just farmers. Consultants strive to closely engage with customers to ensure that they can properly and effectively use the Company's products.

Sumitomo Chemical i-nouryoku (Japanese only)

<https://www.i-nouryoku.com/index.html>

The official YouTube channel of Sumitomo Chemical's AgroSolutions Division-Japan (Japanese only)

<https://www.youtube.com/channel/Uck0GEjn4LXD7dxEf9uSfnlw>

Initiatives of Sumitomo Chemical Garden Products

To meet the diversifying needs of users who enjoy gardening, Sumitomo Chemical Garden Products Inc. constantly works to upgrade its offerings, for example, via improved product containers, as well as to enhance services related to information dissemination and customer consultation.

In the area of information dissemination, the company is working to enhance its websites to ensure the provision of easy-to-understand information to a variety of gardeners. In addition, it began uploading videos to the social media platform YouTube, with content ranging from product information videos to instructions on the preparation of diluents and how to read registration slips, to Garden Doctor TV, which covers cultivation methods for tomatoes and roses as well as other topics.

As for customer consultations, in addition to answering questions via telephone and email, from April 2020 the company began providing web content via the Garden Doctor™ AI, an AI image diagnostic tool that enables anybody to easily diagnose plant diseases and pests at any time.

In addition, it is researching customer concerns through marketing surveys and working to develop products to solve those issues. It is striving to enhance usability, for example, the company developed and adopted a longer trigger for BENICA X NEXT™ Spray that is more comfortable and easier to pull even when continuously spraying the product for a prolonged period and adopted a container for Grass Killer E Granules that is easier to hold, making scattering the product less difficult.

Sumitomo Chemical Garden Products Inc. official website (Japanese only)

<https://www.sc-engei.co.jp>

Sumitomo Chemical Garden Products' official YouTube channel (Japanese only)

<https://www.youtube.com/c/scengeich/playlists>



Responsibility to Our Customers

AIが園芸の疑問にお答え!
 頼れる新パートナー「ガーデンドクターAI」は便利な病害虫画像診断コンテンツです。



Sumitomo Chemical Garden Products' Garden Doctor™ AI (Japanese only)

<https://www.sc-engei.co.jp/gardendoctor.ai>



Sumitomo Chemical Garden Products' BENICA X NEXT™ Spray (Japanese only)

https://www.sc-engei.co.jp/sp_contents/en/201902/benicaXnext



Sumitomo Chemical Garden Products' Grass Killer E Granules (Japanese only)

<https://www.youtube.com/watch?v=4oielqO-bw4>

<https://www.sc-engei.co.jp/guide/detail/5364.html>



Responsibility to Our Customers

Initiative for Access to Healthcare

Sumitomo Chemical started its pharmaceuticals business as the first Japanese company to manufacture synthetic pharmaceuticals based on its advanced organic synthesis technology. Our Group company Sumitomo Dainippon Pharma Co., Ltd. considers the below listed items to be part of its duty to its customers in the pharmaceutical business.

Conduct Responsible Advertising and Marketing

(Refer to section “12. Cooperation with Healthcare Professionals, etc.,” “13. Sales, Marketing and Information Communication Activities” of Sumitomo Dainippon Pharma’s Compliance Standard for more details.)

◆ Our approach to promotional activities for healthcare professionals

In compliance with the IFPMA Code of Practice, the JPMA Code of Practice, and Guidelines for Prescription Drug Marketing Information Provision issued by the Ministry of Health, Labour and Welfare, Sumitomo Dainippon Pharma has drawn up the “Rules for Marketing Information Provision” and established the “Department Responsible for Supervising Marketing Information Provision.” The Department Responsible for Supervising Marketing Information Provision supervises and provides guidance to departments that implement detailing activities, examines and approves materials, carries out monitoring as well as education and training for officers and employees, operates a complaints desk and handles complaints. As an advisory body to the Department Responsible for Supervising Marketing Information Provision, we have established the “Review and Supervisory Committee,” which is held regularly. It has an external chairperson who is completely independent of our company.

Sumitomo Dainippon Pharma has drawn up internal rules for the examination of materials for use in promotional activities titled “Rules for Examination of Materials Used in Marketing Information Provision” and created an internal structure for examination and approval of such materials.

https://www.ds-pharma.com/csr/patients_medical_personnel/promotion.html

Contribution to Global Health

◆ Countermeasures to Antimicrobial Resistance (AMR) and Initiatives for the Appropriate Use of Antibiotics

Sumitomo Dainippon Pharma is conducting joint research with a drug discovery group of Kitasato Institute.

As a partnership initiative with the Ministry of Health of Vietnam, Sumitomo Dainippon Pharma and the National Center for Global Health and Medicine jointly commenced an antibiotic susceptibility surveillance study in Vietnam in order to contribute to antimicrobial resistance (AMR) countermeasures and promote the proper use of antibiotics in Vietnam.

◆ Efforts for Eradication of Malaria

Sumitomo Dainippon Pharma is working on the research and development of malaria vaccines in collaboration with Ehime University and the global organization PATH, and supports the initiatives for the eradication of malaria in several countries in Asia and Africa.

https://www.ds-pharma.com/csr/global_health/contribution_to_global_health.html

Initiatives to Improve Access to Medicines

◆ Targets for Initiatives to Improve Access to Medicines

As described to the right, Sumitomo Dainippon Pharma established the targets for initiatives to improve access to medicines, which is a material issue linked to value creation.

- Strengthening of response to requests for the development of unapproved and off-label drugs
- Acceleration of provision of drugs at fair prices
- Promotion of public awareness-raising activities with the aim of improving medicine-related literacy

<https://www.ds-pharma.com/csr/management/materiality.html>



Responsibility to Our Customers

Transparency in Partnerships with Patient Groups and Medical Institutions

As a member of the Japan Pharmaceutical Manufacturers Association (JPMA) which issued its Transparency Guideline for the Relation between Corporate Activities and Medical Institutions and its Transparency Guideline for the Relation between Corporate Activities and Patients' Groups, Sumitomo Dainippon Pharma established its own Guidelines for Transparency in Partnerships with Medical Institutions in October 2011 and Guidelines for Transparency in Partnerships with Patients' Groups in April 2013. In accordance with these guidelines, the company publicly disclose information on its corporate website on such issues as payments that the company make to medical institutions, healthcare professionals, patient groups and patient advocacy groups.

https://www.ds-pharma.com/csr/patients_medical_personnel/promotion.html

Providing Employee Training

◆ Compliance Education and Training

Sumitomo Dainippon Pharma provides all its employees with annual compliance education and training on a number of topics that include corruption, insider trading, the harmful effects of drugs, and harassment. A booklet about the Compliance Standards is used in compliance workshops held at the workplace level. Group companies in and outside Japan are required to provide similar compliance education and training programs.

<https://www.ds-pharma.com/profile/compliance/>

Sumitomo Dainippon Pharma's Efforts against the Novel Coronavirus Disease (COVID-19)

Sumitomo Dainippon Pharma is addressing the stable supply of its pharmaceutical products, minimization of impact on its research and development activities, and support for research on COVID-19 in addition to supporting activities for preventing the spread of COVID-19. The company also takes measures to ensure the safety and health of its stakeholders, including its employees and their families, and to prevent the spread of COVID-19. Specific actions are detailed below.

1. Stable supply of pharmaceutical products
2. Impacts on R&D activities
3. Research support activities
4. Support activities to prevent the spread of COVID-19
5. Measures to prevent the spread of infection inside and outside the company

<https://www.ds-pharma.com/covid-19.html>

Looking Ahead

Collecting information through close consultation with internal and external partners, and maintaining a proactive attitude when listening to our customers' opinions, Sumitomo Chemical remains committed to continuously providing products that satisfy the needs of its customers. Moreover, the Company is expanding information disclosure in order to provide our customers with vital information in the most appropriate manner.



Communities

Basic Stance

Based on the concept of contributing to establishment of a sustainable society through the sustainable growth of business, the Sumitomo Chemical Group is committed to social contribution activities undertaken from three perspectives: securing safety and health, and protecting the environment; raising children who will lead the next generation; and assisting in natural disaster relief.

Regarding communication with society, in order to enhance information disclosure while engaging in interactive dialogue, Sumitomo Chemical, its worksite in Japan and overseas, and Group companies engage in a variety of activities to meet the needs of local communities, thereby building good relations with them.

■ Sumitomo Chemical's Social Contribution Activities



Securing Safety and Health, and Protecting the Environment

- Work and research laboratory tours
- RC dialogues and distribution of local newsletters
- Malaria prevention campaign
- Investment in the World Bank's BioCarbon Fund
- TABLE FOR TWO program
- Matching Gift program (support for tree-planting activities)
- Cooperation with U.N. activities
- Support for infection control measures



Raising Children who will Lead the Next Generation

- Establishment of in-house childcare facilities
- Launch of Young Inventors' Club, Science Workshops, etc.
- Sponsorship of community sports events
- Cooperation on civic and university courses
- Acceptance of student interns
- Matching Gift program (educational and developmental support for children)
- Educational support in Africa
- University scholarship programs



Assisting in Natural Disaster Relief

- Relief activities after typhoons, earthquakes, and other disasters, Offering facilities for Public use after major disasters
- Relief donations for victims of hurricanes, earthquakes, etc.

Management System

We are promoting Sumitomo Chemical's social contribution activities throughout the entire Sumitomo Chemical Group, including Sumitomo Chemical's Head Office, each worksite, and each Group company. To encourage such activities across the Group, we hold manager meetings attended by social contribution managers from each worksite. These meetings enable attendees to share information about their activities and exchange opinions. In addition, Group companies in Japan share information and exchange opinions through Domestic Group Company Liaison Meetings held by each functional department.

We are cooperating with the labor union in planning and conducting certain social contribution activities.



Communities

Goals and Results

The results of the main social contribution activities undertaken by Sumitomo Chemical and its Group companies in Japan are as follows.

■ FY2020 Main Social Contribution Activities at Bases in Japan (Sumitomo Chemical^{*1})

Type of Activity	Number of Events
Science classes held at schools, Children's office visits	9
Cleaning beaches and neighborhoods around worksites	9
Worksite tours, community dialogues, hands-on work experiences	3
Hosting and participating in regional sports competitions, festivals, and other events	1

*1 Include some Group companies in Japan

■ Volunteers for the OISCA Coastal Woodland Rejuvenation Project (Sumitomo Chemical Group^{*2})

	(No. of people)		
	FY2018	FY2019	FY2020
Number of volunteers for the OISCA coastal woodland rejuvenation project ^{*3}	20	23	0 Suspended due to the pandemic

*2 Sumitomo Chemical and Group companies in Japan participating in the Matching Gift program

*3 Volunteer activities in Natori, Miyagi Prefecture

▶ P.213 Support for Recovery from the Great East Japan Earthquake

■ Major Donations in FY2020 (Sumitomo Chemical)

Item	(Million yen)
	Amount
Donations of medical gowns	16.8
To support education in Africa (Plastic Recycling Education)	5.4
To support the development and education of children through ASHINAGA (Matching Gift program)	6.8
To support OISCA's tree planting activities (Matching Gift program)	6.0
Monetary donations in response to torrential rains in July 2020	3.0
TABLE FOR TWO (Matching Gift program)	1.3

Note: Donation figures for Matching Gift programs are the amount of money provided by the Company.



Communities

Number of Major Donations in FY2020 (Sumitomo Chemical)

Total number of donations: 251

Item	Number of cases
Local community activities	86
International exchange and cooperation	16
Sports	11
Academic study and research	11
Culture and art	15
Education and social education	16
Social welfare	14
Environment	10
Support to areas devastated by disasters	5
Others	67

Examples of Initiatives

Securing Safety and Health, and Protecting the Environment

Disclosing Information and Holding Diverse Interactive Dialogues Rooted in Local Communities

Sumitomo Chemical, with the understanding and cooperation of local communities, works to foster smooth communication to continue conducting better business activities as a community member.

Every year, all worksites create and publish their own environmental and safety reports, detailing the initiatives taken at each worksite. In addition, the Ehime, Osaka, and Oita worksites publish community newsletters that are inserted into newspapers as a way to disseminate information that is especially relevant to their communities. Moreover, we proactively cultivate diverse two-way dialogue from a wide range of perspectives. Our activities include regular dialogue meetings, opinion exchanges, and Works tours held with local community members at each worksite, conducting risk communication model businesses in cooperation with municipalities, conducting support businesses focused on the environment and safety for local governments and companies, and holding community dialogues in collaboration with the chemical industry.

Going forward, we will continue working to foster greater understanding of the Company and earning more trust while continually exchanging opinions with various stakeholders in local communities and disseminating necessary information.

Report on the Environment and Safety (at all worksites) (Japanese only)

<https://www.sumitomo-chem.co.jp/sustainability/information/library/>





Communities

Initiatives to Ensure Safety at All Group Workplaces

The Sumitomo Chemical Group aims to achieve zero severe accidents across all workplaces, as per the basic principle of “Making safety our first priority.” To this end, we have ramped up our efforts to ensure safety by communicating thoroughly to make sure everyone observes the Safety Ground Rules, which are common to all Group employees, evaluating and improving the level of safety culture in workplaces, raising the level of safety management with the use of IoT technology, and reviewing and reinforcing natural disaster prevention measures. Through dialogues with residents in the region, we explain to neighboring residents our efforts to ensure safety, and work to deepen our mutual understanding.

■ Status of Dialogues with Local Communities

FY2020 Results*1, 2

Number of dialogues held

3

Participants

18

*1 Cumulative result of each Sumitomo Chemical worksite

*2 Most dialogues were postponed due to the COVID-19 pandemic.

Page 93 of *Annual Report 2021*

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

Initiatives Related to the COVID-19 Pandemic

Sumitomo Chemical joined in the “IP Open Access Declaration against COVID-19” as a supporter and took various measures to help prevent the spread of COVID-19. Responding to the shortage of masks in medical facilities, we donated 20,000 N95 masks through the Japan Business Federation (Keidanren). In addition, addressing the shortage of medical gowns for medical professionals, we donated a total of 300,000 gowns to governments and other relevant organizations in cooperation with Sekisui Chemical Co., Ltd. Sumikasekisu Film Co., Ltd., which is funded by Sumitomo Chemical and Sekisui Chemical, procured the medical gowns from a Chinese gown manufacturer. The gowns were sent directly to the donation beneficiaries from the Chinese manufacturer. Sumitomo Chemical and Sekisui Chemical purchased 150,000 gowns each and donated them. Furthermore, at Ehime Works, we held the Stay Home Works Web Exhibition, a collaborative project with the Niihama City Museum of Art, so that children who could not go outside could still have fun at home. In addition, at Ehime Works and Ohe Works (Niihama City, Ehime Prefecture), we conducted the Sumika Akagane Cafeteria project, an event supporting restaurants in the city, between March 9 and April 2, 2021. Group companies supplied film used for making medical gowns, provided funding to startups developing sensors to detect COVID-19, and donated masks and gowns to medical institutions. To help quickly end the pandemic, the Sumitomo Chemical Group will continue considering maximum support measures while collaborating with governments, industrial organizations, and other groups.



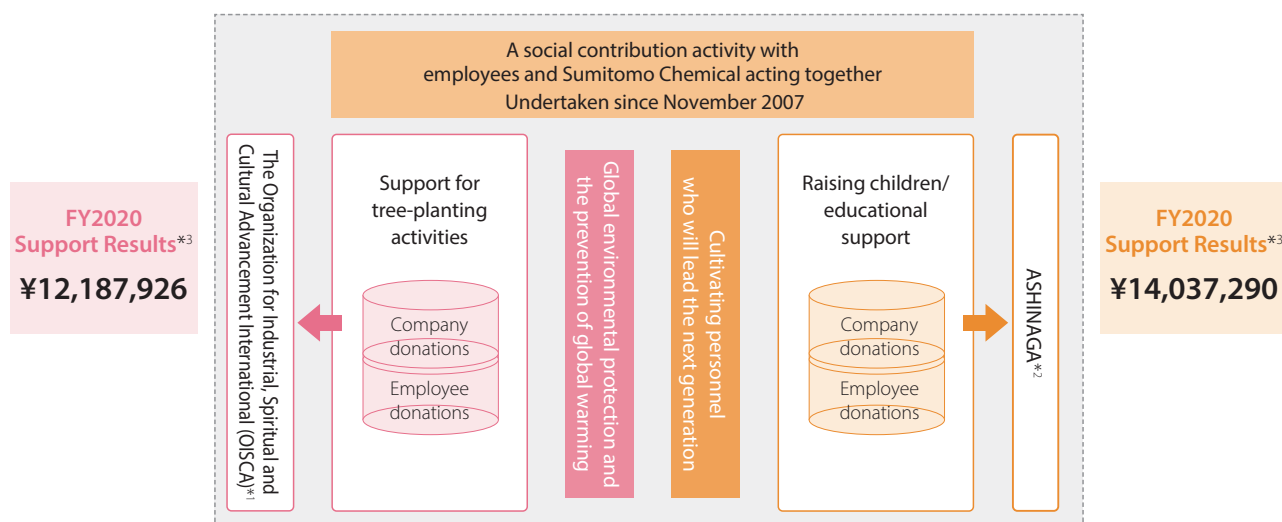
Communities

Matching Gift Program

As a social contribution activity with employees and the Sumitomo Chemical Group acting together since 2007, the matching gift program, which is run in collaboration with the labor union, collects donations from executives and employees working at Sumitomo Chemical and Group companies. Sumitomo Chemical then matches their donations.

One of the beneficiaries of the donations from the matching gift program is the Organization for Industrial, Spiritual and Cultural Advancement International (OISCA)*¹, with whom we work on various tree-planting projects. In collaboration with the labor union, we have been dispatching employee volunteers to help with these projects since 2008.

■ Matching Gift Program



*1 The Organization for Industrial, Spiritual and Cultural Advancement International (OISCA) is a global NGO engaged in rural development and environmental protection, mainly in the Asia-Pacific region. The money donated by Sumitomo Chemical to this organization is used for its Children's Forest Program and Japan's Coastal Forest Restoration Project following the Great East Japan Earthquake.

*2 ASHINAGA is an NPO established to provide physical and mental support for children who have lost their parents because of illness, accidents, or for other reasons. The money donated to this organization is used to provide a scholarship fund for these orphans.

*3 Sums after matching by the Company

TABLE FOR TWO Activities

Since May 2008, each of Sumitomo Chemical's worksites has participated in the TABLE FOR TWO (TFT) initiative. Participating companies in this matching gift program donate an amount of money equal to the total donated by executives and employees.

When employees choose to eat any of the healthy TFT menu options available at the Company's cafeterias, 20 yen per meal is donated to help fight starvation in developing countries as well as obesity and lifestyle diseases in advanced nations. Through these types of social contribution activities originating in Japan, we are working to eliminate food disparity.

For the Company's support in 2020, Sumitomo Chemical received a letter of appreciation as a Platinum Partner from the TABLE FOR TWO secretariat.

2020 Results

¥1,355,400* **33,885 meals**

* Sums after matching by the Company



Communities

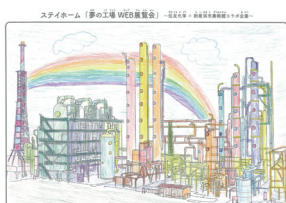
Nurturing the Children of the Next Generation

Supporting Education through Science Workshops

The Sumitomo Chemical Group holds science workshops for children to conduct experiments and make crafts with the Group's products. These workshops enable them to experience the wonders and appeal of science with their own hands, in order to convey in a manner that children can easily understand how everyday products are linked to chemicals. These science workshops are held during plant tours and at visiting classes at neighboring schools.

In fiscal 2020, we held the Stay Home Works Web Exhibition, a collaborative project with the Niihama City Museum of Art, so that children who could not go outside due to measures to prevent the spread of COVID-19 could still have fun at home. In this project, children colored in an image of Ehime Works and submitted their completed "My Dream Works" entries through a website, and the submitted pieces were displayed on the museum's website. Any elementary and middle school students could participate, and those who submitted pieces were given original goods from Ehime Works. In addition, a video produced in collaboration with Ehime Works veteran employees entitled, "Science Experiments and Crafts You Can Do at Home!" was unveiled and streamed on the Akagane Museum's website and broadcast on heart network (heart TV).*

* A cable TV channel in Niihama City and Saijo City



Entries the children submitted



Demonstrations by Ehime Works veteran employees



- vol.1 Let's make a paper spring with the whole family
- vol.2 The mysterious movements of the Cartesian diver
- vol.3 Let's separate the colors of a water-based pen

Akagane Museum website: "Stay Home: The Factories of Your Dreams, Online Exhibition" (Japanese only)

<https://akaganemuseum.jp/%e3%81%8a%e7%9f%a5%e3%82%89%e3%81%9b/1079.html>

"Science Experiments and Crafts You Can Do at Home!" (Japanese only)

<https://youtube.com/playlist?list=PLdCPE61HN0W7Jcys1mzqLjrVI52fjvJLY>



Communities

Support for Education in Africa

Because Sumitomo Chemical believes that Africa needs to build a better educational environment for children in order to break free from poverty and achieve sustainable economic development, since 2005, the Company has been conducting educational support activities centered on the construction of primary and secondary school buildings and related facilities to support children, on whom the continent's future rests.

Supporting Plastic Recycling Education in Nigeria

Sumitomo Chemical donated US\$50,000 to the Clean Our World (COW) Project, which is run by the Nigeria-based Oando Foundation* with the aim of raising awareness of plastic recycling. In Nigeria, we have collaborated with the Oando Foundation since 2017 to support Science, Technology, Engineering and Mathematics (STEM) education and have, for example established six ICT centers equipped with solar panels. Over 32 million tons of garbage are generated in Nigeria every year, and more than 30% of that is classified as plastics. Currently, most of the plastic is not properly disposed of. It sometimes clogs pipes causing flooding and is also washed into the ocean via West Africa's main waterway, the Niger River. To resolve this situation, the Oando Foundation established the COW Project in 2020. The COW Project engages in local clean-up activities and provides educational materials to the suburbs of Lagos, Nigeria's largest city. Through these and other efforts, the project encourages people to change their behavior by promoting educational activities and providing elementary school students with opportunities to learn about the plastic waste problem and recycling. Initiatives are already under way at two of the seven targeted elementary school districts.

Sumitomo Chemical outlined "Contribution to the recycling of plastic resources" as one of management's material issues. Accordingly, in addition to the development and supply of products connected to reducing and reusing plastic, in recent years we have been promoting the development of multiple chemical recycling technologies jointly with other companies and academic institutions. Going forward, Sumitomo Chemical will continue to help improve the educational environment for children in Africa and actively promote initiatives aimed at resolving social issues.

* A foundation established in 2011 by Oando PLC, which conducts energy-related business in Nigeria, in order to support the Nigerian government's efforts to broadly provide basic education throughout the country



Clean-up campaign at a school in the Mushin district

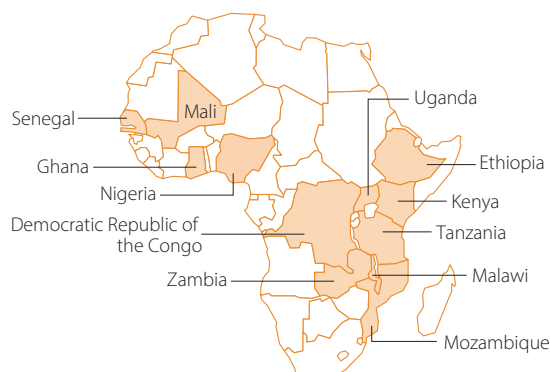


Clean-up campaign undertaken jointly by school and community members in the Orile-Iganmu district



Communities

Support for Education in Africa



Support Results

Beneficiaries: over **34,000** people

Supported countries: **12**
(31 projects completed, 1 projects under way)

Support Results

Country	Collaborator	Support details
Tanzania	WVJ ^{*1}	Between 2005 and 2007, we built elementary schools, teacher housing, and other structures. In 2014, we built elementary schools and restrooms.
Kenya	WVJ ^{*1}	In 2005 and 2006, we built girls' dormitories, restrooms and other structures for elementary schools. In 2015, we built elementary schools and provided math and science teaching materials.
Zambia	WVJ ^{*1}	Between 2005 and 2007, we built middle schools, restrooms, teacher housing, and other structures.
Uganda	WVJ ^{*1}	In 2006, we built elementary schools, restrooms, and other structures. Between 2008 and 2011, we built schools, restrooms, and other structures. In 2019 and 2020, we built classrooms for elementary schools and raised awareness of malaria prevention techniques.
Ethiopia	WVJ ^{*1}	In 2007, we built elementary schools, middle schools, restrooms, and other structures. In 2013, we built elementary schools, restrooms, water storage tanks, and other structures.
Mali	PIJ ^{*2}	Between 2010 and 2012, we built elementary schools, restrooms, wells, and other structures.
Ghana	PIJ ^{*2}	Between 2010 and 2012, we built elementary schools, libraries, and other structures. In 2015 and 2016, we built technical schools, science laboratories, and other structures. In 2019 and 2020, we built technical high schools, science laboratories, and other structures, provided teaching materials, and provided training to teachers.
Malawi	WVJ ^{*1}	Between 2010 and 2012, we built elementary schools and other structures. In 2013, we built elementary schools, restrooms, and other structures.
Democratic Republic of the Congo	WVJ ^{*1}	In 2012 and 2013, we built elementary schools, restrooms, and other structures. Between 2016 and 2019, we built elementary schools, restrooms, and other structures, provided math and science teaching materials, provided training to teachers, and raised awareness of malaria prevention techniques.
Mozambique	PIJ ^{*2}	In 2012 and 2013, we built elementary schools, restrooms, and other structures.
Senegal	PIJ ^{*2}	In 2014 and 2015, we built elementary schools, restrooms, and other structures and provided training to school management committees. Between 2016 and 2019, we built middle schools, high schools, and restrooms, set up science laboratories, and enhanced science courses for girls.
Nigeria	Oando ^{*3}	Between 2017 and 2020, we set up ICT centers, provided computer peripheral equipment, and provided training to teachers of science, technology, engineering, and math (STEM) education. [In 2020 and 2021, we carried out the current "Clean Our World" (COW) project.]

*1 WVJ: World Vision Japan

*2 PIJ: Plan International Japan

*3 Oando: The Oando Foundation of the Federal Republic of Nigeria



Communities

Assisting in Natural Disaster Relief

Support in Response to Torrential Rains in July 2020

After torrential rains in July 2020, we provided material support in the form of our own emergency food rations to some regions in Oita Prefecture in addition to a monetary donation of ¥3 million to Oita Prefecture.

Support for Recovery from the Great East Japan Earthquake

Since the Great East Japan Earthquake of 2011, we have been promoting initiatives involving employee participation to keep the memory of the disaster fresh in people's minds. We have also been providing donations collected through the sale of "Disaster Hit Area Support Meals" served in our cafeterias since April 2011. Under this scheme, a portion of sales is donated to a business that aids orphans in areas hit by the disaster, and the companies match that amount.

Since fiscal 2013, through the matching gift program, we have participated in the OISCA coastal woodland rejuvenation project aimed at rejuvenating black pine coastal woodlands in Natori, Miyagi Prefecture.

Since fiscal 2015, we have dispatched employee volunteers to the area to provide black pine saplings, plant trees, and weed and fertilize areas where trees have been planted with the aim of rejuvenating about 100 hectares of coastal woodland. These activities were suspended in fiscal 2020, however, to prevent the spread of COVID-19. We have already achieved our planting goal, and, going forward, we will continue to help manage the planted black pines on a voluntary basis.

FY2020 Results

Disaster Hit Area Support Meals

¥650,120* **16,253** meals

* Sums after matching by the Company

The Great East Japan Earthquake

Fukushima Children's Fund **¥311,720** **7,793** meals

(the portion used between March 2020 and August 2020)

Iwate Learning Hope Fund **¥338,400** **8,460** meals

(the portion used between September 2020 and February 2021)

Examples of Social Contribution Activities (Japanese only)

https://www.sumitomo-chem.co.jp/sustainability/files/docs/social_contribution_activities.pdf

Looking Ahead

In order to maintain the trust of local communities, Sumitomo Chemical will promote its social responsibilities by making various social contributions distinctive to the Sumitomo Chemical Group that lead to solving global problems and coexistence with local communities through various activities.