

# For a Sustainable Future



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Regarding each ESG information,  
Please refer to the following chapters



**Governance: page 57**



**Environment: page 106**



**Society (Social Activities): page 162**

## President's Message

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**We will strive to strengthen each of our businesses and get even stronger as an integrated business group to generate synergies as a diversified chemical company to the full.**



## President's Message

### Since becoming President, I have been committed to transforming our corporate culture.

#### Eliminating “losses due to inaction” and increasing the “speed of business operations”

Three years have passed since I took office as President in April 2019. During this time, there have been significant changes in the environment that I did not anticipate, such as the COVID-19 pandemic and Russia's invasion of Ukraine. I now strongly feel once again that in order to continue to be a company that grows even in highly uncertain, turbulent times, there are “things that we should change” and “things that we should maintain and continue to protect.”

I would like to start with what we should change. When I became President, I set the goal of developing a corporate culture full of entrepreneurial spirit. Specifically, I have stressed eliminating “losses due to inaction”—opportunities that may be lost as we fail to take action—and increasing the “speed of business operations.” At Sumitomo Chemical, its people are so faithful to their duties that they tend to readily follow precedents that have been successful, while we do not have a culture in which people are blamed for a failure. I therefore felt that we should be more aware that we may lose opportunities if we do not take on new challenges. In these times of dramatic changes, a company cannot survive unless it is willing to constantly try new things, instead of repeating the same old thing. With a sense of urgency, I determined to work on making elimination of “losses due to inaction” a part of our corporate culture.

What is important is not just to make a commitment but to translate this to a desire to “try something new.” I thought that if there was any sense of getting nowhere within the company—such as “we don't know what to do” or “even if we take action, it won't make much of a difference”—I would like to break through it by clearly showing management's vision on the way forward for our business. Accordingly, we have laid out the future direction for our individual businesses. For example, we will work to develop and implement in society new technologies for achieving carbon neutrality in the Essential Chemicals & Plastics business. Meanwhile, in the area of biorationals\*<sup>1</sup> of the Health & Crop Sciences business, we will take on the challenge of reducing environmental impact and increasing food production at the same time. As we share a clear picture of the future for each of our businesses and make decisions and take actions every day toward that goal, I feel that our mindset has been changing gradually.

We also see the “speed of our operations” significantly increasing. For example, we are advancing planning for initiatives toward carbon neutrality at great speed, now becoming a front-runner in the industry. In addition, for new plant construction and capacity expansion projects, we have restructured our engineering team and process, so that the time from planning to start-up is now about three to six months shorter than before. Society is changing rapidly. To keep up with it, we must always ask ourselves what we should do to further speed up our operations and put them into action, while also leveraging digital technology.

\*1 The Sumitomo Chemical Group defines microbial pesticides, plant growth regulators and rhizosphere microbial products derived from natural sources, as well as solutions using these products to protect crops from pests and enhance crop quality and yield, as “biorationals.”

#### Our corporate philosophy brings coherence to our diversity.

Meanwhile, there is an essential element in our corporate culture that we want to maintain and continue to protect. A research report published in the U.S.\*<sup>2</sup> points out that there are four traits shared by companies that have survived for long years. First, they are sensitive to changes in the environment. Second, they are tolerant of new initiatives. Third, they are implementing a conservative financial policy. Fourth, they have strong cohesion and a clear corporate identity, which I consider the most important of these qualities. What distinguishes Sumitomo Chemical from the competition is the diversity of the technologies, addressable market segments, locations of operations, and above all, human resources that we boast as a diversified chemical company. Diversity, however, leads to divergence if left to its own devices. It is necessary to have a linchpin that holds everything together. For Sumitomo Chemical, that is our corporate philosophy articulated by the words, “*Jiri-Rita Koushi-Ichinyo*,” which means that our businesses must benefit society at large, not just our own interests. By bringing our diverse people together around this principle, we have created a strong sense of solidarity, so this corporate philosophy should never be changed, and we will continue to uphold it.

\*2 *The Living Company 1997*

## President's Message

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**We forged a path forward to resolve our three major management issues in the previous Corporate Business Plan.**

**In the new Corporate Business Plan, we will strive to further improve our business portfolio from the perspective of advancing green transformation.**

### **We decided to carry out large-scale M&As.**

Looking back to 2019, when we launched the previous Corporate Business Plan, we were faced with an extremely challenging environment. Three major management issues had come to the fore: strengthening Petro Rabigh to ensure that the Saudi Arabian business consistently contribute to the performance of the then Petrochemicals & Plastics Sector; developing new drugs that would succeed LATUDA®, an atypical antipsychotic blockbuster, as a growth engine of the pharmaceuticals business; and consolidating the foundation of the agrochemicals business to compete with generics.

For the pharmaceuticals and agrochemicals businesses, we implemented large-scale M&As and made major strides toward growth. The moves were opportune, as we were able to make decisions before the COVID-19 outbreak and focus on the post-merger integration process during the pandemic. For Petro Rabigh, we brought new facilities constructed in the Rabigh Phase II Project on stream immediately after start-up and the financial completion guarantee was terminated. In this project, our technological prowess was widely demonstrated, as the entire Sumitomo Chemical Group stepped up to contribute, particularly sending a large number of engineers and staff members from our manufacturing teams in Japan. It is a major achievement under the previous Corporate Business Plan that we forged a path forward to resolve these three major management issues.

### **We also launched company-wide cross-functional projects.**

In addition, we launched three company-wide cross-functional projects for “accelerating the development of next-generation businesses,” advancing “digital innovation,” and achieving “carbon neutrality.” In the efforts to accelerate the development of next-generation businesses, we are building an innovation ecosystem for creating new businesses speedily. We aim to establish a system that will help to bring about innovations anywhere in the company, collaborate with startups and academia, and accelerate the process of bringing those innovations to market.

For digital innovation, we implemented our “DX Strategy 1.0” in four areas, including production and R&D, to improve productivity. Regarding carbon neutrality, we formulated a grand design, setting out a direction for our initiatives to achieve the goal. All these projects are one step ahead of society and are beginning to show real progress.

As a result of these efforts, we achieved a record-high net income of 162.1 billion yen for fiscal 2021, the final year of the previous Corporate Business Plan period. Although our financial position temporarily declined due to large-scale M&As, our D/E ratio recovered to 0.79 times as of the end of fiscal 2021, and we will continue to improve it according to our roadmap. I am not satisfied with our performance yet. I consider that we are in the process of realizing returns on the capital investments, M&As, and other measures that we have carried out. We will strive hard to reap the fruits of our efforts and deliver strong financial results.

### **Fiscal 2022 will be a year when our true competitiveness will be tested.**

It was expected that in fiscal 2022, the world economy would begin to recover on the whole, emerging from the effects of the COVID-19 pandemic, but now its outlook remains uncertain due to Russia's continued invasion of Ukraine.

One of the most serious concerns is inflation driven by rising energy prices, and we need to keep watching its development closely. Sumitomo Chemical is affected by higher crude oil prices like many other companies, but the effect on Petro Rabigh is neutral for the Sumitomo Chemical Group on the whole, since the oil-refining and petrochemical affiliate's margins improve as higher crude oil prices lead to higher selling prices for their products while the cost of its major feedstock ethane gas is fixed.

How to pass on rising raw material prices to product prices will be a major challenge for this year. Basically, in the area of high value-added products, to which we have been shifting our businesses, formula pricing is not a generally accepted approach. We must ensure that customers understand the situation and the price increase we need to address increasing costs. It means that our products are put to the test to see how essential they are to customers. In that sense, I consider that this will be a year when the true competitiveness of our products will be tested.

## President's Message

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### Advancing a broadly-defined green transformation

In the basic policy of our new Corporate Business Plan, we have affirmed our commitment to seven priorities, adding “fulfilling obligations and providing contributions toward achieving carbon neutrality” to the six priorities under the previous Corporate Business Plan. It does not mean that we made a significant change to our management policy, however, as we have already been working on a company-wide, cross-functional project for carbon neutrality since the middle of the previous Corporate Business Plan period.

Of the seven priorities, the most important is “further improving our business portfolio.” Simply put, we will work to enhance the earning power of each of our businesses, stepping up efforts to make them stronger, following the various measures we have taken over the past three years. What is new is that under the new Corporate Business Plan, we will incorporate the perspective of “green transformation” into all the priorities set out in the basic policy. While green transformation generally refers to transformation of society driven by efforts to achieve carbon neutrality, we at Sumitomo Chemical expand the scope of the concept to include conserving ecosystems and ensuring healthy lives, and will strive to advance this broadly-defined green transformation and explore ways to contribute as a corporation to creating a sustainable society. For instance, we will work to strengthen resource recycling technologies in the Essential Chemicals & Plastics business, meet the needs of next-generation energy systems in the high-performance functional materials business, and direct resources to strengthening our biorationals in the crop protection business. Enhancing the earning power of all our businesses and striving to further improve our business portfolio, while incorporating the perspective of the broadly-defined green transformation—this is the central point of our new Corporate Business Plan.



## President's Message

### The petrochemicals business is an “essential” business to society and to Sumitomo Chemical.

#### An industry that is essential to achieving carbon neutrality

While there are many different views about the future of the petrochemicals business, we consider it essential both to society at large and to Sumitomo Chemical. To explicitly express that value, we have changed the name of our Petrochemicals & Plastics Sector to “Essential Chemicals & Plastics Sector.”

The petrochemicals business supports people's lives by providing raw materials for a vast number of products and supplies, forming the foundation of Japan's manufacturing industry. Going forward, in a carbon neutral world, a petrochemical complex will surely be needed within Japan for implementing chemical recycling. For these reasons, we consider the petrochemicals business an essential industry for society as well as for manufacturing in Japan.

In addition, in order for the chemical industry, which is said to be a greenhouse gas (GHG)-intensive industry, to change to one that reduces or absorbs GHG emissions in the future, it needs to utilize the catalyst and process technologies that have been developed over many years in the petrochemicals business. In this sense, the petrochemicals business is vitally important and essential to Sumitomo Chemical too, as we, being a chemical company, strive to transform the industry into a carbon recycling industry. With these two thoughts and messages in mind, we have renamed our Petrochemicals & Plastics Sector as Essential Chemicals & Plastics Sector.

#### Playing a part in restructuring of petrochemical complexes

By 2050, when the world will have become carbon neutral, the majority of fuels will be replaced by renewable energy, and most raw materials will be recycled. We believe that in the long run our Essential Chemicals & Plastics business will play a major part in raw materials recycling at a petrochemical complex in Japan. Our Singapore complex will serve as a platform to implement in society new technologies that we are developing. Our Saudi Arabian complex is expected to contribute as a cash cow for some time, and after that, it might expand into new areas such as green hydrogen and green ammonia, leveraging abundant solar radiation and land, the advantages of its location. We would like to move toward the year 2050, with these three operation bases of Japan, Singapore, and Saudi Arabia playing their respective roles and cooperating with each other.



## President's Message

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### In our efforts to achieve carbon neutrality, we focus attention to “timeline” and “international collaboration.”

#### The timeline for the next 10 years is crucial.

I consider that as we advance our efforts to achieve carbon neutrality, we should focus attention on two major issues. The first is “timeline.” Needless to say, the rise in temperature would not be curbed, even if emissions are suddenly reduced to zero just before 2050. We need to cut back on emissions as soon as possible. To do that, we will strive to maximize reductions by using the best available technologies, while at the same time developing new technologies, until 2030. From 2030 onward, we will implement the new technologies in society one after another to achieve zero emissions by 2050. We need to take this two-stage approach. To achieve this, it is necessary to ensure that next-generation technologies will have progressed at least to the prototyping or demonstration stage by 2030, proving feasibility to some extent. Therefore, the timeline for the next 10 years will be crucially important.

The second major issue is “international collaboration.” Currently, there is a conflict of interest between developed countries that have achieved economic development while emitting a vast amount of GHGs and emerging countries that aspire to realize economic development in coming years. Although it is not easy to achieve both economic growth in emerging countries and global GHG emissions reduction, one possible solution is to provide emerging economies with currently available technologies that developed countries have as well as new technologies that they will develop in the future for supporting emerging countries' economic growth. To promote such a movement, it would be necessary, for example, to build a mechanism in which if a technology transfer has contributed to GHG emissions reduction in the recipient emerging country, the country that has licensed the technology can count that effect as its own reductions. This kind of international collaboration will become extremely important in coming years.

### It is because we are an integrated group of strong businesses that we can demonstrate the true value of our diversity as a diversified chemical company.

#### Strengths of a diversified chemical company

I am totally committed to “demonstrating Sumitomo Chemical's full capabilities as a diversified chemical company,” and take every opportunity to express this commitment in and outside the company. As I mentioned at the beginning, the strength of a diversified chemical company is diversity. Sumitomo Chemical is an integrated group of diverse businesses, and those businesses are not isolated from one another, but share common technological platforms. For example, the pharmaceuticals and agrochemicals businesses have a common technological platform for safety, and so do some high-performance functional materials businesses in terms of manufacturing processes. As each business grows, these shared technological platforms will advance along the way, while the connections between these technologies and each business will also be strengthened. It is not that being diverse is valuable in itself. It is because we are an integrated group of strong businesses that we can demonstrate our full capabilities and generate synergies as a diversified chemical company.

Each of our businesses has a different set of key success factors, so highly advanced management skills are required, but we believe that the business model of a diversified chemical company has advantages that outweigh that challenge. When we face significant changes in the business environment, such as the COVID-19 pandemic, it offers defensive strength, as our businesses effectively respond to changes by supporting each other in a complementary way. It also provides offensive strength, putting us in the position to be able to seize new business opportunities emerging in cross-industry, intersectoral areas.

However, if our individual businesses are not strong enough, we cannot realize these benefits or generate the synergies that are created by leveraging full capabilities as a diversified chemical company. We will strive to further enhance the competitiveness of each of our businesses and become even stronger as an integrated business group and thereby demonstrate the full power of Sumitomo Chemical's strength of “diversity.”

# The Sumitomo Chemical's Corporate Philosophy

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

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

## ■ The Framework of Sumitomo Chemical's Corporate Philosophy



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

### The Sumitomo Spirit

The Sumitomo Business Principles

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

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

### Sumitomo Chemical's Business Philosophy

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



## The Sumitomo Chemical's Corporate Philosophy

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

### Basic Principles for Promoting Sustainability

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

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

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

#### Principle 2: Contribution to solving globally vital issues

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

#### Principle 3: Active participation in global initiatives

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

#### Principle 4: Collaboration with stakeholders

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

#### Principle 5: Top management commitment and participation by all

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

#### Principle 6: Enhancing Corporate Governance

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

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P.17 Material Issues to Be Addressed as Management Priorities

P.40 Participation in Initiatives

P.46 Communication with Stakeholders

P.31 Promoting Sustainability

P.29 Sustainability Promotion System

\* "*Jiri-Rita Koushi-Ichinyo*," while not expressly stated, is also regarded as an embodiment of the Sumitomo Spirit in that Sumitomo's businesses must benefit the nation and society at large, not just our own interests.

## The Sumitomo Chemical's Corporate Philosophy

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

### Sumitomo Chemical Charter for Business Conduct

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

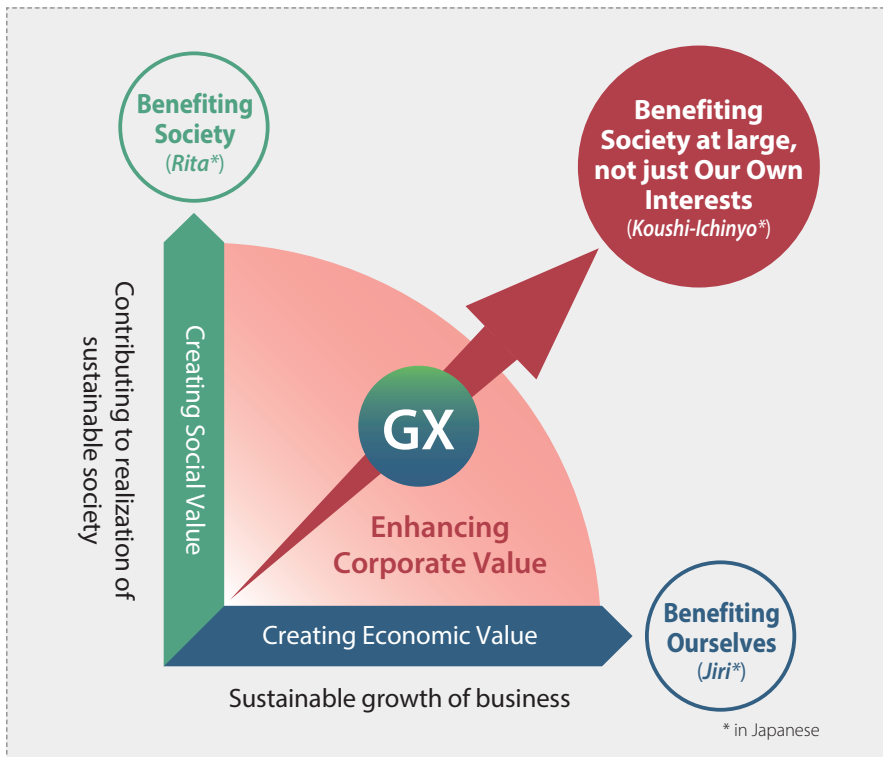
# What Sumitomo Chemical Group Strives to Be

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

In recent years, awareness of sustainability has been rising around the world, focusing not only climate change but also ecosystem conservation and health promotion. The Company has broadly defined this as green transformation (GX) and considers it an opportunity to transform itself and contribute to society. Going forward, we aim to contribute to solving social issues through business by transforming our business portfolio over the long term from a GX perspective.

## Image of Enhancing Corporate Value

**What We Strive to Be** Achieve sustained growth for the Sumitomo Chemical Group and build a sustainable society by creating both economic and social value



**Jiri-Rita Koushi-Ichinyo\*** Our businesses must benefit society at large, not just our own interests.

**GX** We contribute to solving social issues through business by promoting the broadly defined green transformation (GX) of climate change, ecosystem conservation, and health promotion.

# Material Issues to Be Addressed as Management Priorities

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

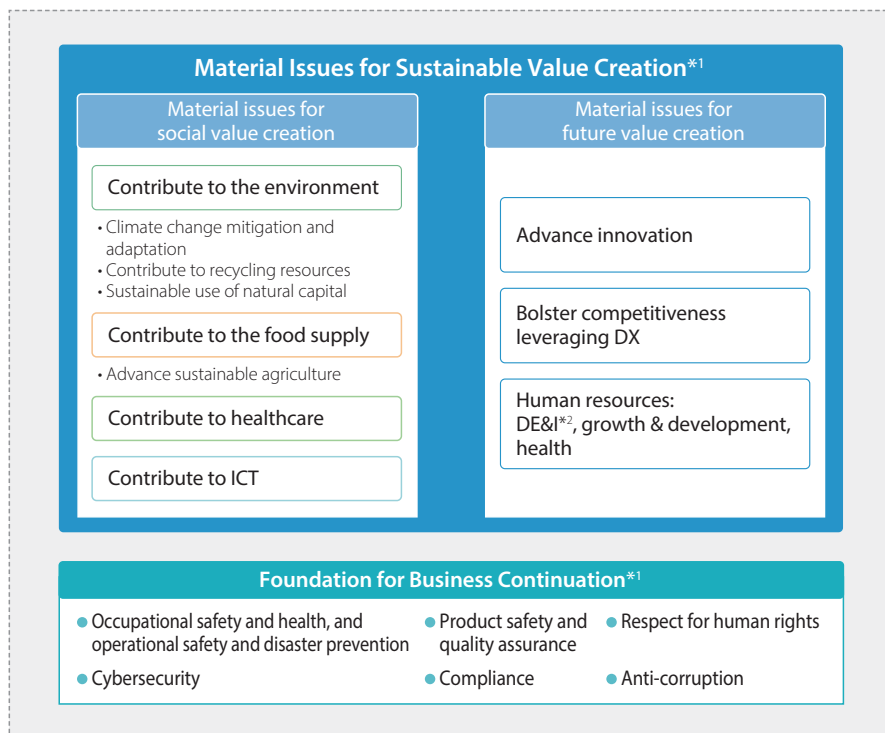
In fiscal 2018, the Group first identified and announced material issues for sustainable value creation. We revised the issues in fiscal 2021 based on changes in society since then.

We identified our material issues for sustainable value creation, which comprise two sets of material issues --those for social value creation and those for future value creation. The environment (including contribution to climate change mitigation and adaptation, and resource recycling), food issues, healthcare, and ICT are classified under material issues for social value creation. Promoting innovation, enhancing competitive advantage through digital transformation, and human resources (diversity, equity, and inclusion (DE&I); training and growth; and health) are classified as material issues for future value creation.

Furthermore, regarding the items that serve as the foundation for continuing our business — occupational safety and health, industrial safety and disaster prevention, product safety and quality assurance, respect for human rights, compliance, anti-corruption, and cyber security — we have been making Group-wide efforts and will continue to work on them as management priorities.

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

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



\*1 Partially revised in March 2022 \*2 Diversity, Equity & Inclusion

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

<p><b>Occupational safety and health, and operational safety and disaster prevention</b></p> <p>▶ P.206 Occupational Safety and Health / Industrial Safety and Disaster Prevention</p>	<p><b>Product safety and quality assurance</b></p> <p>▶ P.213 Product Stewardship / Product Safety / Quality Assurance</p>	<p><b>Respect for human rights</b></p> <p>▶ P.165 Respect for Human Rights</p>
<p><b>Cybersecurity</b></p> <p>▶ P.104 Cybersecurity</p>	<p><b>Compliance</b></p> <p>▶ P.83 Compliance</p>	<p><b>Anti-corruption</b></p> <p>▶ P.91 Anti-corruption</p>

## Material Issues to Be Addressed as Management Priorities

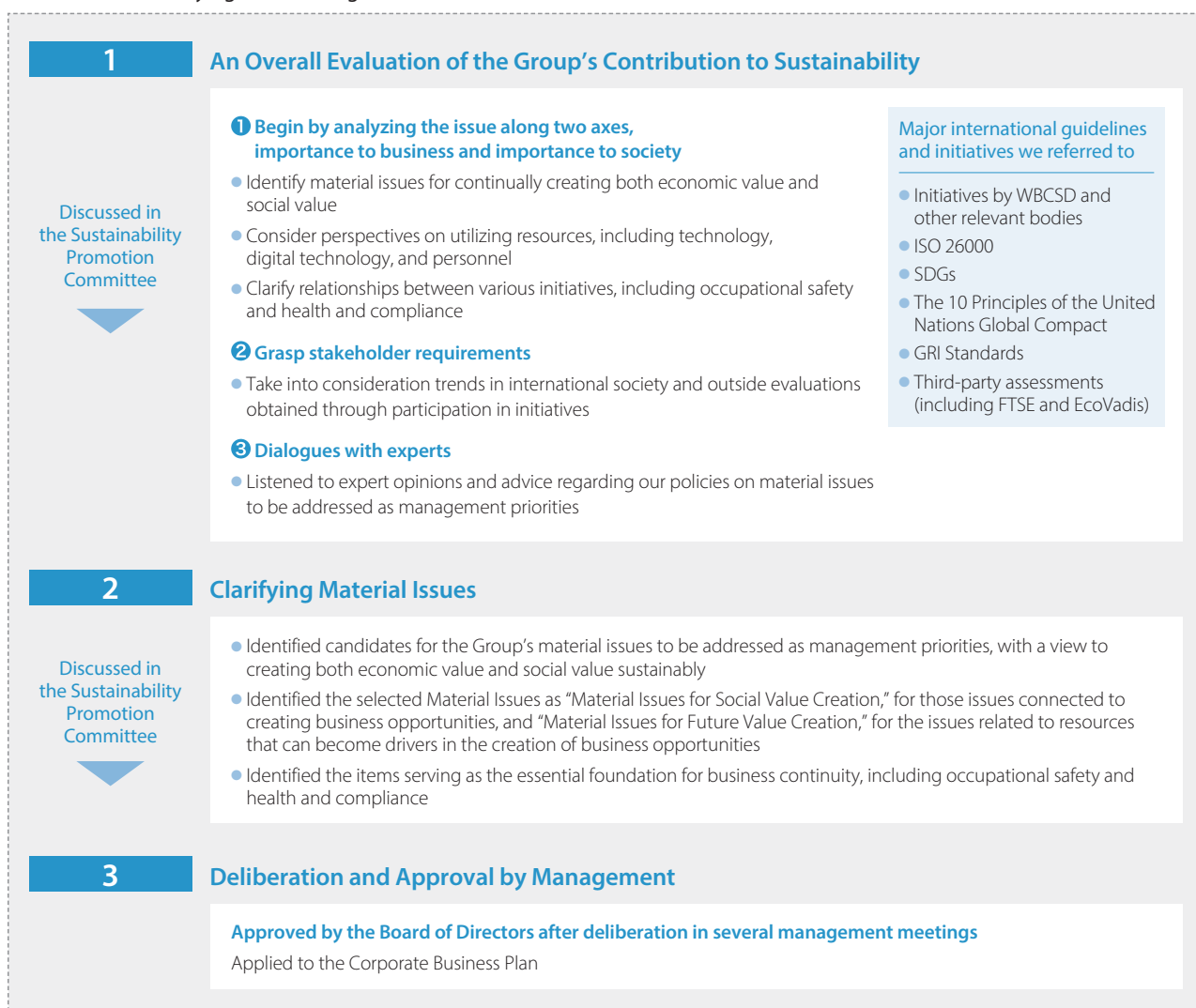
### Process for Identifying and Revising Material Issues to Be Addressed as Management Priorities

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

We believe that 1) resolving issues through our business and creating both social and economic value is as important as 2) continuing our business to achieve relevant goals. Based on this view, we have identified our material issues for sustainable value creation based on the former belief and our foundation for business continuity based on the latter belief.

We revised the issues in fiscal 2021 based on subsequent changes in society. We will regularly confirm these issues going forward and revise them as necessary.

### Process for Identifying and Revising Material Issues



## Key Performance Indicator (KPI) for Material Issues

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

Material issues for social value creation								
Material Issues	KPI	Details	Boundary <sup>*1</sup>	Results			Goals	SDG Targets
				2019	2020	2021		
Contribute to the environment	Amount of Group's GHG emissions (Scope 1+2)	Reducing GHG emissions through our group's initiatives.	(1)	7.22 million tons	7.42 million tons	7.65 million tons	Reduce by 50% by 2030 (vs. FY2013)	13.3
	Contribution to reducing GHG emissions throughout the product life cycle (Battery-related materials)	Contribution to reducing GHG emissions throughout the product life cycle by developing and supplying products.	(1)	17.20 million tons-CO <sub>2</sub>	17.65 million tons-CO <sub>2</sub>	18.61 million tons-CO <sub>2</sub>	—	13.3
	Sales revenue of Sumika Sustainable Solutions <sup>*2</sup> designated products	Provide solutions for the realization of a sustainable society through the development and popularization of Sumika Sustainable Solutions (SSS) designated products	(1)	479.8 billion yen	463.3 billion yen	621.2 billion yen	Sales revenue of 1,200 billion yen by FY2030	
	Unit energy consumption	Continuous improvement of unit energy consumption by rationalization	(1)	103 ('18=100)	103	86	Will achieve improvement of 3% or more per each Corporate Business Plan period as a group (FY2018 level as baseline)	7.3
	Number of petrochemical technology licenses	Helping to reduce environmental impact through technology licensing	(2)	14	14	14	—	9.4
	The amount of recycled plastics used in manufacturing processes	Drive adoption of technologies for reducing environmental impact and advance circular systems for carbon resources	(1)	—	—	Approximately 2,400 tons	200k tons/year by 2030	12.5
Contribute to the food supply	Effect of increasing production of animal protein including poultry	Continuously improving the production of animal protein, including poultry, by developing and providing feed additives	—	Approximately 5 million tons	Approximately 4.8 million tons	Approximately 4.6 million tons	—	2.1
	Agricultural land area where agrosolution products are used	Ensuring the stable supply of food by developing and providing agrosolution products	—	Approximately 79 million hectares	Approximately 90 million hectares	Approximately 90 million hectares	—	2.4
Contribute to healthcare	Number of people protected by products for the control of tropical infectious diseases	Helping protect people from infectious diseases carried by mosquitoes by developing and providing vector control products including Olyset™ Nets	—	Approximately 400 million persons	Approximately 410 million persons	Approximately 440 million persons	—	3.3
	Constant development of new drugs in areas where high unmet medical needs exist	<a href="#">Progress on main development pipeline</a>	—	<a href="#">New Drugs Approved</a>			—	3.4
Contribute to ICT	Number of mobile devices using polarizing films	Advancing technological innovation for diversified workstyles and improved productivity through the provision of materials for mobile devices	—	2.7 billion (cumulative total)	3.2 billion (cumulative total)	3.6 billion (cumulative total)	—	8.2

\*1 Boundary: (1) Sumitomo Chemical Group, (2) Sumitomo Chemical (Non-Consolidated)

\*2 Our Group's products and technologies that help to address global warming, reduce environmental impact and promote effective use of resources.

## Key Performance Indicator (KPI) for Material Issues

Material issues for future value creation							
Material Issues	KPI	Details	Boundary <sup>*1</sup>	Results			Goals
				2019	2020	2021	
Advance innovation	Patent asset size	Accelerated creation of next-generation businesses in four priority areas and execution of the Company's Grand Design for carbon neutrality, while expanding and strengthening the patent portfolio.	(1)	14,901 (pt)	15,346 (pt)	15,702 (pt)	—
Bolster competitiveness leveraging DX	Digital maturity level	Establishment of Digital Maturity Levels to rate the level of achievement in terms of 12 items with the aim of improving sustainably	(1)	2.6	2.9	3.3	—
Human resources: DE&I <sup>*2</sup> , growth & development, health	Each group company sets its own KPI in light of the environment facing each	Percentage of female employees in positions equivalent to manager or above	(2)	5.8% (April 2020)	6.3% (April 2021)	7.0% (April 2022)	Over 10% by FY2022
		Percentage of male employees taking childcare leave	(2)	44.7%	63.8%	73.5%	Over 70% by FY2022
		Percentage of employees who taken self-selected training programs, etc.	(2)	—	—	—	50% or more of all employees by FY2024
		Maintain certification as a Health & Productivity Management Outstanding Organization (White 500) <sup>*3</sup>	(2)	Certification	Certification	Certification	Maintain certification

\*1 Boundary: (1) Sumitomo Chemical Group, (2) Sumitomo Chemical (Non-Consolidated)

\*2 Diversity, Equity & Inclusion

\*3 The program was created in 2016 by the Ministry of the Economy, Trade and Industry. It recognizes companies that practice outstanding health and productivity management based on the health promotion efforts of the Japan Health Council and initiatives aligned with local health issues. (Health and productivity management is a registered trademark of NPO Kenkokeiei.)

### KPIs for material issues for social value creation

#### Material Issue Contribute to the environment

**KPI**

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

Reducing GHG emissions through our group's initiatives.

- In 2018, Sumitomo Chemical obtained the SBT approval, becoming the first diversified chemical company to receive the approval.
- In 2021, revised our targets upward, with 2020 as the base year, and applied for a new SBT certification.

**Targets (vs. FY2013)**

Reduce by **50%** by 2030

#### Initiatives to achieve the commitment

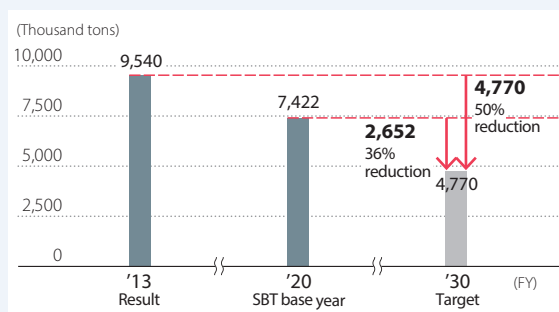
- Switch fuel to LNG
- Thorough energy conservation and other measures

#### Contributing to the achievement of SDG 13.3

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



#### GHG Emissions and Reduction Targets



P.115 Climate Change Mitigation and Adaptation: Greenhouse Gas Emissions

## Key Performance Indicator (KPI) for Material Issues

### Material Issue Contribute to the environment

#### KPI

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

#### ◆ Mitigation of climate change by using battery materials

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

\* EVs, HEVs, PHEVs, Fuel cell cars

#### ◆ Toward the achievement of SDG 13.3

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

#### ◆ Highlights of sustainability efforts

In April 2022, the development of our direct recycling technology, which recycles cathodes separated and collected from dead batteries without reverting them into metal, was selected by the New Energy and Industrial Technology Development Organization (NEDO) for the Green Innovation Fund's Next-generation Storage Battery and Motor Development Project.

### Contributing to the achievement of SDG 13.3

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



Eco-friendly vehicles manufactured in FY2021 incorporating SCC's battery materials (Separator, Cathode, Alumina) will help reduce the GHG emission volume\* over the next 10 years by:

#### FY2021 results

**18.61 million tons-CO<sub>2</sub>**

\* Based on 2021-made vehicles in "cLCA evaluation on next generation vehicles" by the Japan Chemical Industry Association.

### Material Issue Contribute to the environment

#### KPI

### Sales revenue of Sumika Sustainable Solutions\* designated products

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



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

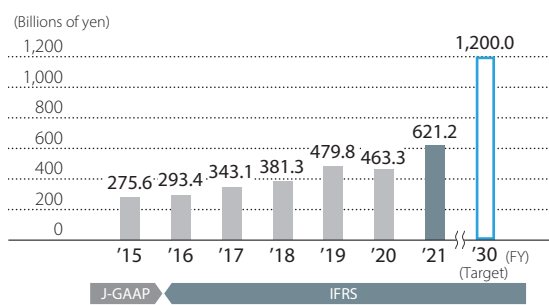
#### Targets

Sales revenue of **1,200 billion yen** by FY2030

#### Initiatives to achieve the commitment

- Designated 66 products and technologies as of August 2022
- Participation by all SCC Group companies

#### Sales Revenue of SSS-designated Products



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



## Key Performance Indicator (KPI) for Material Issues

### Material Issue Contribute to the environment

#### KPI

#### Unit energy consumption

Continuous improvement of unit energy consumption by rationalization

#### Targets (FY2018 level as baseline)

Will achieve improvement of **3%** or more per each Corporate Business Plan period as a group

#### Initiatives to achieve the commitment

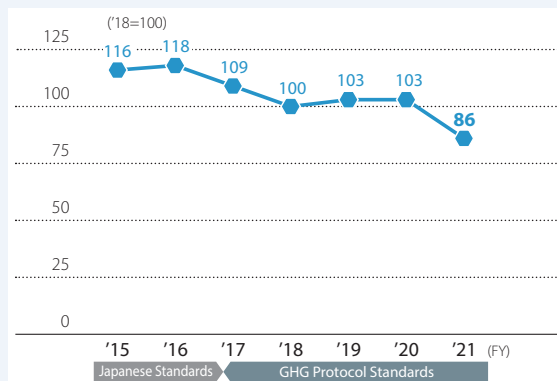
- Optimization of facilities using steam
- Improvement in energy collection and quantification of lost volume such as waste heat

#### Contributing to the achievement of SDG 7.3

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



#### ■ SCC Group Unit Energy Consumption Index



### Material Issue Contribute to the environment

#### KPI

#### Number of petrochemical technology licenses

Helping to reduce environmental impact through technology licensing

#### Contributing to the achievement of SDG 9.4

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



#### ◆ Reduction of environmental impact by applying licensed technologies

- Hydrogen Chloride Oxidation process: Highly energy efficient, enables recycling of byproducts as raw materials.
- Propylene oxide (PO) – only process: No co-products, high yield and energy efficient, stable operation. First in the world to succeed in recycling cumene on a commercial scale.

#### ◆ Toward the achievement of SDG 9.4

We will strive to develop technologies for use in a wide range of fields, such as CO<sub>2</sub> separation membranes to improve energy efficiency, and waste water treatment processes with less environmental impact, in order to reduce society's total environment impact.

#### ◆ Highlights of sustainability efforts

- Japan SPEC® operational support service launched  
We aim to contribute to the smooth start-up and sustainable operation by offering operational support to petrochemical plants mainly in emerging countries.

- Niihama LNG Station started to supply  
By switching to LNG fuel, we expect reductions in CO<sub>2</sub> emissions of 650,000 tons annually in the near future.
- Promoted use of clean ammonia  
We have begun considering collaborations with external partners to promote the use of clean ammonia as a fuel or chemical feedstock with no CO<sub>2</sub> emissions.

#### Total number of plants under license as of the end of FY2021

14

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

## Key Performance Indicator (KPI) for Material Issues

### Material Issue **Contribute to the environment**

#### KPI

### The amount of recycled plastics used in manufacturing processes

Drive adoption of technologies for reducing environmental impact and advance circular systems for carbon resources

### Contributing to the achievement of SDG 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse



#### Initiatives to achieve the commitment

- Initiatives related to material recycling**  
 Deploy technologies to perform crushing, melting or other treatments on waste plastic resources to reuse the resources as a material input in a variety of applications
  - Studying technological alliances with recycling companies
  - Commercializing automotive part-related recycling, etc.
- Initiatives related to chemical recycling**  
 Deploy technologies to chemically treat recycled resources and waste plastic resources and convert them to other chemical substances for reuse
  - Recycling waste-derived resources
  - Developing technology to produce alcohols from CO<sub>2</sub>, etc.

#### Highlights of sustainability efforts

- In February 2022, themes related to chemical recycling technologies, such as the production of alcohols from the CO<sub>2</sub> and the direct conversion of waste plastics to olefins, were selected for NEDO's Green Innovation Fund project focusing on the Development of Technology for Producing Raw Materials for Plastics Using CO<sub>2</sub> and Other Sources.
- We are developing the Meguri® brand for recycled plastic products.

#### Targets

**200k tons/year by 2030**

Note: 13% of our plastic production capacity

#### FY2021 result

Approximately **2,400 tons**



### Material Issue **Contribute to the food supply**

#### KPI

### Effect of increasing production of animal protein including poultry

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

### Contributing to the achievement of SDG 2.1

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



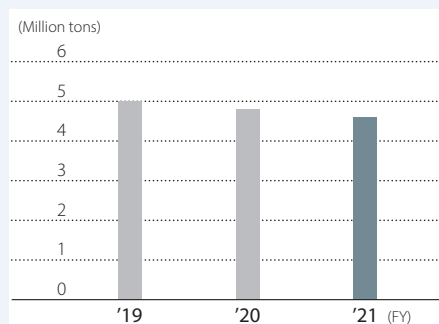
#### Status of Utilizing and Promoting KPIs in Departments

We aim to utilize such opportunities as visits to overseas Group companies and briefings on departmental policies and budgets to instill these KPIs. As for results, relevant executives explained the KPIs and initiatives when visiting each worksite and overseas Group companies.

#### Highlights of sustainability efforts

- We introduced measures for enhanced productivity, the environment and safety, and continuously promoted the stable production of methionine. In addition, we are promoting the development of new products that can help enhance livestock productivity, including improved feed efficiency.
- We launched the new plant growth regulator Accede™, which contributes to the stable production of food and more efficient work.
- In the area of tropical infectious disease control solutions, we are promoting long-lasting insecticidal bed nets Olyset™ Plus, which show a significant effect against insecticide-resistant mosquitoes, and indoor residual spray SumiShield™ across Africa.

#### Increased Production of Animal Protein



Note: Calculation method undisclosed (confidential)

## Key Performance Indicator (KPI) for Material Issues

### Material Issue **Contribute to the food supply**

#### KPI

### Agricultural land area where agrosolution products are used

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

### Contributing to the achievement of SDG 2.4

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



#### ◆ Agrosolution products

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

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

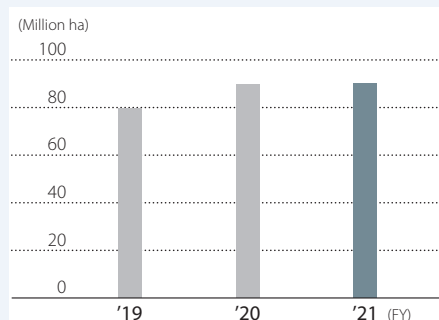
#### ◆ Toward the achievement of SDG 2.4

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

#### ◆ Highlights of sustainability efforts

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

#### ■ Farmland Utilizing SCC Agrosolution Products



Note: Calculation method undisclosed (confidential)

### Material Issue **Contribute to healthcare**

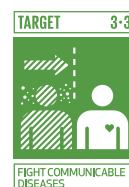
#### KPI

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

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

### Contributing to the achievement of SDG 3.3

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



#### ◆ Vector control products

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

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

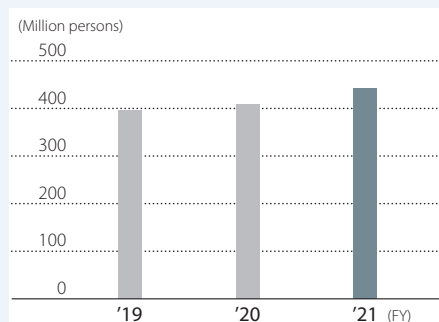
#### ◆ Toward the achievement of SDG 3.3

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

#### ◆ Highlights of sustainability efforts

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

#### ■ People Protected by Our Vector Control Products\*



Note: Calculation method undisclosed (confidential)

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

## Key Performance Indicator (KPI) for Material Issues

Material Issue **Contribute to ICT**

### KPI

#### Number of mobile devices using polarizing films

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

◆ **Polarizing films**

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

◆ **Toward the achievement of SDG 8.2**

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

◆ **Highlights of sustainability efforts**

We are working to develop and improve the quality of the following products to support the diverse workstyles, productivity improvement, and lifestyle changes that have accompanied the proliferation of 5G service and the expansion of telework during the pandemic:

- (1) Polarizing films for OLED Panel
- (2) Coated-type polarizing films suitable for foldable devices
- (3) Polarizing films for 5G-compatible mobile devices
- (4) Materials related to 5G telecommunications
- (5) Gallium nitride substrates, which help reduce electric power loss

#### Contributing to the achievement of SDG 8.2

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

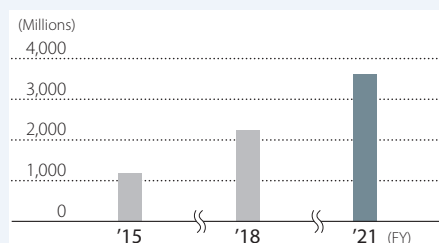


#### Mobile devices that use our polarizing films

Cumulative total for the period from FY2007 to date (as of the end of FY2021)

**3.6 billion**

#### Transition of Cumulative Total for the Period from FY2007



Note: Calculation method undisclosed (confidential)

## KPIs for material issues for future value creation

Material Issue **Advance innovation**

### KPI

#### Patent asset size

◆ **Patent rights**

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

◆ **Patent asset size (Patent Asset Index™)**

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

◆ **Accelerated generation of new businesses for a sustainable society**

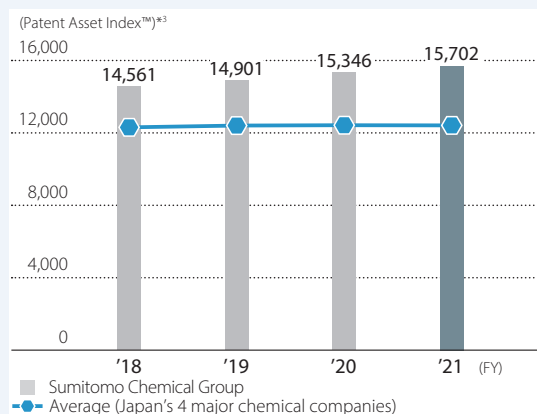
We will thoroughly implement the use of AI/MI\*1 in our R&D labs, and accelerate the generation of new businesses in four priority areas through collaboration with academia and startups. In addition, we will promote initiatives from a long-term, comprehensive perspective through the Company's Grand Design aimed at realizing carbon neutrality.

◆ **Trends in our patent asset size**

Our patent asset size has remained high, reflecting our efforts to step up R&D and patenting in recent years. We will continue to enhance and strengthen our patent portfolio.

\*1 Artificial Intelligence / Materials Informatics

#### Patent Asset Size\*2



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

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

## Key Performance Indicator (KPI) for Material Issues

### Material Issue Bolster competitiveness leveraging DX

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

KPI	Digital maturity level		
	FY2019	FY2020	FY2021
Digital maturity level (a 4-point-rating scale)	2.6 points	2.9 points	3.3 points

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

#### Digital Maturity Level

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

#### 12 Evaluation Items

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

\*1 DX stands for Digital Transformation

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

#### FY2021 Main Initiatives and Policies Moving Forward

- In fiscal 2021, in addition to the existing DX Strategy 1.0 (enhancing productivity in four digital fields), we will implement the following initiatives to promote DX Strategy 2.0 (ensuring the competitive advantages of existing businesses) and DX Strategy 3.0 (realizing a new business model), thereby enhancing the KPIs of relevant evaluation items.
  - Shifting from a promotion structure led by Corporate Departments to one led by Business Sectors
  - Re-organization of IT Division for supporting DX (founding of SUMIKA DX ACCENT Co., Ltd. (April 2021) to quickly utilize advanced digital technologies and integration with Sumitomo Chemical Systems Service Co., Ltd. (July 2021) to strengthen business and IT collaboration)
  - Continuing to train DX personnel
- In fiscal 2022, under the new Corporate Business Plan, we will work on DX personnel training and strengthening sustainable promotion systems with the aim of leveling up over the medium to long term.

#### Highlights of sustainability efforts

- The Company's DX Strategies and series of initiatives based on those strategies were praised, and we were certified as an operator who conducts excellent DX initiatives by the Ministry of the Economy, Trade and Industry. (Certification date: July 1, 2021)
- We developed CFP-TOMO™, which is a tool for calculating the carbon footprint of products in the chemical industry. (Refer to page 120.)

#### Each Field's Promotion Divisions and Frontlines Cooperated to Steadily Promote Initiatives

DX Strategy 1.0 Enhancing productivity	Plant	<ul style="list-style-type: none"> <li>Utilize many digital technologies, including AI, production plans, and devices (such as wireless sensors and drones) to manage operations and equipment and enhance productivity in such fields as supply chain cooperation</li> </ul>
	R&D	<ul style="list-style-type: none"> <li>Roll out material informatics (MI) across all research laboratories</li> <li>Upgrade MI platforms to each research laboratory equipped with data tools to enable everyone to easily use MI</li> </ul>
	SCM	<ul style="list-style-type: none"> <li>Deploy and roll out planning operational and performance management efficiency tools (supply and demand plans, standard inventory calculations, inventory management, etc.)</li> <li>Proof of concept (PoC) for operational data management tools and systems to respond to inquiries</li> </ul>
	Office	<ul style="list-style-type: none"> <li>Establish communication where time and place cannot be chosen by utilizing Teams and Box</li> <li>Promotion of standard operation automation through RPA</li> </ul>
DX Strategy 2.0 Strengthening competitive advantages of existing businesses		<ul style="list-style-type: none"> <li>Begin initiatives led by Business Sectors</li> <li>Utilize digital marketing in the car part business: Offer solutions to a wider market by improving customer contact points (<a href="https://www.sumitomo-chem.co.jp/automotive/english.html">https://www.sumitomo-chem.co.jp/automotive/english.html</a>)</li> <li>Develop and roll out a pest identification app in the crop protection chemical business: Establish a new value creation route by strengthening customer contact points (<a href="https://www.i-nouryoku.com/link/expests/index.html">https://www.i-nouryoku.com/link/expests/index.html</a> (Japanese Only))</li> </ul>
Personnel training		<ul style="list-style-type: none"> <li>Engineering digital personnel (data scientists, data engineers): Achieve the medium-term target number of personnel (170 or more) through unique educational programs and strengthen capabilities through OJT</li> <li>Business digital personnel (business translators, business analysts): Launch full-scale training programs, including practical lessons for resolving real issues and classes customized for the Company. More than 50 people are already undergoing training.</li> <li>Continue to strengthen the aforementioned digital personnel training and assign multiple DX promotion leaders to all business operation departments, research groups, and manufacturing sections by the end of fiscal 2024.</li> <li>From fiscal 2022, we plan to provide DX literacy enhancement training for all departments and ranks as a way to raise overall competency levels in addition to training digital personnel</li> </ul>

## Key Performance Indicator (KPI) for Material Issues

### Material Issue Human resources: DE&I, growth & development, health

We will promote the securing and development of human resources, which we consider to be our most important management resource, from a long-term perspective and achieve sustainable growth of the Group through enhanced engagement.



#### <DE&I (Diversity, Equity, and Inclusion)>

We have established the Basic Principles on the Promotion of DE&I as our group-wide guiding philosophy related to the promotion of diversity, equity, and inclusion. Based on these principles, each of about 100 major Group companies will determine their own KPIs in view of their respective circumstances.

#### KPI: Sumitomo Chemical (non-consolidated)

The Company aims to achieve the targets below during fiscal 2022:

	2016	2019	2022
1. Have women in at least 10% of positions equivalent to managers or above (April 1, 2022: 7.0%)*1			
2. At least 70% of male employees taking cessation from work for childcare (FY2021: 73.5%)			
3. For employee opinion survey statements below, achieve an affirmative response rate of 80% or more (%)			
(1) The Company provides programs and a workplace environment that make it easy to combine work with childbirth, parenting, or caring responsibilities	70.7	77.2	77.7
(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	52.8	69.5	75.1
(3) The Company enables female employees to demonstrate their full potential	49.1	53.4	54.2

\*1 Fiscal 2021 Results

#### ◆ 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](https://www.sumitomo-chem.co.jp/english/sustainability/files/docs/kpi_diver_group.pdf)

#### <Training and Growth>

To encourage people to learn and grow on their own, in line with the concept of “whenever, wherever, however many times,” we offer training programs they can select for themselves

#### KPI

50% or more of all employees taking self-selected training programs by FY2024



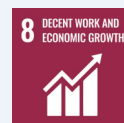
#### ◆ Self-Selected Training Programs

- (1) Learning platform SUMIKA Learning Square
  - In-house programs to acquire comprehensive knowledge related to operations (a total of 50 courses, steadily expanding)
- (2) Self-Improvement Courses
  - Programs that enable learning on personal smartphones and PCs, such as business and language skills (a total of 700 courses and 6,500 videos)

#### <Health>

#### KPI

Maintain certification as a Health & Productivity Management Outstanding Organization (White 500)\*2



#### Results (March 2022)

Maintained certification over the past 5 years since fiscal 2017

\*2 The program was created in 2016 by the Ministry of the Economy, Trade and Industry. It recognizes companies that practice outstanding health and productivity management based on the health promotion efforts of the Japan Health Council and initiatives aligned with local health issues. (Health and productivity management is a registered trademark of NPO Kenkoieiei.)



## Corporate Business Plan (FY2022 – FY2024) and Sustainability

Currently, we are advancing our fiscal 2022 to fiscal 2024 Corporate Business Plan under the slogan, Change and Innovation—with the Power of Chemistry.

In recent years, awareness of sustainability has gained momentum. Taking this as an opportunity, we aim to use our strengths in diversity—from business and technology to geography and people—to broadly pursue a Green Transformation (GX), leveraging the Power of Chemistry to the hilt to address social challenges such as carbon neutrality and protection of the ecosystem.

Through these activities we will make powerful contributions aimed at resolving social challenges in four priority areas—the environment, food, healthcare and ICT (Information Communications Technology).

▶ P.17 Material Issues to Be Addressed as Management Priorities

▶ P.19 Key Performance Indicator (KPI) for Material Issues

### FY2022 – FY2024 Corporate Business Plan

Slogan

# Change and Innovation

## ~ with the Power of Chemistry ~

Bringing together the power of chemistry  
to contribute to solving society's challenges

**Sumitomo Chemical's strengths**

**Diversity** of businesses, technologies, geographies and people at Sumitomo Chemical

×

**Further growth opportunities**

Advancing **Green Transformation (GX)** in a broad sense responded to changes in society

Basic Direction

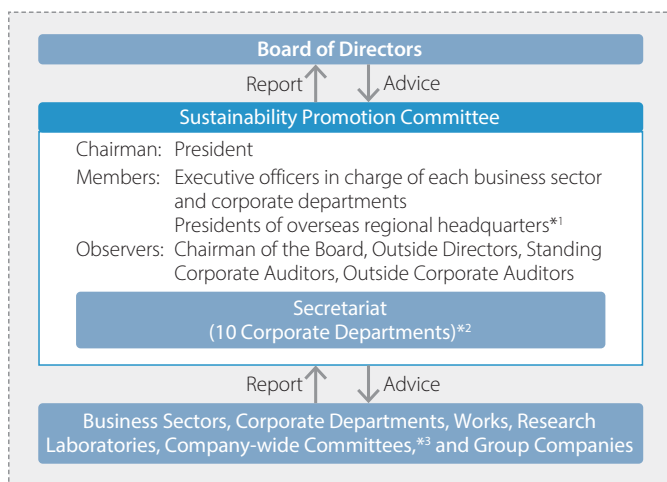
- Further improve business portfolio (strengthen and reform businesses)
- Improve financial standing
- Accelerate the Development of Next-Generation Businesses
- Obligations and contributions toward becoming Carbon Neutrality
- Improve productivity and strengthen businesses through digital innovation
- Employ, develop and leverage human resources for sustainable growth
- Ensure full and strict compliance and maintain safe and stable operations

# Sustainability Promotion System

## Promotion System

In April 2018, Sumitomo Chemical enhanced the CSR Promotion Committee, thereby creating the Sustainability Promotion Committee. The results of the committee's discussions are reported to the Board of Directors every time they convene, and the committee receives guidance as necessary and, in turn, provides necessary advice to each executive body.

### ■ Sustainability Promotion Committee



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

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

\*3 The Responsible Care Committee, Human Rights Promotion Committee, Carbon Neutral Strategy Council, etc.

#### (Purpose)

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

#### (Role)

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

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

#### (Members)

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

#### (Observers)

The Chairman of the Board, Outside Directors, Standing Corporate Auditors, and Outside Corporate Auditors attend as observers.

#### (Secretariat)

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



## Sustainability Promotion System

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### (Fiscal 2021 Results)

The Sustainability Promotion Committee meeting was convened twice. The committee shared information on international trends related to sustainability and comprehensively assessed medium- to long-term ESG issues from a risk-reward perspective, based on which it suggested various measures to accelerate contributions to the Group's sustainability to relevant departments and organizations and promote the integration of sustainability and management in order to realize "*Jiri-Rita Koushi-Ichinyo.*"

When formulating the new Corporate Business Plan, we determined, based on discussions of the Sustainability Promotion Committee and other groups, we set out a long-term transformational direction. This direction comprises the outline of a general green transformation (GX) aimed at optimizing various initiatives targeting the realization of carbon neutrality as well as a broadly defined GX that encompasses a wide scope of biodiversity conservation and health promotion measures while taking into consideration the human perspective. Through all these efforts, we clarified the social issues that the Company is working to address in the environmental, healthcare, food, and ICT fields and, reflecting these issues, also partially revised Material Issues to Be Addressed as Management Priorities.

## Promoting Sustainability

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

### Approach to accelerate sustainability



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

In the Basic Principles for Promoting Sustainability, we declare that Sumitomo Chemical's top management is committed to promoting sustainability. We also place these principles just below Sumitomo's business principles and the Business Philosophy in the framework of our corporate philosophy to show our commitment to working on the promotion of sustainability as a management priority. Under our Corporate Business Plan, which was launched in April 2022, we recognize the rapid trend toward a sustainable society as a change in the surrounding business environment. We will bring together our strengths as a diversified chemical company, consider opportunities to contribute to solutions of social issues, and undertake an advancing Green Transformation (GX) in a broad sense with the power of chemistry.

In fiscal 2021, the Sustainability Department sent a letter to all Group companies to communicate the Group's new sustainability initiatives, including global project implementation report, external evaluation results reports and utilization, the enhancement of external promotions and disclosures, and our initiatives based on laws and regulations related to respecting human rights. Videos have been produced explaining the details of the Sustainability Promotion Committee and distributed to worksites. Meanwhile, the Senior Managing Executive Officer in charge of sustainability and Sustainability Department employees held multiple briefing sessions at Group companies in Japan to communicate the Group's sustainability initiatives, while also implementing the same communication efforts for Group companies outside Japan through our four overseas regional headquarters.

### FY2021 Sustainability Promotion Committee Report

Location	Sessions	Participants
Worksites	Distributed explanation videos	All employees
Sectors	4	Top management
Group companies in Japan	3	Presidents and sustainability managers of each company
Group companies overseas	7	Presidents of regional headquarters Sustainability managers of regional headquarters Sustainability managers of each company

## Promoting Sustainability

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

Sumitomo Chemical recognizes that environmental and climate change problems present the Group with business opportunities, such as an increase in demand for products and technologies that help solve issues related to the environment and climate change by, for example, reducing GHG emissions. To seize these kinds of opportunities, Environmentally Friendly Product Designation Committee (Sumika Sustainable Solutions Designation Committee) designates the Group’s products and technologies that contribute to such issues as global warming countermeasures, reducing environmental burdens, and effective use of resources, as Sumika Sustainable Solutions (SSS) and encourages their development and widespread adoption.

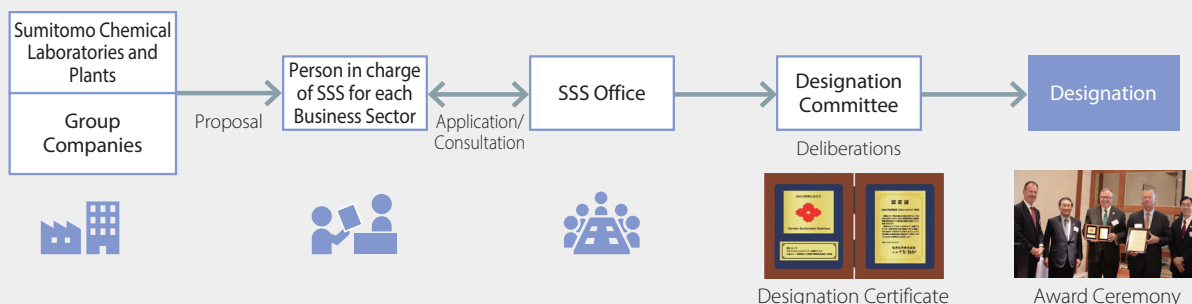
We have also set targets based on sales revenue from SSS-designated products, and we have been monitoring the progress of our efforts by using those KPIs. In addition, we include contributions to the creation of social value and SSS designation in the selection criteria for our employee commendation system.

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

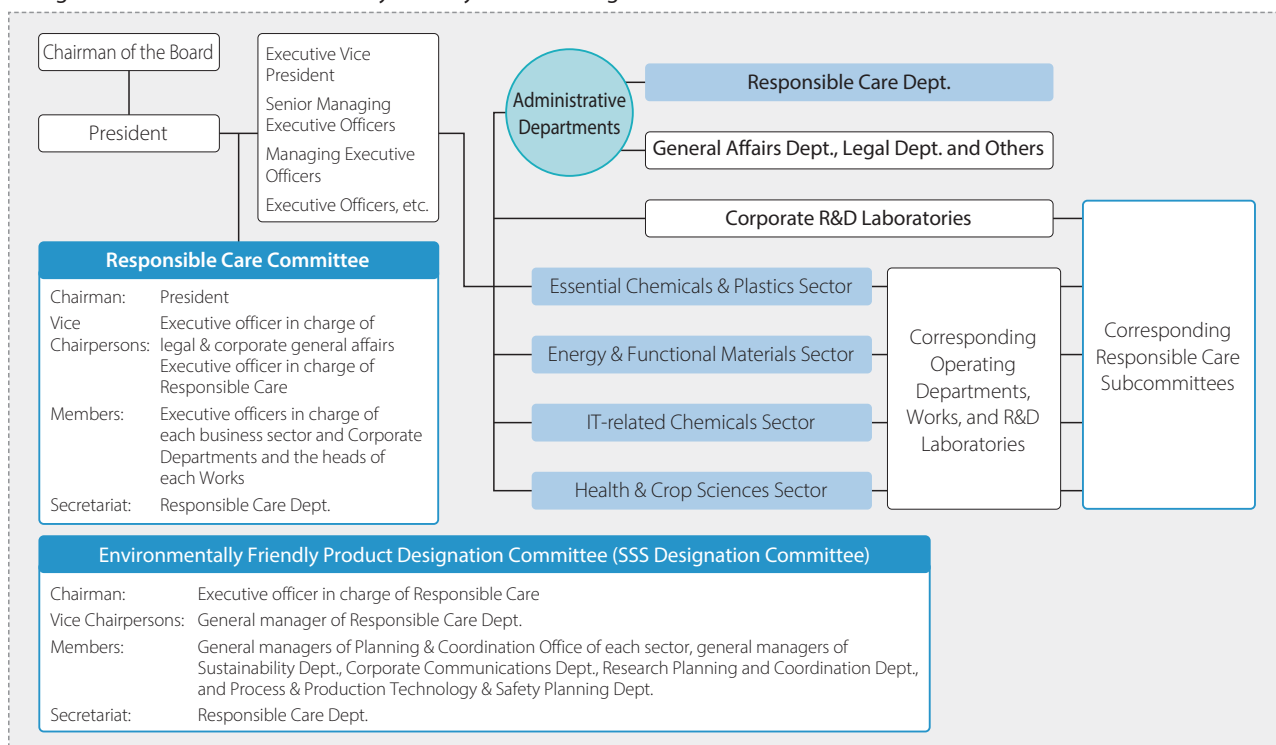
Note: Environmentally Friendly Product Designation Committee (Sumika Sustainable Solutions Designation Committee) was established under the Responsible Care Committee.

#### The Process of SSS Designation

Our laboratories, plants and group companies apply for designation for their products and technologies, and the Designation Committee formally makes the designation. A third-party organization has reviewed all cases designated to date and assessed the results of the in-house designation for them as valid.



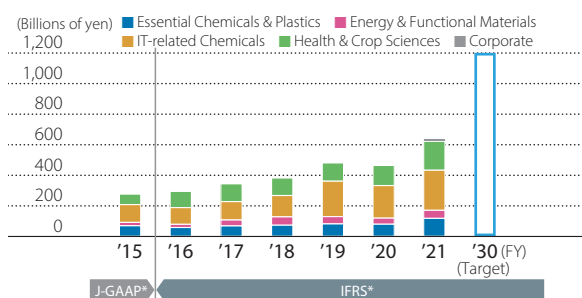
#### Organization of the Environmentally Friendly Product Designation Committee



## Promoting Sustainability

In fiscal 2021, the seventh year of this initiative, the number of SSS-designated products and technologies totaled 66, amounting to approximately 621.2 billion yen in terms of sales revenue. New designations were given to such products and technologies of Sumitomo Chemical and the Sumitomo Chemical Group as Thermofil™ HP, a glass fiber-reinforced polypropylene material that can be used to replace aluminum parts and thereby reduce vehicle weight, and GaN circuit boards for laser projectors, which do not use mercury and consume less power than conventional models. The Company is now aiming to achieve sales revenues of 1,200 billion yen from SSS-designated products and technologies by fiscal 2030.

### Sales Revenue of SSS-designated Products



\* J-GAAP: Japanese GAAP, IFRS: International Financial Reporting Standards

	(Billions of yen)
	FY2021
Sales revenue of the Sumitomo Chemical Group	2,765.3
Sales revenue of SSS-designated products	621.2

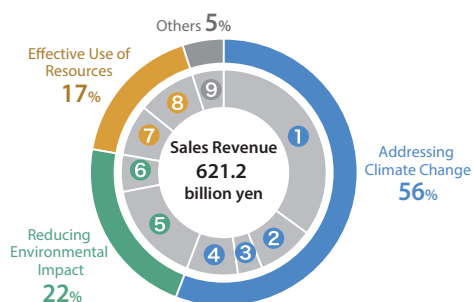
### Designation Requirements by Category

Category	Designation Requirements	Responses to the SDGs
Addressing Climate Change	1 Contributing to reducing GHG emissions	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
	2 Products, components, and materials used for the creation of new energy sources	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
	3 Using biomass-derived raw materials	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	4 Contributing to adapting to the impacts of climate change	13 CLIMATE ACTION
Reducing Environmental Impact	5 Contributing to reducing waste and toxic substances, and contributing to reducing environmental impact	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	6 Contributing to reducing environmental impact in food production	2 ZERO HUNGER, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Effective Use of Resources	7 Contributing to recycling and energy-saving	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	8 Contributing to the efficient use of water	6 CLEAN WATER AND SANITATION
Others	9 Other contributions to building a sustainable society	(Depends on the project)

Note: Regarding the designation requirements and responses to the SDGs, if multiple goals are listed, the product or technology may not address certain aspects of the goals.

## Promoting Sustainability

### ■ Designation Requirements by Category/Actual Environmental Contribution (FY2021)




Sumitomo Chemical was awarded the Grand Prize in the 52nd Annual JCIA Technology Awards (May 2020) from the Japan Chemical Industry Association for its technology that enabled “the development and commercialization of a process for manufacturing propylene oxide (PO) using cumene, which has low environmental impact and is free from co-products” and in the 54th Annual Awards (May 2022) for its technology that enabled “the development and commercialization of a process for manufacturing sodium using hydrochloric (HCl) acid, which has low environmental impact.” In addition, Sumika Chemical Analysis Service, Ltd. was awarded the 21st Annual Environmental Technology Award (April 2021) from the Kinka Chemical Society for its “simple sampling technology for hydrogen quality evaluation for fuel-cell vehicles (FCVs).” These technologies have been certified as Sumika Sustainable Solutions.

Sumika Sustainable Solutions

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




## Promoting Sustainability

### “Sumika Sustainable Solutions” Main Products and Technologies

Solutions	◆ Features / ● Contributions	Contributions to SDGs
<b>Addressing Climate Change</b>		
PERVIO™, lithium-ion secondary battery separator	<ul style="list-style-type: none"> <li>◆ A material capable of providing high-capacity lithium-ion secondary batteries</li> <li>● Contributing to the expanded use of next-generation vehicles, such as electric vehicles</li> </ul>	 
SUMIKAEXCEL™, polyethersulfone	<ul style="list-style-type: none"> <li>◆ An additive for carbon-fiber reinforced plastics used in aircraft</li> <li>● Making aircraft lighter and hence fuel-efficient</li> </ul>	 
UV curing for polarizer lamination	<ul style="list-style-type: none"> <li>◆ A polarizing film for displays</li> <li>● Achieves substantial energy saving in manufacturing compared with conventional methods</li> </ul>	  
SUMIMET™, feed additive methionine	<ul style="list-style-type: none"> <li>◆ Adding methionine to poultry feed improves the balance of amino acids in feed</li> <li>● Reduced nitrogen in poultry excrement, a cause for greenhouse gas emissions</li> </ul>	 
Olyset™ Net, anti-malarial long-lasting insecticidal mosquito net	<ul style="list-style-type: none"> <li>◆ A mosquito net developed for controlling malaria-carrying mosquitoes</li> <li>● Helping reduce malaria infection</li> </ul>	 
Carbon dioxide separation and recovery technology (Sumitomo Joint Electric Power Co., Ltd.)	<ul style="list-style-type: none"> <li>◆ Separates and recovers CO<sub>2</sub> from gases exhausted from a thermal power station, which is then used as an auxiliary material for chemicals production at another manufacturing plant of Sumitomo Chemical's Ehime Works*</li> <li>* Technology for CO<sub>2</sub> separation and recovery is a proprietary technology of Nippon Steel Engineering Co., Ltd.</li> <li>● Contributes to reducing CO<sub>2</sub> emissions.</li> </ul>	
Heat storage plastic material HEATORAGE™ COMFORMER™	<ul style="list-style-type: none"> <li>◆ These heat storage plastic materials are designed to absorb and release heat in the specific temperature range of between 20°C and 50°C.</li> <li>● Using this between insulation layers in the roofs of residences reduces the cooling burden in summer.</li> </ul>	 
Cathode materials and their precursors for lithium-ion secondary batteries (Battery Materials Division / Tanaka Chemical Corporation)	<ul style="list-style-type: none"> <li>◆ These cathode materials and precursors significantly improve the performance of lithium-ion secondary batteries.</li> <li>● Switching from gasoline cars to hybrid cars will help enhance fuel efficiency</li> </ul>	 
Thermofil™ HP, glass fiber-reinforced polypropylene (Sumika Polymer Compounds Europe Ltd.)	<ul style="list-style-type: none"> <li>◆ Glass fiber-reinforced polypropylene that can be used to replace aluminum parts</li> <li>● Emits less GHG during production than aluminum parts</li> </ul>	 
Simple sampling technology for hydrogen quality evaluation for fuel-cell vehicles (FCVs) (Sumika Chemical Analysis Service, Ltd.)	<ul style="list-style-type: none"> <li>◆ A better analysis method for evaluating the quality of hydrogen gas</li> <li>● Enables extraction of gas sample at low pressure, thereby improving safety during shipping and reducing GHG emissions</li> </ul>	 
Phosphoric acid-free silver etchant (DONGWOO FINE-CHEM Co., Ltd.)	<ul style="list-style-type: none"> <li>◆ Developed phosphoric acid-free etchant is produced using biomass-derived raw material</li> <li>● Uses biomass-derived citric acid as a raw material. Resilient to phosphorous supply shortages because it does not use phosphoric acid</li> </ul>	
Lightweight packaging containers for crop protection chemicals (Sumitomo Chemical Latin America)	<ul style="list-style-type: none"> <li>◆ Reduce the weight of HDPE containers used to ship crop protection chemicals</li> <li>● Reduces the amount of HDPE materials used in manufacturing and thus GHG emissions while resulting in lighter containers</li> </ul>	 























## Promoting Sustainability

### “Sumika Sustainable Solutions” Main Products and Technologies

Solutions	◆ Features / ● Contributions	Contributions to SDGs
<b>Reducing Environmental Impact</b>		
Halogen-free flame-retardant elastomer	 <ul style="list-style-type: none"> <li>◆ This elastomer is used in railway and construction materials. It does not contain halogen but is as flame retardant as a halogen-based material.</li> <li>● It helps limit emissions of hazardous gases while burning.</li> </ul>	
High-purity alumina (for use in automotive O <sub>2</sub> / NO <sub>x</sub> sensors)	 <ul style="list-style-type: none"> <li>◆ This material is used as insulation for the high-performance sensors that are needed to keep automotive emissions of NO<sub>x</sub> and other gases under mandated levels.</li> <li>● It helps reduce greenhouse gas emissions.</li> </ul>	
Biorationals (Microbial pesticides, plant growth regulators, biorational rhizosphere microbial agricultural materials)	 <ul style="list-style-type: none"> <li>◆ Use of active ingredients derived from naturally occurring substances</li> <li>● Contributes to the promotion of sustainable agriculture and the stable supply of safe and secure food</li> </ul>	
Binder for lithium-ion secondary batteries (Nippon A&L Inc.)	 <ul style="list-style-type: none"> <li>◆ Use of water as the dispersion medium.</li> <li>● This product reduces the consumption of organic solvents in the manufacture of electrodes for lithium-ion secondary batteries</li> </ul>	
Temperature-sensitive film “調光®”(CHO-CO)” (SanTerra Co., Ltd.)	 <ul style="list-style-type: none"> <li>◆ A temperature-sensitive plastic film for greenhouse use that stays transparent and allows sunlight to enter at low temperatures while becoming opaque and scattering the sunlight high temperatures.</li> <li>● Contributing to the reduction of heat damage to produce</li> </ul>	
Cobalt-coated nickel Hydroxide positive Electrode material (Tanaka Chemical Corporation)	 <ul style="list-style-type: none"> <li>◆ Making the designing of high-output nickel hydride batteries possible</li> <li>● It contributes to widespread use of environmentally friendly vehicles. Cobalt usage can also be reduced</li> </ul>	
Polypropylene materials for aluminum metallization film (The Polyolefin Company (Singapore) Pte. Ltd.)	 <ul style="list-style-type: none"> <li>◆ Polypropylene materials for aluminum metallization film, used for food packaging to extend shelf life.</li> <li>● Helping extend the shelf life of food products</li> </ul>	
TPEs for non-painted airbag covers	 <ul style="list-style-type: none"> <li>◆ These TPEs are for airbag covers and offer a superb, high-quality appearance even when not painted.</li> <li>● These TPEs reduce the generation of VOCs during painting, which occurs mainly during the drying process.</li> </ul>	
Manufacturing technology for fluorene derivatives (Taoka Chemical Co., Ltd.)	 <ul style="list-style-type: none"> <li>◆ A better method for manufacturing fluorene derivatives, the raw materials for plastic lenses</li> <li>● Uses a new manufacturing method to help lower GHG emissions, water use, and water emissions</li> </ul>	
GaN substrates for laser light source projectors (SCIOCS COMPANY LIMITED)	 <ul style="list-style-type: none"> <li>◆ Developed GaN substrates, to operate LED laser light used to replace mercury lamps in projectors</li> <li>● Reduces GHG emissions by allowing replacement of mercury lamps with LED laser light</li> </ul>	

## Promoting Sustainability

### “Sumika Sustainable Solutions” Main Products and Technologies

Solutions	◆ Features / ● Contributions	Contributions to SDGs
<b>Effective Use of Resources</b>		
SUMIKATHENE™EP, EXCELLEN™GMH, polyethylene used for refill pouches	<ul style="list-style-type: none"> <li>◆ For detergent packaging, pouch bags made of this polyethylene material have easy tear-open spouts for easy refilling of dispensers</li> <li>● Producing less plastic waste than rigid bottles</li> </ul>	 
Multi-purpose polypropylene sheet (Sumika Plastech Co., Ltd.)	<ul style="list-style-type: none"> <li>◆ Being free from paper dust concern and desirable from a viewpoint of re-use, it is used for food containers and delivery materials for electronic parts.</li> <li>● Contributing to reducing greenhouse gas emissions.</li> </ul>	 
Effluent treatment technology using a deammoniation tower	<ul style="list-style-type: none"> <li>◆ Removes and recovers ammonia in effluent and recycles it for re-use.</li> <li>● Contributes to reducing nitrogen discharge from a manufacturing plant.</li> </ul>	
Transfer technology used in the manufacture of flexible touch sensors (Dongwoo Fine-Chem Co., Ltd.)	<ul style="list-style-type: none"> <li>◆ Manufacturing touch sensors for use in foldable smart-phones without the use of adhesive film</li> <li>● Resource savings and reductions in power consumption have been achieved</li> </ul>	 
MISTACE S, MISTACE S NIAGARA (Sumika Agrotech Co., Ltd.)	<ul style="list-style-type: none"> <li>◆ Irrigation tubes that enable uniform and efficient water spray in greenhouse cultivation.</li> <li>● Enhances a great water saving effect.</li> </ul>	 
Prevention of iodine oxidation in polarizing films manufacturing process	<ul style="list-style-type: none"> <li>◆ A technology that prevents the oxidation of iodine through optical control, used in the polarizing film manufacturing process.</li> <li>● Contributes to resource saving and environmental impact mitigation by reducing the use of chemicals.</li> </ul>	 
Polymer OLED materials	<ul style="list-style-type: none"> <li>◆ A coating method for producing polymer OLED materials, replacing conventional deposition method</li> <li>● Reduces GHG emissions by increasing usage efficiency of OLED materials during manufacturing</li> </ul>	  
Fungicide filling and maintenance system technology (Pace International)	<ul style="list-style-type: none"> <li>◆ A fungicide dilution preparation system used for post-harvest fungicide treatment</li> <li>● Over 50% reduction in water usage from conventional methods</li> </ul>	  
<b>Others</b>		
Polypropylene material for biaxially stretched films for capacitors (The Polyolefin Company (Singapore) Pte. Ltd.)	<ul style="list-style-type: none"> <li>◆ Polypropylene material for capacitors that, by controlling at an ultra-low level, metal content (Ash) from catalysts residue</li> <li>● Reduces GHG emissions during manufacturing by enabling a switch from conventional PET film to PP film</li> </ul>	  
Banana Bag (TotalFlex™ 0.4) (Sumitomo Chemical Latin America)	<ul style="list-style-type: none"> <li>◆ Developed a protective banana bag</li> <li>● Eliminates the need to spray leaves with insecticide, reducing chemical exposure of producers to insecticides and improving the working environment.</li> </ul>	 



## Promoting Sustainability

### Participation: Officer and Employee Engagement Project to Promote Sustainability

#### The Sumitomo Chemical Group Global Project

To accelerate the promotion of sustainability, the Sumitomo Chemical Group considers it essential that all executives and employees share the Corporate Philosophy, have a deep understanding of sustainability, and work together to carry out our initiatives. As an effort to engage all officers and employees and promote this “participation by all” principle, we have run the Global Project since 2014. We set up a dedicated website for the project. The project is intended to spur action to promote sustainability in line with the annual shared themes within a set period of time.

#### ■ The Global Project to Date



The Sumitomo Chemical Group (SCG) Global Project in the past

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

#### FY2022 Project

In the 2022 project, we envision the future world in 2030 and what we Sumitomo Chemical Group want to be, and think about what we should do and what we want to do as individuals or as departments, companies, and the Sumitomo Chemical Group to realize these goals. By talking about these thoughts (in posts), we help accelerate understanding and implementation of “*Jiri-Rita Koushi-Ichinyo* (Our businesses must benefit society at large, not just our own interests)” with the aim of creating a reinforcing cycle of inspiration among Group employees as well as between top management and employees.

**Title:** Shape Our Sustainable Future with *JIRI RITA*

**Concept:** Let’s post and shape our world!  
Share your vision for tomorrow and together let’s create a sustainable future!

**Points:**

- (1) Share your vision for the future with colleagues around the world using an image  
Every person’s post will become part of the mosaic artwork!
- (2) Send positive comments and supportive messages to colleagues and expand the circle of empathy within the Sumitomo Chemical Group beyond countries and regions
- (3) Create a mosaic artwork with the posts from around the world

## Promoting Sustainability

Key Visual:



Based on the Sumitomo's Business Philosophy encapsulated in the phrase "*Jiri-Rita Koushi-Ichinyo*," the key visual encourages the global Sumitomo Chemical Group to come together to create a sustainable future that is rich, fulfilling, and comfortable through the Group's products and technologies.

Implementation period: April 11–June 30, 2022

Participation method: Use of dedicated website

### Sumitomo Chemical's New Initiatives

#### Sumika ★ Stories

For the purpose of instilling sustainability among young employees, we began Sumika ★ Stories, a new series of events held in person and online, from November 2021.

For the Sumika ★ Stories, we tell "stories about contributing to society through our business" using examples of successful contributions made through technologies and initiatives related to Sumitomo Chemical's unique style of sustainability undertaken with a sense of purpose and passion. We aim to continue creating Sumitomo Chemical stories with an eye to the future, fueled by awareness and a sense of accomplishment gained through these events.

In fiscal 2021, we held the event twice. Participants offered such feedback as "I liked the free-form style and relaxed atmosphere" and "I want to keep thinking about how I can grow and change on an individual level with the Company." Going forward, we plan to hold four to five events every year.

#### Concept

##### Points: (1) Stories Unique to Sumitomo Chemical

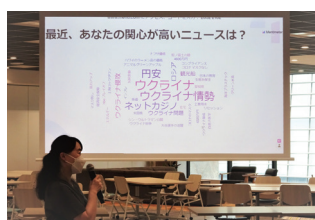
We use cases related to the Group's sustainability, such as SSS (refer to page 32), as topics and get speakers to talk about case overviews, dreams, ideas and other private matters, bolstering participants' awareness, pride, and sense of accomplishment.

##### (2) Facilitation Centered on Young People

To realize a sustainable society, going forward, young employees, who will be central to leading the way, will facilitate fun conversations in a casual atmosphere with the support of veteran employees.

##### (3) Interactive

We are using a real-time feedback system as a form of two-way communication. This expands our scope of empathy by enabling employees participating on-site and those participating online to immediately share their ideas.



Use of the real-time feedback system



## Participation in Initiatives

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

### Initiative Participation Record

#### Our UN Global Compact Activities

The Sumitomo Chemical Group joined the UN Global Compact (UNGC) in January 2005, as the first Japanese chemical company. The UNGC is a voluntary initiative that encourages participating companies and organizations to help create a global framework for realizing sustainable growth and take action as a good member of society by demonstrating responsible and creative leadership. It outlines ten principles related to protecting human rights, abolishing unfair labor practices, adapting to the environment, and preventing corruption, and over 17,000 companies and organizations have signed on. We are one of 37 Global Compact LEAD companies in the world, recognized for our constant engagement with the UNGC and our business activities that comply with the UNGC's ten principles.

In fiscal 2021, we participated in two action platforms: "Climate Ambition" and "Peace, Justice and Strong Institutions."

In addition, at the September 2020 UN General Assembly, which coincided with the 75th anniversary of the United Nations and the 20th anniversary of the UNGC, we signed onto the UNGC's A Statement from Business Leaders for Renewed Global Cooperation. The purpose of this statement was for the world's business leaders to again emphasize the importance of international cooperation and global governance. The statement was presented to the UN Secretary-General along with a list of CEOs who signed on to it.

#### Gist of a Statement from Business Leaders for Renewed Global Cooperation

- This year, coinciding with the 75th anniversary of the United Nations, the world is facing a range of crises, including the COVID-19 pandemic, climate change, and economic uncertainty.
- Against this backdrop, we as global business leaders commit to demonstrate leadership based on ethics, practice good corporate governance, and take measures to respect human rights so as to correct structural inequalities and injustices, by working together with all stakeholders in the spirit of renewed global cooperation.
- In making this commitment, we call on governments to protect human rights, ensure peace and security, and uphold the rule of law in order to ensure the prosperity of businesses, individuals and societies; to contribute to the welfare of people and the planet by strengthening international cooperation and national legal frameworks; and to enhance multilateralism and global governance so as to fight corruption, build resilience, and achieve the SDGs.

A Statement from Business Leaders for Renewed Global Cooperation on the UNGC website

[https://ungc-communications-assets.s3.amazonaws.com/docs/publications/UN75\\_UnitingBusinessStatement.pdf](https://ungc-communications-assets.s3.amazonaws.com/docs/publications/UN75_UnitingBusinessStatement.pdf)

## Participation in Initiatives

### The Ten Principles of the UN Global Compact

#### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4: the elimination of all forms of forced and compulsory labour;  
Principle 5: the effective abolition of child labour; and  
Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;  
Principle 8: undertake initiatives to promote greater environmental responsibility; and  
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



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

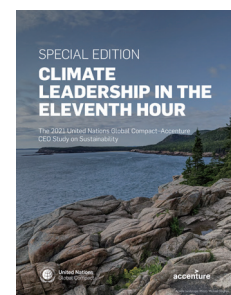
<https://www.unglobalcompact.org/what-is-gc/mission/principles>

### LEAD Company Certification Standards

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

### President Iwata’s Remarks Included in the UN Global Compact’s CEO Study 2021 (released November 10, 2021)

Keiichi Iwata, Representative Director & President of Sumitomo Chemical Company, Limited—whose company developed the Sumitomo Chemical Commitments to the Conservation of Biodiversity as part of its core strategy—remarks, “biodiversity is a more extensive, difficult, and far-reaching issue than climate change. Biodiversity and business growth must go hand-in-hand.”



UNGC, the UN Global Compact’s CEO Study 2021, page 27

<https://www.unglobalcompact.org/library/5976>

## Participation in Initiatives

### Participation in the WBCSD\*1

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

Recently, we have broadened the scope of our activities while strengthening our alliances with member companies in the chemical sector. Specifically, we participated in formulating the Chemical Sector SDG Roadmap, which organizes sustainability-related fields and issues pertaining to the chemical industry using the SDG framework with the aim of realizing sustainability.



WBCSD | Chemical Sector SDG Roadmap

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

In addition, we participated in the formulation of the WBCSD TCFD Chemical Sector Guidance. The guidance explains how to make effective disclosures using the frameworks of the TCFD recommendations for the chemical sector and details the fundamental elements needed to analyze scenarios.

WBCSD | TCFD Chemical Sector Preparer Forum Report

<https://www.wbcsd.org/Programs/Redefining-Value/TCFD/Resources/Climate-related-financial-disclosure-by-chemical-sector-companies-Implementing-the-TCFD-recommendations>

\*1 WBCSD:

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

### Initiatives for TCFD\*2 Recommendations

The Sumitomo Chemical Group uses the framework of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for disclosing information on addressing climate change and actively communicating our efforts, with the recognition that such disclosures reflect the demands of the current era. In addition, by participating in initiatives related to the TCFD recommendations amid this situation, we are collaborating on the creation of guidance through dialogue between investors and companies while learning best practices.



#### Our Efforts through Participation in External Initiatives

June 2017	Supported TCFD recommendations concurrently with their publication
From August to December 2018	Joined in the TCFD Study Group led by the Ministry of Economy, Trade and Industry (METI) This group studied the way in which Japanese companies disclose information to evaluate their strengths. <a href="#">December 2018: METI issued TCFD guidance</a>
Since December 2018	Joined WBCSD TCFD Preparer Forum <a href="#">July 2019: WBCSD issued TCFD chemical sector guidance</a>
Since May 2019	Joined the TCFD consortium established by Japanese industrial and financial communities In October 2019 at the TCFD Summit, Chairman Tokura introduced the Company's initiatives to seize climate-related opportunities. <a href="#">October 2019: TCFD consortium announced green investment guidance</a> <a href="#">July 2020: TCFD consortium released TCFD Guidance 2.0</a> At the TCFD Summit in October 2020, the general manager of Sumitomo Chemical's Corporate Communications Department, Toshihiro Yamauchi, introduced the Company's initiatives to address climate change.

\*2 TCFD:

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

## Participation in Initiatives

### Participation in the Forum for the Taskforce on Nature-related Financial Disclosures (TNFD)

Sumitomo Chemical further promotes ecosystem conservation and the sustainable use of natural capital.\* To enhance the disclosure of nature-related information, we support the vision of the Taskforce on Nature-related Financial Disclosures (TNFD) and participate in the TNFD Forum, which is network comprising organizations and companies that have expertise related mainly to nature and finance in support of said activities. By participating in this forum, we work to further enhance nature-related disclosures.



\* Capital formed by nature, including forests, soil, water, air, underground resources, and biological resources. Natural capital is a type of capital that is essential to supporting people's lives and the infrastructure of companies.

### An International Alliance to Solve the Plastic Waste Problem Joining the Alliance to End Plastic Waste (AEPW)

The AEPW is an international alliance launched in January 2019 working to solve the plastic waste problem. Global companies associated with the plastic value chain have joined the alliance.



As a member company, Sumitomo Chemical financially supports AEPW's activities and also engages in the selection of projects undertaken in places around the world, verification of sustainability, and evaluation of impacts. In addition, we work with others through the AEPW framework on initiatives that would be difficult to undertake alone, such as projects to upgrade trash collection infrastructure in countries around the globe with high plastic waste emissions.

In addition, Sumitomo Chemical is deeply involved in activities that encourage solutions to the plastic waste problem through Japanese organizations via AEPW. We proactively participate in initiatives that discover and support startups that work to solve problem and webinars that consider what Japanese industries, government, and academia should do to solve the plastic waste problem with reference to successful examples of projects promoted around the world by AEPW.

AEPW website

<https://endplasticwaste.org/>

### A Domestic Alliance to Solve the Marine Plastic Waste Problem Joining the Japan Clean Ocean Material Alliance (CLOMA)

CLOMA is a domestic alliance launched in January 2019 working to solve the marine plastic waste problem. By fostering cross-industry cooperation related to the plastic value chain, we are promoting activities to accelerate innovation as well as encouraging the sustainable use of plastic products and the development and adoption of alternative materials.



The Company is helping out with the planning of pilot tests that aim to improve the material recycling rate. In addition, to help solve the marine plastic problem through international cooperation, we are working with other members to offer solutions from Japan in light of the current state of Indonesia's waste treatment situation and the policies of the Indonesian government.

CLOMA website

<https://cloma.net/english/>

## Participation in Initiatives

### Participation in Japan Partnership for Circular Economy (J4CE)

The J4CE was founded in March 2021 for the purpose of strengthening public and private partnerships, with the aim of further fostering understanding of the circular economy among a wide range of stakeholders, including domestic companies, and promoting initiatives. The organization collects examples of initiatives related to advanced circular economy, disseminates and shares data on the cases in Japan and overseas, shares information and forms networks related to a circular economy, and establishes places for dialogues to promote a circular economy.



Sumitomo Chemical introduces its initiatives to realize a circular economy, including plastic chemical recycling, on the J4CE website. In addition, we participated in an online public-private dialogue and discussed issues to promoting a circular economy and potential solutions.

Japan Partnership for Circular Economy

<https://j4ce.env.go.jp/en>

J4CE, SUMITOMO CHEMICAL Co., Ltd.'s cases

<https://j4ce.env.go.jp/en/member/048>

### Our ICCA\* Activities

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



In addition, we also participate in the chemical Substance Policy and Health Leadership Group. We cooperate in conducting surveys related to regulatory trends around the world and mechanisms for relaying information on chemical substances contained in products. We also participate in working groups related to the harmonization with chemical substance categorization being introduced in Asian countries. Furthermore, we participated in a working group on plastic waste problems and in discussions based on sound science related to problems surrounding microplastics and plastic substitutes.

\* ICCA:

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

### Participating in the Stakeholder Engagement Program hosted by Caux Round Table Japan

[P.176 Respect for Human Rights: Engaging in Human Rights Initiatives](#)

## Participation in Initiatives

### Our WEPs Activities

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

#### The Women’s Empowerment Principles

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



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

Furthermore, we helped found the WEPs Subcommittee in the Global Compact Network Japan (GCNJ (UNGC’s local network)) and acted as a leading company from fiscal 2016 to fiscal 2021. Since fiscal 2017, we have conducted activities and messaging to support the specific initiatives of each participating company, referencing the seven WEPs to address issues related to empowering women in the workplace. Through these efforts, we are actively enhancing the international competitiveness of GCNJ signatory companies and thereby helping raise the bar for gender equality in Japanese society.

**P.195 Human Resources Management: Promoting the Active Advancement of Women**

### GCNJ’s WEPs Subcommittee Meetings Attended by the Company: Fiscal 2021 Activities

Meeting	Date	Theme	Lecturer
1	July 28, 2021 (Wednesday)	Global issues addressed by international society and latest trends in WEPs	Kae Ishikawa Head of Office at UN Women Japan Liaison Office
2	October 1, 2021 (Friday)	The L’Oréal Group’s initiatives	Tomoko Kusuda VP Corporate Affairs & Engagement, L’Oréal Japan
3	November 26, 2021 (Friday)	The amended Child Care and Family Care Leave Act, men taking childcare leave, and women’s empowerment	Manabu Tsukagoshi Chief consultant, Diversity & Work-Life Balance Promotion Department, Toray Corporate Business Research Inc.
4	February 18, 2022 (Friday)	Value creation from idea to reality	China Toyoshima Representative Director, Aill, Inc.
5	April 22, 2022 (Friday)	Career awareness among millennial couples with children	Mana Yamaya Senior Researcher, Japan Institute for Women’s Empowerment & Diversity Management, and other positions

Note: Conducted online due to the COVID-19 pandemic



# Communication with Stakeholders

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

## (1) Disclosures

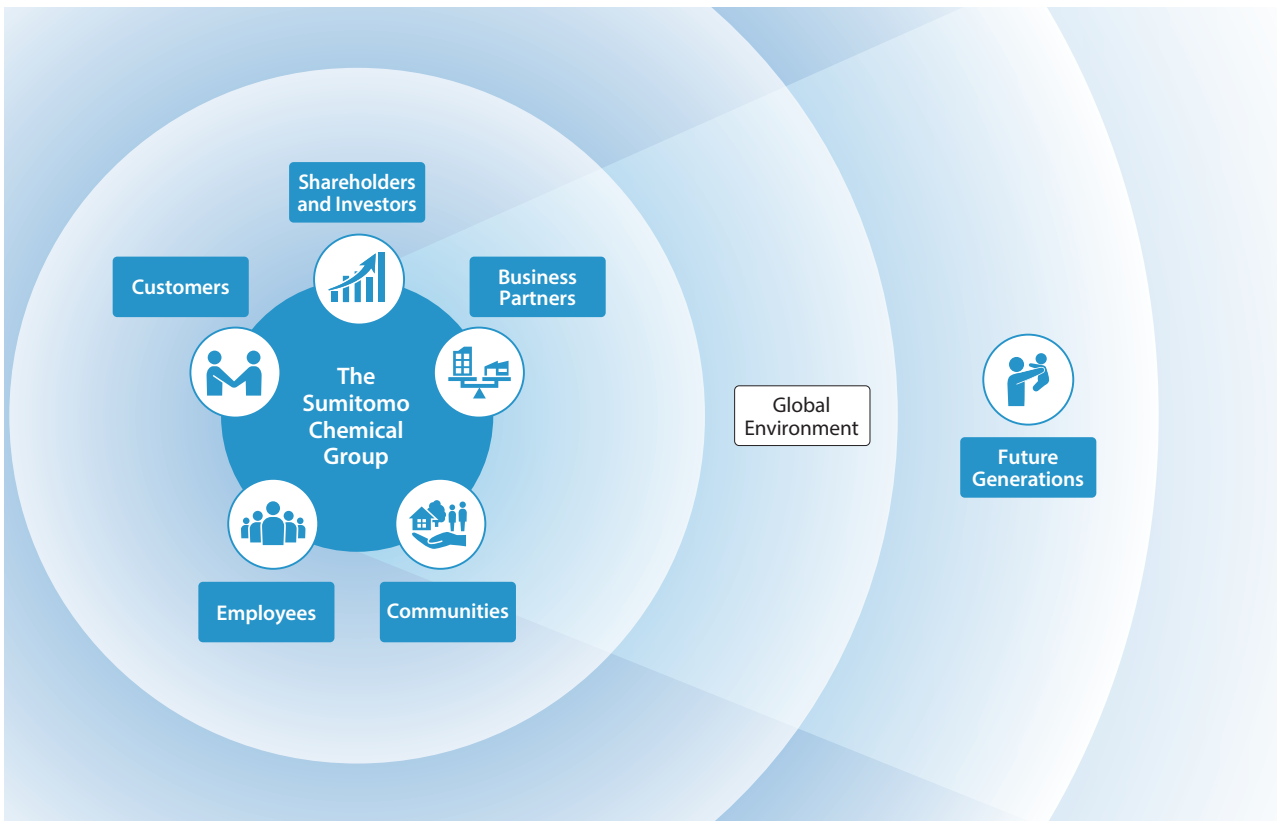
We disclose necessary information and report on the progress of our various initiatives. We also make an analysis of the needs of society as appropriate and review external assessment results in order to improve our communication and ensure proper disclosure.

## (2) Dialogues

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






We will continue to fulfill our responsibility to all stakeholders on the two fronts of disclosure and dialogue by enhancing our communication through a variety of efforts. We will also align our future generations with a sustainable society, paying attention to the international community and global environment.

## Stakeholder Engagement



## Communication with Stakeholders

### Opportunities to Communicate with Stakeholders

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

## Communication with Stakeholders

### External Evaluation



FTSE4Good

#### FTSE4Good Index Series

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



FTSE Blossom Japan

#### FTSE Blossom Japan Index

This is an index designed by FTSE Russell, a global index provider. It consists of selected Japanese companies demonstrating strong ESG practices. FTSE selects these companies from among the stocks constituting the FTSE Japan Index, and the index is designed as an industry neutral benchmark that reflects the distribution of industries in the Japanese stock market.



FTSE Blossom Japan Sector Relative Index

#### FTSE Blossom Japan Sector Relative Index

This is an index designed by FTSE Russell, a global index provider. It is designed as a sector-neutral benchmark that reflects the performance of small, mid and large cap companies demonstrating strong ESG practices in Japan. In addition, the index is designed to support the transition to a low carbon economy by evaluating companies' climate governance activities aligned with the Taskforce on Climate-related Financial Disclosures' recommendations and carbon emissions intensity to determine stock eligibility for index inclusion. The index combines data and analysis from FTSE Russell and the Transition Pathway Initiative (TPI).

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

#### MSCI Japan ESG Select Leaders Index

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

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

#### MSCI Japan Empowering Women Index (WIN)

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



#### S&P/JPX Carbon Efficient Index

This is an index designed by S&P Dow Jones Indices and the Tokyo Stock Exchange. It is designed to select TOPIX stocks so that companies that disclose carbon efficiency and environmental data constitute a high proportion of the index. Our decile rating is 4, and the disclosure status is "disclosed."



#### Gold Medal in EcoVadis Sustainability Assessment

Sumitomo Chemical has received a Gold medal in a sustainability assessment by EcoVadis for the third consecutive year, an award recognizing companies whose performance is in the top 5% of all companies rated. Established in 2007, EcoVadis is a performance rating agency focused on corporate environmental, social, and governance (ESG) practices, working to help companies improve their environmental and social practices through their global supply chains. The agency has assessed about 90,000 companies from 160 countries across 200 business sectors in terms of corporate policies, initiatives, and achievements in four areas: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement.



#### CDP "Climate Change A List 2021", CDP "Water Security A List 2021"

Sumitomo Chemical has been named on CDP's "Climate Change A List 2021" and "Water Security A List 2021" as a company recognized for its particularly excellent activities to address climate change and water security, including target setting, actions and transparency. The Company has been named on the Climate A list, the highest rating given by CDP, for four consecutive years, and on the Water Security A list for the second time.

Established in 2000, CDP (formerly the Carbon Disclosure Project) is an international non-governmental organization that incentivizes companies and governments to become leaders in reducing greenhouse gas emissions, managing water resources, and conserving forests. On behalf of institutional investors around the world, CDP collects information about environmental efforts of leading companies and scores them. Of 13,200 companies that disclosed their environmental efforts to CDP, 57 global companies and 18 Japanese companies received the highest ratings in terms of actions for both climate change and water security.



#### A Minister of the Environment Award (Silver Award) in the Environmentally Sustainable Corporations Section the Ministry of the Environment's ESG Finance Awards Japan

Sumitomo Chemical has been awarded the Minister of the Environment Award (Silver Award) in the Environmentally Sustainable Corporations section of the third ESG Finance Awards Japan, organized by Japan's Ministry of the Environment. This is the first time the Company has received this award.

ESG Finance Awards Japan is a program founded by the Ministry of the Environment in 2019 to promote the dissemination and growth of ESG finance. The aim of the award in the Environmentally Sustainable Corporations section is to evaluate those companies that have incorporated material environment-related opportunities and risks into their corporate strategy with the intention of increasing their corporate value while also exerting an outstanding positive impact on the environment and society, and to share the results of said evaluation broadly throughout society.

### <Certification>

2022 Health and Productivity Management Awards – White 500

P.203 Healthcare

Next-generation Kurumin certification mark

P.190 Work-Life Balance

Acquired registration under the Whistleblowing Compliance Management System

P.83 Compliance

# The Sumitomo Chemical Group's Contribution to the SDGs

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

## Sumitomo Chemical's Sustainability Efforts and the SDGs

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

**P.14 Basic Principles for Promoting Sustainability**

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

**P.16 What Sumitomo Chemical Group Strives to Be**

**P.17 Material Issues to Be Addressed as Management Priorities**

**P.19 Key Performance Indicator (KPI) for Material Issues**

## Specific SDGs for Each Business Sector to Focus on

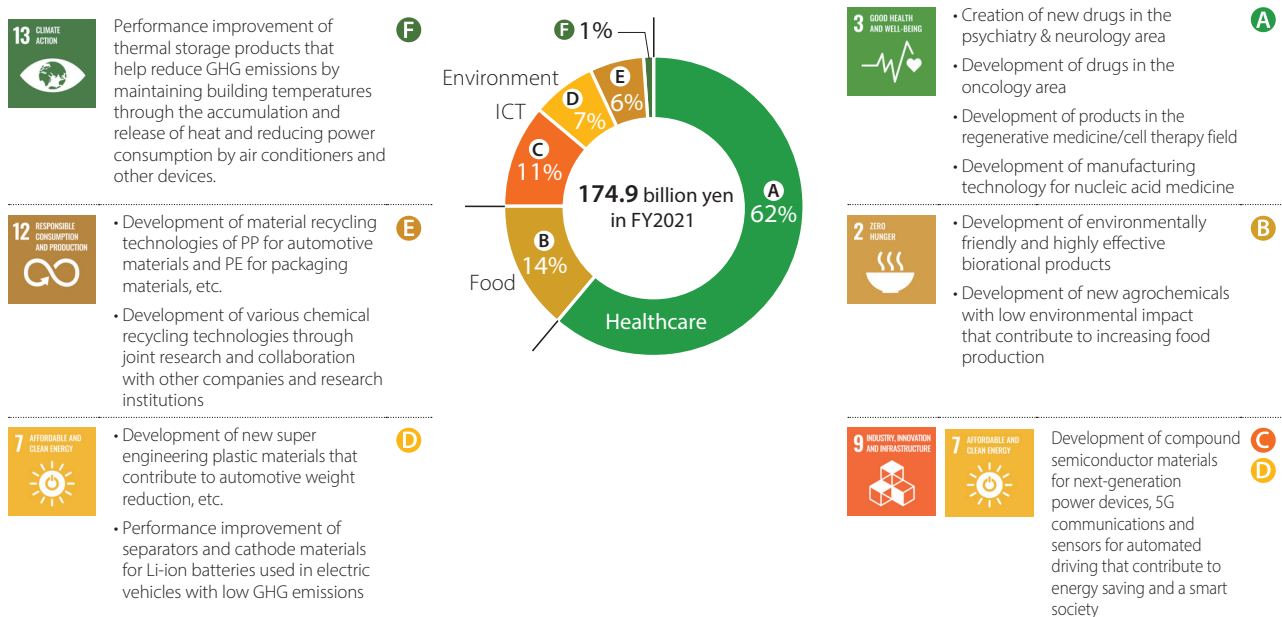
The Sumitomo Chemical Group is working on various efforts in order to help realize a sustainable society through innovation and business and by leveraging its strengths as a diversified chemical company.

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

## The Sumitomo Chemical Group's Contribution to the SDGs

### Breakdown of R&D Expenditures by SDGs and Examples of Themes

The Sustainable Development Goals (SDGs) formulated by the United Nations in 2015 set forth 17 goals, including Green Transformation (GX) themes, such as climate change, biodiversity, health promotion etc., that our company aims to achieve. We are investing R&D funds in themes related to the various SDGs, as shown in the table below. Through the innovations generated from these efforts, we will transform our business portfolio and realize "Jiri-Rita Koushi-Ichinyo" through GX.



### Examples of Initiatives Aimed at Achieving the SDGs

In collaboration with the Ministry of Education, Culture, Sports, Science and Technology, Sumitomo Chemical introduced its initiatives aimed at realizing circular system for plastics by compiling a collection of activity examples that reflect lessons learned from a variety of companies' solutions to social issues, such as those aimed at realizing the SDGs and listed on the SDGs Platform.

This collection makes it easy for middle and high school students to understand specific examples of measures companies are taking to solve social issues.

SDGs Platform (working in collaboration with the Ministry of Education, Culture, Sports, Science and Technology)

Learn about companies' social issue solutions, such as those for the SDGs

~Collection of Example Corporate Activities Aimed at Developing Creators for a Sustainable Society~ (PP.44-51) (Japanese only)

<https://sdgs-platform.jp/sdgs-jireishu>

# Advance Innovation

Sumitomo Chemical believes that innovation, which is generated by our “ability to develop innovative solutions by leveraging its technological expertise in diverse areas,” one of our core competencies, is the source of our future value, and we have designated “advance innovation” as one of the material issues for future value creation. We will continue to strive to enhance our corporate value through innovation, focusing on four priority areas: the related fields of environment, food, healthcare, and ICT.

## <Research and Development>

### Basic Stance

Amid increasing uncertainty about the business environment surrounding Sumitomo Chemical Group, the role played by the chemical industry in solving societal issues, such as environmental, energy, and food issues, is enormous, and our business opportunities are expanding.

Our research and development is based on the following basic policies.

#### Basic Policy

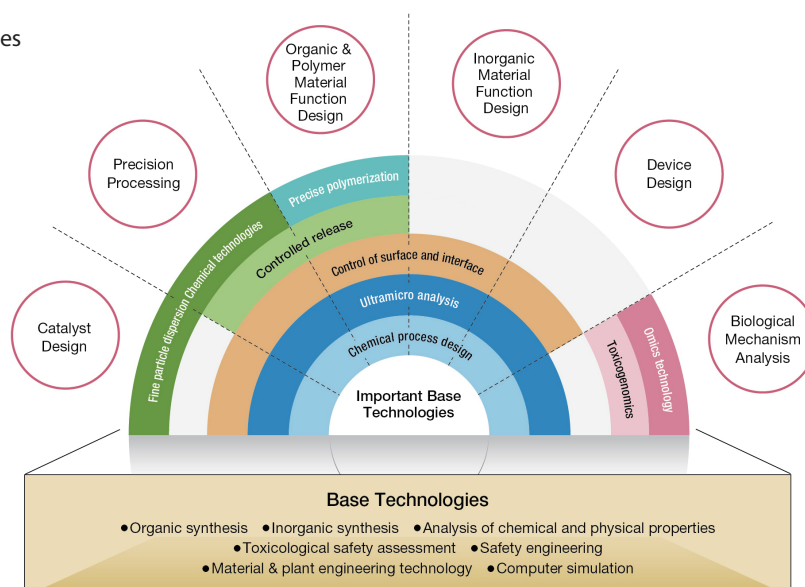
1. Early commercialization of development items
2. Building the foundation of next-generation businesses
3. Building and operating a system to continuously create innovation
4. Promoting R&D based on business (commercialization) strategies and intellectual property strategies.

### Strengths of Sumitomo Chemical's R&D

Sumitomo Chemical has been developing six core technologies by utilizing its technologies accumulated through a broad range of research activities over many years. The six core technologies are catalyst design, high-precision processing, design of functional organic chemicals and polymers, design of functional inorganic materials, device design, and analysis of bio-mechanisms. Sumitomo Chemical's Creative Hybrid Chemistry forms the basis of its R&D strategy. Creative Hybrid Chemistry means enhancing our base technologies while broadening and deepening our six core technologies, and combining these disparate technologies from both inside and outside the company to create higher value-added products and technologies.

Moreover, in addition to developing new materials, we are also emphasizing linkages with the business of materials solutions, which encompasses the development of downstream businesses and businesses of different industries. In order to quickly and efficiently apply the fruits of our R&D efforts toward the development of high value-added businesses, we will aggressively pursue technological collaborations with academic institutions and companies from other industries around the world.

#### Six Core Technologies



## Advance Innovation

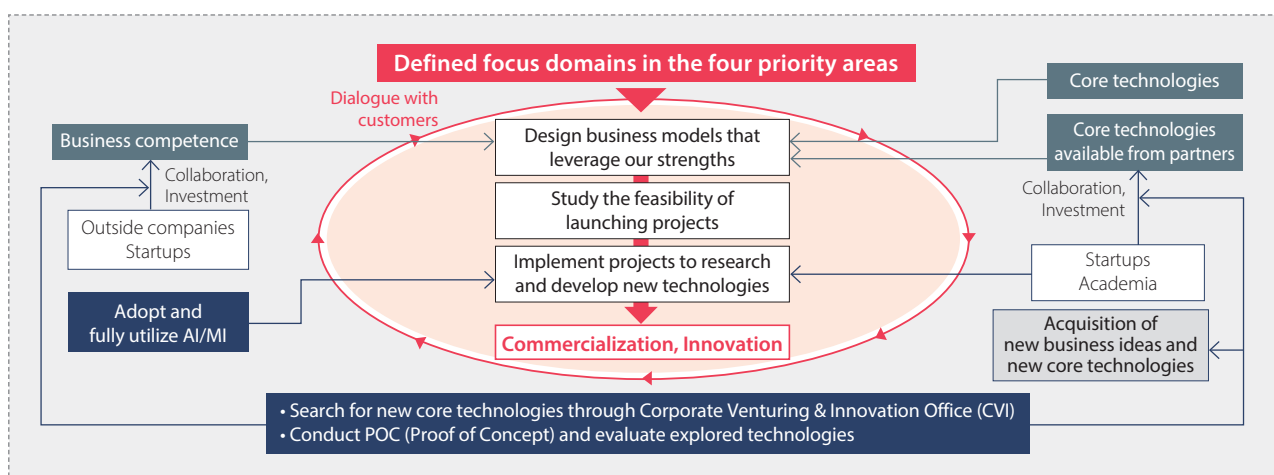
### Sumitomo Chemical's Innovation Ecosystem Accelerates the Creation of Next-Generation Businesses

Sumitomo Chemical is building an innovation ecosystem (a system that continuously creates innovation) to steadily link R&D and business development in the four priority areas to the creation of next-generation businesses.

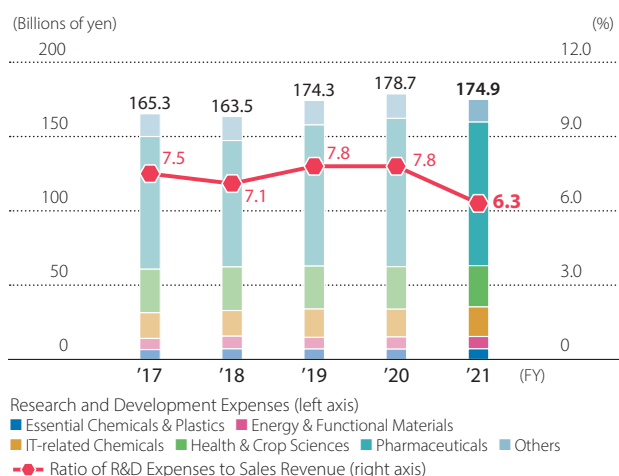
In each of the four priority areas, we have formulated focus areas for our efforts within four priority areas, have identified core technologies that we own and core technologies that we do not own, and we are acquiring non-owned technologies through collaboration with startups and academia. As for business competence, we are also supplementing the lacking areas with alliances and investments with outside companies and startups, considering designing a business model that leverages our strengths and thematizing. At each stage of promoting themes, we communicate closely with relevant internal departments, external partners, and customers, and appropriately reflect their feedback to promote research and development. We also thoroughly utilize digital technologies such as AI and MI\* to accelerate development. In addition, we will incorporate new ideas and technologies that emerge in the course of theme promotion and dialogue with partners, and link this to the continuous creation of innovations.

\* Materials Informatics

#### Innovation Ecosystem



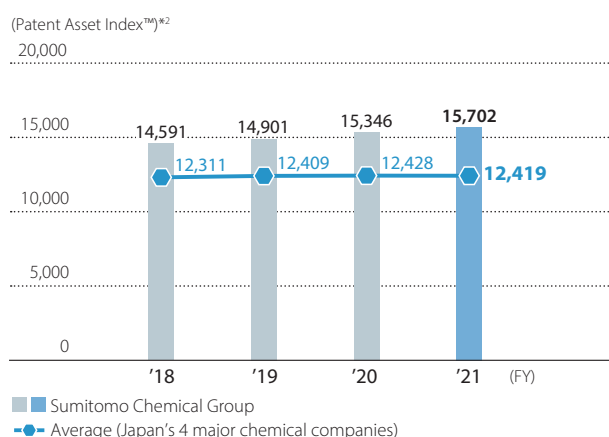
#### Research and Development Expenses



R&D expenses decreased by 3.7 billion yen over the previous fiscal year, to 174.9 billion yen, mainly due to a decrease in R&D expenses in the Pharmaceuticals Sector.

Note: Scope of calculation: Sumitomo Chemical Group

#### Patent Asset Size\*1



Due to active R&D and patent acquisition activities in recent years, the scale of our patent asset size has remained at a relatively high level. By deploying and making thorough use of artificial intelligence and materials informatics technologies on the front lines of R&D, and by strengthening collaboration with academia and startups, we will continue to build up and strengthen our patent portfolio.

\*1 Patent asset size is evaluated using the Patent Asset Index™, generated using the patent analysis tool LexisNexis PatentSight®.

\*2 The Patent Asset Index™ is an index for comprehensively assessing the status of legally active patents based on quantity (number of patents) and quality (countries of registration and number of citations)

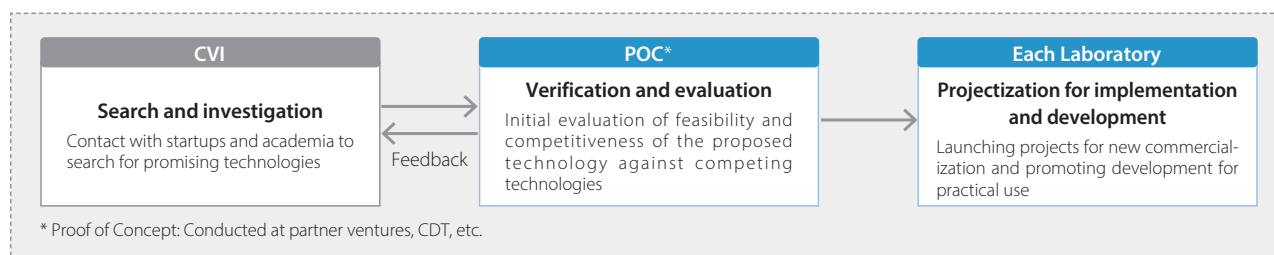
## Advance Innovation

### Examples of Initiatives

#### Establishment of CVI

Sumitomo Chemical has established the Corporate Venturing & Innovation Office (CVI) which is deeply involved in world-class innovation clusters, such as Silicon Valley etc., to discover groundbreaking technologies at an early stage, verify the practicality of promising technologies, and support the smooth transition to the development stage at each research center. Proof of Concept (POC) is conducted on the technologies explored by the CVI and those that are deemed worthy of commercialization are transferred to the respective laboratories, where development toward commercialization begins.

#### Flow of Introduction of External Technology Using CVI



CVI bases	Establishment date	Characteristics
U.S.:Boston (East Coast)	April 2019	<ul style="list-style-type: none"> <li>Major hub for life sciences</li> <li>A cluster of high-quality startups</li> </ul>
U.S.:San Mateo (Silicon Valley)	March 2020	<ul style="list-style-type: none"> <li>One of the world's largest innovation hubs</li> <li>Unparalleled concentration of promising startups</li> </ul>
U.K.:Cambridge (organized into existing CDT*)	April 2020	<ul style="list-style-type: none"> <li>Research base for printed electronics</li> <li>Functional linkage with academia</li> </ul>

\* Cambridge Display Technology

#### SYNERGYCA

In December 2021, following the relocation of the Tokyo Head Office, the SYNERGYCA Creation Lounge was opened in the new headquarters as an important initiative for open innovation. SYNERGYCA is a co-creation space where visitors from industry, government, and academia can see, touch, and experience the technologies of the Sumitomo Chemical Group and generate ideas and insights that will lead to value creation.

The "Get Together" area is designed to promote communication with visitors, the "Experiencing" area is designed to provide an easy-to-understand and fun way to learn about the Group's history, products, technologies, and R&D activities through the use of digital content, and the "Interacting" area is designed to share society's issues and mutual interests with visitors and explore ways to solve problems together.

The building concrete floor kept as is and the bare ceiling with pipes and others create a special atmosphere for interaction and discussion. In addition, in order to create a meaningful opportunity for each visitor, the program is tailored to the visitor's interests, and visit and discussion can be carried out both real and online.



A look at SYNERGYCA



"Interacting" area

Sharing each other's issues, society/ issues of interest, etc., and brainstorming and exchanging opinions on how to solve them.



## Advance Innovation

### <Intellectual Property>

#### Basic Policy

As a diversified chemical company, the Sumitomo Chemical Group pursues global business development in an array of fields with widely differing characteristics and environments. In the course of doing so, we look to intellectual property as a source that gives us a competitive edge. We diligently file patent applications for our accomplishments involving technologies, research, and development based on business strategies. Also, we promote the acquisition of patent rights and are building a robust patent portfolio to maintain and strengthen our competitive edge. In addition, amid drastic changes in the business environment in recent years, we review as appropriate the business utility of owned patents and appropriately manage our patent portfolio. Thus, through intellectual property activities that align with our business strategies, we are constantly striving to strengthen our foundations and thereby achieve sustainable business growth while maximizing business value.

#### IP Activities

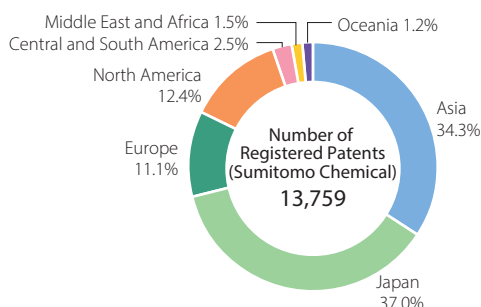
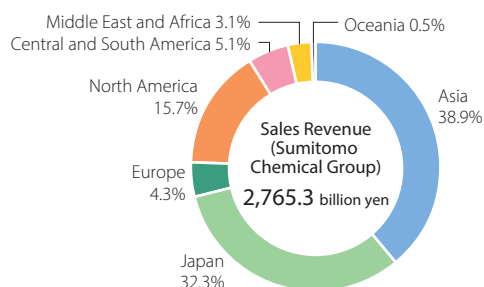
1. Promote activities in line with our business strategies
2. Create global business value
3. Strive to utilize all technological development accomplishments
4. Respect rights and comply with the law

#### Management System

Under the guidance and supervision of executive officers responsible for and in charge of intellectual property, reports are submitted as necessary to regular meetings regarding major IP issues, measures, strategies, and activities. Our governance structure is built to ensure that management receives guidance on actions to take. In addition, we regularly hold meetings with Group companies in Japan and overseas, sharing each company's IP activities and the latest information on IP-related legal systems and topics, thereby striving to strengthen and enhance IP activities across the entire Sumitomo Chemical Group.

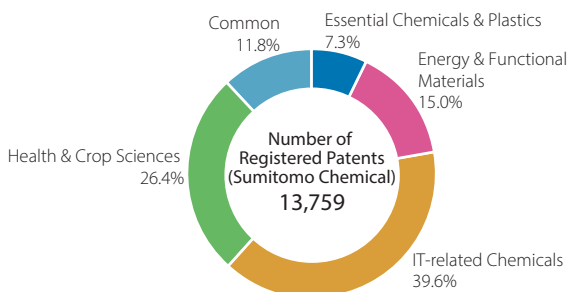
#### Results

##### FY2021 Ratio of Registered Patents and Sales Revenue by Region

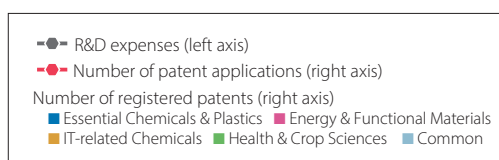
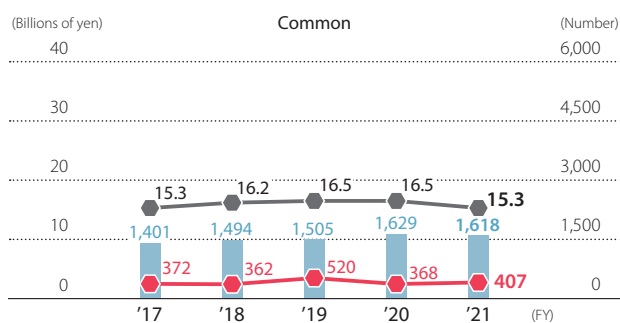
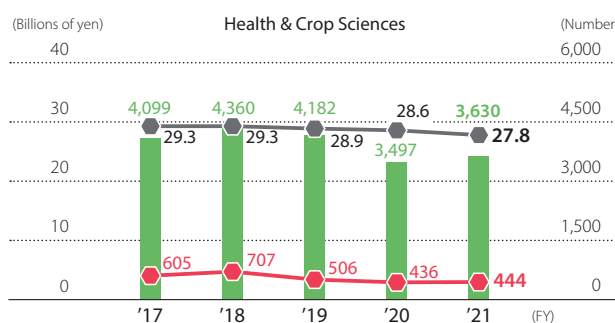
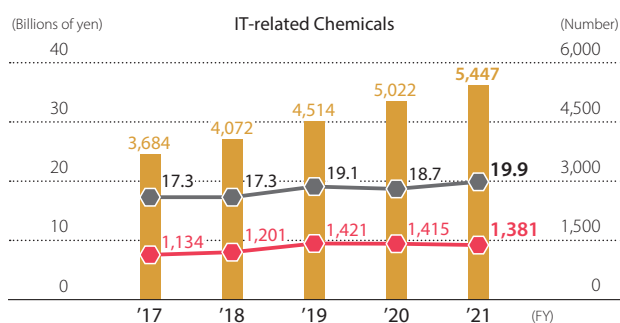
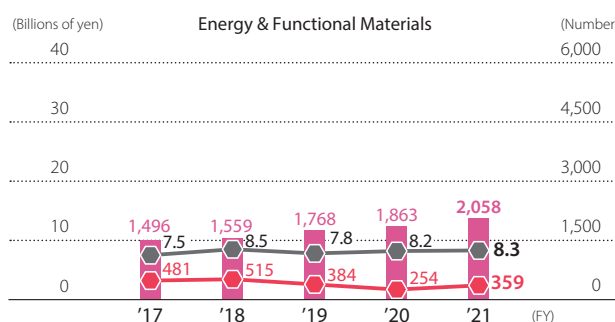
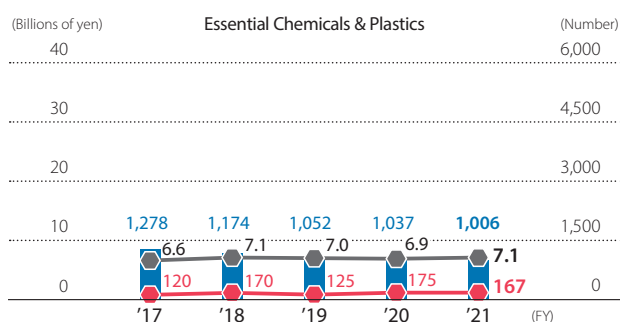


## Advance Innovation

### FY2021 Ratio of Registered Patents Held by Sector



### Number of Registered Patents, Number of Patent Applications, and R&D Expenses by Sector



Notes: • Excluding the Pharmaceuticals Sector

• Scope of calculation for R&D expenses by sector: Sumitomo Chemical Group

• Scope of calculation for number of patent applications and registered patents: Sumitomo Chemical

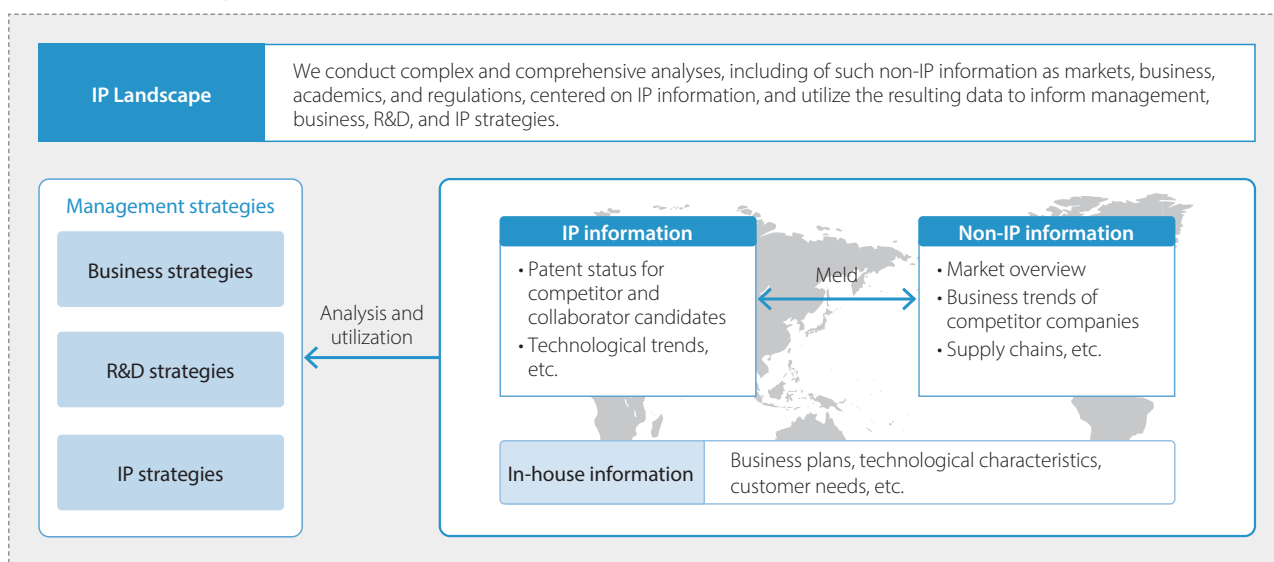
## Advance Innovation

### Examples of Initiatives

#### IP Activities

In the IP sector, to promote IP activities aligned with our business strategies, at each stage of business development, we accurately investigate and analyze IP as necessary and share and discuss information on business sectors and R&D. When searching for new themes, searching for customer and partner candidates, and considering M&A, we utilize complex IP landscape analysis in drafting strategies for management, business, R&D, and IP, covering not only IP information but also non-IP information, such as market data. (See illustration below.) In addition, at each stage of business development, we analyze the rights of other companies and strive to swiftly address and minimize IP risks. We efficiently investigate and analyze such things as trends in other companies' patents and related technologies adapted to each stage of development, proactively implementing IP search software and AI technologies, which have made significant progress recently.

#### IP Landscape Activity Outline



#### Sumitomo Chemical Receives Clarivate Top 100 Global Innovators™ 2022 Award – Recognized as One of the World's Top 100 Innovators for the First Time –

Sumitomo Chemical has received the 11th Clarivate Top 100 Global Innovators™ 2022 Award, which is selected by Clarivate, a U.S.-based global leader in providing trusted information and insights to accelerate innovation.

This award recognizes 100 leading companies in global innovation ecosystems based on Clarivate's own patent-related data and evaluation criteria, which this year focused on five factors: volume, influence, success, globalization, and technical distinctiveness. Sumitomo Chemical received a high rating, especially on technical distinctiveness, which led to the recognition.

Sumitomo Chemical Receives Clarivate Top 100 Global Innovators 2022 Award

<https://www.sumitomo-chem.co.jp/english/news/detail/20220318e.html>

Top 100  
Global  
Innovator  
2022

Clarivate™



Awards Ceremony

Right: Takashi Kojima, Vice President,  
Clarivate Analytics Japan

Left: Hiroshi Ueda, Executive Vice President,  
Sumitomo Chemical