



Sustainability Management



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Regarding each ESG information, Please refer to the following chapters

🔴 **Governance: page 043** 🟢 **Environment: page 079** 🟡 **Social: page 130**





Management System

In the Basic Principles for Promoting Sustainability, the Sumitomo Chemical Group declare that our top management is committed to promoting sustainability. We also place these principles just below the Sumitomo Spirit, 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.

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.

[▶ P.005 What Sumitomo Chemical Group Strives to Be](#)

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.

[▶ P.009 The Material Issues to Be Addressed as Management Priorities](#)

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.

[▶ P.029 Participation in Initiatives](#)

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.

[▶ P.034 Communication with Stakeholders](#)

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.

[▶ P.027 Promoting Sustainability](#)

Principle 6: Enhancing corporate governance

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

[▶ P.008 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.



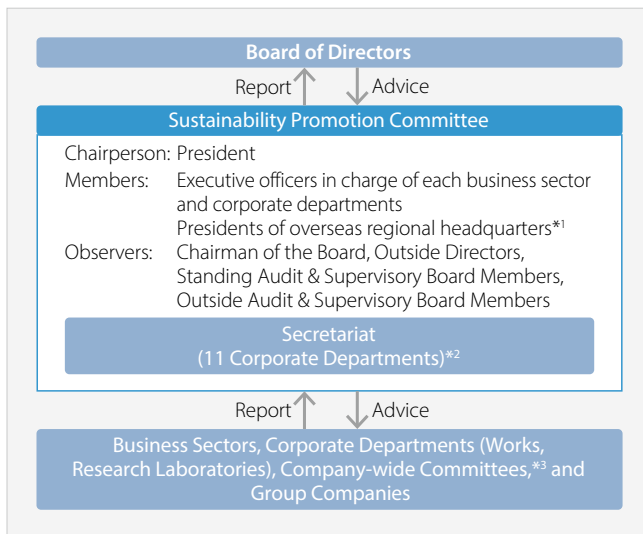
Sustainability Promotion System

The Sumitomo Chemical Group established the Sustainability Promotion Committee as a body to deliberate important matters related to the Group's management from a broad range of diverse perspectives.

Twice a year, the committee convenes meetings 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 overseas regional headquarters. Outside Directors and Outside Audit & Supervisory Board Members also attended the meetings as observers that feature active discussions.

After the committee meets, the content covered by the meetings and related initiatives are communicated through each internal business line and the sustainability managers of each worksite. We have also established a system to carry them out to all Group employees worldwide thorough the regional headquarters and the sustainability managers of each Group company.

■ 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, Accounting 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 deliberates issues and the direction of initiatives in consideration of surrounding conditions and provides necessary advice to each executive organization to ensure that the Group's business activities all function organically to realize sustainability for all society.

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

Fiscal 2023 Results

The Sustainability Promotion Committee meeting was convened twice in fiscal 2023. The committee shared information on international trends related to sustainability and societal expectations regarding contributions from companies. The committee also comprehensively assessed medium- to long-term ESG issues from a risk and opportunities perspective, based on which it discussed various measures to accelerate the Group's contributions to sustainability and suggested them to relevant departments and organizations.

Accordingly, the Group promoted the integration of sustainability and management in order to realize "Jiri-Rita Koushi-Ichinyo."

▶ P.005 What Sumitomo Chemical Group Strives to Be

■ Main Agenda Items

- Status of initiatives to solve social issues through our business (action on climate change, circular economy, biodiversity, promotion of human rights, initiatives through the value chain)
- Status of determining the specifics of Japan and overseas disclosure standards and the Group's action
- Organization of information on the status of social contribution activities and clarification of direction of activities going forward
- Actions to raise and enhance awareness of the corporate philosophy within the Group

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.

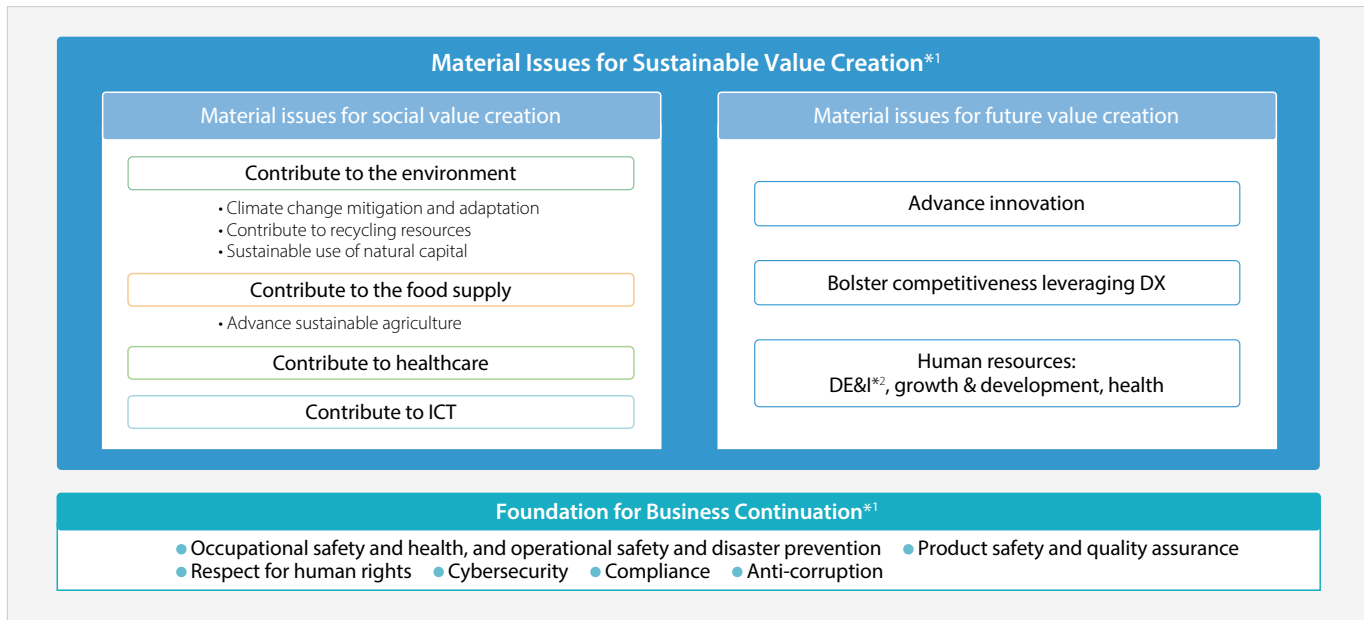
Furthermore, regarding the items that serve as the foundation for business continuation — occupational safety and health, industrial safety and disaster prevention, product safety and quality assurance, respect for human rights, compliance, anti-corruption, and cybersecurity — we have been making Group-wide 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:

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



<p>Occupational safety and health, and operational safety and disaster prevention</p> <p>▶ P.165 Occupational Safety and Health / Industrial Safety and Disaster Prevention</p>	<p>Product safety and quality assurance</p> <p>▶ P.171 Product Stewardship / Product Safety / Quality Assurance</p>
<p>Respect for human rights</p> <p>▶ P.133 Respect for Human Rights</p>	<p>Cybersecurity</p> <p>▶ P.077 Cybersecurity</p>
<p>Compliance</p> <p>▶ P.062 Compliance</p>	<p>Anti-corruption</p> <p>▶ P.068 Anti-corruption</p>

*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. We will regularly confirm these issues going forward and revise them as necessary.

■ Process for Identifying and Revising Material Issues

1

An Overall Evaluation of the Group's Contribution to Sustainability

Discussed in
the Sustainability
Promotion
Committee

① Begin by analyzing the issue along two axes, importance to business and importance to society

- Identify material issues for continually creating both economic value and social value
- Consider perspectives on utilizing resources, including technology, digital technology, and personnel
- Clarify relationships between various initiatives, including occupational safety and health and compliance

② Grasp stakeholder requirements

- Take into consideration trends in international society and outside evaluations obtained through participation in initiatives

③ Dialogues with experts

- Receive opinions and proposals from experts on material issues to be addressed as management priorities

Major international guidelines and initiatives we referred to

- Initiatives by WBCSD and other relevant bodies
- ISO 26000
- SDGs
- The 10 Principles of the United Nations Global Compact
- GRI Standards
- Third-party assessments (including FTSE and EcoVadis)

2

Clarifying Material Issues

Discussed in
the Sustainability
Promotion
Committee

- Identified candidates for the Group's material issues to be addressed as management priorities, with a view to creating both economic value and social value sustainably
- Identified the selected Material Issues as "Material Issues for Social Value Creation," for those issues connected to creating business opportunities, and "Material Issues for Future Value Creation," for those resources that can become drivers in the creation of business opportunities
- Identified the items serving as the essential foundation for business continuation, including occupational safety and health and compliance

3

Deliberation and Approval by Management

Approved by the Board of Directors after deliberation in several management meetings

Applied to the Corporate Business Plan



Key Performance Indicators (KPIs) 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	Boundary*1	Results			Goals
			FY2021	FY2022	FY2023	
Contribute to the environment	Amount of Group's GHG emissions (Scope 1+2)	(1)	7.65 million tons	6.58 million tons	5.03 million tons	Reduce by 50% by 2030 (vs. FY2013) (4.77 million tons)
	Contribution to reducing GHG emissions throughout the product life cycle (Battery-related materials)	(1)	18.61 million tons-CO ₂	17.66 million tons-CO ₂	16.43 million tons-CO ₂	Contribution to reducing GHG emissions throughout the product life cycle by developing and supplying products
	Sales revenue of Sumika Sustainable Solutions*2 designated products	(1)	621.2 billion yen	682.8 billion yen	588.7 billion yen	Sales revenue of 1,200 billion yen by FY2030
	Unit energy consumption	(1)	100 ('21=100)	86	87	Will achieve improvement of 3% or more per each Corporate Business Plan period as a group (FY2021 level as baseline)
	Number of petrochemical technology licenses	(2)	14	13	13	Helping to reduce environmental impact through technology licensing
	The amount of recycled plastics used in manufacturing processes	(1)	Approximately 2,400 tons	Approximately 5,900 tons	Approximately 7,300 tons	200k tons/year by 2030
Contribute to the food supply	Effect of increasing production of animal protein including poultry	—	Approximately 4.6 million tons	Approximately 4.3 million tons	Approximately 4.2 million tons	Continuously improving the production of animal protein, including poultry, by developing and providing feed additives
	Agricultural land area where agrosolution products are used	—	Approximately 90 million hectares	Approximately 110 million hectares	Approximately 104 million hectares	Ensuring the stable supply of food by developing and providing agrosolution products
Contribute to healthcare	Number of people protected by vector control products	—	Approximately 440 million persons	Approximately 440 million persons	Approximately 470 million persons	Protection from vector-borne diseases through the development and dissemination of vector control products such as Olyset™net
	Sustainable creation of innovative pharmaceuticals and medical solutions to meet diverse medical needs	—	New Drugs Approved		Table of Material Issues and KPIs	
Contribute to ICT	Number of mobile devices using polarizing films	—	3.6 billion (cumulative total)	4.1 billion (cumulative total)	4.5 billion (cumulative total)	Advancing technological innovation for diversified workstyles and improved productivity through the provision of materials for mobile devices

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

*2 Our Group's products and technologies that help to climate change mitigation and adaptation, contribute to recycling resources and sustainable use of natural capital.



Management System

The Material Issues to Be Addressed as Management Priorities

[Key Performance Indicators \(KPIs\) for Material Issues](#)

Promoting Sustainability

Participation in Initiatives

Communication with Stakeholders

The Sumitomo Chemical Group's Contribution to the SDGs

Advance Innovation

Material issues for future value creation

Material Issues	KPI	Boundary*1	Results			Goals	
			FY2021	FY2022	FY2023		
Advance innovation (Results based on the Patent Asset Index™)	Patent asset size*2	(1)	16,069 (pt)	15,725 (pt)	15,307 (pt)	Maintain a high level of patent assets	
Bolster competitiveness leveraging DX	Digital maturity level	(1)	3.3	3.5	3.7	Sustained levelling up of digital maturity	
Human resources: DE&I*3, development & growth, health	Each Group company sets its own KPI in light of the environment facing each	Percentage of employees promoted to managerial positions (equivalent to section manager) filled by female employees	(2)	—	—	29.0%	Over 15% on average over the 5 years between FY2023 and FY2027
		Percentage of male employees who have taken childcare leave or other childcare-related leave due to birth of a child during the current fiscal year	(2)	—	—	97.3%	At least 90% of male employees taking paid leave during the fiscal year
		Percentage of employees who have taken self-selected training programs, etc.	(2)	—	24.6%	39.4%	50% or more of all employees by FY2024
		Maintain certification as a Health & Productivity Management Outstanding Organization (White 500)*4	(2)	Certification	Certification	Certification	Maintain certification

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

*2 The figures are aggregated for the calendar year.

*3 Diversity, Equity & Inclusion

*4 The program was created in 2016 by the Ministry of Economy, Trade and Industry. The award system is certified by the Japan Health Council and aims to establish environments that can process social evaluations from employees, job seekers, affiliates, financial institutions, and other organizations by creating visualizations that model corporations practicing especially excellent health management.



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, we revised our targets upward, with 2020 as the base year, and applied for a new SBT certification.

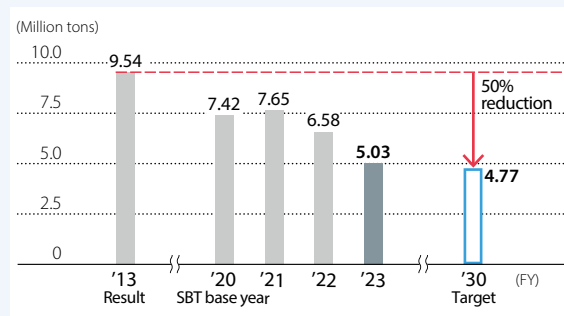
◆ Toward the achievement of SDG 13.3

At plants in Japan, we are introducing highly efficient gas turbine generators and decommissioning a number of existing boilers.

Aiming to reduce carbon emissions, we are switching from using conventional high CO₂-emission fuels like coal, petroleum coke, and heavy oil to using low CO₂ emission intensity fuels like liquefied natural gas (LNG).

Targets (vs. FY2013)
Reduce by 50% by 2030

■ GHG Emissions and Reduction Targets



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.

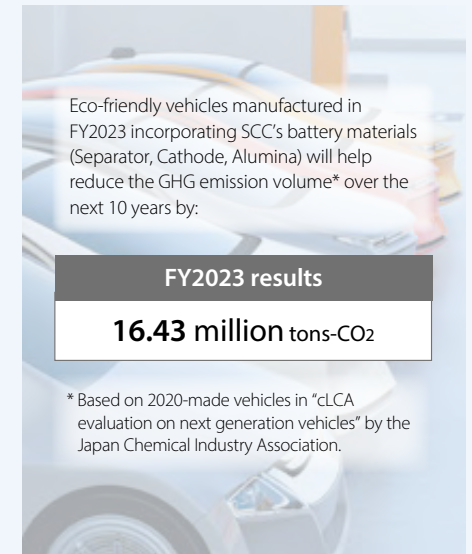
* EVs, HEVs, PHEVs, Fuel cell cars

◆ 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 the previous fiscal year, the development of recycling processes for low environmental impact lithium-ion batteries was selected by the New Energy and Industrial Technology Development Organization (NEDO) for the Green Innovation (GI) Fund Project, and we promoted initiatives aimed at achieving a pilot study for such technologies. With an eye on the KPIs we set, we have made steady progress on developing elemental technologies and began holding discussions with auto and battery manufacturers on such topics as the quality needed to put the technologies into practical use.



Eco-friendly vehicles manufactured in FY2023 incorporating SCC's battery materials (Separator, Cathode, Alumina) will help reduce the GHG emission volume* over the next 10 years by:

FY2023 results
16.43 million tons-CO₂

* Based on 2020-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.

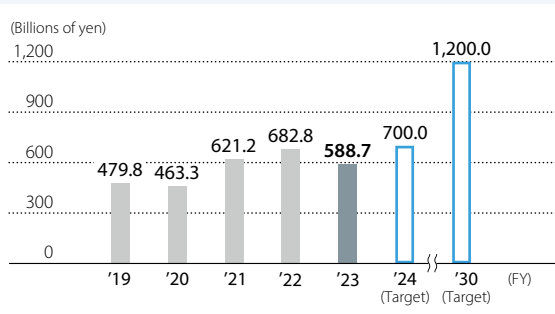
◆ Highlights of sustainability efforts

- Designated 81 products and technologies as of August 2024
- Participation by all SCC Group companies

Targets

Sales revenue of
1,200 billion yen by FY2030

■ Sales Revenue of SSS-designated Products



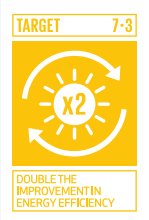
* Our Group's products and technologies that help to climate change mitigation and adaptation, contribute to recycling resources and sustainable use of natural capita.

Material Issue **Contribute to the environment**

KPI

Unit energy consumption

Continuous improvement of unit energy consumption through the introduction of renewable energy and rationalization



◆ Toward the achievement of SDG 7.3

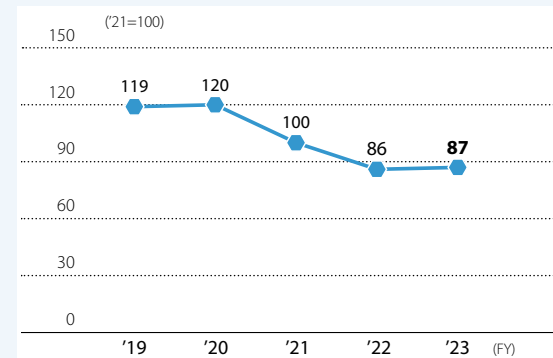
We are installing the latest highly efficient equipment, introducing rationalization and energy-saving measures in production processes, installing LED lighting, and soliciting employee suggestions on how to further improve our energy-saving efforts.

Furthermore, regarding cleanrooms and other facilities that are highly specialized and difficult to manage, we have launched initiatives in cooperation with experts.

Targets (FY2021 level as baseline)

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

■ SCC Group Unit Energy Consumption Index (GHG Protocol Standards)



Material Issue **Contribute to the environment**

KPI

Number of petrochemical technology licenses

Helping to reduce environmental impact through technology licensing



◆ **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 high-performance catalysts that contribute to the effective use of energy resources, GHG removal and decomposition processes, CCU technologies, clean hydrogen production technology, and recycling technology for waste plastic and other carbon resources, in order to reduce society's total environment impact through licenses.

◆ **Highlights of sustainability efforts**

• **Innovative and highly efficient technology for producing methanol from CO₂**

At Ehime Works, we have completed the construction of a pilot facility to establish a highly efficient process for producing methanol from CO₂ and have commenced operations at the facility. We aim to complete the demonstration of this technology at this facility, which was built with the support of NEDO's Green Innovation (GI) Fund, by 2028, following this, we will start commercial production using the new process and providing licenses for the technology in the 2030s. We will also leverage internal condensation reactor (ICR) to improve yields, downsize equipment, and achieve higher energy efficiency compared to conventional processes.

Total number of plants under license as of the end of FY2023

13

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

• **New environmentally-friendly processes for producing propylene directly from ethanol**

We began to build a pilot facility to establish a process for producing propylene directly from ethanol. With support by NEDO's Green Innovation (GI) Fund, we plan to complete construction of the pilot facility at Chiba Works in early 2025. This new process is compact, low-cost, and will be able to simultaneously produce propylene and hydrogen. We aim to achieve commercialization and provide licenses in the early 2030s and will work to contribute to carbon neutrality and a resource-recycling society.

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



◆ **Toward the achievement of SDG 12.5**

- **Initiatives related to mechanical 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 CO₂, etc.

◆ **Highlights of sustainability efforts**

- We have completed construction of the pilot facility aimed at the commercialization of mechanical recycling, specifically recycling waste plastic from end-of-life vehicles (ELVs). In fiscal 2024, we will launch a pilot study and provide samples, based on which we aim to begin supplying products in fiscal 2025.
- We collaborated with Niihama City to launch the MICAN Project with the aim of recycling acrylic plastic partition panels. In response to the new issue of disposing of partition panels that were widely used to prevent the spread of COVID-19, we aim to contribute to a recycling society by promoting the local recycling of this material.

Targets

200k tons/year by 2030

Note: 13% of our plastic production capacity

FY2023 result

Approximately **7,300 tons**



Recycled brand Meguri®



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



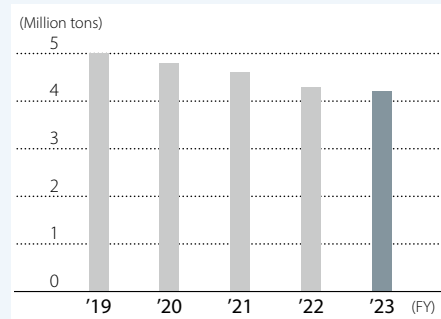
◆ **Toward the achievement of SDG 2.1**

In the animal nutrition business, we help increase the production of animal protein, especially poultry, by providing feed additives.

◆ **Highlights of sustainability efforts**

- We help chickens grow and enhance the production of chicken meat and eggs by improving the balance of amino acids included in poultry feed.
- Adding methionine reduces nitrogen in poultry excrement, which has the effect of reducing emissions of nitrogen dioxide (N₂O), a greenhouse gas (GHG).

■ **Increased Production of Animal Protein**



Note: Calculation method undisclosed (proprietary)

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



◆ **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.

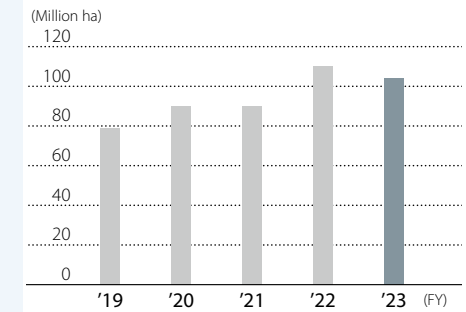
◆ **Toward the achievement of SDG 2.4**

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**

We aim to further expand the biorational business by adding FBSciences Holdings, Inc. as a Group company. FBSciences is based in the United States and is engaged in the business of biostimulants, which are a group of naturally-derived agricultural materials and a class of biorationals.

■ **Farmland Utilizing SCC Agrosolution Products**



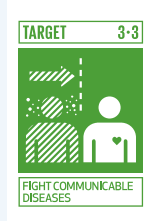
Note: Calculation method undisclosed (proprietary)

Material Issue **Contribute to healthcare**

KPI

Number of people protected by vector control products

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



◆ **Vector control products**

Products that are used to control mosquitoes and thus prevent the transmission of malaria, dengue fever, and other vector-borne diseases. These include long lasting insecticidal nets such as Olyset™ Net, indoor residual sprays, and larvicides.

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

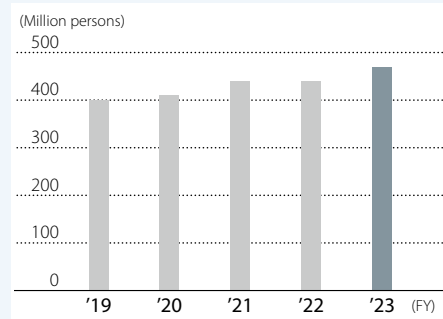
◆ **Toward the achievement of SDG 3.3**

We aim to provide and promote integrated vector management programs by inventing and developing new active ingredients and products that capitalize on our wide range of technological platforms (including chemicals, biorationals, and botanicals) based on long-term global development activities.

◆ **Highlights of sustainability efforts**

In the area of vector-borne disease control solutions, we are promoting the widespread adoption of long-lasting insecticidal bed nets Olyset™ Plus, which show a significant effect against insecticide-resistant mosquitoes, indoor residual spray SumiShield™ 50WG, and larvicides.

■ **Number of People Protected by Our Vector Control Products***



Note: Calculation method undisclosed (proprietary)

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

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 next-generation materials that create new value in the fields of semiconductors, displays, high-speed telecommunications, and sensors to promote the realization of Society 5.0.

◆ **Highlights of sustainability efforts**

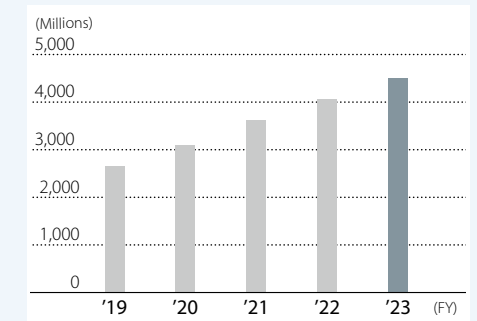
We are working to develop and improve the quality of the following products to support increasingly diverse workstyles and help revolutionize productivity and lifestyles using AI and IoT:

- (1) High performance polarizing films for diversifying displays
- (2) Next-generation photo resists that contribute to increasingly miniaturized advanced semiconductor processes
- (3) Color resists that contribute to highly sensitive and high-resolution image sensors
- (4) Gallium nitride substrates, which enable the realization of lighter weight and more energy efficient power devices

Mobile devices that use our polarizing films

Cumulative total for the period from FY2007 to date (as of the end of FY2023)
4.5 billion

■ **Transition of Cumulative Total for the Period from FY2007**



Note: Calculation method undisclosed (proprietary)



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™)

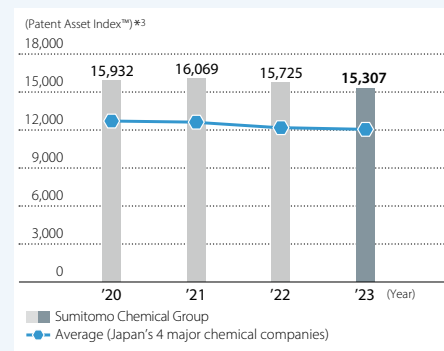
An objective quantification of the overall value of the patents held by Sumitomo Chemical Group based on the technological attractiveness and market exclusivity of each patent. Maintaining attractiveness requires continued R&D that addresses new requests from society.

◆ Highlights of sustainability efforts

- 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.
- 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).

**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 (a 4-point-rating scale)		
Digital maturity level		
FY2021	FY2022	FY2023
3.3 points	3.5 points	3.7 points

We have put in place the Digital Maturity Level in which we rate 12 items for promoting digital transformation (DX), in terms of ideal approaches to business management and systems and the establishment of IT systems. Self-assessment of our level of achievement and challenges for each item can lead us to take actions to attain higher levels, and help us sustainably improve in a continuous evaluation cycle.

Digital Maturity Level

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

12 Evaluation Items

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

* DX stands for Digital Transformation

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

FY2023 main initiatives and policies moving forward

• We established "improve productivity and strengthen businesses through digital innovation" as a basic policy in the Corporate Business Plan to realize sustainable growth. In fiscal 2023, we continued to strengthen digital personnel and accumulate DX cases while focusing on utilizing generative AI and databases, and the KPIs of all relevant evaluation items increased.

DX Strategy 1.0, 2.0 Fully strengthen existing businesses and enhance productivity using DX thanks to a core of trained DX personnel

DX Strategy 3.0 Fully launch a strategy aimed at creating new businesses through the utilization of data (release Biondo® in July 2024)

• In fiscal 2024, we are still undertaking the following initiatives under the Corporate Business Plan.

DX Strategy 1.0, 2.0 Expand the scope of data utilization and unify generative AI and internal data

DX Strategy 3.0 Begin creating the next DX3.0 businesses using our experience in creating new business cultivated with Biondo®

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 Economy, Trade and Industry. (Date of first certification: July 1, 2021; Date of renewed certification: July 1, 2023)

• In 2022, we developed CFP-TOMO®, a carbon footprint calculation system, and rolled it out for chemical industry use (adopted by 107 companies as of April 1, 2024). In recognition of our efforts supporting the realization of carbon neutrality, we received the 17th Responsible Care Award from the Japan Chemical Industry Association (JCIA) and the 20th Director-General's Prize from the Industrial Science and Technology Policy and Environment Bureau of the Ministry of the Environment (the top prize) from the Life Cycle Assessment Society of Japan jointly with the JCIA.

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

DX Strategy 1.0 (Enhancing productivity)	Common	<ul style="list-style-type: none"> Share many specific cases and advanced cases of overseas Group companies at DX Repositories (an annual event to share DX activities) with the aim of raising each person's transformation mindset, stimulating DX, and creating innovation
	Plant	<ul style="list-style-type: none"> Enhance the efficiency and sophistication of equipment maintenance operations through the Company-wide integration of equipment maintenance systems of eight domestic bases Improve operational efficiency and visualization by building a platform for Company-wide project information and design approval processes Strengthen the traceability of quality control through a data utilization platform
DX Strategy 2.0 (Strengthening competitive advantages of existing businesses)	R&D	<ul style="list-style-type: none"> Begin operating a technological data sharing system across research laboratories Expand the use of co-creation spaces (SYNERGYCA) and internally share the non-confidential content of discussions with customers Use the latest AI simulations and MI to accelerate the research and development of advanced materials
	SCM	<ul style="list-style-type: none"> Visualize logical inventory value and inventory status with the aim of reducing inventory Enhance operational efficiency and prevent inaccurate deliveries by introducing a bill delivery service For new technologies and developed products expected to come on the market, establish a new technological data website that is searchable from the perspective of customer issues (https://www.sumitomo-chem.co.jp/rd/technical_information/) Expand product websites and collaborate with AI chatbots (to respond to inquiries)
DX Strategy 3.0 (Creating new business models)	Office	<ul style="list-style-type: none"> Introduce ChatSCC (the Company's version of ChatGPT) to realize a dramatic improvement in productivity. Support and accelerate specialized operations by utilizing in-house massive data and knowledge and integrate them with generative AI Enhance the efficiency of accounting processes using digital technology Proactively utilize office-related digital tools (including RPA, Teams, electronic requests) for the individual tasks of each sector
	Personnel training	<ul style="list-style-type: none"> Launch the DX 3.0 promotion team and begin full-scale efforts to quickly realize new business models that utilize data As the first step of the project, we will build a resource utilization platform (Biondo®) connecting natural materials and people through data. We aim to contribute to resource recycling by encouraging the effective use of natural materials, including food waste. Based on the training program customized for Sumitomo Chemical, train digital personnel (business- and technology-related). Make steady progress toward medium-term targets (until the end of fiscal 2024). Set targets for training and number of personnel promoting DX and target the placement of DX personnel in all sectors. To this end, we are working hard to train business-related DX personnel in addition to R&D- and production-related DX personnel. Number of personnel as of March 31, 2023. Numbers inside parentheses are medium-term targets. Business-related: Business translators: 152 (150), Business data analysts: 73 (100) Technology-related: Data scientists: 25 (30), Data engineers: 249 (300) Accumulate and share knowledge through a DX repository and DX liaison meetings Conduct education (e-learning) to enhance DX literacy for all sectors and grades to lift up the overall level

**Material Issue** Human resources: DE&I, development & growth, 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)

Based on our policy of emphasizing training and growth from a medium- to long-term perspective, which is a basic human resource policy of Sumitomo Chemical, we set KPIs that focus on the rate of employee promotion to managerial posts to determine the progress of our suite of female advancement measures, including those related to recruitment, training, promotion, and environmental adjustment. We will continue working to further promote the advancement of women through initiatives aimed at these targets.

1. Percentage of employees promoted to managerial positions (equivalent to section manager) filled by female employees

Target: Over 15% of average over the 5 years between FY2023 and FY2027

2. Percentage of male employees who have taken childcare leave or other childcare-related leave due to birth of a child during the current fiscal year.

Target: Over 90%

**◆ 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.

Percentage of employees promoted to managerial positions (equivalent to section manager) filled by female employees.

FY2023

29.0%

Percentage of male employees who have taken childcare leave or other childcare-related leave due to birth of a child during the current fiscal year.

FY2023

97.3%

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

Development & Growth

To encourage people to learn and grow on their own, in line with the concept of “when-ever, 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 93 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 3,300 courses and 15,000 videos)

Results

FY2022	FY2023
24.6%	39.4%

Health**KPI**

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

**Results (June 2024)**

Maintained certification over the past 7 years since fiscal 2017

* The program was created in 2016 by the Ministry of Economy, Trade and Industry. The award system is certified by the Japan Health Council and aims to establish environments that can process social evaluations from employees, job seekers, affiliates, financial institutions, and other organizations by creating visualizations that model corporations practicing especially excellent health management.



Promoting Sustainability

Contributing through Business —Sumika Sustainable Solutions (SSS)

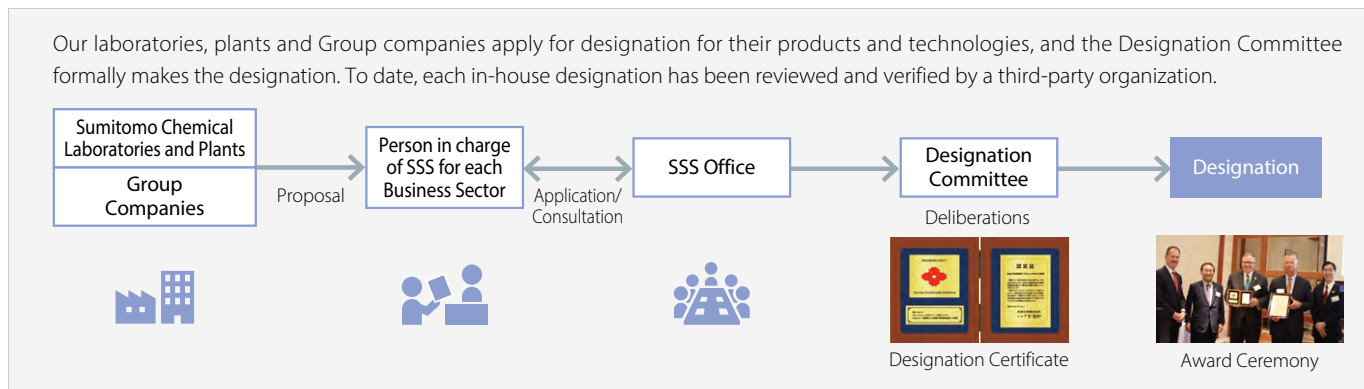
Sumitomo Chemical recognizes that environmental and climate change problems present the Group with business opportunities, such as an increase in demand for products and technologies that help solve issues related to the environment and climate change by, for example, reducing GHG emissions. To seize these kinds of opportunities, the Environmentally Friendly Product Designation Committee (Sumika Sustainable Solutions Designation Committee) designates the Group's products and technologies that contribute to such issues as climate change mitigation and adaptation, contribute to recycling resources, and sustainable use of natural capital, 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 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.

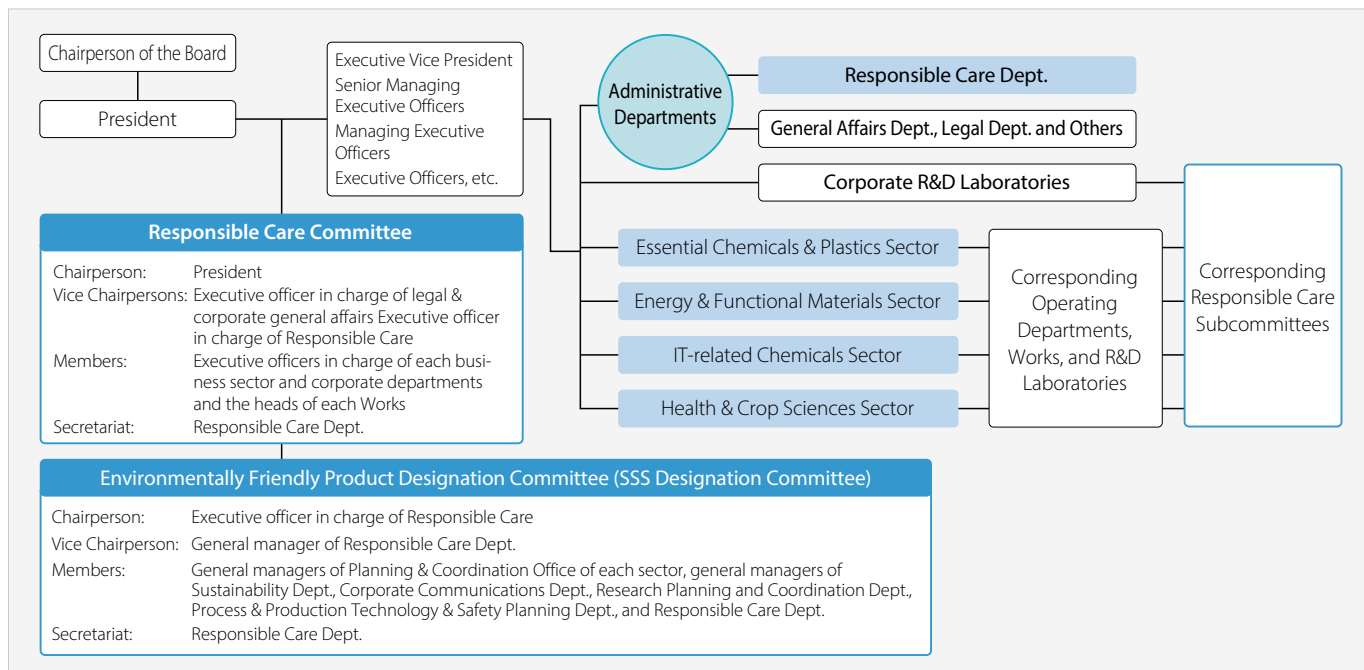
Going forward, the Group will continue solving issues in order to build a sustainable society by devoting its attention to promoting the development and widespread use of SSS-designated products and technologies.

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

The Process of SSS Designation



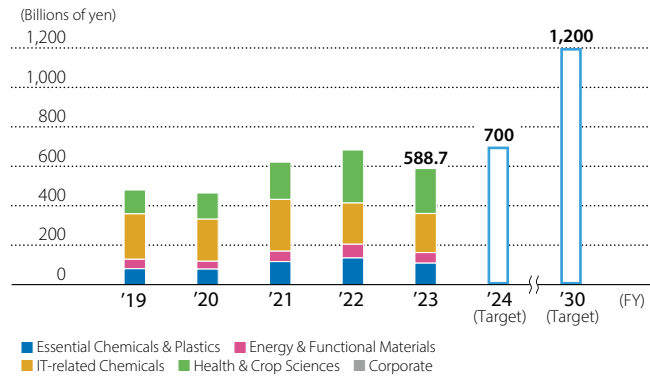
Environmentally Friendly Product Designation Committee





In fiscal 2023, the ninth year of this initiative, the number of SSS-designated products and technologies totaled 81, amounting to approximately 588.7 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 follows: Cosmoplene Circular PP, a polypropylene (PP) resin that is chemically recycled from plastic waste; AES-11 and AES-12 alumina for use in lithium-ion secondary battery separators; adhesive lamination technology for manufacturing the polarizing films used in high-end small- and medium-sized OLED display devices; Guntoner Natural Pyrethrin MC, a termite insecticide with naturally-derived active ingredients; and Guntoner Natural Pyrethrin MC for wood treatment. 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



	FY2023
Sales revenue of the Sumitomo Chemical Group	2,446.9
Sales revenue of SSS-designated products	588.7

Sumika Sustainable Solutions

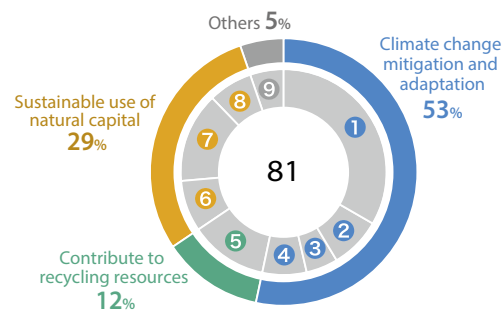
<https://www.sumitomo-chem.co.jp/english/sustainability/management/promotion/sss/>

■ Designation Requirements by Category

Category	Designation Requirements	Responses to the SDGs
Climate change mitigation and adaptation	① Contribution to reducing greenhouse gas emissions	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
	② Products, parts, or materials related to renewable energy (including energy storage)	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
	③ Using biomass-derived materials and effective in reducing environmental impact	12 RESPONSIBLY CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	④ Contribution to adapting to climate change impacts	13 CLIMATE ACTION
Contribute to recycling resources	⑤ Contribution to resource recycling (waste reduction, recycling, resource conservation, etc.)	12 RESPONSIBLY CONSUMPTION AND PRODUCTION
Sustainable use of natural capital	⑥ Contribution to reducing environmental impact, such as reduction of hazardous substances	2 ZERO WASTE, 12 RESPONSIBLY CONSUMPTION AND PRODUCTION
	⑦ Contribution to reducing environmental burden in food production	12 RESPONSIBLY CONSUMPTION AND PRODUCTION
	⑧ Contribution to efficient use of water resources	6 CLEAN WATER AND SANITATION
Others	⑨ Other contributions to building a sustainable society beyond the above	(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.

■ Percentage of Products and Technologies in Each Certification Field (FY2023)











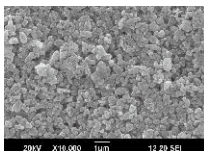



Note: Number of SSS certified products and technologies (total): 81

“Sumika Sustainable Solutions” Main Products and Technologies

Addressing Climate Change












Solutions	◆ Features / ● Contributions	Contributions to SDGs
SUMIKAEXCEL™, polyethersulfone 	<ul style="list-style-type: none"> ◆ An additive for carbon-fiber reinforced plastics used in aircraft ● Making aircraft lighter and hence fuel-efficient 	
PERVIO™, lithium-ion secondary battery separator 	<ul style="list-style-type: none"> ◆ A material capable of providing high-capacity lithium-ion secondary batteries ● Expanding use of next-generation vehicles, such as electric vehicles 	
SUMIMET™, feed additive methionine 	<ul style="list-style-type: none"> ◆ Adding methionine to poultry feed improves the balance of amino acids in feed ● Reduced nitrogen in poultry excrement, a cause for greenhouse gas emissions 	
Carbon dioxide separation and recovery technology (Sumitomo Joint Electric Power Co., Ltd.) 	<ul style="list-style-type: none"> ◆ Separates and recovers CO₂ from gases exhausted from a thermal power station, which is then used as an auxiliary material for chemicals production at another manufacturing plant of Sumitomo Chemical's Ehime Works.* * Technology for CO₂ separation and recovery is a proprietary technology of Nippon Steel Engineering Co., Ltd ● Contributes to reducing CO₂ emissions. 	
HEATORAGE™, COMFORMER™, heat storage plastic material 	<ul style="list-style-type: none"> ◆ These heat storage plastic materials are designed to absorb and release heat in the 20°C to 50°C temperature range. ● Using this between insulation layers in the roofs of residences reduces the cooling burden in summer. 	
Cathode materials and their precursors for lithium-ion secondary batteries (Battery Materials Division / Tanaka Chemical Corporation) 	<ul style="list-style-type: none"> ◆ These cathode materials and precursors significantly improve the performance of lithium-ion secondary batteries. ● Switching from gasoline cars to hybrid cars will enhance fuel efficiency. 	

Solutions	◆ Features / ● Contributions	Contributions to SDGs
Thermofil™ HP, glass fiber-reinforced polypropylene (Sumika Polymer Compounds Europe Ltd.) 	<ul style="list-style-type: none"> ◆ Glass fiber-reinforced polypropylene that can be used to replace aluminum and glass fiber-reinforced polyamide parts ● Emits less GHG during production 	
Simple sampling technology for hydrogen quality evaluation for fuel-cell vehicles (FCVs) (Sumika Chemical Analysis Service, Ltd.) 	<ul style="list-style-type: none"> ◆ A better analysis method for evaluating the quality of hydrogen gas ● Enables the extraction of gas samples at low pressure, thereby improving safety during shipping and reducing GHG emissions 	
Phosphoric acid-free silver etchant (DONGWOO FINE-CHEM Co., Ltd.) 	<ul style="list-style-type: none"> ◆ Developed phosphoric acid-free etchant is produced using biomass-derived raw material. ● Uses biomass-derived citric acid as a raw material, ensuring resilience to phosphorous supply shortages 	
Lightweight packaging containers for crop protection chemicals (Sumitomo Chemical Latin America*) 	<ul style="list-style-type: none"> ◆ Reduce the weight of HDPE containers used to ship crop protection chemicals ● Reduces the amount of HDPE materials used in manufacturing and thus GHG emissions while resulting in lighter containers 	
Gallium nitride (GaN) epitaxial wafers for radio frequency wireless communication applications 	<ul style="list-style-type: none"> ◆ Developed GaN epitaxial wafers that have higher saturation velocity and higher critical electric field than Si/GaAs wafers ● These wafers are used in transistors for high-frequency power amps in 5G base stations, which helps reduce the power consumption of wireless infrastructure that utilizes radio frequency signals. 	
Alumina AES-11 and AES-12 for use in lithium-ion secondary battery material 	<ul style="list-style-type: none"> ◆ Alumina used for coating of the separator of lithium-ion secondary batteries ● Expand the use potential of electric vehicles equipped with lithium-ion secondary batteries 	

* A Group company for the South American region, including Sumitomo Chemical Brazil and Sumitomo Chemical Chile.










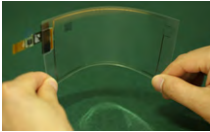














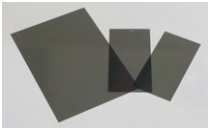

Management System The Material Issues to Be Addressed as Management Priorities Key Performance Indicators (KPIs) for Material Issues **Promoting Sustainability** Participation in Initiatives
Communication with Stakeholders The Sumitomo Chemical Group's Contribution to the SDGs Advance Innovation

Solutions	◆ Features / ● Contributions	Contributions to SDGs
SUMI-EPOXY™ ELM-434 series 	<ul style="list-style-type: none"> ◆ Epoxy resin used in combination with polyethersulfone in carbon fiber reinforced plastics for aircraft ● Enhance fuel efficiency by making aircraft bodies more lightweight 	
SUMIKASUPER™ LCP for use in oil circulation pipes 	<ul style="list-style-type: none"> ◆ Thermoplastic engineering plastic used in oil circulation pipes of HEV transaxles ● Improves fuel efficiency of HEVs by reducing vehicle weight and resource use efficiency by reducing oil consumption 	 
AdGreen® renewable adjuvant for agrochemicals (Sumitomo Chemical Latin America) 	<ul style="list-style-type: none"> ◆ Plant oil-based spreader added to agricultural fungicides ● Uses biomass-derived raw materials to reduce fossil resource consumption 	 
Guntoner Natural Pyrethrin MC and Guntoner Natural Pyrethrin MC for wood treatment (SC Environmental Science Co., Ltd.) 	<ul style="list-style-type: none"> ◆ Termite control agent with natural pyrethrin extracted from chrysanthemum plants as the active ingredient ● Uses biomass-derived raw materials to reduce fossil resource consumption 	 

“Sumika Sustainable Solutions” Main Products and Technologies









Reducing Environmental Impact

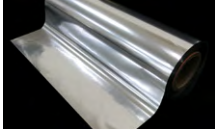

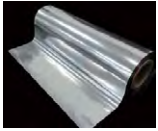





Solutions	◆ Features / ● Contributions	Contributions to SDGs
SUMIKATHENE™EP, EXCELLEN™GMH, polyethylene used for refill pouches 	<ul style="list-style-type: none"> ◆ For detergent packaging, pouch bags made of this polyethylene material have easy tear-open spouts for easy refilling of dispensers ● Producing less plastic waste than rigid bottles 	 
Multi-purpose polypropylene sheet (Sumika Plastech Co., Ltd.) 	<ul style="list-style-type: none"> ◆ Being free from paper dust concern and desirable from a viewpoint of re-use, it is used for food containers and delivery materials for electronic parts. ● Contributing to reducing greenhouse gas emissions. 	 
Cobalt-coated nickel Hydroxide positive Electrode material (Tanaka Chemical Corporation) 	<ul style="list-style-type: none"> ◆ Making the designing of high-output nickel hydride batteries possible ● It contributes to widespread use of environmentally friendly vehicles. Cobalt usage can also be reduced. 	 
Transfer technology used in the manufacture of flexible touch sensors (DONGWOO FINE-CHEM Co., Ltd.) 	<ul style="list-style-type: none"> ◆ Transfer technology used in manufacturing touch sensors for use in foldable smartphones without the use of adhesive film ● Resource savings and reductions in power consumption have been achieved 	 
Ecologically friendly pouch containers for liquid shower herbicides (Rainbow Chemical Co., Ltd.) 	<ul style="list-style-type: none"> ◆ Replaced plastic bottles with standing pouch containers for liquid shower herbicides ● It reduces the volume and weight of plastic waste. 	 
EMOPLEN™ A 1815 R BLACK (Sumika Polymer Compounds Turkey) 	<ul style="list-style-type: none"> ◆ Polypropylene material manufactured by recycling waste plastics ● Reduces plastic waste 	 

Solutions	◆ Features / ● Contributions	Contributions to SDGs
Recycled PMMA sheet SUMIKA ACRYL SHEET™ Meguri® (Sumika Acrylic Sales Co., Ltd.)  <small>Photograph provided by KOIZUMI LIGHTING TECHNOLOGY CORP.</small>	◆ PMMA sheet material manufactured by recycling waste PMMA ● Reduces PMMA waste	
COSMOPLENE® Circular PP (The Polyolefin Company (Singapore) Pte. Ltd.)  <small>ISCC</small>	◆ Polypropylene manufactured using chemical recycling technology, made from recycled oil obtained by pyrolyzing waste plastics ● Reduces plastic waste	
Adhesive lamination technology in the polarizer manufacturing process 	◆ Technology for bonding raw material films by UV adhesion in the manufacturing process of polarizers for high-end small- and medium-sized OLED displays ● Eliminates peelable PET film waste when adhering layers using conventional methods	

■ “Sumika Sustainable Solutions” Main Products and Technologies

Effective Use of Resources		
Solutions	◆ Features / ● Contributions	Contributions to SDGs
High-purity alumina (for use in automotive O ₂ / NOx sensors) 	◆ This material is used as insulation for the high-performance sensors that are needed to keep automotive emissions of NOx and other gases under mandated levels. ● It helps reduce greenhouse gas emissions.	
Biorationals (Microbial pesticides, plant growth regulators, biorational rhizosphere microbial agricultural materials) 	◆ Use of active ingredients derived from naturally occurring substances ● Contributes to the promotion of sustainable agriculture and the stable supply of safe and secure food	
Effluent treatment technology using a deammoniation tower 	◆ Removes and recovers ammonia from effluent and recycles it for re-use. ● Reduces nitrogen discharge from manufacturing plants	
Prevention of iodine oxidation in manufacturing process for polarizing films 	◆ A technology that prevents the oxidation of iodine through optical control, used in the polarizing film manufacturing process ● Saves resources and reduces environmental impact by reducing the use of chemicals	
TPEs for non-painted airbag covers 	◆ These TPEs are for airbag covers and offer a superb, high-quality appearance even when not painted. ● These TPEs reduce the generation of VOCs during painting, which occurs mainly during the drying process.	
Manufacturing technology for fluorene derivatives (Taoka Chemical Co., Ltd.) 	◆ A better method for manufacturing fluorene derivatives, the raw materials for plastic lenses ● Uses a new manufacturing method to lower GHG emissions, water use, and water emissions	
GaN substrates for laser light source projectors 	◆ Developed GaN substrates, to operate LED laser light used to replace mercury lamps in projectors ● Reduces GHG emissions by allowing replacement of mercury lamps with LED laser light	

Solutions	◆ Features / ● Contributions	Contributions to SDGs
<p>Polymer OLED materials</p> 	<ul style="list-style-type: none"> ◆ A coating method for producing polymer OLED materials, replacing conventional deposition method ● Reduces GHG emissions by increasing usage efficiency of OLED materials during manufacturing 	
<p>BENICA Natural Spray (Sumitomo Chemical Garden Products Inc.)</p> 	<ul style="list-style-type: none"> ◆ A new insecticidal and fungicidal spray using a unique formulation of three naturally derived ingredients that shows outstanding efficacy against lepidopteran pests. ● Expands replacement with sprays using naturally derived ingredients to reduce environmental impact 	
<p>Natural predator insects, organism-based crop protection products (Sumika Technoservice Corporation)</p> 	<ul style="list-style-type: none"> ◆ Organism-based crop protection products created using proprietary free-range technologies to raise and commercialize indigenous species ● Built a sustainable eco-friendly agriculture industry by delaying the onset of chemical resistance and reducing environmental impact arising from agrochemicals 	
<p>PFAS-free KrF Photoresists</p> 	<ul style="list-style-type: none"> ◆ KrF photoresist free of PFAS compounds ● Complies with increasingly strict PFAS regulations 	

Solutions	◆ Features / ● Contributions	Contributions to SDGs
<p>Polypropylene material for biaxially stretched films for capacitors (The Polyolefin Company (Singapore) Pte. Ltd.)</p> 	<ul style="list-style-type: none"> ◆ Polypropylene materials for aluminum metallization film, used for food packaging that can extend shelf life ● Extends the shelf life of food products 	
<p>Polypropylene material for biaxially stretched films for capacitors (The Polyolefin Company (Singapore) Pte. Ltd.)</p> 	<ul style="list-style-type: none"> ◆ Polypropylene material for capacitors that limits metal content (ash) from catalysts residue to ultra-low levels ● Reduces GHG emissions during manufacturing by enabling a switch from conventional PET film to PP film 	
<p>Banana Bag (TotalFlex® 0.4) (Sumitomo Chemical Latin America)</p> 	<ul style="list-style-type: none"> ◆ Developed a protective banana bag ● Eliminates the need to spray leaves with insecticide, reducing chemical exposure of producers to insecticides and improving the working environment. 	
<p>SumiLar® 2MR with WALS® (Sumitomo Chemical Latin America)</p> 	<ul style="list-style-type: none"> ◆ Promotes relatively optimized vector control by combining SumiLar® 2MR and WALS®, which can spray the biorational VectoBac™ effectively through the air. ● Builds a sustainable society through vector control that uses fewer chemicals to prevent outbreaks and the spread of dengue fever and other infectious diseases 	

Sumitomo Chemical Group: JIRI-RITA ACTION

To accelerate the promotion of sustainability, the Sumitomo Chemical Group considers it essential that all management executives and employees share the corporate philosophy, have a deep understanding of sustainability, and work together to carry out initiatives. As an effort to engage all management executives and employees and promote this “participation by all” principle, we have run the Global Project since 2014. Via a dedicated website, we strive to deepen understanding of this initiative’s established themes. The initiative is intended to spur action to promote sustainability and foster greater Group unity by enabling participants to post about their own ideas and actions and to share their views. In 2023, the 10th year since the start of this initiative, we are still promoting relevant activities and changed the name to JIRI-RITA ACTION to better communicate the

idea that each action a Group employee takes should be imbued with the spirit of “*Jiri-Rita Koushi-Ichinyo* (Our businesses must benefit society at large, not just our own interests).”

2023 Initiative

In 2023, based on the theme of carbon neutrality, which is a part of the broadly defined green transformation (GX) outlined in the Corporate Business Plan (FY2022–FY2024), Group managers and employees around the world posted and shared about their efforts to reduce CO2 emissions in their daily lives and work. This initiative helps deepen understanding of the necessity of realizing carbon neutrality by 2050, the Group’s grand design for initiatives to achieve that goal, and examples of initiatives aimed at reducing CO2 emissions in daily life.

Title: JIRI-RITA ACTION 2023
—Shape Our Sustainable Future with *JIRI RITA*

Theme: Creating a Carbon-Neutral Future through Your Action

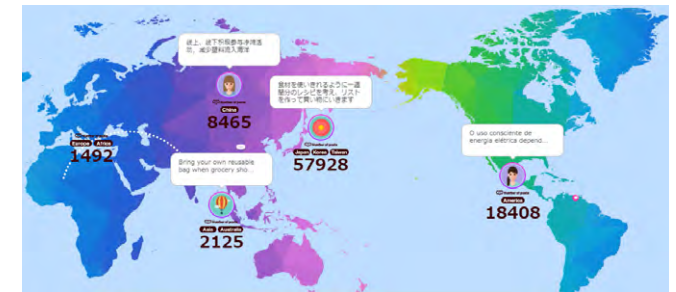
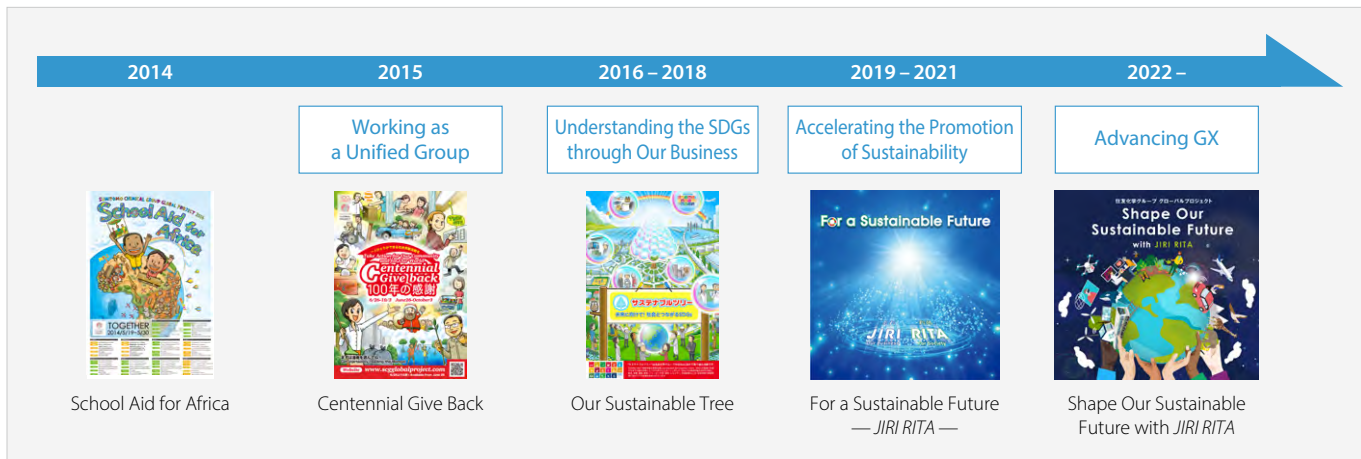
Participation results: Number of participating companies 113
Number of actions taken* 26,364

Benefits gained from these initiatives:

- By disseminating the messages from the Top and examples of initiatives, we fostered greater understanding and motivation to realize carbon neutrality.
- Based on common themes related to sustainability, we facilitated active communication on the site globally and were able to foster a sense of unity across the Group.

* Number of posts and supportive comments made in response

Initiatives to Date



Many posts and supportive comments were received from managers and employees worldwide.

The Sumitomo Chemical Group: JIRI-RITA ACTION (Previously the Sumitomo Chemical Group Global Project) in the past

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

Sumika ★ Stories

For the purpose of raising and enhancing awareness of sustainability among young employees, Sumitomo Chemical 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 2023, we held the event five times. Participants offered such feedback as “The quizzes and other interactive sections were good because they made the explanations easier to understand” and “It was a good opportunity to confirm the improvements and initiatives currently being conducted in the Company. It made me want to put those efforts into practice in my own work, even if just a little.”

After the events concluded, we distributed a video of the events internally so that employees who were unable to attend in real time could also gain the information. Going forward, we plan to regularly hold four to five events every year.

■ FY2023 Event Results

	Theme	Number of participants / video views
Seventh talk	How to take ownership of carbon neutrality	370 people / 306 views
Eighth talk	Sumika advertisement created by new employees	330 people / 610 views
Ninth talk	Let's discuss our dreams for life science in the future*	431 people / 187 views
Tenth talk	What we can do now to realize a circular economy	239 people / 838 views
Eleventh talk	Let's enjoy our work to further create value	450 people / 377 views

Note: video views as of May 2024

* This was the first joint talk with a Group company

Concept

Points:

(1) Stories Unique to Sumitomo Chemical

We use cases related to the Group’s sustainability, such as SSS, 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.

P.021 Promoting Sustainability: SSS



New employees facilitating a talk



Scene from a discussion



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. contributing to establishment of sustainable society through achieving sustainable growth of business.), 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



UN Global Compact (UNGC)

The Sumitomo Chemical Group joined the UN Global Compact (UNGC) in January 2005, as the first Japanese chemical company to do so. We signed on to the ten principles related to protecting human rights, abolishing unfair labor practices, adapting to the environment, and preventing corruption.

At the September 2020 UN General Assembly, we signed on to the UNGC's A Statement from Business Leaders for Renewed Global Cooperation.

We support the UNGC's new initiative "Forward faster," which was announced in March 2024. We commit to achieving Target 2 under Climate Action: "Contribute to a just transition by taking concrete actions that address social impacts of climate change mitigation and adaptation measures in partnership with actors such as workers, unions, communities and suppliers."

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>

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

Don't fall behind the times. Move forward, faster. (from the Official Website of the UN Global Compact)

<https://forwardfaster.unglobalcompact.org>



The World Business Council for Sustainable Development (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 been participating in the formulation of 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.

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 | Chemical Sector SDG Roadmap

<https://www.wbcsd.org/resources/chemical-sector-sdg-roadmap>

WBCSD | Climate-related financial disclosure by chemical sector companies

<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.

G7ANPE

The G7 Alliance on Nature Positive Economies (G7ANPE)

Sumitomo Chemical joined the G7 Alliance on Nature Positive Economies as a founding member. The alliance was established at G7 Sapporo in May 2023 as a forum for sharing knowledge and creating information networks on nature positive economies.

FY2023 Initiative Results

September 2023	At the G7ANPE meeting Senior Managing Executive Officer Nobuaki Mito presented a lecture on "Sumitomo Chemical's Approaches for Regenerative Agriculture."
December 2023	At the COP28 Japan Pavilion in Dubai, we showed a video lecture on "Sumitomo Chemical's Approach to Regenerative Agriculture" presented by Senior Managing Executive Officer Nobuaki Mito.

G7ANPE

<https://g7anpe.com/>

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Task Force on Climate-related Financial Disclosures (TCFD)*2

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 its 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. December 2018: METI issued TCFD guidance
Since December 2018	Joined WBCSD TCFD Preparer Forum July 2019: WBCSD issued TCFD chemical sector guidance
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. October 2019: TCFD consortium announced green investment guidance July 2020: TCFD consortium released TCFD Guidance 2.0 At the TCFD Summit in October 2022, the Executive Officer 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.

Taskforce on Nature-related
Financial Disclosures

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

The Sumitomo Chemical Group 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.

We announced our support for the TNFD's disclosure recommendations and registered as a TNFD Adopter in January 2024.

TNFD

<https://tnfd.global>

* 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.



Alliance to End Plastic Waste (AEPW)

Since the AEPW's launch in January 2019, as a member company, Sumitomo Chemical has been financially supporting its activities and engaging 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, we proactively participate in events 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

<https://endplasticwaste.org/>

Clean Ocean Material Alliance

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.

Sumitomo Chemical participates in studies of specific actions aimed at realizing a circular economy and is considering participation in pilot tests that aim to improve the mechanical recycling rate.

CLOMA

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



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.

J4CE

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

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

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



Circular Partners (CPs)

Circular Partners is a partnership that was established in September 2023 to encourage collaboration across industries, the government, and academia with the aim of realizing a circular economy based on an economic strategy formulated in March 2023. The realization of a circular economy is a difficult undertaking for a company acting alone as it is important for parties across the entire life cycle of its products to work together to expand initiatives.

Sumitomo Chemical proactively participates in networking events to deepen bonds between members and strives to promote initiatives through collaboration.

CPs (Japanese only)

<https://www.cps.go.jp/>



International Council of Chemical Associations (ICCA)*

The Sumitomo Chemical Group participated in the Energy and Climate Change Leadership Group of the ICCA. We promote joint international research related to chemical products and technologies that help reduce GHG emissions and strive to promote the widespread adoption of breakthroughs and achievements in this field. 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.



GX (Green Transformation) League

The Sumitomo Chemical Group has participated in the GX League since signaling its support of the Ministry of Economy, Trade and Industry's GX League Basic Concept. The GX League comprises companies that proactively conduct GX and works with those striving to realize GX in governmental, academic, and financial fields. The league is a unified forum for creating new markets and discussing system-wide transformations of the economy and society. By promoting GX initiatives, the Company aims to enhance corporate value through business.

GX League

<https://gx-league.go.jp/en/>



Women's Empowerment Principles (WEPs)

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.

In 2013, Sumitomo Chemical endorsed the WEPs. In 2016, we helped found the WEPs Subcommittee in the Global Compact Network Japan (GCNJ (UNGC's local network)).

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

Women's Empowerment Principles (WEPs)

<https://www.weps.org/>



Stakeholder Engagement Program Hosted by Caux Round Table Japan

[P.141 Respect for Human Rights: Engaging in Human Rights Initiatives](#)

[P.156 Human Resources Management: Promoting the Active Advancement of Women](#)

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) Disclosure

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) Dialogue

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



Opportunities to Communicate with Stakeholders

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



External Evaluation

ESG Investment Indexes



2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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Evaluations and Certifications from External Institutions Related to ESG



Awards Related to ESG

- 20th Life Cycle Assessment Society of Japan (JLCA) Awards
The Ministry of Economy, Trade and Industry's Industrial Science, Technology and Environment Policy Bureau Chief's Award
- The 23rd Green Sustainable Chemistry Awards hosted by the Japan Association for Chemical Innovation (JACI)
The Minister of Economy, Trade and Industry's Award and the Minister of the Environment's Award

▶ P.094 Climate Change Mitigation and Adaptation: Specific Initiatives for "Contribution"



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.007 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.




















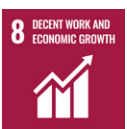




[▶ P.005 What Sumitomo Chemical Group Strives to Be](#)

[▶ P.009 The Material Issues to Be Addressed as Management Priorities](#)

[▶ P.011 Key Performance Indicators \(KPIs\) 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	  
Energy & Functional Materials	   
IT-related Chemicals	    
Health & Crop Sciences	     
Pharmaceuticals	     



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 Policy

Amid increasing uncertainty in the business environment surrounding our company, the role played by the chemical industry in solving societal issues, such as climate change, food security, and infectious diseases is significant, 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

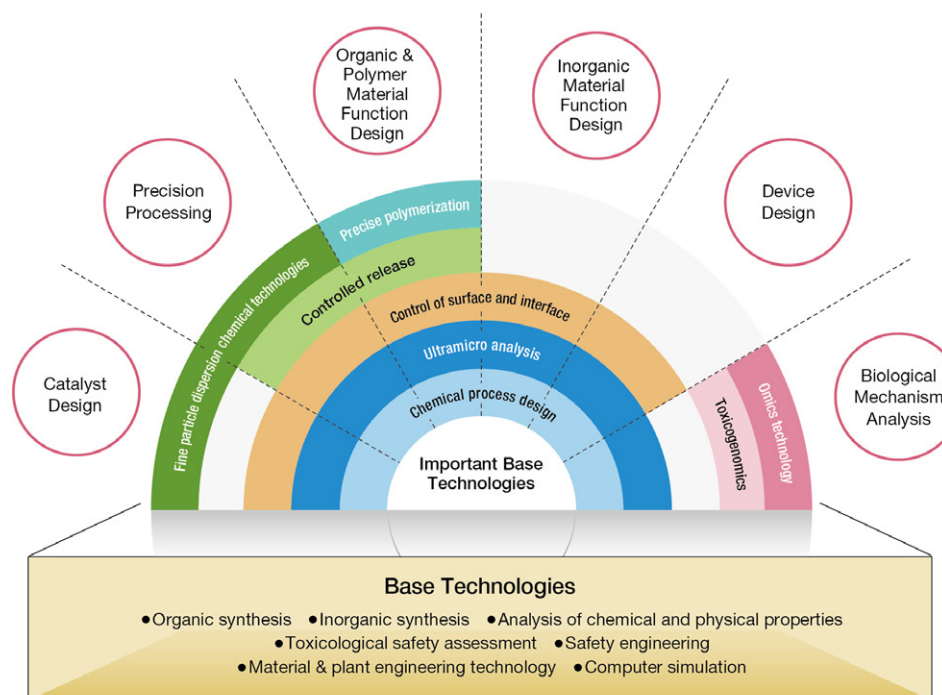
Strengths of Sumitomo Chemical's R&D

Through extensive research activities over the years, Sumitomo Chemical has acquired six core technologies: catalyst design, precision processing, organic and polymer material functional design, inorganic material functional design, device design, and biological mechanism analysis. We have cultivated research and development assets in the three areas of Green, Digital, and Bio. We are engaged in research and development to create new solutions to social issues and trends around the world by fully leveraging these assets. Based on our belief that “creative R&D is what will build a new era,” we will

continue to strengthen our solution development capabilities.

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



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 to the creation of next-generation businesses.

In each of the four priority areas, we have formulated focus areas for our efforts, 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

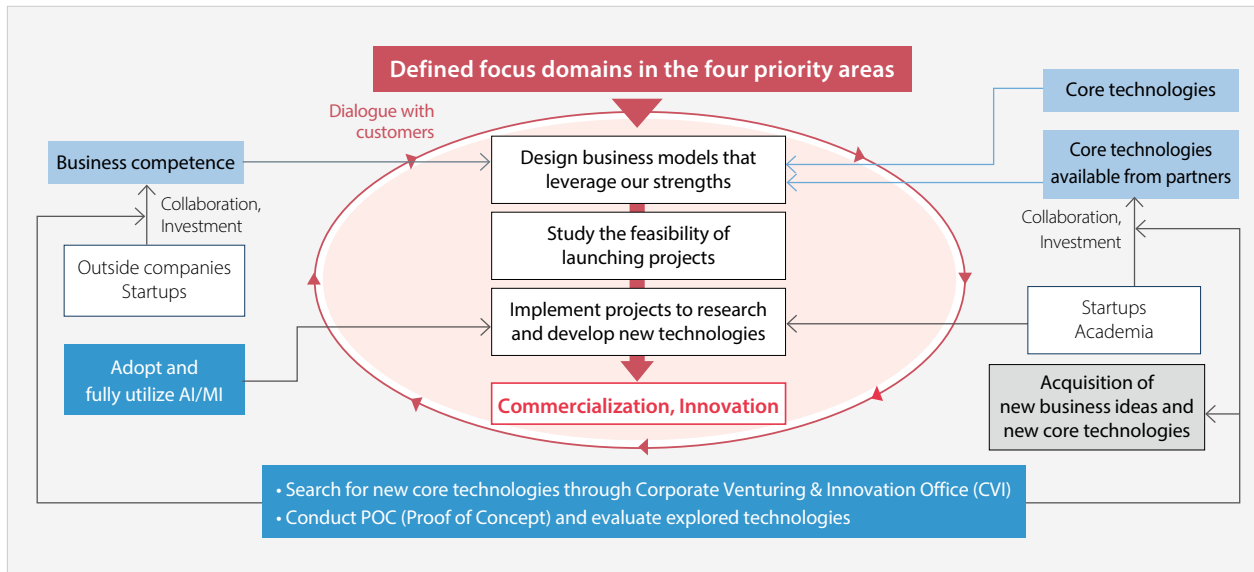
Stage-gate Management System

In considering projectization, the Stage-gate Management System for Corporate Research Projects was introduced in earnest in FY2019, and research projects are managed in four stages, from the idea stage to commercialization. Phases 0 and 1, the initial stages, are combined as the "incubation" stage, and Phases 2 and 3, the more advanced stages of research, are designated as the "development and industrialization" stage. We will proactively incorporate internally proposed projects in the idea stage as Phase 0. On the other hand, we clarify the requirements for passing through the gate in each

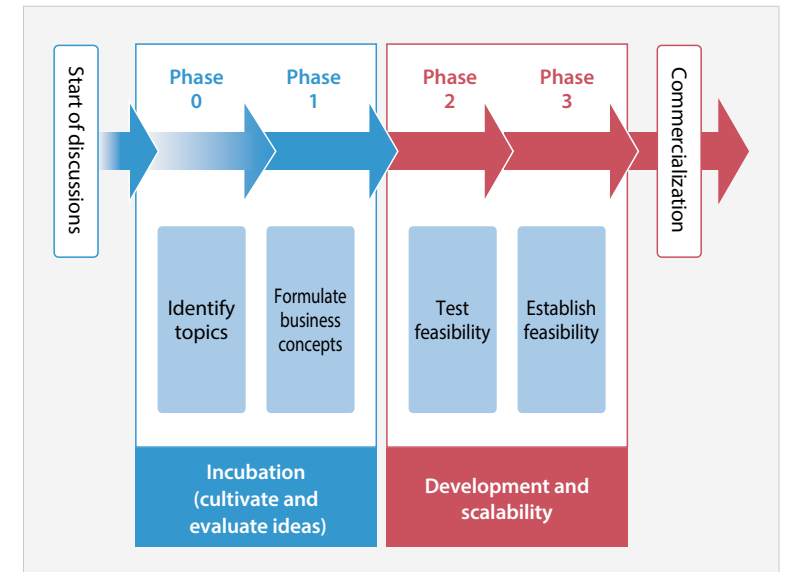
phase, and determine whether or not to pass through the gate through deep discussions not only with the research division but also with the business divisions.

As a result, we can now promptly create new projects and make decisions on their discontinuation, taking into account their future potential, thereby accelerating the turnover speed of research projects.

Innovation Ecosystem



Overall Picture of the Stage-gate Management System





Intellectual Property

Basic Policy

Sumitomo Chemical has traditionally engaged in “defensive” intellectual property activities aimed at protecting its business and securing freedom of operation based on its business strategy. While continuing to value this “defensive” aspect, we are now also advancing “offensive” intellectual property activities, focusing on building a strong patent portfolio that creates competitive advantages and entry barriers against competitors.

On the other hand, addressing societal issues such as reducing environmental impact and preserving biodiversity requires “co-creation and collaboration” among various players, each leveraging their strengths to the fullest. Within this framework, our company is tackling new challenges from the intellectual property perspective, focusing on how to protect and utilize the new value generated through transformation and connect it to sustainable growth.

By actively promoting intellectual property activities that encompass “offense,” “defense,” and “co-creation and collaboration,” we will lay the foundation for our company’s business competitiveness and drive business growth and the enhancement of corporate value.

We promote intellectual property activities under the following basic policy.

Basic Policy

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

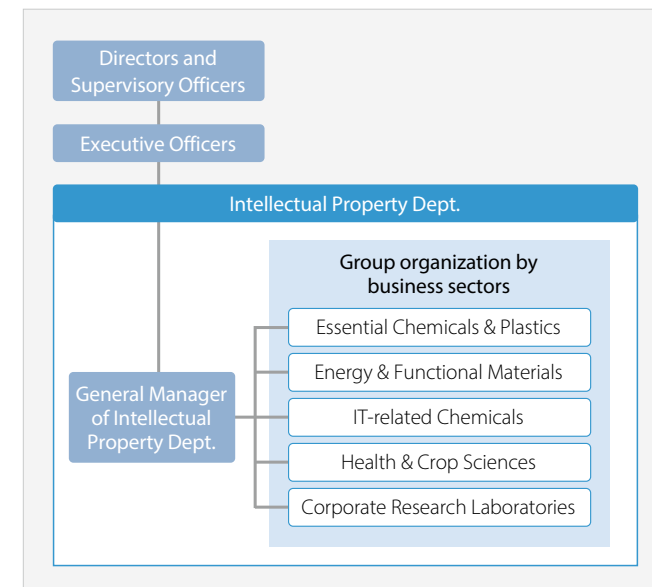
Management System

The Intellectual Property Department, under the direction and supervision of the responsible Directors and Supervisory Officers, is located within the headquarters section and operates from bases in Tokyo, Osaka, and Ehime. To conduct intellectual property activities closely aligned with our business operations, the department is organized into groups corresponding to each business sector. Each group is responsible for formulating intellectual property strategies, managing patent portfolios, handling patent applications and rights acquisition, and conducting research and analysis. These activities are carried out in collaboration with the intellectual property teams within the business divisions and laboratories.

The Company holds dialogues and makes decisions through meetings with divisions and research laboratories in each phase of intellectual property (IP) activities while developing IP consistent with business policies and strategies.

For example, with the participation of the directors in charge and supervisory officers, an IP manager meeting is held every year so that the intellectual property department, business sectors, and research laboratories can discuss planned activities and policies for the year. In addition, each business sector holds IP strategy meetings to discuss and share IP strategies aligned with their businesses. On an individual project level, we conduct IP activities consistent with our business policies and strategies through invention disclosure meetings in which discoveries up for patent are subject to preliminary discussion, overseas patent review meetings in which the pros and cons of applying for patents overseas and in which countries applications said patents should be submitted are discussed, and review meetings in which decisions to maintain or drop patents are made.

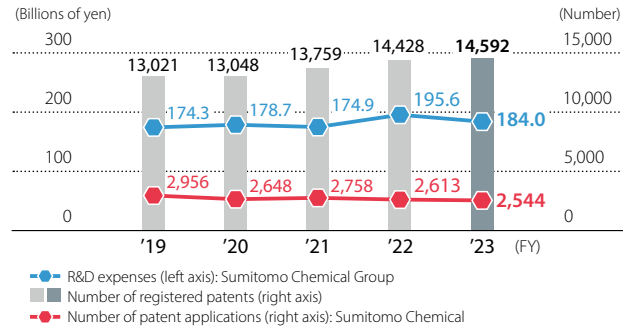
Implementation Structure Closer to the Business



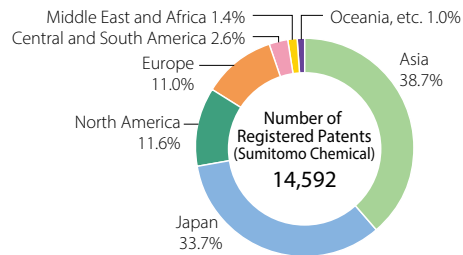


Results

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

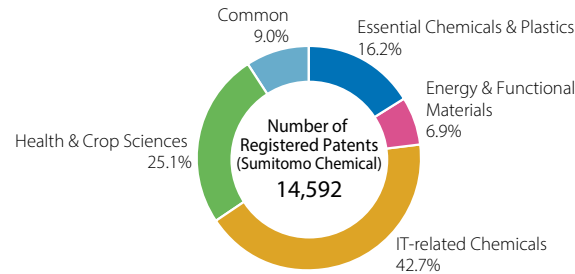


Number and Ratio of Registered Patent by Region



Note: as of April 2024

Number and Ratio of Registered Patents Held by Sector



Note: as of April 2024

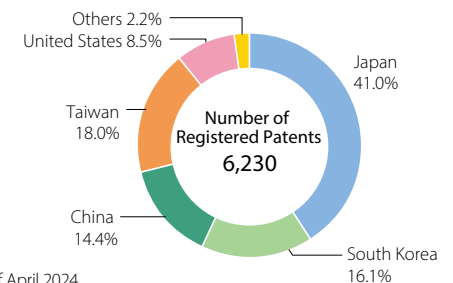
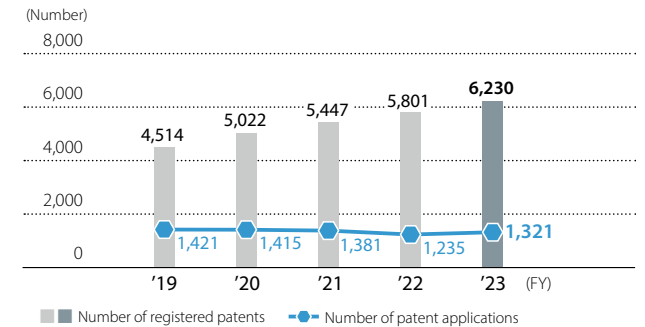
As shown in previous graphs, the Company diligently files patent applications for its accomplishments involving research and development activities based on business strategies. The Company is also building and strengthening its robust patent portfolio in line with its business size.

Examples of Initiatives

Building a Patent Portfolio to Bolster Our Competitive Advantages

While routinely utilizing visualization data related to IP in response to the increasingly global and complex business environment, we have formulated an IP strategy and built a patent portfolio. For example, in the ICT field, which the Company has positioned as growth driver, competition is growing even more intense in terms of IP. In the major manufacturing and sales countries and regions of Japan, South Korea, China, Taiwan, and the United States, we have maintained our competitive advantage by acquiring many high-quality patents that impact rival companies. Because the business cycle is quite fast, we utilize a rapid examination system as appropriate as we strive to swiftly build a patent portfolio in line with the speed of development.

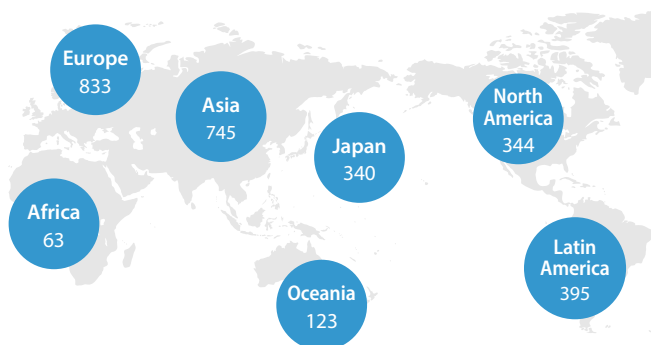
Patent Portfolio in the ICT Sector (Top: Number of Patents Over Time, Bottom: Number and Ratio of Registered Patent by Country/Region)



Note: as of April 2024

In the agriculture field, another of the Company's growth businesses, we have built a patent portfolio in countries around the world, especially in the top agriculture markets of the United States, South America, Asia, and Europe. We have steadily acquired substance patents for active ingredients in crop protection chemicals and placed tough barriers to entry by systematically acquiring patents for peripheral technologies related to formulations, methods, and uses while leveraging our development schedule and product lifespans. By fully utilizing the system for extending patents, we aim to maintain and expand our market share and profit margins, which will help maximize business value.

■ Number of Patents Held in the Agrochemical Sector



Note: as of April 2024

Intellectual Property Activities Contributing to GX/DX/BX

Transformation technologies, which serve as the foundation for value creation, are widely utilized across the supply and value chains. Therefore, we aim for strategic and comprehensive patent acquisition with a focus on co-creation and collaboration. In particular, in BX-related technologies, including regenerative medicine, we have already acquired around 200 patents, establishing a solid foundation for growth. Additionally, in the area of SDGs-related patents, we hold a top-tier patent portfolio among domestic general chemical companies.

Maximizing Business Value by Merging Technologies and Brands

The Company provides highly functional products and technical services that meet customer needs based on the technological prowess we have cultivated throughout our history. Our efforts have garnered us a reputation for a secure, trustworthy, and stable product supply, high quality assurance capability, and stalwart business presence. We have merged our technical capabilities and trustworthiness—two areas of strength—to help sustainably enhance the value our businesses. In addition, we have acquired patents and trademarks with the aim of maximizing business value. For example, regarding the chemical and mechanical recycling of plastics aimed at reducing environmental impact, we have steadily patented basic technologies that broadly protect the value chain and bolstered the brand power of our product lineup by attaching the Meguri® label.

In addition, under the slogan "bringing the power of nature to the world," we have established a wide range of naturally derived products, including biorationals developed using microbial cultivation technology and botanicals (plant-based ingredients) obtained using extraction technologies. Using the trademarked Natural Products symbol has enhanced brand awareness and helped promote sales.

Chemical/Mechanical Recycling technology for plastic aimed at reducing environmental impact

×

Recycled plastic brand Meguri®

Biorational (Microbial Cultivation Technology) and Botanical (Plant Extract Research and Development Technology)

×

Naturally derived products Natural Products

Advanced Analytical Technology and Extensive Natural Resources Data

×

Japan's first digital platform connecting buyers and sellers of natural materials

▶ P.095 **Contribute to Recycling Resources:**
Development of the Meguri® brand

▶ P.177 **Responsibility to Our Customers:**
"Natural Products" Designated Symbol

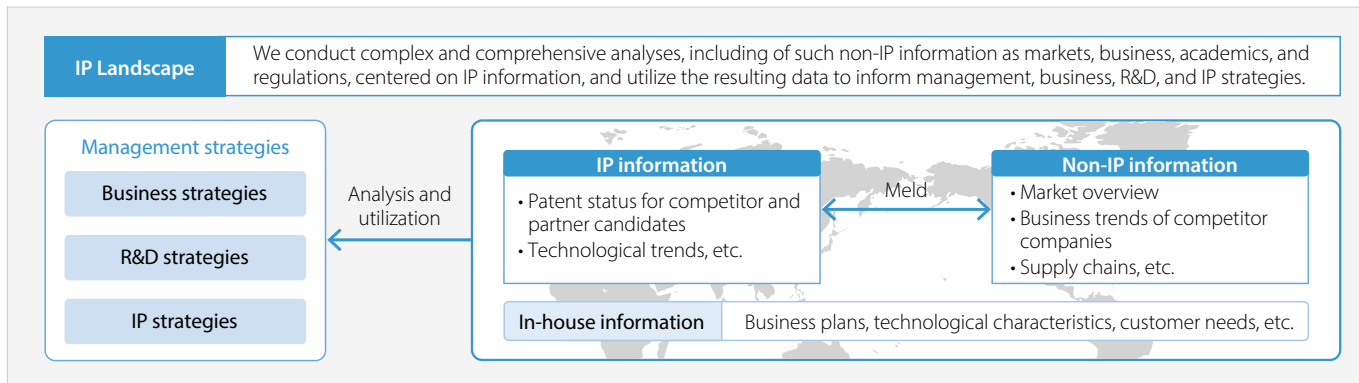
Intellectual Property Activities in "Meguri with Chemical Recycling"

While the plastics business is a mature field, plastics made from recycled materials are a critical growth area from the perspective of carbon neutrality, requiring development with new values and concepts. For example, in the PMMA chemical recycling business, various companies are involved, from resin recovery to the regeneration of resin raw material monomers, re-resinization, and sales. The first step taken by researchers and intellectual property personnel was to take a bird's-eye view of the supply chain, organizing and visualizing the players and technical challenges at each layer. By comprehensively considering not only competitors but also all aspects from upstream (resin recovery) to downstream (use of recycled resin), about 20 patents were obtained, covering a wide range of the supply chain while nurturing the mindset of those involved. Based on these technologies and patents, the "Meguri" branding is also being advanced, leading to applications such as Koizumi Lighting Technology Corporation's use of recycled acrylic materials in lighting fixtures, Star Jewelry Co., Ltd.'s first-ever use of recycled acrylic materials in jewelry in Japan, and collaboration with Lumus Technology on a licensing business.

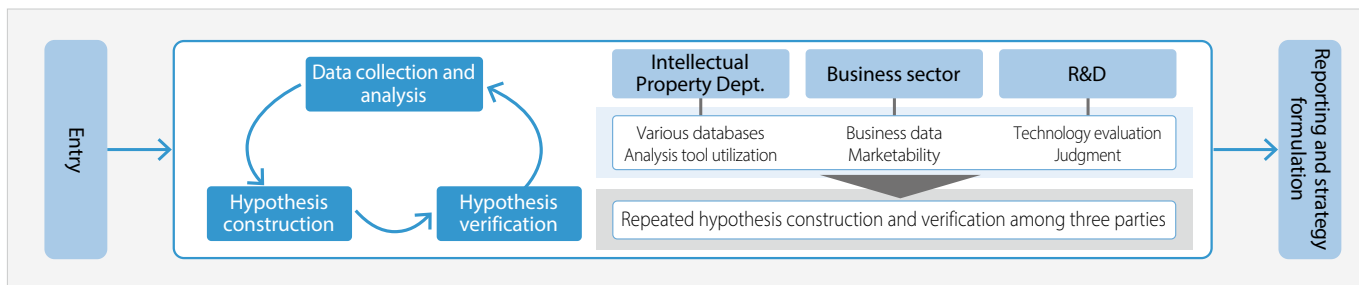
Strengthening IP Intelligence

The Intellectual Property Department, in collaboration with business divisions and research institutes, is promoting activities (IP landscape) that integrate and visualize intellectual property and market analysis to support management and business strategies. Typically, this approach is utilized for assessing the feasibility of new market entries, formulating new development themes, and evaluating the intellectual property of potential M&A partners. Notably, in our area of strength— inorganic membrane separation technology—we have begun to see successful cases where we identified and proposed potential joint research partners and customers by analyzing the supply chain from a patent perspective. This analysis led to the selection of candidate companies and discussions on collaboration within the business divisions. We will continue to actively strengthen these activities moving forward.

■ IP Landscape Activity Outline



■ IP Landscape Process Example



In-House Intellectual Property Training: Human Resource Development and System Building

At our company, we conduct intellectual property training tailored to different job roles and positions. For example, researchers who have been at the company for a few years receive IP training to gain an overall understanding of the IP system, inventions, discoveries, surveys, application review responses, the importance of IP in business, and other topics. The basic level has about 100 participants per year, and the practical level around 80. As for mid-career professionals, around 50 team leaders receive training every other year focused on drafting and executing IP strategies that support businesses, contracts, disputes, and data utilization. Through this training, we are working to build human resources and systems able to both strategically utilize data in a manner reflective of the IP landscape and execute practical applications.

Revising the Patent Incentive System —Enhancing Incentives for Inventors

The Company has established a patent incentive system reflective of scale of business impact for patents that protect its businesses. The newly revised system incorporates tiered incentives, ranking patents in terms of contribution to competitive advantages that impact other companies. We have enhanced incentives for inventors and upgraded our system to encourage the strengthening of our patent portfolio.

Sumitomo Chemical Receives Clarivate Top 100 Global Innovators 2024™ Award – Recognized as One of the World’s Top 100 Innovators for the Third Consecutive Year—

Top 100 Global Innovator 2024



Sumitomo Chemical has received the Clarivate Top 100 Global Innovators 2024™ Award, which is selected by Clarivate, a U.S.-based global leader in providing trusted information and insights to accelerate innovation. This was the third consecutive year we received the award. The Company was lauded for its advanced R&D capabilities and IP activities and will continue further promoting activities.

Sumitomo Chemical Receives Clarivate Top 100 Global Innovators 2024 Award (Japanese only)

<https://www.sumitomo-chem.co.jp/news/detail/20240404.html>