

The 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 to be addressed 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 recycling resources), food supply, healthcare, and ICT are classified under material issues for social value creation. Advancing innovation, bolstering competitiveness leveraging digital transformation (DX), and human resources (Diversity, Equity, and Inclusion (DE&I); development and growth; and health) are classified as material issues for future value creation.

Furthermore, regarding the items that serve as the foundation for business continuation — occupational safety and health, industrial safety and disaster prevention, product safety and quality assurance, respect for human rights, compliance, anti-corruption, and cybersecurity — 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, as we step up our efforts.

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

Occupational safety and health, and operational safety and disaster prevention

▶ Occupational Safety and Health / Industrial Safety and Disaster Prevention [\[link\]](#)

Product safety and quality assurance

▶ Product Stewardship / Product Safety / Quality Assurance [\[link\]](#)

Respect for human rights

▶ Respect for Human Rights [\[link\]](#)

Cybersecurity

▶ Cybersecurity [\[link\]](#)

Compliance

▶ Compliance [\[link\]](#)

Anti-corruption

▶ Anti-corruption [\[link\]](#)

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

Material Issues for Sustainable Value Creation^{*1}

Material issues for social value creation

Contribute to the environment

- Climate change mitigation and adaptation
- Contribute to recycling resources
- Sustainable use of natural capital

Contribute to the food supply

- Advance sustainable agriculture

Contribute to healthcare

Contribute to ICT

Material issues for future value creation

Advance innovation

Bolster competitiveness leveraging DX

Human resources: DE&I^{*2}, growth & development, health

Foundation for Business Continuation^{*1}

- Occupational safety and health, and operational safety and disaster prevention
- Product safety and quality assurance
- Respect for human rights
- Cybersecurity
- Compliance
- Anti-corruption

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

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

When identifying our material issues, we compared the issues we consider the Group should address based on our corporate philosophy with the social issues identified in the Sustainable Development Goals (SDGs) 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 continuation based on the latter belief.

We revised the issues in fiscal 2021 based on subsequent changes in society. In fiscal year 2025, we will review our material issues at the Sustainability Promotion Committee, and we will regularly confirm these issues going forward and revise them as necessary.

■ Process for Identifying and Revising Material Issues

